STUDY OF MICRO, SMALL AND MEDIUM ENTERPRISES

A Study Project under taken by:

1. O Veena — B.Com. (Gen) III Year
2. T Arthi — B.Com. (Gen) III Year
3. D Annapurna — B.Com. (CA) III Year
4. S Haripriya — B.Com. (CA) III Year
5. K Jayasri — B.Com. (CA) III Year

Submitted to

DEPARTMENT OF COMMERCE
AND
COMPUTER APPLICATIONS

GOVERNMENT DEGREE COLLEGE FOR WOMEN
ADILABAD – 504001
NAAC Accredited with "B"

2016 – 2017

TABLE OF CONTENTS

I. INTRODUCION 5

II. LITERATURE REVIEW 6

III. METHODOLOGY 7

IV. DEFINITION 8

V. SIGNIFICANCE 9

VI. CASE STUDIES 13

1. Sattviko Restaurants (food chain) 13
2. Phosphate India Pvt Ltd. (manufacturing) 14
3. Prospect (Service) 15
4. Corporate Training and Absorption Centre (CTAC, Start Up) 16
5. Diamond Textiles 17

VII. PROBLEMS 18

Finance 18

Marketing 19

Government Regulations 19

Managerial Incompetence 20

Lack of Information/awareness 20

Infrastructure 20

Competition 21

Macroeconomic Instability 21

Technological Upgradation 21

Research and Development 22

Lack of Skilled Labour 22

Corruption 22

VIII. ANALYSIS23

IX. CONCLUSION AND RECOMMENDATIONS 29

ABSTRACT

From a distance the Micro, Small and Medium Enterprises (MSMEs) seem to be a small and insignificant part of the economy but on zooming in just a little bit, we realize that the MSMEs employ 40% of the total population of India i.e. 69 million people which accounts for the second largest workforce after agricultural sector. They constitute of 90% of the total industrial units and are responsible for 45% of industrial output and 40% of the total exports. Their labour intensive nature and even geographical distribution results in employment opportunities for both self-employed and job seeking people promoting equity and inclusive growth. This paper aims to present the significance of this sector and recognize the regulatory and operational problems faced by these enterprises. It will also touch upon the present government policies and provide policy recommendations.

I. INTRODUCION

Considering the name – Micro, Small and Medium Enterprises- it is not difficult to get disillusioned about the importance of MSMEs when it comes to the growth and development of the country. They have been long overlooked even when this sector actually employs 69 million people in India which is 40% of the total workforce, through 44 million enterprises. Not only are they a source of basic livelihood but have improved the standard of living of many families over the years. MSMEs contribute approximately 8% to India's GDP, are responsible for a stunning 45% of its total industrial output and 40% of its total exports. The manufacturing sector among MSMEs, which is a little larger than the services sector, constitutes 90% of the total industrial units that spread all over India. Only 55% of the total MSMEs units are located in urban areas rest 45% of the units are located in rural areas of states like Uttar Pradesh, Maharashtra, Tamil Nadu, West Bengal, Andhra Pradesh, Karnataka etc. This leads to an equitable distribution of national income, poverty alleviation and inclusive economic growth. World over, small and medium enterprises are considered to be the engine of growth that tap into the latent entrepreneurial talent in the nation and provide an opportunity to the weakest sections of the society to employ themselves as well as others and in the process help the ones they are providing services to.

According to a report by Harvard Kennedy School, in the prosperous countries Small and Medium Enterprises (SMEs) constitute the largest part of industries followed by large enterprises and micro enterprises whereas they constitute the lowest share of industries in the low income countries where the share of micro enterprises is largest followed by large enterprises and lastly by SMEs. This absence of SMEs in the low income countries is known as 'The Missing Middle'. This acts as a proof of their significance of their role in development of the country.

In the light of their significance in growth and development, it seems of utmost importance to reduce the regulatory barriers faced by MSMEs and provide them adequate and timely support. There are some problems common amongst all the MSMEs. They can be classified as external and internal problems. External problems are caused due to macro environmental factors- economic and political- that are beyond the control of the enterprises for example access to finance, corruption, competition, lack of skilled labour etc. Internal problems are caused due to factors that are within the enterprises (Grimsholm & Poblete) for example lack of managerial competence and sophisticated technology, ineffective marketing and distribution techniques etc. There are many policies launched by the government to

help MSMEs in different ways, the key areas being enterprise and skill development, technological up gradation, access to finance, cluster development, marketing assistance etc. (Ministry of MSMEs). Still, these problems continue to persist and more in some areas than others. It therefore is important to first realize the importance of MSMEs, recognize the factors hindering their growth and then not only introduce appropriate policies but also spread awareness about their existence and accessibility.

II. LITERATURE REVIEW

Export-Import Bank of India, 2012 studied and documented the current situation of MSMEs and support systems setup for them in India along with select countries of Europe, Asia, Latin America etc. It studies MSMEs in the Indian as well as global context. It explains the evolution of Indian MSME policies over time. During 1948-1990 the objective was to increase employment opportunities and equitable distribution of national income, during 2001 -2010 it was to make the MSMEs more competitive in the face of liberalization and 2011 onwards the objective has been development and promotion of the sector by addressing challenges relating to credit, infrastructure, marketing and technology. It also stated the current challenges faced by the Indian MSMEs and the strategies for their Development based on past experiences of India and other countries such as China, Japan, Malaysia, Thailand, Mexico, Philippines etc . It suggests that Indian MSMEs must have access to alternative sources of capital like angel funds/risk capital etc, the existing legislatures need to be toned up to handle insolvencies and bankruptcies; the ceiling limits need to be redefined to encourage MSMEs to move up the value chain; the policies need a cluster development approach to increase the level of competitiveness; emulating Japan, Korea and Malaysia technological innovation and R&D must be encouraged among MSMEs and entrepreneurship must be encouraged via skill formation and learning mechanisms.

Grimsholm & Poblete, conducted a detailed qualitative study of external and internal factors hampering the growth of Small and Medium Enterprises in Thailand. It reproduced quite generalized results applicable to most of the south Asian countries producing low cost, low value added and labour intensive products. Significant factors hampering growth according to the study are lack of access to finance, competition, barriers to trade, management competence, lack of skilled labour, low investment in R&D and new technology.

Ministry of Micro, Small and Medium enterprises, published the Inter Ministerial Committee for Accelerating Manufacturing in MSMEs' paper reporting slow down in the overall growth of MSMEs in recent years, especially post 2015. It highlighted the significance of MSMEs, changing trends in employment growth in this sector and addressed concerns regarding establishing an enterprise and running it successfully. It also recommended support systems for encouraging start ups, doing and expanding business and ease of closure and exit and also drew light on the need to do so. It also suggested changes in labour laws and gives product specific recommendations.

Abdul Naser.V. 2013 critically evaluated the contributions made by the micro, small and medium enterprises in the balanced growth of the Indian economy. The study says that since 55% of the total enterprises operate in the rural areas they promote inclusive growth and regional equity. They play a very important role in employment generation and contribute a commendable portion to the GDP, industrial production and export of the country. The paper also highlights the challenges faced by the sector and its need for structural support.

Srinivas K T. 2013 studied the performance of micro, small and medium enterprises, their contribution in India's economic growth, identified the number of enterprises, employment in MSMEs and concluded that MSMEs play a significant role in inclusive growth of Indian economy.

III. METHODOLOGY

This study majorly focused on micro, small and medium enterprises located in industrial areas and prominent markets of New Delhi. Various manufacturers, service providers, start-ups from the food industry, IT industry and textile manufacturing industry were interviewed as a part of the study.

The research began by gathering background information i.e. history, present condition and significance of micro, small and medium enterprises and basic study of the sector which was followed by deciding the research question and hypothesis.

Two types of research methods most commonly used for data collection are as follows: quantitative and qualitative methods (Ghauri et al.). Quantitative analysis uses data which is then converted into numbers, graphs; tables and statistics to come to a conclusion whereas qualitative methods often refer to case studies where the collection of information can be received from a few studying objects (Bryman and Bell). Qualitative methods emphasize on understanding, interpretation, observations in natural settings and closeness to data with a sort of insider view (Ghauri *et al.*). This paper uses the qualitative approach as it is more suitable for a research like this in which the firms' internal behaviour, peoples' perceptions, beliefs, ideas and opinions need to be taken into account which are difficult to quantify (Grimsholm & Poblete).

Both primary and secondary data was collected for the study. Secondary data was collected from specific reports, articles and other internet sources. Primary data was collected by personally interviewing people or sending them questionnaires. To capture a wide spectrum of problems different kinds of MSMEs were interviewed including manufacturing sector enterprises, services sector enterprises, food industry, start ups and enterprises registered as Small Scale Industry (SSI). The sample is not representative of the Indian population; it constitutes of enterprises chosen randomly from Delhi Markets and available contacts. The questionnaires were prepared by appropriate secondary data collection and analysis. Collected data was then compiled, critically analyzed and the research was concluded with policy recommendations.

IV. DEFINITION

Micro, Small and Medium Enterprises are generally defined in terms of the investment in the plant, machinery and/or equipment, the number of people employed and annual turnover. In India the MSMEs are defined just according to the amount of investment ceiling for Plant, Machinery or Equipment:-

TABLE 1: DEFINITION OF MSME ACCORDING TO MINISTR Y OF MSME

Classification	Investment Ceiling for Plant, Machinery or Equipments*@	
	Manufacturing Enterprises	Service Enterprises
Micro	Upto Rs.25 lakh ($50 thousand)	Upto Rs.10 lakh ($20 thousand)
Small	Above Rs.25 lakh ($50 thousand) & upto Rs.5 crore ($1 million)	Above Rs.10 lakh ($20 thousand) & upto Rs.2 crore ($0.40 million)
Medium	Above Rs.5 crore ($1 million) & upto Rs.10 crore ($2 million)	Above Rs.2 crore ($0.40 million) & upto Rs.10 crore ($2 million)

The employment criterion was dropped because the employment trends keep changing seasonally; hence it is difficult to base the definition on them. Also, classification according to number of people employed gives owners the incentive to limit employment to remain within Small and Medium Enterprises. Another reason for dropping this criterion is the possible discrimination between labour intensive and techno sophistication (Dr. P. Uma, 2013). But the Indian definition does not take into account annual turnover or variable costs too and bases the definition solely on fixed costs. This implies that a micro enterprise that initially invested 20 lakh but had a turnover of 10 crore and increased its number of employees by 50% will remain a micro enterprise if it chooses not to reinvest in the plant and machinery. This acts a drawback of the Indian definition of MSMEs. Many researchers also argue that the investment ceilings are too low as compared to other countries. 'The cap on plant and machinery for the purpose of classifying the units as MSMEs does not encourage Indian MSMEs to move up the value chain. With such low level of investment ceiling, Indian MSMEs are either expanding laterally or engaging themselves in low-tech/low-value products. Since the manufacturing operations are capital intensive, investment ceiling for treatment of medium enterprises may be raised at least in the capital intensive sectors, benchmarking with such ceiling on investment in other countries' (EXIM Bank, Strategic Development of MSMEs, 2014).

V. SIGNIFICANCE

Micro, Small and medium enterprises are an integral part of the economy. They provide employment opportunities to the weakest and poorest strata of the society, giving them a way out of the perpetual poverty that they seem doomed to. MSMEs tap into the raw, latent entrepreneurial potential of the country acting as seedbeds of innovation. In the pre independence period organized industrialization did not gain much traction but after independence 'in all the Policy Resolutions from 1948 to 1991, recognition was given to the micro and small enterprises. They were termed as an effective tool to expand employment opportunities, help ensure equitable distribution of the national income and facilitate effective mobilization of private sector resources of capital and skills' (MSME Ministry Overview).

Currently, there are 44.7 million Enterprises spread across the country employing 40% of the total population. 10.6 million People were working in this sector during 2011-12 whereas the number grew to 101 million people in 2012-13. More and more people are getting employed through new MSMEs every year, currently making up for largest workforce after the agricultural sector.

MSMEs are responsible for production of more than 6000 different products and services. They cater to a large band of customers by producing from traditional to high-tech products. The leading industry in the MSME Sector is Retail trade constituting 39.85% of industries followed by Manufacture of Wearing Apparel (8.75%), Manufacture of Food Products and Beverages (6.94%) etc.

These enterprises are spread across the country with 55% of the enterprises being located in urban areas and the rest 45% in the rural areas in states like Uttar Pradesh, Maharashtra, Tamil Nadu, West Bengal, Andhra Pradesh, Karnataka etc. Uttar Pradesh has about 4.4 million MSMEs providing employment to 9.2 million people whereas West Bengal and Tamil Nadu have 3.4 million and 3.3 million MSMEs respectively. This even geographical distribution leads to regional uniformity and inclusive growth.

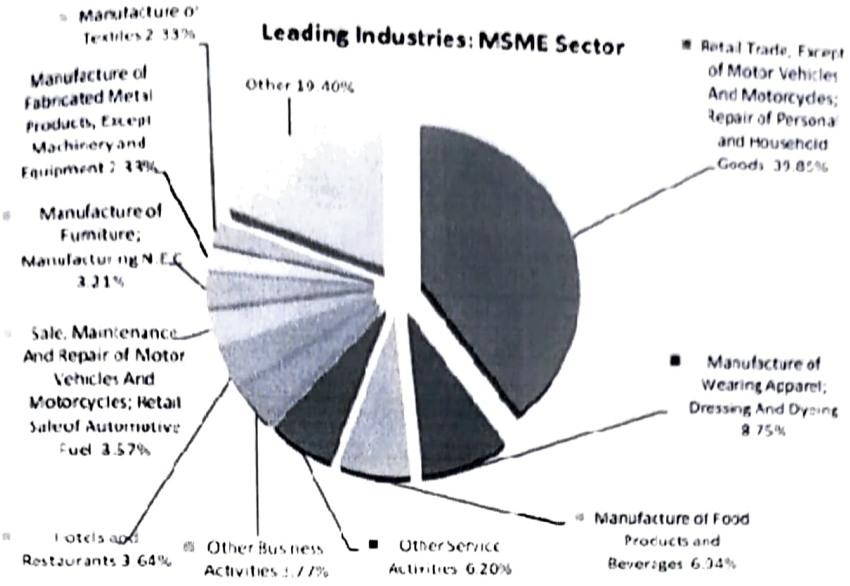


FIGURE 3: LEADING INDUSTRIES: MSME SECTOR[4]

There are two sectors that MSMEs can be classified into- manufacturing sector and services sector. The manufacturing sector alone constitutes 90% of the total industrial units in India generating 45% of the total industrial output and contributing to 45% of the exports. These quantum units together contribute much to the industrial development of the country utilizing domestically available resources. The fact that most of these MSMEs are owned by poor households helps conclude that MSME play an important part in raising the standard of living of the poor.

Like in many other developing countries India has a very large number of informal Micro enterprises (95% of the total MSMEs). There are a handful of larger firms- ventures created by foreign investment or family controlled conglomerates built up over generations but there very few Small and Medium Enterprises (5% of MSMEs). This lack of Small and Medium Enterprises (SMEs) is called the 'The Missing Middle'

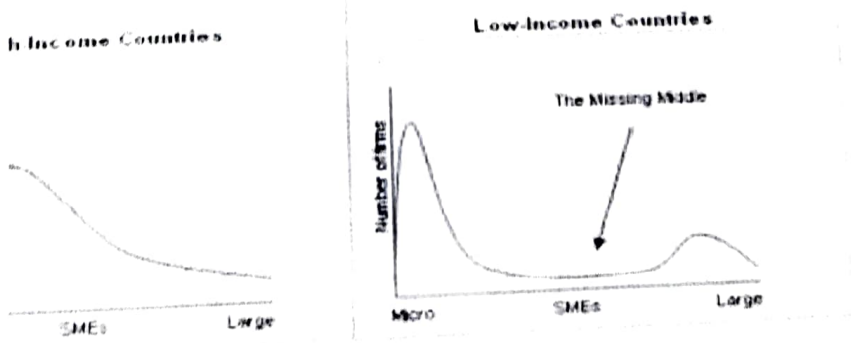


FIGURE 5: THE MISSNG MIDDLE

SMEs are the backbone of modern economy and engines of growth, though they are 'under- represented, stifled by perverse regulatory climates and poor access to inputs' (David de Ferranti & Anthony J. Ody, 2007). 'SMEs play a major role in economic growth in the OECD (Organisation for Economic Cooperation and Development) area, providing the source for most new jobs. Over 95% of OECD enterprises are SMEs, which account for 60%-70% of employment in most countries. As larger firms downsize and outsource more functions, the weight of SMEs in the economy is increasing.' (OECD Policy Brief, 2000). The World Bank shows positive correlation between the economic growth of the country and the size of the SME sector. Though this necessarily does not imply causation but it says a lot about the need to focus on their development. But as rightly pointed out by Muhammad Yusuf, Micro enterprises being the ones owned by least resourceful people gain more traction by the government as compared to their larger, more dynamic and productive cousins, the SMEs. Since most of the problems faced by Small and Medium Enterprises are different than those faced by Micro Enterprises, appropriate policies are required to cater to the needs of SMEs.

VI. CASE STUDIES

1. Sattviko Restaurants (food chain)

Sattviko is a Delhi based Food Chain which serves 'sattvik' food which, according to Ayurveda, is easily digestible and helps the soul. It has 5 branches across Delhi. The founder Mr. Prasoon Gupta is a graduate from the Indian Institute of Technology and runs the restaurants with fellow IITians.

Prasoon started his entrepreneurial journey in the last year of his college- IIT Roorkee with a firm called Tech Buddy Consulting. So, experience and managerial incompetence wasn't much of a problem for him. He started Sattviko in 2013 with the help of private investors. He states that his previous company was shut down due to marketing and scaling problems but finance for expansion does not continue to be a problem due to his investor relations. He did not register his enterprise as a MSME to get financial benefits as he found the process very tedious.

One problem according to Prasoon is the licensing system and the corruption that comes with it. To start a Food industry in Delhi three licenses are required, namely 'Food, Safety and Security License', 'Health Trade License' and 'Police License'. He states that it took him a lot of effort, money and 4-5 months to get these licenses. The 'Health Trade License' officially costs Rs.5000 but normally, including all the bribes the amount rises up to Rs.60000. He had to directly approach the mayor to get the license without paying any bribe.

2. Phosphate India Pvt Ltd. (manufacturing)

The company's aim is to make the country self sufficient in quality feed. It was founded by Mr. Ashok Goyal in 1996 in Udaipur, Rajasthan. It manufactures mineral based Di-Calcium Phosphate which is a type of calcium phosphate that is dibasic. It is usually found as a dehydrate and is thermally converted to the anhydrous form.

Finance was one of the major problems for establishing the firm. He describes how difficult it was to obtain a loan from the bank since it involves extensive documentation and there is a collateral requirement which is often hard to meet. He explains that the company was started after fifteen months of detailed

planning and hard work. Even after it had started he underwent losses due to lack of experience and knowledge for at least four years which is when the balance sheet became stable and eventually turned positive. Another major faced by the company was marketing but they were able to cope up with it by keeping a professional approach; they tied up with trading agencies to get a better picture of the market etc.

3. Prospect (Service)

Prospect is one of the first companies to have entered the Retained Executive Search business in India. It entered the premium end of the Search business at a time when Search was unknown in India and most companies either advertised or went for contingency recruiting. It was founded in 1992 by Bipaschit Bose, an alumnus of the reputed Xavier Labour Relations Institute, India.

About the organizational structure, Prospect has a decentralized structure with various management heads handling different verticals following a specific method of organization/management called SPOC- Single Point of Contact. There is an administrator that is responsible for the overall administration and Mr. Bose himself takes care of business development and quality.

4. Corporate Training and Absorption Centre (CTAC,Start Up)

Xeopia CTAC is an institution which provides appropriate techno-managerial training to students and professionals. Xeopia CTAC is an integral unit of global IT solutions provider company Xeopia Solutions which was founded in 2012 by Abhishek Mishra, an IIM graduate along with a few IT stalwarts.

Abhishek states that though there were financial problems due to the reluctance of banks to provide start ups with loans, it wasn't difficult to establish the company; but registration of the company became a problem because if one does not get the company registered, it does not gain credibility and if they get it registered and are unable to keep it floating, they have to go through a tedious procedure to shut it down. They have to file for bankruptcy and go to the Court of Law irrespective of the size and annual turnover of the firm. He also describes how difficult it was for them to do the annual filing in March which cost them Rs. 10-15000, because they had started the company only in January and had made no profits.

5. Diamond Textiles

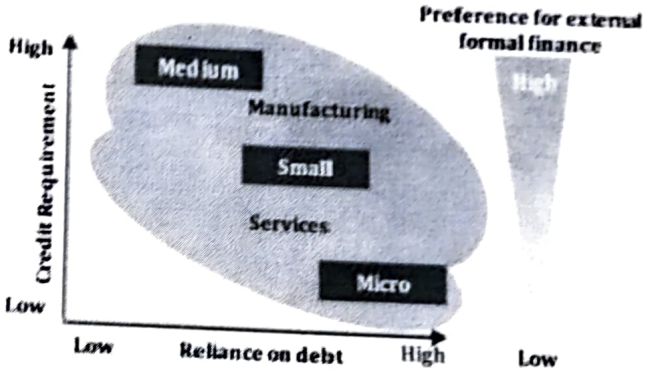
Diamond Textiles is a weaving industry in Pilkhuwa- a city in Hapur district of Uttar Pradesh- that manufactures carbonyl cloth. Mr. Sandeep Garg started the company in 1985. He knew about the benefits provided by the MSME ministry and got his company registered as a Small Scale Industry and borrowed capital from UPFC (Uttar Pradesh Financial Corporation). He describes that the registration process was very complicated and time consuming. He had to pay bribes at different levels to get the work done. Also, the filing and registration process took about a year which he describes as a relatively quick service as it would have taken more time if it were not for his contacts.

VII. PROBLEMS

Various problems were identified in the previous section. This section will highlight the major problems faced by MSMEs and the factors affecting their growth.

Finance

All the companies require capital to meet their fixed as well as variable costs but most of the MSME owners lack required capital to establish and operate the firm, thus they have to resort to borrowing. 'The reliance on debt for finance depends greatly on the size of the firm. Smaller the entity greater is the reliance on debt as a primary source of finance. Micro enterprises depend on debt as a primary source for both early and growth stage while small and services primarily transact in cash and tend to keep minimal records. Manufacturing enterprises and the ones with order-driven services tend to need more finance because of longer working capital cycle and higher capital expenditure'(International Finance Corporation).



Source: IFC-Intellecap Analysis

FIGURE 6: CREDIT REQUIREMENT OF MSME

But banks are not the primary source of finance for most of the enterprises as owners find the application process cumbersome and tedious. Also, they do not qualify for loans due to lack of both collateral and positive balance sheets. 'Credit guarantee support has been instituted to support collateral-free debt up to INR 10 million ($ 0.2 million), however this remains under- utilized at less than 5% of the overall debt to the sector. While the trend of collateral-free debt is growing gradually, collateralized debt continues to account for 95%-98% of Micro, Small and Medium Enterprise credit' (IFC). According to IFC, the dominant source of finance is the informal sector 95% of which constitute the non institutional sources like family, friends, relatives etc. Institutional channels like trade credit, chit funds and moneylenders tend to be expensive, charging interest rates ranging from 25% to 60% per

annum. So their always tends to be a debt gap which works as a huge barrier in establishment as well as operation of MSMEs.

Marketing

Being a small entity and having a perpetual shortage of finance, the MSMEs are unable to market their product as well as the large enterprises which works to their disadvantage. They do not focus on packaging methods or sales and advertising. Most of the firms undergo losses during first five to six years just due to lack of consumer demand. But eventually they make a place in the market based primarily on the quality of their product and contacts that they gather during business transactions. They also use different kinds of marketing techniques such as Campus Ambassador Programmes and influential marketing. They tie up with trading agencies to learn the latest trends in the market and get in touch with brokers to get initial contracts. Marketing also greatly differs from business to business. For example to market food products media campaigns are used and to market intermediate products distributors are assigned that sell the product in different areas. Government has launched many schemes and has various mechanisms in place to help small firms in the marketing domain but it continues to be a major problem.

Government Regulations

To enter the market or get registered as a Private Limited company one has to get various licenses such as Service Tax Registration, PAN Card, TAN (Tax Collection & Deduction Account Number), VAT/ CST Registration, Shops & Establishment License, Central Excise License, Importer Exporter Code, Professional Tax, Employee Provident Fund Registration and ESI (Employee State Insurance) Registration, and construction permits from the Municipal Corporation, to name a few – the sewerage, fire, electricity, environmental departments. For the food industry there are other licenses such as Food Safety and Security License, Health Care License and Police License. Not only the application process for these licenses is cumbersome but the information required to apply for them is difficult to come across too which is the reason why most of the people hire Chartered accountants and Lawyers to get registered.

Even after registration and licensing there are problems such as trade barriers. Some state governments do not allow transportation of particular manufactured products into their states without

registration (eg. Uttar Pradesh). The owner comes to know about these regulations only when he finally has to face the barrier.

Managerial Incompetence

In most of the MSMEs, the owners are managers. They do not have enough funds to hire professional managers. Therefore, they are sometimes not able to make informed decisions regarding technology and capital. They tend to underestimate the required capital amount, install poor production technology or make wrong management decisions. 'What action can you take as a business owner when sales plummet, or profits crumble, and the pressure is on? A common consensus amongst management consultants, business mentors and business coaches is that the temptation to bury the head in the sand is so strong in many SMEs that they cannot make that shift' (Julian T Rowe, 2008). Thus managerial incompetence makes for a very significant factor hindering the growth of MSMEs in India.

Lack of Information/awareness

Almost all the stakeholders agreed that people are not generally aware of the registration procedures, requirements and licensing system. Most of them do not even know that there is a ministry called the Ministry of Micro, Small and Medium Enterprises and that there are various policies to help them with financial, marketing, technological and managerial problems. Sanjay Kumar, owner of BudWhite Teas Private Ltd says that when he got his company registered he had no information that he could get it registered as a MSME and avail the benefits provided by the government. Even the people who have registered their companies as MSMEs do not know about all the schemes currently in place. Sanjeev Garg who has got his company registered as a Small Scale Industry (SSI) says there must be some advisory mechanism to advice the entrepreneurs about latest technology and new markets without realising that there are more than 60 institutions such as technological Development institutes, Tool rooms, Testing Centres etc that provide technological support to MSMEs. In the Union Budget, 2015 Initial sum of ` 100 crore is assigned for "Start Up Village Entrepreneurship Programme" for encouraging rural youth to take up local entrepreneurship programs. But no channel has been created for this information to reach the Rural Youth. It therefore might not be wrong to conclude that majority of entrepreneurs are either unaware about the available benefits or they do not find them in their proximity.

Infrastructure

Delhi has certain industrial areas where you can get property and set up a firm. These are the only areas in which a manufacturing firm can be set up otherwise permissions are needed from the MCD. The Industrial areas are divided into North, South, West and East Zone comprising of G.T. Karnal road Industrial area, Okhla Industrial area, Naraina Industrial Area, Patparganj Industrial Area etc. These areas being specified to conduct productive activity must have an environment conducive for manufacturing. But according to the entrepreneurs in these areas, they have poor infrastructure such as poor roads, electricity shortage lack of backup systems etc. Lack of Infrastructure highly affects exporting companies as the Indian railway freight and handling charges are very high and services very slow as compared to other countries which puts Indian MSMEs at a competitive disadvantage.

Competition

SMEs are generally facing low competitiveness in terms of knowledge, innovation, prudent investment, business operation, and good management, which are important factors required to elevate the quality level (OSMEP, 2007 a). The large enterprises have the capability of realising economies of scale and therefore reduce the prices of their products. They also spend a formidable amount in marketing their brand either via advertising campaigns, distributors or other means. The MSMEs are unable to do such extensive marketing due to shortage of finance which renders them less competitive.

MSMEs also face competition from other developing countries due to globalization and increased international trade such as Vietnam, China, Thailand that produce the similar low cost, low value added labour intensive products. But most of the companies do not see competition as major factor slowing down the growth of the company. They tend to compete in quality rather than prices.

Macroeconomic Instability

MSMEs are argued to be more vulnerable to economic crisis as compared to the rest of the industrial sector due to their small size, limited resources, finance, knowledge and technology. It is a two sided hit

as the credit flow stops on one hand and consumer demand reduces on the other. But almost all the stake holders agree that the effect of an economic crisis depends on the foresight of the entrepreneurs. The ones able to foresee the crisis equip themselves appropriately to cope with it. Its effects also differ depending on the field of the enterprise. For example, according to Prasoon-the owner of Sattviko restaurants- people do not stop eating food during a crisis thus most of the food business remains safe from the crisis.

Technological Up gradation

Technology acts as a significant factor in deciding the competitiveness of an enterprise. MSMEs tend to have low productivity and are weak in terms of competition which is the result of using inadvanced technology, not maximizing machinery utility and not improving in technology due to the limitation of funding. Also, most MSMEs are mainly users of technology, not adaptors of technology . Most managers or owners are either not aware of the available technology or do not have the financial capability to upgrade their technology. The technological status and its usage greatly influence the position of enterprises in the market. Thus to keep the domestic firms technologically at par with international firms in the time of globalization must be one of the most immediate concerns of the government.

Research and Development

'With globalisation, there is an urgent need of a dynamic and self sustaining culture of innovation' (FICCI MSME Summit) To compete in the global market the manufacturing firms especially, need to continuously innovate and meet constantly changing consumer demands. According to a report by FICCI, share of innovating firms in India was only 19%. It is ranked 62nd on the Global Innovation Index and 8th in its income group—after China, Moldova, Jordan, Thailand, Vietnam, Ukraine, and Guyana (FICCI MSME Summit). Now, the problem is that most of the MSME owners do not realise the importance of R&D department and do not feel the need for this department. Moreover, the owners do not generally have the knowledge, education, capital and sometimes capability to drive a research and development department to in the right direction.

Lack of Skilled Labour

Even though MSMEs employ 40% of nation's population, according to the entrepreneurs lack of skilled labour is a perpetual problem for MSMEs. Educated and skilled people prefer jobs in Large Enterprises due to higher wages and job security as compared to small industries that cannot afford to pay very high wages. So, they have to hire unskilled people and conduct on the job training programs. Eventually the labour tends to perform better giving better results. It is also a challenge to retain labour as in the micro and small enterprises they generally are not bound by formal contracts.

Corruption

According to a report by United Nations Industrial Development Organization, smaller the firm, more likely it is to be affected by corruption. Further as the report pointed out and the stakeholders agree is that more SMEs than larger firms believe that corruption is "part of the way things work in the country". They pay much higher percentages of annual revenues in bribes to public officials, and make additional payments to get things done much more frequently than large companies (UNIDO Vienna, 2007). It leads to ineffective policies, inefficient bureaucracy and exploitation of the smaller firms. But it is worth mentioning that bribery also makes things faster and easier for many firms struggling with the registration and licensing systems.

VIII. CONCLUSION AND RECOMMENDATIONS

The aim of the paper was to identify and analyze the main regulatory and operational problems faced by Micro, Small and Medium Enterprises in India, study the existing policies and make further recommendations.

The study concludes that Finance is a major obstacle in the growth of micro, small and medium enterprises. The lower and middle class is capable of driving itself out of poverty; it is ambitious and active in taking up new ventures and starting businesses but most ideas are being nipped in the bud because of lack of capital. Not only does it discourage aspiring entrepreneurs but also plays a huge role in holding back the growth of existing firms. In fact many other factors slowing down growth arise due to lack of finance. For example, technological upgradation becomes a problem only because firms lack enough capital to install new machines, skilled labour can be hired and retained by giving them higher wages etc. Another problems that ails most of the enterprises is Marketing. It costs most of the MSME owners initial four to five years of their entrepreneurial life to gain quality contacts and make their place in the market. Some of them by then incur huge losses or keep floating on a zero balance sheet. Even later they lag behind the larger enterprises- due to lack of knowledge and money- in packaging and advertising their products or services.

In countries like Thailand and China stake holders say that Government regulations ease the operation of firms whereas in India owners find them very stringent and complex. They agree that the cumbersome documentation and filing for registration and licensing systems are difficult to take care of which forces them to hire expensive Chartered Accountants and Lawyers. Also, the information regarding the procedures is not available which renders them vulnerable to corrupt officials that tend to extort money against providing clearances.

Infrastructure and Competition are the next big problems followed by Macroeconomic Instability, managerial incompetence, Research and Development, corruption and lack of information. Lack of information is the root cause of many other problems like Technological up gradation and R&D since generally, small MSME owners are not highly informed, they do not know about the latest and most suitable technology and do not have enough knowledge to drive the R&D department in their

companies. They do not have information about the benefits provided by the government. Majority of the owners do not even know that there is a Ministry of Micro, Small and Medium Enterprises. Thus, even though the government realizes the importance of MSMEs as growth engine and has many policies and schemes in place to cover almost every aspect of problems faced by the enterprises since a long time and has been updating the policies continuously, it has not led to any drastic change in the their condition because of poor implementation and lack of awareness among people. Even if the people know about certain benefits they do not consider them worth the effort and time of getting themselves registered as an MSME. Therefore, there needs to be more focus on spreading awareness rather than adding more policies each year.

One of the solutions can be a MSME information/ advisory helpline. It is a viable solution because in India almost every individual owns a mobile phone even in the most remote areas of the country. The helpline can serve dual objectives:-

1) First, it can inform people about the procedure of getting registered as an MSME- the documents and requirements. It can let them know about government schemes and policies in place to help them out in establishing and operating the firm and the nearest bank that can provide them with loans or the nearest entrepreneurial skilling centre etc.

2) Second, it can advise people in various fields in which the owner might lack information. For example, the latest, most suitable technology in market to manufacture industry specific goods, suitable marketing techniques etc. This can highly improve the competitiveness of the domestic firms.

Another recommendation would be improvement in the infrastructure facilities provided by the government. For example the industrial areas of Delhi are not developed and lack most basic provisions like roads, regular energy/electricity supply etc. Also, there is a requirement of a single window registration procedure both for getting registered as a Company and a MSME. This will reduce corruption and ease the registration process which will allow people to do the documentation themselves without hiring a CA or lawyer.

There are other considerable recommendations made by EXIM bank and PM's Task Force in

their report on MSMEs (EXIM Bank of India, 2012). Some of the recommendations made by EXIM Bank are as follows:-

- Redefine ceiling limit of medium enterprises
- Cluster Development Programs
- Need for Focussed Technology/ R&D Institutions for MSMEs
- Increase SMEs' Access to Finance
  - Export credit support to SME sector
  - Assessing non financial Parameters
  - Developing Mezzanine Financing
  - The Working Group, constituted under the chairmanship of Dr. K C Chakrabarty, then Chairman and Managing Director, Punjab National Bank has suggested:

    1. An independent Rehabilitation Fund for rehabilitation of sick, micro, small and medium enterprises with a corpus of ` 1000 crores .
    2. A Fund for contributing to the margin money required to be brought by the promoters of SME units taking up technological upgradation.
    3. A Marketing Development Fund, which could provide financial assistance in setting up distribution and marketing infrastructure / outlets.
    4. A National Equity Fund Scheme to support the greenfield and expansion projects.

- Promoting Entrepreneurship
- Increase the support to enhance export competitiveness of MSMEs
- Promoting synergy
- Exit policy for MSMEs
- Strengthening Sub-Contracting Relationships

It is also prominent from the recommendations of EXIM Bank and PM'S Task Force; and schemes of MSME Ministry that there is more focus on Micro and Small Enterprises than the Medium Enterprises. Reserve Bank of India advises banks to lend 60% of the MSE Advances to Micro Enterprises and ensure 10% growth in credit to micro enterprises. The inclination towards micro enterprises is also fair to an extent because they are the ones with least knowledge and resources. But

Small and Medium enterprises play a very important in development of the economy as is shown by the theory of The Missing Middle and the positive correlation between the economic growth of a country and the size of its SME sector. Therefore there needs to be more focus on Small and Medium enterprises in government policies and schemes.

Helping MSMEs is the only way of helping people help themselves.

IX. REFERENCES

Export- Import Bank of India, 2012. Strategic Development of SMEs: Comparison of Policy Framework and Institutional Support Systems in India and Select Countries. Accessed 4 jUne 2013. http://www.eximbankindia.in/sites/default/files/Full%20OP/op153.pdf. Internet.

FICCI MSME Summit, 2012. Innovation Readiness of Indian SMEs: Issues and Challenges. Accessed 15 june 2013. http://www.ficci.com/spdocument/20144/FICCI-MSME-Summit- 2012-knowledge-paper-new.pdf. internet.

International Finance Corporation, 2000. Small and Medium-sized Enterprises: Local Strength, Global Reach OECD Policy Brief, 2000. Accessed 18 June 2013. http://intellecap.com/sites/default/files/publications/micro_small_and_medium_enterprise_finance_market_in_india_2012.pdf. internet.

Naser. V Abdul, 2013. A critical evaluation of the contributions made by The micro, small and medium enterprises in Indian Economy. Accessed 6 June 2013. http://indianresearchjournals.com/pdf/IJMFSMR/2013/July/17.pdf. Internet.

Srinivas K T, 2013. Role of Micro, Small and Medium Enterprises in Inclusive Growth.

UNIDO Vienna, 2007. Corruption prevention to foster small and medium-sized enterprise development. Accessed 2 June 2014. http://www.unodc.org/documents/corruption/Publications/2012/UNIDO-UNODC_Publication_on_Small_Business_Development_and_Corruption_Vol1.pdf . internet.

Uma P, 2013 Role Of SMEs In Economic Development Of India. Accessed 3 june 2014. http://indianresearchjournals.com/pdf/APJMMR/2013/June/15.pdf. internet.

A STUDY PROJECT ON

DEMONITIZATION

A Study project under taken by:

K YOJANA	B.Com. CA III Year
M SARITHA	B.Com. CA III Year
C ROJA	B.Com. Gen III Year
D MOUNIKA	B.Com. Gen III Year
G GANGAMANI	B.Com. Gen III Year

Submitted to

DEPARTMENT OF COMMERCE
AND
COMPUTER APPLICATIONS

GOVERNMENT DEGREE COLLEGE FOR WOMEN
ADILABAD (T.S.) - 504001

Under Kakatiya University
Accredited by NAAC with "B" Grade

2017 – 2018

INDEX

CHAPTER NO.	TOPIC	PAGE NO.
1	INTRODUCTION	
2	REASONS BEHIND DEMONETIZATION	
3	EVASION ATTEMPTS AFTER DEMONETIZATION	
4	WHY DEMONETIZATION BECAME MASTERSTROKE BY PM MODI	
5	NEGATIVE EFFECTS	
6	POSITIVE IMPACTS	
7	PROCESS TO EXCHANGE DEMONITISED CURRENCY NOTES	
8	CONCLUSION	
9	BIBLIOGRAPHY	

ABSTRACT

This paper entails the problems related to pre and post demonetization period and thereby to find out solutions and to provide suggestions in order to overcome the problem. A survey was conducted around 65 applicants responded actively. Demonetization is the process of withdrawal of a particular form of currency from circulation. The purpose of the study is to compare and analyse the impact of demonetization on Indian economy during pre and post period. The older denominations must be replaced with the new one's. This article also covers the various other countries who tried demonetization they are Nigeria,Ghana,Pakistan,Zimbabwe,North Korea, Soviet Union, Myanmar and Australia. The finding of the study reveals that India will achieve a significant growth by adopting the demonetization strategy and will create a huge positive impact on the entire economy in a long run. This paper also shows that it was quick step taken by the government of India without any measures which people had to face a lot of consequences in standing in the long queues to exchange their older denominations.

Keywords: Black Money, Black Market, Cashless transactions, Digital economy, Currency, Indian economy, Gross Domestic Product, International Financial Market.

INTRODUCTION

"Demonetization is the act of stripping a currency unit of its status as legal tender.'' The idea of demonetization was bought by prime minister of India Narendra Damodardas Modi to stop black money circulation. The old unit of currency must be demolished with the new ones. Its an effective way of curbing black money. On November 2016 the government took the great initiative to crack down on black money in the country. Fiji, Singapore and Philippines were the country after India who have opted for demonetization. The reserve bank of India has withdrawn the old Rs 500 and Rs1000 notes. People who had this higher value of notes were given an extended period till January 2017.It was an important decision taken by the pm of India against bureaucrats, politicians, business class people, terrorists, smugglers, drug dealers or the black marketing people who were engaged in unlawful activities which would lead an harmful impact on environment as these notes would no longer be legal tender from midnight,8th Nov 2016.

In India demonetization was required to track fake currency, tax avoidance, etc So the curbing of black money can lead to positive impact in the country's economy. It's an process of removing black money completely. It's a step against parallel economy, so we need to corporate with prime minister along with the government of India for this great decision taken by them. It will create a better future for the coming youths. Due to demonetization, India would turn cashless and everyone will start doing easy transactions, i.e. credit card.

So the elimination of black money can lead to positive impact in many ways. The progress would lead to drastic change in all other factors. In India we can see that each and every citizen is above poverty line. More of black money can lead to change in country's economy.

Demonetization will help the Income Tax Department as money will be caught so the terror funding activities couldn't occur. Terrorism is a threat to our country, if black money is completely thrown out then there would be a reduction in the crime rate. Therefore our country will be in the safe hands and condition of living will be improved. Tax revenues are increased which is an benefit of demonetization. People had to face a lot of problems as it was a quick step taken without any preparations. IT Department was able to find black money at a larger scale.

Demonetization helps in catching illegal forms of money through various means. In India, due to demonetization there would be a lot of changes soon everyone will go cashless through online transactions Debit card. Demonetization helps to control inflation. It helps to promote cashless economy.

However the older denominations were allowed to get converted into euros for some period of time. It will help in smooth transition. In 2015,Zimbabwe also took this crucial step of demonetization to overcome the problem of hyperinflation. According to RBI reports on 31st march 2016,denominations of Rs 500 and Rs 1000 notes were consisting around 86% of the total cash and was having an approximate value of Rs 15.44 lakh crore. Demonetization was an important step taken by the Pm to tackle problems such as terrorism, corruption and all means of illegal money. It will also help to remove fraudulent money.

This move proved very helpful in cleansing the formal economy of the country and discarding black money. Many previous attempts made have resulted into good and few recorded adverse effect on the country's economy. In the present Indian economic conditions, the long term impacts are left to be registered. The short term effect has brought a negative result in the country's economy. Luxury commodities were in shortage of prices which was bullish hit in the economy. PM Modi is also organizing various campaigns like "Jandhanyojana''. These organizations work towards digital India. All transactions should be performed through cashless means.

In India, there were many situations when higher denominations notes were curbed.RBI printed the highest value notes of rupees 10000 in the year 1938.After that government demonetized rupees 1000 and higher value notes in the year 1946.Higher value notes of rupees (rs1000,rs 5000,rs 10000) reintroduced in 1954 and all of them were demonetized to remove the black money of illegal tender. Rupees 2000 notes were first time introduced in the year 2016.Firstly denominations of rupees 500 was introduced in the year 1987 in order to control over the increasing value of notes.

Along with India many of the countries took this crucial step of demonetization in the history. Almost the countries that have done demonetization had some common objectives which would help to eradicate various problems such as black marketing, terrorism and corruption and hence their country's government also decided to take this important step to get relief from these problems. Here is the list of some countries that done demonetization:

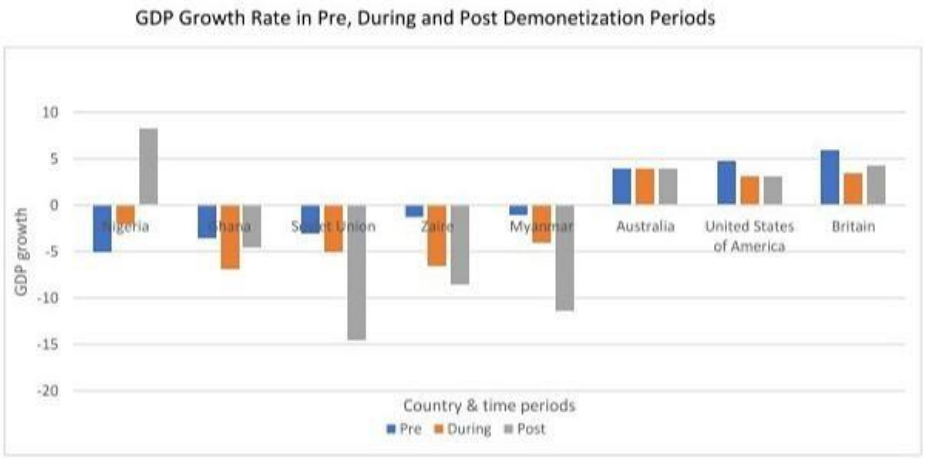
List of countries in the world that done Demonetization

Country Name	Year	Objective	Results
Nigeria	1984	To fix debt and inflated economy	Economy Collapsed
Soviet Union	1991	Fight against corruption, Black marketing	The economic conditions of USA were demolished
Ghana	1982	To curb black money	People turned to foreign currency
Myanmar	1987	To have a control on black money	led political miscommunications and many people died
NorthKorea	2010	To lower down the market of black Money	Miserably failed
Zimbabwe	2010	Getting freedom from inflation	Failed
Australia	1996	To eradicate black money crisis and improve Security features	Success
Britain	1971	To bring uniformity in currency	Unsuccessful in other countries except Britain
Zaire	1990	A plan to withdraw outdated currency	Failed
USA	1969	Due to black money	Success
Pakistan	2015	To get rid from black money, Counterfeit currency	Messed Up
Germany	1923	Due to high domestic prices	Inflation fell

Philippines	2016	To preserve the integrity of currency	

By investigating the table, we can observe that most of the countries which have earlier performed demonetization have remained unsuccessful in doing that. The main reasons behind the success could be the behavior of Indian citizens to find out the way for a patriotic country and the belief of Indian people in their strong government. Other than this observation, we can see in the table.

GDP Growth Rate in Pre.During and Post Demonetization Periods



Data source- World Bank

By collecting the growth rates of the countries, which has done the demonetization, at the time of demonetization show that most of the countries lost growth due to that. Nigeria had a negative growth rate during demonetization and before demonetization year so their Economy strained at that time but after the demonetization they grew at a higher rate. Other than this Australia was very much stable in growth rate point of view in pre and post demonetization period. United states and Britain felt a slowdown in the growth rate during demonetization year but after certain period of time they grew at a higher rate. Many other countries also done black money curbing step when had to face the problem of negative growth rates in the following years, so they couldn't succeed and their economy completely vanished. By this we can understand that it is pretty hard to sustain the growth, and we should be aware and alert of that fact and should take appropriate actions or measures, otherwise the same story would remain for us also.

REASONS BEHIND DEMONETIZATION

- To tackle black money in the economy.
- To lower the cash circulation in the country which "is directly related to corruption in our country?
- To eliminate fake denominations and dodgy funds which are being used by terror groups to raise terrorism in India.
- To fight Black money, corruption, terrorism and counterfeit currency with one single decision.

Definitions

"Demonetization is a drastic innovation into the economy that involves removing the

legal tender status of a currency".

"Demonetization can cause chaos or a serious downturn in an economy if it goes wrong.''

"Demonetization is a weapon used to stabilize a currency and fight inflation, to facilitate trade and access to markets, and to push informal economic activity into more transparency and away from black and grey markets"

Demonetization is an act of discarding the legal tender status of a currency unit in circulation. Anticipating positive changes on the liquidity structure as whole, nations often adopt demonetization policy as a whole to maintain the balance of current economic system of the country. It will help to control hyperinflation and gives economy a boost in respective fields.

EVASION ATTEMPTS AFTER DEMONETIZATION

- Converting black money into gold
- Donations in temples and other
- Multiple bank transactions
- Booking large number of tickets in railways and airways
- Depositing money in the accounts of their parents,relatives and friends
- Enticing people with some percentage of money for exchange

WHY DEMONETIZATION BECAME MASTERSTROKE BY PM MODI

- Boost deposit base and savings
- Improve monetary transmission and reduce lending rates
- The demonetization drive of higher denominated notes should give a push to cash deposits in Jan Dhan accounts.
- Benefits from higher income tax collections
- Rise in GDP growth potential
- Support government finance

NEGATIVE EFFECTS

- Cash shortage Stock market cash
- Dumping of agricultural produce Drop in industrial output
- Queues outside the bank
- People faced difficulties in marriage occasions and other
- Many of the people do not have their bank accounts in rural areas

POSITIVE IMPACTS

- Demonetization has a very positive impact of millions of human traffickers
- Other sectors like drug trafficking, illegal dealing of money, funding of election and involvement of various terrorist groups effected badly.
- Steps towards cashless economy
- Real estate can see significant course of correction
- Less chance of avoiding taxes
- Parallel economy

Some positive effect of demonetization on the economy are as follows:

1. **Break Down of Black Money:-**Black money accumulation affects a country's economy in a negative way. It helps in shutting down the trading of goods or services which are runned through illegal means and thus destroying the savings and having a positive impact on its economy.
2. **Real Estate:-**Real Estate is one of the industry that runs largely on black money. Demonetization stops the flow of black money in the real estate sector to ensure a fair system.
3. **Increase in Bank Deposits**:-The circulations of the old currency notes are banned and those who are having these denomination notes should get their money deposited in the banks so that there is no wastage. Hence, cash amounting of millions of rupees get deposited in the banks.
4. **Cutting Monetary Support for Terrorist Activities:-**Anti-nationals support terrorist activities in the country by providing monetary support to the terrorist groups. This money helps helps them to purchase arms and ammunitions. Due to demonetizations funds which they were using would be completely vanished and thus promoting peace and harmony among people.

The idea behind demonetization was

1. To eradicate black money
2. To increase digital transaction
3. To remove counterfeit notes

4. To prevent Naxal activities and terrorist activities

Regarding black money government has told in parliament that 4.9 lakh crore rupees deposited in various accounts is under scrutiny .If this is true then the Indian government will get 2.5 lakh crore in taxes next year and 1.5 lakh every year in taxes in the future from this unearthed money.

The digital transactions has increased then dipped and now settled at 107 lakh crores in July in the year 2018.

Due to demonetization the Naxal and terrorist groups which were engaged in throwing stones has completely stopped .This can be assessed by the reduction in Naxal attacks and drastic reduction in stone pelting in Kashmir post demonetization which will help to maintain peace and unity among the citizens of the country. Demonetization is a disruptive economic tool in the hands of government which are also known as policy makers to control the cash flow in the economy.

Some negative impact of demonetization is as follows:

Liquidity crisis:

Demonetisation gave rise to liquidity problems in the economy as people found it difficult to get sufficient amount of cash to fulfil their basic needs. Marginal section of the society mainly depends on cash to meet their transactions held daily. Out of total currency in circulation 500 rupees notes constituted nearly 49% in terms of value. More the time is required to resupply Rs 500 notes, the more will be the time period of liquidity crisis.

Consumption:

Cash shortage adversely affected the consumption behavior of people in India. The sales of consumer durables likely to be hampered in short-term, especially sales through unorganized channels are cash purchases. Most of the purchases by retailers are through cash which brought down their value of trade.

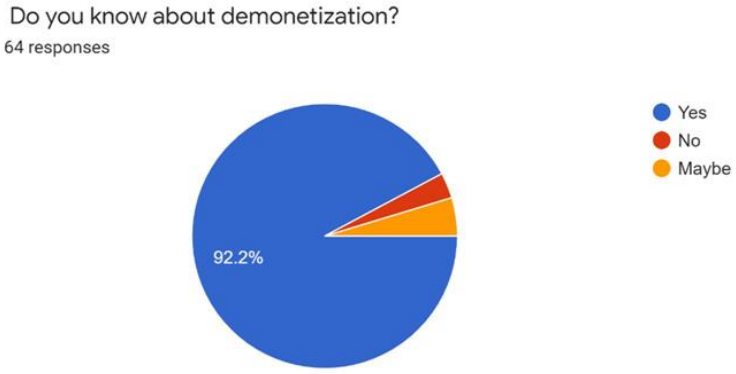
Decrease in GDP:

Withdrawal of higher denomination notes reduces the growth rate of the economy. Demonetization reduces consumption pattern, income, investment, etc. This may bring down in India's growth rate as the liquidity crisis itself may last3-4 months. The opposite of demonetization is demonetization, in which a form of payment is restored as legal tender. The sectors which faced problem by demonetization are an king, Automobiles, Cement, FMCG, Pharmaceutical and Agriculture. Demonetization affected India's stock market also.BSE and NIFTY both crashed around 1689 and 541 points respectively in that week. According to Investopedia, Demonetization is the act of stripping a currency unit of its nature as legal tender. Prime Minister announced that Rs 500 and Rs 1000 "will not be legal means of money from midnight tonight" and these will be "just worthless pieces of paper.PM also urged people to join this mahayajna against the ills of corruption. The sudden nature of the announcement-and the prolonged cash shortages in the weeks that followed-created significant disruption throughout the economy, threatening economic output. The move was heavily criticized as poorly planned and unfair, and was met with protests, litigations and strikes. The main motive was to extract the value of black money from corrupted people.

PROCESS TO EXCHANGE DEMONETISED CURRENCY NOTES

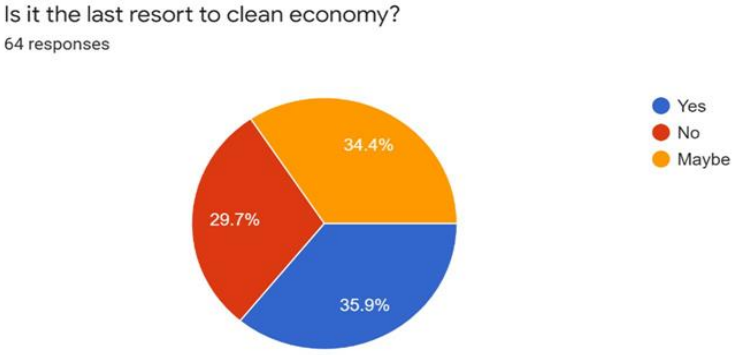
Process	With	Duration	Limit	Where	You Need
EXCHANGE	Old notes ..for New	10 Nov - 24 Nov 25 Nov - 30 Dec	₹4000 More than ₹4000	Bank & Post-office	Aadhaar card, Voter ID, Ration card, Passport, PAN ....
DEPOSIT	Old notes	10 Nov - 30 Dec	No Limit	Bank & Post-office	A valid Bank account or Post office Saving account
DEPOSIT	Old notes	31 Dec - 31 March	No limit	RBI Specified Office	ID proof, PAN & Deceleration Form
WITHDRAW	New notes	10 Nov onwards	Max ₹10000/day or Max ₹20000/week	Bank Counter Post-office	Withdrawal Slip or Cheque
WITHDRAW	New notes	10 Nov - 18 Nov 19 Nov - onwards	Max ₹2000/day Max ₹4000/day	ATM	ATM Card
SHOPPING	Old notes	8 Nov onwards	No value	No where	Only New Notes
SHOPPING	New notes	10 Nov onwards	No limit	Any where	New Notes
PAYMENTS	Old notes	8 Nov onwards	No value	No where	New Notes
PAYMENTS	New notes	10 Nov onwards	No limit	Any where	New Notes
PAYMENTS	Credit/Debit card/ Cheque/DD/online/ E-banking	All days	No limit	Any where	Valid transacting Medium

DATA ANALYSIS



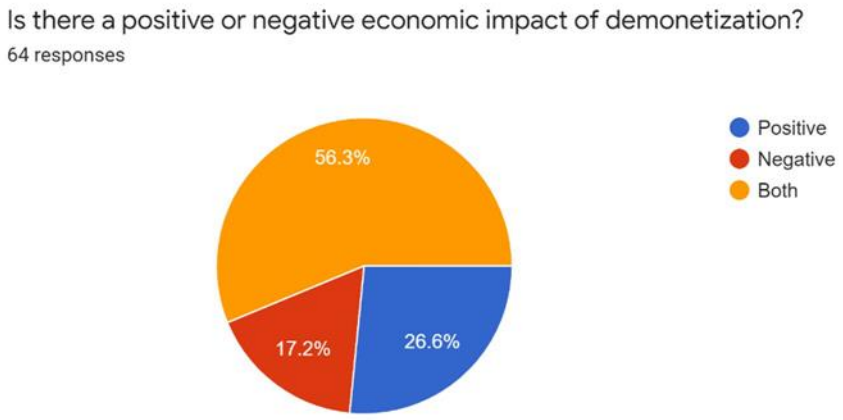
YES	NO
92.2%	nil

The applicants were asked whether they know about demonetization, to which 92.2%applicants responded as yes .Few applicants were not aware and few were not sure.



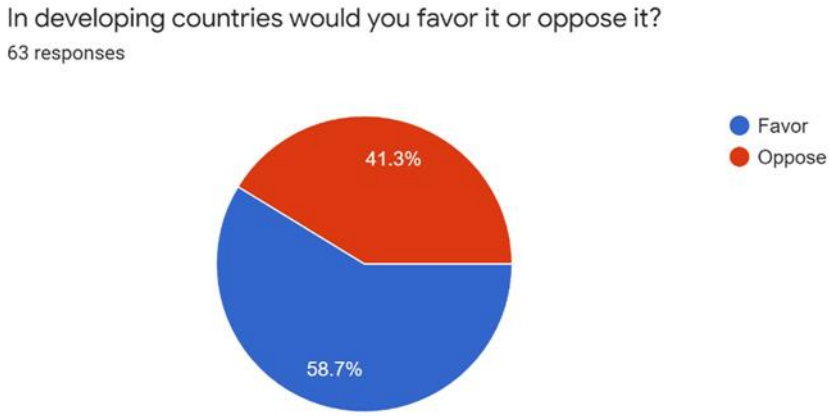
YES	NO	MAYBE
35.9%	29.7%	34.4%

Out of all the applicants,35.9% mentioned as Yes.34.4% mentioned as maybe. However 29.7% did not agree.



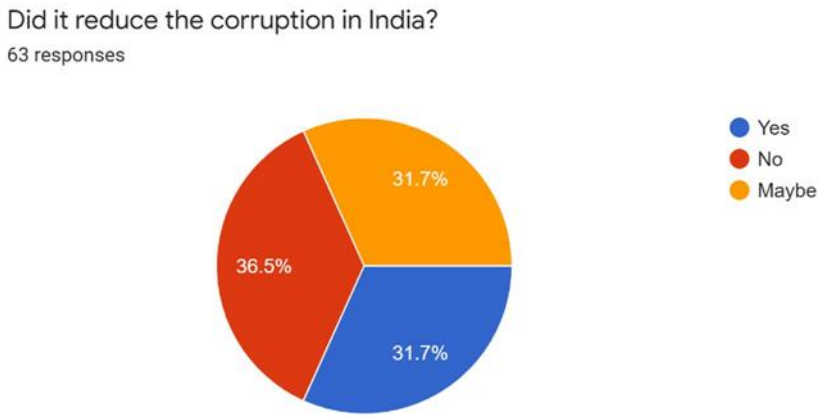
POSITIVE	NEGATIVE	BOTH
26.6%	17.2%	56.3%

Applicants were asked whether there was a positive or a negative impact of demonetization, where only 26.6% applicants mentioned as positive impact,17.2% mentioned as negative and majorly 56.3% applicants agreed with both positive and negative economic impact of demonetization



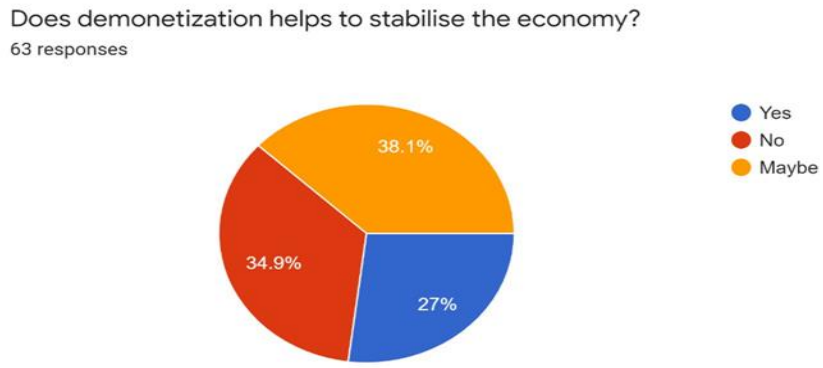
FAVOR	OPPOSE
58.7%	41.3%

Out of all the applicants, 58.7% mentioned as they will favor the demonetization process whereas 41.3% wanted to oppose the demonetization.



YES	NO	MAYBE
31.7%	36.5%	31.7%

Where corruption came into the picture in India,31.7% applicants responded as Yes and equally responded as Maybe and 36.5% applicants did not agree with it.



CONCLUSION

Through the survey and data collected it is concluded that, demonetization is a bit serious problem. The move by the government to demonetize the old denominations with the new ones has surprised the country. The move was an effort to handle the threat of illegal money,corruption,terror funding and counterfeit currency. According to the survey, people agree that demonetization is a good effort taken by the government of India, it would bring about a positive impact on Indian economy as it encourages the digital modes of payment such as E-wallets and apps,online transactions. It is a move towards cashless economy. Demonetization is beneficial for the economy in the medium to long term. The decision taken by the government of India was quick so some were against it.However according to the survey, majority of the applicants responded that demonetisation hasn't reduce corruption in India. And major strengths of Indians believe that demonetization will help to stabilize the economy.

A STUDY PROJECT ON

THE "ONE-NESS' OF ONE NATION ONE TAX:

TRAVAILS OF LEGISLATING GST IN INDIA

A Study project under taken by:

BEERLA RAJITHA	B.Com. Gen III Year
GUNJALA ANUSHA	B.Com. Gen III Year
KANAKA KAVITHA	B.Com. Gen III Year
MADAVI SONI	B.Com. Gen III Year
ASHA SAMREEN	B.Com. Gen III Year

Submitted to

DEPARTMENT OF COMMERCE
AND
COMPUTER APPLICATIONS

GOVERNMENT DEGREE COLLEGE FOR WOMEN
ADILABAD (T.S.) - 504001

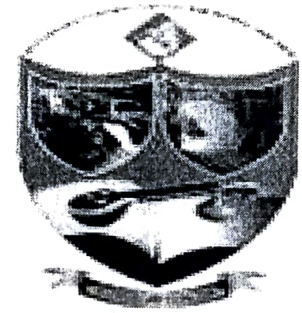
Under Kakatiya University
Accredited by NAAC with "B" Grade

2018 – 2019

A STUDY ON ANALYSIS OF DIGITAL MARKETING

A study project under taken by :

1.	CH RISHNAVENI	B.Com.Gen. III Year
2.	D SRILEKHA	B.Com.Gen. III Year
3.	E VARSHA	B.Com.Gen. III Year
4.	H SONALI	B.Com.Gen. III Year
5.	K PRIYANKA	B.Com.Gen. III Year



Submitted to

DEPARTMENT OF COMMERCE
AND
COMPUTER APPLICATIONS

GOVERNMENT DEGREE COLLEGE FOR WOMEN
ADILABAD-504001
NACC Accredited with "B"

2019-2020

TABLE OF CONTENTS

1) INTRODUCTION ---------- 1

2) CONCEPT OF DIGITAL MARKETING ---------- 1

3) STATEMENT OF THE PROBLEM ---------- 1

4) NEED AND RELEVANCE OF STUDY ---------- 2

•AIMS OF THE STUDY

5) METHODOLOGY ---------- 3

•RESEARCH DESIGN

•DESCRIPTIVE RESEARCH DESIGN

6) DATA COLLECTION METHOD ---------- 4

•PRIMARY DATA

•SECONDARY DATA

7) ANALYSIS OF THE STUDY ---------- 4

•GLOBAL PRESENCE

•COST EFFICIENT

•DATA AND RESULT CAN BE RECORDED

•PERSONALIZATION

8) OUTCOMES OF THE STUDY ---------- 6

•OUTCOMES REGARDING ANALYSIS OF DIGITAL MARKETING

9) CONCLUSION ---------- 7

10) BIBLIOGRAPHY ---------- 8

INTRODUCTION FOR DIGITAL MARKETING

Digital marketing is the new method of marketing commodities using digital technology, mostly through internet. Digital marketing is built on the internet that can create and convert brand value from producer to the potential customer by various digital networks. The development of digital marketing has altered the method companies use technology for promotion, as digital podiums are progressively changed into advertising plans, as individuals use digit campaigns like mobile, computer/laptop and tablet instead of visiting physical market. Digital marketing elements like search engine optimizing is also called as organic method of ranking the website, pay per click or SEM, content marketing, email marketing, social media, social-media optimization, show promotion besides e-commerce marketing are becoming more common in advertising technology.

CONCEPT OF DIGITAL MARKETING

It involves sum total of marketing work that usage of an electric component and internet, Businesses leverages various digital ways like search engine, social medias, e-mail, website in addition offline marketing such as SMS and MMS to attach with present and potential customers. Digital marketing is also stated as online or internet marketing in simple taking business online.

DM is the promotion of business organization or brand by means of various channels such like the Internet, Mobile devices, TV, Radio in addition to consuming different online advertising, podcasts, video and other such approaches to communicate message. Internet promotion in specific plays a vital share in somewhat promotional plan and it is fetching the basis of numerous establishments' complete promotional policies.

STATEMENT OF THE PROBLEM

The study deals with the consumer behaviour towards online usage and its further benefits. The tools which are used to develop the promotion of product service by Radtel India private ltd.

NEED AND RELEVANCE OF STUDY

The marketing is changing rapidly, the system of marketing moving towards digital. Companyhastounderstandtheneweraofmarketingsystemandmakesimilarchangesin the business operations. The study will help reader to understand the significance of having online web presence, and the importance of digital marketing. The study alsohelp the reader to understand online buying behavior of Indian patrons.

The study on digital marketing, the tools and techniques considered under the study are taken from Radtel India Pvt Ltd.

AIMS OF THE STUDY

- To identify the tools and techniques of onlinemarketing.
- To analyse online buying behaviour of Indiancustomers.
- To determine the strategies used in digitalmarketing.
- To understand the important terms used in digitalmarketing.
- To study the types ofadvertisements.

METHODOLOGY

Data collection method

1. Primary data

2. Secondary data

RESEARCH DESIGN

Research configuration is a lot of systems and techniques that are used in assembly, floutingdownandestimatingtheaspectsindicatedintheexplorationissue.Itisanedge workthathasbeenmadetodetermineanswerstolookintostudies.Itgivescertainplan about how an inspection will happen which incorporates how info is collected, what tools are applied and how the tools are used in dissecting the gatheredinformation.

DESCRIPTIVE RESEARCH DESIGN

The research is descriptive in nature hence it includes descriptive research design. The examination is enlightening in nature henceforth it incorporates unmistakable research plan. Elucidating examination configuration is utilized to think about the qualities of a populace that is being contemplated. This plan goes for receding tide besides stream matters or issues complete a process of info gathering and authorize the specialist to show situation completely.

TRIAL SIZE

The trial size in this exploration comprises of 25 computerized marketing specialists.

DATA COLLECTION METHOD

PRIMARY DATA:

It is direct information, it is gathered legitimately. The distinctive technique for assembly vital data is near to home meeting, survey, review and so into the open. As my project is clear study there is no vital data collected thusly. Primary data source of the study is interview and observation

Interview: interview has been made with office staff, where several random of questions has been asked related to digital marketing and the repose has been recoded.

Observation:observationhasbeenmadeondigitalmarketingtoolsandtechniquesand strategies that they use to promote theirbusiness.

SECONDARY DATA

Auxiliary data is collected from efficiently current springs in diverse suggestion broachersandannals.Secondarymaterialaimedattheexaminationwerecollectedfrom the periodicals, sites and diverse historicalinvestigations.

To meet goals, the investigation utilized subjective research. The clear investigation stoodcompletebyauditofpresentwritingthataidedinapprovalandwithdrawalofthe significantfactorsandissues.Informationwasgatheredfromauxiliarybases.Auxiliary sources stood periodicals, sites, records, office officials, besides friendsinformation.

In the examination I have gathered information from auxiliary sources.

NEED ANALYSIS OF DIGITAL MARKETING

GlobalPresence:

Indigitalmarketingisnotonlymakesanybusinesstolocalregionbutalsoongloballevel. Company website allows the customers to find new markets and trade. The best example is amazon market place allow to sell our products online and this be can be accessed by anyone from any part of theworld.

Cost-efficient:

Likened to old-style marketing DM is cost effective, it will reach to a greater number of people with very less amount. For example, display of advertisement on social media is cheaper than print advertisement with a targeted customer reach. DM is supplementary effectivethanold-stylemarketing.Smallbusinessorganizationsorsmallshopcandodigital marketing without spending singlerupee.

Track able and measurableresult:

In digital marketing we can track and measure the result of our advertisement or website, such as how many people have seen, what are the activities they do in the website, their behaviorinwebsite,howmuchtimetheystayedintheonline,whatarethedemographical characteristics of particular audience these all things we can get from some of the digital marketing tools such as google analytics.

Data and results can be recorded

Google analytics we can be used to check the reach of campaigns done and store them for future decisions. It will help to keep in track customers and their activities and the future expectations. Usually it will help in segmenting and targeting the same particular set of people called remarketing.

Personalization

Linking customer data base to website is most important, whenever customer visit the site, we can greet them with targeted propositions and remarket the product. This makes consumers to feel special about the particular brand.

OUTCOMES OF THE STUDY

- Outcomes regarding consumers
  - India presently have online users of 214 million, among them 60% are males and remaining are females.
  - There are 112 million mobile handlers amongst them 70% are men and remaining 30% are women
  - 176 million entire internet populace are share of communal media.
- Brand want to shape a cool attendance over digital podiums because the client will do investigation about the creation after sighted an ad or after receiving enthused.
- Companies are receiving more touch opinions to reach target group in a cost-effective way.

OUTCOMES REGARDING ANALYSIS OF DIGITAL MARKETING

- Metatitleanddescriptionisdisplayedbygooglepixelwidthbutnotbythelengthof characters.
- URL structure always has to be mentioned with the primarykeywords.
- URLstructurehastobewithhyphenandincludelocationifitisgivenwithspacesit will take withpercentage.
- H1 has to be with one focused keyword, googlecrawels will only crawl h1tag under header tags so it has to be focusedmore.
- Google will never crawl images it will crawl the text behindit.
- Image optimization has two tags alt and titletag.
- To display the name of the image when we place the cursor. We use titletag.

CONCLUSION

The actual conclusion of this venture demonstrations that the ultimate destiny of promoting is in the pointers of progressive. DM isn't just concerned around putting advertisements in entrances, it includes of incorporated managements & coordinated stations. Promoters essential to use these segments in a successful manner to arrive at objectivemeetingsandtomanufactureaproduct.Inthiscomputerizedperiodpromoter isn't the concierge for a product, persons who are related over the advanced phases are the supervisors. Products essential to manufacture their excellence over progressive stage, in light of the fact that customers have high fondness to electronic media than additional media's. Additional than that customers are profoundly informationrescuers & electronic media is the key phase for dual way communication amongst products & customers. Advanced broadcasting is the finest phase to alteration ended an article toa product. Meanwhile it is savvier and it give tract of trace emphases to promoter. Products can prepare to attach with their impartial meeting in a feasible way finished progressive phases. Progressive media isn't just for promise, products can shape their customers or they can grasp their present customers. Electronic phases assistance to shapetheresultofproductappraisalinimpartialmeetings.Theexaminationfocusedon the purchaser buying behavior proves that, Indian customers are deeply information seeker&theywilldolookintoaboutanitembeforehandsettingofftoamerchandizing plant. So products need to offer phases to customers to understand their item or to get a truthfully texture of that product. I sincerely accept that this venture tale will be all things considered valued for promoters to understand the electronic promoting and also to anticipate upcoming systems.

A STUDY PROJECT ON

INDIAN MONEY MARKET

A Study project under taken by:

DESHETTI AKSHAYA	B Com CA III year
EMBADI SRUJANA	B Com CA III year
ENDLA PRIYANKA	B Com CA III year
GODAPURAM KAVYASRI	B Com CA III year

Submitted to

DEPARTMENT OF COMMERCE
AND
COMPUTER APPLICATIONS

GOVERNMENT DEGREE COLLEGE ARTS AND COMMERCE
ADILABAD (T.S.) - 504001

Under Kakatiya University
Accredited by NAAC with "B" Grade

2020 – 2021

ABSTRACT:

In India the money market plays a vital role in the progress of economy. But it is not well developed when compared to American and London money markets. In this market short-term funds are borrowed and lent among participants permitted by RBI. Money Market ensures that institutions which have surplus funds earn certain returns on the surplus. Otherwise these funds will be idle with the institutions. Similarly, the money market ensures funds for the needy at reasonable interest. This way liquidity position is assured by money market operations.

India's time-tested institutions offer foreign investors a transparent environment that guarantees the security of their long-term investments. These include a free and vibrant press, a judiciary which can and does overrule the government, a sophisticated legal and accounting system and a user-friendly intellectual infrastructure. India's dynamic and highly competitive private sector has long been the backbone of its economic activity. It accounts for over 75% of its Gross Domestic Product and offers considerable scope for joint ventures and collaborations.

Today, India is one of the most exciting emerging money markets in the world. Skilled managerial and technical manpower that match the best available in the world and a middle class whose size exceeds the population of the USA or the European Union, provide India with a distinct cutting edge in global competition.

The average turnover of the money market in India is over **Rs. 40,000 crores daily**. This is more than 3 percent of the total money supply in the Indian economy and 6 percent of the total funds that commercial banks have let out to the system. This implies that **2 percent of the annual GDP of India** gets traded in the money market in just one day. Even though the money market is many times larger than the capital market, it is not even fraction of the daily trading in developed markets.

Index

SR.NO	CHAPTERS NAME	PAGE NO.
1.	**INTRODUCTION**	4
2.	**REVIEW OF LITREATURE**	9
3.	**RESEARCH METHODOLOGY**	11
4.	**DATA ANALYSIS & Interpretation**	13
5	**Findings**	21
6.	**Suggestion**	22
7.	**CONCLUSION**	23
8.	**BIBLIOGRAPHY**	24
9.	**APPENDIX**	25

Chapter 1

Introduction: -

By convention the term 'Money market' refers to the market for short term requirement and deployment of funds. Money market is the instrument which have less than one year as a maturity period. The most active part of money market is the overnight call money and term money between the Banks, Financial Institutions, as well as Call Money market transaction. Call money or Repo are the two short term money market products.

The below mentions instruments are the money market instruments:

The financial markets where instruments are highly liquidating and are of shot maturity period which are traded in the market is called as money market. It is a generic definition. The player who indulge or who trade for short term for several days to less than a year. It is generally use for borrowing and lending for a short period. Due to high liquidate nature of security and short maturities, money market is placing to are recognized as a safe place to lock in money i.e. to invest in money market.

The participants in financial market are of thin line, differentiating between capital market and money market.

Capital market refers to stock market where the stock is being traded in market and bond markets where the bonds are being issued and traded. This is the sharp contrast to money market which provide the short-term debt financing and investment. In money market, there is borrowing and lending for periods of a year or less. There are seven type of money market instruments: -

1) Certificate of deposit (CD)
2) commercial paper (C.P)
3) Treasury Bills
4) Inter Bank Participation certificates
5) Bill Rediscounting
6) Inter Bank Term Money

Meaning and Definition: -

Money market refers to the market where money and highly liquid marketable securities are bought and sold having a maturity period of one or less than a year.

The market constitutes a very important segment of the Indian financial system.

The highly liquid marketable Securities are also called as 'money market instruments' like treasury bills, government securities, commercial paper, certificate of deposit, call money and repurchase agreement etc.

The players in the money market are Reserve Bank of India (RBI), Discount and Finance House of India (DFHI), banks, financial institutions, mutual funds, government, big corporate houses.

Definition of money market: -

According to the Reserve Bank of India, "money market is the center for dealing, mainly of short-term character, in money assets; it meets the short-term requirements of borrowings and provides liquidity or cash to the lenders. It is the place where short term surplus investible funds at the disposal of financial and other institutions and individuals are bid by borrowers' agents comprising institutions and individuals and the government itself."

According to the Geoffrey, "money market is the collective name given to the various firms and institutions that deal in the various grades of the near money.

Objectives of money market: -

The following are the important objectives of a money market:

To provide a parking place to employ short-term surplus funds.

To provide room for overcoming short-term deficits.

To enable the Central Bank to influence and regulate liquidity in the economy through its intervention in this market.

To provide a reasonable access to users of Short-term funds to meet their requirements quickly, adequately and at reasonable costs.

History of Indian Money Market: -

Till 1935, when the RBI was set up the Indian money market remained highly disintegrated, unorganized, narrow, shallow and therefore, very backward. The planned economic development that commenced in the year 1951 market an important beginning in the annals of the Indian money market. The nationalization of banks in 1969, setting up of various committees such as the Sukhoi Chakraborty Committee (1982), the Vague working group (1986), the setting up of discount and finance house of India ltd. (1988), the securities trading corporation of Improvise (1994) and the commencement of liberalization and globalization process in 1991 gave a further fillip for the integrated and efficient development of India money market.

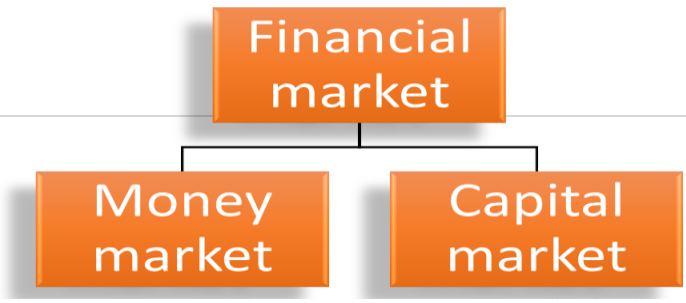
Participants: -

The money market consists of financial institutions and dealers in money or credit who wish to either borrow or lend. Participants borrow and lend for short periods, typically up to twelve months. Money market trades in short-term financial instruments commonly called "paper". This contrasts with the capital market for longer-term funding, which is supplied by bonds and equity.

The core of the money market consists of interbank lending—banks borrowing and lending to each other using commercial paper, repurchase agreements and similar instruments. Trading companies often purchase bankers' acceptances to tender for payment to overseas suppliers.

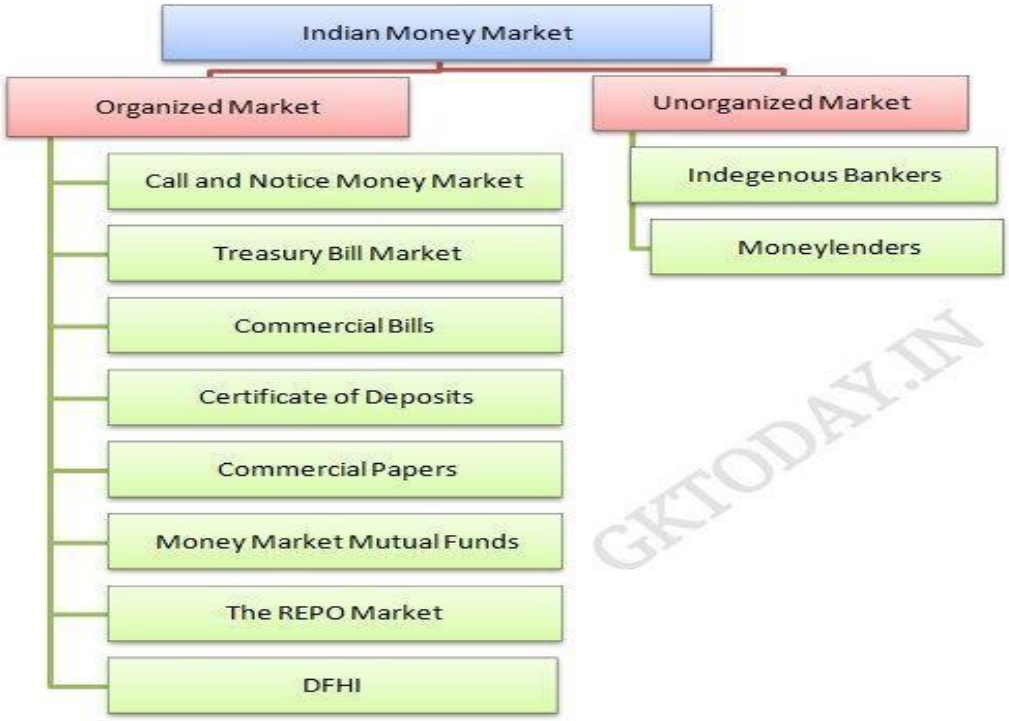
- Retail and institutional money market funds
- Banks
- Central banks
- Cash management programs
- Merchant bank

Types of Money Market Instruments: -

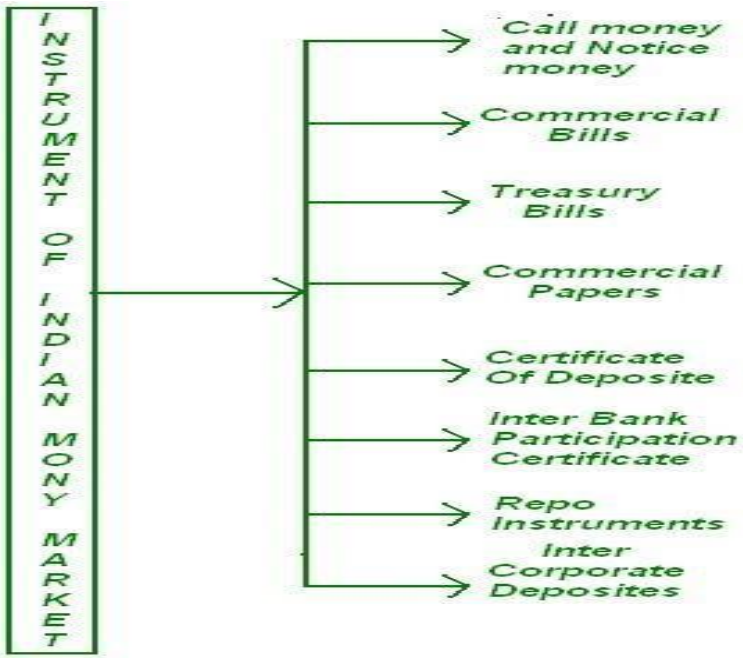


Structure of Indian Money Market – Chart: -

The entire money market in India can be divided into two parts. They are organized money market and the unorganized money market. The unorganized money market can also be known as an unauthorized money market. Both of these components comprise several constituents. The following chart will help you in understanding the organizational structure of the Indian money market.



Structure: -



Evolution of money market in India: -

The existence of money market could be traced back to *hundis* or indigenous bills of exchange. These were in use from the 12th century and it appears from the writings of few Muslim historians, European travelers, state records and the Ain-I-abkari that indigenous bankers played a prominent part in lending money both under the early Muslim and mogul rulers in India. The indigenous bankers financed internal and foreign trade with cash or bill and gave financial assistance to rulers during period of stress. The money market in India is not a single homogeneous entity and may be divided into two parts: (a) the central part- consisting of the Reserve Bank of India, State Bank of India, the Public-Sector Bank, the Private Sector Bank, the Exchange Banks, and the other development financial institution; and (b) the bazaar part-consisting of the money –lenders, indigenous bankers, loan office, chit funds, nidhis, etc., and the co-operative banks occupying the intermediate position. The connection between these parts is incomplete as the Indian financial system was somewhat loosely organized and without much cohesion until 1935 and lacked a central coordinating agency. Till then, the central part was largely dominated by government, which controlled currency and through it influenced the bank rate decisively.

Major Reforms in Indian Money Market

1. Deregulation of Interest Rates: -

Some of the important policies in the deregulation of interest rates have been:

1. The lending and deposit rates that have, over time, been considerably freed. Lending rates are now linked to the PLR, and the banks depending on their risk perceptions freely determine the spreads. Deposit rates beyond one year have been freed, and deposit rates less than one year linked or pegged to the Bank Rate. All refinance; the OMO operations and liquidity to the Primary Dealers (PDs) have been linked to the Bank Rate. To that extent the Bank Rate has been emerging as a kind of reference rate in the interest rate scenario.
2. The second interesting aspect has been that the borrowings by the government (since 1992) have been at market rates.
3. The PSUs and FIs, who had been largely depending on budgetary support for their resources, have been forced to go to the market to raise their resource requirements.

Chapter 2

Review of Literature: -

Rastogi Nikhil (2008) Article: Money Market Integration in India: A Time Series Study Says that Indian financial markets have achieved much from the highly controlled pre-liberalization era. He denotes that the main focus is on achieving efficiency, which is the trade mark of any developed financial market. This research paper tests the efficiency and extent of integration between financial markets observed at the short end of the market.

Rusty Sadananda (2007) Article: Market efficiency and financial markets integration in India in their work examined the impact of economic reforms on the integration of various segments of the financial market in India over the time series tools during the period from March 2006 to March 2012.

Sukhmoy Chakravarty Committee (1982) *Articles: - Recommended for call money market*. Examined the study of call money market for India was first recommended by the Sukhmoy Chakravarty. Committee was set up in 1982 to review the working of the monetary system.

Narasimham Committee (1998) Articles: - observation on call/money/term money market examined the Narasimham Committee II (1998) concurred with the Vaghul Committee as it also observed that call/notice/term money market in India, like in most other developed markets, should be strictly restricted to banks.

Reserve Bank of India (2010) in his discussion paper "Deregulation of Savings bank Interest rates: A Discussion paper" try to put the pros and cons of deregulation of savings deposits interest rates in India. Regulation of interest rates imparts rigidity to the instrument/product as rates are either not changed in response to changing market conditions or changed slowly.

Conclusion: -

The call money market decreases the repo rate, but the bank manages the cheaper money of their surplus breakdown through reverse repo rate.

The bank has to report this issue to RBI within to week.

Rastogi says that the Indian money market has achieved more from the pre-liberalization era.

In his research he concluded that although markets have achieved integration in some of its branches, but they still have to attain full integration.

He said that the main objective or focus is on creating efficiency or growth of money market.

The monetary policy should rely more on interest rate and asset price channels to control inflation.

The Chakravarty Committee recommended the additional nonbank participants may be allowed to participate in call money market.

The Vaghul Committee introduce the money market and broaden the instrument of money market. The money market is usually for short-term period i.e. less than one year.

THE Narasimham Committee study the observation of call and term money.

Interest are collected periodically by the depositor by depositing.

Because of change in RBI regulation there is change the rate of interest

Because of **inflation** there is change in the rate of interest it affects the rate of interest.

Chapter 3

Research Methodology: -

Methodology is an essential part of research to find answer to the research objective that initiate the same. Therefore, it figures as an important part of the study.

Type of research: -

my research is based on descriptive research. It helps to know qualitative and quantitative aspects of study. It studies the characteristics of Indian Money Market and see to it that how we can bring more agencies in India. It is used because this topic is being studies only to understand the concept and the problem it faces. However, my research also studies Review of Literature which acts as a base for Descriptive study.

Data Collection: -

Data for the study was collected from the primary as well as secondary sources.

PRIMARY SOURCE OF DATA COLLECTION: -

Primary source of data collection consisted of survey method. The survey was collected through a Structured Questionnaire. The questionnaire was prepared keeping in mind the objectives of the study and factors that were to be considered for the study. Questionnaire was prepared in such a manner that it could be easily understood by the respondents. The questionnaire being structured was in a single format to save time of the respondents.

SECONDARY SOURCE OF DATA COLLECTION: -

The secondary data is taken from selective websites and from online publication of

some researchers. The secondary data was useful for the study of Review of Literature. We could study various aspects of different researchers which gave us an idea about the factors being previously discussed and also the conclusions drawn from them. It also gave us an insight on what more could be studied to solve the research problem.

Data Analysis; -

The application of statistical tools and techniques for the data collected by means of questionnaires is been classified tabulated analyzed and summarized with the help of statistical tool percentage method.

Limitation of the study: -

The study is based on limited scope of area.

Whole market cannot be collected.

Objective of Study: -

The objective of the project are as follows: -

To study about INDIAN MONEY MARKET AND its related aspects like its types and the instruments.

To study about the history, participant, organizational structure of INDIAN MONEY (MONETORY) MARKET.

To find out the investors saving preferences.

To study about overcoming the short-term deficit.

To enable liquidity in the market.

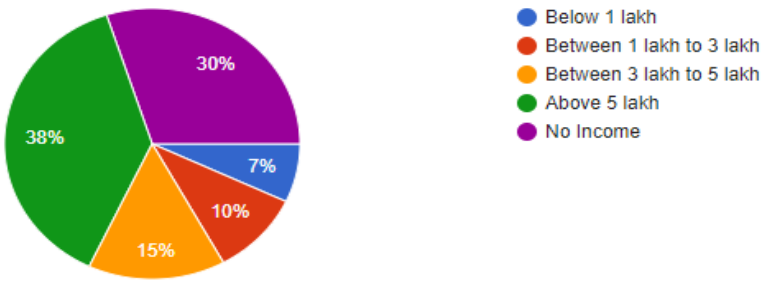
Chapter 4

DATA ANALYSIS: -

Interpretation and Presentation :-

1) What is your annual income?

SR. NO.	PARTICULARS	FREQUENCY	PERCENTAGE
1	Below 1 lakh	7	7%
2	Between 1 lakh to 3 lakhs	10	10%
3	Between 3 lakhs to 5lakhs	15	15%
4	Above 5 lakhs	38	38%
5	No income	30	30%

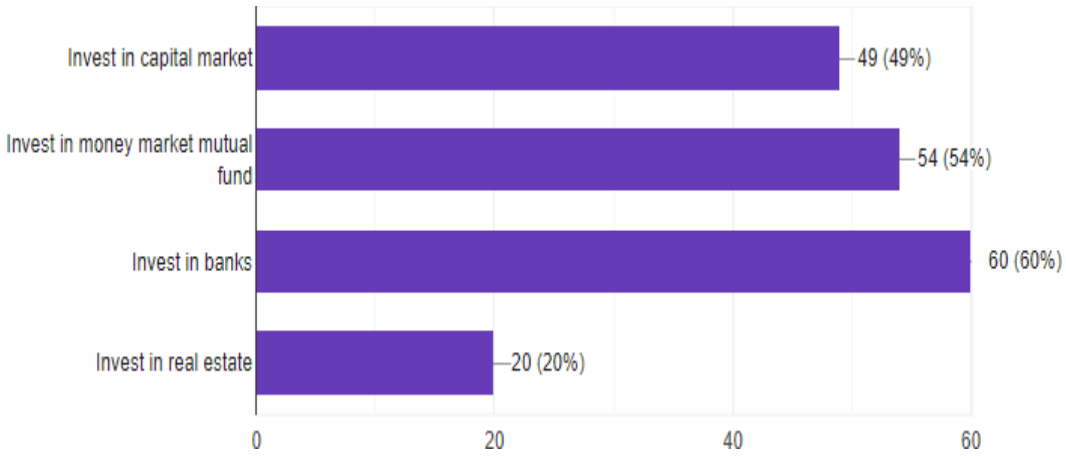


Interpretation: -

There were total 100 responses out of which 7% respondents have annual income of below 1 lakh. 10% respondents have an annual income between 1 lakh to 3 lakhs, between 3 lakhs to 5 lakhs were of 15%, above five lakhs were 38% and for no income there are 30%

2) How do you invest in your saving?

SR NO.	PARTICULARS	FREQUENCY	PERCENTAGE
1	Invest in capital market	49	49%
2	Invest in money market mutual fund	54	54%
3	Invest in bank	60	60%
4	Invest in real estate	20	20%

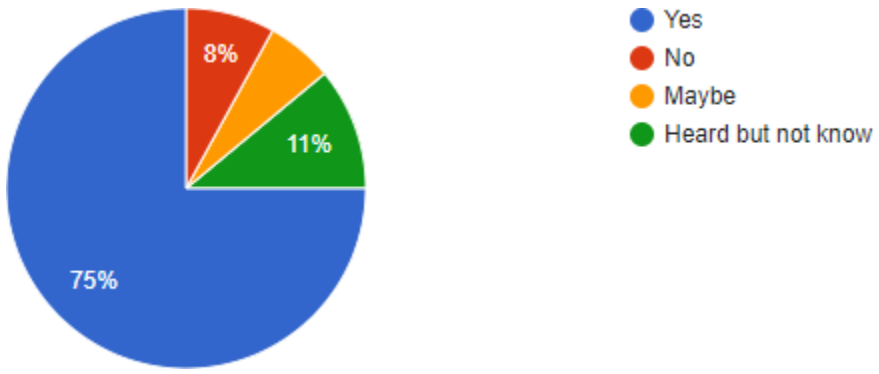


Interpretation: -

From the above data we can see that 49% of the respondents invest in capital market, 54% of respondents invest in money market mutual fund, 60% invest in banks and 20 % invest in real estate.

3) Do you have any knowledge about money market instruments?

SR NO.	PARTICULARS	FREQUENCY	PERCENTAGE
1	YES	75	75%
2	NO	8	8%
3	MAYBE	6	6%
4	HEARD BUT DON'T KNOW	11	11%

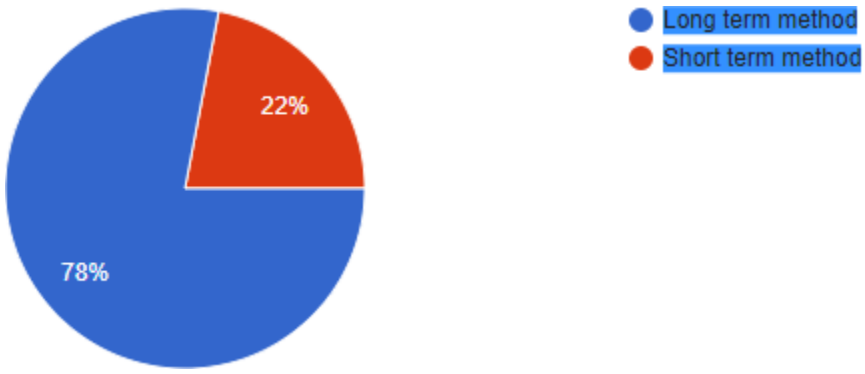


Interpretation: -

From the above analysis we can see that 75% have heard about money market and knows about that, while there are 6% people who aren't sure about this, 11% people have heard about the term money market but have no knowledge about that and then about 8% of the respondents don't know anything about money market

4) How long would you like to hold your money market instruments?

SR NO.	PARTICULARS	FREQUENCY	PERCENTAGE
1	LONG TERM METOD	78	78%
2	SHORT TERM METHOD	22	22%

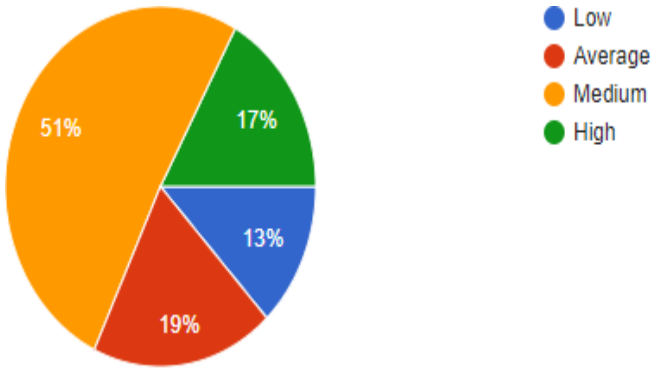


Interpretation: -

From the above data 78% of the people like to keep money market instruments for long term method while other people which are about 22 % keep it for the short-term method. We can see that most of them are willing to keep their investment for long term.

5) How much risk will you be willing to take?

SR NO.	PARTICULARS	FREQUENCY	PERCENTAGE
1	LOW	13	13%
2	AVERAGE	19	19%
3	MEDIUM	51	51%
4	HIGH	17	17%

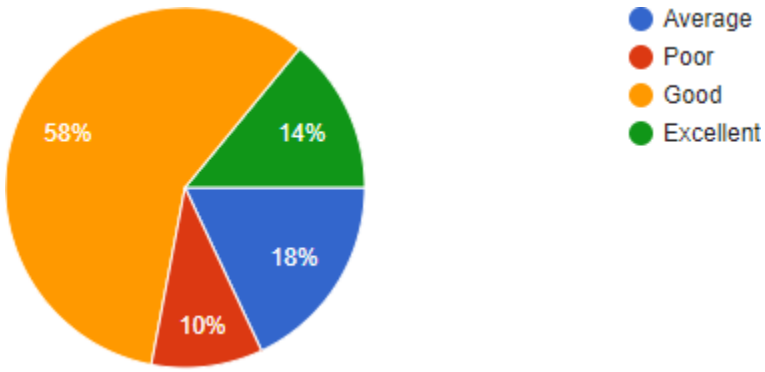


Interpretation: -

From the above data we can see that 13% respondents will take low level of risk, while 17% of respondents will take high amount of risk. 19% of respondents will take risk at average level. Most of the respondents are willing to take average number of risks.

6) How would you rate your experience with Indian money market?

SR NO	PARTICULARS	FREQUENCY	PERCENTAGE
1	AVERAGE	18	18%
2	POOR	10	10%
3	GOOD	58	58%
4	EXCELLENT	14	14%

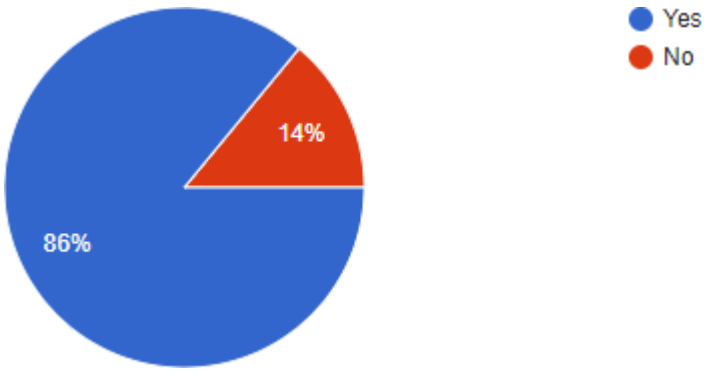


Interpretation: -

From the above analysis we can see that 10% respondents didn't have a good experience with Indian market while 14% respondents had excellent experience with Indian Market.

7) Is recession had affected your investment decision?

SR NO	PARTICULARS	FREQUENCY	PERCENTAGE
1	YES	86	86%
2	NO	14	14%

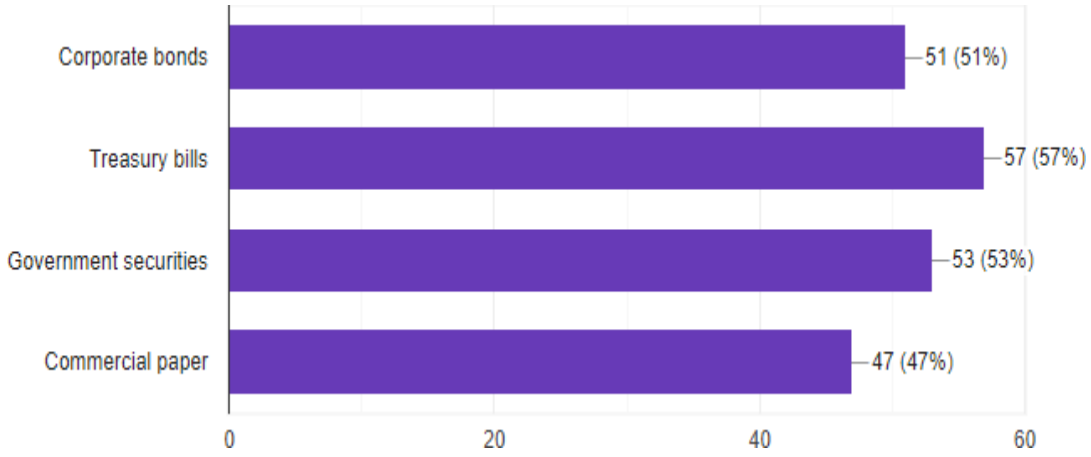


Interpretation: -

From the above data we can see that 86% respondents experienced that recession has affected their Investment decision while 14% respondents were not affected by recession

8) For fixed income what type of instrument would prefer?

SR NO	PARTICUL-ARS	FREQUEN-CY	PERCENTA-GE
1	Corporate Bond	51	51%
2	Treasury Bills	57	57%
3	Government Securities	53	53%
4	Commercial Papers	47	47%



Interpretation: -

From the above data we can see that 51% of respondent invest in corporate bonds, 57% in treasury bills, 53% in government securities and 47% of respondents invest in commercial paper.

Findings: -

1) Is past price affect the present price?

- There may be change in the price because of change in demand or change in the economic condition due to this price can increase or decrease as the demand changes or there can be no change in price even the demand changes.

2) Is there any change in economic growth?

- Yes, there can be change in the economic condition as in the above itself say that change in the economic condition tends to change the price, therefore there can be positive, negative, or no change in the economic growth.
- Recession may have positive or negative impact on economy

3) How can one manage the short-term deficit?

- One can overcome the short-term deficit by managing the funds
- Managing the funds means there can be issue of money market securities or,
- One can do nothing i.e. (under come of short term deficit).

4) Does recession tend to liquidate the money market instruments?

- From the above question at the time of recession, the investor may liquidate their investment from the market, purchase the instrument or do nothing (hold).
- Recession have an impact on the liquidity.

5) Is there a risk in money market instruments?

- Money market instruments is a minimal risk or no risk instruments in the market as they are for shorter period i.e. (a year or less than one year).it has low risk or no risk instrument in the market.
- The instrument is divided in various risk categories elevated risk, minimal risk, or no risk instruments.

Suggestion

Few suggestions relevant to the development of money market in India are enumerated below:

There should be a mechanism to make the call range bound which may reduce uncertainty and provide confidence to the bankers for lending/borrowing. In the context, it is emphasized that Repos and Reverse Repos conducted by RBI has the potential to set the floor and ceiling in the call money market.

Besides, Repo mechanism, call money market, needs to be supplemented by Open Market Operation (OMO). OMO can influence interest rate as well as volumes in the market.

Non-bank segment should be brought under the same regulation on par with the banks early as possible so that level playing field is created.

Transparency should be ensured in money market transaction. There should be screen based trading with two-way quotes for each money market instruments.

The lock-in period of CDs and CPs should be completely removed in a phase manner.

Retailing of government papers should be encouraged. The primary dealers can play a role in this context.

Currently FIIs are allowed in government dated securities in primary as well as secondary market. More FII participation could be encouraged.

Money Market Mutual Funds should be set up by various banks and institutions. This would increase the retail participation in the market.

Chapter 5

Conclusion: -

- The money market is a vibrant market, affecting our everyday lives. As the short-term market for money, money changes hands in a short time frame and the players in the market have to be alert to changes, up to date with news and innovative with strategies and products.
- The withdrawal of non-bank entities from the inter-bank call-money market is linked to the improvement of settlement systems.
- Any time-bound plan for the evolution of a pure inter-bank call/notice money market would be ineffective till the basic issue of settlements is addressed.
- In brief, various policy initiatives by the Reserve Bank have facilitated development of a wider range of instruments such as market repo, interest rate swaps, CDs and CPs.
- This approach has avoided market segmentation while meeting demand for various products.
- These developments in money markets have enabled better liquidity management by the Reserve Bank.
- The money market specializes in debt securities that mature in less than one year
- Money market securities are very liquid, and are considered very safe. As a result, they offer a lower return than other securities.
- The easiest way for individuals to gain access to the money market is through a money market mutual fund.

BIBLIOGRAPHY

AUTHOR	SOURCE
R.S. Aggarwal	Emerging money market
M.S. GOPALAN	Indian money market structure, operation and development
Prasanna Chandra	Financial management
P.K. Bandgar	securities management and portfolio management
RBI SITE	http://rbi.org.in
SBI DHFI SITE	http://sbidhfi.com/
INDIAN INSTITUTE OF BANKING AND FINANCE	http://www.iibf.org.in

Chapter 6

Appendix

Questionnaire: -

1) What is your annual income?
a) Below 1 lakh.
b) Between 1 lakh to 3 lakhs.
c) Between 3 lakhs to 5 lakhs.
d) Above 5 lakhs.

2) How do you invest your saving?
a) Invest in capital market.
b) Invest in money market mutual fund.
c) Invest in banks.
d) Invest in real estate.

3) Do you have any knowledge of money market instruments?
a) Yes
b) No
c) Maybe
d) Heard but didn't know

4) How long do you like to hold your money market instruments?
a) Long term method
b) Short term method

5) How much risk will you be willing to take?
a) Low
b) Average
c) Medium
d) High

6) In your opinion what is your expected rate of returns?
a) Between 10%
b) Between 10%-20%
c) Between 20%-30%
d) Above 30%

7) How would you rate your experience with Indian money market?
a) Average
b) Poor
c) Good
d) Excellent

8) Is recession had affected your investment decision?

a) Yes
b) No

9) For fixed income what type of investment would you prefer?
a) Corporate bond
b) Treasury bill
c) Government securities
d) Commercial paper

10) what will be your course of action during recession?
a) Buy
b) Sell
c) Hold

A STUDY PROJECT ON

Six Sigma:
A case study on Mumbai Dabbawala

A Study project under taken by:

JABEEN	B.Com. CA III Year
N CHANDRAKANTH	B.Com. CA II Year
G SANDHYA	B.Com. Gen III Year
M SHIRISHA	B.Com. Gen II Year
S NITHIN	B.Com. Gen II Year

Submitted to

DEPARTMENT OF COMMERCE
AND
COMPUTER APPLICATIONS

GOVERNMENT DEGREE COLLEGE FOR WOMEN
ADILABAD (T.S.) - 504001

Under Kakatiya University
Accredited by NAAC with "B" Grade

2021 – 2022

CONTENTS

S No	Topic	Page No
1	Chapter 1 – Introduction	3
2	Chapter 2 - About Six Sigma	4
3	Chapter 3 - Case Study - Mumbai Dabbawala	9
4	Chapter 4 - A great Dabbawalla (A customer story)	29
5	Chapter 5 – Achievements, Growth & Figures	32
6	Chapter 6 - 10 reasons to use Mumbai Dabbawalla	37
7	Conclusion	39
8	Bibliography	39

Chapter 1

Introduction

- Six Sigma is a methodology for continuous improvement, creating products/ processes that perform at high standards. It is a set of statistical and other quality tools arranged in unique way. It is a way of knowing where you are and where you could be.

- A dabbawala (one who carries the box), sometimes spelled dabbawalla, tiffinwalla, tiffinwalla or dabbawallah, is a person in the Indian city of Mumbai whose job is to carry and deliver freshly made food from home in lunch boxes to office workers. Tiffin is an old-fashioned English word for a light lunch, and sometimes for the box it is carried in. Dabbawalas are sometimes called tiffin-wallas. For the efficiency of their supply chain it has been claimed that this virtually achieves a six sigma performance rating (i.e. 99.99% of delivery are made without error, he is at CMMi 6).

- Though the work sounds simple, it is actually a highly specialized trade that is over a century old and which has become integral to Mumbai's culture.

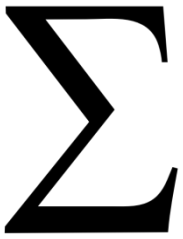
- The dabbawala originated when India was under British rule: many Indian people who worked in British companies disliked the British food served by the companies, so a service was set up to bring lunch to them in their work place straight from their homes. Nowadays Indian businesses are the main customers for the dabbawalas, and the service often includes cooking as a delivery.

Chapter - 2

About Six Sigma

WHAT'S IN A NAME?

- Six sigma is represent a statistical measure and a management philosophy
- The Greek letter Sigma, used mathematically to designate standard deviation is the measure used to determine how good or bad the performance of a process is.
- Means how many mistake company commits while accomplishing task



SIX SIGMA = PERFECTION

- 1 Six Sigma = 700,000 Defects/ million opportunities
- 2 Six Sigma = 3000,000Mistake/ million opportunities
- 3&4 Six Sigma = 67,000 & 6,000 Mistake / million opportunities
- 3.8 Six SIGMA = 99% right of the time

Benefits of Six Sigma

#1: Improved Customer Loyalty

Any business wants to retain its customers. Indeed, this is a significant factor in determining the success of a firm. But, of course, customer loyalty and retention only ever come as a result of high levels of customer satisfaction.

#2: Time Management

Employing a Six Sigma methodology at your business can help employees manage their time effectively, resulting in a more an efficient business and more productive employees. Users are

asked to set SMART goals and then apply the data principles of Six Sigma to those goals. This is done by looking at three key areas; learning, performance and fulfilment.

#3: Reduced Cycle Time

Unfortunately, most projects firms embark on end up extending beyond their original deadline often because there are changes in project scope or there is a shift in management policy.

By using Six Sigma, a business can set up a team of experienced employees from all levels within the organisation and from every functional department. This team are then given the task of identifying factors that could negatively affect the project leading to long cycle times.

#4: Employee Motivation

Every business, if destined to succeed, needs its employees to act in the right way - but for employees to do so there must be sufficient motivation. Indeed, organisations who are willing to fully engage with employees have consistently demonstrated 25 – 50 per cent increases in productivity.

#5: Strategic Planning

Six Sigma can play an integral part in any strategic vision. Once your business has used a created a mission statement and carried out a SWOT analysis, then Six Sigma can help you focus on areas for improvement.

#6: Supply Chain Management

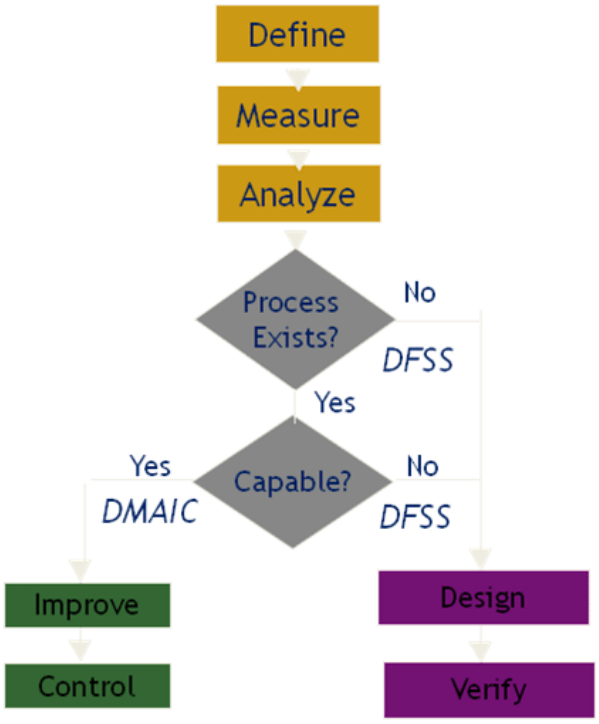
As previously mentioned, the aim of Six Sigma is to have a defect rate of less than 3.4 per million, and your suppliers have a major influence on whether this target is met. One of the possible ways to reduce the risk of defect is to use Six Sigma to drive down the number of suppliers your businesses has, as this in turn reduces the risk of defects.

SIX SIGMA METHODOLOGY

- Six Sigma is a process oriented methodology designed to improve business performance by improving specific areas of strategic business processes.
- Improvements can be of two types: improving the existing process or designing a new process altogether. When we have an existing process and we want to improve the process we deploy the DMAIC methodology. While designing a new process or completely revamping the existing process the Design for Six Sigma or IDOV methodology is deployed.

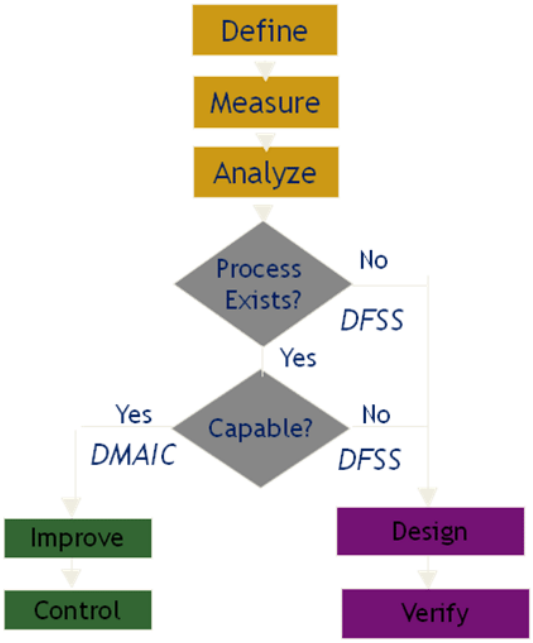
DMAIC Methodology

Define	**Define the problem.** **Define the customer(s) and the requirements.** **Define the current capability.** **Define the key processes that will have the greatest impact on customer.**
Measure	**Identify the statistical measures to monitor the key process.** **Set up the data collection plan.** **Measure the process**
Analyze	**Determine the analysis tools and methods to be used.** **Summarize the data measured.** **Run the analysis and determine the root causes, effects, etc.**
Improve	**Improve and Implement.** **Focus on developing process/technology to improve the root cause.** **Test the method on sample process and validate the improvement.**
Control	**Standardize and document the process and implement the plan.** **Monitor the process and feedback the results back to the process for contin**



DFSS (IDOV) Methodology

Identify	**Develop a team.** **Create team charter.** **Gather VOC.** **Perform competitive analysis.** **Develop CTQs and formally tie design to VOC.**
Design	**Identify functional requirements.** **Develop alternative concepts.** **Evaluate alternatives and select a best-fit concept.** **Deploy CTQs and predict sigma capability.**
Optimize	**Determine process capability.** **Develop detailed design elements.** **Predict performance.** **Optimize design.**
Verify	**Test and validate the design.** **Share feedback with manufacturing and sourcing to improve future manufacturing and designs.**



Chapter – 3

CASE STUDY

About MUMBAI DABBAWALA

The Dabbawala, (one who carries the box), in the Indian city of Mumbai. Carries and delivers freshly made food from customer's home in a lunch box (Dabba) and deliver it to offices.

It may sound simple, **but it's not**.It is actually a highly specialized trade that has evolved in its current form over a century and has become integral to Mumbai's culture. There are employees about 5000 in number and deliver approximately 200,000 tiffin boxes every day.

It all started about 125 years back when a Parasi banker wanted to have home cooked food regularly in office and gave this responsibility to the first ever Dabbawala. Other people also liked the idea and the demand for Dabba delivery soared.

It was all informal and individual effort in the beginning, but visionary MahadeoHavajiBachche saw the opportunity and started the lunch delivery service in its present team-delivery format with 100 Dabbawalas.

As the city grew, the demand for dabba delivery grew too. Forefathers had the vision to create the Dabba coding system that's going on strong even today.

The Coding system evolved through various stages with time. In the beginning it was simple colour coding. Now Mumbai is a widely spread metro with 3 local train routes. Our coding has also evolved into alpha numeric characters.

WHAT IS NMTBSA?

(Nutan Mumbai Tiffin Box Suppliers Association)

- ☐ History : Started in 1880
- ☐ Charitable trust : Registered in 1956
- ☐ Avg. Literacy Rate : 8th Grade Schooling
- ☐ Total area coverage : 60 Kms
- ☐ Employee Strength : 5000
- ☐ Number of Tiffin's : 2,00,000 Tiffin Boxes

  i.e. 4,00,000 transactions every day.
- ☐ Time taken : 3 hrs.

History	Started in 1880
Charitable trust	Registered in 1956
Avg. Literacy Rate	8th Grade Schooling
Total area coverage	60 kms
Employee Strength	5000
Number of Tiffin's	2,00,000 Tiffin Boxes i.e. 4,00,000 transactions every day
Time Taken	3 hrs

Table no.1 :What is NMTBSA?

WORKING OF NMTBSA

Error Rate: 1 in 16 million transactions

•Six Sigma performance (99.999999)

•Technological Backup: Nil.

•Cost of service -Rs. 300/month ($ 6.00/month)

•Standard price for all (Weight, Distance, Space)

•Rs. 36 Cr. Turnover approx. [6000*12*5000=360000000 i.e. Rs. 36 crore p.a.]

•"No strike" record as each one a shareholder •Earnings -5000 to 6000 p.m.

•Diwali bonus: one month's from customers.

HR PRACTICES OF THE ASSOCIATION

• FLAT ORGANIZATION:

The president, Vice president, General Secretary, Treasurer & 9 no. of Directors formed 13 members of board under which Macadam& other Dabbawallaswork. So due to such Flat kind of organization structure decisions are taken on the spot. Even the president & other higher categories members also work.

• NO HIRE & FIRE RULE:

Everyone is shareholder of the association. Whatever profits they can equally distributed within itself. It is democratic type of organization HR Practices.

• COMMUNITY BASED RECRITMENT:

Those who have capacity to job they can apply for the Dabbawala post. There is no any kind of basis happens related to recruitment process.

• SHARING COMMON BELIEFS, VALUES & ETHICS:

All the Dabbawallas are from poor background, the aim of the organization is mutual benefit to all members so they follow certain values, belief & ethics to run business effectively.

• FOLLOWING OF STRICT DRESS CODES:

All Dabbawallas must wear white cap which is called as Gandhian cap on duty. Also wear white samara&pajama (shirts & pants). All Dabbawala must carry their Identity card on duty. All these rules are binding on all cadres of the Dabbawala.

• LOYALTY & TRUST IS THEIR MONOPOLY:

All Dabbawallas are loyal& hard working in nature. They follow their norms & promise which they made their customers.

• TRAINING PROVIDED TO NEW EMPLOYEES:

After recruitment they provide complete process training to new joiner under the observation of Macadam or any senior member. When they feel that new employees are capable to work, that time training will completed.

• OWNER + EMPLOYEE IS THE DESIGNATION OF ALL:

Everyone is the shareholder of the Association. All disciplinary rules & other ethics follow by all members. So there is no any employee & employer relationship between each other. All are owners of the business.

MANAGEMENT PRINCIPLES OF THE NMTBSA

- **TEAM WORK:**

  Working with team is the strength of the Dabbawallas. Also Team work is the key aspect of their inner self-satisfaction (proved by research). One Tiffin box goes from many hands of the Dabbawallas & finally reaches at exact destination which show success of their Team Work.

- **TIME MANAGEMENT:**

They deliver Tiffin boxes before 12 pm at customer's office. Their duty starts from morning 8 am. Same time there is always lots of rush at railway station, & traffic on the road, in such kind of critical situation they able to deliver lunch boxes on time. They got Six Sigma because of their Time management & no. defects in deliveries.

- **INNOVATION:**

  Dabbawala promote innovation. They started coding system to Tiffin box for easy identification, which are one of the examples of their innovation strategy. They believe on continuous improvement by way of innovation.

- **CUSTOMER RELATIONSHIP MANAGEMENT:**

  100% customer satisfaction is the success of their system. They achieved this level because of maintaining good relationship with customers. They believe on “Service to Customer Is Service to God”.

- **SIX SIGMA :**

They have got the prestigious achievement of SIX SIGMA RATING because of their percentage of correctness which is just perfect up to 99.999995 i.e. six decimals or more than that. Not many of the topmost companies are even near to it. This is simply incredible!

- **HRM System of NMTBSA :**

  They achieved six sigma in following aspects.

  Simplified coding system

  High conformity to the system

Buffer in the lead time

Confirmed by the limits of the human capabilities

- **LOGISTICS & SUPPLY CHAIN MANAGEMENT :**

By using their own logistic methods they deliver lacks of tiffin boxes through many dadowalas hand: but the final goal is to reach tiffin box before 12 pm. At customer's office everyday they achieve their goal.

- **THE SYSTEM OF SERVICE NETWORK HOW THEY OPERATE**

The dabbawallas are the whole & soul of the entire system of these operations. For these dabbawallas to be able to provide prompt & efficient service, it is very much important & necessary to be always on time. So you will not see any Dabbawala moving ahead road taking his own sweet time! They are always in hurry pushing through the crowd carefully to deliver lunches on time for lacks of mumbaiities!

The entire system involves carefully planned, organized & implemented activities around the hour timings, but they do it with excellent associated teamwork.

We now take look in the routine course of action Dabbawallas i.e. from the time they leave their home in the morning till the time they deliver the tiffin box back to the customers' home in the evening.

This cycle of operations of delivery takes them nearly 8 hrs a day very similar to the office timings, as these takes time normally from 9 a.m. to 5 p.m. the day starts around 8.00-8.30 am in the morning.

Leaving Home for the work:

- The Dabbawala leave there homes in the morning between 7.50 am to 8.30 am depending upon from which areas they have to pick up tiffin boxes.
- The Dabbawala reaches the customers' homes according to the timing fixed between two of them.
- The day in home then hands over the prepared & packed tiffin box to the Dabbawala.
- Collecting 30-35 tiffin boxes (from area specified to him) is the responsibility of each Dabbawala, but there were we can see that number of Dabbas picked up is also dependent upon the age of the Dabbawala. Where a young person picks even 40 tiffin's each, an elder person might pick pick 30!
- Also collecting tiffin is not an easy task. Because, Dabbawala have to pick up tiffin boxes from various distant location in his area. These locations may be far from each other located on higher floors of the building where sometimes elevator may not be available.
- These tiffin boxes are then taken to the nearest local station by vehicle. Usually a bicycle or in long wooden creates carried on the head! E.g. If a Dabbawala a collecting Tffin boxes from area of Ghatkopar then he will carry them to Ghatkopar or Vikhroli railway station whichever is nearer from his area of collecting Tiffins.
-

WHAT IS LOGISTICS & SUPPLY CHAIN MANAGEMENT

- What is logistics?

A widely adopted textbook defines logistics management as follows: "the process of planning, implementing and controlling the efficient, effective flow and storage of goods, services, and related information from point of origin to point of consumption for the purpose of conforming to customer requirements" (D. Lambert 1998).

- What is supply chain management (SCM)?

A typical definition of supply chain management is the following: ¡°A supply chain is a network of facilities and distribution options that performs the functions of procurement of materials, transformation of these materials into intermediate and finished products, and the distribution of these finished products to customers¡± (Ganeshan& Harrison 1995)

- 5 R's of logistics

Where should logistics start and where should it end? Again different views exist on this question. Some say that logistics commences with finished product from the end of production line to the consumer, or to get theright goods to the right place, at the right time, in the right form and at the right cost.

MANAGEMENT NMTBSA HOW USE LOGISTICS & SUPPLY CHAIN

- By using their own logistic methods they deliver lacks of Tiffin Boxes through many Dabbawalas hand but the final goal is to reach Tiffin box before 12 pm. At customer's office. Every day they achieve their goal.

THE SYSTEM OF SERVICE NETWORK HOW THEY OPERATE

- The Dabbawalas are the whole & soul of the entire system of these operations. For these Dabbawalas to be able to provide prompt & efficient service, it is very much important & necessary to be always on time, so you will not see any Dabbawala moving ahead road talking his own sweet time. They are always in hurry pushing through the crowd carefully to deliver lunches on time lacks of Mumbaities.
- The entire system involves carefully planned, organized & implemented activities around the hour timings, but they do it with excellent associated teamwork.
- We now take look in the routine course of action Dabbawalas i.e. from the time they leave their home in the morning till the time they deliver the Tiffin box back to the customer's home in the evening.

- This cycle of operations of delivery takes them nearly 8 hrs a day very similar to the office timings as these takes time normally from 9 a.m. the day starts around 8:00 to 8:30 a.m. in the morning.

- Zero % fuel Zero % investment
- Zero % modern technology Zero % Disputes
- 99.9999% performance100 % Customer Satisfaction

ATTITUDE & APPROACH

"People study business books and then practice. We practiced first and have now become case studies" Raghunath Medge (President) "It's a model of managerial & organizational simplicity" C. K. Praha

DISCIPLINES

•No Alcohol Drinking / Smoking during business hours.

•Wearing White Cap during business hours.

•Carry Identity Cards.

•No Leave without Prior Notice.

Code of conduct

•Rs. 500- Drinking on duty

•Rs. 100- Smoking on duty

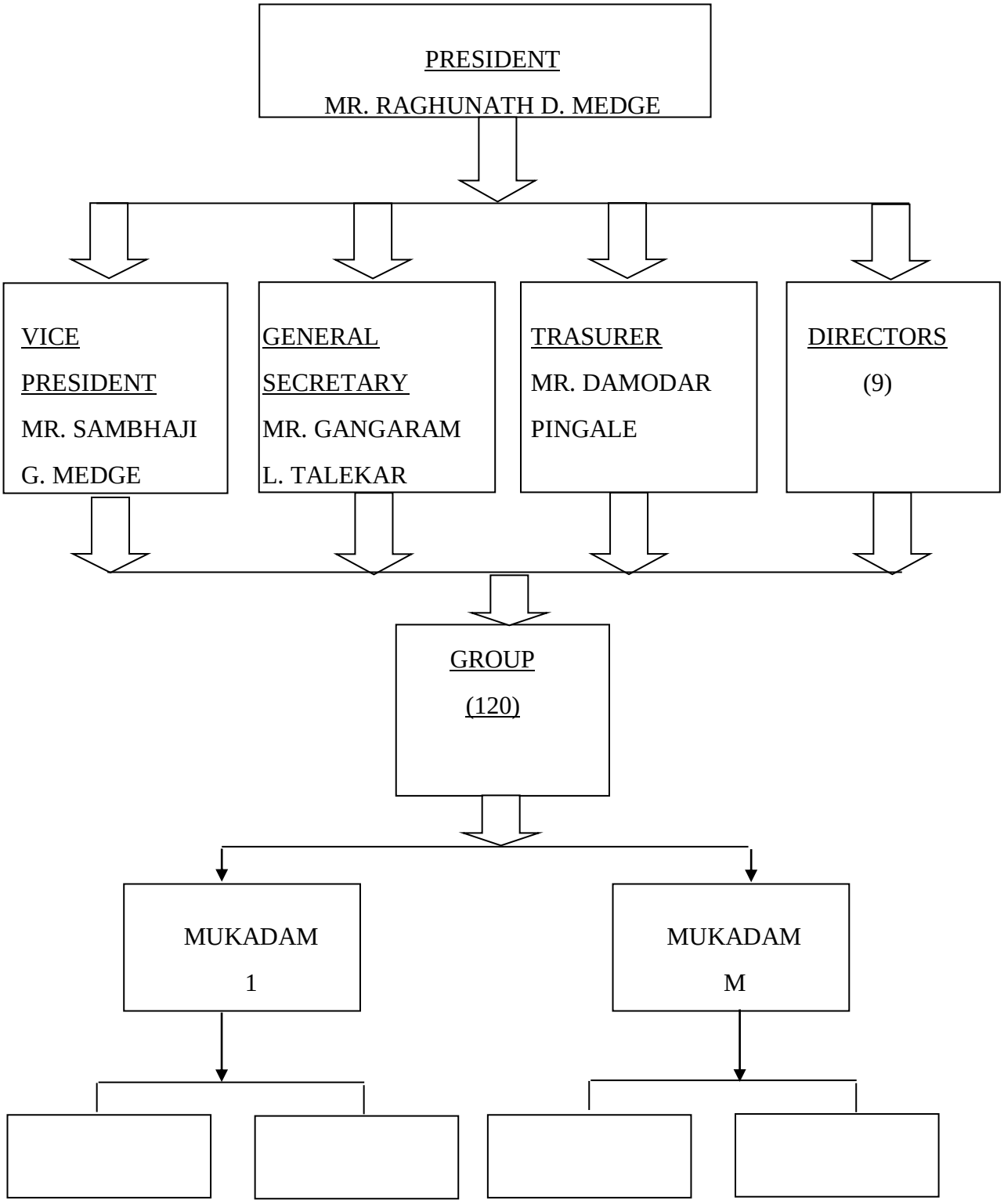
•Rs. 25- Not wearing white cap

•Rs .25- Not carrying ID card

•Rs .1000- Leave without intimation, sacked if repeated in 2-3 instances

THE ORGANISATION STRUCTURE OF THE OFFICIAL ASSOCIATION FORMED IS AS FOLLOWS:

EXECUTIVE COMMITTEE



DUTIES & RESPONSIBILITY

PRESEDENT

- Taking monthly meeting
- Checking accounts of the association
- Solving the problems among the members

GENERAL SECRETARY

- drafting the various types of letters
- collecting the trust fees

MUKADAM

- Supervising the functioning of the members in his group.

MEMBERS

- To deliver Tiffin Boxes to the customers & carry Tiffin Boxes back to their home respectively.

CORE VALUES

- Work is Worship
- Serving people is Serving God
- Annadan is Mahadan
- Time is Money

CODING SYSTEM

- Initial Coding System used colored threads to mark 7 Islands
- Then Utilized thrown away cotton waste from tailors
- Now using color markers:
-

E :: Code for Dabbawala Street

at residential station

VLP :: Residential Station Ville Parle

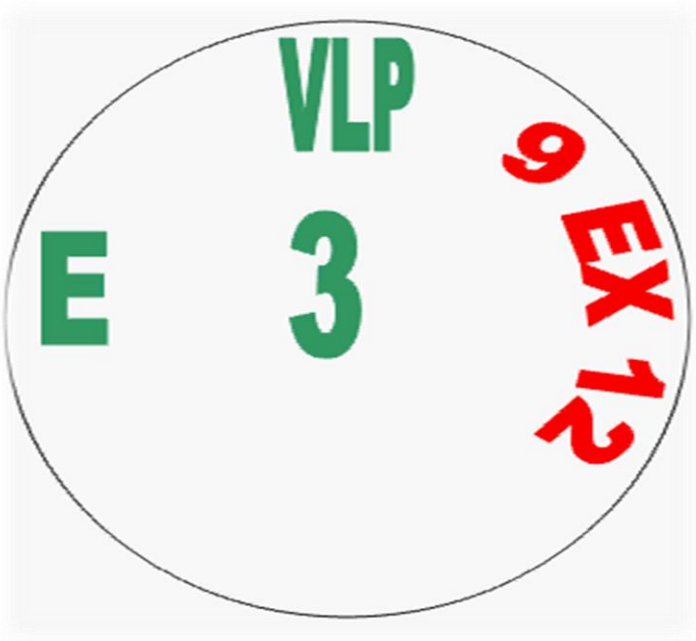
3 :: Code for Destination station.

E.G :: Church gate

9 :: Code for Dabbawala at Destination.

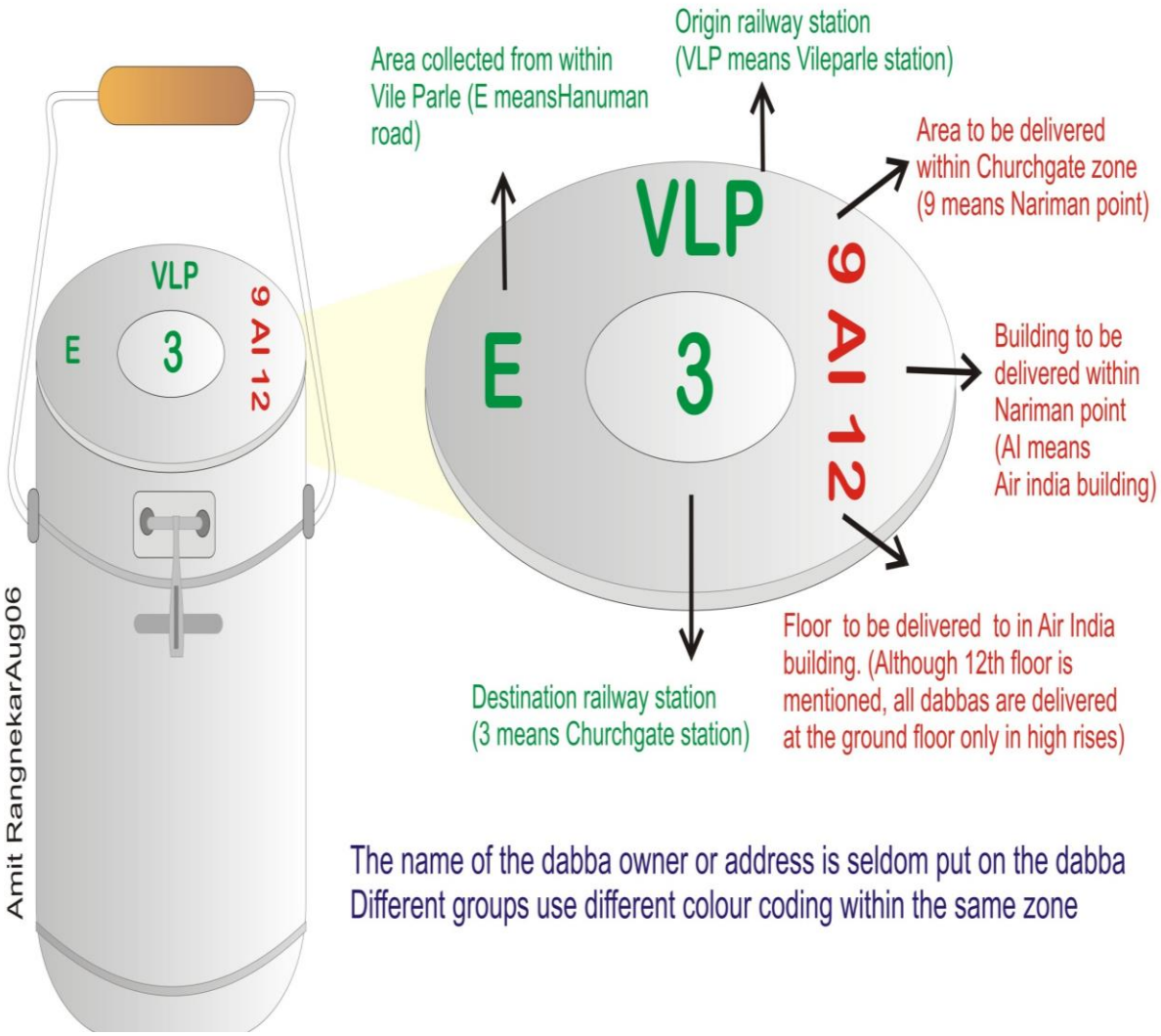
Ex :: Express towers (Building name)

12 :: Floor no. in the building.



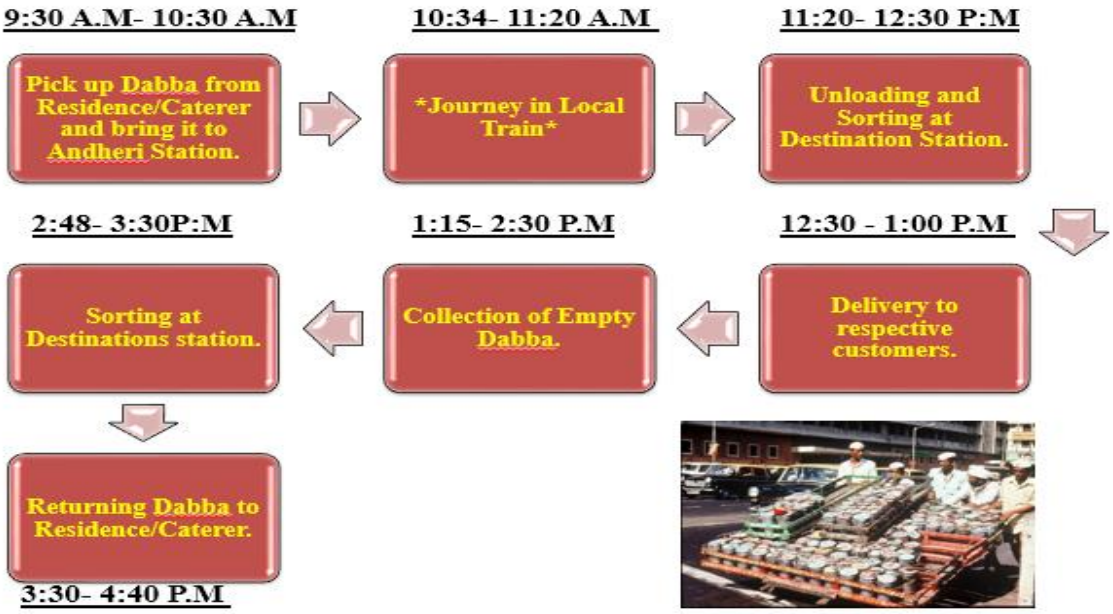
The Dabba coding system evolution

The Current coding system- Alphanumerics in oil paint.



The name of the dabba owner or address is seldom put on the dabba
Different groups use different colour coding within the same zone

JOURNEY OF DABBAWALA



MANPOWER PLANING

Day to day their number of customer are increasing simultaneously they increase their manpower too. They don't have any criteria about recruitment of Dabbawala. They have some poets which new recruit Dabbawala should follow these rules are as follows.

- First few month he has to work under the supervision of senior person or mukadam.
- He must wear which sadara (shrit), while pant (Gandhi topi) & white cap at the time of working.
- He should be physically fit to carry Tiffin boxes
- He should maintain good relation which customer
- He should be punctual
- He should be able to work with team
- He should has to give prior information to the association before going on leave.

LEAVES

NMTBSA has segregated annual leave on two types

1. Weekly Leave:

   All Dabbawala gets weekly leave on every Sunday.

2. Festival Leave:

All Dabbawallas are devotees of lord Shiv shankaras&vitthalas so NMTBSA only sanctioned leaves for those festivals which are celebrated for their God.

- Mahashivaratri (Festival of Shiv Shankaras)
- Aashadhi Ekadashi (Festival of Lord vitthalas)
- KartikiEcakashi (Festival of Lord Vitthalas)
- Chaitra Pournima (New Year of Marathi People)
- Diwali (2 days) (Festival of Lights)

SIX SIGMA CERTIFICATION

- In 1998, Forbes Global magazine conducted

  A quality assurance study on the Dabbawallas'

  Operations
- Gave Rating of 99.999999
- Dabbawallas made one error in six million transactions.
- Stood High along with MNC's like Motorola, GE etc.
- Dabbawallas got ISO 9001- 2000 for Excellence in service

CORPORATE SOCIAL RESPONSIBILIES

- Started D "armashala in Bhimashankar district in the year 1930
- Maharashtra government prorogates HIV awareness through Dabbawalas channel
- Innovative workplace programmes caries HIV prevention messages:

Indian & Americans in partnership to fight HIV/AIDS plan consist of reaching Mumbai office workers with HIV/AIDS prevention message in their lunch bases through Dabbawala network is the innovative programme supported by the emergency plan. On world AIDS day 2005, the project delivered lunches containing information about HIV/AIDS as approximately 2 lacks office goers the 5000 Dabbawalas delivered lunch boxes. The emergency plant supported efforts of the Dabbawala association to include in the lunches creatively designed materials & coasters bearing messages reflecting the World AIDS Day theme "Stop AIDS, Keep The Promise."

In addition to theses world AIDS Day activities the programme works throughout the year to reach out to corporations to address HIV/AIDS in the workplace.

"STOP AIDS, KEEP THE PROMISE"

SWOT ANALYSIS OF NMTBSA

STRENGTH

- Low operational cost
- Customer satisfaction
- Low attrition rate
- Flat organization
- Team spirit & team management

WEAKNESS

- Limited access to education
- Funds for the association
- No social security to members

OPPORTUNITY

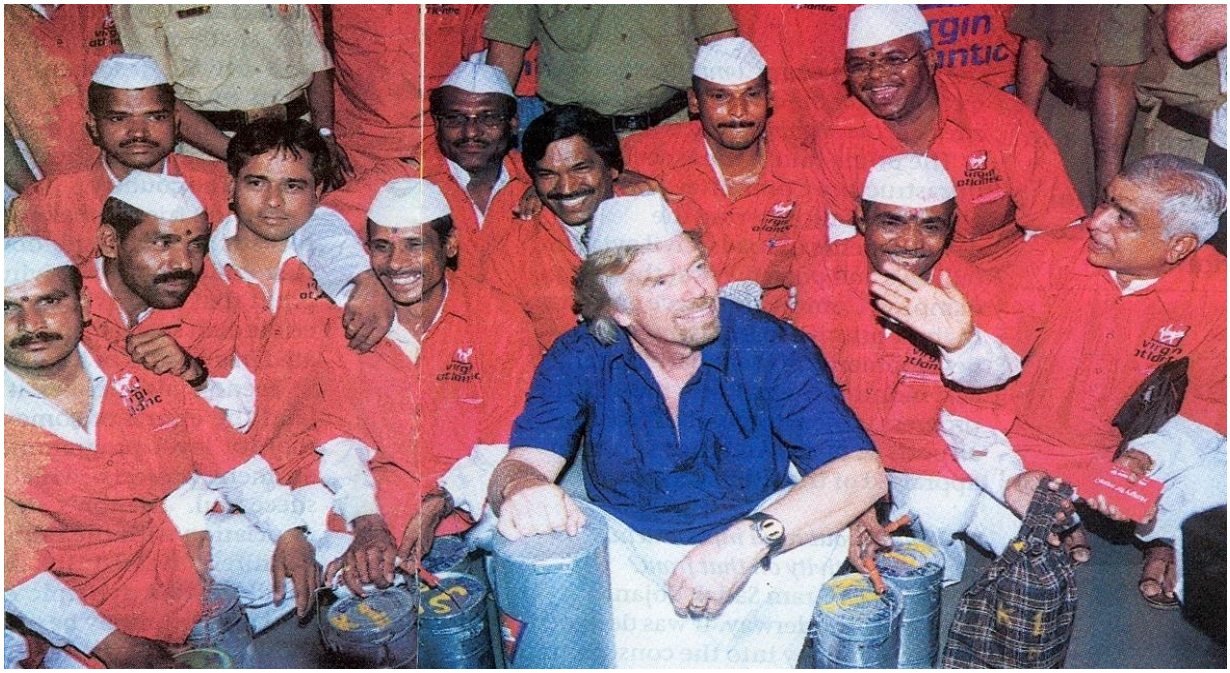
- Operational cost is low
- Wide range publicity

THREAT

- Job satisfaction level of new generations
- Competition
- Canteen facility provided by corporate firm.

Hon. Shri. Richard Branson

Chairman of Virginn Atlantic Airways with Dabbawalas 01/04/2005



Chapter – 4

The Great Dabbawalla (A customers Story)

My time in Mumbai was brief but full. The city itself seems to be about as different as could be from, Delhi. Clean, full of sky scrapers, bustling, and largely friendly. Through a contact of a contact I was able to spend some time learning about one of the stranger aspects of Mumbai life – the dabbawalla. The term "dabbawalla" means something close to "bowman." The dabbawalla are an entire caste of people whose job is to transport home cooked lunches to their locations at peoples' places of work. There are 5000, largely illiterate, dabbawallas who use a complex system of symbols and home-grown business sense to move200, 000 lunches each day. The system is near flawless (one research paper put it as one screw up in 16 million successful deliveries) and has been going for over century. Almost all of these men hail from a small village a couple of hours outside of Mumbai and because of the small town nature of things, almost all are somehow related. The unique shape of the city and cheap train network make it affordable for this system to work here and only here. And while it's amazing to watch these men scurry about doing their job, what I was interested in is how this amazingly Indian concept has held on as long as it has. While fast food is booming as the only option for office workers in virtually every megacity in the world, in Mumbai it is the norm to have a fresh home cooked meal every day.

The system works a bit like this (and while I use gendered terms here the system is becoming less so, again in an interesting way). Man leaves in the morning to go to work at six to accommodate for the two hour commuter train to work. He wants lunch, so his wife would have to get up at four to cook it and send it with him. Instead, in rushes the dabbawalla, making it so that she can send off the lunch at eleven to get to the office at one, giving her an

extra five hours of sleep. You subscribe to the service on a monthly basis – man on a bike comes by your house to pick up your tiffin (a stainless steel box or canister which everyone uses to eat out of), he hands it off to the next fellow at the train station, who hands it off to someone at the next train, to a sorter, to another bike, to the office. A couple of hours later the dabbawalla picks up the tiffin and the whole process happens again in reverse. The average tiffin goes through the hands of five or six people in each direction. It has no writing on it besides a few grease paint marks of x's, o's, and squares. Depending on how far away you live from the office, you can get deliveries for between 150 and 400rupees a month (three to ten USD).

Now, while this used to be all men receiving and women cooking, it has expanded lots over the past couple of decades. Now about a quarter of the office workers receiving lunches are women. They deliver to schools. If you want to deliver to your husband, children, brothers, sisters, and cousins, you can send tiffin's to all of them. If you have no one at home to cook for you the dabbawalla have found homemakers who will be willing to cook extra meals on a subscription basis so that strangers can also have a home cooked meal and the home cooks can get a little bit of extra cash.

I am not the first or last person to marvel at this system. The whole organization organized itself (stemming from a demand during the British rule for home cooked meals that were British for British workers, then moving to Indians wanting their own food too) and incorporated during the 1960s. The three heads of the organization are former runners themselves and now give talks at major business colleges around the world on a system of organization and efficiency which came naturally to them.

Moving away from the marvel that it does work, it's amazing to think about why people want it to work. In a city which is renowned for its hustle and bustle it's amazing to think that

something as little as a home cooked meal would get this much love and care – but it's a sign of how people are making attempts to adapt to this way of life while maintaining connections to their roots. While the mustachioed man across from me on the train to Mumbai seemed rather judgmental about most of what I am doing, he was happy to hear I would be spending time talking with the head of the Dabbawala. When I asked Mr. Moustache why he got his lunch delivered this way he said the most important part to him was the continuation of the bond with his family. While he, his wife, and his children may not eat together, they are eating the same thing. His wife knows what he likes to eat and makes it for him. If he doesn't finish his lunch, she'll notice and intuit that he is ill or stressed. His meal is coming from someone he loves and trusts and he knows that they are quality ingredients going into his food. It's an interesting solution to the onslaught of the fast paced life which is overtaking India. Again and again as I continue to talk to folks, the reason I hear that everyone is eating more wheat is because they need to have convenience foods. It will be interesting to see if the dabbawalla will survive and how their business and traditions evolve as the city and the workforce continues to grow.

Chapter – 5

ACHIEVMENTS

- **Documentaries made by** :

- BBC ,UTV, MTV, ZEE TV, AAJ TAK, TV TODAY, SAHARA SAMAY, STAR TV, CNBC TV 18, CNN, SONY TV, TV TOKYO, NDTV.

- **CASE STUDY made by :**

- ICFAI Press Hyderabad & Bangalore
- Richard Ivey School of Business – Canada
- Also, Included in a subject in Graduate School of Journalism University of California, Berkeley

- **Invitations from** :

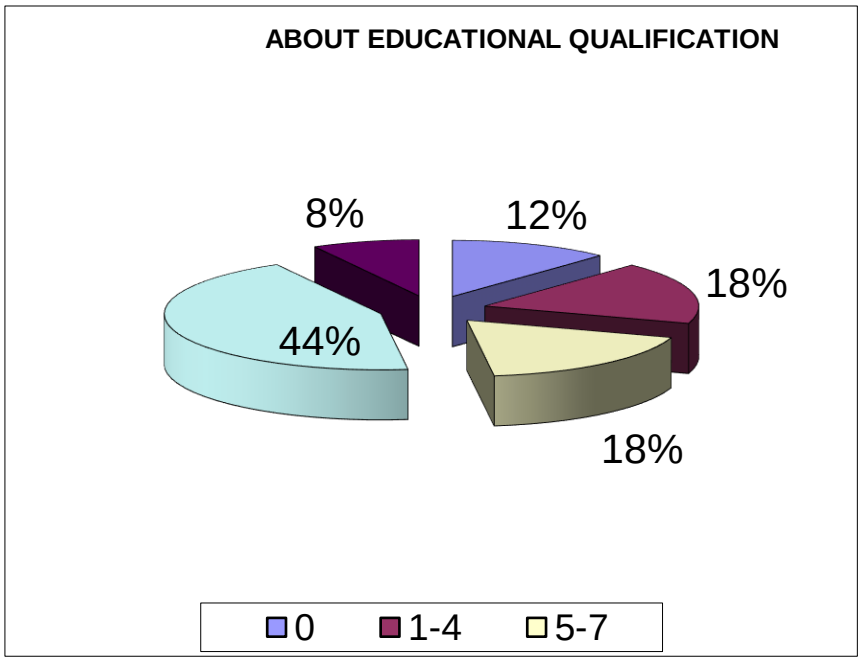
- CII for conference held in Bangalore, IIML, IIMA, CII Cochin, CII Delhi, Dr. Reddy's Lab Foundation Hyderabad, SCMHRD Pune, SCMHRD Nasik, Sadahana – Pune, Rotary Club – Bangalore, NIQR at Chennai.
- World record in Best Time management.
- Name in "GUINESS BOOK of World Records".
- Registered with *Ripley's " believe it or not".*
- Invited for marriage of Hon. Prince Charles of England on 9th April, 2005
- Documentary called "Dabbawallas, Mumbai's unique lunch service" by two Dutch filmmakers in 1998.

THE GROWTH

YEAR	NUMBER OF DABBAWALAS	NUMBER OF CUSTOMERS
1900	58	1445
1905	75	1965
1910	142	4120
1915	204	6504
1920	321	9675
1925	407	12140
1930	695	22865
1935	1024	43230
1940	1206	4340
1945	1715	64240
1950	2106	82000
1955	2552	105120
1960	3216	140000
1965	4406	198100
1970	4605	176040
1975	4904	215000
1980	5551	27507
1985	5524	190645
1990	5102	130860
1995	5180	142260
2000	5164	16670
2005	5142	175040
2006	5150	175060
2007	5200	187080
2008	5220	190900
2009	5300	200000

ABOUT EDUCATIONAL QUALIFICATION

EDUCATION	No. OF DABBAWALA	PERCENTAGE
0	06	12%
1-4	09	18%
5-7	09	18%
8-10	22	44%
11-12	04	8%

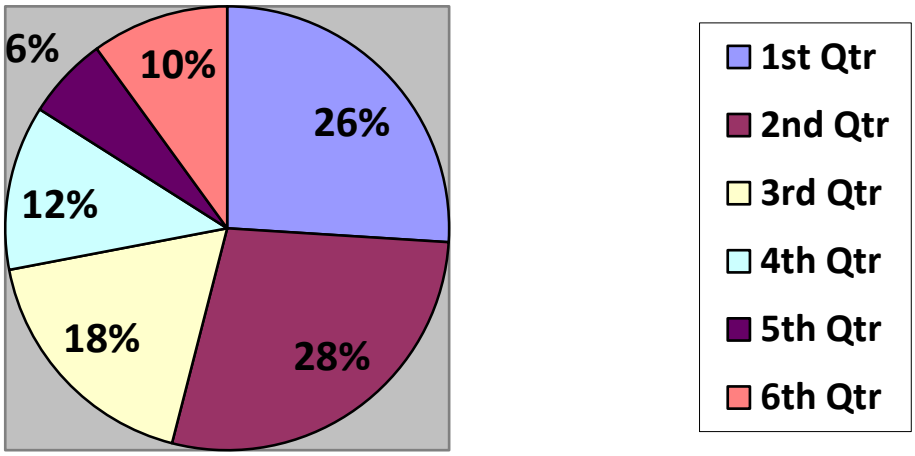


ABOUT EDUCATIONAL QUALIFICATION

The Dabbawals service appreciated by Britain prince Charles, Virgin Atlantic airline chairman Sir Richard Branson. Dabbawalas are not high educated individual but there I.Q. (Intelligent Quotient) level is high. They have more than 5000 Dabbawals strength, which are capable to deliver lunch boxes to 2 lacks customers. Out of 50 Dabbawalas, 8% of Dabbawals are not educated, they didn't go to but they know entire coding system which is in English language, also able to sign in the muster roll. 18% of Dabbawalas lies in 1^{st} to 4^{th} standard education 5^{th} to 7^{th} standard schooling education qualification lies by 18% Dabbawalas. Majority of Dabbawalas lies in 8^{th}-10^{th} standard educational qualification, their percentage is 44%. Only 8% Dabbawalas lies in 11^{th}& 12^{th} standard qualification. Mr. Raghunath Medge- President of Nutan Mumbai Tiffin Box Supplier's Association & chairman of DakkhanMavleSahakariPatpedhi Mumbai, also Contractor of Tiffin Box Suppliers & School Bus Service has completed their Graduation from Mumbai University. The coding system founder Mr. Raghunath Medge play a big role in filling up an educational gap of Dabbawalas.

HOW MANY YEARS EMPLOYEES HAVE BEEN WORKING WITH NMTBSA?

YEARS	NO. OF EMPLOYEES	PERCENTAGE
1-5	13	26%
6-10	14	28%
11-15	09	18%
16-20	06	12%
21-25	03	06%
26 & ABOVE	05	10%


6%
10%
26%
12%
18%
28%
1st Qtr
2nd Qtr
3rd Qtr
4th Qtr
5th Qtr
6th Qtr

Chapter - 6

Top 10 reasons to use Mumbai Dabbawalla

1. Homemade food is best for health and because health is wealth. Outside junk foods may take your life and makes you sick. Homemade food keeps your doctors bill down and there are fewer absences from office due to poor health. In fact bad food is the reason of all the diseases.

2. Homemade food is cheaper. When you use Dabbawallas services to deliver your home cooked food to your office you are actually saving your hard earned pennies. The delivery charge of Rs 250 - 300 per month is very nominal and reasonable. It's simple maths.

3. Do you not love your mother or wife and like to eat food made by her?

4. Even if there is no one at home to cook food for you,Dabbawallas can deliver you good quality home like lunch through many restaurants. We have quality restaurants all over Mumbai where cheap and best quality food is prepared which is delivered at your office or home through Dabbawala Channel.

5. Safety - The Local train of Mumbai are always much crowed and it is very tough to take even small luggage during peak times. There are instances where the person's hand got hurt or broken and ones belongings destroyed while traveling during peak time. People leave from their home at about 8 - 9 PM which is peak time and it's not possible to carry Tiffin during this time and Even the food is not ready by this time. By using our services you are getting hot food safely deliver in your office.

6. Dabbawallas give it’s not possible to carry Tiffin during this time and Even the food is not ready by this time. By using our services you are getting hot food safely deliver in your office.

7. We the Dabbawallas never go on strike.

8. By taking our services you are providing direct employment to 5000+ Dabbawallas and many of their dependent families. You are actually helping us.

9. Dabbawallas are an icon in their own sense and famous world over their efficiency and by taking our services you are being part of India's image building.

10. Dabbawallas are from the remote villages of Maharashtra and mostly uneducated. They regularly organize bhavas and kittens and spread the essence of Marathi culture, goodwill and oneness of India. Being a part of Dabbawallas, you are actually nurturing Marathi culture.

CONCLUSION

1. The Dabbawallas association is an outstanding example of proficient Logistics and Supply Chain Management.
2. Corporates and scholars ought to make note of their working by keeping in mind the end goal to comprehend their one of a most unique structure and process.
3. Today the Dabbawallas have respected the utilization of web innovation just to increase their client base and nothing more.
4. Numerous fast food chains and lodgings in the city will dependably be rivaling the Dabbawallas yet their trust of disappointment of Dabbawallas framework may never emerge.

Bibliography

INTERVIEW VIDEOS:

Mr.Raghunah Medge (president)
Mr. Gangaram Talekar (secretary)

WEBSITE:

http://mumbaidabbawala.in/about-us/
https://en.wikipedia.org/wiki/Dabbawala