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## **MET MANAGEMENT REVIEW**

**Vol. 7 No. 2**

**July 2020**

**ISSN No. 2394-4013**



### **MET MBA THE UNIVERSE OF GLOBAL PROGRAMMES**

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## OUR FAITH

न चौर हार्यम् नच राज हार्यम् ।  
न भातृभाज्यम् नच भारकारी ।।  
व्यये कृते वर्धते एव नित्यम् ।  
विद्याधनं सर्वधन प्रधानम् ।।

Knowledge can neither be stolen by a thief,  
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it never burdens the bearer,  
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to equip professionals with conscience and commitment  
to excellence and courage to face business challenges.

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Vol.7 No.2 July 2020 ISSN No.2394-4013

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**Bhujbal Knowledge City**

**MET Institute of Management**

Bandra Reclamation, Bandra (W), Mumbai 400 050

Tel: (+91 22) 39554280/232/358/286

Toll free: 1800 22 0234 | email: [research@met.edu](mailto:research@met.edu)

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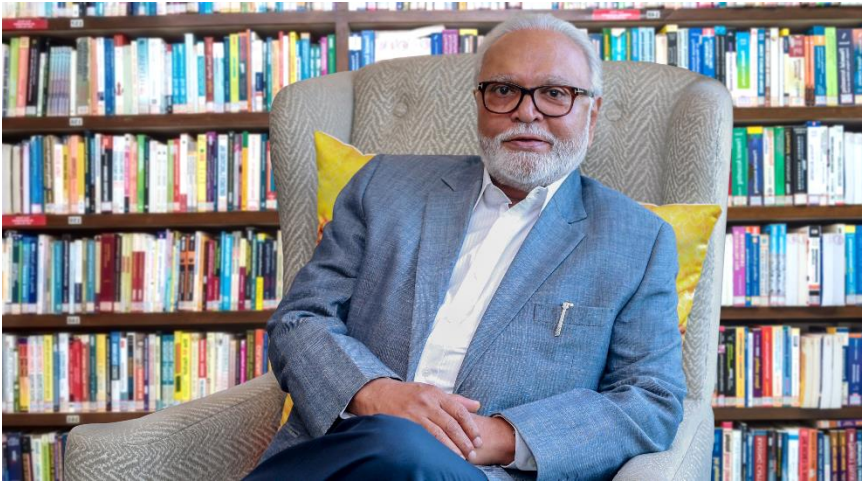
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# From the Chairman's Desk



**“When things get tough,  
the tough get going”**

- Anon

It is said that when the unexpected or impossible happens, you are caught off balance. In this third decade of the millennium, Indian economy was at an inflection point but we were unexpectedly hit by a pandemic wave from the East. As the nation went in a lockdown, its impact was felt across all strata of our society. The youth had to shoulder the burden of the system collapse hurting the education sector. But unfazed by the unexpected crisis, dynamic professional institutions rose to the challenge as they set about energizing millions of young minds to fight the adversity. They rapidly retooled, redesigned and delivered a significant body of knowledge to deliver seamless digital learning engaging the youth across the country to alleviate the suffering of the young students, quenched their thirst of knowledge aided by smart tools and teachers, restoring sanity and peace in the society.

We at MET, took the challenge head-on and established seamless learning platforms across our campuses located at Bhujbal Knowledge City in Mumbai and Nashik delivering wholesome learning inputs meeting stakeholder appreciation. From kids to young professionals enlightening virtual inputs were delivered across Pharma, Engineering, IT, Mass Media and Management domains brushing past delivery hurdles. Blessed by the state of the art platforms and technologies accessed by us, our committed faculty and staff rose to the challenge. Frequent counseling to the affected, concessions and accommodation to the needy acted as balm to the stakeholder battling the adversity as they lived up to the 'knowing-doing-being' motto of professionals meeting the demands of the marketplace.

We at MET, through our Rishikul Vidyalyaya are continuing to expose the school kids, blending the traditional pedagogy with the Cambridge learning systems till the A Level. We are also building links and partnerships with global players for carrying forward the dynamic learning processes at both undergraduate and postgraduate levels. We are continuing our focus on injecting the spirit of Creativity-Innovation in the pedagogy so that the students are nudged and exposed to solution oriented, problem solving dynamic learning platforms, as the gateway to incubators and start-up culture.

But, it will require coordinated efforts between the regulator and the holy trinity of students, parents and teachers combined to mitigate the crisis. One must remember that, the dynamic education sector led by the youth, are the backbone leading us through the turbulent waters. Therefore, the higher education regulators must immediately act to shore up this sector with resources and policy stimulus, to drive the dark clouds and let the bright sunshine bloom the flower of Indian youth.

We must remember, as Bobby Knight says, “The key is not the will to win. Everybody has that. It is the will to prepare to win that is important”.

Wishing you success in all your professional pursuits.

**Chhagan Bhujbal**

Hon. Founder Chairman  
Mumbai Educational Trust

# Industry Academia Perspective



## **MANAGEMENT PARADIGM SHIFT LEADERSHIP AT VIRTUAL WORKSPACE**

*The age of chivalry is gone.  
That of sophisters, economists, and calculators, has succeeded.*  
– Edmond Burke

When the golden sun rose at the dawn of the third decade of the second millennium, there was cheer, joy and hope all around. The National and Global Indices did not reflect even the remotest dark shadows hovering beyond the horizon and despite some rumblings in Europe there was a steady hum of dynamic business acceleration worldwide. Then, as the Corona virus spread from China to Europe by the silken route, it hit us very harshly in the second and third quarters bringing the Eco-Socio-Geo-Politico structure of the country to a grinding halt. From the apex national bodies, down to the tea vendor and the milkman, everyone was caught off guard, hemmed in by Lockdown, Curfew and Containment Zones as facial masks emerged as the chosen symbol in these Corona times.

While the media has poured voluminous content on the subject matter of the pandemic the students and doyens of Management alike, are still unable to fathom dimensions of the impact of this virus on the economy and the society. The grim reality far exceeds the VUCA phrase often used to sum up the unpredictability of such impacts. It will be quite some time before the analysts and prophets of the global economy and society are able to make any prediction regarding the deep impact it will have on the future of human society and race.

However, some apparent transformations on the manner and the mode of managing business and society are visible as a result of emergency actions and interventions are taken to conduct business both in the public and private domain to deliver goods and services to the customer and beneficiaries as seamlessly as possible given the limitations. Here, the vast outreaches of the eBusiness and web world have significantly helped the state as well as the private sector organizations to reach out to the last link of the delivery chain. The IT sector has not only facilitated financial, regulatory and logistical outreach but it has made massive contributions to the sharpening, acceleration and accuracy of public health and hygiene delivery systems both at home and worldwide. While the Covid warriors plunged headlong into the battling of Corona, the young innovators, research bodies and start-ups rose to the challenge to deliver hardware and software solutions including critical hardware supplies of PPE kits, Masks, Low cost ventilators as well as Mobile Apps & tracking devices and high speed testing kits etc. No praise is too high to salute those warriors who risked their lives to beat the pandemic challenge. Now that there is a talk of vaccines, the 2021 might witness the tapering off of the disease severity and mass casualties.

Paraphrasing Edmond Burke, now the epidemiologist, data analysts and dooms-day sophisters have reluctantly driven this century of hope and innovation, into an unending chase of the crooked shadow of the invisible virus. While the research scientists are engaged in frantic efforts to deliver the vaccine to stop the wild dance of death and doom, we are left with some valuable lessons which may force us to rewrite the scriptures and canons of management of organization worldwide. Without pushing any agendas and rigid posturing, we may analyse some working solutions thrown up during the churning of the global economy and society by the pandemic tornado.

The first and the foremost impact of the pandemic is the visible ascent of the power and output of the eSmart professionals acting as a member of the smart team working anytime, anywhere beyond the time zones. This process of empowerment was initiated decades ago with the launch of the world wide web and was further multiplied in geometric progression by the onset of digital revolution. AI, Machine learning, Algorithms, Simulations, Robotic driven design thinking etc. have acted as force multipliers deepening the impact. These interventions have led to a quantum jump in qualitative and quantitative output of the esmart the professionals in many organizations at home and worldwide workplaces.

This has also resulted in the steep rise in emergence of eSmart Teams which work in unison despite remote and far flung locations. Managing such teams involves sophistication in strategic planning, designing, training and coordination of smart professionals operating beyond visual range in a virtual space. In many cases the teams are

spread across the world and time zone. That many corporates have achieved this seamless working is a tribute to the deep outreach of IT and Digital Technologies in ensuring success despite the pandemic. The term Cloud is no longer a meteorological metaphor but a crucial component of continuous communication and connectivity critical for Corona conquest and business sustainability.

Undoubtedly business as well as public sector organisations and regulators will have to focus on shaping and sharpening the Leadership talent pool, to effectively manage eSmart Teams operating in the virtual workspace. Though there is a significant body of work in this area, the pandemic learnings need to be structured in sharpening the talent pool. We at the B Schools will have to partially move away from the traditional view of the Leader as the frontispiece of organisational architecture. A new style of leadership will have to be forged and fine tuned to suit collaborative, participatory ethos and empathy driven microclimate vital for success in guiding eSmart teams operating in virtual workspaces. The leader will have to live up to the new found freedom of the team which was 'cabinéd, cribbed and confined' earlier to corporate pigeonholes in many cases. It may be worthwhile to look at some obvious traits vital for success of a Leader of such eSmart teams.

The first and foremost trait of such a Leader is the capacity to build a bond of trust and transparency between himself and the team members. Every interaction with the remotely located team will be tested against the touchstone of truth and faith developed as a result of past association and contextual present. Every action of the Leader will have to be balanced and must also be backed by visible effort put it across as such.

Secondly all interactions must appear to be rooted in deep concern about the state of the team members operating remotely. This is taken for granted when the team is in front of you but even then in the Armed forces special attention is paid to the mental state of troops. In fact such opening dialogues laced with genuine outpouring of leader's outreach will not only strengthen the team's faith in the leader but will act as springboard for desired action by the team.

Another important trait of a leader is close familiarity and command of the Leader in the tech/platforms deployed for networking and seamless connectivity for managing such teams. A perpetually fumbling, stuttering and mumbling leader may not evoke confidence of the team members.

It will also be useful if the leader seeks inputs and solutions from the team to enhance the performance of the tech and eventually it would lead to a collaborative leadership model. I had an unusual experience of this phenomenon when we sent our first team to UNECOSOC at New York for implementing the PAPERLESS COMMITTEE project. We had only one hardware intern but since everyone acted in unison all ten interns were treated with rare respect and aplomb as we succeeded beyond belief in our task.

Goal setting and target fixation are the primary responsibilities of the leader but on remotely located teams it must appear as a joint effort. This will spur the team into action especially if they seem to be the crossing milestones with rewards springing up along the predetermined pathways.

Last but not the least is the projection of a positive and highly self motivated persona of the Leader reaching out to every member of the team. History is full of leaders who have won battles seemingly lost, by powerful positive interventions and similar opportunity exists to the leaders of virtual teams. Leader's positivity will always have the desired impact on the team no matter what the state of the team. This will be the most significant factor leading to success.

In conclusion I would like to humbly state that at the B Schools such Leadership developing initiatives would help the future management professionals to direct eSmart virtual teams. Undoubtedly sharpening of multidimensional communication skills and in depth exposure to such tech platforms would need to be emphasized in the students. But we have looked into retooling some skill sets to achieve the desired outcome. The virtual workspace is here to dominate the present and future of management of organisations and we must start looking at Leadership in the virtual space seriously to facilitate the ascent of future leaders to the commanding heights of the economy.

**Prof. (Dr.) Vijay Page**

Director General

MET Institute of Management

# Application of HR Analytics in Business

## **Abstract:**

**In the ever-evolving landscape of business management, Human Resources (HR) analytics has emerged as a crucial tool for optimizing workforce strategies and enhancing organizational performance. This study delves into the application of HR analytics in the business context, investigating how data-driven insights from various HR processes and employee-related metrics can inform decision-making. By leveraging quantitative analysis and case studies, this research explores how HR analytics offers valuable insights into employee recruitment, retention, training, performance evaluation, and overall workforce management. The abstract underscores the role of HR analytics in identifying trends, predicting future needs, and aligning human capital strategies with business objectives. Moreover, the study highlights challenges such as data privacy, technological integration, and skill gaps that organizations encounter when implementing HR analytics. The findings emphasize the strategic significance of data-driven HR practices in enhancing business competitiveness and sustainability. This study provides actionable insights for HR professionals, managers, and business leaders aiming to harness the potential of HR analytics for informed decision-making and achieving organizational success.**

**Keywords: HR Analytics, Business, Workforce Strategies, Organizational Performance, Data-Driven Insights**

## **Introduction**

Since HR Analytics is gaining importance in today's world, it is important to know the effect of analytics on the business. There are many researches done on HR Analytics but there are very few researches done to understand how HR Analytics is used in business.

Analytics is helping the organizations to become smarter in managing the challenges it faces. While basic reporting and descriptive analytics continue to be a must for organizations, advance analytics are now starting to generate powerful insights, resulting in significant business impact.

So an attempt is made in this project to highlight the importance of HR Analytics and its use and impact on business. The objectives of this project are as follows:

- To understand use of analytics in business
- To understand use of HR Analytics in business
- To understand how HR Analytics is used in business to enhance the profitability

## **Review of literature**

- HR is using data since long time, as measurement of people (or human resources) has been a subject of interest since the time of Fredrick Taylor, who began the scientific management movement. A study by Lawler III and Boudreau showed that use of metrics and analytics by HR increased the scope of HR being seen as a strategic partner in the organization. Organizations such as Google, Best Buy and Sysco have been able to enhance their competitive advantage through their use of HR Analytics. Researchers have also observed that the use of analytics in order to understand how HR practices and policies impact organizational performance is a powerful way for HR functions to add value to their organization.
- Davenport, Shapiro and Harris proposed a ladder of talent analytical applications and the DELTA model - which stands for data, enterprise, leadership, target and analysts - for successful



implementation of analytics. Levenson suggests an organization should have a strong analytic culture which is built through an emphasis on decisions at every level to be based on data. However, there is a lack of discussion about the HR professionals himself in this models and steps for using analytics.

### **Importance of analytics in business**

In today's world of commerce, data is very important for business. Without the data and information an organization will not be able to function. With the change in time, the perspective towards looking at the data has also evolved. The data is now considered to be very important for achieving the business goal. Many IT experts have recommended that if business organizations want to keep up with their competition then they need to invest in data gathering and data analysis tools.

Big data concept has been around for years, but most organizations have now understood the importance of analytics and understand that if they capture the data of their business, they can apply analytics

The use of analytics gives organizations a competitive edge over other which they didn't have before. Organizations can use big data analytics to identify new opportunities. This in turn, will lead to more efficient operations, smarter business moves, happier customers, and higher profit.

### **Need for analytics**

In today's world, analytics is needed as it helps organizations in different ways. Some of the needs are as follows:

- Removing guesswork's
- Giving quicker responses to business-related queries
- Obtaining important business reports whenever and wherever needed
- Gaining valuable insight into customer's behaviour
- Getting opportunity to improve
- Finding out the real manufacturing costs
- Making inventory better
- Getting to know about business' past, present and future

### **Benefits of Analytics in business**

There are various ways in which analytics helps business, some of which are mentioned below:

- Cost reduction
- Faster, better decision making
- New products and services

### **Business Analytics in various departments**

The application of business analytics in various departments of the company are as follows:

- Finance
- Marketing
- HR Professionals
- Customer Relationship Management
- Manufacturing
- Credit Card Companies

Analytics helps the credit card companies to identify the client's and based on that the decisions are made. Analytical outcomes also help them to develop marketing strategies in such a way that it reaches the target

audience. HR Analytics have evolved from experimental approach to strategic approach using the statistical tools for improving the employee satisfaction, reducing attrition rate, forecasting workforce, improving hiring decisions, and retaining key employees.

## **HR Analytics**

HR Analytics takes into account the workforce data, from basic data to employee satisfaction scores, and feeds these data into the software. This analytical software helps organization leaders to make critical decisions with the help of the outcome given by the software. For example, whether to invest more in training to reduce attrition rate or to change the compensation structure for sales to motivate them.

## **Definition**

“HR Analytics is the systematic identification and quantification of the people drivers of business outcomes” (Heuvel & Bondarouk, 2016). In other words, it means that it is data-driven approach towards HR.

Human Resources analytics does the analytics of organization’s people problems. For example, can an organization find out answer to the following questions:

- How high is your annual employee turnover?
- How much of your employee turnover consists of regretted loss?
- Do you know which employees will be the most likely to leave your company within a year?

These questions can be answered only when HR data is used. The first question can be answered by most of the HR professionals. However, answer to the second question is a bit difficult as compared to first. In order to answer that, HR professionals need to combine two different data sources. To answer the third question, it is necessary to do analysis of HR data.

HR departments have a large amount of employee data with them. This data usually goes unused. When an organization starts using this data for analysing solutions for their people problems, this is when it is engaged in HR Analytics.

HR Analytics is a statistical approach for improving the quality of people-related decisions in order to improve individual and organizational performance. HR Analytics is also known as Talent Analytics, People Analytics, and Workforce Analytics. HR Analytics is important in every HR function, i.e. recruiting, compensation, benefits, training and development, succession planning, retention, and engagement. With the help of what-if scenarios HR Analytics helps to forecast the consequences of changing policies or conditions. Earlier HR use to calculate the turnover and cost per hire, but now with the help of HR Analytics organizations can also predict which employees are going to leave and which are the valuable employees.

HR Analytics is helping to change the field of HR. It enables HR to:

- Make better decisions using data
- Create a business case for HR interventions
- Test the effectiveness of these interventions
- Move from an operational role to a tactical, or even strategic role

HR Analytics is also used for increasing the revenue and reducing the cost of the organization. This can be done by doing analytics in the following areas:

1. Cost
  - Employee Turnover
  - (Long term) Absenteeism
  - Policy Effectiveness

2. Revenue

- Recruitment
- Engagement- Performance
- Learning & Development
- Diversity

HR Analytics combines the data from various sources, such as records, surveys, and operations, to give a picture of current conditions and likely future. For making better decisions, it is an evidence-based approach.

The purpose of using HR Analytics is to find the best solution from a vast data where generally the solution is hidden. Data is viewed in 2 ways- Structured and Unstructured. Structured data includes very well organized information whereas unstructured data is not organized and it is a collection of data from various sources. According to IBM, at least 80% of the organizational data is currently unstructured.

## **HR Analytics in Business**

### **Types of HR Analytics**

There three types of HR Analytics, which are as follows:

#### **1. Descriptive Analytics**

Descriptive analysis or statistics is an insight into the past. It describes or summarizes the raw data available and makes it meaningful for human to interpret and analyse. It describes the past, here past refers to any point of time in which the event has taken place, and it can be 5 years, 2 months or even one minute. Descriptive analytics helps organization to understand the past behaviour and based on that they can make interpretation of future.

In this category, most of the statistic is used such as average, percent changes, or sums, etc. This statistics is then used to understand the past trends and helps the experts to interpret the future outcome.

For example- retaining the sales force in the organization. The organization can use the dashboard or the reports which shows the number or percentage of employees leaving the organization over the past year. This can further be analysed by taking into account the breakdown by business units, grade, age, tenure, etc.

#### **2. Predictive Analytics**

Predictive analytics means understanding the future. Predictive analytics helps to predict what might happen in future. Predictive analytics helps to understand the future. With the help of data, it provides actionable insights to the organization. It is necessary to understand that no analytical software can predict the future with 100% certainty. Organizations uses predictive analytics to forecast what might happen in future. Predictive analytics is based on probabilities. The software takes into consideration the historical data to identify the pattern in the data and also applies statistics to understand the relationship between various data sets.

The need for predictive analytics is arrived due to the significant change in the following factors:

- The reliability on computer and its affordability
- Accessibility for processing of HR data digitally via cloud storage
- Increasing Talent war for retaining the high performers

Descriptive analytics involves ratios, pie charts, dashboards, tables, reports, etc. whereas predictive analytics is all about data-driven insights that lead to better decision. It uses the statistical tools to extract

the existing and historical data to make prediction for future. With predictive analytics organizations can look forward to spot trends in voluntary termination, absences and other sources of risk.

### **3. Prescriptive Analytics**

Prescriptive Analytics gives advice on possible outcomes. Prescriptive analytics helps organization to prescribe number of possible actions to guide them to get a right solution. Prescriptive analytics is about proving advice of different situations. Before the decisions are made, prescriptive analytics helps to quantify the effect of the decision so as to advice the best possible outcome. It along with prediction also tells why it will happen so that it provides recommendations relating to actions that will take the advantage of predictions.

These analytics is one step ahead of descriptive and predictive analytics as it gives recommendation of one or one possible course of action. It predicts multiple futures and helps organization to assess the number of possible outcomes. It is complex in nature, so most of the organizations are not yet using them on the day to day basis. If this analytics is implemented properly in the organization it will have a great impact on the decisions and will also have an impact on company's bottom line.

### **Importance of HR Analytics in business**

HR Analytics with the help of analysing the data enables HR managers to improve their operations and decisions. It is important to organization in different ways which are explained below:

#### **1. Improved HR performance**

1. Improved hiring
2. Improved retention
3. Objective performance management

#### **2. Improved understanding of the company and its progress**

- Better understanding of productivity and motivation
- Better understanding of company culture
- Accurate record of progress

### **Use of HR Analytics**

HR Analytics is used in different areas of human resources function, which are explained as below:

- Recruitment and selection
- Performance Management
- Compensation & Benefits
- Employee Engagement
- Talent Management
- Training and Development
- Employee Life Cycle Management
- Separation

### **Basic Statistical Tools for Metrics Analysis**

#### **• Run/ Trend Chart**

It is a basic tool to display how process performs over time. Line graph of data plotted in chronological order. Reasons to use it are as follows:

- Displays data in sequence
- Helps to visualize how the process is performing



The data had been collected, it is processed tabulated using Microsoft Excel – 2010 Software.

The stature of present study is based on Descriptive type of study, so certain factors have been found out which would provide a base for conduction various analysis & interpreting results.

The following are the factors extracted from the survey done through questionnaires:

### 1. Effectiveness of HR Analytics on business

Information relating to helpfulness of HR Analytics is collected to understand whether analytics helps organizations to enhance their profitability. The classified information according to the helpfulness is presented as follows:



Figure 1.1: Response to 'Is HR Analytics helping your organization?'

Figure 1.1 shows that 83% feels analytics is helping their organization and 17% feels that it is not helping. It indicates that out of total 53 respondents, 44 have says that HR Analytics helps their organization, whereas 9 have says that it does not help their organization.

### 2. HR Analytics as a Team in organizations

To understand whether HR Analytics is given a due importance in organization, information is collected regarding 'does your organization have HR Analytics team'. The information relating to this question is presented in the figure 1.2

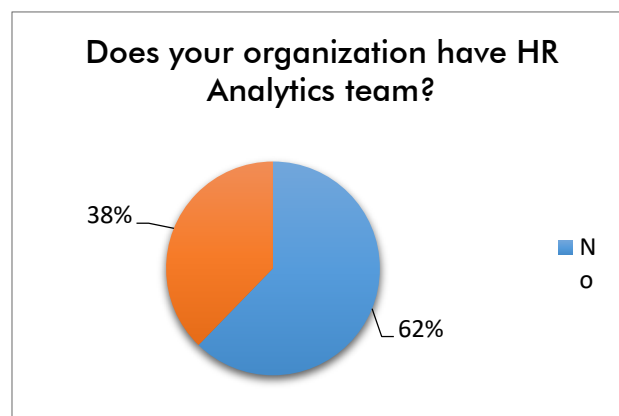


Figure 1.2: Response to 'Does your organization have HR Analytics team?'

Figure 1.2 indicates that out of 53 sample size, 62% (33) says that their organization doesn't have HR Analytics team and 38% (20) says that their organization have HR Analytics team.

### 3. Analytical Software

There are various number of analytical software used in HR. So as to understand which software is used widely, a relating to this question is asked in the survey. The collection of data is presented in figure 1.3.

Out of 53 respondents, 22 use their Internal Company Portal, 14 use SPSS, 7 use Minitab, 1 use R, 1 use SAS, and 7 use other software's.

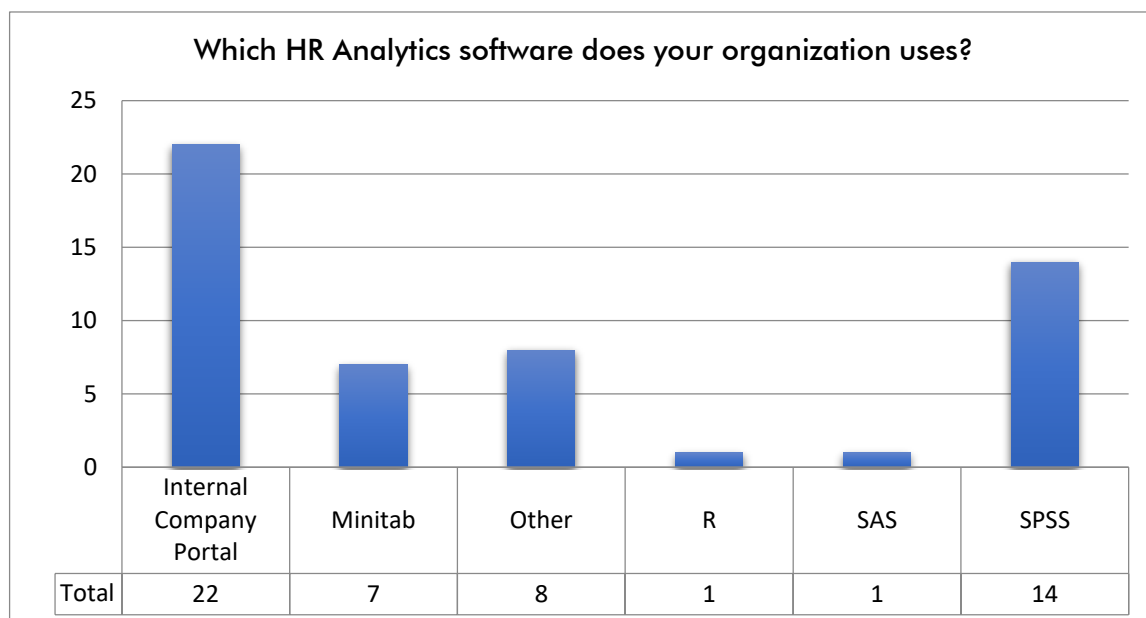


Figure 1.3: Response to 'Which HR Analytics software does your organization uses?'

### 4. Easy of using software

Software is used by HR to do analytics. To get a better and quick result the software needs to be user friendly. Figure 1.4 indicates whether HR feels it is user friendly or not.

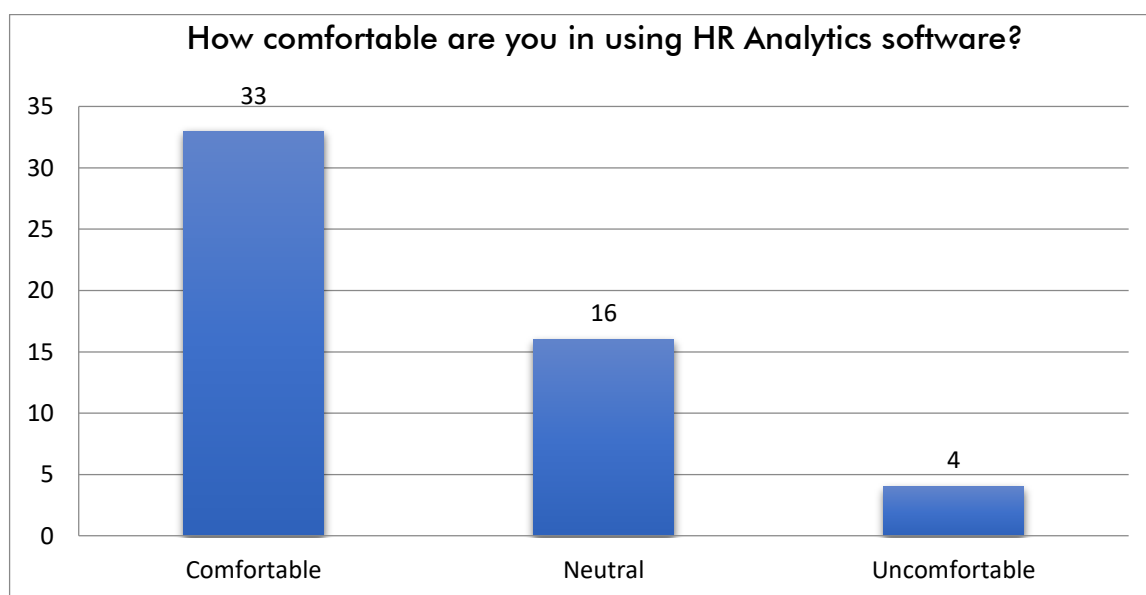


Figure 1.4: Response to 'How comfortable are you in using HR Analytics software?'

Figure 1.4 shows that out of 53 respondents, 33 feels that the software used by them is comfortable, 16 are neutral, and 4 feels uncomfortable while using the software.

## 5. Easy in implementation of software

Different software has different process of implementation. While developing the software for analytics some may have to face implications while for some the process goes on smoothly. To understand whether HR analyst have to face any difficulties in implementation, the survey contains a question relating to that. Figure 1.5 represents the collected data.

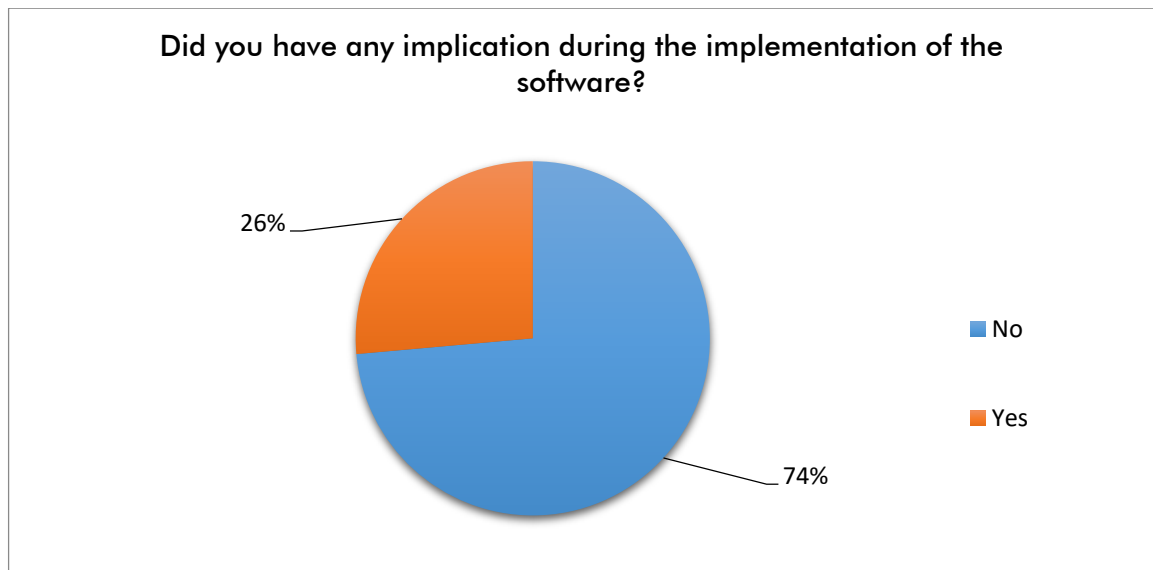


Figure 1.5: Response to 'Did you have any implication during the implementation of the software?'

Figure 1.5 shows that 74% of the respondents did not face any difficulties while implementing the software whereas 26% of the respondents faced difficulties while implementing the software. It indicates that out total 53 respondents, 39 said no while 14 said yes.

## 6. Role of HR Analytics in human resource processes

The main objective of HR Analytics is to assist all the human resource functions so that they are carried out effectively. 'Does HR Analytics support the processes of your organization?' will help us to understand whether analytics has an impact on HR processes.

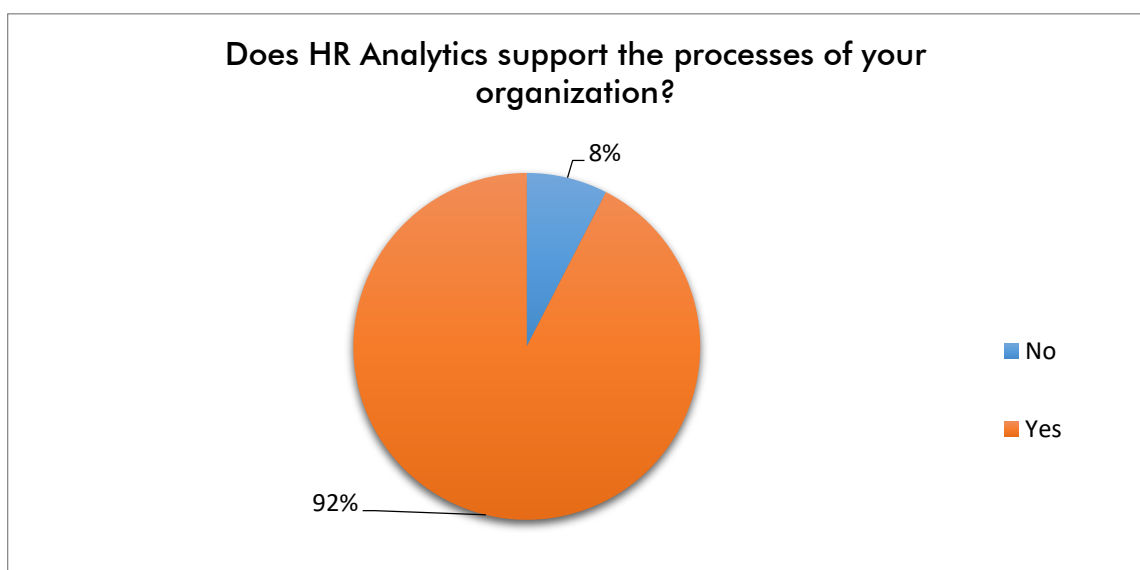


Figure 1.6: Response to 'Does HR Analytics supports the processes of your organization?'

Figure 1.6 shows that 92% of the respondents thinks that analytics supports the processes of their organization whereas 8% of the respondents thinks that analytics don't support the processes of their

organization. It indicates that out total 53 respondents, 49 said that analytics supports while 4 said analytics doesn't supports.

## 7. Use of HR Analytics in HR functions

HR Analytics is used in organizations to make better decision backed by data. Organizations use analytics in various HR functions and different functions benefits from it in different ways. To understand in which HR function it is used widely, a question- 'In which of the following fields is HR Analytics used in your organization?' is asked. The information collected is represented in figure 1.7

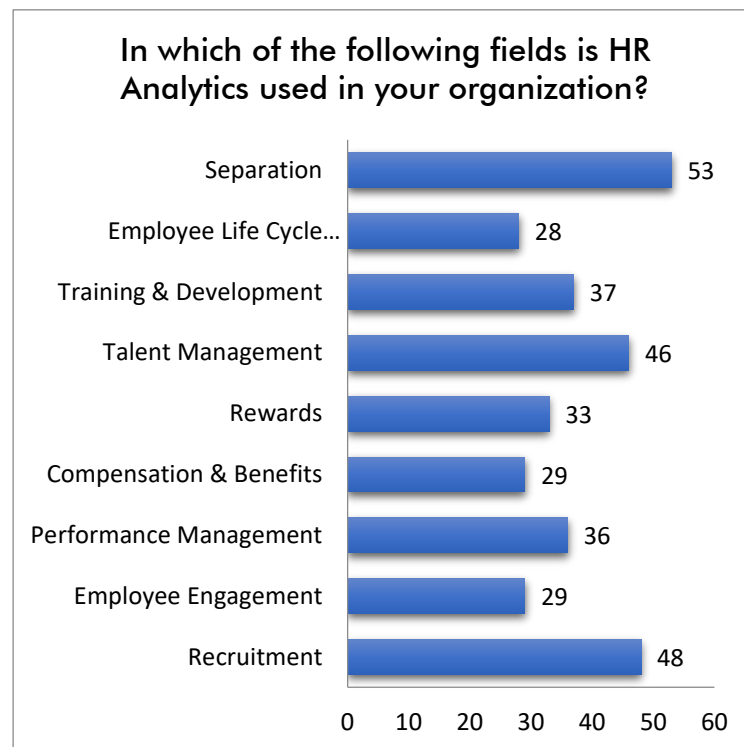


Figure 1.7: Response to 'In which of the following fields is HR Analytics used in your organization?'

Out of 53 respondents, HR Analytics in Separation is used by all of them, in Employee Life Cycle Management by 28 respondents, in Training and Development by 37 respondents, in Talent Management by 37 respondents, in Rewards by 33 respondents, in Compensation and Benefits by 29 respondents, in Performance Management by 36 respondents, in Employee Engagement by 29 respondents and in Recruitment by 48 respondents.

## 8. Types of HR Analytics used in organization

There are mainly 3 types of analytics used in organization. Information relating to which type of analytics is mostly used in the organization is collected in this survey. The result of which is shown in figure 1.8

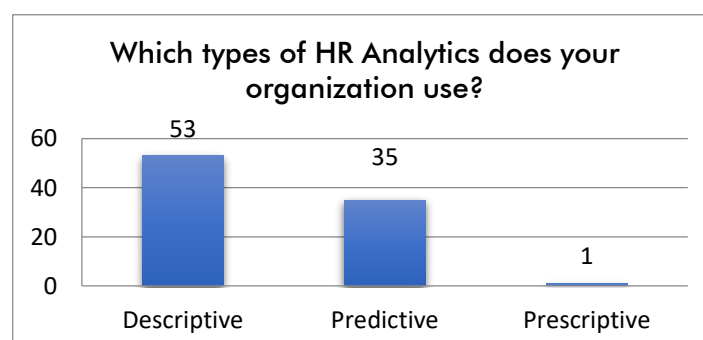


Figure 1.8: Response to 'Which types of HR Analytics does your organization use?'



Figure 1.8 shows that, out of total sample size of 53, all the respondents use Descriptive analytics in their organization whereas 35 respondents also use Predictive analytics in their organization. Only 1 respondent uses Prescriptive analytics.

### 9. Reliability and Validity of HR Analytics

It is very important that the data which is analysed should be reliable and valid otherwise analysis cannot be dependable. Also the analytical outcome should be reliable and valid as it has a great impact on the future decision. Therefore information is collected from analyst to understand whether the outcomes of HR Analytics are reliable and valid. Their responses are shown in figure 1.9

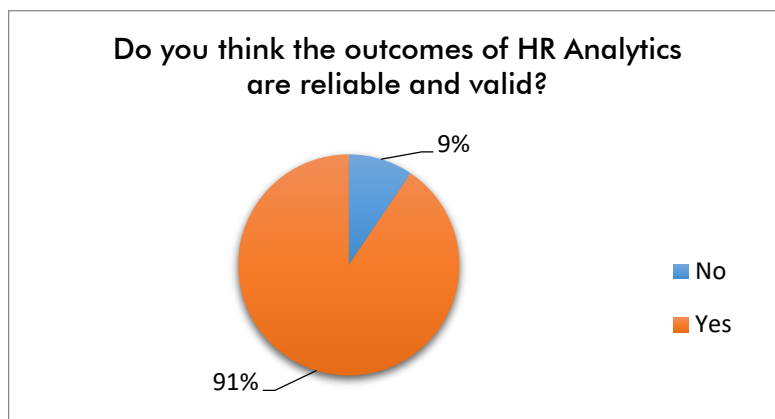


Figure 1.9: Responses to 'Do you think the outcomes of HR Analytics are reliable and valid?'

Figure 1.9 show that 91% of respondents feel that the outcomes of HR Analytics are reliable and valid whereas 9% respondents feel that the outcomes of HR Analytics are not reliable and valid. Out of total 53 respondents, 48 respondents said outcomes are reliable and valid and 5 respondents said outcomes are not reliable and valid.

### 10. Impact of HR Analytics on Employee

HR Analytics is carried on directly or indirectly for the employees. With the help of analytics HR manager can also find out which employee needs training and according to that they can arrange training sessions for employees, this will help employees to build skills and knowledge. Information relating to this was collected to understand what HR analyst thinks about it. This is presented in figure 1.10

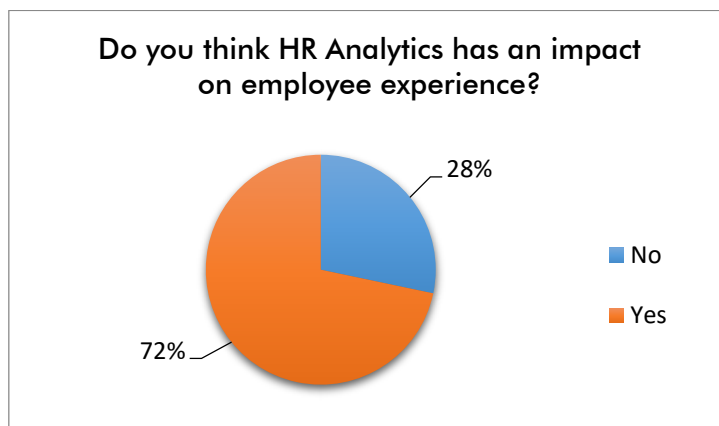


Figure 8.10: Responses to 'Do you think HR Analytics has an impact on employee experience?'

Figure 1.10 show that 72% of respondents feel that the HR Analytics has an impact on employee experience whereas 28% respondents feel that the HR Analytics doesn't have impact on employee

experience. Out of total 53 respondents, 38 respondents said analytics has an impact and 15 respondents said analytics doesn't have an impact.

## 11. Attrition

Attrition is a big problem for every organization as cost is associated with it. Thus every organization finds different ways to reduce attrition. Information is collected to understand if HR Analytics helps organizations to reduce their attrition rate. Figure 1.11 represents the answer to this question.

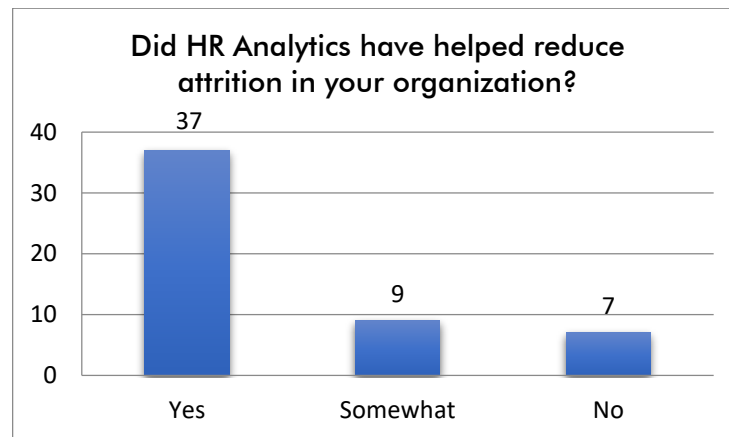


Figure 1.11: Responses to 'Did HR Analytics have helped reduce attrition in your organization?'

Figure 1.11 shows that out of a total sample size of 53, 33 respondents' claims that HR Analytics has helped them to reduce attrition in their organization, whereas 9 respondents claim that it has somewhat helped them to reduce attrition and 7 respondents claim that it has not helped them to reduce attrition in their organization.

## 12. Employee Motivation

One of the reasons for using HR Analytics is to keep the employees motivated so that they do not leave the organization and work more effectively and efficiently. Information is collected to understand if HR analytical outcomes help experts to take actions for keeping their employees motivated. Figure 1.12 shows the analysis of collected data.

Figure 1.12 indicates that 92% (49) respondents says that their organization have measures to keep their employees motivated by using HR Analytics whereas 8% (4) says that their organizations don't have measures to keep their employees motivated by using HR Analytics.



Figure 1.12: Responses to 'Does your organization have measures to keep your employees motivated by using HR Analytics?'

## **Analysis**

The main objective of this primary survey was to assess the use and impact of HR Analytics on business. The target audience was the HR employees who work on analytics, so that it can be studied whether they find analytics beneficial or not. The aim of this study was also to examine whether analytics helps organization to reduce their attrition rate and to motivate their employees.

Analysis of various factors is as follows:

### **1. Effectiveness of HR Analytics on business**

HR Analytics helps organizations to reduce cost and increase revenue. For example- by analysing the HR policies and procedures the organization can design new policies and procedure if required. It also helps the organization in improving the hiring decisions by predictive analytics. Company can collect and analyse the past decisions and performance of the employees and on the basis of that takes the future decision of hiring. From Figure 1.1 it can be said that most of the organization are enhancing their productivity with the help of HR Analytics. HR Analytics should be taken up as an investment rather than cost to the company as it will in a long run help organization to make better decisions in future.

### **2. HR Analytics as a Team in organizations**

Many organizations have adopted analytics in their business, but still there are only few companies which have HR Analytics team. This is also shown in Figure 8.2. Through this, it can be said that organizations are investing in analytics but they don't have a team of experts to analyse these data. It is just an extension of role to HR managers, i.e. if an employee is handling recruitment he/she only has to do analysis of the data and find the solution. This may sometimes not be helpful, as that employee may have other responsibility as well and may not give justified time for analytics. If this is the case, then analytics will not add value to business.

### **3. Analytical Software**

There are end numbers of analytical software in market. Different organizations use different type of software. Some of the common software's are SPSS, Minitab, SAS, and R. Figure 8.3 represents the different software's used by the sample size of 53 HR employees. By analysing the data, it can be said that most of the organizations use their Internal Company Portal for analysis. Internal company portal has an advantage that it is designed based on the requirement. So the results from this are as per companies need. Apart from this the other software which is used widely is SPSS. Also Minitab is used by some organizations. SPSS is used widely as it is simple to use than compared to Minitab. For doing analytics it is very important to choose correct software as per the needs and requirements of the organization.

### **4. Easy of using software**

When software is used by analyst the first thing is that it should be simple and easy to operate. If it is complex then the analyst may find it difficult to operate and the result may not be accurate. From the figure 1.4, most of the user feels that the software's are comfortable i.e. they are user friendly. As most of the respondents use internal company portal and SPSS, it can be said that these software's are easy to operate.

### **5. Easy in implementation of software**

Implementation of the software should be carried out smoothly as the time required for it is saved. If organizations face any difficulties while implementing the software then the time required for going live with the software delays and there are other problems relating to this. So the process of implementation needs to be carried on smoothly. From figure 1.5 it can be said that most of the employees/ analyst do not had to face any difficulties while implementing the software. But the other percentage reflecting the

employees/ analytics that faced difficulties should not be ignored as it indicates that implementation process has some hurdles.

## **6. Role of HR Analytics in human resource processes**

By just implementing the software doesn't mean that the organization will benefit from it. The analytics should support the processes of the organization. HR Analytics can only help the organization if the HR processes are in line with HR Analytics. For the figure 1.6 it can be said that HR Analytics supports the processes of the organization as most of the respondents have agreed with it.

## **7. Use of HR Analytics in HR functions**

HR Analytics can be used in every HR function i.e. Recruitment, Training and Development, Talent Management, Compensation & Benefits, Separation, etc. For example- When workforce data is been analysed it gives predictions relating to which type of employees are more likely to stay and which type of employees are more likely to leave the organization. By doing analytics on the job role, organization can also find out which types/ characteristics of candidates are more likely to stay and perform well. This leads to improve hiring decisions and saves cost and time. From figure 1.7 it can be said that analytics is used in almost every function of HR, but it is mostly used in Separation, Recruitment and Talent Management.

## **8. Types of HR Analytics used in organization**

As there are 3 types of analytics, most of the organizations are using descriptive analytics since a long time. In today's world, the organizations have taken a step ahead of it by using predictive analytics to predict the future. Prescriptive analytics is still not widely been used by organizations as it is complicated. Also from figure 1.8 it can be said that the use of analytics is mostly done in descriptive and predictive method.

## **9. Reliability and Validity of HR Analytics**

For an outcome of HR Analytics to be applicable the data as well as the variable taken for analysing should be reliable and valid or else the analysis is of no use. The reliability and validity test is essential before doing analysis. There are few organizations that have stopped using analytics as they feel the outcomes are not reliable and valid. It can be said from figure 1.9 that HR Analytics outcomes are more often than not reliable and valid.

## **10. Impact of HR Analytics on Employee**

HR Analytics helps organization as well as employees. It may impact employees directly or indirectly. Say for example- from doing analysis the organization comes to know that there is need for training, they will provide the training to the employees and this will also give benefit to employee as he/she will be able to gain skill and knowledge from there. Apart from this rewards are also given to employees on the bases of analytics. From figure 1.10 it can be said that HR Analytics has an impact on employee's experience.

## **11. Attrition**

In today's world, retaining the talent is the biggest challenge for any organization. HR Analytics helps experts to know the reason behind attrition and find out the pattern in the data. For example-through analytics organization can know which employees are likely to stay and which can likely to leave, according to this data HR can make the action plan so that they can avoid the rehiring and separation cost by reducing attrition. From figure 1.11 it can be said that organizations are using analytics for attrition analysis and it has also helped them to reduce attrition rate.

## **12. Employee Motivation**

Employee motivation is a key for retention. Even when an employee is motivated he/she works effectively and efficiently and thus helps organization to achieve their goals. It also helps them to achieve their



personal goals. From figure 1.12 it can be said that the organizations are taking measures to keep their employees motivated by using the outcomes of HR Analytics and analysing it.

## **Conclusion**

It is clear that industries cannot survive in the long run if they do not possess predictive analytics skills from the human resource management. The usefulness of predictive analytics is wider and hence application in all related areas of Human Resource Management is essential. HR Analytics is growing and with this the accuracy in decision making is also increasing.

It can be seen that the use of analytics has increased in the recent years and almost all the large organizations requires the analytics in order to retain their employees and increase productivity. Descriptive analytics helps organization to gain the answers to basic questions by understanding the past data. It is vital for the organization to collect and collaborate the data in one place so that it becomes easy to analyse it and get the valuable insights from it.

HR Analytics in a business is beneficial to a company's bottom line for many reasons. HR Analytics enables companies to gain the valuable data which have the potential to really improve their spending, productivity, and operations for the better. With the help of predictive analytics a company can improve their hiring decisions, which in turn helps them to reduce the time required for hiring.

Predictive analytics also helps to retain the employees as it helps to state the reasons that are leading to attrition, and based on that the company can take steps to retain the valuable employees. And when an employee is retained, the cost associated with rehiring and retaining a new employee is avoided.

From the primary survey it can be conclude that HR Analytics has a great impact on business and also enhances the profitability. It helps organizations to retain their employees, motivate them, train them, and reward them. There are many software's which can be used for analytics such as SPSS, Minitab, SAS, R. Companies are also developing their own software for analysing the data. Also this software's are user friendly and also doesn't give much trouble while implementing. HR Analytics is used in each HR function i.e. Recruitment, Employee engagement, Performance management, Talent Management, Compensation and Benefits, Rewards, Training and Development, and Employee Life Cycle Management. Mostly are using descriptive and predictive analytics for analysing the data. It is also very important to check the reliability and validity of the data before analysing the data and coming up with a solution. HR Analytics also helps employees directly or indirectly. It has also helped organizations to reduce their attrition rate and increase motivation level of their employees.

Overall HR Analytics have helped a lot in changing the role of Human Resources from operational to strategic. Today Human Resource is becoming a business partner in the company as it has an impact on the bottom line. HR Analytics is more used in large organizations, so it is suggested that even small and mid-size organization should adopt analytics as it will help them to make better decisions which will reduce their cost and make profit. It is also observed that Prescriptive analytics is not widely used by organizations, as it is complex in nature. Organizations should try to adapt to this analytics as it will provide best solutions to a given problem, this will indeed help businesses to enhance their profitability by better decisions.

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**Authored By**

**Dr. Farida Virani**

Professor, MET IOM

**Ms. Dipti Milan Dalal**

MMS Student, MET IOM

# Understanding Digital Cross Border Payments with Special Emphasis on Australian Foreign Exchange Market

## **Abstract:**

**In the globalized financial landscape, digital cross-border payments have become a pivotal aspect of international trade and finance. This study offers a comprehensive exploration of digital cross-border payments, focusing particularly on the Australian foreign exchange (forex) market. By delving into the intricate mechanics of these transactions, the research aims to enhance the understanding of how digital payment systems are reshaping the way businesses and individuals engage in cross-border transactions. The study provides an overview of the Australian forex market, highlighting its significance and dynamics in the context of digital payments. Through a combination of quantitative analysis and case studies, the research uncovers the factors influencing the adoption of digital cross-border payment solutions, ranging from technological innovations to regulatory frameworks. The abstract emphasizes the challenges and opportunities presented by these payment systems, including security concerns, transaction efficiency, and cost-effectiveness. By shedding light on the nuances of digital cross-border payments in the Australian forex market, this study contributes to a broader understanding of the global financial landscape's ongoing transformation. It offers insights that can aid financial institutions, businesses, policymakers, and researchers in navigating the evolving realm of digital finance and international transactions.**

**Keywords: Digital Cross-Border Payments, International Trade, Finance, Australian Foreign Exchange Market**

## **Introduction to Cross-Border Payments:**

Globalization is driving corporations to transact more frequently across borders. Casual observation, as well as data from myriad public and private sources, confirms this. But consumers are also transacting more on a global basis buying from foreign eCommerce sites; traveling, living, and working abroad. For the payments industry, the result is higher volumes of payments—in terms of both currency value and number of transactions. Interestingly, this is also leading to a consequent shift downwards in the average value of these payments. As this paper will show, the ways these payments are made can be cumbersome, error prone, and expensive. Growth, after all, is often messy.

Payment systems was set up decades ago continue to be used sometimes retrofitted, sometimes force-fitted to meet the needs of modern corporations. And, not infrequently, the systems creak and groan as they bear the strain. For users of these systems, on both the paying and receiving sides, it can be difficult and time consuming to learn how to use cross-border payments tools, and how to set up processes to make optimal use of them. Solution providers (both banks and non-banks) also face challenges, struggling to cobble together old systems to meet new demands. But for these providers, cross-border payments are both lucrative (especially given foreign exchange conversion revenue) and rewarding, in terms of the overall financial relationship created with the end customer. The challenges for global payments are not simply those resulting from volume increases.

A number of economic, political, and technical forces are changing the types of cross-border transactions conducted. Consider these factors:

Corporations are making more cross-border purchases of services (as opposed to goods), as well as more purchases of complex fabricated parts rather than simple raw materials.

- Enterprises are purchasing from more countries, in more regions.
- Increased outsourcing is leading to new in-country and new cross-border intra-company transactions.
- More enterprises are participating in complex, automated supply chains, which in some cases drive automatic ordering and fulfilment
- Online purchasing continues to grow, both by large enterprises as part of an automated procurement systems and by smaller enterprises purchasing directly.
- There is continued growth in the use of cross-border labour.
- Individuals are increasingly taking their investments abroad

### **Categories of Cross-Border Payments:**

- A) Supplier, or B2B, payments are made when one enterprise pays another. These payments may be made to regular, well-known parties or to occasional or one-time suppliers. In these transactions, the supplier frequently extends credit to the buyer—or may demand a letter of credit or other form of credit assurance.
- B) eCommerce purchasing includes not only the purchase of physical goods (with all of the challenges of shipping, customs, and taxation) but also the travel and entertainment, digital services, and digital goods domains.
- C) Payroll, retirement, and benefits payments are made by enterprises to counterparties in other countries. The payees are most often individuals, but this category can also include various B2B-like payments to licensees, franchise participants, and digital contract labourers.
- D) International remittances are payments made by foreign workers to family members in home countries. As any given worker is apt to make payments to only one country, this domain is measured by country pairs, or “corridors.”

### **Size of the Cross-Border Payments Market**

The cross-border payments market is very large. For the purposes of this analysis, we are excluding settlement of financial market transactions, but the four categories described above can be sized using publicly available sources:

- A) Supplier, or B2B, payments are financial transactions associated with import of goods and services. Sources put global imports at approximately US\$13–15 trillion. Payment revenue associated with these transactions, which includes both fees and FX components, is a rich source of earnings for global correspondent banks.
- B) The bulk of eCommerce transactions are domestic; that is, consumers and businesses buying from eCommerce merchants based in their own countries. However, approximately 15% of eCommerce transactions are made by overseas buyers. This is fuelled by large eRetailers in developed markets that localize their sites for sales to consumers in rapidly growing markets such as China and Brazil. In some markets (e.g., Canada and Australia), cross-border eCommerce is as high as 40% PayPal reports that nearly 25% of its transactions are cross-border; a significant portion of its volume is eCommerce, although it also handles significant B2B and remittance payments.
- C) Payroll, retirement, and benefits payments to current and former employees living overseas are a relatively small but constant component of corporate payroll. In addition, affiliate/royalty pay-outs are growing and expanding in scope to support global online advertising networks and application marketplaces, as is the use of overseas contract labour for activities such as software development.



- D) Remittance payments to developing countries from foreign workers to friends and family in their native countries totalled \$325 billion in 2010, according to the World Bank. Remittances to developing countries are expected to exceed \$400 billion by 2013.

### **How International Correspondent Banking Works**

International correspondent banking is, in essence, a giant, decentralized network. Each bank makes a decision as to how it wants to handle cross-border payments for its clients. These decisions can be and often are different for paying and receiving funds, and for different countries or categories of payments (e.g., B2B payments vs. person-to-person remittances).

Let's look at an example. Bank A, in Argentina, has a domestic customer that wants to send funds to a supplier in Singapore. That supplier has sent its customer the details of its bank account at Bank B in Singapore. Bank A receives the payment instructions from its customer (through its online banking system). Bank A has chosen a domestic correspondent in Argentina, Bank C, to handle these payments; it makes a payment to Bank C through its in-country wire transfer system. At this point, Bank A is finished! Bank C has an arrangement with Bank D in Singapore to handle such transactions. Bank C notifies Bank D that it wants a wire transfer sent from Bank D to Bank B, to credit Bank B's customer. Bank D effects the transaction and Bank B receives funds which it credits to its customer's account. All pretty straightforward but one piece is still missing. Bank C has the money and Bank D has sent it out how are these positions settled? In this example, as a part of their correspondent banking relationship, Bank C and Bank D have agreed to settle their transactions daily, on a net basis, by making funds available/withdrawing funds from a set of accounts both banks hold in this example at Bank E, in London.

**Challenges in International Correspondent Banking** There are great advantages to users of the current system of international correspondent banking. As virtually all banks participate in some manner, it is global by definition, broadly understood within the banking industry, and comprehensive in its reach. Such a decentralized, non-standardized approach has inherent problems, however problems that can cause pain for some corporate and retail customers. Challenges include:

- No direct relationship with downstream banks. If a problem occurs (for example, a payment is not received), the sending company and its bank may not be able to trace the transaction quickly or reliably.
- Cost. With multiple banks involved, each charging a fee and/or taking some share of the foreign exchange revenue, these transactions can be expensive for end users. Often, end users do not know whether costs are also assessed to their counterparties.
- Limited data transport capabilities. The payment initiator may wish to send information with a transaction; with multiple bank intermediaries involved, it may not be possible to reliably carry that data through to the receiving party.
- Barriers to change. In a decentralized system, it is relatively difficult to implement change. There is no central authority to mandate or direct new processes. Of course, we should acknowledge that SWIFT does play an important role in enabling change through setting and promoting new standards. But it cannot dictate the terms of correspondent banking relationships so that there is no uniform way, for example, for a sending bank in one country to change the ways in which payments are made by its correspondents in receiving countries. For example, attempts to migrate more transactions to ACH from wire still demand tedious and laborious point-by-point negotiations and implementation procedures.

## Alternative Cross-Border Payments Methods

The correspondent banking example we describe above is one in which both the paying and receiving parties deal directly with their banks. There are also many different types of alternative services that handle cross-border payments for payers and/or payees. As a group, these services effect the payment transaction for one or both end parties through proprietary systems and networks. They then settle the transactions financially by dealing with correspondent banks. Cross-Border Payment Perspectives themselves, frequently on a net basis. These services fall into several categories:

- **International money remitters:** Companies such as Travelex and Western Union offer branded payments services to consumers and enterprises, usually with a variety of “money in” and “money out” options. Some banks, most notably Citibank with its WorldLink service, offer similar productized alternatives to traditional correspondent banking services. Some of these companies offer such services to both enterprises and banks in effect outsourcing some aspects of international correspondent bank relationship management.
- **Payments services providers:** An emerging and evolving group of providers, such as Earthport, offer account-based payments transaction services for both end users and banks.
- **Global card networks:** Card networks including MasterCard, Visa, and American Express create the effect of seamless cross border payments transactions. “Under the hood,” the card networks handle foreign exchange conversion and settlement among participating banks, which are required to follow the networks’ operating rules.
- **FX brokers:** In many countries, these brokers supply the needs of high-volume cross-border payments transactors, bundling management of foreign exchange conversion risk with the mechanics of payments.
- **Online payments services:** Services such as PayPal and Moneybookers are similar to the international money remitters, but focus on online-originated transactions, often (but not always) linked to online purchases.
- **Global payments gateways:** Businesses such as Global Collect, Digital River, and CyberSource (now owned by Visa) specialize in helping eCommerce merchants collect funds from crossborder customers. The paying customers, usually consumers or smaller businesses, can use familiar local payments systems to effect the payments.
- **Global ACH:** This term is used somewhat loosely to refer to efforts to connect domestic ACH or Giro systems in various countries. The IPFA (International Payments Framework Association), with the support of players including the U.S. Fed and the European processor Equens, is working on protocols to enable one bank’s customer to pay a foreign bank’s customer through linked ACH. Note that notwithstanding the use of terms such as “global ACH” and “international ACH,” there is no single global ACH payments scheme. IPFA, for example, primarily sets standards. Individual end users, and banks, must still establish business relationships with other participants in order to take advantage of existing capabilities.

## Implications on Cross-Border Payments are Ripe for Change Cross-border payments

Corporate instalment s initiators are disappointed by cross-fringe instalment s arrangements, yet all the while demonstrate an inclination to keep on paying through their banks. It might be that they can't envision an option. However the innate many-sided quality of global journalist managing an account, and the subsequent powerlessness to anticipate instalment timing or track wayward exchanges may drive facilitate disappointment as cross-outskirt instalment volumes increment. Resilience for wasteful and expensive arrangements will lessen as volumes increment, especially as pale financial recuperation additionally drives cost-curtailing office staffing. The distinction between corporate instalment initiators' ACH taken a toll

desires and the operational reality of instalment by means of universal reporter managing an account is probably going to cause dismay for brokers in the following couple of years. Item supervisors in the ACH payment storehouse anxious to understand for corporate necessities may unintentionally challenge the income desires of their wire and journalist managing an account division. Such inside clashes could postpone bank activity, empowering non-bank suppliers to fill the hole in spite of corporates' expressed inclination to acquire instalments administrations from banks.

## SEPA Transfers

SEPA remains for the Single Euro Payments Area and speaks to another arrangement for worldwide bank exchanges inside Europe. The SEPA zone contains 34 nations, including 28 EU part states close by Iceland, Monaco, Switzerland, Liechtenstein, Norway and San Marino. It was made to rearrange cross-fringe cash moves in Euros, the main money SEPA underpins.

From numerous points of view, a SEPA exchange is like a local exchange. Generally, banks that help SEPA exchanges either have coordinate connections set up or a system of mediator banks, hence enabling exchanges to keep running crosswise over nation fringes.

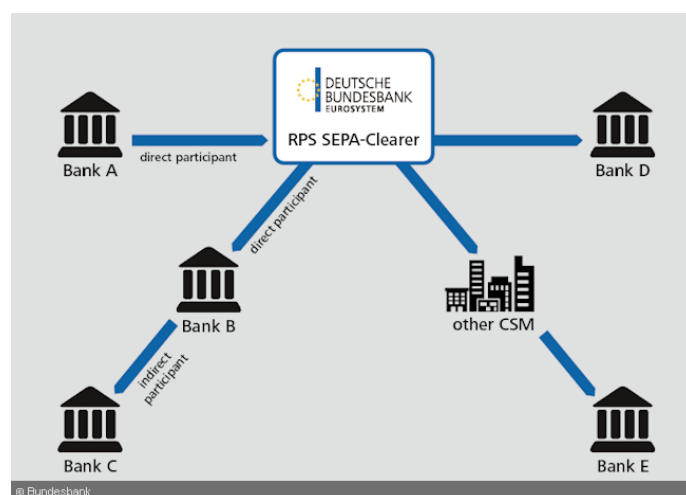
We should return to our past case and expect that John is sending Alice €20, and that the two banks are a piece of SEPA. In the event that the two banks have business accounts held with each other, at that point the stream of cash is the same as our first case in this post:

1. John's (Bank 1) will charge John's own record by €20.
2. John's bank will credit Bank 2's business account held with Bank 1 by €20.
3. Alice's (Bank 2) will credit her own record by €20.

In the event that they don't have a set up relationship, the exchange will go through a national financial balance in Europe, allows simply call it the European Central Bank for our illustration. In an extremely disentangled manner, this is the way the cash would stream:

1. John's bank will charge his record by €20
2. John's bank will credit their business account held with the European Central Bank (middle person bank) by €20
3. The ECB will then credit Alice's bank by €20
4. Alice's bank will credit her record by €20

There is in reality increasingly that goes ahead off camera, yet with the end goal of this article, we won't go into more points of interest.



More critical than how it functions, is the thing that SEPA exchanges bring to the table:

- Allows you to make cross outskirt instalment s in Euros ✓
- Transfers for the most part take 1 day to achieve the beneficiary's record ✓
- Transfers are for the most part free for both the sender and recipient ✓

A few banks will at present charge an expense for making or accepting a SEPA exchange.

## **Cross border money transfers in India**

India is relied upon to hold its best spot in drawing in abroad settlements from its diaspora to family back home, as indicated by the World Bank. Among significant settlement beneficiaries, India holds its best spot, with settlements anticipated that would add up to \$65 billion this year, trailed by China (\$61 billion), the Philippines (\$33 billion), Mexico (a record \$31 billion), and Nigeria ((\$22 billion), said a discharge by the multilateral office on Tuesday.

Worldwide settlements to low-and center salary nations are required to recoup this year following two back to back a very long time of decrease, says the most recent version of the World Bank's movement and advancement brief, discharged on Tuesday. The Bank evaluates that settlements to creating nations are required to develop by 4.8% to \$450 bn for 2017. Worldwide settlements, which incorporate streams to high-wage nations, are anticipated to develop by 3.9% to \$596 bn.

The recuperation in settlement streams is driven by moderately more grounded development in the European Union, Russian Federation, and the United States. Therefore, those districts prone to see the most grounded development in settlement inflows this year are Sub-Saharan Africa, Europe and Central Asia, and Latin America and the Caribbean.

In the Gulf Cooperation Council (GCC) nations, financial fixing, because of low oil costs, and approaches demoralizing enrolment of outside labourers, will hose settlement. In 2018, settlements to low-and center wage nations are relied upon to rise unobtrusively by 3.5 for every penny to \$466 billion. General worldwide settlements are required to ascend by 3.4% to \$616 billion of every 2018.

Outbound settlements by singular inhabitants touched another high of \$1.2 billion in January, as indicated by Reserve Bank of India information. Total outpourings in the initial 10 months of this budgetary year were \$8.17 billion, contrasted and \$4.6 billion in a similar period a year prior. Occupant Indians can send up to \$250,000 every year to their relatives abroad for specific costs, including select ventures. Some are making long haul wage roads for their abroad recipients.

The report noticed that two main considerations adding to high expenses are selective organizations between national mail station frameworks and any single cash exchange administrator (MTO), which smothers showcase rivalry and permits the MTO to raise settlement charges, and de-gambling by business banks, as they close ledgers of MTOs, keeping in mind the end goal to adapt to the high administrative weight went for diminishing illegal tax avoidance and money related wrongdoing.

## **The foreign exchange market**

### **Structure of the market**

The FX market operates globally in various financial centres in different parts of the world. There is no physical marketplace or exchange for trading. Since trading spreads across different time zones, the market effectively operates 24 hours a day. Although the foreign exchange market operates around the clock, transactions are concentrated around the major centres. Examples of these financial centres, in order of their respective time zones, are Sydney, Tokyo, Hong Kong, Singapore, Zurich, Frankfurt, London, New York and San Francisco.

The market has no formal operating hours and there is no specific geographical location for trading. However, current market practice is for the dealing week to commence on Monday at 5:00 am in Sydney, then to operate continuously until 5:00 pm Friday afternoon in New York. The market is linked by means of electronic dealing systems such as Reuters and Bloomberg as well as deals done directly between participants via telephone. The foreign exchange market may be considered to being as close to a “perfect” market that has yet been developed in that it has a large number of active buyers and sellers, a free flow of information that is readily translated into movements in price, and most of the products are homogeneous globally. These factors all lead to a deep and highly liquid market with excellent price transparency.

Transactions in the foreign exchange market may relate to trade transactions, offshore borrowings or investments, infrastructure deals or speculation on market movements. Foreign exchange transactions for trade-related purposes are completed to support an underlying trade transaction. This may just be buying the currency to make or receive payment for the transaction. It can also be a transaction undertaken to reduce the amount of risk from currency movements, and this is known as hedging. Transactions undertaken for speculative purposes are intended to make profits from anticipated movements in exchange rates and hence there is no underlying trade transaction. As there is no requirement – especially in countries with limited exchange controls – to state why the transaction is being undertaken, it is difficult to determine the percentage of each type of transactions undertaken each day. Most official estimates state that in floating exchange rate regimes, trade transactions comprise less than 5 per cent of overall foreign exchange trading.

## **Market volume**

The Bank for International Settlements (BIS) organizes a Triennial Central Bank Survey on Foreign Exchange and Derivatives Market Activity. This review is the most exhaustive wellspring of data on the size and structure of worldwide outside trade what's more, subsidiaries markets. It demonstrates that in April 2010, every day normal worldwide FX advertise turnover was USD 3.98 trillion As can be seen from the accompanying table, the main part of exchanges are attempted against the US dollar as this is as yet the most much of the time utilized for exchange exchanges all inclusive. Since the presentation of the Euro, exchanging the Euro is too developing relentlessly.

## **Market Participants**

Market members are for the most part either entering the market for exchange exchanges or for theory; notwithstanding, a few members in the market will do both. Merchants will likewise search for arbitrage openings. Arbitrage happens when an exchange is executed to exploit a transitory valuing abnormality between chose sets of monetary forms. The objective of the exchange is to create a hazard free benefit. The part of every member will be audited beneath in detail.

## **Australian Foreign Exchange Markets**

Two broad types of bodies regulate financial markets in Australia – government regulatory organisations and self-regulatory organisations (SROs).

Government regulatory organisations

The key government regulatory organisations are:

- Australian Securities and Investments Commission

The Australian Securities and Investments Commission (ASIC) enforces and regulates company and financial services laws to protect consumers, investors and creditors. An independent Australian

government body, ASIC has regulated financial markets, securities, futures and corporations since January 1991. It subsequently became responsible for consumer protection in superannuation, insurance, deposit taking and consumer credit. The ASIC directly supervises trading markets such as the ASX market

- Australian Prudential Regulation Authority

The Australian Prudential Regulation Authority (APRA) has responsibility for the control of prudential requirements for banks and other Authorised Deposit-taking Institutions (ADIs), Life and General Insurance, Friendly Societies and Superannuation Funds (excluding Self-Managed Superannuation Funds).

- Australian Transactions Reports and Analysis Centre

The Australian Transactions Reports and Analysis Centre (AUSTRAC) is Australia's antimoney laundering and counter-terrorism financing regulator and specialist financial intelligence unit. The two key areas it effectively regulates are the gambling sector and the financial sector.

- Australian Taxation Office

The Australian Taxation Office (ATO) administers tax legislation and is responsible for regulating all self-managed superannuation funds.

- Self-regulatory organisations

Government policy supports the active work of self-regulatory organisations (SROs). Self-regulation is said to be effective because of the following:

### **Industry-specialised knowledge of SROs.**

SROs have an incentive to operate a fair, financially sound and competitive marketplace. Reputation and competition are powerful motivating forces for sustained proper behaviour. The contractual relationship that an SRO has with the individuals and entities that it regulates can be powerful, with a global reach, and may mean the observance of ethical standards that go beyond government regulations. Generally, SROs can be more flexible than government organisations and can respond more quickly to major issues.

Transparency and accountability of SRO compliance programs.

Self-regulation allows for more diversity in methods of compliance with rules and regulations than may be possible for government regulators. Coordination and information sharing between SROs help to bring together different interests on specific regulatory issues. Limitations on the effectiveness of SROs include the inherent conflicts that may exist between managing the needs of different stakeholders: government, investors, consumers and the industry. Financial sector self-regulatory organisations in Australia include:

The Australian Securities Exchange Limited (ASX) operates Australia's primary national stock exchange for equities, derivatives and fixed interest securities. The ASX governs listed companies and the on-exchange or on-market trade execution by brokers.

Financial Services Council (FSC) – covering fund managers

Australian Superannuation Funds Association (ASFA) - covering superannuation funds

Australian Financial Markets Association (AFMA) – covering participants in the over-the counter wholesale financial markets

Institute of Actuaries of Australia (IAA) – covering actuaries

CPA Australia (CPA) and the Institute of Chartered Accountants in Australia (ICAA) and the Institute of Public Accountants (IPA) – each covering accountants

Stockbrokers Association of Australia (SAA) – covering stockbrokers

Finance and Treasury Association (FTA) – covering corporate treasury professionals



The Financial Planning Association of Australia (FPA) and the Association of Financial Advisers (AFA) are professional associations whose members are financial planners.

The Australian Custodial Services Association Limited (ACSA) is the peak industry body representing members of Australia's custodial and investment administration sector.

## **Evolution of financial regulation in Australia**

Financial Services Reform Act Australia is highly regarded in terms of its financial services regulatory framework. This reputation reflects the significant structural changes to regulatory arrangements that took place in March 2002 under the Financial Services Reform Act (FSR Act).

A range of reforms to the regulatory framework was introduced because of recommendations made by a Financial System Inquiry (Wallis Inquiry). The Wallis Inquiry had a mandate to examine likely future directions and changes in the financial sector and to determine the implications for effective financial sector regulation.

The most fundamental of these reforms was a restructuring of the responsibilities for oversight of the financial system. An important feature of these changes was to delegate responsibility for supervision of the sector along functional (what services they provide) instead of institutional lines (what types of institution they are).

The key objective of the reform process was to create a regulatory framework that was as streamlined and efficient as possible while maintaining high standards of market integrity and consumer protection. The framework also had to be flexible enough to facilitate the high level of innovation required of financial institutions operating in an increasingly global and competitive marketplace.

The aim of the FSR Act was to create a harmonised licensing, disclosure and conduct framework for all financial service providers, and to establish a consistent and comparable financial product disclosure regime. The FSR Act aimed to ensure that Australia's regulatory framework keeps pace with best practice developments in both the international and domestic financial services industries.

The reforms also established comparable financial product disclosure requirements across all industry segments. Under the FSR Act, the Australian Prudential Regulation Authority (APRA) maintained its responsibility for the control of prudential requirements for the financial services sector. The Australian Securities and Investments Commission (ASIC) held responsibility for all the regulation of financial services, financial products and markets. The reforms introduced by FSR include:

- Uniform regulation of all financial products
- A single licensing framework for financial services providers
- Uniform disclosure requirements for all financial products provided to retail investors
- Minimum standards of conduct for providers dealing with clients
- Flexible arrangements for the authorisation of market operators and the operation of clearing and settlement facilities.

These reforms were a significant step toward simplifying the regulatory environment and thereby reducing the costs of compliance, facilitating the entry of new market participants and the introduction of new services and products. The key outcome of this approach was a set of common principles applying to:

- The regulation of deposit style products, such as bank accounts;
- Risk management products, such as insurance and derivatives; and investment products, including superannuation and managed investments.

The reforms aimed to bring flexibility and simplicity to the licensing of group structures, and to the delivery of financial services. Licensees are now subject to a variety of obligations when they, or their representatives, deal with retail clients. These include requirements for:

- Product disclosure
- Point of sale disclosure
- Needs-based advice
- Compensation arrangements (arrangements in place for compensating your clients for loss they suffer if you breach your legal obligations)
- Dispute resolution procedures
- Handling of client funds.

The disclosure regime was similarly transformed, with Product Disclosure Statements (PDS) replacing the various rules that previously governed unit trusts, superannuation funds and insurance products. ASIC indicated that in enforcing the law it will stridently enforce conduct which is, or is likely to: materially harm or disadvantage consumers; and/or undermine the confident and informed participation of consumers in the financial market.

ASIC expects financial service providers to follow the spirit and substance of the new regulations, particularly where there might be some uncertainty as to how a regulation applies (principles-based regulation). Financial service providers should act fairly, especially where their conduct involves retail clients.

Since the Wallis Inquiry, the sector has been transformed by forces such as domestic and international economic and financial crises, a substantial regulatory reform agenda, the growth in superannuation, changes in industry structure, new competitive dynamics, technology, innovation and broader macroeconomic trends.

Changes resulting from 2008 market downturn one result of the global market downturn in 2008 was a number of government-sponsored reviews arising directly from issues that arose during the downturn. As a result of these issues the Commonwealth Government introduced the following regulatory changes:

- Commonwealth regulation of consumer credit
- Addition of 'margin lending facilities' as a financial product under Australian Financial Services Licences
- A 'responsible lending' obligation on lenders
- ASIC took over supervision of securities and futures markets (e.g. the ASX) in Australia 2.3

## **Disclosure**

Documents As previously outlined, disclosure is one of the key principles of how financial services regulation is carried out in Australia. Documents providing disclosure on financial services depend on whether the advice being provided is personal advice or general advice, and on whether the advice is being provided to retail clients or wholesale clients.

### **Providing personal advice to retail clients**

When providing personal advice to retail clients, advisers have an obligation to provide the following three documents.

- Financial Services Guide (FSG)
- Statement of Advice (SOA)
- Product Disclosure Statement (PDS).

## Financial Services Guide (FSG)

The FSG discloses the services of the adviser to the client. It must be provided to the client as soon as it becomes clear that the adviser will provide a financial service to the client. If in doubt, it is better to provide an FSG earlier rather than later.

## Statement of Advice (SOA)

The SOA contains the actual advice to the client. The SOA must include:

1. the advice
2. the basis on which the advice was given
3. the adviser's name and contact details
4. the name and contact details of the license-holder's principal
5. information on remuneration and benefits payable to any person
6. details of information that might have influenced the adviser in providing the advice
7. if the advice is incomplete or based on inaccurate information, then a warning of this
8. information on replacing one product with another.

## Product Disclosure Statement (PDS)

A PDS contains: significant risks of the product fees, expenses and charges taxation implications, and any other information that could influence the client.

An up-to-date PDS must be provided whenever an adviser recommends issues or sells a product. It can be given personally, sent to the client, or sent by email or faxed to an email address or fax number provided by the client. A cooling-off period of 14 days operates.

## Providing general advice to retail clients

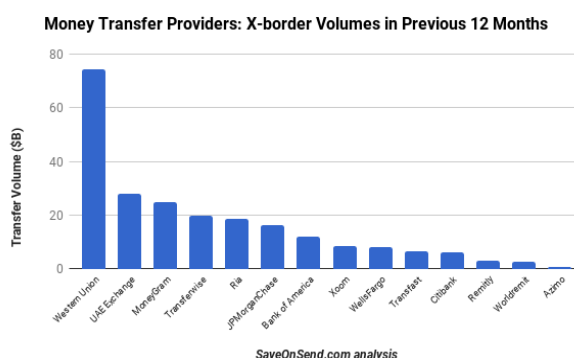
When providing general advice to retail clients a PDS must be provided.

If the adviser is providing general advice – such as in a seminar – the client must be warned that the advice does not take into account the client's circumstances.

## Providing general advice to wholesale clients

When providing general advice to wholesale clients some organisations provide a PDS, however an Information Memorandum or Terms Sheet is normally provided. Analysis of International fund transfer Startups.

The best element of being a startup amid a bubble is TIME. Financial specialists, typically fretful people, are improving and urging new businesses to center around development instead of exhausting corporate stuff like "incomes" or, surprisingly more dreadful, "benefits." Why waste time with constructive money streams when speculators are loaded down with cash and more are accessible with a brisk WhatsApp message? This is particularly evident when considering such apparently simple and tremendous market as global settlements: \$0.6T in measure, administered by one, ideally, bumbling, giant:



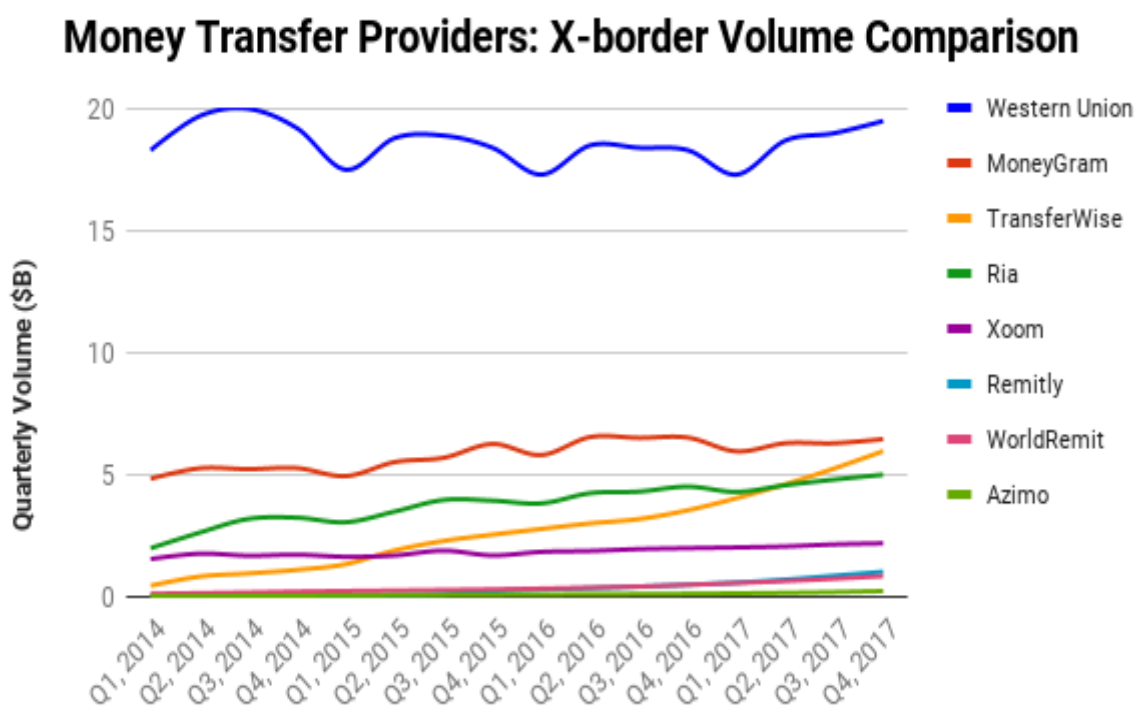
International settlements showcase is likewise extending. The World Bank is anticipating 3-4% yearly development in the coming years. All the more essentially, because of multiplication of modest cell phones and dislodging of seniors with technically knowledgeable twenty to thirty year olds, the use of portable phones for sending and getting cash may be going to soar.

### Money Transfer “Disruptors”

As the result, we now have 4 well-funded startups, all following Xoom’s dream from a decade ago to be a better version of Western Union:

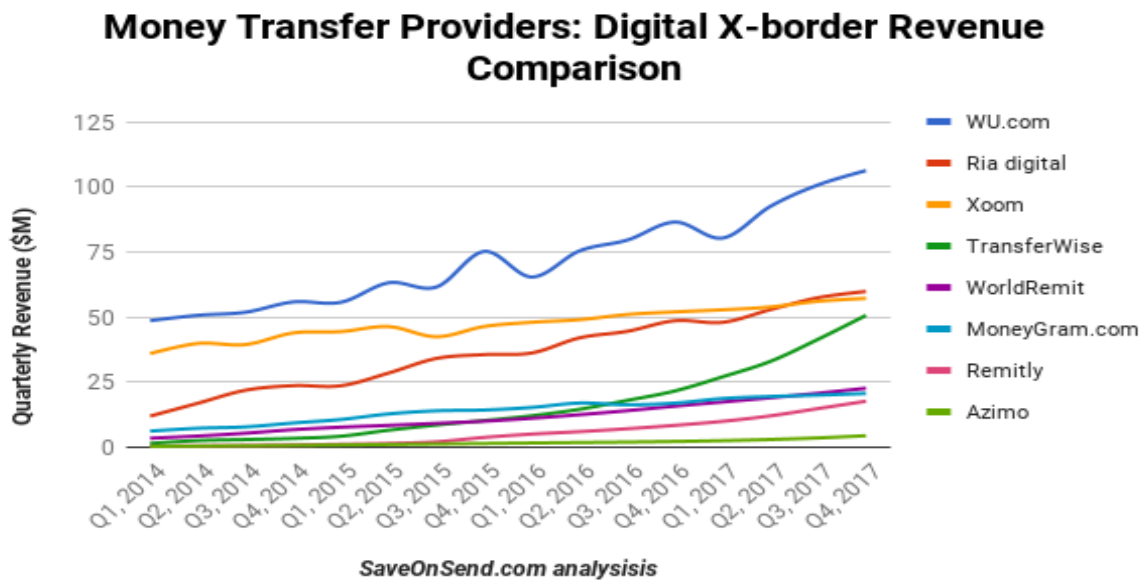
1. WorldRemit (founded in 2009)
2. TransferWise (2011)
3. Remitly (2011)
4. Azimo (2012)

Except TransferWise, these companies remain small in comparison to the market leaders in transfer volumes...



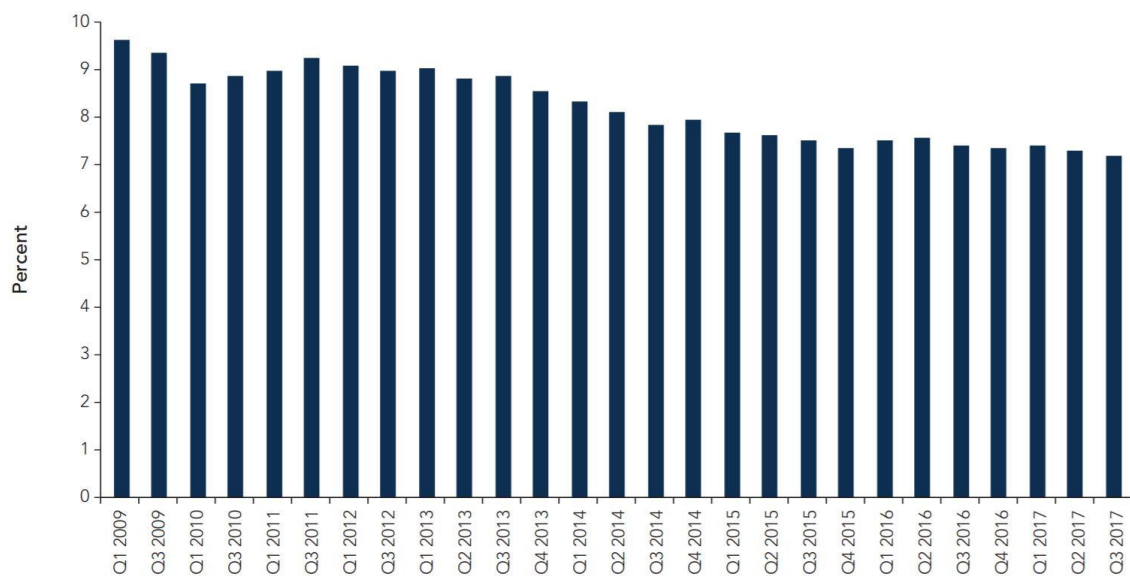
Source: SaveOnSend.com analysis

But are catching up with some incumbents in digital cross-border revenues:

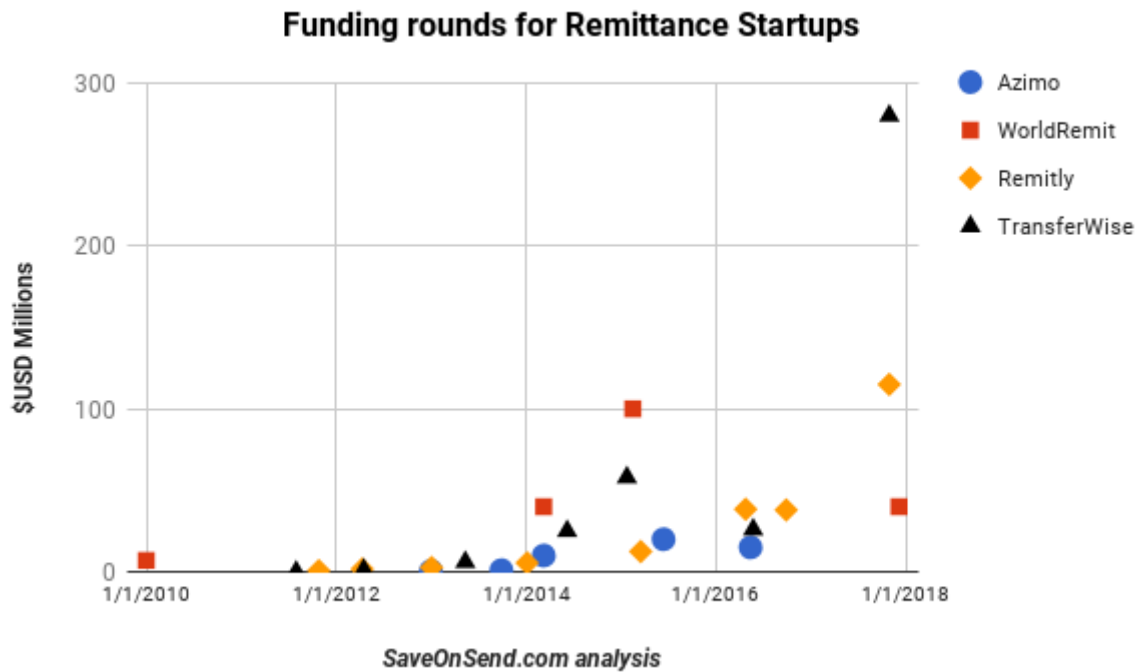


Because of targeting a small niche of digital-savvy consumers, so far Fintech has made almost no impact on cost of remittances:

**FIGURE 1.4.** The Cost of Sending \$200 Has Remained Nearly Flat in 2017

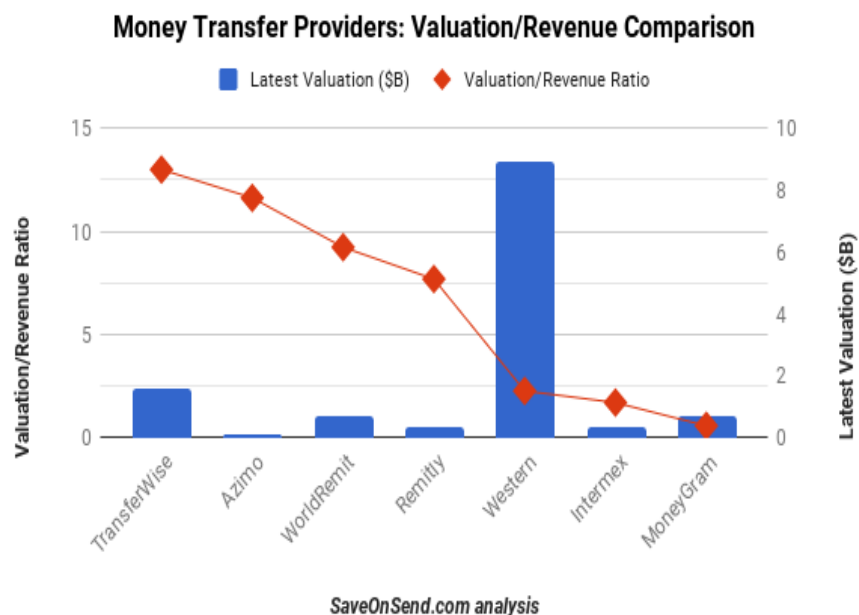


But a very broad cross-section of investors remains optimistic and have dropped close to \$1 billion on this quartet since 2010:



So Transfer Wise has received the most funding so far, then Remitly, and WorldRemit. Azimo has received the least amount.

Let's now compare amounts of funding with valuations for these startups and the revenue multiples vs. industry incumbents:

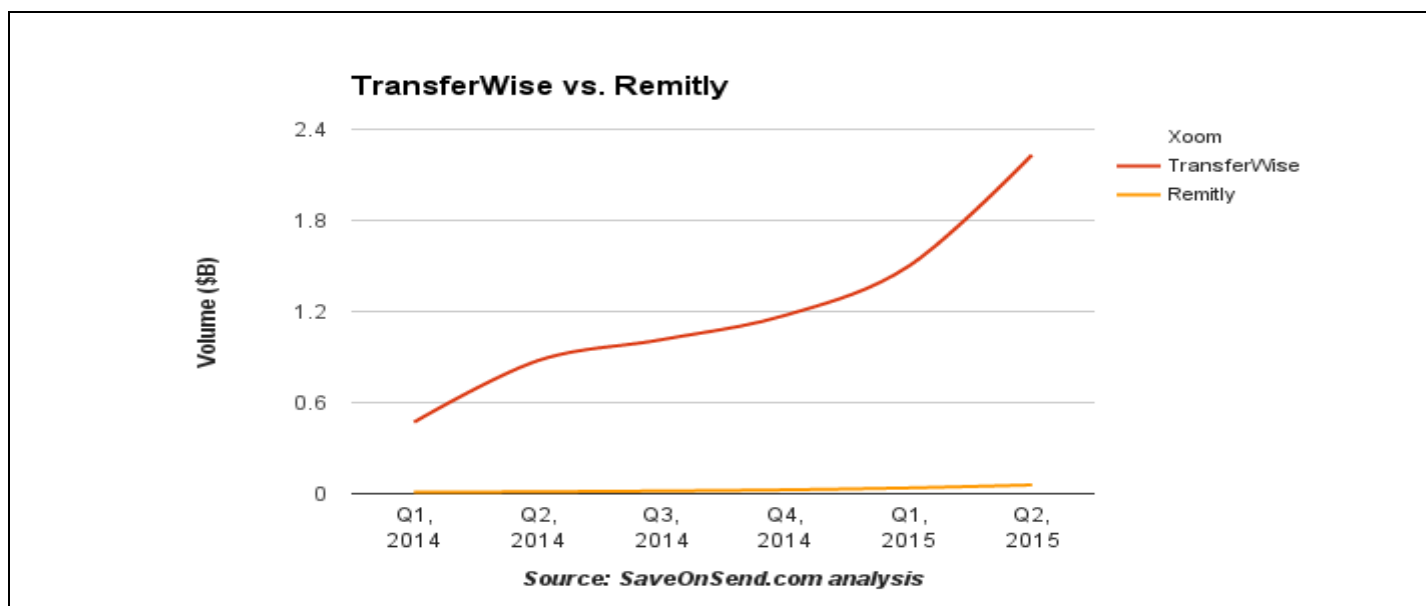


## Cash Transfer Startups Are Vastly Different

Each of the 4 new businesses got the seed round at point "0" yet what occurred next has differed essentially, both in timing and sums. Following 6 years, Remitly passed \$4 billion in annualized exchanges. It may appear like a considerable measure, however not when contrasted and Transfer Wise's direction. Two organizations were established at about a similar time and got their first \$1M+ financing in April of 2012. In any case, Transfer Wise achieved \$2M month to month exchange volume just a year later and over 2

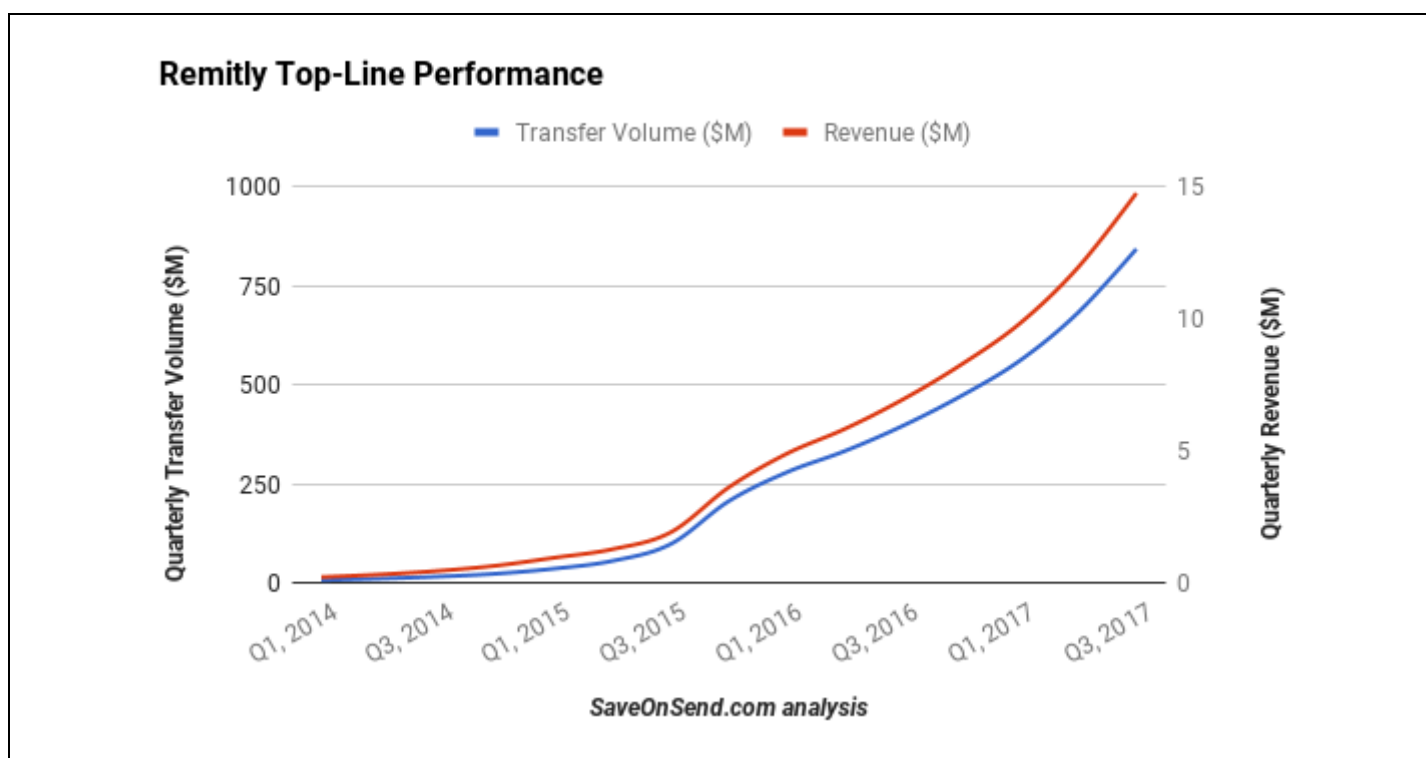


years before Remitly. By mid-2015, Transfer Wise was exchanging thirty times more for every month than Remitly:



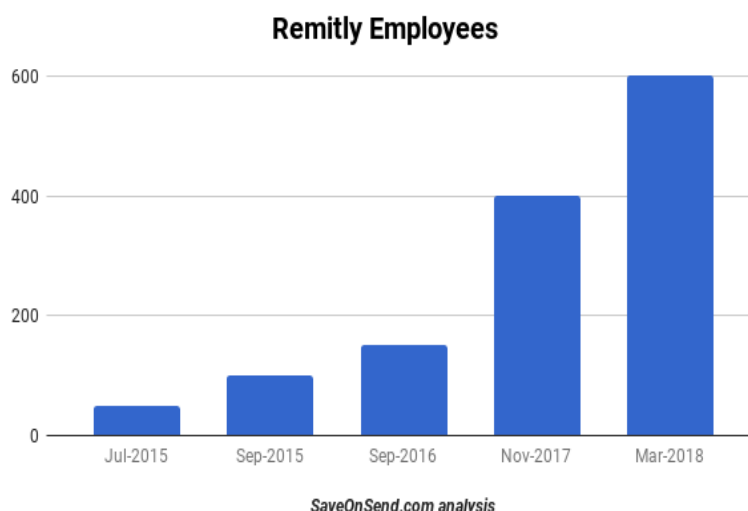
The hidden reason is in Transfer Wise’s considerably quicker scaling. In the initial three years, Remitly propelled, yet expansive yet just a single passageway: USA-to-Philippines. In February 2015, the startup propelled the second passage, USA-to-India, and in October 2015 – USA-to-Mexico. In July 2015, Remitly additionally declared its first obtaining of a coming up short application Talio to get a nearby ability (the two organizations are situated in Seattle) and amplify informing highlights in Remitly's portable innovation. In April 2016, Remitly opened outbound business from Canada to India and Philippines. In September 2016, the startup included seven more nations in Latin America for exchanges from USA.

In mid-2017, Remitly dispatch couple outbound hallways from UK, and its development direction appears to be relentless:

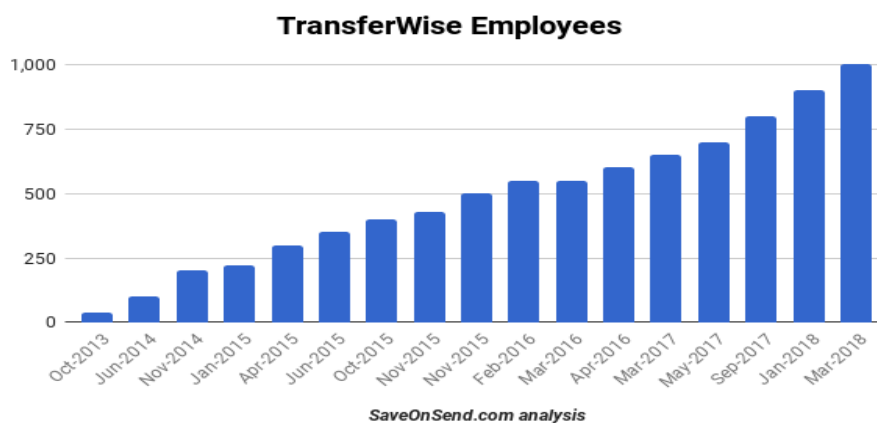


So it is not surprising for a hyped-up digital remittances niche that in the October 2017 round Remitly was valued “at least” \$345 million.

Remitly used funding to launch in new markets like Australia while accelerating hiring, reaching 600 employees by March 2018:



Be that as it may, amid about same time, Transfer Wise propelled hundreds passageways and passed \$1 billion exchange volume for every month development, achieving \$1 billion in exchanges amid its initial a year in the US. As you saw in the diagram above, by late 2016, both Remitly and Transfer Wise were growing 100% year-of-year, aside from that one of them was five times bigger than the other and was doing it with not as much as twice the same number of representatives:



Shouldn't something be said about Azimo which financing and valuation are additionally altogether lower than Transfer Wise and WorldRemit's? If you don't mind look again at the outline with financing sums by years since a seed round. Azimo is unmistakably backing off with the last \$15 million round in May 2016. You may likewise recall a graph above where Azimo has the littlest valuation different being substantially nearer to Xoom. Why? Since correspondingly to Xoom, Azimo has been restricting its development aspiration to only one topography (in Azimo case, it is Europe, for Xoom – USA). At long last, Azimo's P&L structure has a lopsided authoritative cost:

**Azimo Ltd****Profit and Loss Account and Other Comprehensive Income****Year ended 30 June 2016**

		2016 £	2015 £
<b>Turnover</b>	<b>Note 4</b>	<b>4,217,808</b>	<b>2,101,567</b>
Cost of sales		(1,522,715)	(589,710)
<b>Gross profit</b>		<b>2,695,093</b>	<b>1,511,857</b>
Administrative expenses		(9,516,670)	(6,323,138)
Other operating income		74,661	43,132
<b>Operating loss</b>	<b>5</b>	<b>(6,746,916)</b>	<b>(4,768,149)</b>
Other interest receivable and similar income	<b>9</b>	17,088	2,004
Interest payable and similar charges	<b>10</b>	(114,954)	(51,347)
<b>Loss on ordinary activities before taxation</b>		<b>(6,844,782)</b>	<b>(4,817,492)</b>
Tax on loss on ordinary activities		–	–
<b>Loss for the financial year and total comprehensive income</b>		<b><u>(6,844,782)</u></b>	<b><u>(4,817,492)</u></b>

**Conclusion**

The greatest advantage of using Fintech is that, they charge only 1 percent fee in transferring money anywhere in the world which is the best deal when compared to PayPal which charges 4.5 as their transaction fees. As per the company analysis is concerned they were 77 per cent cheaper across the board and, that is the value they are bringing to its retail customers.

Money transfer services should be availed after considering important things such as exchange rate, Mode of transfer, various regulations, the ideal time to transfer money. Bottom Line As consumers become more tech-savvy; the traditional money transfer system is paving way for the digital remittance industry. It is also allowing those who have been financially excluded until now to join the mainstream population and enjoy the benefits of being able to send and receive money with a click of a button.

The remittances industry is expected to grow by 4.1% reaching an estimated \$610 billion in 2016, and rising to \$636 billion in 2017. Increasing number of migrants along with decent economic recovery in the world will add to these figures. According to World Bank, “the number of international migrants is expected to exceed 250 million in 2015, and their savings and remittances are expected to continue to grow.”

Amidst increase in remittances figure and good economic growth in the developed countries (a source of most of the remittances), money transfer industry is set to grow at a rapid rate as well. The numbers stated above needs a medium to be transferred; specially to developing countries. It is the money transfer businesses that will eventually have to pass these massive amounts from one place to another. Thus, money transfer applications, or apps, will have a big role too.

It is continually getting difficult, in our fast-paced lives, to manage various activities at the same time. This is why mobile applications help us a great deal. Paying various bills, recharging our accounts and transferring money, are few of the many things we can do through our mobile phone applications. The Money Transfer Application allows a user to send its money from one place of the world to another through its smartphone applications. These applications are specifically designed for money transfers and are highly secure. Sending money through these apps is quick, secure, reliable and easily accessible.

This sort of technology allows an International Migrant, suppose working in Europe; to send money to, let's say India, without even going to the money transfer businesses. It is secure because of the high security embedded into the application, and is user friendly. The money transfer application, not very common relative to physical money transfer businesses at the moment, is expected to be the next big thing in the money transfer businesses; especially with the large volume sent across the world which will put stress on physical money transfer businesses. That is when Money Transfer Applications will have its big impact.

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**Authored by**

**Dr. Sandeep Chopde**

Associate Professor, MET IOM

**Mr. Ronith Ravi Mannyil**

MMS Student, MET IOM

# Operations in Logistics Firms

## Abstract

**Operations within logistics firms play a pivotal role in the efficient movement of goods and services across intricate supply chains. This study provides a comprehensive overview of the multifaceted operations within logistics firms, emphasizing their significance in modern business environments. By delving into the core activities of transportation, warehousing, inventory management, and order fulfillment, this research sheds light on the strategies and technologies employed to streamline operations and enhance customer satisfaction. Through a blend of case studies and analytical insights, the study highlights the challenges logistics firms face, including optimizing resource allocation, minimizing lead times, and adapting to dynamic market demands. The abstract underscores the integration of information technology and data analytics in modern logistics operations, facilitating real-time monitoring, decision-making, and predictive analysis. Ultimately, this study offers insights that are valuable to professionals, researchers, and policymakers seeking to understand the intricacies of operations within logistics firms and their role in shaping the global supply chain landscape.**

**Keywords: Operations, Logistics Firms, Supply Chains, Efficiency, Goods and Services, Transportation, Warehousing**

## Introduction

### Overview of Logistics

Logistics is:

- Process of moving and handling goods and materials, from the start to the end of the production, sale process and waste disposal, to satisfy customers and add business competitiveness.
- Describing the entire process of materials and products moving into, through, and out of the firm. Inbound logistics involves the movement of material received from suppliers. Materials management describes the movement of materials and components within a firm. Physical distribution refers to the movement of goods outward from the end of the production to the customer. Finally, supply-chain management is a bigger concept than logistics, and it links logistics more directly with the users' total communications network and with the firm's engineering staff.
- Process of anticipating customer needs, acquiring the capital, materials, people, technologies, and information necessary to meet those needs and wants; optimizing the goods- or service-producing network to fulfill customer requests.
- Customer-oriented operation management.

### Components of Logistics System

The closely linked components of the logistics system are:

- **Logistics services** support the movement of materials and products from inputs through production to consumers, as well as associated waste disposal and reverse flows. They include activities undertaken internally by the users of the services (e.g. storage or inventory control at a manufacturer's plant) and the operations of external service providers. They involve physical and non-physical activities (e.g. Transport, storage and supply chain design, selection of contractors, freightage negotiations respectively). Most activities of logistics services are bi-directional.

- **Information systems** include modelling and management of decision making practices, and more important issues are tracking and tracing. It provides essential data and consultation in each step of the interaction between logistics services and the target stations.
- **Infrastructure comprises** human resources, financial resources, packaging materials, warehouses, transport and communications. Most fixed and initial capital is for building those infrastructures. They are concrete foundations and basements of logistics systems.

### 1.3 Objective and Scope of the Report

#### Objectives:

- The main objective of the study is to learn the various aspects of logistics along with the functioning of a logistics firm.
- To study the impact of logistics industry on performance of other industries.
- To study the logistics cost associated in different industries.
- To know about the policies and procedure followed by the firm while transporting the goods and services.
- To know about the need and importance of a logistics in today's scenario.
- To study the transportation cost associated with different modes of transport.
- To study the role of global 3PL service providers in India.
- To study the current scenario of Indian logistics industry.
- Study the development of logistics, interrelationships of transportation and logistics, benefits of transportation to logistics activities and vice versa
  - Do a comprehensive study of logistics activities in Blue Dart

#### Scope:

To study the various facets of a logistics system, various enterprises operating in this space in the Indian market with specific focus on Blue Dart as a leading player on the scene. This study also focusses on the current logistics market scenario and practices of the firms operating in this sector.

#### Scenario of Logistics in India

Today logistics management in India has become complicated with about ten million related outlets to cater to the needs of 1000 million people. The logistics market in India is estimated to be Rs.260,000 crores and constitutes 13 per cent of the GDP. It is much higher than for the U.S. but lower when compared to countries like China and Korea. A reduction in logistics costs by one percentage point will mean a saving of \$4.8 billion or Rs. 21,600 crores annually. Besides significant benefits can be obtained through the multiplier effect of better logistics on all economic sectors.

Healthy economic growth in India is increasingly supported by strong industrial growth. One of the lesser known but significant sectors that support almost all industrial activity - the logistics sector - is also witnessing this growth as a follow through. However, notwithstanding its importance and size (INR 4 trillion), it has traditionally not been given the attention it deserves as a separate sector in itself.

The degree of inefficiency in logistics activities in the country has been very high across all modes. With the developing business environment creating a strong demand pull for quality and efficient logistics services, core issues around enabling infrastructure, regulatory environment and the fragmented nature of the industry are being overcome gradually.

The necessary pace of efficiency and quality improvement will demand rapid development of capabilities of logistics service providers. And with logistics being a service oriented sector, skill development will emerge as a vital capability while skill issues exist in varying degrees in all segments of logistics; those

segments where the gaps are not only wide but also widening at a relatively fast pace. The most critical and immediate requirement for skill development is found to be in the road freight and warehousing segments.

India's spend on logistics activities which is equivalent to 13 percent of its GDP is higher than that of the developed nations. The main reason for this is the relatively higher level of inefficiencies in the system, with lower average trucking speeds, higher turnaround time at ports and high cost of administrative delays being just a few of the examples.

These inefficiencies have arisen over the years from a combination of a non-conducive policy environment, expansive industry fragmentation and lack of good basic infrastructure. India's indirect tax regime also discouraged large centralized warehouses and led, over time, to fragmentation in the warehousing sector. At the same time, the lack of a single logistics 'champion' (whether in form of a ministry or otherwise) in the government (or industry) led to a disintegrated approach to development of the sector. Extensive fragmentation meant the incapacity of industry players to develop the industry as a whole and poor support infrastructure, such as roads, ports and telecom, led to a situation where the opportunity to create value is less.

However, much of this is changing with the government now showing a strong commitment towards providing an enabling infrastructure and creating conducive regulations. There is significant current and planned investment in infrastructure to the tune of (INR 15 trillion) over the next few years and an increasing emphasis on public-private partnership. At the same time, regulations revolving round the rationalization of tax structures and prevention of overloading for example are creating an environment of positive change. Players now have the opportunity to leverage economies of scale, complemented with better infrastructure, to provide integrated logistics solutions which are cost efficient.

In addition, the evolving business landscape and increasing competition across industries, is creating the need for more efficient and reliable logistics services than what exists today. For example, rapid growth of organized retail and the necessity to reach out to the large untapped rural markets in India are necessitating development of strong back end and front end supply networks.

Fundamentally, a distributed industry with low average scale - and consequent limited investment and market development capability - is worst placed to serve these needs. It is not surprising therefore that there is an urgent pace of consolidation and organic growth that the industry is witnessing. While logistics service providers are struggling to keep pace with the growth, logistics service users with limited or no outsourcing are finding it increasingly difficult and / or undesirable to manage this non-critical activity in-house. The result is a wide service gap that is seemingly widening much faster than it is being filled.

It is in this context that capability development of logistics service providers garners critical importance. While rapid development across all dimensions of organizational capability will be necessary to achieve and sustain demand growth, logistics being a service industry, manpower capabilities assume utmost importance. The sector currently employs about 40 million people, and that will rise rapidly with exponential growth expectations in the sector. A look at the financials of a set of 80 logistics companies in India across sectors reveals that manpower spends constitute 8-10 percent of overall sales of the sector.

This translates to about an INR 500 billion spend on logistics manpower in the country annually. Only about 13 -14 percent of the overall manpower costs are spent on non-salary, manpower development items (welfare, training etc.). This share for unorganized companies would expectedly be much less.

As against this, leading global logistics companies spend about 20 percent of their employee expenditure on non-salary items. This lack of focus on developing manpower and skills for the logistics sector has resulted in a widened gap in the numbers and quality of manpower in the sector. This gap, unless addressed urgently, is likely to be a critical impediment in the growth of the logistics sector in India, and in consequence, could impact growth in industry and manufacturing sectors as well.

### **Size of the logistics market in India:**

Indian Supply Chain and Logistics Industry is more than USD 100 Billion in size and is the backbone of Indian Economy. The industry is growing at a rate of 8-10% annually and has been a crucial contributor in the growth and development of the Indian economy. In the near future, Traditional Logistics services like Transportation and Warehousing will continue to growth at a good rate. However, the big ticket growth will be coming from the Value Added Logistics services in the near future.

At present, Outsourced Logistics accounts for only one-third of the total Logistics market in India, which is a significantly lower proportion in comparison to the developed markets. Growth in this industry is currently being driven in India by over USD 300 billion worth of infrastructure investments, the introduction of GST, the development of organized Retail and Agro-processing industries, along with a strong manufacturing growth. In addition, strong Foreign Direct Investment inflows in the Indian markets would lead to increased market opportunities for providers of Third-Party Logistics in India.

### **Competitive conditions and other issues**

The following problems existing in the Indian logistics industry make it unattractive for investments and also create entry barriers:

- Logistics is a high-cost, low-margin business. The problem of organized players is compounded by unfair competition with unorganized players, who can get away without paying taxes and following operating rules stipulated in the Motor Vehicles Act such as quality of drivers and vehicles, volume and weight restrictions, etc.
- Economies of scale are absent in the Indian logistics industry. Even the organized sector that contributes more than 1% of the logistics cost, is highly fragmented. Existence of the differential sales tax structure also brought in diseconomies of scale.
- There is lack of trust and awareness among Indian shippers with regard to outsourcing logistics. The volume of outsourcing by Indian shippers is presently very low (~ 10%) compared to the same for the developed countries (> 50%, sometimes as high as 80%). The unwillingness to outsource logistics on part of Indian shippers can be attributed to skepticism about the possible benefits, perceived risk, and losing control, of sensitive organizational information, and vested interests in keeping logistics activities in-house.
- Indian shippers expect LSPs to own quality assets, provide more value-added services and act as an integrated service provider, and institute world-class information systems for more visibility and real-time tracking of shipments. However, they are unwilling to match the same with increased costs; even pay little attention to timely payments that leave LSPs short of adequate working capital.
- Indian freight forwarders face tough competition from multi-national freight forwarders for international freight movement. MNCs, because of their size and operations in many countries, are able to offer low freight rates and provide credit for long periods. Indian freight forwarders, on the other hand, because of their smaller size and lack of access to cheap capital, are not able to match the same. Moreover, clients of MNCs often want to deal with a single service provider and especially for FOB (Free on Board) shipments specify the freight forwarders, which mostly happen



to be the multi-national freight forwarders. This is sort of a non-tariff barrier imposed on Indian freight forwarders.

- Poor physical and communications infrastructure is another deterrent to attracting investments in the logistics sector. Road transportation accounts for more than 60% of inland transportation of goods, and highways that constitute 1.4% of the total road network, carry 40% of the freight movement by roadways. Slow movement of cargo due to bad road conditions, multiple check posts and documentation requirements, congestion at seaports due to inadequate infrastructure, bureaucracy, red-tapeism and delay in government clearances, coupled with unreliable power supply and slow banking transactions, make it hard for exporters to meet the deadlines for their international customers. To expedite shipments, they have to book as airfreight, rather than seafreight, which adds to the costs of shipments making them unsustainable in international markets. Moreover, many large shipping liners avoid Indian ports for long turn-around times due to delays in loading/unloading and hence Indian exporters have to resort to transshipments at ports such as Singapore, Dubai and Colombo, which adds to the costs of shipments and also delays delivery.
- Low penetration of IT and lack of proper communications infrastructure also result in delays, and lack of visibility and real-time tracking ability. Unavailability and absence of a seamless flow of information among the constituents of LSPs creates a lot of uncertainty, unnecessary paperwork and delays, and lack of transparency in terms of costs and service delivery. For example, a shipper has to pay a higher freight rate if it cannot ensure return load. At present, there is no real time process by which a shipper may know about the availability of trucks and going rates at the destination market. Therefore, it has to pay more. Had the market information been available to both the shipper and the service provider, the service provider's cost structure would have been transparent to the shipper and it would have ended paying the actual market rate. Another example would be that LTL (Less than Truckload) shipments cost more than FTL (Full Truckload) shipments. Now, when a shipper books a LTL shipment, it has no idea about the status of its shipment after it leaves the warehouse at the origin and before it reaches the warehouse at the destination. The service provider may still convert this LTL shipment into a FTL shipment at its own warehouse before delivering at the destination. So, the shipper ends up paying LTL rates for a FTL shipment. Had there been visibility during delivery, this problem would not have occurred.
- Since most of the LSPs are of relatively small, they cannot provide the entire range of services. However, shippers would like service providers to offer more value-added services and a one-stop solution to all their logistical problems. The inability of service providers to go beyond basic services and provide value-added services such as small repair work, kitting/dekitting, packaging/labeling, order processing, distribution, customer support, etc. has not been able to encourage shippers to go for outsourcing in a big way.
- There is lack of skilled and knowledgeable manpower in the logistics sector. Management graduates do not consider logistics as a prime job. To improve the status of the industry, service providers have to move beyond the level of brokers and truckers to attract and retain talent.

### **Technology Offerings from Bluedart**

Blue Dart has been the only complete courier service Indian company that has invested widely in technology infrastructure to enable services like differentiated delivery capabilities, quality Services and customised solutions for the customer.

Blue Dart has been instrumental in encouraging Innovation and Technology for building high speed, high efficiency services which enables it to function more judiciously method resources while at the same time giving the maximum output time.

Some of the technology based innovations which are adopted at Blue Dart are:

### **1. TrackDart**

TrackDart customer track the position of the shipment by using the track box which is available on the upper left panel of every page on the Blue Dart website. The customer can keep record of shipments between India, Bangladesh, Bhutan and Nepal. Shipments under single or various labels may be tracked using either the way bill number or the reference number given at the time of shipping.

### **2. Newline**

The customer may either use the way bill number or the reference number to track the status of his shipments. This feature for customer is to track a single or multiple shipments and track the status of your shipments by using the way pin number. The customer has to enter the waybill number either in the subject or in the text of the mail. Each way bill number is separated by comma period and mail.

To track the position of your shipments by the reference or order number the customer is required to enter the reference for order number in the subject of the mail, each reference for order number should be separated by comma.

### **3. Location finder**

Customer can find the service positions of Blue Dart and Blue Dart counter or franchise located closest to him or her. The customer may search by city, street name or pin code to find out one of the over 35000 locations, and in more than 220 countries and territories worldwide.

### **4. Transit time finder:**

This tool enables the customer to check the transit times for his or her domestic and international shipments, and for the various services driven by Blue dart to help him or her identify the services that meet their needs.

### **5. Waybill generation:**

The online waybill generation tool developed by BlueDart makes easier to the customer to generate E waybill for their consignment. The user has to enter the details of the consignment and the way bill which is generated in a PDF format and it will be given as a download to the customer.

### **6. Address book**

This is another powerful attribute in waybill generation. It is a part and parcel of the online waybill generation module. This address book can be seen by all credit customers of Blue Dart. You can make a new address list and change or delete the addresses at any point in time which facilitates you too quickly to select the predefined addresses or add new ones.

### **7. ImageDart:**

It enables the users of blue dart's premium services like surface line and apex that is a package Express services to download proof of delivery and delivery challans online from the Blue Dart website sitting at the leisure of their home. This image which is downloaded has all delivery details consisting of the consignee's signature and comments that will be made available on your website 48 hours after the delivery of the shipment. With this tool the customers using Blue Dart services will now be able to collect their collections from their own customers much faster saving them interest costs and making their billing and recovery cycle and supply chain much more productive.

Some of the standalone tools employed by Bluedart for increasing efficiency in the internal back and processes are defined as follows:

- **COSMAT II**

It is a computerized online system for management accounting and tracking. It is a complete ERP system which has been indigenously developed by Bluedart. This system interfaces with the human resources management, Purchases, Sales, Financial management, executive information and customer relationship management systems.

The system was constructed by segregating it in four major models to cover all the complex processes of the entire organisation. Different kinds of media like leased lines, microwave links or the very widely used WAN were used to set up this large application. Scanner and barcode systems were setup for speedy operations. The system enables easy access to the database over a wide Area Network, and ensures reliable information and feedback even in areas that are affected by poor telecom services. All the powerful web based tools, including TrackDart interface with COSMAT II to provide real time response to customer requirements. It is a developing system which is being continuously upgraded to deliver more value to the customer and make the operations of the firm more easier, better, secure and manageable.

- **SMART:**

SMART stands for Space Management Allocation Reservation and Tracking. It is a state of the art Technology system which has been developed in house by Bluedart and which allows real time space and revenue management of the Blue Dart aviation network. It sees to it that the aircraft is filled profitably and that all the customers with space confirmed on the aircraft have the assurance that their packages would travel.

The system follows COSMAT II leveraging on the infrastructure and strength of the system which ensures that package booked on the system are picked, moved on the network and tracked until delivery.

- **SHIELD:**

This is a security module developed by BlueDart which works as a strong online process that simplifies the tracking of any security incident across the country. It also allows the closure of cases and derives pattern as a better management tool to find patterns among the events and reduces the further occurrence of such events.

- **SHIPDART:**

It is a proprietary solution which was especially created for the convenience of regular customers. It allows the user to control the entire shipping and tracking processes. This software needs to be installed at the customer's side in order to connect with the Blue Dart back end Systems which thereby facilitates the managing of activities for pre-shipping and post tracking, thereby playing a major role in bridging the existing gap in any package movement. A set of Master files are present on the system which controls the system.

- **Customised Solutions:**

Blue Dart has provided customised logistics solutions among the different industry segments such as finance, Pharmaceutical, Information Technology, consumer durables, among others. These solutions are integrated closely with the Legacy systems of the businesses which helps them to accelerate the processes and provide them with effective management information systems.

- **CARESS:**

It stands for complaint appreciation, resolution and evaluation to satisfactory system. It is the latest in-house introduction and a very strong one at that point it is a very efficient online customer complaint redressal system. It helps intelligence on every single customer complaint to enhance service excellence.

## **E-Business tools**

These tools properly integrated with the customer systems to provide them with a convenient efficient and economical solution to the sea shipping requirements.

### **1. Internet Dart:**

Track online status of your shipment sent over the last 45 days. You may search by a range of dates origin, destination, delivered or undelivered shipment or service used, online. You may create a series of reports, at predetermined frequency, and sort the results online.

For online questions and reports, on giving the input of range of pick up dates, origin destination and services used, the customer can check any of the following, online:

- Way bill details and status of all shipments sent during a given period
- Information of all delivered shipments
- Record of all undelivered shipment
- Details of all RTO (Return to of origin) shipments
- Information of all the redirected shipments

This tool is made keeping in mind the management and tracking processes of medium to large businesses and integrating them with their back end systems. The system can only be used by registered customers of Blue Dart.

### **2. ShopTrack**

It is an API i.e. application program interface made specifically to support and make better the services provided by a portal or any e-business. Research indicated that while E-Commerce websites provided a lot of products and services and promised to deliver them to the customer's doorstep after the purchase, the customer had to leave the E-commerce website and login to the logistics partner website for tracking the delivery of their purchase to the doorstep. This is where API comes in picture. It enables the tracking device of the logistics website to be integrated in the E-commerce website itself so that the customer can track the location of their products on the Purchase site directly.

This tool provides a very customised and easy solution to the customers. Customers need not leave the portal and go elsewhere to track their purchases anymore. They just need to enter the order number of their purchase on the Purchase website itself and the shipping and delivery details as well as the tracking information is displayed on the same page. The portal has the flexibility to decide the way in which the information is to be displayed. It is another device designed to give Blue Dart's customers a competitive edge.

### **3. PayTrack**

It is another API for handling the logistics distribution and inventory control for the client side. Streamlining and bringing together the shipping processes is its main objective. This API is integrated into the client systems and thus it enables the client to keep record of the entire distribution status of all its customers. It is Java based platform which is simple and easy to use and can be properly integrated with any Windows based application or a java-compliant machine. Blue Dart database is seamlessly integrated with this tool which helps in fetching any queries immediately from the database and bringing the entire chain of

knowledge within the client's domain. The client can also store this information in his own database providing him with an effective customer relationship management tool.

These e-business tools, the first of the type in the country have brought about increased efficiency levels to most b2c, B2B and c2c transactions.

- Both shop track and pay track offer the following services:
- Online, real-time status information of the way bill number
- Online real time status information of all the Rebel linked to an order number
- Details in either XML, text or HTML format
- Supports JSP and ASP format

#### **4. Mobile Dart:**

Mobile Dart supports two platforms: WAP and SMS. Using the first device, the customer can check the current status of a shipment on the internet by entering his or her waybill number. The customer can choose to have the delivery information by email or SMS for an undelivered shipment. The customer also has the option to use the location finder which provides all information about the services provided by Blue Dart and the locations serviceable. This helps the customer to make a shipment decision on the Run.

Mobile Dart SMS runs on any mobile phone or device which supports sending short messaging services. This service provides tracking attributes - current status of shipments forwarded, and automated intimation of the delivery of the shipment.

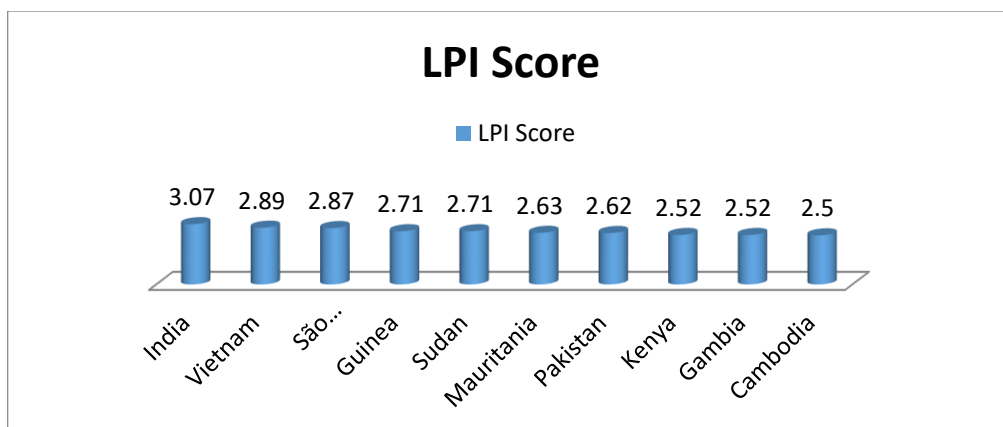
### **Statistical Information**

#### **1.1 Logistics performance of Index of India with other countries:**

Country	LPI Score
USA	3.85
UK	3.84
Singapore	4.19
India	3.07
China	3.64
Mexico	2.64

**Interpretation:** The Logistics Performance Index (LPI) and its indicators provide the first in-depth cross-country evaluation of the logistics gap among countries. As the above graph shows that LPI score of USA, UK, Singapore, India and Mexico, shows the performance of logistics in global transport and logistics hubs. Also as the performance of developed countries in logistics are better as compared to the developing nation.

#### **1.2 LPI top 10 countries of low income group :**



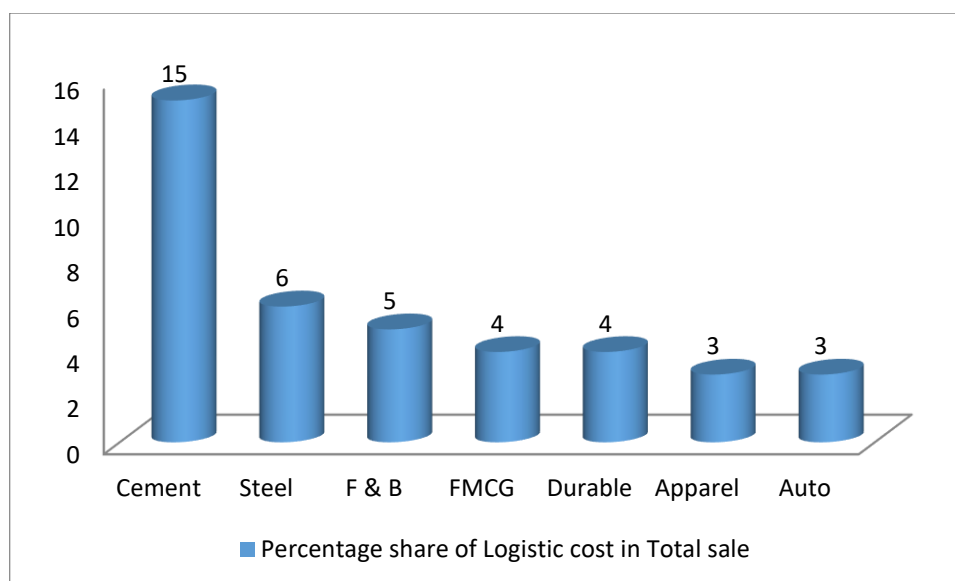
**Interpretation:** This graph shows that India has shown better performance among all the low-income countries. This shows the among the low income countries India's performance in global transportation and logistics hubs is much better.

### 1.3 Logistics cost contributed from GDP in different countries :

Country	Logistics Cost/GDP
India	13%
U.S.	9.9%
Europe	10%
Japan	11.4%

**Interpretation:** Above graph show that in India, logistics cost higher than developed countries and its contribution to GDP is 13 %.

### 1.4 Share of Logistics cost in total sale for various industries:



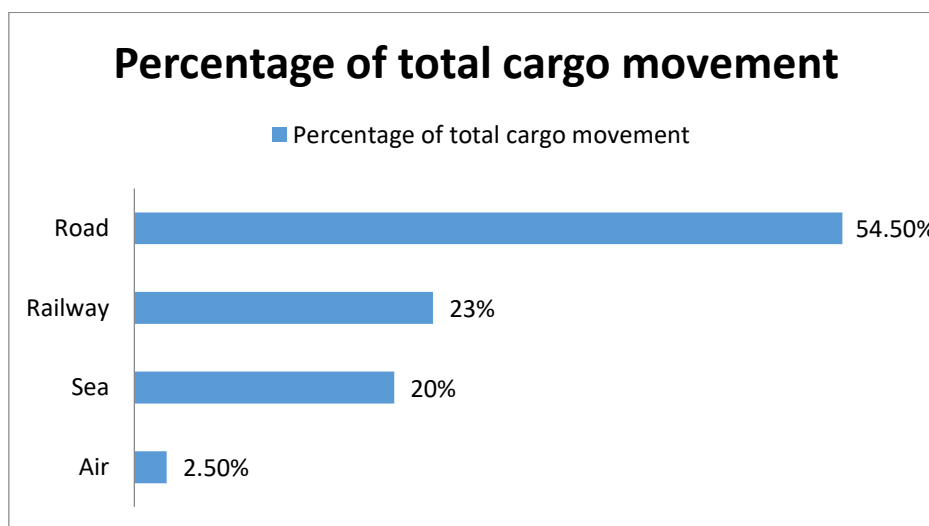
**Interpretation:** Above graph shows logistics cost contribution to sale of different industries. Maximum share in Cement industry (15%) and Steel industry (6%) sale as compared to the other industries like Food & Beverage, FMCG, Consumer Durable, Apparel and Auto.

### 1.5 Transportation Growth with different modes in India (in million tonnes):

Year	Road	Railway	Sea	Air
2002	1075	0.9	364	478
2006	1560	1.4	578	667

**Interpretation:** The above graph shows the increase in the modes of transportation annually and the maximum growth shown by the railway and sea as compared to other two modes of transportation.

### 1.6 Preferred mode of cargo movement:



**Interpretation:** Graph shows that the preferred mode of cargo movement in India is Road as compared to Rail, Air and Sea.

## Conclusion

Indian Logistics industry is continuously improving its performance in the global logistics industry by development of customs, trade-related infrastructure, inland transit, logistics services, information systems, and port efficiency help to provide trade goods and services on time and at low cost. The World Bank's 2007th Global Logistics Report ranks India 39 amongst 150 countries in consideration of logistics performance during the year as well as its future potential.

Indian Logistics industry has low performance than developed countries like USA, UK and Singapore in global logistics sectors due performance gaps in logistics services and highest among the low-income group countries. India spend in Logistics activities is equal to 13 % of its GDP is higher than that of developed countries. The main reason is the relatively high level of inefficiency in the system with lower average trucking speeds, higher turnaround time at ports and high cost of administrative delays.

3PL service provider share is less in logistics sector in India as compare to developed countries and still at the amateur stage. Multinational companies in all industries have been predominant users of this service as one of prime for lesser share 3PL in India. Also in India organised sector is not well established as compared to developed nation.

In Indian logistics sector, major sector investors are Aviation, Metal & Mining and Consumer Durables. Also logistics industry in India improves the performance of other industries year to year and share of logistics cost in sale also increasing which is maximum in cement sector.

## **Suggestions & Recommendations**

- Scheduling of service time schedules of arrival and departure of rails, ships and plane has great scope for improvement. They never run on time and require national discipline and proper guidelines.
- Legal system is not in touch with the modern outlook of life and business. The laws are outdated and require comprehensive amendments. The laws are remnants of British Rule and provisions contained in them do not meet the requirements of modern and complex international trade.
- It bids well observing development of national and selected state highways for faster movement of traffic. It is response to free trade regime being rapidly established under the compulsive auspicious of WTO in the interest of humanity. It is hoped that the implementation of the new infrastructure projects would be on schedule or at least without much time cost overrun.
- In this connection the UPA-1 government initiated the greatest ever emphasis on infrastructure development, general and specific. UPA-2 has given first priority and invited convergence of all ministries agenda to bear upon this infrastructure subject of international standard to help movement of foreign capital with promise of high profitability as the country cannot mobilize resources of the required dimension.
- The system and procedure obtaining in government department are inconsistent, time consuming and not at all business centric. The officers are trained as ever in manage development. There should be time-bound programme to simplify procedure and format.
- Logistics development is absolutely essential. In the absence of flow less and updated logistics, the MNCs shy away from doing business in India. There is need to increase FDI in logistics sphere and relaxing of norms linked to entry, taxation, import of material handling and movement of equipment etc.

Currently agriculture contributes nearly 25 % to Indian economy (GDP) and also requires development of warehouse sector. This service sector has good prospects of equipping top place in services of different types.

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**Authored by**

**Ms. Dharmishta Gala**

Assistant Professor, MET IOM

**Mr. Abhishek S. Patil**

MMS Student, MET IOM



# Impact of Yoga on Human Development in Informal Sector as Market Making Logic

## Abstract

**Yoga as a practice and philosophy is now accepted as a human development activity as per extant literature and evidence is in global economic activity of multi-billion dollars, rather than straight-jacketed as religious or mystic or esoteric activity which could limit its acceptance among multi-cultural multi-religious society of India. In this environment, to find a logic for market development for yoga which is not a primary services product in an informal sector which is resource scarce could be answered with an appropriate consumption drive which has an universal appeal while being an empowering practice so that profit sector as well as non-profit sector could equally be a service provider and marketer.**

**Key Words: Yoga Practice, Yoga Philosophy, Informal sector, Human Development, Market**

## Introduction

Yoga is popularly known today as postural yoga and in this nomenclature, it is accepted universally as a practice which plays a role in modern times where stress and anxiety, life-style ailments are commonplace irrespective of living standard. There was more focus on the issue of human salvation, realized through the understanding of knowledge and practice of meditation (dhyāna) in the Yoga Sutra and three paths (Karma Yoga, Bhakti Yoga and Gyan Yoga) referred to in Bhagavad Gita with devotional approach to the god Krishna. The yoga practice was coded in 4th Century by Sage Patanjali's Yoga Sutra as Astang Yoga (eight limbs of practice encompassing postural yoga, breathing systems, personal and social code of conduct, non-greed and three stages of meditation) and in 13th/14th Century Hathyoga Pradeepika as Hatha Yoga (postural yoga and breathing systems). However, modern-day postural yoga owes its origin to hatha yoga's combination of "postures (āsanas), breath control techniques (prāṇāyāma), locks/pressure applied to specific vein or part of body like neck (bandha), and seals (mudrās)" that are the practices evolved from 5th Century onwards till it became eighty-four āsanas and is a major practical element world over in its various adaptations and speed and sequences. Swami Vivekanad popularized Raj Yoga as practice with emphasis on its spiritual content along with Astangyoga and Hathyoga.

## Evolution of Yoga from Mystic to Everyday Services Product

Practice of yoga in USA changed, moving away from Swami Vivekanad's Raja Yoga to Postural Yoga of Hatha Yoga System and from mystic practices of Hatha Yoga with the aim of attainment of special prowess to gradually shifting to cultural forms with emphasis on fitness, muscle toning and body sculpting. Preventive health, psychological health and coping with stress and anxiety resulting from modern living in Western societies or even spirituality were other motives for yoga practice. This also led to beginning of universal and secular appeal of yoga as separated from its religious moorings and even gave strength to its acceptance as a mindfulness practice and human development activity, accepted even in public schools in UK as a state policy as reported by Iliana Magra on Feb. 4, 2019 in <https://www.nytimes.com/2019/02/04/world/europe/uk-mindfulness-children-school.html>.

## Literature Review

### Physical Health and Preventive Health Benefits

Hudson (1998) concluded that in combination with breath control, which added additional neuromuscular effects, Hatha Yoga provided some limited benefit in other musculoskeletal-related pain management,

especially back pain. Tran MD, Holly RG, Lashbrook J, Amsterdam EA. (2001) detailed Hatha Yoga and its beneficial effects on physical wellbeing through holding static physical postures (asanas), use of stretching, and improves muscular strength and flexibility.

Tran MD, Holly RG, Lashbrook J, Amsterdam EA. (2001) found “hatha yoga, one of the many forms or paths of yoga, focuses on overall fitness through pranayama (breath-control exercises), asanas (yoga postures), and dhyāna (meditation).” Desikachar K, Bragdon L, Bossart C. (2005) discussed about the extent of attainment in yoga practice that would depend upon one’s level of interest and intensity of practice encompassing physical, mental health and spiritual progress.

Posadzki, P., Ernst, E., Terry, R. and Lee, M.S. (2011) in a study on effect of yoga on pain, 10 of 11 studies, found significantly greater effects in favour of yoga as compared to other modes of care, therapeutic exercises, relaxation yoga, touch and manipulation, or no intervention. Telles, S., Singh, N., Bhardwaj, A. K., Kumar, A., Balkrishna, A. (2013), in a randomized control trial concluded that “yoga and physical exercise are useful additions to the school routine, with physical exercise improving social self-esteem.”

Giovanola, B. (2014) showed that cultural participation has a positive effect on health and well-being. Yoga as a functionings of capability approach could prove to be effective human development activity as a public policy. There are arguments against welfarism, the state intervention in provisioning of functionalities is not normally preferred as being compulsive and non-discretionary, leaving no choice to beneficiaries in terms of their cultural choice. This argument could be countered with yoga’s secular dimension as discussed below.

Leischner, J.A. (2015) argued for “increased integration of yoga as a technique for primary disease prevention and western medical treatment for disease symptom treatment and management that may result in promoting a sustainable and affordable self-care healthcare system in the United States.”

## **Yoga and Spiritualism**

As Zell, A. L., and Baumeister, R. F. (2013) acknowledged ethical precepts contained in Patanjali’s Yama and Niyama - first two limbs of Astang Yoga wherein Yama refers to ethical practice and is important in relationship with society and Niyam as a disciplinary, self-regulatory practice while discussing about psychology of self-regulation. Understanding yoga in its totality could lead to its ethical, social and human development role.

Jha S. K. (2015) suggested a link between science and spirituality citing transformational benefits practicing Astang Yoga as akin to a “controllable system, person reached in state of Samadhi can transfer himself/herself from any initial state to other state” with supernatural divinity” and be energetic and give the optimal performance.

Krzysztof, K. (2016) explained philosophy behind practice of Hath Yoga as “being here and now and gaining the awareness of the present is an extremely important element “as an important element in Buddhism as also in hatha-yoga.

## **Yoga for Cognitive Benefits**

Sarang PS, Telles S. (2006) and Subramanya P., Telles S. (2009) reported in a study designed to assess the efficacy of IYM (Integrated Yoga Meditation) IYM on attention and SE (Self Esteem) in low-income high school girls that heart rate variability during sleep following the practice of cyclic meditation and supine rest improves visual and spatial memory and further concluded that CM practice (cyclical meditation –as

referred elsewhere in this study) (i) reduces autonomic arousal, (ii) improves attention, and (iii) improves quality of sleep.

In terms of improving cognition, attention and memory functions, study by J Sethi, J.K., Nagendra, H.R., and Tikhe S. G. (2013) (2013) concluded "...that even short-term Yoga intervention in the form of integrated yoga module improved the self-esteem. This resulted in better academic performance as a result of improved attention span."

### **Yoga as a Services Product**

In order to understand market development of yoga as a services product, concept of services as a process and services provider and consumer being co-creator as in case of yoga as an interaction between teacher and a disciple could be helpful. Vargo, S. L. and Lusch R. F. (2006); Lusch R. F., Vargo, S. L. and Wssels G. (2008) elaborated on "primary tenets of Services - Dominant Logic (SD Logic) as (1) conceptualization of services as a process, rather than a unit of output; (2) a focus on dynamic resources like knowledge and skills that is operant resources, rather than static or natural resources or operand resources.

**Research Objectives** The research problem is to investigate whether demographics like age and sex could help determine market development of yoga as a human development activity in informal sector of Mumbai. Following research objectives were proposed to be studied.

- ❖ To study demographic factors of age and gender in creating market place and market space for yoga in informal sector of Mumbai.
- ❖ To study probable role of state policy in yoga provisioning as human development input.
- ❖ To study factors influencing role of profit sector and non-profit sector in promotion of yoga.

### **Research Methodology**

This is an exploratory and descriptive research with study of literature helping in the problem identification and exploring the causes of the problem and collection of in a survey with a structured questionnaire on perceptions and beliefs about yoga as a practice. Demographics covered were age and sex. The basic element of our population was identified as those belonging to informal sector in Mumbai. Second element was awareness about yoga. The sample size of 215 was sought from slum area of Dharavi in Mumbai.

### **Hypotheses**

Null Hypothesis (Ho1): There is no significant impact of Age on Yoga Practice.

Alternative Hypothesis (Ha1): There is significant impact of Age on Yoga Practice.

Null Hypothesis (Ho2): There is no significant impact of Gender on Yoga Practice.

Alternative Hypothesis (Ha2): There is significant impact of Gender on Yoga Practice.

Null Hypothesis (H03): Significant impact of yoga on human development is not expected as a result of yoga practice.

Alternative Hypothesis (Ha3): Significant impact of yoga on human development is expected as a result of yoga practice.

### **Findings**

**Null Hypothesis (Ho1):** There is no significant impact of Age on Yoga Practice.

**Alternative Hypothesis (Ha1):** There is significant impact of Age on Yoga Practice.

Age Groups in Years	Observed Values Table (O)			Expected Values (E)		(O-E) <sup>2</sup> /E	
	Practicing Yoga	Not Practicing Yoga	Total Respondents	Practicing Yoga	Not Practicing Yoga	Practicing Yoga	Not Practicing Yoga
< 18	44	17	61	35.749	25.251	1.904	2.696
19 - 35	37	44	81	47.470	33.530	2.309	3.269
36 -60	37	23	60	35.163	24.837	0.096	0.136
61 and above	8	5	13	7.619	5.381	0.019	0.027
<b>Total</b>	126	89	215	<b>Total (Chi-Square)</b>		<b>10.457</b>	

**Table 1.1: Cross Tabulation of Yoga Practice \* Age**

Table 1.1 reveals the importance of age in influencing yoga practice. The largest percentage of respondents in the present sample is in the age group of 19 – 35 i.e. 81 (37.7 %) (n = 215). 60 (27.9%) of the respondents are in the age group of 36 – 60. 61 (28.4 %) in the age group of less than 18 and 13(6.0 %) in the age group of 61 and above. The age group with the highest percentage of yoga practitioners (72%) is the “less than 18” age group.

Description	Value
$\chi^2$	10.457
df	3
$\alpha$	0.05
F	7.81

**Table 1.2: Chi-Square Analysis of yoga Practice \* Age**

From the Table 1.2, since Chi-Square  $\chi^2$  (10.457)  $\geq$  F (7.81), the null hypothesis has been rejected. That means alternative hypothesis is accepted which means there is significant impact of Age on Yoga Practice.

**Null Hypothesis (Ho2):** There is no significant impact of Gender on Yoga Practice.

**Alternative Hypothesis (Ha2):** There is significant impact of Gender on Yoga Practice.

Whether Practicing Yoga	Observed Frequency (O)			Expected Frequency (E)		(O – E) <sup>2</sup> /E	
	Male	Female	Total	Male	Female	Male	Female
Yes	65	61	126	63	62	0.063	0.016
No	43	46	89	44	44	0.022	0.090
<b>Total</b>	108	107	215	<b>Total (Chi-Square)</b>		<b>0.191</b>	

**Table 2.1: Cross Tabulation of Yoga Practice \* Gender**

Table 2.1 shows the frequency distribution of gender in influencing yoga practice. It showed that 60.2% of males and 57.0% of females practiced yoga.

Description	Value
$\chi^2$	0.191
df	1
A	0.05
F	3.84

**Table 2.2: Chi-Square Analysis of yoga Practice \* Gender**

From the Table 2.2, since Chi-Square  $\chi^2$  (0.191) < F (3.84), the null hypothesis has been accepted and alternative hypothesis is rejected which means there is no significant impact of Gender on Yoga Practice.

**Null Hypothesis (H03):** Significant impact of yoga on human development is not expected as a result of yoga practice.

**Alternative Hypothesis (Ha3):** Significant impact of yoga on human development is expected as a result of yoga practice.

<b>Dimension</b>	<b>Observed Frequency (O)</b>	<b>Expected Frequency (E)</b>	<b>Residual (O-E)</b>	<b>(O - E)<sup>2</sup>/E</b>
Strongly disagree	6	30.71	-24.71	19.89
Disagree	16	30.71	-14.71	7.05
Somewhat disagree	9	30.71	-21.71	15.35
Neutral	38	30.71	7.29	1.73
Somewhat agree	28	30.71	-2.71	0.24
Agree	74	30.71	43.29	61.00
Strongly agree	44	30.71	13.29	5.75
<b>Total</b>	<b>215</b>	<b>Total (Chi-Square)</b>		<b>111.00</b>

**Table 3.1: Observed & Expected values for Human development as a result of yoga practice**

<b>Description</b>	<b>Human development as a result of yoga practice</b>
$\chi^2$	111
df	6
$\alpha$	0.05
F	12.59

**Table 3.2: Chi-Square Analysis for Human development as a result of yoga practice**

From the Table 3.2, since Chi-Square  $\chi^2$  (111)  $\geq$  F (12.59), the null hypothesis has been rejected. That means alternative hypothesis is accepted which means there is significant impact of yoga on Human development is expected as a result of yoga practice.

## Conclusion

The hypotheses analysis showed that there is a positive impact of yoga on human development as expressed by respondents. It also showed that age impacts practice of yoga, younger people more in favour of yoga practice. Specific design of yoga service product could be made available as per needs of age.

It showed that gender does not play differentiating role in yoga practice. This suggest yoga's universal appeal.

Significance of yoga in conjunction with yoga's positive impact on human development showed that younger population which could benefit more in terms of human development could indeed be targeted for yoga market development in informal sector.

## Suggestions

The major challenge in the informal sector where collective of consumers are lacking in knowledge and training of yoga is basic infrastructure like space and facilitation like time availability and finance. As age was found to be a relevant factor, marketer could use yoga as human development activity for yoga promotion with physical and mental health benefits as well as cognitive development benefits targeting youth – either in school systems or in offices/at work.

Yoga could be universally offered to informal sector in India where educational system could add yoga practice as part of cultural activities and as an aid to capability development. Also, the necessary infrastructure could be created to facilitate the practice for all interested persons in informal sector who would benefit likewise but otherwise cannot afford it as a profit sector product neither could they practice by themselves because of issues of space, time and lack of knowledge. This could be achieved in informal sector if yoga could be promoted as a merit good. NGOs could offer this as a non-profit services product.

## Limitations and Scope for Future Research

The sample size is relatively limited so results available from the study are only indicative and as such its application is limited.

The study was conducted in Dharavi slum of Mumbai. The result might not be applicable to other urban areas.

It is suggested that there is a future scope for further research with multiple demographic factors with a larger sample size targeting broader market in other parts of the country.

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**Authored by**  
**Dr. Kiran Naik**

Assistant Professor

Pacific University of Higher Education & Research, Udaipur

**Prof. Ganpat Naranbhai Prajapati**

Research Scholar

Pacific University of Higher Education & Research, Udaipur

# Consumer Satisfaction Towards LIC During Covid-19

## Abstract

**The purpose of this research paper is to study the consumer behavior that provides marketers to understand and predict the future market behavior. In this paper, role of IRDA, role of Indian banks, role of private insurance companies, function of insurance company, various factors influencing consumer behavior, observing changes between pre and amid Corona virus pandemic, factors influencing buying decision and model of consumer decisions making process have been considered. Also, the types of insurance policy taken by consumer, the total sum assured of life insurance, the total sum assured of life insurance for the spouse, the share of public insurance in insurance sector, share of LIC in life insurance in insurance sector and the reasons for invested in life insurance have been studied.**

**Keywords: Consumer Behavior, Market Predictions, IRDA, Indian Banks, Private Insurance Companies**

## Introduction

### 1.1 Introduction (About the topic):

Human life may be a most precious plus and insurance is one amongst the ways in which provides protection to an individual and his family at the time of any disaster. Insurance provides each safety similarly as protection to people. Insurance play a crucial role within the welfare of human well-being by providing protection to life risks like unsure death or accident.

LIC is that the trustiest and the oldest in insurance sector. The private players provide several new policies as well. They are increasing the attention level among customers by mistreatment innovative and new techniques of promotion, introducing new policies, increasing penetration of insurance of customers in the uncovered markets. The competition among public and private players has helped to extend the diameter being offered from pure risk primarily based on few of the policies they offer. In today's market, it becomes necessary for LIC to produce client satisfaction, to give additional awareness, have more dynamic policies and reasonable costs. The analysis talks regarding customers perception towards LIC. It focuses on position and of LIC before and through the Coronavirus pandemic. The analysis shows LIC is doing well amid pandemic.

The study focuses on the issues and difficulties faced by LIC agents and how they are managing the work load with lesser field force.

### Need for the study:

Insurance plays a crucial role within the welfare of human well-being by providing protection to individuals against life risk like a mishap or accident. Insurance focuses on preservation of the measure of the human plus if there could be a loss through unexpectedly premature death or through illness and special needs caused by accidents.

The analysis focuses at knowing the perception towards the LIC and the difficulties faced, having a clear communication method for the customers to make them familiar regarding any changes in policies and procedures throughout COVID-19.

The study tells us about the provided extra coverage and fast pace services to those who are exposed to



the threat of COVID-19. An attempt has been created to determine a relationship between person's realization for the requirement for keeps insurance and the time once he purchases the policy.

### **Statement of problem:**

The analysis is to search out the shift of customer's perception moving from non-public corporations to LIC. In the initial days of Corona virus pandemic there was a drop discovered within the market share of LIC. A significant market share moved towards the private insurers,

Though LIC has its own significance and a stable online network. Having a complete of 12,00,000 field force and with only 30% of the field force working amid pandemic. The private life insurers have their own online payment systems like ECS.

### **Scope of the study:**

1. The study covers secondary information of LIC of India. Besides, the data provided by LIC have been combined and included for the analysis.
2. The study aims at having an in-depth study of LIC amid the pandemic. The analysis of performance was done by knowing the customers behavior towards the LIC.

### **Objectives of the study:**

1. To check the general performance of LIC of India before and amid the Coronavirus pandemic.
2. To look at the present standing, volume of competitions and challenges faced by the LIC of India.
3. To grasp the work of LIC throughout the Coronavirus pandemic.
4. To measure the expansion of LIC throughout the Coronavirus pandemic.
5. To understand the newest policies introduced by LIC.
6. To investigate the market share change in LIC throughout the Coronavirus pandemic.

### **Limitations of study:**

1. The analysis covers 119 respondents.
2. Many of us aren't aware of what policies are they holding.
3. Generally, elders choose LIC.
4. The study is restricted to only LIC

### **About the Company:**

Life Insurance Corporation of India is associate degree Indian state-owned insurance group and Investment Corporation in hand by the Government of India.

The LIC of India was supported on September one, 1956, once the Parliament of India passed the life assurance of India Act that nationalized the insurance business in India. Over 245 insurance firms and provident societies were incorporated to form the state-owned life assurance Corporation of Republic of India.

As of 2019, life assurance Corporation of Republic of India had total life fund of ₹28.3 trillion. the entire worth of oversubscribed policies within the year 2018-19 is ₹21.4 million. LIC of India settled 26 million claims in 2018–19. it's 290 million policy holders.

The home base of LIC relies out of Mumbai that sits The Chairman, all four Managing administrators, and every government administrator (Department Heads). LIC has a total of 8 zone offices pan India.

All the 2048 branches across the country are coated underneath front-end operations. Thus, all the

hundred divisional offices have achieved the branch mechanization. LIC has the main market share within the insurance sector in India. 12,00,000 agent's area unit operating for LIC throughout India, the equivalent word of LIC stands for trust and confidence amongst the shoppers as they need helped the economy grow. LIC pays dividend to the govt. within the month of September. They offer Sovereign guarantee and that they have created investments in railways, banks and road constructions.

## **Literature Review**

To carry the research, work the researcher has gone through a few reports, books, journal and websites. The details regarding LIC, its history, origin and growth of the industry is also taken from some books, articles, reports, website and newspapers. The reviews of related research presented in this chapter are the overall perception and preference of policy holders towards LIC of India. As per the report the impact of covid-19 on LIC normally deals with pure risk. Term policies, investment link policy and saving policies with guaranteed or semi guaranteed long term returns. There will be an impact across the board, but the reason will be different for each category. The necessity of review of any study is to find out the issues that had been taken by the past researchers.

Customers are more likely to place a high value on their agent's integrity and advisors. Customer satisfaction in insurance is more difficult to measure and ascertain. Research has indicated the key parameters for e.g. Word of mouth, past experiences, external communication, personal needs and active clients significantly influence service quality of insurance sector increased interaction level (agents and customers), product innovation, digitalization, computerization and technological updating affect the service quality perception of life insurance policy holder India. Lynch and Mackay 1985 (service quality of life insurance) The "socioeconomic factors influencing the decision in taking life insurance policies" the intention is to examine the preference of the policy holders towards the various types of policies of LIC of India by retrospection the socioeconomic factors that are responsible for taking LIC policies. For the decision of taking LIC policy, the demography such as age, sex, educational level of policy holders is insignificant, but the occupation income level and family size are significant N. Namasivayam. S. Ganesan and S. Rajendran (2006) From the analysis, it is observed that the age group between 31-40 years are very much interested in taking LIC policy. The role of IRDA for life insurance industry has concluded that the social, political, cultural, personal, psychological and the demographic factors influences the consumer behavior and perception. This study reveals that the demographic factors has a major impact on the decision of purchasing the LIC policy by the customers. The leadership does not lie in getting the maximum number of policies sold but in understanding the demography of the customer and targeting them in their way. Finally, being they considered the success of insurance marketing dependent on understanding their social and cultural needs of the targeted population (barkur et al, 2007) The 5 stages i.e. need recognition, search of alternative, evaluation of alternative, purchase decision and post purchase evaluation tell us the consumer decision making process in LIC (chawla 2009) The special considerations pertaining to insurance industry are perceived risk, risk and standardization and risk and information. It is even formulated certain stages to improve customer awareness about benefits of life insurance products like focusing on marketing techniques. Thus, it is concluded that the consumer's perception towards Life Insurance Policies is positive. There is a positive mind sets developed for their investment pattern, in insurance policies. Still some actions need to be for developing insurance market (Jain and Saini 2012) The survey on 119 respondents and they found factors namely as responsiveness and assurance factor, convenience factor, tangible factor and empathy factors. It was even found that only age of respondent has significant impact on choice of insurance product. Wadikar Ashok Laxaman (2001) Whereas various demographic factors such as gender, education, and annual income did not have significant impact on choice of insurance product.

LIC has announced that it would extend premiums due for the month of March and April 2020 by another month. The insurer said this was considering the Coronavirus pandemic and was to address the problems faced by policyholders in payments of premiums. LIC also extended the grace period to pay the premium.

Since the outbreak of the COVID-19 pandemic, LIC has announced a host of measures to reduce the effects of the coronavirus pandemic. The insurer assured policyholders that death claims due to COVID-19 would be treated equivalent with other causes of death and that payments would be settled on a critical basis. LIC also added that it has thus far settled death claims due to COVID-19 under 16 policies. According to data it had settled more than 7.5 lakh death claims in the year 2020.

## **Research Methodology**

This chapter tells about the research and the detailed method used to conduct this study. The nature of data which is collected and used for this research article is secondary. The relevant and required data are collected from secondary sources such as journals.

### **Research procedure:**

Qualitative as well as Quantitative methods are used to support the research findings. For the quantitative respect of findings, a questionnaire was prepared and circulated amongst the people. It is also supported by various journals, articles of the LIC.

The research has a mixed method of data collection which helps to wider a framework of people and gathers a mix of responses.

### **Sampling Size and Technique:**

Stratified Sampling –

This sampling method is appropriate when the population has every characteristic, and you want to ensure that every characteristic is represented in the sample.

This technique has been used and the 119/120 sample size is taken for the data analysis.

### **Data and sources of Data Collections:**

For the study both the primary and secondary data, are explored-

#### **Primary Data:**

In the present research work the Primary Data is collected largely through Questionnaire, Open ended questions. The primary data includes the questionnaire which has 119 respondents and these questionnaires were distributed among all age group and employment.

The method of data collection is quite popular and is being adopted by researchers, private individuals and organization.

#### **Secondary Data:**

The secondary data is collected from the published sources and in the present research work the secondary data is collected through the Annual Reports, Newspapers and the literature papers.

In addition, the information is also collected through the available internet website of LIC i.e. [www.licindia.com](http://www.licindia.com) Data collection method use for the study:

The sampling method is used to collect the data for the Research Study. The sampling method is appropriate when the population has every characteristic represented in the sample. This are divided into subgroups called strata based on relevant characteristics that is age, gender, employment, income, needs,

services, improvements and problems faced by the customers.

#### Data Analysis:

The data has been analyzed from the collected questionnaires. Attributes are used to find out the customers perceptions towards investing in LIC. The parameters are used to find out the expectations of the investors. The satisfaction level of investors is measured through the services offered the services offered by LIC.

#### 4: DATA ANALYSIS AND INTERPRETATION

AGE	0-20 (9.25%), 11	21-40(64.2%), 77	41-60(24.2%), 29	>60(2.35%), 30	Total count=120
GENDER	Male=62	Female=58			
ANNUAL INCOME	<1 lakh (18%)	1-5 lakh (33%)	5-10 lakh (34.5%)	10-15 lakh (10%)	>15 lakh (4.2%)
EMPLOYEMENT	Private service (40%)	Student (15.8%)	Government service (12.5%)	Self-employed/ Business (31.7%)	

#### Interpretation:

1. From the above graph we can conclude that 11 respondents belong to the age group of 0-20, 77 belong to the age group of 21-40, 29 belong to the age group of 41-60, whereas the rest 3 are above 60 years of age. It is evident that most of the respondents belong to the age group of 21- 40.
2. From the graph above we can conclude that out of 120 respondents, 62 are male and the rest 58 are female who liked to answer their perception towards the brand LIC.
3. From the above graph it is evident that out of all the respondents, 18% have an income below 1 Lakh rupees, 33% have an income between 1-5 Lakh rupees, 34.5% have an income between 5-10 Lakh rupees, 10% have an income between 10-15 Lakh whereas the rest 4.2% have an income of above 15 lakh rupees.
4. From the above graph it is evident that out of all the respondents, Business is the source of income for 31.7% of them, Private organization service is the source of income for 40% of them, Government service is the source of income for 12.5% of them, whereas the rest 15.8% are students. We can conclude that most of the respondents work for a private organization.

	YES	NO
1. During coronavirus pandemic, is the company providing promised services as per the set standards?	75.6%	24.4%
2. Does the enhancement of technological capabilities help you get better services from the company?	83.3%	16.7%
3. Did you ever find any policies/plans of other private insurance companies better than LIC policies/plans?	71.4%	28.6%
4. During the coronavirus pandemic, was any kind of relaxation for the payment of premium given out?	55.1%	44.9%
5. Would you prefer complete digitalization of LIC services over the offline services?	72.5%	27.5%
6. Did you find any difference in the quality of services provided by the LIC?	70%	30%

### Interpretation:

It is observed that the LIC has always served the services as per there set standard and, in this report, we can observe that 75.6% consumer believe that the LIC has provided the promise services as per there set standards and rules even during the COVID-19 whereas 24.4% consumer says no that they haven't got the promised service by the LIC.

1. In today era we have seen that there are lots of technological advances happening in every sector including Insurances, and people find it much better and comfortable than paper or field work. As we know that LIC provides their service more throughout field word but During the Coronavirus Pandemic it is found that 83.3% consumer found that computerization have helped them to get better services while 16.7% found that they were more comfortable with paper work
2. There are many Private Companies who have their own Plans and Policies but here 71.4% consumer find that the policies or plan served by LIC is better than any other Private companies. 28.6% consumer says no that LIC does not provide better policies and plans.
3. Premium is an amount paid periodically to the insurer by the insured for covering his risk.
4. During the Coronavirus Pandemic, 55.1% feels they got the relaxation for the payment of premium whereas 44.9% says no for it.
5. Digitization is the process of converting information into a digital format and Offline services are those who do not require internet connection to perform action. 72.5% consumers prefer the complete digitalization of LIC services over the Offline services provided by the LIC agents and 27.5% still prefer the offline services that are provided by LIC agents 6.70% consumers found the difference in the service provided by the LIC before and during the coronavirus pandemic whereas 30% says that the did not find any change in the services provided by the LIC during COVID-19.

1. Does LIC emphasizes high quality services than the volume?	Strongly Agree	Agreed	Neutral	Disagree	Strongly Disagree
2. What made you choose LIC over those Private Insurance companies?	Premium Rates	Trust	Policies/plans	others	Customer services
3. How hectic was the claim settlement procedure?	Very Hectic	Hectic	Neutral	Easy	Very Easy

### Interpretation:

1. Most of the consumer that is 10.9% strongly agree that the LIC has served the better-quality services over the volume of sales. 35.3% agreed for that the LIC has emphasized for better service, while 13.4% disagree that LIC has less emphasized and 4.2% strongly disagree that LIC has not served the high-quality services during the COVID-19.
2. Many consumers feel LIC gives more benefits than any other private Companies. 37% consumers preferred LIC on Trust bases while 19.3% chose on Premium Rates base. Better policies and plan are being served by LIC is said by 13.45% consumers. 23.5% says that they provide better consumers services.
3. 9.5% and 30.2% agree that the Claim Settlement process were hectic to them whereas 45.7% find there was no change or difficulty in claim settlement process while 10.3% and 5.4% found the process easy.

4. 56.3% consumer having LIC policies feel satisfied with the customers service while 11.8% consumers are unsatisfied and 15.1% are neutral.

## **FINDINGS, SUGGESTIONS AND CONCLUSIONS**

### **Findings**

- Even though India is a diversified country with different types of people with major differences in many aspects like income, education, employments, etc., LIC has made sure that it has the highest market share of 72% for its business in the insurance sector.
- Like all the other insurance companies, LIC was also affected by the coronavirus pandemic. There was a downfall in LIC at the start of the pandemic due to the lockdown seeing a sharp fall off 44%, but then since then the business has started reviving itself as Insurance was considered as an essential service after the initial days of the lockdown.
- New private insurers have used innovative distribution channels to reach a broader range of the population. Private insurance companies are also using banks, micro finance institutions and co-operatives to increase their market share and compete LIC.
- From the research it is evident that the insurance policy holders belong to the age group of 21 - 40.
- Even during this coronavirus pandemic, LIC policy holders think that LIC emphasizes on its quality if the service more than the volume of sale. LIC has made sure that the customers get the same services even during the coronavirus pandemic.
- The policy holders feel that LIC is providing services of the set standards even during the coronavirus pandemic. They were highly satisfied by the fact that LIC did not let the coronavirus pandemic affect the satisfaction level of its customers.
- The company's technological enhancements over the years helped the policy holders a lot during the coronavirus pandemic as it was easy to connect with the company even while staying home.
- A relaxation period of 30 days was given out to the policy holders for the payment of premium. This helped the policy holders a lot because their financial condition was affected due to the lockdown.
- Trust on LIC was the driving factor for majority of the customers when it came to choose LIC over private companies.
- Majority of the policy holders found that there were differences in the service quality of LIC during the pandemic and before the pandemic. But, majority of them also rated the services given by LIC during the lockdown as 4 out of 5 in terms of quality.

### **Suggestions**

LIC can focus more on its digital platforms of connecting to its customers. LIC is supported by digitalization, but enhancements in that field will help LIC give out much good quality services and ease to the customers.

- LIC can come up with more dynamic plans and policies to drive the attention of new customers and to attract the existing customers to upgrade their policies and plans, to compete with the private insurers. Having dynamic plans for the customer will give an upper hand to LIC.
- LIC needs to develop new products addressing the new challenges in society. LIC will need to constantly innovate in terms of product development to meet ever-changing consumer needs. Understanding the

customer better will enable LIC to design appropriate products, determine price correctly and to increase profitability. Since a single policy cannot meet all the insurance objectives, LIC should have a portfolio of policies covering all the needs. Product development is made possible by integrating actuarial, rating, and claims. Moreover, with increased commoditization of insurance products, brand building is going to play a vital role.

- The rural sector has potential for life insurance. To realize this potential, designing suitable products is important. LIC will need to pay special attention to the characteristics of the rural market as that is a market with great potential.
- LIC has a lot to work on when it comes to customer education. Creating awareness and having campaigns promoting the right use and suitable products for the customers.

## Conclusion

- Despite losing the most productive year to COVID-19 included lockdowns, the national insurer LIC achieved a healthy 25.2% growth in the first-year business premium in 2019-20, while private players collectively achieved just 11.64%.
- According to the IRDAI report, the life insurance penetration was at 4.6% in 2009 but visibly showed a downward trend after that. The new business premium for life insurance has increased from Rs. 9,707.4 crore in FY 2000-01 to Rs. 19.41 trillion in FY 2017-18. If we compare the overall performance of the LIC before the pandemic and during the pandemic, it has been affected by the pandemic, but the company is doing better than private insurers since the time life insurance is being considered as an essential service.

When it comes to customer satisfaction and customer perception towards itself during the coronavirus pandemic, LIC has worked hard to stay on the same level as before the pandemic. Majority of its policy holders are satisfied by the level of support and services they received.

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**Authored by**

**Mr. Anand Limaye**

Visiting Faculty

**Ms. Shivani Bhilware**

eMBA Student, MET AMDC

**Mr. Gaurav Dargar**

eMBA Student, MET AMDC

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