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Foreword

We are delighted to bring out yet another issue of our bi-annual, international refereed and peer-reviewed journal: Gurugram University Business review (GUBR). This issue of GUBR is dedicated to the 4th International Conference on "Transitioning to a Circular Economy: Triple Bottom Line and the Role of Entrepreneurial Ecosystems (IC-MGMT-2024)" jointly organized by the Department of the Management, Gurugram University and College of Business, Valparaiso University, USA.

A circular economy is an economic model that aims to minimize waste and make the most of resources. Unlike the traditional linear economy, which follows a "take-make-dispose" approach, the circular economy is regenerative by design. It focuses on keeping products, materials, and resources in use for as long as possible through practices like recycling, reusing, repairing, and remanufacturing. This model aligns with the triple bottom line (TBL) approach, which emphasizes the balance of three key pillars: people, planet, and profit. By adopting circular economy principles, businesses can drive sustainable profits while reducing their environmental footprint and supporting social well-being. This approach promotes sustainability by reducing raw material extraction, decreasing waste, and lowering carbon emissions. In turn, it enhances long-term economic resilience and fosters a more sustainable, resource-efficient future.

GUBR publishes both empirical and conceptual articles with an objective to advance knowledge creation and dissemination in fields such as strategy, international business, organizational behavior, accounting & finance, human psychology, resource management, entrepreneurship, innovation, machine learning, data analytics, information technology and critical management studies. GUBR has an inclusive ethos and is open to a wide range of methodological approaches and philosophical underpinnings. GUBR is a globally respected multidisciplinary international journal which provides an international forum for exchange of ideas and findings from researchers across different cultures.

In this endeavor of academic repute, I extend my immense gratitude to Prof. (Dr.) Dinesh Kumar, the Hon'ble Vice Chancellor of the Gurugram University for his worthy guidance and encouragement and also for having such a strong trust in the capabilities of the editorial team.

I earnestly acknowledge the contribution made by the very dedicated editorial team especially Dr. Surabhi Goyal and Dr. Ritu Yadav for their unwavering efforts in bringing out the eighth issue of the Journal. I will urge the team to work hard to get the journal listed in citation databases of repute.

I owe a heartfelt thanks to all the contributors of this journal. The papers published in this issue of journal have gone through double blind review and the comments received from reviewers have helped authors to improve upon the quality of work; thereby, our sincere gratitude to the reviewers as well.

We sincerely hope that the readers of this issue of Gurugram University Business Review (GUBR) will find the articles interesting, relevant and intellectually stimulating leading to building up diverse outlook about contemporary business issues.

Happy Learning!!

Prof. (Dr.) Amarjeet Kaur
Editor-in-Chief

Editorial Note

Research is a path of discovery, from knowledge to wisdom. This path is one on which researchers continually find and renew untravelled thought experiments to advance the march of society. It has been our pleasure to introduce the second issue of Volume 4 of the Gurugram University Business Review, an international, bi-annual peer-reviewed journal of the Department of Management, Gurugram University, Gurugram.

The present volume has been divided into two sections: Research Papers and Book Review. The Research Papers section features both empirical and conceptual studies covering diverse topics in business from a global perspective, while the Book Reviews section provides insightful analysis and critiques, enriching our readers' understanding of recent works in the field.

In the opening section, readers can find a compilation of 11 research articles that throw light into a wide-ranging matter that constitutes business and management disciplines. Each of these articles adds new insights to the field. The book review section presents an in-depth analysis of the book "The Monk Who Sold His Ferrari," written by Robin Sharma.

The first research paper, titled "Investigating the Effects of Factors on Predicting Recommending Influencers by Users of Influencers: An Exploratory Study in India," by Musa Pinar, Reetika Kachchhwa, Munise Hayrun Saglam, İbrahim Kircova and Faruk Guder investigated the key factors influencing users' likelihood of recommending social media influencers. Recognizing that companies and consumers often favour influencers with larger followings, the study investigates how influencer-related attributes, customer satisfaction, and emotional attachment impact user recommendations.

The second research paper, titled "Examining the Factors affecting the Behavioural Intention of Working Women for fashion apparels in case of Social Media Marketing in Circular Economy," by Priya Sharma and Dr. Manmohan Chaudhry, studies the influence of social media marketing on working women's intention to purchase fashion apparel in the circular economy. Using the conceptual model with five factors, namely, social influence, facilitating conditions, habit, attitude, and trust, the study collected primary data from working women in Delhi-NCR. The study suggested key implications for social media marketers targeting working women in sustainable fashion markets.

The subsequent research paper, titled "Risk Management in Banks Amidst Sustainable Circular Economy through Implementation of Basel III Accord," by Aastha Tandon, Dr. Deepak Tandon, Dr. Abhishek Pareek, and Dr. Harsh Purohit, explores the role of Basel III guidelines in supporting sustainable finance and risk management within a circular economy framework. Public and private sector bank analysis portends the importance of asset liability management (ALM), capital buffers, and liquidity management in the pursuit of the resilience and profitability of banks. Empirical models and case studies are leveraged as a vital tool to pose how firm compliance with Basel III standards improves the dynamic management of risk by banks and represents alignment with sustainable economic goals.

The fourth research paper, titled "Behind the Likes: Decoding the Antecedents of Parasocial Relationship in Influencer Marketing," by Alisha Ansari and Anand Thakur, investigates the factors that foster parasocial relationships (PSR) between social media influencers and their followers. Using qualitative approach, the study identifies certain PSR antecedents, value resonance, authenticity, emotional connection, and personal sharing, which drive follower engagement. These insights provide marketers with strategic direction in the choice of influences whose authenticity resonates best within audience psychographics, thus optimizing returns on investment for digital marketing campaigns.

The fifth study, titled "Small Finance Banks—Road to Financial Inclusion in India," by Arushi Mehta, Md. Saifuddin Mujaddidi, and Dr. Furqan Qamar, examines the role of small finance banks (SFBs) in enhancing the access to finance of some of India's less privileged sections. Considering the challenges of high costs to mobilizing deposits as well as regulatory compliance, this study throws light upon the immense opportunities SFBs hold through partnership, innovation and targeted services. Hence, by overcoming such barriers, SFBs emerge as crucial players in India's financial inclusion and growth initiatives.

The next research paper, titled "Women Empowerment: Issues and Challenges in India," authored by Dr. Jasvinder Singh addresses the critical need for women's empowerment in India's historically patriarchal society. Women's rights and independence realized in the last two decades are indicative of this school of thought, which maintains that a society must be created that will allow the female gender to exercise rights and choices to their fullest potential. This paper gives a much clearer look at the issues that continue to plague society and reflects shifts in societal practice toward achieving greater gender equality and greater respect for the contributions of women in all areas of life.

The subsequent research paper, titled "A Comprehensive Analysis of Impact of Personalized Marketing Strategies on Consumer Retention in India: a special reference of Tourism Sector," by Inna Yadav, Dr. Shilpi Gupta and Anju Bala, investigates the role of personalized marketing for customer satisfaction and retention within the tourism industry. Revealed from the quantitative analysis, personalization increases the loyalty of customers, especially among younger, high-income groups, but data privacy is impeding this engagement. This study recommends that tourism businesses balance personalization with robust data security to build consumer trust, with potential future research exploring AI's role in enhancing personalization.

The eighth research article is "A comparative study of mobile number portability in Haryana: a special reference to Airtel and Jio," authored by Dr. Pinki Gupta, identifies the reasons for customer turnover in the telecom sector, which focused on the customers of Airtel and Jio in the Indian state of Haryana. Through primary data analysis, the study identifies reasons behind customer decisions to switch telecom providers. The findings of this study have shown that most of the consumers are satisfied with their service providers and hardly use mobile number portability, which forms significant insights into customer retention strategies in the telecom sector.

The next research paper, titled "National Logistics Policy 2022: Make India Self-Reliant through E-Commerce and Last-Mile Delivery," by Reena Yadav, Dr. Amarjeet Kaur, Taruna Rana, and Sukurulla Shaikh, analyzes the National Logistics Policy 2022's role in transforming India's logistics industry for better efficiency, cost-effectiveness, and self-reliance. Addressing high logistics costs and e-commerce-related issues, this policy is aimed at enabling urban logistics, adopting new technologies, including drones, and region-specific hubs. The policy reiterates endorsement of sustainable practices and skill-building initiatives in accordance with the vision of the Atmanirbhar Bharat mission, aiming to elevate India's Logistics Performance Index ranking and boost economic growth.

The tenth research paper is "India's Foreign Direct Investment (FDI) Policy Regime: A Comprehensive Overview" by Dr. Neha Sharma, which gives in-depth analysis about India's FDI policy framework and examines regulatory guidelines, sectoral limits, and approval procedures. The secondary data have been emphasized to highlight how India has moved up as an attractive destination for FDI due to many reforms initiated recently, cutting corporate taxes, and easing labor regulations.

The last but significant research paper, titled "An Empirical Investigation of Price Discovery Mechanism in ESG ETF and the Underlying Index in India" by Prof. Khujan Singh and Khushbu Dhariwal, investigates the price discovery mechanism of ESG ETFs and the underlying index at the National Stock Exchange of India. Applying the Vector Error Correction Model, this study proved that the ESG ETF leads the price discovery mechanism, wherein the ETF explains 63% of price variation during shocks, while the underlying index accounts for only

16%. From the findings, it establishes that ESG ETFs are more efficient in the incorporation of new information and, henceforth, may provide insight for the investor.

In the review section, Dr. Kanchan Yadav provided a book review of "The Monk Who Sold His Ferrari," authored by Robin Sharma. This book explores a high-flying lawyer's transformation from material success to spiritual fulfilment through an inspiring journey into self-discovery, highlighting principles of mindfulness, simplicity, and self-mastery as pathways to true happiness.

We thank all the authors for their invaluable contributions through their research articles. We would also like to extend our thanks to our Editor-in-Chief, Prof. (Dr.) Amarjeet Kaur, whose expert guidance has been the milestone for shaping this issue of GUBR. We extend our gratitude to Prof. (Dr.) Dinesh Kumar, Chief Patron, and Vice Chancellor of Gurugram University, for his steadfast support in promoting research at the university. We feel that this edition of GUBR will bring to our readers much-needed insights and inspires thoughtful discussions among our readers.

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Dr. Surabhi Goyal
Editor

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Investigating the Effects of Factors on Predicting Recommending Influencers by Users of Influencers
An Exploratory Study in India

Musa Pinar[*], **Reetika Kachchhwa**[**], **Munise Hayrun Saglam**[***], **İbrahim Kircova**[****] & **Faruk Guder**[*****]

ABSTRACT

Research indicates that companies and customers prefer influencers with large followings, as a higher follower count increases the likelihood that their recommendations will be adopted on social media. Influencers should focus on factors that drive customer recommendations to grow their followers. This study suggests that factors such as influencer-related, customer satisfaction, and emotional attachment could positively impact the likelihood of recommending influencers. The survey instrument, which includes the factors as potential predictors of recommending the influencers, was administered utilizing convenience network sampling to individuals who have relied on influencers for their purchasing decisions. Based on responses from 86 influencer users, the study finds that: (a) customers use influencers more in some industries than others, (b) respondents have higher satisfaction with influencer-related factors, (c) a negative NPS indicates that there are more detractors than promoters, and (d) the influencer factor of expert engagement, customer satisfaction, and actual recommending are the significant predictors of recommending influencers. The findings contribute to the influencer marketing literature and offer valuable insights for all parties involved.

Keywords: Influencers, Influencer Benefits, Customers Recommending Influencers, NPS of Influencers, Influencers in India.

INTRODUCTION

With the growing importance of digital marketing and social media, influencers have become central to companies' marketing strategies, effectively reaching, and influencing both existing and potential customers. Influencers guide consumers through every stage of their purchase journey, from initial research to final purchase, and even into the post-purchase phase to ensure satisfaction with their decision. Choosing the right influencers goes beyond selecting influences with large followers; it involves finding those who genuinely align with a company's brand values and effectively engaging the target audience. This strategic decision is critical to achieving desired marketing outcomes (Scott, 2015).

Influencers play a crucial role in shaping consumer behavior throughout the buying journey. Consumers select influencers based on factors like trustworthiness, accessibility, content quality, and engagement rates (Hughes et al., 2019). Trustworthiness is key, as consumers prefer influencers perceived as honest, reliable, and authentic. An influencer's integrity and authenticity are also essential for building trust with their audience (Lee et al., 2021; Wellman et al., 2020).

Prior studies have focused on two primary areas: how influencers create awareness and influence consumer purchase decisions, and how companies choose influencers for their marketing and social media strategies. While these studies offer valuable insights, there is no research on a.) the effects of customer

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satisfaction with influencers on the likelihood of recommending influencers to other consumers, and b.) the key factors driving recommendations of influencers to potential users.

These points are relevant for two reasons. First, recommending influencers reflects customer satisfaction, loyalty, engagement, and trust—all crucial for the success of influencers (Lee et al., 2021; Wellman et al., 2020). Second, follower size is important for the selection of influencers by both customers and companies (De Veirman et al., 2017), as follower size increases the likelihood of customer adoption of recommendations (Conde and Casais, 2023). This study aims to identify factors that encourage users to recommend influencers, which could help increase follower bases.

Given the benefits of influencers for both customers and companies, this study will significantly contribute to the influencer marketing literature. It identifies key factors that predict the likelihood of recommending influencers to potential users, which could enhance follower size as a distinguishing attribute (Kim & Kim, 2021; Zhou et al., 2021) and increase the intention to adopt influencers' recommendations (Conde & Casais, 2023). Companies prefer influencers with large followings for their ability to reach a larger potential buyer. A critical question is how to increase an influencer's follower base. Since prior studies have not addressed this, this research will fill a void in the influencer marketing literature.

BACKGROUND

Research (Wielki, 2020) indicates that the digital age has transformed the influencer landscape, with traditional celebrities being complemented or replaced by digital influencers. This shift is driven by the democratization of content creation, the proliferation of social media platforms, and greater access to information, enabling direct and engaging interactions between influencers and their followers (Leban & Voyer, 2020). These interactions are vital for building consumer awareness and influencing purchase decisions through shared experiences and product endorsements. This connection enhances brand visibility and helps consumers make informed purchasing decisions that align with their values and preferences (Chakraborty and Bhat, 2018).

The Impact of Influencers on Consumer Behavior

The expansion of social media platforms has empowered influencers to reach audiences and direct consumer behavior through identification and interaction (Larsson, 2018). Influencers significantly impact purchasing decisions by building trust and fostering parasocial interactions (Breves et al., 2019; Leite and Baptista, 2022). Additionally, influencers can mitigate skepticism toward direct brand communications, serving as potent catalysts for conversion and brand loyalty (Hughes et al., 2019).

The psychological foundations of influencers' impact on consumer behavior are complex, integrating principles from various psychological theories (Blanche et al., 2021), such as conformity, reciprocity, and social identity theory. Conformity explains the tendency of individuals to align their attitudes and behaviors with those of influencers (Chen et al., 2023). Reciprocity refers to the human tendency to return actions, creating a cycle of mutual exchange and benefit (Kim and Kim, 2021). Social identity theory further explores how individuals' self-concepts are influenced by their membership in key social groups, including those they follow online (Farivar and Wang, 2022).

FACTORS RELEVANT FOR SELECTING INFLUENCERS

As influencers become increasingly important for both companies and customers, selecting the right influencers is crucial. This paper focuses on customers as followers and their intent to recommend influencers. The following section outlines key factors influencing customers' selection of influencers. These factors will be used to predict the likelihood of recommending these influences on potential new users.

Influencer Factors for Consumers

From the consumer perspective, factors influencing influencer selection include perceived trustworthiness, accessibility, content quality, and engagement potential. Research shows a direct correlation between follower count and the likelihood of adopting an influencer's recommendations, emphasizing the importance of follower size in the selection process (Conde and Casais, 2023). Additionally, studies by

Nafees et al. (2021) and Shan et al. (2020) identify perceived credibility, attractiveness, alignment with the target audience, motivational appeal, and symbolic meaning as key considerations in influencer selection.

Other factors affecting influencer selection include expertise and originality. Expertise refers to deep knowledge, extensive experience, and proficient problem-solving skills within a specific domain (Wiedmann and von Mettenheim 2021). Possessing expertise is essential for social media influencers (SMIs) to be seen as credible information sources (Daneshvary and Schwer, 2000). Originality, as a selection criterion, is defined by the uniqueness and innovativeness of an SMI's content compared to alternative sources (Moldovan et al., 2011). Original content is more likely to generate WOM proliferation, as people tend to spread novel information (Moldovan et al., 2011). Consequently, social media influencers who produce original content often gain more followers and are perceived as opinion leaders (Jegham and Bouzaabia, 2022).

Influencers with strong opinion leadership traits attract larger audiences (Campbell and Farrell, 2020; Uzunoğlu and Kip, 2014). The size of the target audience can be considered as outcome of the influencers' ability to be opinion leaders and a catalyst for opinion leadership (Conde and Casais, 2023). A study by Pérez-Cabañero et al. (2023) found that influencers' taste leadership qualities significantly impact followers' behavioral intentions. These influencers serve as lifestyle role models, leading followers to imitate introduced trends. Additionally, followers are more likely to purchase products recommended by influencers whose image aligns with their ideal self-image. Moreover, research (Breves et al., 2019; Leite and Baptista, 2022) demonstrates that parasocial relationships significantly influence purchase intentions, beyond influencer-brand compatibility and source credibility. The impact of these relationships on purchase intentions is considerable compared to influencer-brand fit (Breves et al., 2019) and source credibility (Leite and Baptista, 2022). The factors identified as crucial for consumers in selecting influencers will be used as potential predictors for recommending influencers to friends and family.

Customer and Emotional Factors

In addition to influencer factors, the study includes customer and emotional factors as predictors of the likelihood of recommending influencers to potential users. Consumer factors include satisfaction, mind share, and repeat purchases. Satisfaction is defined as the overall evaluation of the consumption experience (Anderson et al., 2004). Research by Schneider et al. (2008) shows that customers' past experiences influence their satisfaction, loyalty to the company, and the likelihood of making future recommendations. Mind share refers to the awareness and knowledge of a brand or product (Teagarden & Schotter, 2013). Aaker (2014) states that awareness, a key indicator of mindshare, influences customer perception and preference. Keller (2013) emphasizes the importance of awareness and mindshare for creating strong brands. Repeat purchase intention indicates both customer satisfaction and loyalty. Keller (2013) emphasizes the importance of repeat purchases for their direct impact on sales and profitability (Crosby et al., 1990).

Emotional factors include emotional bond, attachment, and positive feelings. Emotional bond refers to the strength of a consumer's brand experience (Wani, 2017), which could influence brand love, which embodies strong, positive emotions towards a brand (Akgozlu and Kilic, 2021). Brand love represents a deep emotional attachment between the consumer and the brand. Bowlby (1979) defines attachment, as described in attachment theory (Rajput & Gandhi, 2024), as the emotional connection between individuals. This emotional connection guides individuals toward greater intimacy, commitment, and satisfaction (Collins & Read, 1990). In influencer-follower marketing, interactions between influencers and their followers form emotional bonds and attachments. These bonds significantly enhance the effectiveness of brand promotions. Therefore, we propose that consumer and emotional factors are potential predictors of the likelihood of recommending influencers to other customers as a way of increasing follower size.

Net Promoter Score (NPS)

Reichheld (2003) introduced the Net Promoter Score (NPS), which measures customer satisfaction and loyalty as indicators of the likelihood of recommending

a company or brand. The NPS indicates the satisfaction and loyalty of influencer users and various sub-groups (Reichheld et al., 2021). It serves as a predictor of WOM and referrals leading to purchase behaviors, making it essential for firms to identify loyal users (Rajasekaran and Dinesh, 2018). The NPS is measured by asking, "On a scale of 0 to 10, how likely are you to recommend an organization, product, or service to a friend or colleague?" (Reichheld, 2003). Several prior studies have identified factors such as loyalty, satisfaction, and variations in consumer behavior positively affect the likelihood of recommendations and achieving a high NPS (e.g., Rajasekaran and Dinesh, 2018). Given the importance of follower size in selecting influencers, this study aims to identify the factors that influence the likelihood of recommending influencers to potential customers.

A FRAMEWORK FOR RECOMMENDING INFLUENCERS

Influencer marketing has become important for all companies as it effectively encourages consumers to take action (Ye et al., 2021; García-de-Frutos et al., 2021). One key factor in selecting influencers for both companies and customers is follower size, which serves as a differentiator between influencers (Kim and Kim, 2021; Zhou et al., 2021). A larger follower size could make influencers more attractive to potential followers (Ki and Kim, 2019). One way to increase follower size is through recommendations from current users. To achieve this, it is important to identify the factors that influence the likelihood of recommending influencers to potential users of the brands they promote.
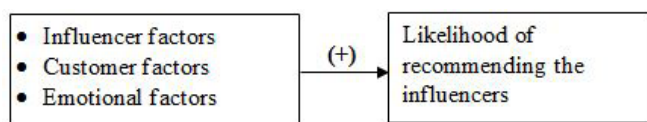
Figure 1: Proposed framework for the likelihood of recommending influencers

Figure 1 presents a framework of factors likely to influence the recommendation of influencers to potential users. Compiled from relevant literature, these factors serve as potential predictors for recommending influencers to other consumers. These factors are categorized into three groups: (a) influencer factors include follower size, expertise, brand-expert fit, likability, attractiveness, credibility, popularity,

accessibility, value congruity, and authentic content, (b) customer factors encompass satisfaction, mindshare/awareness, repeat use, and information sources; and (c) emotional factors consist of emotional bonds, attachment, and positive feelings.

This study will utilize the NPS concept to identify key predictors of recommending influencers to potential users. The main goal is to identify the factors that consumers consider when evaluating and selecting influencers and determine how factors influence their purchasing decisions and the likelihood of recommending the influencers to friends, family, and potential customers. The specific objectives of the study are to:

* RO1: Examine the perception of influencer performance as evaluated by consumers regarding each factor included in the study.

* RO2: Investigate the likelihood of recommending influencers to friends, family, and potential customers, and determine the NPS for these influencers.

* RO3: Explore the relationships between the factors influencing recommendations and identify the significant predictors of recommending influencers.

METHODOLOGY

To address the research objectives, a survey instrument was developed, incorporating factors proposed as potential predictors of recommending influencers, as shown in Figure 1. The survey questions were based on relevant prior research. Influencer factors consisted of 16 questions compiled from the influencer literature (e.g., Breves et al., 2019; Campbell & Farrell, 2020; De Veirman et al., 2017; Jegham & Bouzaabia, 2022; Leite & Baptista, 2022; Nafees et al., 2021; Wiedmann & von Mettenheim, 2021). Consumer factors were measured using 5 questions drawn from various sources (e.g., Anderson et al., 2004; Keller, 2013; Jaramillo et al., 2023; Javed et al., 2019; Teagarden & Schotter, 2013). The emotional bond factors consisted of 3 questions derived from the literature (e.g., Akgozlu & Kilic, 2021; Baker et al., 2014; Beig & Khan, 2018; Collins & Read, 1990; Rouzi & Wang, 2021). The question for the Net Promoter Score was adapted from Reichheld (2003, 2021). The factors influencing the

likelihood of recommending the influencer and NPS were measured using an 11-point scale from 0 (strongly disagree) to 10 (strongly agree). To determine the NPS, respondents were asked, "How likely is it that you will recommend the influencer to a friend or family member?" on the same scale, from 0 (not at all likely) to 10 (extremely likely). The survey also included a question to determine if the respondents recommended the influencer they used for information or decision-making. This question was measured on a 5-point scale ranging from 1= definitely no to 5 = definitely yes.

The survey was the first pilot tested with academic experts and individuals who used influencers for their purchase decisions. These pretests enhanced the clarity, readability, and comprehension of the survey questions, as well as the face validity of the concepts and factors used in the study (Churchill & Iacobucci, 2005). The final survey instrument was created using Google Forms and included screening questions to qualify respondents who have used influencers in their purchase decisions, along with demographic questions. The final survey targeted customers aged 18 and older who had used influencers when making purchase decisions. Convenience sampling was employed with Indian consumers, and the survey link was shared through social media to encourage participation and sharing among friends. There were no incentives offered for completing the surveys.

This sampling procedure yielded a total of 159 surveys, with 86 respondents (54%) having used influencers in their decision-making. The respondent profiles presented in Table 1 show that 50% are female, 46.5 % are male, and 3.5% prefer not to disclose their gender. As for Age, most respondents (65.1%) fall within the 18–25 age group, 25.6% are in 26–35 age group, and 9.2% are in 36 years old or older age group. Regarding education, over half of the respondents (53.5%) have a graduate degree, 23,3% have a bachelor's degree, 18.6% have an associate's degree, junior college, or less degrees, and 4.7% have a professional degree. Concerning marital status, 53.5% are single, 14.0 are married, and 32.6% prefer not to disclose their status.

Table 1: Respondent Profiles

Gender	n	Percent
Male	40	46.5
Female	43	50.0
Prefer not to respond	3	3.5
Total	86	100.0
Age		
18 to 25	56	65.1
26 to 35	22	25.6
36 to 45	6	7.0
46 to 55	2	2.3
Total	86	100.0
Education		
High school graduate or less	3	3.5
Some college, but no degree	7	8.1
Associate or junior college degree	6	7.0
Bachelor's degree	20	23.3
Graduate degree	46	53.5
Professional degree, (i.e., MD, Pharmacist, Lawyer)	4	4.7
Total	86	100.0
Marital Status		
Single	46	53.5
Married	12	14.0
Prefer not to respond	28	32.6
Total	86	100.0

RESULTS

To address the research objectives, several analyses were conducted, and the results are presented in this section. To gain some insight into the industries in which consumers use influencers, Figure 2 presents the responses use of influencers across different sectors. The results show that the highest use and engagement influence is observed in the travel/vacation and clothing sectors (74.4%). They are followed by the food and beverage and entertainment/lifestyle categories (69.8), the restaurant/eating places (68.6%), technology/electronics (66.3%), shoes/footwear (64.0%), cosmetics/beauty (57.0%), and cars (53.5). The lowest use and engagement rates are in parenting and family (24.4%), followed by arts and crafts (46.5%) and business and finance (50.0%). These findings show considerable differences in influencer use and engagement rates across different industries, which could have managerial implications for marketers that will be discussed later.
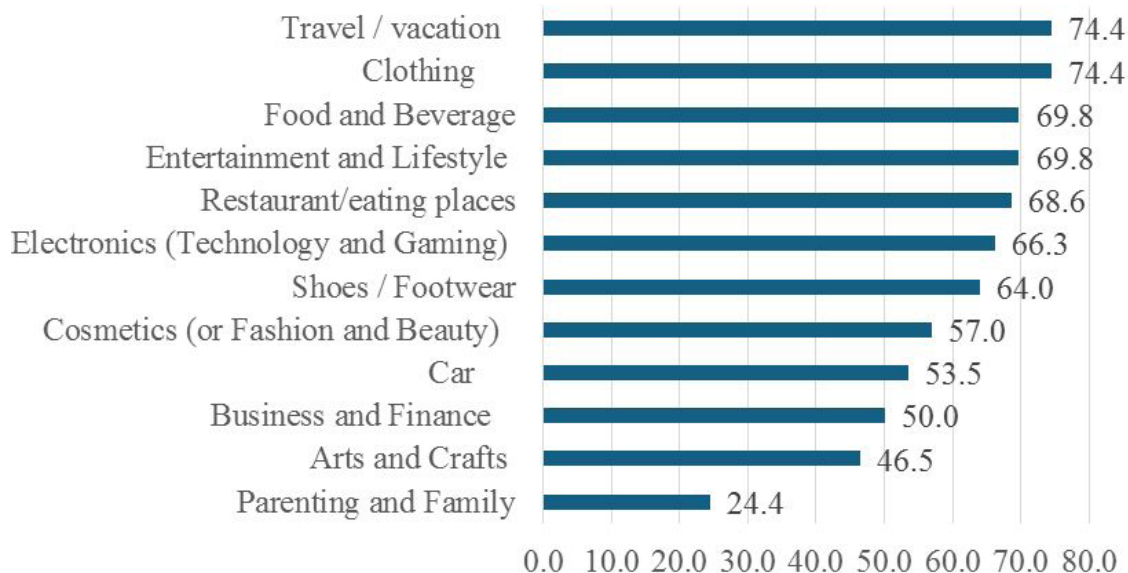
Figure 2: Industries Consumers use Influencers (Percent)

RO1: Examine the perception of influencer performance as evaluated by consumers regarding each factor included in the study.

To address the RO1, one-sample t-tests are conducted for each factor to examine the performance of influencers based on the factors included in the study. However, before conducting one-sample t-tests, we conducted a factor analysis. The results for the Consumer Factor, which reflects consumers' satisfaction with the information influencers provide, and their importance in decision-making, have loading values ranging from 0.766 to 0.870 (Table 2), and the variance explained is 69.17%. The reliability analysis shows the internal consistency of the items with an alpha value of 0.93. The factor loadings for Emotional Attachment range from 0.877 to 0.937 (Table 2) and the variance explained

Table 2: Factor Loadings for Consumer Factors, Emotional Attachment, Expert Engagement, and Micro-Leadership

		Factor Loading
Consumer Satisfaction (Variance Explained = 69.27%, Alpha = 0.850)		
qa3	Whenever I need to make the same purchase decision again, I will prefer to use information from the same influencer(s)	0.87
qa2	When I think of making a purchase decision, the influencer(s) I used are the first ones that come to my mind.	0.846
qa4	Based on my experience, I feel that the influencer(s) I used for my decision are my sources of information	0.831
qa5	The influencer(s) I follow are socially responsible people who contribute to worthy causes	0.82
qa1	I am very pleased that I used the information from the influencer(s) before I made my purchase decision	0.72
Emotional Attachment (Variance Explained = 82.83%, Alpha = 0.938)		
qb1	The values of the influencer(s) I used information for making my decision are consistent with my values	0.937
qb2	Based on my buying experience, I feel I developed an emotional bond with the influencer(s) I used for my decisions	0.926
qb3	Based on my buying experience, I feel I developed a strong attachment with the influencer(s) I used for my decisions	0.898
qb4	Based on my experience, getting information from the influencer(s) makes me happy	0.877

		Factor Loading
Influencer 1: Expert Engagement (Variance Explained = 51.15%, Alpha = 0.961)		
qd1	The values of the influencer(s) I used information for making my decision are consistent with my values	0.808
qd2	The influencer(s) I used for information in making my decision have a high number of followers	0.838
qd3	The influencer(s) I used for information in making my decision are perceived to be expert in their area of interest	0.842
qd4	The influencer(s) I used for information in making my decision demonstrate their expertise in their area of interest	0.755
qd5	The influencer(s) I used for information in making my decision show an influencer-product consistency/fit in their areas of interest	0.798
qd6	The influencer(s) I used for information in making my decision demonstrate expertise with cultural trends in their area of interest.	0.825
qd7	The influencer(s) I used for information in making my decision are authentic/original in their area of interest	0.837
qd8	The influencer(s) I used for information in making my decision are a likable person in their area of interest	0.707
qd9	The influencer(s) I used for information in making my decision are always accessible/available	0.765
qd10	The influencer(s) I used for information in making my decision have a perceived popularity in their area of interest	0.748
Influencer 2: Micro-Leadership (Variance Explained = 23.33%, Alpha =0.811)		
qd11	The influencer(s) I used for information in making my decision are considered opinion leaders in their area of interest	0.87
qd12	The influencer(s) I used for information in making my decision are micro-influencers (with 5,000-25,000 followers) in their area of interest	0.766
qd15	The influencer(s) I used for information in making my decision show an influencer-product consistency/fit in their areas of interest	0.711

is 82.83%. The alpha value of 0.938 indicates a high consistency among the Emotional Attachment items.

Factor analysis for influencer items identified two distinct factors: Influencer 1 and Influencer 2, as presented in Table 2. Influencer 1 factor includes 10 items, and their factor loadings range from 0.707 to 0.854 and the variance explained is 51.15%. The reliability analysis shows that all the items have a high consistency with an alpha value of 0.961. Since the items included in Influencer 1 Factor indicate a strong relationship with attributes like influencer expertise, authenticity, and accessibility, this factor is named "Expert Engagement". Influencer 2 includes three items with factor loadings ranging from 0.711 to 0.870, and the variance explained is 23.33%. The reliability analysis indicates that the items have a high consistency with an alpha value of 0.811. Influencer 2 Factor includes opinion leadership and micro-influencers, so Influencer 2 Factor is named "Micro-leadership". Since three items (questions) did not load and/or were cross loaded on the two factors, they were excluded from the analysis. The factor loadings exceed the critical threshold of 0.70 (Hair et al., 2018) and the Cronbach's Alpha for each factor's internal consistency and reliability are above the threshold of 0.70 (Hair et al., 2018; Malhotra, 2019), both cases meet the requirements.

The factor mean values are calculated to evaluate the perceptions of influencer performance. As shown in Figure 3, all mean values are significant, based on one-sample t-tests ($p < .001$, test value = 5), indicating that influencers are perceived as performing well. The Expert Engagement factor has the highest mean value of 7.15, indicating that influencers are perceived as performing the best in this category. This factor is followed by Micro-Leadership with a mean value of 6.84, customer satisfaction with a mean value of 6.71, and Emotional Attachment with a mean value of 6.35.

These findings have some managerial implications for influencers that will be discussed later.

Scale: 1=Strongly disagree & 10=Strongly agree
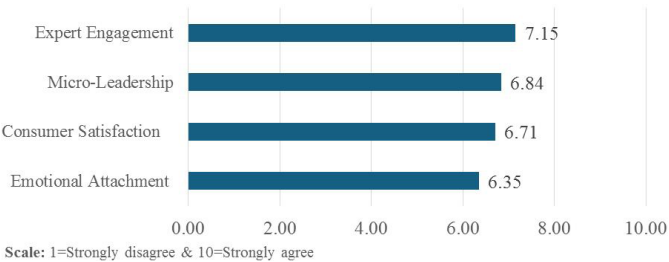
Figure 3: Perception of Influencer Performance by Influencer Users

RO2: Investigate the likelihood of recommending influencers to friends, family, and potential customers, and determine the NPS for these influencers.

In addressing the RO2, distributions of the responses to the likelihood of recommending influencers are presented in Figure 4. The results show that most of the responses are at the higher end of the scale, where a scale of "8" received the most responses with 22.1%. This is followed by a scale "9" with 18.6%, a scale "7" with 15.1%, a scale "10" and a scale "5" each with 10.5%, a scale "6" with 9.3%. These results indicate that consumers consider influencers to be worthy of recommendation, and their positive experiences encourage word-of-mouth promotion.
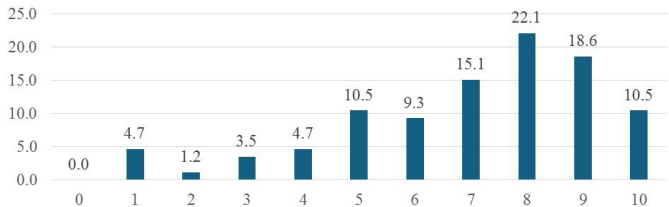
Scale: 0=Not likely at all & 10=Extremely likely

Figure 4: Distributions of Detractors, Passives, Promoters, and NPS for Influencers

As a part of RO2, the scores for Promoters, Detractors, and Passives, along with the resulting NPS, are calculated. Figure 5 presents the percentages of Detectors (responses rated 0-6), Passives (responses rated 7-8), and Promoters (responses rated 9-10). The results show that 29.1 % of respondents are classified as Promoters, 37.2% as Passives, and 33.7 as Detractors. Based on these responses, the influencers have an NPS of -4.60 (NPS = 29.1% Promoters 33.7% - Detractors). This negative NPS indicates the users of influencers are not likely to recommend the influencers they used

as reliable sources and/or to recommend them for making decisions to friends and family members.
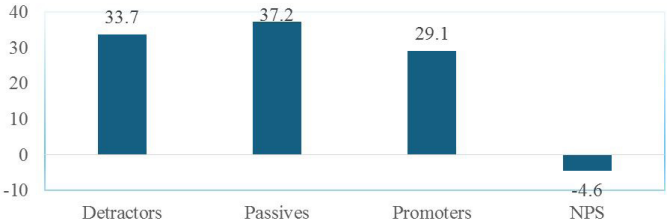
Figure 5: Distributions of Detractors, Passives, Promoters, and NPS for Influencers

RO3: Explore the relationships between the factors influencing recommendations and identify the significant predictors of recommending influencers.

To determine which factors are significantly correlated with the likelihood of recommending influencers (RO3), a correlation analysis was conducted, and the results are presented in Table 3. The correlation results show that the highest correlations with the likelihood of recommending influencers in the order of importance are micro leadership (.778), emotional attachment (.718), consumer satisfaction (.673), and expert engagement (.666). These findings provide some insights into the factors that could be useful in recommending the influencers.

Table 3: Correlation between Factors and Recommending

Factors	*Correlation*
Emotional Attachment	.718**
Consumer Satisfaction	.673**
Micro-Leadership	.778**
Expert Engagement	.666**

In addition to the correlation analysis, a regression analysis was conducted to identify the factors that predict the likelihood of recommending influencers. The dependent variable is the likelihood of recommendation, while the independent variables include four factors: emotional engagement, consumer satisfaction, expert engagement, micro-leadership, and actual recommendation. The Actual Recommendation variable is based on a survey question asking respondents if they recommended the influencers to friends and family members. The regression model for the influencers is significant (p < .001) with an adjusted R^2 of 0.693. The factors that are significant in predicting the likelihood of recommending the influencers (Table 4) are expert engagement, consumer satisfaction,

Table 4: Regression Analysis Results for Predicting Recommending Influencers

Independent Variables	B	Sd. Error	Beta	t	Sig.	Tolerance	VIF
(Constant)	-1.154	0.671		-1.719	0.089		
Expert Engagement	0.469	0.112	0.411	4.194	0.000	0.389	2.569
Consumer Satisfaction	0.371	0.099	0.331	3.730	0.000	0.474	2.108
Actual Recommendation	0.602	0.190	0.232	3.170	0.002	0.699	1.431
$F_{(93, 83)} = 61.81$, $p < .001$, R square = 0.693, Adj. R square = 0.682							

and actual recommendation ($p<.001$). Emotional attachment and micro-leadership factors were not found to be significant predictors in recommending the influencers.

The findings from the regression and correlation analyses provide valuable insights into identifying the significant factors that predict the likelihood of recommending influencers, which, in turn, influence the NPS. These significant predictors could have managerial implications in increasing the followers of influencers.

DISCUSSION AND LIMITATIONS

The main objectives of this study are to examine perceptions of influencer performance (RO1), investigate the likelihood of recommending influencers to others and determine the NPS (RO2), and explore the relationships between factors influencing recommendations to identify significant predictors of recommending influencers (RO3). The study provides some insights into the influencer literature by identifying the factors that are significant predictors of the likelihood of recommending influencers to the potential users, which would help to increase the size of the influencers' followers.

The results regarding the industries show that consumers use influencers most frequently in industries such as travel/vacation, clothing, food and beverage, entertainment and lifestyle, restaurants/eating places, electronics (including technology and games) and shoes and footwear. Conversely, influencers are least utilized in parenting and family, arts and crafts, and business and finance. These findings suggest two potential strategies for influencers to be successful: a) influencers should focus on the industries that consumers most utilize the influencers, which could be competitive areas, and/or b) get consumers utilize influencers in the least used industries.

The next significant finding is that there are two distinct factors for influencer related attributes. The first factor includes ten questions related to expert engagement attributes of the influencers, while the second factor includes three questions focused on macro-leadership attributes of the influencers. Additionally, the study examines two other factors: customer satisfaction and emotional engagement attributes. The mean values indicate that expert engagement highest performance, followed by micro-leadership, customer satisfaction, and emotional attachment. These findings suggest that influencer-related factors are the most relevant for consumers.

The results concerning the likelihood of recommending the influencers and NPS show that most of the customers fall into the passive category, with more detractors than promoters of the influencer. In fact, an NPS of -4.6 confirms this, indicating that most of the influencer users do not seem to be very satisfied and loyal to the influencers they used for information and decision-making. Given that NPS is a measure of customer satisfaction and loyalty (Reichheld, 2003), the negative NPS should be taken seriously by the influencers, especially by those who might be expecting to get positive WOM and recommendation. Correlation and regression analyses identified factors significant predictors of likelihood of recommending the influencers. The study found Expert Engagement, Customer Satisfaction, and Actual Recommendations are significant factors to predict the likelihood of recommending influencers.

These findings indicate the importance of influencer-specific attributes for the influencers in getting user recommendations. The implications of the results suggest that: a) influencers are used more in some industries than in other industries, which suggests that influencers must develop strategies accordingly, b) the negative NPS indicates that the users do not seem to be

satisfied by the influencers, as evidenced by having more detractors than promoters. This is a serious situation in influencers should take steps to improve satisfaction. The regression analysis identified significant predictors of the likelihood of recommendation, providing actionable insights for influencers to improve their chances of getting recommended. In summary, this study provides valuable information into the influencer field and makes a significant contribution to the influencer literature.

LIMITATIONS

While the study provides insights into the factors affecting the likelihood of recommending influencers and resulting NPS, some limitations should be considered when interpreting the findings. The first limitation is the small sample size. A larger sample could improve the generalizability of the findings, and we recommend increasing the sample size. The second limitation is the use of convenience sampling. While convenience network sampling allows us to reach diverse respondents, we recommend using some form of random sampling to better represent the target population. The third limitation is that this study included respondents only from one country, India. Future studies could include respondents from different cultures which could improve cross-cultural comparisons and could further improve the generalizability of the findings. Despite these limitations, this study contributes to the influencer literature, particularly from the NPS concept perspective.

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Examining the Factors Affecting the Behavioural Intention of Working Women for Fashion Apparels in Case of Social Media Marketing in Circular Economy

Priya Sharma * **& Dr. Manmohan Chaudhry** **

ABSTRACT

Nowadays, social media (SM) is widely employed in every field. Social media can be an effective marketing tool for businesses, offering many possibilities and benefits to consumers and businesses in a circular economy. As social media usage and popularity have expanded, it has become an essential component of modern marketing strategy. Social media marketing benefits both businesses and consumers because these individuals choose social media groups with similar lifestyles. This study investigated the factors affecting the behavioural intention of working women for fashion apparels in case of social media marketing in circular economy. The conceptual model was proposed based on the five factors (Social influence, Facilitating Conditions, Habit, Attitude and Trust), and the impact of these factors have been studied on behavioural intention of working women. The questionnaire (5-point Likert's scale) was used to gather data from 209 working women of Delhi-NCR (only valid responses were considered). The findings from regression analysis supported the conceptual model as it shows the significant impact of Social Influence, Trust, Attitude and Habit on the behavioural intention of working women of Delhi-NCR. Facilitating Conditions was found insignificant. So, this study provided key insights for the social media marketers to frame policies for the working women and to understand their buying behaviour for fashion apparels in circular economy.

Keywords: Social Media Marketing, Behavioural Intention, Working women, Fashion apparels, Circular Economy.

INTRODUCTION

The development of social media marketing enables customers to purchase goods and services from anywhere in the world, without being constrained by geography or time. Social Web sites have quickly assimilated into the daily lives of hundreds of millions of Internet users worldwide. In the late 1990s, men were more likely than women to shop online (Cha, 2009), but with the passage of time women became more shopping oriented than men on social media platforms. Women are more likely than men to respond to virtual purchasing on social networking sites favorably (Cha, 2009). According to comScore (2010), ''globally, women demonstrate higher levels of engagement with social networking sites than men.''

Working women, particularly millennials and Generation Z, are more concerned about sustainable spending.

A circular economy emphasizes reuse, recycling, and upcycling, which appeals to environmentally aware customers. These women commonly seek for businesses that stress environmental sustainability and ethical labour practices, which are widely promoted by brands and influencers on social media platforms. Women play a variety of roles in making purchases; therefore, advertisers and marketers should approach them accordingly. Marketing professionals put their best efforts into market segmentation based on women consumers since they have a solid understanding of how women manage the purchasing function in households. Business leaders now view women as the biggest and most significant market due to the changing roles that women play at work and at home (Balaji et al., 2021). Working women are described as being employed or participating in professional or occupational activity.

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They work in a wide range of positions and contribute to many sectors and businesses in the circular economy. The term "working women" covers a broad spectrum of women including full-time employees, part-time employees, self-employed professionals, business owners, and executives. Working women now make up a substantial portion of the global workforce and have significantly influenced societal advancement as well as economic prosperity. They have demolished preconceived notions of gender and have empowered themselves and the next generation.

This study examines the factors affecting working women's behavioral intention for fashion apparels in the case of social media marketing in a circular economy. Although there are many factors, the following have been considered: Social Influence, Facilitating Conditions, Habit, Attitude, and Trust. Social influence, Facilitating Conditions and Habit have been taken from UTAUT2 theory (Venkatesh et al., 2012). Attitude and Trust factor have been taken from literature (Wu et al., 2010; Joubert & Van Belle, 2013).

LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

Social Media Marketing and Consumer's Behaviour

There are many distinct types of social media, such as Facebook, Twitter, and weblogs. Users of social media can interact with people who share their interests. Consequently, social media marketing is advantageous for businesses since these users select social media groups with similar lifestyles (Lee et al., 2018). Social media includes photo sharing websites like Flickr, online communities, microblogging tools like Twitter, social tagging tools like Digg, newsreaders like Google Reader, as well as video creation and sharing services like YouTube, and Ustream. Users can rapidly share text, photos, music, and video with the use of these services without needing any technological expertise (Akar & Topçu, 2011). Web 2.0 and social media can be used interchangeably, while some people distinguish between the two ideas. Social media in this context refers to the social components of Web 2.0 apps, whereas Web 2.0 in this context primarily refers to online applications (Constantinides & Fountain, S.J,

2008). Social media is utilised differently by various clients and businesses. It does not even try to take the place of transactions or even conversation by phone or email. Rather, it aims to enhance the value of each encounter or compliment them either the current or potential customer (Andzulis et al., 2012).

Social media marketing is the process of increasing a company's or organization's online visibility to promote its products and services. Social media platforms are helpful for exchanging information and ideas as well as for creating professional and social networks. Social media marketing is having a significant impact on how businesses sell themselves. In some businesses, this sort of marketing is progressively gaining ground, developing, and replacing more traditional strategies. For instance, one-way, push-based, and interrupt-driven tactics are used in traditional marketing applications including direct and brand marketing. These marketing initiatives are aimed towards the customer and are conducted by the business. Companies "push" marketing initiatives onto clients without their consent, which can be done through interfering with their daily activities (Akar & Topçu, 2011). Consumer behaviour is affected by so many factors such as cultural, social, personal, and psychological factors. Social media is crucial for assisting customers in obtaining the information they need or empowering them to produce and distribute their own content (Drews & Schemer, 2010). New avenues for locating and learning about the vast array of products and services on the market have been made possible by the social media revolution. Customers may now interact with one other and discuss brands quickly and readily thanks to it (Powers et al., 2012).

Irshad et al. (2016) seek to expand our comprehension of consumer behaviour by incorporating the Motivation theory and Technology Acceptance Model (TAM) with an emphasis on social media marketing. The author argues that it is crucial to identify the factors that are advantageous to Social Media Marketing (SMM) to have a positive influence on consumer behaviour. Duffett (2015) examined the effects of interactive social media marketing messages on the cognitive, affective, and behavioural attitude components of South African teenagers. The study found that social media marketing messaging had positive cognitive and attitudinal effects, and when accessed via mobile

devices, social media marketing message among generation Z had the strongest positive cognitive & affective attitudinal responses. Voramontri & Klieb, L. (2019) conducted a study in South-East Asia with the aim of empirically examining the role of social media in consumers' intricate purchasing decisions. The results showed that, in describing how consumers make decisions in the social media era, the conventional model of decision-making is still applicable. The study also showed that using social media marketing initially enhanced customer satisfaction but later had no impact. Stephen (2016) shed light on how consumers engage with the digital worlds in which they found themselves throughout the course of a typical day from a variety of angles. The investigation uncovered the following five themes: Consumer digital culture, advertising, the impact of the digital environment, mobility, and the impact of online word-of-mouth and reviews on customers.

Hasan & Sohail (2021)'s objective was to gain a better understanding of social media marketing traits, how they influence purchase intention, and how local and national brands influence these associations. SEM (Structural Equation Modelling) is the strategy employed here. According to the study, there is a significant increase in the likelihood that consumers will make a purchase when there is brand trust, brand awareness, interaction, and community. Additionally, consumers strongly trust brands that are not local. Customers engage with local brands more frequently than they do with national brands. Irshad et al. (2020) examined how customer motivations—such as reward, social support, and empowerment—affect online purchase intentions as mediated by faith in social media-presented merchants. The findings demonstrated that social media marketing signals like product discounts are likely to improve levels of consumer trust, which raises the probability that customers would make an online purchase. The results also demonstrated that social motivation has a strong positive influence on customer trust and online purchase intentions and showed that the empowerment motive has a considerable favourable impact only on consumers' trust in social media stores. Balakrishnan et al. (2014) Reviewed the effects of social media marketing on brand loyalty and purchase intention in Generation Y is the goal of this study. The results of this study showed that social media marketing

is successful in fostering brand loyalty and product purchase intention through business websites and social media platforms.

Nash, (2018) investigated the extent to which social media (SM) platforms are impacting Generation X and Y customers' decision-making processes in the context of retail fashion. The results showed that consumers' behaviours and opinions of high-street fashion businesses are influenced by several internal and external reasons, and that the usage of social media helps and facilitates these aspects. Yu & Yuan (2019) aimed to determine what influences consumers' social media brand experiences and how it affects customer equity and lifetime value (CLV). The factors of product qualities, brand experience, brand attachment, brand trust, customer equity, and CLV are included in a conceptual model that is suggested. The findings of the study were- Hedonic and utilitarian values affected brand experience, Brand experience had a direct impact on the factors that promote brand attachment, brand trust, and customer equity. Brand connection and trust had an advantageous link.

Social media marketing affects female consumers' buying behaviour differently than male members. With the help of previous studies, the differences in the behaviour of male and female consumers were studied. The primary goal of this study (Ruane & Wallace, E., 2013) was to understand how female members of Generation Y interact with fashion brands online. It investigated Generation Y Irish women. The study's findings included that every participant had shopped online before. While the Internet offered knowledge and enabled for impression control, social media functions as a source of inspiration and assurance. The study (Garbarino & Strahilevitz, 2004) examined how men and women perceive the hazards of online shopping differently as well as the influence of a friend's website recommendation. Even after accounting for differences in Internet usage, the results suggested that women perceive more risk in online purchases than do men. Additionally, when a friend recommended a website, women perceive risk as being lower and are more inclined than males to make an online purchase.

Imtiaz et al. (2019) analysed and evaluated the effects of social network marketing on female customers' intention to buy fashion goods, as well as how brand

engagement and consumer motivation serve as mediators. The study found a substantial correlation between social network marketing and consumer buying behaviour. Brand involvement and customer motivation act as a partial mediator between social network marketing and women's fashion product purchase intentions. Dennis et al., (2010) explored the idea of social e-shopping, which is based on fusing e-shopping with social networking. They contend that consumers, especially young women, will favour social e-shopping over conventional e-shopping. To compare a standard e-commerce website with a social e-commerce website. The results showed that young women favour social e-commerce websites. Social e-shopping was pleasant and practical for young adult female consumers who were both hedonistic and utilitarian.

Factors Affecting the Consumers' Buying Behaviour

Nikolopoulou et al. (2020) aimed to assess university students' behavioural intentions towards accepting and using mobile phones throughout their studies. The study used the UTAUT2 model, which was adjusted to the Greek context. The significant predictors of students' intention to use mobile phones in their studies were habit, performance expectancy, social influence, and hedonic motivation. Behavioural Intention was the most significant predictor of actual mobile phone usage. This study contributed to the understanding of mobile phone acceptability among university students and had impact on their training. Kranthi & Ahmed (2018) discussed the consumer behaviour in case of smartwatches with the extended UTAUT2 theory. Self-efficacy (SEF), personal innovativeness (PINNO), social media influence (SMI), social image (SIMG), aesthetics (AES), and external social influence (ESI) were all added to the UTAUT2 model in the current study. The current study concluded that the main elements impacting the behavioural intention of potential smartphone users were Performance expectancy, hedonic motivation, internal social influence, aesthetics, personal innovativeness, and Facilitating Conditions. Effort expectancy and Habit were insignificant in this study. According to the study's findings, the extended UTAUT2 model had an increased capacity to predict behaviour about the

adoption of smartwatches**.** This study demonstrated the existence of additional UTAUT2 core factors, such as SMI, aesthetics, social image, and personal innovativeness, which were proven to be significant predictors of smartwatch adoption.

Slade et al. (2013) aimed to reveal the current state of m-payment adoption research and give future research direction, by creating a research model for the analysis of factors affecting m-payment adoption in the UK context. Performance expectancy, Effort expectancy, hedonic motivation, social influence, Price value, Facilitating Conditions, Trust, Habit, Perceived risk, Behaviour intention, and Use behaviour were the main factors of the study. This investigation discovered that 32 previous empirical m-payment and m-banking adoption studies examined 186 connections between independent and dependent variables. To extend the applicability of UTAUT2 to the m-payment context, an extension of UTAUT2 was presented that includes perceived risk and trust in addition to the most important characteristics discovered to impact adoption.

Tamilmani et al. (2021) discovered UTAUT2 based empirical studies in the Scopus and Web of Science bibliographic databases by cited reference search, to assess the proper application of UTAUT2 constructs. Systematic literature review and Meta analysis (60 studies) were done. The strongest path was found to be Behavioural intention to use behaviour. Performance expectancy to behavioural intention appeared as the most popular option with the highest significant values, highlighting the importance that consumers place on utilitarian value. In the meantime, future use of the Effort expectancy to behavioural intention path has been advised against and questioned due to most non-significant path values. Finally, the top five UTAUT2 extensions were identified as being self-efficacy, attitude, perceived risk, trust, and personal innovativeness. Penney et al. (2021) intended to extend the unified theory of technology adoption and usage to include "perceived risk" and "trust." The study found that performance expectancy, effort expectancy, social influence, habit, Facilitating Conditions, perceived risk, and trust significantly impact users' Behaviour Intention. However, facilitating conditions and hedonic motivation had no significant impact on users' Behaviour intention. This study's findings will assist stakeholders, including MM service providers,

retailers, and legislators, in developing effective ways to increase Mobile money use.

Working Women's Buying Behaviour for Fashion Apparels in Circular Economy

Women who are actively employed or participating in the labour force are referred to as "working women" in general. It includes women who work at paid employment, pursue careers, and make contributions to the economy. Women who work in a variety of professions, including but not limited to those of doctors, teachers, engineers, lawyers, scientists, business professionals, artists, and labourers, are working women. They might work in a variety of fields, including healthcare, education, technology, finance, manufacturing, and services. Because of their high status in many nations and their ability to pursue intellectual and spiritual endeavors, women have historically been viewed as the catalyst for revolutions (Evans et al., 2001). Men and women both play a part in running the home. Women must be free to choose whether to work outside the home, and if they do, they must not face prejudice. Rather, they should be recognized for their contributions to the household in terms of money and social security (Hoffman & Holmes, 1976).

Fashion brands are significant instruments for customers' lives and are also filled with meaning, Consumers' relationships with fashion businesses are distinctive because they enable consumers to project their preferred self-image through the brands they own. Fashion is a phenomenon of self-expression (Papista & Dimitriadis, 2012). In addition to being an essential component of one's self-image, fashion is a cyclical reflection of social, cultural, and environmental features that are specific to a certain time and place in a specific geographic context (Azuma & Fernie, 2003). According to research, people face higher levels of risk with online fashion purchases (Bhatnagar et al., 2000). As per (Jones & Kim, 2010), Fashion items are riskier than convenience items. The industry for fashion apparels has seen constant change over the past two decades because of the quick release of new collections meant to entice and excite consumers (Coskuner & Sandikci, 2004). The average time for a particular fashion trend to be in style today is only between six weeks and three months due to how quickly clothing trends change. Consumers frequently purchase apparel for its symbolic value, image enhancement, or psychological gratification. This category of goods is also recognized to reflect social life, goals, and consumer fantasies. In general, apparel is thought to be a highly involved buying item. Apparels serve as symbols for status, gender, social group loyalty, and personality (Craik, 2009).

One of the sectors with the fastest global growth is apparel. Working women have become a huge portion of the clothes purchasing market. Women are really giving priority to clothing, causing a change in purchasing habits of women. Typically, women spend more money on fashion out of desire rather than necessity or utility (Cho & Workman, 2011). Comparatively speaking, it is simpler to find high design clothing at reasonable prices for women. Women are known to find shopping to be enjoyable, gratifying, hedonistic, and pleasurable. The significance of women's shopping experiences and the ongoing need for clothing that results from them provide this sector with significant growth potential. Women are typically more interested in purchasing items connected to self-expression that would enhance their appearance, such as handbags, shoes, outfits, and gifts, etc. (Yadav et al., 2019).

Working women in a circular economy buy fashion items because they want sustainability, affordability, and originality. Many working women are becoming more eco-conscious, choosing second-hand, upcycled, or sustainably created apparel that reflects their environmental views. Platforms like ThredUp, Poshmark, and Depop make it easy to buy pre-loved things, saving money while also helping to decrease trash. Furthermore, subscription-based models such as Rent the Runway provide people access to high-quality apparel without the requirement for ownership, which aligns with circular economy ideals. Social media has an enormous impact on their tastes, with influencers pushing ethical and sustainable businesses that appeal to this generation. Working women value the distinctiveness of vintage or second-hand clothes, which allows them to express their style while helping to reduce fashion's environmental impact. In the circular economy, they make fashion decisions based on a combination of sustainability, convenience, and cost.

Factors Affecting the Buying Behaviour of Working Women

Pareek & Babel (2021) examined shifts in working women's shopping for apparel online patterns during the COVID-19 epidemic with variables like Safety, security, convenience, and Time saving. According to the study, there had been a noticeable increase in online apparel purchases during the pandemic, and the variables that affected this behaviour have altered, such as convenience and safety. Gupta & Shome (2020) intended in this study to pinpoint the variables impacting the purchasing decisions of working women. The article investigated how social media marketing affects the buying behaviour of Indian working women. The study found that demographic factors including working women's income and age did impact online purchases. The study discovered that working women's buying decisions were significantly influenced by social media marketing, and their attitudes towards the advertisements and the brands were important predictors of their intention to buy.

Kumar (2019) emphasized on the working women buying behaviour on the mobile based app. The theory of planned behaviour (TPB) was found to be a reliable theoretical framework for explaining this behaviour. Attitudes, Subjective norms, perceived behavioural control, and Behavioural intention were the main variables of the study. It was clear from the analysis that attitude, subjective norm, and perceived utility had a strong beneficial impact on online purchases. Additionally, research showed that online purchasing behaviour was positively influenced by purchase intentions.

Theoretical Framework

Working women's buying behaviour is affected by so many factors, we have considered some factors from UTAUT2 theory (Social influence, Facilitating Conditions, Habit) and additional two factors from literature (Attitude and Trust):

Social Influence

The amount to which an individual believes important individuals believe he or she should implement the new system is defined as social influence (Venkatesh et al., 2003). Similarly, because m-shopping fashion apps are not a required technology, in the sense that customers have the freedom to use them, social influence could impact consumers' behavioural intention to use m-shopping fashion apps. Chong, (2013) discovered that social influence is a strong predictor of customers' behavioural intent to use m-commerce, and that social influence influences consumers' intention to use m-commerce in Malaysia. Based on the previous studies, the following hypothesis is proposed:

- **H₁:** Social influence significantly influences the behavioural intention of working women in case of social media marketing for fashion apparels in circular economy.

Facilitating Conditions

Facilitating conditions are described as the level of the degree to which a person considers that a technological and organizational framework is in place to support usage of the system (Venkatesh et al., 2003). Indeed, Venkatesh et al. (2012) hypothesized that facilitating conditions in UTAUT2 might have a direct influence on customers' intentions because facilitating conditions are not readily available to customers as in the employee context (Alalwan, 2018). Based on literature, the following hypothesis is proposed:

- **H₂:** Facilitating Conditions significantly influences the behavioural intention of working women in case of social media marketing for fashion apparels in circular economy.

Habit

Habit is defined as "the extent to which people tend to perform behavior automatically as a result of learning". According to this definition, habit is the level to which users tend to utilize m-shopping fashion apps automatically. Users develop a habit of using a technology as their experience with it grows (Venkatesh et al., 2012). Additionally, habit was found to affect the user's intention to continue using e-commerce in a study (Liao et al., 2006). Based on the previous studies, the following hypothesis is proposed:

- **H₃:** Habit significantly influences the behavioural intention of working women in case of social media marketing for fashion apparels in circular economy.

Attitude

Customers are more likely to have a favorable impression or draw a conclusion about products or services when they have a favorable attitude toward them, which leads to a stronger buy intention (Wu et al., 2010). Several studies investigated the connection between Gen-Y's attitudes and intention to buy fashion apparel. Online attitude is positively correlated with intention to make an online purchase (Loureiro & Breazeale, 2016). Based on prior studies, the following hypothesis is proposed:

- **H$_4$:** Attitude significantly influences the behavioural intention of working women in case of social media marketing for fashion apparels in circular economy.

Trust

Trust has a significant role in circumstances where hazards are anticipated. Shopping via mobile apps for fashion products is a recent trend and a far more recent application of technology than mobile websites and e-commerce, so users of these apps are subject to new vulnerabilities and threats (Joubert & Van Belle, 2013). Like how there is no physical interaction between the user of the mobile fashion app and the vendor of the fashion products in our instance when purchasing on a mobile device. Users must have trust in the app to plan to use mobile shopping because the app contains a risk regarding personal information kept and accessible by the app (Vasileiadis, 2014). The following hypothesis is proposed:

- **H$_5$:** Trust significantly influences the behavioural intention of working women in case of social media marketing for fashion apparels in circular economy.

RESEARCH DESIGN

Research Objectives

The major goal of this study is to examine the factors influencing working women's behavioural intention for fashion apparels in case of social media marketing in circular economy. Additionally, it aims to illustrate which factors influence working women's buying behaviour for fashion apparel in case of social media marketing in circular economy and which ones do not. According to the literature, few research has been

conducted on working women's behavioural intention in case of social media marketing, making this study significant and aimed at filling a need in the literature.

Research Methodology

The study has purposed a research framework, which is depicted in Figure 1 from the literature:
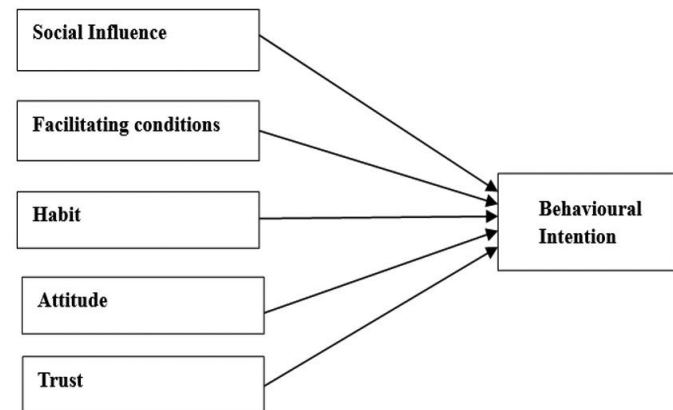
Figure 1: Proposed Research Model

It has been proposed in the model that Social Influence, Facilitating Conditions, Habit, Attitude and Trust have significant influence on behaviour intention of working women in case of fashion apparels in case of social media marketing in circular economy.

Research Sample

The study's focus is on working women from Delhi-NCR. The questionnaire created to collect the data was delivered to working women from Delhi-NCR. Using the convenience sampling approach, the prepared questionnaire was distributed to around 300 respondents, however only 209 responded with no missing values. So, we take 209 as our final research sample.

Data Collection

Data collection was done using a questionnaire form. The studies (San Martín & Herrero, (2012); Bearden et al., (1989); Venkatesh et al., (2012); Ajzen & Fishbein, (1980); Ngai et al., (2007); Mathew & Soliman, (2021); Lee et al., (2002); Chow & Shi, (2014); Zeithaml et al., (1996); Venkatesh et al., (2012) were used to construct the questionnaire form. Multiple choice questions about demographic data and the use of social media are included in the questionnaire's first section, while a

5-point Likert scale with five items is employed in the second section.

DATA ANALYSIS AND INTERPRETATION

The data was collected from 209 respondents (working women). The objective of this study is to examine the factors affecting the behavioural intention of working women for fashion apparels in case of social media marketing in circular economy and this objective was analysed with Regression analysis.

Profile of Respondents

In this study, convenience sampling was used, and respondents (working women) were selected on that basis only from Delhi-NCR.

Table 1: Sample Composition

Demographic Profile	Scale	Number of Respondents
Age	Below 25 years	46
	25 years – 35 years	125
	35 years – 45 years	34
	45 years and above	4
Education	12th	19
	Graduation	73
	Post graduation	91
	Doctorate/Ph.D.	9
	Professional courses	17
Income (Annual in INR)	Less than 5 Lakhs	137
	5 Lakhs – 10 Lakhs	56
	10 Lakhs – 15 lakhs	13
	More than 15 Lakhs	3
Occupation	Private Job	119
	Government Job	51
	Self- employed	16
	Others	23

Source: Primary Data

As per the demographic profile, we found that majority of the respondents (working women) were from the age of 25-35 years and most of them were post graduate. Though, Income slab is not that much high for working women as most of them fall under less than 5 lakhs category. Majority of the working women are from private sector as per the table.

Reliability of Data

A common statistical tool for evaluating the internal consistency and reliability of a psychometric scale or a group of items meant to measure the same construct is called Cronbach's alpha.

Table 2: Summary of Reliability Test

	Cronbach's Alpha	Number of Items
Dependent variable		
Behavioural Intention	.934	5
Independent variables		
Social influence	.897	6
Facilitating Conditions	.864	2
Habit	.923	4
Attitude	.916	4
Trust	.936	5

Source: Primary Data

A prominent level of internal consistency indicates that the items are accurate measures of the construct under study. Cronbach's alpha test was done to check the reliability of data. All the factor's Cronbach's alpha exceeds 0.7, which makes all the factors reliable (as shown in Table-2).

Regression Analysis

A statistical method called regression analysis is used to investigate and measure the relationship between one or more independent variables (predictors) and a dependent variable (outcome). Regression analysis is primarily used to model and comprehend how changes in the independent variables are related to changes in the dependent variable.

Multiple Regression consists of two or more independent variables that are used to predict a single dependent variable. It aids in determining how much different predictors' combined effects on the result occurred. Here, multiple regression analysis was conducted to determine the relationship between social influence, Facilitating Conditions, Habit, Attitude and Trust towards behaviour intention of working women.

Multiple regression analysis was used to examine the effects of social influence, Facilitating Conditions, habit, attitude, and trust as predictors on the dependent variable (behavioural intention). The four components

Table 3: Multiple Regression Analysis

Hypothesis	Regression Weights	Beta Coefficient	t-value	P-value	Hypothesis Supported
H1	SI→BI	.256	4.072	.000	Yes
H2	FC→BI	-.018	-.316	.752	No
H3	HB → BI	.179	3.019	.003	Yes
H4	ATT → BI	.211	3.003	.003	Yes
H5	TR → BI	.336	5.770	.000	Yes
R2	.759				
F (5, 204)	128.169				

Source: Primary Data

under research (SI, HB, ATT, and TR) have a considerable impact on behavior intention, except for FC (which is not significant), according to F (5,204) = 128.169, p < .001, which shows that the independent variables (SI, HB, ATT, TR) strongly predict behaviour intention. Additionally, the R^2 =.759 shows that the model accounts for 75.9% of the variance in behavior intention. The overview of the results is shown in Table 3:

The findings of each predictor will now be explained-

The coefficient for the social influence is .256. The dependent variable behavioural intention is predicted to rise by .256 units for every unit increase in Social Influence. The statistical significance of this impact is shown by the p-value (Sig.) of .000. The coefficient for the Facilitating Conditions is -.018. The p-value, however, indicates that this effect is not statistically significant (.752). Habit has a coefficient of .179 as a predictor. The dependent variable behavioural intention is predicted to grow by .179 units for every unit increase in Habit. The statistical significance of this impact is indicated by the p-value (.003). The coefficient for the variable Attitude is .211. The dependent variable behavioural intention is predicted to rise by .211 units for every unit increase in Attitude. The statistical significance of this impact is indicated by the p-value (.003). The Trust factor has a .336 coefficient. The dependent variable behavioural intention is predicted to grow by .336 units for every unit increase in Trust. The statistical significance of this impact is shown by the p-value (.000).

Social influence has a significant impact on the behavior intention of working women for fashion apparels in case of social media marketing, which is consistent with the previous studies (Kranthi & Ahmed, 2018;

Gharaibeh et al., 2020; Nikolopoulou et al., 2020), this clearly defines the influence of society on working women's purchasing decisions for fashion apparel on social media platforms in circular economy. However, in the case of fashion apparel provided in case of social media marketing, Facilitating Conditions did not significantly change the behavior intention of working women, indicating that social media marketing does not influence their intention to buy fashion apparels, it is consistent with the previous studies (Nikolopoulou et al., 2020; Nadeem et al., 2017). Habit, Attitude, and Trust have a major impact on working women's behavioural intention for fashion apparel in case of social media marketing, which is consistent with previous studies (Gharaibeh et al., 2020; Nikolopoulou et al.,2020; Alalwan et al., 2017; Tamilmani et al., 2021).

CONCLUSION

In conclusion, the study on working women's buying behavior for fashion apparels in case of social media marketing in circular economy has revealed some crucial facts. An intricate understanding of this group's preferences and behaviours in the world of online fashion shopping has emerged from the examination of the various aspects impacting buying behaviour within this demographic. Social influence was found to be a strong predictor, showing the crucial role that social connections, trends, and peer recommendations have in influencing working women's social media fashion choices. The positive correlation of 0.256 emphasizes how social interactions and the strength of online communities can have an impact on people's purchasing decisions in circular economy. The importance of a person's inclinations, convictions, and level of confidence in online transactions is shown by

the coefficients related with Habit, Attitude, and Trust (0.179, 0.211, and 0.336, respectively). According to these results, strong habits, a favorable attitude towards social media buying, and trust in the social media platforms are key factors in determining working women's behavior in circular economy.

Intriguingly, the study also examined the role of Facilitating Conditions, finding that while its negative coefficient of -0.018 which means working women are lacking in the knowledge and resources to buy goods in case of social media marketing. Marketers should concentrate on the following facilitating conditions: mobile accessibility, timesaving, variety and selection, flexible payment options, and personalization. These observations have important economic and marketing implications given how quickly e-commerce and social media are developing. Developing social influence-focused techniques, encouraging virtuous behavior, building trust, and improving customer attitudes may improve working women's engagement and conversion on social media platforms in case of social media marketing in circular economy. Understanding working women's purchasing behavior in the context of fashion apparel in case of social media marketing in circular economy not only adds to academic knowledge but also provides actionable intelligence for businesses looking to optimize their marketing strategies and tap into this dynamic consumer group. Working women continue to be a significant market segment with increasing digital engagement. In situations where changing behavioural intentions is a significant objective, these findings have implications for decision-making and strategy formulation.

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Risk Management in Banks Amidst Sustainable Circular Economy through Implementation of Basel-III Accord

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ABSTRACT

In the current era of progress and developments in the Financial Sector, circular Economy will be a key parameter to promote achieve sustainable economic development. Banks help to mitigate the supply side of credit and funds available and thereby turnaround to circular economy to a business model. Once the sustainable approach to finance is achieved profitability can be galloped in collaboration with all the stakeholders. Risk Management and Asset Liability Management are of grave concern in this aim of achieving desired profitability and prevention of slippage of income. Collaboration and adherence to the regulators guidelines for Basel-III facilitate the transition towards a circular economy Attaining optimisation in the Balance sheet is an uphill task now for the Banks to satisfy the regulator and satisfy the customers and shareholders in the Banks. Capital Management, Liquidity Coverage ratio, Counter Cyclical Buffer on a procyclical basis are the basis of Basel-III norms extendable till January 1, 2028, as laid by regulator for the banks. The banks must be resilient, robust, and responsible and not succumb to the shocks and bleeding in balance sheets. In this paper, research gaps of asset liability management in commercial banks have been identified from the review of literature done by the authors. As a part of research methodology, risk computation and analysis of various Public and Private sector banks have been done and models well designed. The author through various case lets / empirical models justifies the need for maintenance of capital Buffers, Countercyclical buffers, and need for asset liability management in the Banks. It is concluded that in an integrated Treasury system now in Banks ALM policy aids mechanism of short-term dynamic liquidity management and the contingency plans in the Stress Testing policy and aiding implementation of Basel-III norms.

Keywords: BCBS (Basel Committee for Bank Supervision), CRAR (Capital Risk Adjusted Ratio), Liquidity Coverage Ratio (LCR), Counter Cyclical Buffer, NSFR (Net Stable Funding Ratio), Risk Weighted Assets, CET 1 (Common Equity Tier 1 capital), Tier 2 capital, SIFI (Systemically Important Financial Institutions), NII (Net Interest income), NIM (Net Interest Margin).

INTRODUCTION

However, banks are now more exposed to market risk because of the emergence of growing capital markets. Banks will have to adopt a new strategy for financing the circular economy, which will require them to route funds differently, evaluate value differently, handle risk differently, and approach compliance differently. As a pure commercial concept as well as a social duty, banks have a significant role to play in this endeavor. In order to create a policy environment that supports circular enterprises, cooperation with government agencies is crucial. The post-financial crisis, which was brought on by an underestimating of risk and declining capital quality, makes this clear. Insufficient transparency and too many spillovers in the supervision of investments led to the crisis. The crisis brought to light how important the connections are between diverse types of liquidity, credit risk, and market and operational risk. Additionally, the capital base gradually deteriorated because of the accumulation of significant off-balance sheet leverage. A discussion

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about the banking model and the justification for the current restrictions was sparked by these occurrences. It assisted the G-10 leaders and policymakers in recognizing the shortcomings of the current framework, which resulted in the Basel Committee on Banking Supervision (BCBS) being established at the end of 1974.

Unlike anything the banking sector has witnessed before, "The International Convergence of Capital Measurements and Capital Standards" (1988) called as Basel accord tenets', aim at making the banks robust enough to withstand economic/financial stress/shocks, reduce the risk spill-over to real economy and improvement of transparency in the system.

Despite being first believed to be immune to the effects of the global financial crisis, the Indian banking industry is currently at a critical juncture where expansion and capital requirements collide. Positively, many our banks keep a significant level of liquidity to satisfy RBI regulations in both corporate and retail banking, and they rely less on short-term funding. The applicable prediction of stress scenarios with the highest accuracy and consistency is a challenging challenge, nevertheless, because our financial markets have not experienced a stress scenario. Meeting the capital requirements continues to be a challenge for many banks. Keeping the pace of financial developments in Banks, circular economy aims to create a relationship between economic activity, Environmental wellbeing and banks aim to achieve this in the Basel-III norms given under BIS and Regulator – RBI. Implementation of Basel-III endgame would take effect July 1, 2025, with a three-year phase-in of the capital ratio impact through June 30, 2028.

OBJECTIVES OF THE STUDY

The Indian Banking sector is undergoing a transformational change amidst risk management, galloping stressed assets and NPA management. There is a dire need to strengthen the regulations, supervision to improve ability to absorb shocks and spill over and strengthen risk management, transparency, and disclosures. Keeping in view of the above, the main objectives of the present study are:

1. To analyze the Basel-III emanation from Basel II norms and policy decisions in achieving Sustainable circular economy.

2. To have knowledge of the impact of Basel-III norms and challenges in raising capital posed to the Indian banking industry.

3. To analyze how the Indian Banking system is maintaining CRAR (Capital to Risk Weighted Assets Ratio) requirements, capital standard norms in light of Basel-III

4. To study about the looming possibility of Basel IV norms in the near future in light of November 2018 extension of Basel-III by January 1, 2023, to 2028.

III THEORETICAL BACKGROUND

The risk parameters for banking industry have changed with change in global market operations and integration of financial transactions over the world periphery. Basel norms and risk definition has changed with more precision from Basel I to Basel-III. India has started executing Basel-III capital norms from April 1, 2013, in a phased manner. Capital requirements must be met and raised from overseas centres. Buffers must

Figure 1: The 3 Pillars of Basel III Norms

	Basel II			Basel III		
	Common Equity	Tier 1 Capital	Tier 2 Capital	Common Equity	Tier 1 Capital	Tier 2 Capital
Minimum Requirements	2%	4%	8%	4.5%	6%	8%
Capital Conservation Buffer	Not applicable			2.5%		
Countercyclical Capital Buffer	Not applicable			0% to 2.5%		
Leverage Ratio	Not applicable			Tier 1 Leverage Ratio ≥ 3% #		
Liquidity Coverage Ratio	Not applicable			≥ 100%		
Net Stable Funding Ratio	Not applicable			≥ 100%		

The minimum level of 3% will be tested by BCBS during the parallel run period from 01 Jan 2013 to 01 Jan 2017

Figure 2: The Modification in Norms from Basel II to Basel III

be created in a pro-cyclical manner offering cushion for asset portfolio and stricter regulatory compliances.

Basel-III gist comprises of:

- **Capital Quality** – aiming for higher loss absorption. Banks will become stronger and sustain stress tests
- **Capital Conservation Buffer** – will ensure a cushion capital and losses will be absorbed is 2.5% as per regulators.
- **Countercyclical Buffer** – ranges between 0-2.5% of common equity and loss absorbing capital. This will enhance the capital base.
- **Leverage Ratio** – 3% of ratio of tier 1 and is calibrated to act as a credible supplementary measure to the risk-based capital requirements. It is indicative of the likelihood sustaining shocks by banks through balance sheet analysis.

$$\text{Leverage ratio} = \frac{\textbf{Tier 1 capital}}{\textbf{Total consolidated assets}} \times 100$$

- **Liquidity Ratios-** Liquidity coverage ratios and Net Stable fund Ratios (NSFR). Sustainability of shocks and contingency liquidity are the aim**.** Contingent liquidity constraints are arising from off-balance sheet commitments, over a one-year horizon. Resilience over a longer time is the essence of NSFR. It should be equal to 100% or more than 100%. LCR adds to it for short term resilience whereas NSFR reduces the funding risk in broader time horizon.

$$\text{NSRF} = \frac{\textbf{AFS (Total available stable funding)}}{\textbf{RSF (Total required stable funding)}} \times 100$$

ASF in banks are the capital and liabilities remaining with banks for more than a year = **RSF in banks** is the amount of the stable funding for residual maturities in balance sheet exposures (100% be the LCR requirements and pool of assets may be used in stressed times).

Capital: Banks' regulatory capital is divided into Tier 1 and Tier 2, while Tier 1 is subdivided into Common Equity Tier 1 and additional Tier 1 capital.

The common equity tier 1 capital is comprised of statutory reserves, paid-up equity capital (common stock), stock surplus or share premium earned on the issue of common shares, capital reserves, profit and loss account balance at the end of previous financial year, minority interest (common shares issued by consolidated subsidiaries of the bank and held by third parties), quarterly profits (provided that incremental provisions made for non-performing assets at the end of any of the four quarters of the previous financial year have not deviated more than 25% from the average of the four quarters). Additional tier 1 (AT 1) capital is comprised of perpetual non-cumulative preference shares, stock surplus resulting from issue of only those instruments that are included in AT1, Debt capital instruments that are eligible for inclusion in AT 1, Minority interest (meant for AT 1 only), any other instrument that is asked by RBI to be included in AT 1.

Tier 2 capital is also known gone-concern capital and is comprised of instruments of quality lower than that of tier 1 capital. It consists of general provisions and loss reserves, debt capital instruments, preference share capital instruments, perpetual cumulative preference shares (PCPS), Redeemable Non-cumulative preference shares (RNCPS), Redeemable Cumulative Preference Shares (RCPS), Stock surplus resulting from issue of instruments included in tier 2 capital, revaluation reserves at a discount of 55%, minority interest (tier 2 qualifying capital issued by consolidated subsidiaries) and any other type of instrument generally announced by RBI from time to time to be included in tier 2 capital.

Table 1: Regulatory Requirements under Basel-III Norms

S. No.	*Regulatory Capital*	*Global Banks (% RWAs)*	*Indian Banks (% RWAs)*
1	Minimum Common Equity Tier 1 ratio	4.5	5.5
2	Capital Conservation Buffer (*common equity)	2.5	2.5
3	Common Equity Tier 1 {1+2}	7.0	8.0
4.	Additional Tier 1	1.5	1.5
5.	Minimum Tier 1 {1+4}	6.0	7.0
6	Tier 2	2.0	2.0
7.	Minimum Total capital ratio {5+6}	8.0	9.0
8	Min. total Capital ratio + CCB {7+2}	10.5	11.5

Basel-III put forth the risk-weighted asset approach. The higher the credit risks of an asset, the higher its risk weight:

Table 2: Sample Calculation of Risk Weights

Cash	10 * 0% = 0
Government securities	15 * 0% = 0
Mortgage Loans	20 * 50% = 10
Other Loans	50 * 100% = 50
TOTAL RISK	
Weighted assets	65
Equity	5
CAR (Equity/RWA)	7.69%

Cash and Government securities have 0% risk weightage, while the risk weight of debt can vary depending upon its riskiness.

Challenges of Basel-III

Any change in an existing regime, whether big or small, brings a plethora of challenges along with it in Basel-III implementation.

Capital Generation and Compliances

Recent study at ASSOCHAM and NIBM (National Institute of Bank Management) depicts the capital requirement will cross Rs 5 trillion (USD 77.4 bn). Of this, $25 billion is expected to be CET1 while CET2 requirements amount to $55 billion. Given the dismal performance of PSBs, it will be difficult for them to raise capital of this magnitude.

While some banks look towards foreign markets to raise capital, this will inadvertently lead to raised cost of capital and lower profitability. Hence, banks look to find a balance between efficiency and profitability

Besides this, as our financial markets evolve and the use of sophisticated products like Derivatives gains more popularity, the capital requirements increase unless we can ensure that more contracts can be cleared through the central clearing house.

Banks also need to refine the rating models and procedures to economise their risk-weighted assets. This will help to lower the capital requirements (Appendix 3). Similarly, they need to find sensitivity to market risk by computing factors like delta, gamma, etc. a revised method called Standardised Approach

for Counterparty Credit Risk (SA-CCR) will replace the Current Exposure Method (CEM) in OTC and exchange-traded derivatives market for estimating CCR. Further, the Basel committee is reviewing the strategic framework to enhance simplicity, reduce complexity and ensure risk-sensitivity at the same time.

Bank Regulatory Capital $_i$
$$= EAD_i \times LGD_i \times (\text{Default Rate}_i(\alpha_r) - PD_i) \times M_i \quad \dots (1)$$

$$\text{Default Rate}_t(\alpha_r) = \phi \left[\frac{\phi^{-1}(PD_t) + \sqrt{\rho}\, \phi^{-1}(\alpha_r)}{\sqrt{(1-\rho)}} \right] \quad \dots (2)$$

The default rate expresses an assessment of the default of a loan for a specific value of the probability of bank's non-default chosen by the regulator (alpha r), which is currently equal to 99.9 % (alpha r) = 0.999. It may be assumed that the bank uses Internal rating approach to compute Capital. Four variables are taken, viz.

The Maturity (M), the Exposure at Default (EAD) Loss given at default (LGD), and the probability of default (PD) for each loan (or equivalently each firm) financed by the bank

Bank Regulatory Capital $_i =$

$$LGD_t \times \left(\phi \left[\frac{\phi^{-1}(PD_t) + \sqrt{\rho}\, \phi^{-1}(\alpha_r)}{\sqrt{(1-\rho)}} \right] - PD_t \right) \quad \dots (3)$$

LGD and the debt recovery rate are inversely proportional. The debt recovery rate is also dependant on collaterals.

$$\lambda(Z^e) < 1, \frac{\partial \lambda(Z^e)}{\partial Z^e} < 0 \text{ and } \lim_{Z^e \to 1} \lambda(Z^e) \to 0 \quad \dots (4)$$

This assumption means that the higher the expected value of the collateral for period 2 (Z^e), the higher the estimated debt recovery rate and the lower the LGD retained by the bank for computing its level of regulatory capital.

The firms borrowing capacity and capital requirements depend on the borrowing probability of default. A project i is in default (liquidated by the bank) if the firm cannot repay the Value R at period 2

$$PD_t = P[V_t < R \,|\, x_t \geq \overline{x}_t(R)] \quad \dots (5)$$

Leverage

Leverage ratio considers the off-balance sheet exposures at their full value. Such exposures attract 20% CCF for
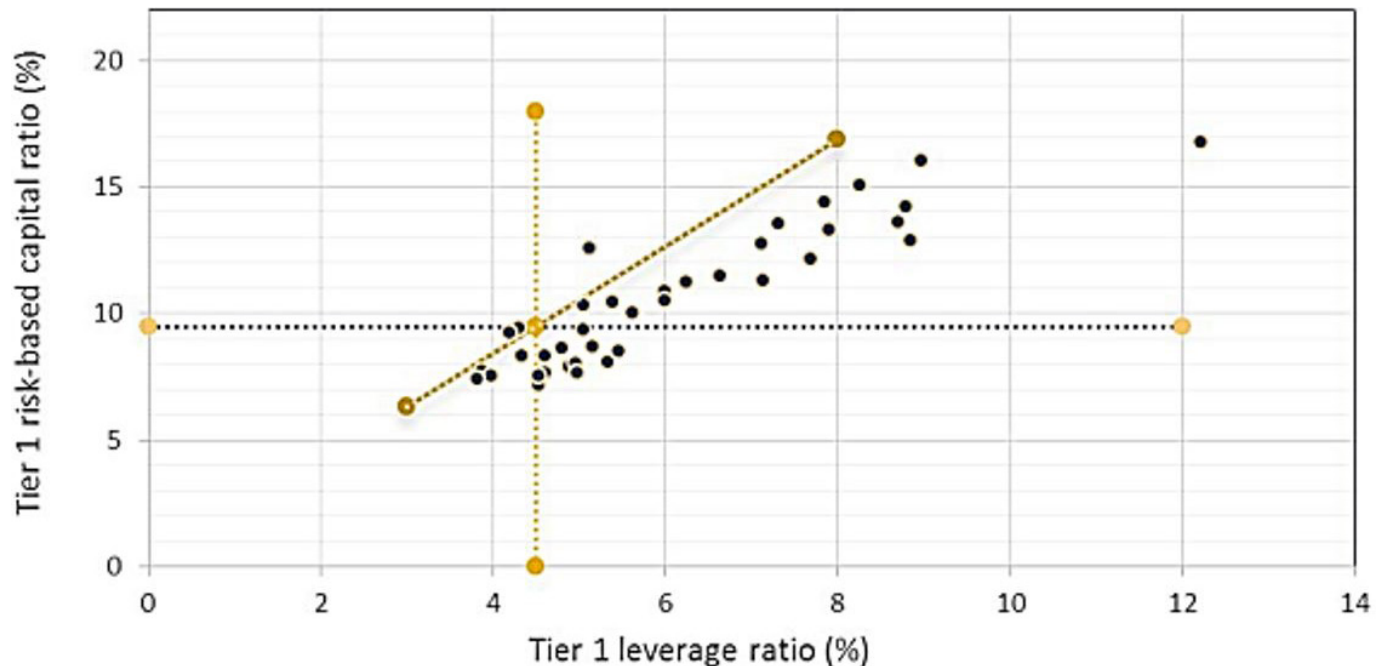
Figure 2: Capital and Leverage Ratios as in Tier 1
Source: https://rbidocs.rbi.org.in/rdocs/Speeches/PDFs/BIIBEEA5F83112F4DF18D88993A41E69179.PDF

calculation of risk-based capital requirements. As trade finance gains importance in the future dealings, the leverage ratio may act as a constraining factor.

It is observed that for banks which are above the diagonal line, leverage ratio required more capital than the risk-based capital ratio.

Buffer Requirements

The requirements of buffer may effectively lead to shoring up of minimum requirements of safeguard amount at the banks. This requires effective communication with the markets.

Additionally, reliable prediction of project cash flows is difficult, especially in stress periods. Combined with a lack of adequate liquid assets in many jurisdictions, it poses an imminent challenge for the Indian banks.

Operationalizing the CCB

CCB or capital conservation buffer refers to the amount saved in good times to offset the risk during the downturns. Here, the biggest challenge for RBI is to identify the inflexion point when the buffer should be released. This requires the study of economic cycle over a long period of time. But in developing countries like India, this trend is difficult to project, especially because of structural transformation of the economy.

Reorientation of Business Models

The changing regulations may lead to reorientation of the business models. The most prominent catalysts for this change are – limits on leverage, increasing price transparency and greater supervisory scrutiny of proprietary trading. These changes will make it difficult to translate the narrow returns to high equity returns. These changes will push the banks to improve their efficiency, get rid-off the less/un-profitable business arms, raise prices and increase focus on stable and steady income generating avenues.

This may lead to an increased focus on retail banking as compared to corporate banking because firstly, retail banking has a lower risk weight than corporate banking clients (except some A – rated clients). So, an increase in capital allocation will have a lower impact on retail banking. Secondly, probability of default on a short-term loan is lesser. This further advocates a preference towards short term retail loans over longer term corporate loans. Hence, the business mix of banks may undergo a drastic change in the coming years.

Profitability of Banks

*ROE = ROA * Leverage Multiplier*

According to Basel norms, the upper limit for leverage ratio is 3%. Thus, as the leverage multiplier comes

down, so will the ROE. On an average, the ROE of Indian banks are 15%, and it is attributed to high leverage for nationalised banks and high ROA for private banks. The focus on capital requirements is poised to affect the ROE and the shareholders' expected minimum required rate of return.

Change in Funding Patterns

LCR and NSFR may force the banks to increase their liquid assets and align them with the maturity of their funding with that of their investments. This will propel the banks to seek cheaper, stable funding sources like shoring up their deposit base. An increased competition for deposits may also result in a narrowing in NIM.

Technology

The BCBS is in the process of standardising the process of computing RWAs and making it highly risk sensitive. This process will be extremely tech-driven and will require advanced computational abilities. Technological upgradation is to be revisited in consonance with risk and capital requirements. This would also require skill development of the employees and a risk management orientation that permeates from the top management of the banks.

Super-Equivalences

Many local regulators have proposed higher capital adequacy ratios than the recommendations made under Basel-III.

Table 3: Basel Members as a sample with Higher Capital Adequacy Norms

(in percentage %)

Jurisdictions	Minimum Common Equity Ratio	Minimum Capital Ratio	Minimum Total Capital Ratio
Basel-III (BCBS)	4.5	6.0	8.0
India	5.5	7.0	9.0
Singapore	6.5	8.0	10.0
South Africa	6.0	8.25	11.5
China	5.0	6.0	8.5
China (D-SIBs)	6.0	7.0	9.0
Russia	5.0	6.0	10.0
Brazil			11.5
Switzerland	4.5-10	6-13	8-19

LITERATURE REVIEW

Many researchers have studied the Risk management system in banks in the light of Basel norms. After the introduction of Basel-III regulations, in the aftermath of the 2008-09 financial crises, the Basel committee laid out the norms for the implementation of the Basel accord with a deadline of 2023. The Basel-III Monitoring Report of 2014 highlights progress in the implementation of the guidelines. The major internationally active banks are now compliant with the minimum capital requirements and there has been a reduction in the capital shortfalls from the target level. The Reserve Bank of India (RBI), through the Guidelines for Implementation of Basel-III (2012 publication), clearly spelled out the timeline for the Indian banks to comply with these norms. Other papers *Work on Risk management in banking sector* by T. Kanchu (2013) and by R. Sunitha talks about the different types of risk faced by banks, and the need to identify and mitigate these risks. M. Jayadev (2013) highlighted the challenges and issues faced by banks in following the phased implementation of Basel-III norms and its importance for the Indian banking sector. Also, in his paper, Dr. Vinghneswara Swamy focuses on the evolution of Basel-III, its implementation, and the effectiveness of the period for the Indian banks. Khan and Winder (2015) in their study emphasised that the reserves are directly depicting the strength of the Bank. The working group report of Bank of Ghana (2011), on the necessity of Basel-III and its importance in bringing about prudent risk management, says that though the introduction of Basel-III is expected to improve stability, it does not address several issues like account manipulation, corporate governance, and full disclosures. It also shows that the risk weighted system suffers from portfolio invariance.

Higher regulations will push the weaker banks away as return on equity and profitability will be affected. Banks will be thus forced to maintain liquidity in form of Liquidity Coverage Ratio (LCFR), NSFR (Net Stable Funding Ratio) and make investments to long term instead of short term. Basel II will increase its regulatory arbitrage and thus stability in entire financial system.

Singh Kanhaiya (2019) in his paper Impact of Basel 3 Norms on Performance of Commercial Banks – a study

of select Indian banks deliberated through various statistical tools like Anova, Coeff of Correlation on CAR etc stated that there are certain financial parameters and operating ration that get affected by implementation of Basel 3 norms. Bruno O, Andre C, Eric N (2017), Modelling bank leverage and financial fragility under the new minimum **leverage ratio** of Basel-III regulation have emphasised the determinants of bank's balance sheet and leverage ratios dynamics. Macroeconomic factors affecting global environment were considered. They inferred that the financial fragility could emerge even if it is assumed that banks make rational decisions under perfect information. Calibrated countercyclical buffers and results were in consonance with Basel-III norms.

METHODOLOGY

The implementation of Basel-III norms poses a great challenge to the Indian banking industry because of the condition to meet additional capital requirements at a time when the balance sheet of banks is bleeding due to high amount of NPAs. Basel-III must be implemented in the Indian banking sector by January 2023 the RBI guideline states that Indian banks (lenders) will require to maintain a minimum of 8% of the RWA (risk weighted assets) as capital adequacy ratio and total of 11.5% of the RWAs as the total capital ratio. According to a study conducted, state-run banks are, on an average, maintaining 8.5% of RWAs as common equity ratio but some public sector banks are grappling with this requirement and already six banks have been brought under the Prompt Corrective Action (PCA) plan of RBI.[1] Thus, in this paper we have tried to analyse the framework, the impact, and the challenges of Basel-III norms for the Indian banking industry as well as the how many banks are meeting the capital adequacy requirements and is it sufficient to absorb any future shock.

(a) Secondary Research: Secondary research was carried out by reading various journals, government publications, RBI circulars, BCBS research papers and newspaper articles to gain a basic understanding of the objective of Basel-III norms and its framework.

[1] http://economictimes.indiatimes.com/news/economy/policy/government-in-talks-with-rbi-to-defer-basel-iii-norms-for-banks/articleshow/59224056.cms

(b) Data Collection: Data was collected from RBI website regarding the distribution of scheduled commercial banks by CRAR (Capital to Risk Weighted Assets Ratio), range of common equity tier 1 ratio, and minimum capital conservation standards to be maintained by banks. The tables below represent a snapshot of the data collected.

(c) Quantitative Research: In the final stage of the paper, case lets were developed to understand the minimum capital required to be conserved by every bank in India. Common equity tier 1(CET 1) ratios are also worked in these caselets.

Also, statistical analysis of the collected data was carried out by using charts to understand the position of Indian banks regarding meeting the CRAR requirement and to give recommendations.

ANALYSIS

Caselet I Calculation of Basel-3 Capital for Risk Weighted Assets

A Bank in India has the following Portfolio

Business Line	*Amount (Rs Cr)*	*Risk Weights as Per RBI Rules %*
Investment GOI	40000	0
Investment Shares	2000	125
MSE (CGTMSME Guarantees Loans	15000	0
Corporate Working Loans A rated	50000	50
Other Loans	2000	100
Cash Balance	5000	0
Balance with Bank (CAR-RBI)	1000	20
Assets in other forms	6000	100

Investment in Govt. Securities = 40000 × 0% = 0

Investment in Shares: 2000 × 125% = 2500 cr

MSE Loans	15000 × 0%	0
Corporate loans	50000 × 50%	25000
Other Loans	2000 × 100%	2000
Cash	5000 × 0%	0
Bal. with Bank	1000 × 20%	200
Other assets	6000 × 100%	6000

Upon calculations, when we Calculate the Risk weight of the Loan Portfolio it will be 25000 + 2000 = Rs 27000 crores. The risk weight of the Investment Portfolio Risk in shares: will be 2000 × 125% = Rs 2500 crores. Similarly the total risk weight of assets (RWA) can be assessed as 2500 + 6000 + 27000 + 200 = Rs 37500 Crores. Thus, the minimum capital required to cover the risk is 9% of RWA 9% of 35700 = Rs 3213 crore. Also, the minimum required CET 1 Capital for CAR would be CET I is 5.5% of RWA, i.e. 5.5% of 35700 = Rs 1963.50 crores.

RESULTS

Result of the quantitative research indicate that though there is an increased sense of urgency amongst the Indian banks about meeting the Basel-III norms and many banks have kept aside sufficient amount of capital to meet the capital adequacy requirement but still there are banks, like those in the old private sector category, which are still struggling to arrange or raise sufficient amount of capital. Along with the pressure of abiding to Ind AS standards from 2018 and of cleaning up the balance sheet, banks are posed with another challenge of keeping extra fund apart from the CRR, SLR funds to meet RBI guidelines. This extra fund though, is not only creating a challenge for banks in terms of arranging extra capital but this will also reduce the profitability of banks as these funds which will be used as buffers for absorbing economic and financial shocks cannot be used by banks to lend money to investors or borrowers. Thus, the Indian banking industry still has a long way to go, not only in terms of meeting global capital adequacy norms but also in terms of formulating strategies so that at the same time the profit of banks does not suffer by enormous amounts.

CONCLUSION AND IMPLICATIONS

The major implications of the risks in the banks are as follows:

Because of the increased level of risk perception among banks, credit risk and the difficulties linked with it can be cause for more concern. Various facets of credit creation, evaluation, and borrowings vis a vis qualities and business situations, Basel-III is an uphill task. Furthermore, while banks are recovering their losses from earnings but then the unexpected losses outweigh the circumstances at times. When a borrower

fails to honour a financial obligation by the due date or on loan maturity, the bank faces a loss that might lead to bankruptcy and may take recourse to a legal forum .Insolvency and Bankruptcy code 2016 with its 38 amendments have made things in consonance with Basel-III norms for Nonperforming assets recoveries.. Number of risks are faced by the Banks in the realm of lending for primary source of revenues and if not managed properly would erode the capital whether the company is endangered. Effective Risk Management, Integrated Asset-Liability Management through ALCO Committee, identifying Risk sensitive assets (RSA) outweighing the Risk sensitive Liabilities (RSL), Capitalising the NII (Net Income earned) and NIM (Net Interest Margin) from the Bank Business lines in consonance with an Integrated Basel-III norms would certainly meet the objectives of Basel-III. Prudential Credit risk, Supervisory Risk and market risks are the real pillars of risk Management in Banks as laid in Basel-III.

The customers withdrawing excess funds from banks pose a high liquidity risk in the financial industry thereby affecting the performance and profitability. As a result, the bank's usefulness plummets, and advantages are dramatically reduced. Liquidity risk, in other words, arises from a bank's lack of sufficient liquidity to cover short-term obligations and unanticipated outflows of funds. Excess and shortages of cash are significant variables in a financial organization's liquidity risk. Disequilibrium between the asset-liability management affects the liquidity position in banks and thus they are forced to raise the capital through the long-term debts such as Bonds and securities. Credit and Funding business valuations in the competitive environment needs to be proactive and adjustments be made resulting from stressed conditions, hedging and price uncertainty in Market and Environment bring competitive enterprise value of the firm. Furthermore, a rise in regulatory sensitive valuation estimates influences a bank's ratios of liquidity, leverages and capital gearing. While regulatory steps to prevent reasonable valuation implications are expected, the frameworks should be redesigned considering unduly cyclical approaches. Basel-III norms evolve in consonance with integrated risk management in Banks. One thing is certain: no one knows how this pandemic has played out and further what will be the situation

The ability to adapt will be crucial. This could involve improving ERM and capital management capabilities, such as the ability to quickly analyse novel scenarios and make more regular modifications to forecasts, business, funding, and capital plans. Past failures pose path to future lessons is true here. Cybercrimes and Frauds in Banks pose newer serious threats of eroding capital issues and all checks must be installed by the

SUGGESTIONS

Suggestions for the role of banks in Sustainable Circular Economy Model:

- Banks Should Develop a Common Understanding of the Circular Economy: Technological upgradations, Risk Management, Dissuade of Traditional Banking to Fintech will add to selecting and financing new projects.

- Banks Should Issue Widely Accepted and Recognised Guidelines on Circular Economy Finance and Basel-III guidelines by regulators as envisaged

- Adapt Existing Financial Models or Develop New Finance Models for a Circular Economy. Use the Risk Matrix and increase the CRAR, Liquidity and Leverage Ratios as laid in Basel-III

- Create guideline for green banks and seek policy from regulators

- Training and development of staff, employees and create a stricter asset – Liability management by ALCO (Asset Liabilities committee) in banks at top Level. Compliance staff should be aware of all circular economy regulations, laws, and policies, and ensure that the bank has robust monitoring systems to monitor compliance with circular regulations, laws, and policies

- Ensure that a bank's board risk committee (BRC) is competent in circular risk management and control and adhere to Basel-III guidelines

ACKNOWLEDGEMENT

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Behind the Likes

Decoding the Antecedents of Parasocial Relationship in Influencer Marketing

Alisha Ansari* & Anand Thakur**

ABSTRACT

In recent years, social media influencers (SMIs) have become integral to business strategic communication efforts amid the declining efficacy of traditional mass media. Social media fosters reciprocal communication between influencers and their audience, facilitating the establishment of parasocial relationships (PSR). It is imperative to comprehend the attributes that enable SMIs to enhance PSR with followers. The present study seeks to propose a theoretical framework that conceptualizes the factors influencing PSR. Using an exploratory (qualitative) design, the study identifies and corroborates various antecedents of PSR drawn from existing literature. Findings show that SMIs succeed in stimulating strong PSR by resonating with followers' values, enhancing their appeal, sharing personal aspects of their lives, and developing authenticity and emotional connection. The study assists marketers by emphasizing strategic alignment of influencer selection with audience psychographics, focusing on authentic resonance to optimize brand endorsements and enhancing the impact of digital marketing campaigns.

Keywords: Influencer Marketing, Social Media Influencers, Parasocial Relationship, Aesthetic Labor, Intimate Self-disclosure, Wishful Identification.

INTRODUCTION

The digital revolution has transformed every aspect of our lives. Consumers actively engage in virtual and offline realms in today's interconnected world. They use their smartphones to book cab rides, order groceries online, and stay updated on social media and news. As digital innovations continue transforming the media landscape, traditional channels such as print, and television are losing appeal. Businesses need to adapt and offer frictionless interactions in this modern age to stay relevant and appealing to customers (Chopra et al., 2021). The emergence of social media platforms such as Facebook, Instagram, YouTube, and Twitter have completely transformed the marketing landscape in India, causing advertisers to move away from traditional advertising methods and focus on digital platforms (Statista, 2023). Today's media environment no longer relies on traditional mass media outlets like TV, radio, and newspapers as the primary sources of information. People use social media platforms and online communities to build relationships and search for and trade information (Yuan & Lou, 2020).

Influencer marketing is an approach by which external parties influence a consumer's purchasing decision. It identifies and entices prominent individuals to persuade them to promote a brand or product on social media (De Veirman et al., 2017). Influencer marketing outperforms traditional marketing by 6.9 times when attracting customers (Ki et al., 2020; Ladhari et al., 2020). Influencer collaborations are becoming increasingly important in today's competitive marketing environment as they may provide firms access to a wide range of prospective consumers (Dentsu, 2023). Consequently, it is becoming increasingly popular among global brands; by 2027, it is projected to generate $373 million in revenue. Retailers' digital promotional strategies now revolve around this idea (Sokolova & Kefi, 2020). According to Ki et al. (2020), several retailers think influencer marketing through SMIs works better for 90% of brands.

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SMIs are undoubtedly the most significant buzzword in 21st-century marketing (Hund, 2019). Marketing through SMIs has advanced significantly in the last decade, shifting social media marketing towards utilizing SMIs (Kim & Kim, 2021). SMIs are a tool that brands are increasingly using to connect with customers who are on social media seeking advice, inspiration, entertainment, or product reviews (Gupta et al., 2023). The effectiveness of SMIs in influencing followers' intentions relies on their ability to develop a parasocial relationship (PSR) with their audience (Farivar et al., 2021; Leite & Baptista, 2022; Sokolova & Kefi, 2020). Horton and Wohl (1956) described the concept of PSR as "a relationship between media personae and audience." PSR is a connection where the audience perceives themselves as personal friends of the media personae (Dibble et al., 2016). Social media allows influencers to establish PSR with their followers by engaging in two-way communication, sharing authentic and valuable content, responding to followers' questions and comments, and organizing giveaways to promote interaction and engagement (Zheng et al., 2020). However, SMIs control this relationship, making it less perfect than a friendship (Lim et al., 2020). It is widely believed to be influenced by the personal characteristics of the influencer, as indicated in existing literature (Yuan & Lou, 2020; Schouten et al., 2021; Tolbert & Drogos, 2019). Marketers can refine their influencer selection process by identifying the elements contributing to PSR.

Considering the importance of parasocial relationship (PSR), it is crucial to thoroughly examine PSR and identify the factors that foster the development of PSR between followers and SMIs. Therefore, the study addresses the need to investigate factors influencing PSR in influencer marketing. Despite numerous fragmented efforts and studies examining individual factors affecting PSR, a significant gap still needs to be found in the literature. A comprehensive study that integrates and considers numerous factors contributing to the formation of PSR between followers and SMIs has yet to be conducted. Existing research often focuses on isolated elements such as wishful identification or intimate self-disclosure. However, it fails to capture the full spectrum of an influencer's personality traits and behavior that drive PSR development. This study aims to fill a critical gap in the literature by holistically analyzing diverse factors that collectively foster PSR, significantly advancing our understanding of this phenomenon. The antecedents investigated in this study within the realm of PSR are underexplored. This highlights the need for deeper investigation to enrich and expand the limited literature on these factors.

LITERATURE REVIEW

Parasocial Relationship

Horton and Wohl (1956) first conceptualized the idea of parasocial interaction (PSI). Dibble et al. (2016) expanded on this, defining PSI as an illusory interaction between media personalities and their audience. Escalas and Bettman (2017) noted that PSR and PSI were used interchangeably in research and suggested that PSR is formed based on PSI (Dibble et al., 2016; Horton & Wohl, 1956). Parasocial theory, which has its roots in media studies and psychology, explains why people might look up to and emulate certain celebrities as role models (Horton & Wohl, 1956). PSR refers to the socioemotional bond between media personalities and their audience. Unlike traditional media, social media allows for reciprocal communication between media personalities and their audience, enabling SMIs to establish PSR with their followers (Boerman & Van Reijmersdal, 2020). The existing literature on PSR covers various aspects, including celebrities (Escalas & Bettman, 2017), social media influencers (Farivar et al., 2021), media figures (Erickson et al., 2018), and game avatars (Zhou, 2021). Influencers and brands gain from PSR because it modifies followers' attitudes and behaviors (Aw & Chuah, 2021). According to a recent study by Masuda et al. (2022), PSR between SMIs and followers may significantly impact purchase intentions. PSR is challenging to define and develops gradually as followers engage with an influencer's content, subscribe to their channel, or blog, and interact with the posted content. PSR can form through active engagement between the influencer and follower (Liebers & Schramm, 2019). In addition, researchers have noted that the characteristics of endorsers, such as attractiveness, can positively influence the relationship between the audience and media personalities (Hartmann & Goldhoorn, 2011).

Antecedents of Parasocial Relationship
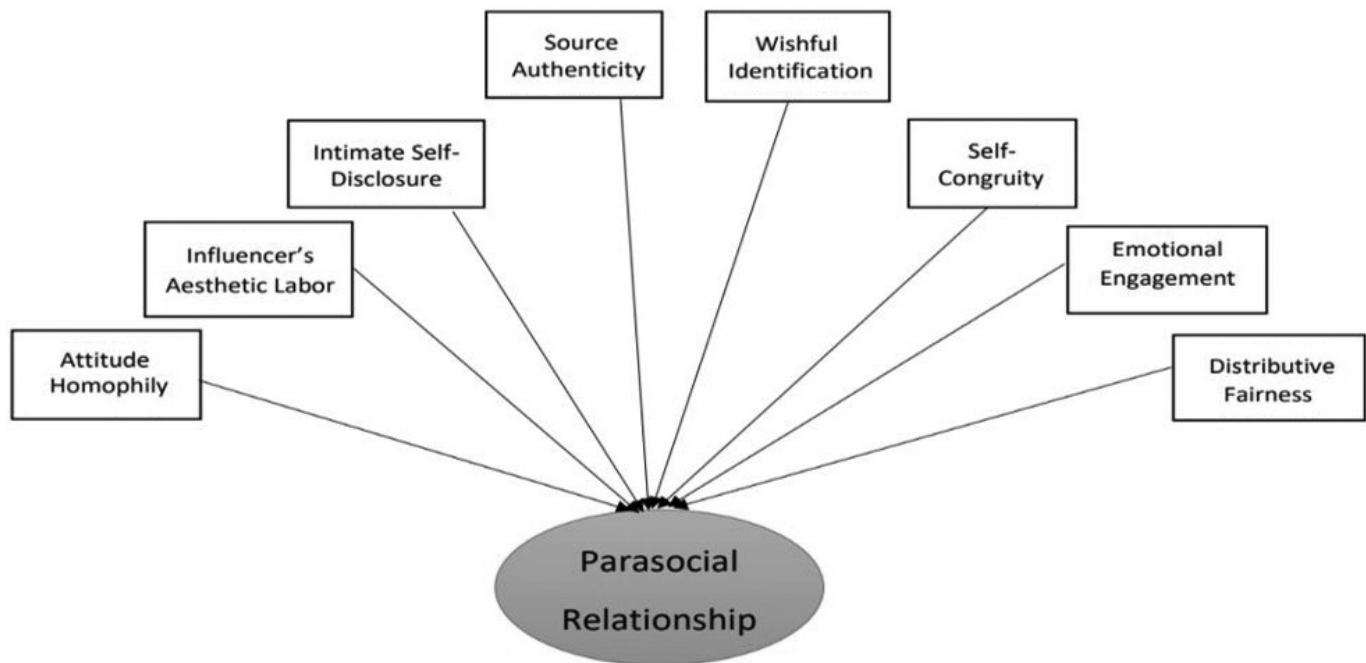
Figure 1: Antecedents of Parasocial Relationship
Source: Authors' Compilation

Attitude Homophily

According to several studies (McPherson et al., 2001; Ruef et al., 2003; Huston & Levinger, 1978), people who are like one another tend to associate with each other. Homophily, or the "like to associate with like" tendency, explains why friends, spouses, romantic partners, and coworkers tend to be more akin (McPherson et al., 2001; Kossinets & Watts, 2009). As per Eyal and Rubin (2003), attitude homophily—defined as the degree to which a follower perceives an influencer's attitudes and behaviors as similar—is a crucial peripheral cue that enables influencers to affect their followers' consumption processes (Sokolova & Kefi, 2020). In the social media realm, attitude homophily can foster increased engagement and participation, thereby fortifying the personal bond between influencers and their followers (Bu et al., 2022). Strong emotional attachment and advocacy behaviors are typically displayed by followers identifying with the influencer (Kim & Baek, 2022). Furthermore, previous research on the influencer-follower relationship has also confirmed that attitude homophily positively impacts positive follower responses, like higher purchase intentions and more participatory behaviors (Ladhari et al., 2020).

Influencer's Aesthetic Labor

Hochschild's (1983) study on emotional labor inspired the idea of aesthetic labor. However, aesthetic labor goes beyond emotional labor, as in "manage and create a publicly observable face and body display," emphasizing the perceptual aspect of service contact. According to Mears (2014), aesthetic labor elucidates the connection between emotional labor and the body and corrects the dominant focus of emotional cognition. It stresses soft skills such as appropriate makeup, decent posture, neat attire, and attractive figures on employees and concentrates on the whole embodied self (Williams & Connell, 2010). In a traditional setting, employers set the aesthetic standards for their workers (Warhurst & Nickson, 2009); however, in a social media setting, influencers organize and start these standards themselves (McFarlane & Samsioe, 2020). Additionally, McFarlane and Samsioe (2020) discovered that various aesthetic labor, including background selections, body postures, and attire selections, can redefine how apparent age is expressed. Studies have also been done that highlight some drawbacks of aesthetic labor. For instance, Rodner et al. (2021) discovered that, in the context of plastic surgery, visually striking body displays on social

media negatively affect consumer decision-making and mental health. Fernandes et al. (2022) discovered that an imperfect appearance that is more in line with the appearance of regular people is more valued than an unconventional appearance (such as body tattoos).

Intimate Self-Disclosure

The popularity of SMIs has risen due to social media's interactive tools, including personalized live streaming, interactive videos, shoppable content, and swipe-up features (Lee & Eastin, 2021). These influencers utilize self-disclosure to build a personal connection with their followers and offer more dynamic, engaging, and relevant content (Wang, 2021). Self-disclosure has become a highly visible behavior in computer-mediated communication (Jiang et al., 2010), so much research has been done on this idea in virtual and interactive settings. Sharing personal information can significantly impact followers' perceptions, as evidenced by a large body of research, making it a powerful, persuasive tool for SMIs (Leite & Baptista, 2022). Sharing private and intimate information is essential to building relationships with followers because it enables SMIs to establish a connection with their followers that goes beyond social media interactions by allowing them to connect with them emotionally (Lee & Eastin, 2021; Leite & Baptista, 2022). A welcoming, genuine, and humanized atmosphere is created when personal information is shared. This allows the SMI to control followers' perceptions of them, affecting followers' perceptions of the endorsed brand (Leite & Baptista, 2022a). Apart from sharing advice, reviews, and suggestions about goods and services on social media, SMIs also discuss personal issues with their audience, including the details about their friends, family, careers, emotions, moods, judgments, and viewpoints (Laurenceau et al., 1998). Self-disclosure is essential to influencer marketing as it fosters feelings of friendliness and authenticity, which are necessary for endorsement effectiveness (i.e., intention to purchase) (Leite & Baptista, 2022). SMIs constantly create and post narratives about their personal experiences, feelings, and strong opinions on social media. As a result, there is an increase in perceived intimacy and social presence (Aw and Chuah, 2021).

Source Authenticity

Zniva et al. (2023) define influencer authenticity as the degree followers believe a social media influencer is acting honestly. Because they have a strong intrinsic motivation, authentic influencers are seen as behaving according to their traits, thoughts, feelings, and passions (Moulard et al., 2015; Ilicic & Webster, 2016). Authentic influencers see the opportunity to truly add value for their audiences through social media content creation rather than using it to an end (like pleasing marketers or followers). They offer facts about businesses and their products (Audrezet et al., 2020). Moreover, they contend that sharing unedited content and discussing details regarding the terms of the influencer's partnership with a specific brand constitutes "transparent authenticity." To deepen this understanding, Lee and Eastin (2021) define authenticity in SMIs as the degree to which followers believe that influencers are good-hearted, support brands with an intense sense of purpose, share personal details about themselves, have innate skill in their field, and stand out from the crowd.

Wishful Identification

According to Hoffman and Buchanan (2005), wishful identification refers to an individual's desire to act or appear like their favorite media character. Previous studies indicate that when fans strongly identify with celebrities, such as sports stars (Pan & Zeng, 2018) or YouTubers (Tolbert & Drogos, 2019), they are inclined to be influenced by imitating them (Fraser & Brown, 2002). Many authors have suggested that identification occurs when an individual tries to connect with another person by adopting that person's behaviors, traits, and attitudes or incorporating them into their self-concept (Basil, 1996). People often identify with others to gain advantages like strengthening their capacity, elevating their self-esteem, or forming interpersonal relationships (Wright, 1994). Consumers are more likely to adopt an endorser's characteristics, actions, and values if they have identical values, norms, and interests (Hoffner & Buchanan, 2005). Based on self-determination theory, people satisfy their relatedness needs, representing their desire to fit in or be accepted by others (Bandura, 1986). Deci and Ryan (2000)

believe that influencers are perceived as approachable and relatable due to their frequent direct interactions and consideration of their followers as peers (Erz & Christensen, 2018). However, followers show more wishful identification with influencers than celebrities (Schouten et al., 2021).

Self-Congruity

Self-concept, described by Rosenberg (1979), is the culmination of a person's thoughts and feelings about themselves. Landon Jr. (1974) separated self-concept into the real and ideal selves within the consumer behavior framework. Sirgy (1982) classified self-image into four categories: actual self-image, which is how consumers view their true selves; ideal self-image, which is how you see yourself; social self-image, which is how consumers view other people's perceptions of you; and ideal social self-image, which is how a person wants other people to see them. Customers typically select brands that align with their perception of themselves (Belanche et al., 2021; Xu & Pratt, 2018). Social network theory suggests that people with similar backgrounds are more likely to communicate quickly, leading to more practical information transmission (Liu et al., 2017). When influencers and information recipients are self-congruent, their ages, lifestyles, and preferred modes of transportation are similar (Xu & Pratt, 2018). Influencers' marketing efforts will yield the most significant results when consumers, influencers, and brands exhibit significant congruity, as this will boost positive attitudes toward brands and increase purchase and recommendation intentions (Belanche et al., 2021). Moreover, it has been proven that followers are more likely to accept an influencer's recommendations when they strive for self-congruity (Ki et al., 2020).

Emotional Engagement

Bandura (2012) argued that emotional engagement influences people's behavior. Viewers are said to be emotionally engaged when they are in a fast-paced, interactive chat environment and feel emotionally connected to other users. They then express their emotions by reacting to the live streamer or other viewers (Lim et al., 2015). Emotional engagement refers to the positive feelings associated with a brand (Gupta et al., 2023). Consequently, to feel emotionally engaged, the viewer must enter a psychologically immersive state while being aware of other people's presence in the live chat environment (Brockmyer et al., 2009). It is a significant behavioral factor in triadic reciprocal causation because it represents a new way of behaving, where people learn from each other and the platform's rules (Lim et al., 2020). YouTubers have consistently achieved the best results in terms of emotional engagement when interacting with their followers and impacting their thoughts and behavior. Gupta et al. (2023) suggest that consumers' emotional engagement with a brand will not grow if SMIs share informative but unentertaining branded content. Similarly, SMIs may encourage emotional engagement but not direct engagement if they only share entertaining content.

Distributive Fairness

Prior studies have primarily examined how the use of social media or the internet improves the relationship between communicators and audiences; however, they have not thoroughly examined how social media use undermines the "fundamental notions of relationships" that exist between them (Giles, 2002, p. 285). Fairness is influenced by what and how individuals define fairness. This perception may influence attitudes and behaviors (Dahanayake et al., 2018). In literature, the terms justice and fairness have been used interchangeably. Justice and fairness dimensions have been extensively utilized to explain the persuasion process in a variety of contexts, such as scientific communication (Besley et al., 2006), the exchange of knowledge in online communities (Fang & Chiu, 2010), relationships between customers and suppliers (Liu et al., 2012), student-teacher interactions (Chory, 2007), and satisfaction with customers. Based on these studies, Yuan and Lou (2020) contend that justice and fairness can also guide the development of influencer-follower relationships in the current influencer context. Distributive fairness pertains to the equitable allocation of incentives and resources (Uwa, 2022). The subjective assessment of customer service outcomes is known as distributive fairness. Consumers typically assess it based on three criteria: correctness of the service, reasonableness of the price and service level, and service excellence. Distributive justice increases the psychological empowerment of customers, which

in turn increases customer satisfaction (Han et al., 2019). It is centered on how a decision turns out and how much value followers gain from the content influencers share. Information utility is the focus of distributive fairness (Yuan & Lou, 2020).

DISCUSSION

The growing popularity of SMIs has led researchers to explore the importance of influencers in marketing, communication, and advertising. When assessing their impact on influencer marketing, understanding the mechanisms and factors defining an influencer's value is crucial. The success of SMIs depends on their ability to develop strong PSR with their followers. By utilizing homophily, influencers can foster PSR that addresses their followers' needs for information-seeking or emotional connection, impacting their purchase intentions (Hu et al., 2023). Attitude homophily plays a crucial role in this process, as followers are more likely to trust and engage with influencers whose attitudes and values resonate with their own. Existing literature indicates that PSR is driven by the influencer's characteristics, such as their smile and appearance; however, there has been little focus on the aesthetic labor of influencers. Xie et al. (2023) suggest that influencers can strengthen and broaden their connections and relationships with their audience through the deliberate use of aesthetic labor.

Koay et al. (2023) discovered the significant impact that influencers' intimate self-disclosure has on the development of PSR, demonstrating that when SMIs share personal aspects of their lives, such as their familial or social relationships, they can foster stronger PSR with followers. This increased disclosure creates a sense of social presence, emulating real friendships despite lacking reciprocal acknowledgment from influencers. This intimacy enhances perceived closeness between followers and influencers, significantly influencing their decision-making processes. An individual's belief in a brand's authenticity is significantly influenced by the extent to which the spokesperson or the brand's personality aligns with the individual's self-image (Gilmore & Pine, 2007). This implies that podcasters can enhance the perceived authenticity of a brand through their PSR with audience (Brinson & Lemon, 2023). Thus, source authenticity is crucial for PSR development,

strengthening the bond between followers and influencers by genuinely reflecting the followers' self-image. Lim et al. (2020) found that viewers' wishful identification and emotional engagement in live-streaming channels are influenced by the strength of their PSR. Strong PSR enhances emotional connection and viewer identification with the influencer, fostering more consistent and frequent engagement with their content. Self-congruity is a strong predictor of PSR, as users often choose influencers whose personality aligns closely with their own. When users perceive influencers as reflecting their character, it strengthens their relationship, aiding in the development and enhancement of their self-concept (Escalas & Bettman, 2017). Ashraf et al. (2023) found that distributive fairness does not significantly impact the formation of PSR, possibly because followers perceive they invest more effort (time, engagement, liking, commenting, and sharing posts) than the rewards (content quality, interaction) they receive. Thus, it is crucial to assess how this perception influences follower engagement and loyalty.

THEORETICAL CONTRIBUTIONS

This study contributes to the body of knowledge on social media influencer marketing by comprehensively examining the factors that affect PSR between SMIs and their followers. It enriches Parasocial Relationship Theory by identifying key antecedents that contribute to the depth and quality of PSR, offering a comprehensive understanding of the mechanisms driving these relationships in a digital context. It suggests that influencers who share personal aspects of their lives and engage emotionally with their followers can create a sense of closeness and presence, mimicking real-life friendships and strengthening PSR. The study highlights the relevance of influencers' aesthetic labor on PSR in the visual-centric environment of social media. It demonstrates that followers are more likely to form strong PSR with influencers whose attitudes and values resonate with their own, highlighting the need for influencers to align their content and messaging with their followers' preferences and beliefs. The study provides evidence that followers seek influencers who reflect their self-image, thereby reinforcing their self-concept. The present study opens new research avenues by investigating underexplored factors like

influencers' aesthetic labor, intimate self-disclosure, and distributive fairness, encouraging scholars to delve deeper into these areas.

MANAGERIAL IMPLICATIONS

This study provides valuable insights for companies and advertising agencies, helping them to identify the most relevant SMIs based on their target audience and area of influence. Brand managers can use the study's findings to select appropriate SMIs for brand endorsements. They should consider influencers who are not only attractive and experienced in their respective fields but also perceived as trustworthy and relatable by their followers. Influencers who share similar characteristics with their target audience are more likely to establish strong connections, making them more effective in their campaigns.

The study also provides actionable insights for influencers. Influencers can become more relatable and emotionally connect with their audience by producing visually appealing and engaging content. Understanding the stimuli that evoke strong emotional responses will enable influencers to create content that resonates deeply with their followers. Companies can make informed decisions when selecting influencers by thoroughly understanding the elements that shape PSR. It will assist marketers in choosing influencers who genuinely connect with their target group, thereby strengthening the authenticity and effectiveness of influencer partnerships.

CONCLUSION AND SCOPE FOR FUTURE RESEARCH

The study emphasizes the indispensable role of PSR in enhancing follower engagement and influencing consumer behavior in digital marketing. It underlines how influencers may foster a sense of intimacy that resembles authentic connections by aligning their content with followers' values, sharing personal aspects of their lives, and engaging emotionally. Brands and marketers can use these insights to select influencers aligning with their target audience's traits, thereby maximizing engagement and campaign effectiveness. The present work offers a guide for marketers to collaborate more effectively with influencers and enhance their digital marketing impact.

Future studies should expand beyond the antecedents considered here, exploring broader influences on PSR, such as cultural, economic, and technological factors. Comparative research across regions, industries, and influencer types (e.g., micro-influencers vs. macro-influencers) can enhance generalizability and uncover context-specific insights. Cross-cultural analyses are particularly crucial for understanding how cultural diversity shapes the formation and strength of PSR in digital contexts.

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Small Finance Banks
Road to Financial Inclusion in India

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ABSTRACT

Small Finance Banks (SFBs), established as microfinance institutions, aim to provide diverse financial services to underserved populations. This paper explores the impact of SFBs on financial inclusion in India. The study reviews SFBs' significance, challenges, and progress, highlighting operational difficulties such as high transformational costs, deposit mobilization, competition, NPA management, technology adoption, regulatory compliance, and human resource management. It emphasizes the essential role of SFBs in advancing financial inclusion through strategic partnerships, technology innovation, and targeted financial products. By addressing these challenges, SFBs may make a major contribution to India's financial inclusion and economic growth by tackling these issues.

Keywords: Small Finance Banks, Financial Inclusion, Microfinance, Regulatory Challenges, Economic development

INTRODUCTION

Attaining financial inclusion has emerged as a pivotal objective in India's development plan, given the substantial proportion of the populace residing in rural regions that continues to lack access to conventional banking services. Financial inclusion is critical to guaranteeing that everyone has access to timely and reasonably priced financial goods, which are necessary to combat poverty and promote economic growth, as the Reserve Bank of India (RBI) has noted. Despite significant advancements in this field, around 190 million Indian adults still do not have access to formal banking; the nation's financial industry is working to solve this issue through several creative initiatives (Kangayan & Dhevan, 2020).

In response to this challenge, the RBI and the Indian government have launched several programs aimed at providing financial services to underprivileged areas. The establishment of Small Finance Banks (SFBs) is among these initiatives one of the most important ones.

These niche banks provide a wide variety of financial services, including savings accounts, credit,

insurance, and pension products, with a focus on serving low-income individuals, small businesses, and the unorganised sector (Swain, 2023).

The establishment of SFBs stems from the recommendations in the 2009 report by Dr. Raghuram Rajan, *A Hundred Small Steps*, which advocated for the need for specialized financial institutions to promote financial inclusion in rural and semi-urban areas (Planning Commission, 2009). These banks were designed to fill the gaps where traditional commercial banks could not reach, providing crucial credit and savings services to sectors that had historically been overlooked by mainstream banks (Kangayan & Dhevan, 2020). In 2015, the RBI granted licenses to ten institutions to establish SFBs, which have since played a pivotal role in increasing financial inclusion, particularly in rural areas (Chaturvedi, 2022).

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Encouraging marginalised people to access financial services and fostering an inclusive economy are the main objectives of SFBs. Small and marginal farmers, low-income households, micro and small firms, and the unbanked are the target audiences for SFBs, which have become essential to India's larger financial inclusion drive. They provide essential financial services that draw millions of people into the official banking system, support entrepreneurship, and aid in the promotion of savings (Arora et al., 2018).

The primary mission of SFBs is to enhance financial inclusion by providing loans to small businesses, farmers, micro-industries, and unorganized sectors. These banks are prohibited from lending to large industries or providing non-banking services. They focus on expanding their branches in rural areas and reaching unbanked populations. Additionally, SFBs promote savings and extend credit to essential sectors, making them ideal for advancing financial inclusion goals. With approval from the RBI, they can also offer services like mutual funds, insurance, and pension products (Swain, 2023).

REVIEW OF LITERATURE

India's economic progress has made financial inclusion a key priority, and SFBs have played a crucial role in attaining this objective. The body of research to date emphasises the diverse functions that SFBs perform in providing financial services to marginalised groups, such as low-income households, small companies, and rural communities.

Chaturvedi (2022) emphasizes the importance of SFBs in addressing financial exclusion in India. His research underscores how the RBI's policies, particularly those related to licensing, have empowered SFBs to focus on financially underserved regions. Chaturvedi also highlights the challenges faced by SFBs, including maintaining sustainable operations amidst evolving economic and regulatory landscapes. His findings suggest that while SFBs have achieved notable success, their long-term sustainability will depend on how well they navigate operational and regulatory challenges.

Kangayan and Dhevan (2020) explore the sustainability of SFBs, particularly in the context of funding and operational efficiency. They identify the high cost of funding and the associated challenges of maintaining a stable net interest margin as critical areas of concern. Their study also discusses the development and licensing policies of SFBs, emphasizing that despite their progressive role in financial inclusion, SFBs face substantial challenges in maintaining profitability due to high operational costs. The study calls for more innovative cost structures and improved financial models to enhance the long-term viability of these institutions.

The role of government initiatives, particularly the Pradhan Mantri Jan Dhan Yojana (PMJDY), has been widely discussed in literature. Arora et al. (2018) examines how SFBs align with national financial inclusion initiatives, such as PMJDY, which aims to provide affordable and accessible banking services to the unbanked. Their research highlights that SFBs, through their focus on rural and semi-urban populations, have significantly expanded financial access. Arora and colleagues stress that leveraging technology has been a key factor in the success of SFBs, allowing them to reach remote areas and reduce the cost-of-service delivery.

In a thorough investigation on the geographic spread of SFBs, Patel and Fulwari (2021) examined the rise in branch counts and revenue over a five-year period. According to their results, SFBs have advanced significantly in terms of increasing their presence in rural and semi-urban areas. According to the report, there are now many SFB branches, which help promote financial inclusion by giving people in previously underserved regions access to formal banking services.

However, the literature also notes the challenges faced by SFBs. Dhanya and Banudevi (2019) explore the difficulties encountered by SFBs in an increasingly competitive financial landscape. They identify regulatory hurdles, high transformational costs, and competition from traditional banks and Non-Banking Financial Companies (NBFCs) as significant barriers. The study emphasizes that SFBs must continually adapt to shifting economic conditions and competitive pressures to remain viable in the long term.

Furthermore, Subrahmanyam et al. (2022) focus on the internal challenges faced by SFBs, particularly in managing credit risk. Their research underscores the importance of effective risk management strategies in ensuring the sustainability of SFBs. The study calls

for more comprehensive approaches to credit risk management, given the vulnerability of SFBs' customer base to economic downturns and external shocks.

The body of research reviewed here suggests that while SFBs have made commendable progress in promoting financial inclusion, their future success is contingent upon addressing key operational challenges. These include managing high operational costs, maintaining regulatory compliance, and innovating to compete with traditional banks and NBFCs.

OBJECTIVES OF THE STUDY

1. To examine the development and advancement of Small Finance Banks in India.
2. To identify the risks and challenges encountered by Small Finance Banks.
3. To evaluate the influence of Small Finance Banks on financial inclusion within the Indian economy.

METHODOLOGY

The present study is descriptive. Being a conceptual study, a secondary method of data collection is adopted. Secondary data is gathered from past research papers published in national and international journals.

EVOLUTION AND PROGRESS OF SMALL FINANCE BANKS

In line with the Government of India's financial inclusion objectives, the banking and financial sector in India has experienced significant transformations.

ne of the key initiatives, the Pradhan Mantri Jan Dhan Yojana (PMJDY), was launched on August 28, 2014, and is recognized as the world's largest financial inclusion campaign. This nationwide effort led to the creation of 326.8 million PMJDY accounts, with deposits totaling Rs. 82,006.33 crore by September 12, 2018. The Government of India has since introduced several other initiatives aimed at promoting smart and accessible banking solutions. Among these is the introduction of SFBs, which have the potential to significantly reshape India's banking landscape (Khan, 2018).

In order to integrate underbanked and unbanked populations into the official banking system, the RBI created the idea of SFBs. Ten institutions were licensed by the RBI to open SFBs around the nation as part of this effort. A few of these organisations are Equitas Holdings Pvt. Ltd., Au Financiers (India) Ltd., Capital Local Area Bank Ltd., Janalakshmi Financial Services Pvt. Ltd., RGVN (Northeast) Microfinance Ltd., ESAF Microfinance and Investments Pvt. Ltd., Suryoday Micro Finance Pvt. Ltd., and Ujjivan Financial Services Pvt. Ltd (Chaturvedi, 2022).

The Table 1 provides a summarised information about the present SFBs in India and their operations.

The underprivileged and rural sectors of the economy have benefited from the provision of basic financial services by SFBs. The minimum paid-up capital required for a small bank to qualify for this status is Rs. 100 crores. These banks function under licenses

Table 1: Small Finance Banks in India

S. No.	Banks	Year	Operations	Locations	Details
1.	Capital Local Area Bank	2000	Largest surviving local area bank; deposits and advances.	5 districts in Punjab.	Rs 1,506 Cr deposits and Rs 926 Cr advances as of March 2015; 39 branches.
2.	Equitas Microfinance	2007	Microfinance, housing finance, used commercial vehicle financing.	124 districts in 7 states; primarily Tamil Nadu.	361 branches, diversified businesses through a holding company
3.	Janalakshmi Financial Services	N/A	Urban microfinance institution (MFI).	17 states, 151 cities.	Rs 3,800 Cr assets; investors include Dell Foundation, Lok Capital, Bellwether Microfinance Fund; 23 lakh customers.
4.	Disha Microfinance	2009	Microloans, credit-linked insurance, retirement solutions.	Gujarat, Rajasthan, MP, Karnataka.	Focuses on female borrowers; Rs 200 Cr under management in 2014; India Value Fund as investor; 71 branches, 8,000 communities.

S. No.	Banks	Year	Operations	Locations	Details
5.	Ujjivan Microfinance	2005	Microfinance	National presence	Rs 3,270 Cr assets; investors include CDC Group, Sequoia Capital, Lok Capital, IFC; 463 branches, 20 lakh customers.
6.	Rashtriya Gramin Vikas Nidhi (RGVN)	1990	Microfinance (from 2010)	Assam, Arunachal Pradesh, Meghalaya, Nagaland, Sikkim	Serves 2.2 lakh borrowers through 104 branches.
7.	ESAF Microfinance	1992 (as NGO)	Microfinance, insurance, pensions, money transfers.	Kerala, TN, MP, Maharashtra, Chhattisgarh.	Focuses on women borrowers via joint liability groups; began microfinance in 1995.
8.	Suryoday Microfinance	2009	Microfinance focuses on underprivileged female borrowers.	Maharashtra, TN (65%), 7 states total.	164 branches, 6.05 lakh customers as of March 2015.
9.	Utkarsh Microfinance	2009	Microfinance	Central and northern India.	Investors include Lok Capital, Norwegian Microfinance Initiative, Aavishkaar Goodwell, IFC, CDC; 600,000 customers, and 271 branches.
10.	Au Financiers India	1996	Vehicle loans, MSME business loans, and housing finance.	10 states (northern India)	Backed by Motilal Oswal, Chrys Capital, Kedaara Capital, Warburg Pincus, IFC.

Source: Chand & Poonia (2022).

granted in compliance with the Companies Act of 2013 and Section 22 of the Banking Regulation Act of 1949. In addition, they might submit an application to be categorised as scheduled commercial banks in accordance with Section 42 (6)(a) of Reserve Bank of India Act, 1934. In rural and semi- urban regions, where development is starting to show symptoms, SFBs are essential for allocating savings. SFBs can provide loans for a maximum of Rs. 25 lakhs in accordance with RBI norms. Furthermore, utilising technology to build a completely networked financial system is highly valued (Arora, Sharma, Pahwa, & Yadav, 2018).

The SFBs are growing at an astonishing rate. Examining the advancements made by SFBs, it is evident that a total of Rs. 82,488 crores in deposits have been mobilised, and a further Rs. 90,576 crores have been disbursed in loans and advances. The deposits that the SFB has mobilised serve as a barometer of its development. It shows the clients' confidence and trust in the bank. The primary source of income for banks is advances and loans. It is a crucial component of the agricultural industry, trade, and other profitable endeavours for the nation's socioeconomic development. The SFBs' asset quality increased in 2019–20, which contributed significantly to the provision and contingency requirements, even as their CRAR improved. The

RBI launched several initiatives to increase the reach of these speciality banks during the year. Each organization's workforce size demonstrates how much it contributes to economic growth and the creation of jobs (Prakash, 2021).

THREATS AND CHALLENGES

SFBs face numerous challenges as they transition from their origins as microfinance institutions to more comprehensive banking entities. These challenges are compounded by increasing competition, regulatory requirements, and the high cost of maintaining operations in underserved areas.

One of the major challenges is the **high transformational costs** associated with upgrading from microfinance institutions to fully operational banks. SFBs incur substantial expenses related to infrastructure development, upgrading their management information systems (MIS), implementing core banking solutions, and establishing risk management and treasury functions. Additionally, these banks face significant costs in recruiting and training employees with the necessary skill sets to manage a diversified portfolio of financial products (Srinivas & Shanigarapu, 2020). The transition from a credit-only institution to one offering

a wide array of financial services- such as savings, insurance, and pensions-requires an extensive overhaul of operational systems, which has made it difficult for some SFBs to break even within the expected period.

Another critical issue for SFBs is **competition from established banks and fintech companies**. The rise of fintech firms has revolutionized the financial services landscape, offering faster, more user-friendly financial products and services. Fintech companies have successfully integrated digital technologies to offer payment services, microloans, and savings products, which has created pressure for SFBs to adopt similar technologies to remain competitive. SFBs, however, face significant hurdles in achieving full digital transformation due to limited financial resources and the lack of technological infrastructure in the rural and semi-urban areas where they operate.

Managing non-performing assets (NPAs) is also a significant challenge for SFBs, especially those providing loans to sectors such as agriculture and small businesses. Given the vulnerability of these sectors to economic fluctuations and adverse weather conditions (such as poor monsoons), the risk of defaults is higher compared to traditional banking customers (Khan, 2018). SFBs, which cater to a clientele that may already be economically vulnerable, are particularly susceptible to rising NPAs in times of economic downturn, making it imperative for them to strengthen their risk management frameworks.

Additionally, **deposit mobilization** poses a significant challenge for many SFBs. Having originated as microfinance institutions, many SFBs have little prior experience managing deposits. They must compete with well-established public sector and rural banks that are already trusted within these communities (Srinivas & Shanigarapu, 2020). Moreover, mobilizing deposits in rural areas often involves higher costs due to the small average deposit size and the need for extensive physical infrastructure, including branch networks, ATMs, and business correspondence. This puts additional financial strain on SFBs, which are often working with constrained resources.

Regulatory compliance is another area of concern. The prudential standards established for commercial banks must be followed by SFBs, and these standards include upholding the minimum Capital adequacy Ratio (CAR), Statutory Liquidity Ratio (SLR), and Cash Reserve Ratio (CRR). SFBs also must make sure that no one shareholder holds over forty percent of the institution; after 12 years, this percentage drops to 26%. The foreign direct investment (FDI) policy for commercial banks also applies to foreign ownership of SFBs (Srinivas & Shanigarapu, 2020). It is a major problem for many SFBs to achieve these regulatory norms, particularly the ones that have limited domestic equity sources.

Finally, **technology adoption** remains a key issue for SFBs. While digital financial services can significantly reduce operational costs and expand outreach, many SFBs lack the capital required to make the necessary investments in digital infrastructure. The absence of robust internet connectivity and reliable power supply in rural areas further hampers the ability of SFBs to implement digital banking solutions. Consequently, SFBs must continue to rely heavily on conventional branch models to serve their clientele, which limits their ability to scale operations and provide cost-effective services.

Addressing these challenges requires SFBs to innovate continuously, adapt to modern technologies, and strengthen their risk management frameworks. Moreover, collaborations with fintech firms and partnerships with larger financial institutions could enable SFBs to overcome some of the technological and operational barriers they face, ensuring their sustainability in the long term.

SMALL FINANCE BANKS AND FINANCIAL INCLUSION

The social goal of the government influences the banking sector in India. Public sector banks have prioritised lending to the agricultural sector to conduct credit-based poverty reduction programmes and agricultural financing. Additionally, to meet the diverse banking demands of various economic sectors, the RBI and the government have supported a variety of institutions. Urban Cooperative Banks (UCBs), Regional Rural Banks (RRBs), and Local Area Banks (LABs) have concentrated on the banking industry's financial inclusion agenda within this framework (Rashid, 2019).

The financial system saw the creation of Micro Finance Intermediaries as a response to the challenge of uneven spread resulting in exclusion. Micro Finance Institutions (MFIs) are particularly positioned to reach out to the rural poor, and as such, they play a vital role in encouraging inclusion. Due to their narrow scope of business, they are better able to comprehend the problems unique to the rural poor, are more well-liked by this population, and can operate with flexibility, all of which give their clients a certain amount of comfort. MFIs also had a key role in expanding the definition of microfinance, first from microcredit to microfinance and subsequently to the idea of creating inclusive financial systems that cater to the low-income and impoverished people in their communities. India's microfinance industry has grown remarkably during the past few years. Over the past ten years, there has been an exponential expansion in the microfinance business. It has profited from broad international recognition as a development instrument, which has prompted governments of rich and developing countries, non- governmental organisations, and multilateral financing agencies to provide active support for the sector's development. Recognising the potential for both social and financial benefits, donors and socially conscious investors have expanded their investment in microfinance (Mohanty, 2018).

As of March 16, 2019, India has several SFBs, including Equitas, ESAF, AU Small Finance Bank and Jana Small Finance Bank. These banks were introduced to address the financial needs of individuals from economically disadvantaged backgrounds. The main goal of establishing these banks is to foster financial inclusion for impoverished segments of society that are currently underserved by traditional banking institutions (Dighde & Abale, 2023).

POLICY RECOMMENDATIONS FOR STRENGTHENING SMALL FINANCE BANKS (SFBs)

SFBs are instrumental in advancing financial inclusion in India, particularly

for underserved communities in rural and semi-urban areas. However, their sustainability and growth face several obstacles that need to be addressed through strategic interventions and policy reforms. The

following policy recommendations aim to enhance the role of SFBs by focusing on digital transformation, risk management, financial literacy, capital access, and partnerships.

Accelerating Digital Transformation and Fintech Collaboration

Digital transformation is essential for SFBs to improve their service delivery and operational efficiency, especially in remote regions. A report by PwC India (2023) highlights that SFBs need to integrate advanced digital platforms to reduce costs and better serve rural populations. However, the high costs of implementing these technologies have been a barrier, particularly for smaller SFBs.

To address this, SFBs should collaborate with fintech companies to leverage innovative solutions, such as AI-powered credit scoring, digital lending platforms, and mobile banking apps. Fintech partnerships can enable SFBs to offer more efficient services and reduce operational costs. The RBI (2023) has already encouraged digital adoption across financial institutions, and further incentives, such as tax breaks or grants for SFBs investing in fintech, could accelerate this transformation. Additionally, the RBI should introduce a regulatory sandbox to allow SFBs to pilot new digital solutions in partnership with fintech firms before scaling them across wider geographies.

Strengthening Risk Management Practices

The economic vulnerability of SFBs' customer base, particularly small farmers, and micro-entrepreneurs, makes effective risk management critical. To mitigate the risk, SFBs should adopt AI-driven predictive analytics to enhance their credit risk assessments. By utilizing real-time data and behavioral insights, SFBs can better predict loan defaults and take preventive measures. Furthermore, diversifying their portfolios beyond agriculture and micro-enterprises will help reduce exposure to economic shocks. The Reserve Bank has already initiated programs to support capacity building in credit risk management for SFBs, but there is scope for more targeted training programs to equip these banks with the tools and skills needed to manage risks effectively.

Enhancing Financial Literacy and Customer Awareness

Financial literacy remains one of the major barriers to financial inclusion in rural and semi-urban India. A significant portion of the population remains unaware of formal financial services, which limits the ability of SFBs to grow their customer base.

To tackle this, the government and RBI should mandate that SFBs invest in financial literacy programs as part of their corporate social responsibility (CSR) activities. SFBs can partner with local NGOs, educational institutions, and community organizations to conduct financial literacy workshops in regional languages. These workshops should focus on the benefits of savings accounts, loans, insurance, and digital banking. The NITI Aayog (2023) has called for a nationwide push toward financial literacy, emphasizing that it is a crucial step toward financial inclusion. Furthermore, the RBI should standardize financial literacy curriculums to ensure consistency across different regions.

Incentivizing Rural Branch Expansion

Although SFBs have expanded their reach in rural areas, a significant gap remains in the availability of banking services in some remote regions. According to The Economic Times (2023), several SFBs have struggled to establish enough branches in underbanked rural areas, primarily due to high operational costs and limited infrastructure.

To address this challenge, the government should provide financial incentives, such as tax exemptions and infrastructure development grants, to encourage SFBs to open branches in these underserved areas. Additionally, the RBI could offer regulatory concessions, such as reduced cash reserve ratio (CRR) and statutory liquidity ratio (SLR) requirements, for SFBs that meet rural expansion targets. The RBI Annual Report (2023) emphasizes that rural expansion is critical for achieving broader financial inclusion goals, and offering incentives for branch expansion will help SFBs reach a larger population.

Improving Access to Affordable Capital

One of the most significant challenges faced by SFBs is access to affordable capital. The requirement to maintain a capital adequacy ratio (CAR) of 15% limits the ability of SFBs to scale their operations. According to a report by KPMG India (2024), many SFBs struggle to raise sufficient capital to meet regulatory requirements, particularly in a competitive lending environment.

To address this issue, the RBI should consider creating a dedicated refinancing window for SFBs to access lower-cost funding. Additionally, SFBs could explore alternative funding mechanisms such as issuing social impact bonds or securitizing their loan portfolios, which would attract impact investors looking to contribute to financial inclusion initiatives. The government could further support this by offering regulatory approval and providing guarantees to de-risk these innovative financial instruments. Encouraging the issuance of green bonds or social bonds aligned with sustainable development goals could also help SFBs raise the necessary capital for expansion.

Promoting Public-Private Partnerships (PPPs)

Public-Private Partnerships (PPPs) can play a significant role in improving the operational efficiency of SFBs, especially in areas like infrastructure development and capacity building. According to McKinsey & Company (2023), PPPs in the financial sector can facilitate knowledge transfer, help SFBs access technological resources, and improve service delivery through shared infrastructure.

To foster these partnerships, the government should establish a framework that encourages collaboration between SFBs and public-sector institutions. For instance, PPPs could focus on building digital infrastructure in rural areas, reducing the cost burden for SFBs. Furthermore, knowledge-sharing partnerships between SFBs and larger financial institutions can help enhance risk management capabilities and service delivery models. The RBI can support this initiative by offering regulatory flexibility for PPP-driven projects and creating incentives for SFBs to participate in public-private collaborations.

CONCLUSION

A comprehensive plan is necessary to improve the role of SFBs in promoting financial inclusion in India. This plan is for the usage of innovative technologies to improve consumer experiences and

expedite processes, such as blockchain and artificial intelligence. To increase their reach and better connect with the objectives of financial inclusion, SFBs must give priority to forming partnerships and working together with fintech businesses, NGOs, and other organisations. In addition, concentrating on educating customers, customising product offers for various market groups, and expanding geographically into underprivileged areas can help close the financial gap.

Sustainable financial inclusion initiatives must include regulatory engagement, capacity building, credit rating, and risk management. Incorporating feedback mechanisms, monitoring social effects, and maintaining openness will reinforce SFBs' status as accelerators for financial inclusion, therefore benefiting a greater proportion of the population. SFBs will be positioned as significant contributors to economic development by delivering necessary banking services to communities using these methods, in addition to an emphasis on capacity building, social impact assessment, and customer feedback.

To foster financial inclusion in India, SFBs must adopt a comprehensive strategy that includes technology innovation, strategic alliances, focused product offerings, regional development, strong risk management, and regulatory backing.

DELIMITATIONS OF THE STUDY

The boundaries established by the researcher to specify the study's focus and scope are referred to as the study's delimitations. These boundaries aid in defining what will be investigated and what will not, keeping the research focused and manageable. Concerning this study, the following are some of the delimitations:

- This study only looked at SFBs; while commercial and cooperative banks were not included in the analysis.
- The present study adopted a secondary method of data collection and therefore lacked client individual opinions on satisfaction and their behavioural patterns.
- The study does not account for a detailed regulatory framework of SFBs in India.
- The contributions and economic relevance of SFBs for the Indian economy at a macro level were not analysed in this study.

SCOPE FOR FUTURE RESEARCH

- While this study focuses on the development, challenges, and impact of SFBs on financial inclusion, future research could explore the long-term sustainability and growth strategies of these banks as they mature. Analyzing the evolving regulatory landscape and its implications for SFBs, particularly in light of emerging technologies and digital banking, would provide valuable insights.

- To find out more about SFBs' distinct contributions and competitive positioning, future research might also look into how well they function in comparison to other financial institutions including payment banks, cooperative banks, and microfinance institutions. To gain a more comprehensive understanding of SFBs' economic relevance, a deeper investigation into their effects on economic development would be beneficial. Some examples of these effects include job creation, supporting small and medium-sized businesses (SMEs), and regional development.

- Furthermore, studies in the future can concentrate on consumer satisfaction and the behavioural patterns of the people that SFBs serve, especially in rural areas. This can entail learning about how these banks are tackling issues like financial literacy, fostering trust, and embracing new financial services. Finally, there is a need for more research on the possible effects of SFBs on more general financial inclusion objectives, such as gender parity in banking access and the role of SFBs in encouraging environmentally friendly and sustainable banking practices.

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Women Empowerment
Issues and Challenges in India

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ABSTRACT

Women's empowerment is an area under discussion to the works for the advancement and development of society, community, and country for women's. Empowering women making women's independent as well as realizing them how capable they are in performing multiple tasks efficiently, their abilities to determine their own choice and shaping the society where women can enjoy their respect and rights just like other humans. India is a country that has a rich history of patriarchy and gender discrimination. In modern India "women empowerment" is critical issue, which has seen major progress over the years with the changing times, there has been a noticeable shift towards empowering women in different phase of life. In the late 20th and early 21st centuries women's struggle for civil liberties and empowerment.

Keywords: Women, Empowerment, Issues, Challenges, Culture.

EMPOWERMENT

Empowerment to determine independence and self-sufficiency among the peoples and society. It permits a responsible act and self-strong-minded, to perform on pace and pitch. Empowerment is the nonstop development of becoming autonomous and more confident, especially to managing one's life and claiming one's rights. In other words, to understand empowerment more deeply as an achievement, and it refers to self-empowerment & professional support to the people for holistic development. This enables them to overcome their weakness, lack of confidence and lack of autonomy, and recognize how they can use the resources effectively. Further empowerment refers to the development of individuals & communities to take control of their own lives, make their own decisions, and realize their full potential. Development to access awareness and possessions, extended autonomy in decision making to engage the people with the resources, and support to improve their capabilities and overcome from the obstacles, which is powerlessness and lack of influence. Empowerment is a process of self-determinate and professional support to people, to be well-known with resources and opportunity.

Empowerment is a multifaceted and ongoing course that encompasses various aspects, including the importance of both self-empowerment and professional support in achieving empowerment.

1. Autonomy and Self-Sufficiency
2. Building Confidence and Self-Determination
3. Overcoming Weaknesses and Limitations
4. Effective Resource Management
5. Holistic Development
6. Community Development and Collective Empowerment
7. Access To Awareness, Resources, And Support
8. Enhanced Decision-Making Capabilities
9. Overcoming Powerlessness and Gaining Influence

WOMEN SOCIETY

In prehistoric, Indian history women were respected and worshiped as goddesses. However, in the mid-time, the condition of women has diminished. Women societies were facing a lot of troubles because of a male-dominated society, patriarchal culture system, the live out of old traditional values, etc. In many ways,

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they struggled to educate themselves and build their identity. In the recent world, where women's trying to improve the status in the struggling traditional system. women perform the duties with their responsibilities in the domestic and professional without the help of their husbands or other family members. In the different situation women condition becomes more critical when they get suffering by their families instead of getting help to fulfill their dreams. Sexual harassment is one of the most popular at home as well as at the workplace, with their friends, relatives, neighbors, bosses, etc. As routine work women faced the various difficulties in their daily life, in their career and their personal and professional relationships. It is believed that the problem with literacy, population, and health issues will not be solved until there is any solution taken from an individual level. Women should be supported by the family so that they can freely participate in building a society and self-development.

Above highlights the ongoing struggles and challenges faced by women in Indian society, despite some improvements in their status. Women continue to face various forms of discrimination, harassment, and barriers to education and personal development, often shouldering both domestic and professional responsibilities without adequate support. It is essential to recognize the importance of family support and individual efforts in empowering women to fully contribute to society and achieve their potential. Addressing these issues requires a collective and inclusive approach that involves both men and women working together to create a more equitable and just society.

WOMEN EMPOWERMENT

Women's empowerment participated in the improvement in the quality of human resources development. Empowerment is addressing the "human rights and development" (Naila, 2005). Women's empowerment enabled women to be more independent in making decisions related to their own lives. They must be provided with the chance to redefine masculinity roles and other such important aspects related to independence, to follow the goals. Women's empowerment has become a hot topic of ponder in the development of the economy. Sarah (2005), defined in their study that empowerment economically

authorizes women to manage their resources as assets & wealth. Women's empowerment makes it powerful for women to control risk and improve their mental and psychological well-being holistically. Empowerment is a system to accept women's growth and improve the condition of women's through awareness of education, training and development. Furthermore, women's empowerment is defined as the ability to make strategic life choices in society freely. Empowerment is as important to economic and social outcomes as communities, businesses, nations, and diverse groups to help from implementing different programs and policies. In the report, Rome: FAO, 2023 "benefits from the different projects that empower women are higher than those that just mainstream gender. More than half of bilateral finance for agriculture and rural development is already mainstream gender, but only 6% treat gender as fundamental". Women's development involvement that focuses on empower women; it would improve the incomes. "Women's empowerment does not mean 'empowering women', but equality instead of masculinity," it means exercising their power, their own actions, own ideologies, and having control over their own material assets, intellectual resources, and many other tiny mini decisions. Women require to be more awake of their civil liberties like the right to vote, education, a choice to pursue their dreams, property rights, participation in society, legal rights, freedom of movement, and many more. Indian society has witnessed many upward and downfalls when it became the discussion related to empowering women.

REVIEW OF LITERATURE

Women empowerment" was not merely a topic of discussion in books or articles rather than it was a condition for an optimal capacity for holistic development of a family, society, nation, and a sustainable world. Being a traditionally patriarchal society, women have secondary role to play in every household in India. Constitutional safeguards as well as plans and programs by the government and their implementation, indicators of "women empowerment". However, the country ranks low when compared with other countries (Seema Singh et. al., 2020). "Women empowerment" is a controversial issue. At earlier time they were getting equal status with men. But they faced some difficulties during the post-Vedic and

epic ages. Today we have seen the women occupied the respectable positions in all walks of the fields. Yet, they have not freely discrimination and harassment of the society. Women are found to be economically extremely poor all over India. Other hand, it has been observed that women are found to be less literate than men. There is a need to formulate reducing feminized poverty, promoting education of women, and prevention and elimination of violence against women (Dhruba Hazarika., 2020).

In the world is passionately making headway and intriguing the women uplifting simultaneously (Banashri Mandal., 2018). "Women empowerment" is the key to strengthen their participation in the decision-making which is the most important key to socio-economic development. "women empowerment" in India plays a significant role in the whole development of the nation. "Women empowerment" is key factor for nation developed in 21st century. Women's empowerment is achieved only if their economic and social status would be improved (R. M., Shettar., 2015). Social and economic policies is crucial for the total development of women and recognizing their potential as strong individuals. While globalization and liberalization have benefited many, women's empowerment in India still lags in areas in education, Employment, Political Representation, Healthcare, Violence and Safety, Access to Resources, Social and Cultural Norms. It is important to recognize that women's empowerment is not only a moral imperative but also essential for India's economic growth, social progress, and sustainable development.

Education is aware the women for empowerment and proposals to improve the changes that needs to be measured for their continuous development and growth. Education helps the women in information and skills they need to contribute to the work system, start businesses, and contribute to economic development. It also helps women to make informed decisions about their health, family planning, and overall well-being (Khatri, R., 2016). It was analyzed by the authors that women's empowerment is concerned with women development of economic growth, and social, political position in the traditionally poor society (Suresh, P., et. al., 2017).

As crucial role women's empowerment plays in human resources development, human rights, and economic growth. Empowerment enables women to make independent decisions, redefine gender roles, and pursue their goals. It also economically empowers women to manage resources, control risk, and recover their well-being. Women's empowerment is essential for making strategic life choices, and its benefits extend to economic and social outcomes, benefiting nations, businesses, and communities.

OBJECTIVE OF THIS STUDY

- To find the issues and Challenges face by women in India.
- To explore the government scheme and provision for "women empowerment".
- To find the present status of "women empowerment" in India

RESEARCH METHODOLOGY

This paper is descriptive and analytical. The objective of the present paper is analyzed the status & challenges related with empowerment of women in India. To accomplish the goal of study secondary data sources were used.

CHALLENGES FACED BY WOMEN IN INDIA:

- **Brutality and cruelty against women in India:** In India violence aligned with women is physical or sexually, especially by men. General forms of violence against women in India include domestic violence, sexual assault, and murder. Women are being victims of violence at huge level day by day. Woman is getting kidnapped at every 44 minutes, raped at every 47 minutes, 17dowry deaths every day, etc. They may face violence within the family (dowry related harassment, death, marital rape, wife-battering, sexual abuse, deprivation of healthy food, female genital mutilation, etc.) or outside the family (kidnapping, rape, murder, etc.).

- **Domestic cruelty:** Domestic violence is when one co-worker abuses another in an intimate relationship such as dating, marriage, or family ties. Domestic violence can be physical, emotional, verbal, and sexual abuse. It is like endemic and widespread disease affects almost 70% of Indian women according to the women and child development

official. It is performed by the husband, relative or other family member.

- **Gender discrimination:** Gender inequity affects women in the areas like learning, health, care, job, education, and public life, etc. There are also discrimination of power and work between men and women because of the patriarchal system families in India. They become more prone to exploitation and harassment in the work areas. They are given more work and hard tasks by their boss intentionally. They must prove their devotion, seriousness, and sincerity towards work from time to time.

- **Lower literacy rate:** Indian rural areas very low literacy rate. In the rural areas women are dispirited for higher education. The gender disparity in higher education, specific expert trainings, which hit to women extremely hard in workplace and reached to top leadership in any field.

- **Child marriage:** Early marriage of the girls is one of the most important causes of women's growth. Child marriage was done by their parents to escape from dowry or fulfill their own responsibility under society's pressure. The extremely poor Practice performed in the rural India. before marriage, affect the woman's health. Many girls are married in their teenage years. It leads to teenage pregnancy and various physiological, physical troubles. "In rural India almost 60 per cent of girls are married before they are 18. 60% of married girls bear children before they are 19".

- **Female infanticide and sex-selective abortion:** In India which show the poor mentality that girl child is still pressure for parents. Female infanticide one of the common facts in rural areas. Main reason of the dowry violence has been sex-selective abortions and female infanticides.

- **Honor killings:** People get married without their family's acceptance, and occasionally for get married inter-religion. Haryana is tarnished for these kinds of brutal incidents. "In 2010, the Supreme Court of India issued notice in regard to honor killings to the states of Punjab, Haryana, Bihar, Uttar Pradesh, Rajasthan, Jharkhand, Himachal Pradesh and Madhya Pradesh."

- **Lack of judiciary & political support:** Women in India also facing limited legal access, political support, including limited representation in government and limited legal protections and services.

- **Low mobility:** Limited mobility, including boundaries on social norms and gender roles, limited access to transportation, safety concerns and fear of harassment, lack of autonomy and decision-making power. Dependence on family members or caregivers for the "women empowerment".

CHALLENGES OF WOMEN EMPOWERMENT

- **Gender-based violence:** "Domestic violence", physical assault, workplace harassment, and more crimes of dowry-related affect the woman physically and mentally harassment, and freedom restrict, and bound their chance to fly higher.

- **Social parameters and cultural barriers:** A large section of Indian society still considers that women are meant to stay at home to perform household responsibilities. Deep-rooted patriarchal norms, gender stereotypes, and discriminatory customs restrict women's autonomy and opportunities, require sustained efforts to change attitudes and promote gender equality. These kinds of social barriers hinder the growth and development of women

- **Domestic inequality:** Inequality at domestic relationships represents gender biasness in small but significant manners in India. For example, division load of housework, child-care, and unskilled work by so called separation of work.

- **Bound to access the schooling:** Since independence, the country has full-grown from leaps and bounds where learning is concerned. "While 84.7% of adult men are educated, only 71.5% of adult women are known to be literate in India." The gap between male and female is severe. hurdles such as poverty, civilizing norms, and lacking infrastructure give lower enrollment rates for girls, restricting their skills achievement and economic prospects.

- **Bound to employment and financial independence:** Gender role stereotype attributes to women leads to unfairness and discrimination against women in the financial aspect at workplace. Women may be considered less efficient as

compared to male employee that is why they are paid less than male.

- **Bound to Political participation:** Government provided the opportunity to women participation in political decision-making of the nationally and state level politics party. And hindering the enclosure of women's outlook and right of way in policymaking. "At present, 14.94% of the total numbers of Members of Parliament are women; in state legislatures is just 13.9%, and around 46.94% Panchayat elected representatives are women."

SCHEMES OF INDIAN GOVERNMENT TO EMPOWER WOMEN

In India, the Government plan for women progress to begin as in1954. At this time diverse types of Government schemes operated by various department and ministries for the women's.

- Rastria Mahila Kosh (RMK) 1992-1993
- Mahila Samridhi Yojana (MSY) October 1993
- Indira Mahila Yojana (IMY) 1995
- Women Entrepreneur Development programme given top priority in 1997-98
- **"Mahila Samakhya" being implemented in about 9000 village:** Mahila Samakhya, a women's education and empowerment programme being implemented in about 9000 villages in six states mobilizes and organizes women in groups called 'sanghas', and through education makes them aware of their rights.
- Swa Shakti Groups to empower women.
- "Support to Training and Employment Programme for Women (STEP)" to enhance knowledge and skills.
- Swalamban to make women more independent.
- "Crèches/Day care center for the children of working and ailing mothers" at workplace without any barrier to provide more freedom and stress.
- Hostels for working women near their workplace.
- Swadhar
- "National Mission for Empowerment" of Women to get their active participation from root level.
- Integrated Child Development Services (ICDS, 1975)

- Rajiv Gandhi Scheme for Empowerment of Adolescence Girls (RGSEAG, 2010)
- The Rajiv Gandhi National Crèche Scheme for Children of Working Mothers
- Integrated Child Protection scheme (ICPS, 2009-2010)
- Dhana Lakahmi, 2008
- Short Stay Homes
- Ujjawala, 2007
- Scheme for Gender Budgeting (XI Plan)
- Integrated Rural Development Programme (IRDP)
- Training of Rural Youth for Self-Employment (TRYSEM)
- Prime Minister's Rojgar Yojana (PMRY)
- Women's Development Corporation Scheme (WDCS)
- Working Women's Forum
- Mahila Samiti Yojana
- Khadi and Village Industries Commission
- Indira Priyadarahini Yojana
- SBI's Sree Shaki Scheme
- SIDBI's Mahila Udyam Nidhi Mahila Vikas Nidhi
- NGO's Credit Schemes
- National Banks for Agriculture and Rural Development's Schemes
- Rajiv Gandhi Scheme for Empowerment of Adolescent Girls (RGSEAG) – Sabla
- Indira Gandhi Matritva Sahyog Yojana (IGMSY)
- Support to Training & Employment Programme for Women (STEP)
- "Women Empowerment" and Livelihood Programme in Mid-Gangetic Plain (Priyadarshini)
- Scheme for Combating Trafficking
- "Family Counseling Centers (FCCs)" to council women to cater help to remove stress, physical and mental problems
- Awareness Generation Programme (AGP) to create awareness among female population for their betterment
- Condensed courses of Education for Adult Women (CCE)
- Integrated Scheme for Women's Empowerment (ISWE) is an umbrella scheme for their holistic development of female

- Gender Budgeting Scheme (GBS) to provide aids towards the growth and development of women employees.
- "Beti Bachao Beti Padhao" scheme to educate and protect girl child
- One stop center scheme
- Women Helpline Scheme

Various Law Related "Women Empowerment"

- The Maternity Benefit Act 1961
- The Dowry Prohibition Act, 1961
- Indecent Representation of Women (Prohibition) Act, 1986
- The Commission of Sati (Prevention)Act, 1987
- Protection of Women from Domestic Violence Act, 2005
- Equal Remuneration Act 1976
- The Employees' State Insurance Act, 1948
- Relevant provisions of Code of Criminal Procedure, 1973
- Family Courts Act, 1984
- The Indian Succession Act, 1925
- The Medical Termination of Pregnancy Act 1971
- The Child Marriage Restraint Act, 1929
- The Hindu Marriage Act, 1955
- The Indian Divorce Act, 1969
- The Immoral Traffic (Prevention) Act, 1956
- The Pre-Conception and Pre-Natal Diagnostic Techniques Act, 1994 (PCPNDT)
- The Pre-Conception and Pre-Natal Diagnostic Techniques (Prohibition of sex selection) Act, 1994
- Offences mentioned under IPC Indian Penal Code, 1860
- The Prohibition of Child Marriage Act, 2006
- The Criminal Law (Amendment) Act, 2013
- Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013

Provisions for Empowering Women in Indian Constitution

- Equality before law for all persons (Article 14).
- Prohibition of discrimination on grounds of religion, race, caste, sex or place of birth [Article 15(I)]. However, special provisions may be made by the state in favors of women and children Article 15(3).
- Equality of opportunity for all citizens relating to Employment or appointment to any office under the state (Article 16).
- State policy to be directed to securing for men and women equally the right to an adequate means of livelihood [Article 39(a)]; (v) equal pay for equal work for both men and women [Article 39(d)].
- Provisions to be made by the state for securing just and humane conditions of work and maternity relief (Article 42).
- Promotion of harmony by every citizen of India and renouncement of such practices which are derogatory to the dignity of women Article 51A (e).
- Reservation of not less than one-third of total seats for women in direct election to local bodies, like Panchayats and Municipalities (Articles 343(d) and 343 (T).

The statement highlights the persistent gender-based discrimination and inequality faced by women in various aspects of society, despite the existence of government initiatives aimed at empowering them. Emphasize the need for comprehensive empowerment to protect women's rights, dignity, and well-being.

The key areas you mention that require attention include:

1. Reducing feminized poverty
2. Promoting women's education
3. Preventing and eliminating violence against women

Addressing these issues is crucial for achieving gender equal opportunity and ensuring women's contribution in social, political, and economic spheres. Empowerment through education, economic opportunities, and legal protections is essential for women to secure their rights and dignity. The statement resonates with the "United Nations' Sustainable Development Goals (SDGs), particularly SDG 5 (Gender Equality) and SDG 4 (Quality Education)", which aim to promote gender

equality, empower women, and ensure inclusive and equitable education for all.

WORLD ECONOMIC FORUM (2023) GLOBAL GENDER GAP INDEX – 2023

Countries that report comparatively even access for men and women when it comes to "Economic Participation and Opportunity" include economies as varied as "Liberia (89.5%), Jamaica (89.4%), Moldova (86.3%), Lao PDR (85.1%), Belarus (81.9%), Burundi (81.0%) and Norway (80%). At the bottom of the distribution, apart from Afghanistan, the countries that attained less than 40% parity include Algeria (31.7%), Iran (34.4%), Pakistan (36.2%) and India (36.7%)".

The "Health and Survival sub index displays the "highest level of gender parity globally (at 96%) as well as the most clustered distribution of scores. Most countries (91.1%) register at most 2 percentage points above the average, and only a handful of others (13 out of 146) register at most 2.4 percentage points below the average. Twenty-six countries – most from Europe, Latin America and the Caribbean, and Sub-Saharan Africa – display the top score of 98% parity,1 whereas Qatar, Viet Nam, and populous countries such as Azerbaijan, India, and China all score below the 95% mark".

The text highlights India's progress in gender parity across various dimensions, as per the Global Gender Gap Report. The key points include:

*   India has stopped 64.3% of the overall gender gap, position 127th globally.
*   The country has achieved parity in education enrollment but lags in economic participation and opportunity (36.7%).
*   There is progress in wage parity, but a slight decline in women holding senior and technical positions.
*   Political empowerment stands at 25.3%, with 15.1% of parliamentarians being women, a historic high for India.
*   Health and survival index shows improvement, driven by a better sex ratio at birth (92.7%).

Overall, India has made progress, but there is still a major gender gap, particularly in economic and political spheres.

FINDINGS OF THE STUDY

Economic Reforms and Other Socio

That is a great point! While economic reforms and socio-economic forces have benefited a substantial portion of the population, women's empowerment in India still lags in certain areas, including:

*   **Education:** Gender disparity in education persists, especially in rural areas.
*   **Employment:** Women's participation in the workforce is limited, and gender pay gaps exist.
*   **Political Representation:** Women are under-represented in politics and decision-making positions.
*   **Healthcare:** Gender-based discrimination in healthcare access and reproductive rights persists.
*   **Violence and Safety:** Women face domestic violence, sexual harassment, and other forms of gender-based violence.
*   **Access to Resources:** Women have limited access to credit, land ownership, and other resources.
*   **Social and Cultural Norms:** Gender stereotypes and patriarchal norms perpetuate discrimination and limit women's choices.

Various Government and NGOs

That is a valid point! Despite various government and NGO initiatives, a significant gap remains between those who have access to protection and empowerment resources and those who do not. This gap persists due to:

*   Limited reach and accessibility of programs
*   Inadequate funding and resources
*   Social and cultural barriers preventing women from seeking help
*   Lack of awareness about available resources and support
*   Inefficient implementation and monitoring of programs
*   Patriarchal norms and gender biases perpetuating discrimination
*   Rural-urban and socio-economic disparities in access to resources

Bridging this gap requires sustained efforts, increased funding, and collaborative initiatives from governments,

NGOs, and community leaders to ensure inclusive and accessible programs for all women, particularly those in marginalized and vulnerable groups.

Poverty and Illiteracy

Absolutely! Poverty and illiteracy are significant obstacles to achieving women's empowerment. Ensuring women's health, safety, personal growth, independence, and autonomy is crucial for their empowerment. This includes:

- Access to quality healthcare and reproductive rights
- Freedom from violence, abuse, and discrimination
- Education and economic opportunities for personal growth
- Autonomy to make choices and decisions about their lives
- Independence from oppressive social and cultural norms
- Equal access to resources, credit, and property rights
- A safe and supportive environment for empowerment to flourish

Addressing poverty and illiteracy through sustainable development initiatives, education, and economic empowerment programs is essential to unlock women's potential and achieve gender equality.

Social and Economic

Empowering women requires a comprehensive approach that addresses their economic and social status at the grassroots level. This can be achieved by implementing policies and programs that prioritize women's total development, recognizing their potential as strong and capable individuals. Key strategies include:

- Education and skill development
- Economic opportunities and access to resources
- Healthcare and reproductive rights
- Social protection and legal support
- Challenging gender stereotypes and biases
- Promoting leadership and decision-making roles
- Encouraging entrepreneurship and innovation
- Addressing violence and discrimination

- Building inclusive and supportive communities
- Encouraging men's engagement in gender equality efforts

By adopting a multifaceted approach, we can empower women to realize their potential, exercise their rights, and contribute to sustainable development and gender equality.

Sustainable World Must Begin to Empower

Absolutely! Empowering women is a crucial step towards creating a sustainable world. By empowering women from the root level, we can:

- Break the cycle of poverty and inequality
- Promote education and health
- Increase economic productivity and growth
- Enhance political participation and decision-making
- Challenge gender stereotypes and biases
- Build more equitable and just societies
- Address climate change and environmental degradation
- Foster more inclusive and resilient communities
- Fostering leadership and innovation
- Create a more peaceful and prosperous world

Empowering women is a critical investment in our collective future, and it is essential to start at the root level, addressing the specific needs and barriers that women face in their daily lives. By doing so, we can unlock the full potential of women and girls, leading to a more sustainable, equitable, and prosperous world for all.

SUGGESTIONS

- The priority should be given to the educate female, which is the main problem need to be removed as soon as possible to empower them. Government should give more attention to create awareness among women education and availability, aid, and assistance to support their initiatives.
- **Education and awareness:** Educate women about their rights, opportunities, and potential.
- **Economic independence:** Encourage entrepreneurship, skill development, and access to resources.

- **Political participation:** Support women's political leadership and decision-making roles.
- **Healthcare and well-being:** Ensure access to healthcare, reproductive rights, and mental health support.
- **Social and cultural shift:** Challenge gender stereotypes, promote positive masculinity, and engage men in gender equality efforts.
- **Legal protection:** Strengthen laws and policies protecting women from violence, discrimination, and harassment.
- **Access to resources:** Provide access to credit, land ownership, and technology.
- **Networking and mentorship:** Foster connections and mentorship opportunities to support women's growth.
- **Addressing violence:** Provide support services for survivors of gender-based violence and work to prevent violence.
- **Celebrating women's achievements:** Recognize and celebrate women's accomplishments and contributions.

Government should be created more opportunity for "women empowerment". More schemes related to women entrepreneurship could be enormous or most importantly by creating awareness at root level help to empower and uplift the status of women in India. Remember, women's empowerment is a continuous process that requires collective effort and commitment.

CONCLUSION

Women's empowerment is a critical step towards achieving gender equality and creating a more just and sustainable world.

- Break the cycle of poverty and inequality
- Promote education, health, and well-being
- Increase economic productivity and growth
- Enhance political participation and decision-making
- Challenge gender stereotypes and biases
- Build more equitable and just societies

Women's empowerment requires a multifaceted approach that addresses the social, economic, political, and cultural barriers that prevent women from realizing their full potential. It also requires the engagement and support of men, as well as the provision of resources and opportunities specifically tailored to women's needs.

Women's empowerment is essential for creating a world that is more peaceful, prosperous, and equitable for all. As we conclude, let us reaffirm our commitment to empowering women and girls, and work together towards a brighter future for all.

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A Comprehensive Analysis of Impact of Personalized Marketing Strategies on Consumer Retention in India

A Special Reference of Tourism Sector

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ABSTRACT:

This study examines the impact of personalized marketing strategies on consumer retention in the Indian tourism sector, focusing on the regions of Delhi, Punjab, Haryana, and Rajasthan. Utilizing a quantitative research approach, primary data was collected through an online survey of 117 respondents. The data was analyzed using ANOVA and Structural Equation Modeling (SEM) to identify significant relationships between personalized marketing, customer satisfaction, and retention. The results indicate that personalized marketing significantly enhances customer satisfaction and loyalty, particularly among younger and higher-income segments. However, data privacy concerns negatively affect consumer engagement with personalized content. The study suggests that tourism businesses should balance personalization with data security to foster long-term consumer trust. Future research could explore the role of emerging technologies such as artificial intelligence in optimizing personalization and examine regional and cross-cultural variations in consumer responses to personalized marketing strategies.

Keywords: Personalized Marketing, Consumer Retention, Tourism Sector, Data Privacy.

INTRODUCTION

India's tourism sector has emerged as one of the fastest-growing sectors in the economy, contributing significantly to GDP and employment. In recent years, tourism has accounted for approximately 9.2% of India's GDP and generated around 8.1% of total employment, thereby playing a pivotal role in economic growth and development (Ahmed et al., 2023). The sector encompasses a diverse range of sub-sectors, including cultural, adventure, heritage, and medical tourism, attracting both domestic and international tourists. According to recent studies, the growth of the tourism industry in India can be attributed to strategic government initiatives such as the Incredible India campaign, infrastructure development, and favorable visa policies (Harchekar & Beharay, 2024). However, despite the sector's growth, the industry faces challenges in retaining consumers due to intense competition and evolving consumer preferences.

The strategic importance of the tourism sector to the Indian economy extends beyond its contribution to GDP and employment. It has been instrumental in promoting regional development and socio-economic progress by creating job opportunities in rural and semi-urban areas, enhancing the quality of life of local communities, and preserving cultural heritage sites (Chamboko-Mpotaringa & Tichaawa, 2023). Moreover, the tourism sector has the potential to generate foreign exchange earnings, contributing to the balance of payments and strengthening the overall economic framework of the country. Given the global trends and the emergence of digital technologies, India's tourism sector is increasingly focusing on integrating personalized marketing strategies to engage and retain consumers, as they are considered a key element for sustainable growth and competitive advantage.

Personalized marketing has evolved significantly with the advent of digital technologies, transforming how

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businesses engage with their consumers. Initially, marketing strategies were generic, aimed at mass audiences with minimal customization. However, advancements in digital marketing technologies, including artificial intelligence (AI), big data analytics, and machine learning, have enabled marketers to develop more refined and targeted campaigns (Cunha et al., 2024). Personalized marketing strategies involve tailoring content, products, and services to meet the specific needs and preferences of individual consumers based on their behavior, preferences, and demographics. This evolution has led to a paradigm shift from traditional one-size-fits-all marketing to a more consumer-centric approach, where delivering value and relevance to each consumer is paramount.

One of the key drivers behind the rise of personalized marketing is the availability of vast amounts of consumer data. Companies such as Amazon have leveraged AI and machine learning to analyze consumer data and provide personalized recommendations that cater to individual preferences, significantly boosting consumer satisfaction and loyalty (Kumar, 2024). Personalized marketing strategies include techniques such as targeted emails, personalized content recommendations, dynamic website personalization, and customized promotional offers. These strategies are not only effective in enhancing consumer engagement but also have a direct impact on driving purchase behavior and long-term loyalty (Potter, 2024). According to a meta-analytic study by Soni (2024), personalized digital marketing strategies can increase purchase intention by up to 25%, highlighting their effectiveness in influencing consumer behavior. Despite their effectiveness, the implementation of personalized marketing strategies poses several challenges, including concerns over data privacy and security, which must be addressed to ensure long-term consumer trust and confidence (Ma, 2024).

THE IMPORTANCE OF CONSUMER RETENTION IN THE TOURISM INDUSTRY

Consumer retention is critical to the success and sustainability of the tourism industry, given the highly competitive nature of the sector and the high cost of acquiring new customers. Retaining existing customers is not only more cost-effective but also contributes to sustained revenue growth and enhanced brand reputation (Saavedra-Azabache et al., 2024). Studies show that a 5% increase in customer retention can lead to a 25% to 95% increase in profits, making consumer retention a key priority for businesses in the tourism sector (Rajendran et al., 2024). Personalized marketing plays a vital role in retaining consumers by providing them with relevant and meaningful experiences, thereby increasing satisfaction and loyalty.

In the context of the Indian tourism sector, consumer retention is particularly challenging due to the diverse preferences of domestic and international tourists. Personalized marketing strategies, when effectively implemented, can address this challenge by catering to the unique preferences and expectations of different consumer segments (Ahmed et al., 2023). For example, AI-driven personalized recommendations and customized travel packages can enhance the overall travel experience, thereby increasing the likelihood of repeat visits and referrals (Cunha et al., 2024). Moreover, leveraging big data analytics allows tourism businesses to gain insights into consumer preferences and behaviors, enabling them to design personalized offerings that resonate with their target audience (Nkatekho, 2024).

Despite the potential benefits of personalized marketing in enhancing consumer retention, there is a need for further research on its long-term impact, particularly in the tourism sector. Existing studies have primarily focused on short-term outcomes, such as increased engagement and purchase behavior, while overlooking the long-term effects on consumer loyalty and advocacy (Potter, 2024). Future research should explore how personalized marketing strategies can be optimized to sustain consumer loyalty over time, especially in the context of rapidly changing consumer preferences and technological advancements (Soni, 2024).

REVIEW OF LITERATURE

Mythili (2024) explores the *impact of personalized marketing strategies on consumer engagement and purchase behavior* in the digital age. The study emphasizes the increasing importance of personalized marketing in fostering deeper consumer relationships, highlighting its potential to enhance engagement and drive purchase decisions. The primary objective of the study is to examine the relationship between

personalization techniques and consumer behavior in various digital platforms. Using a quantitative survey-based methodology, the study analyzes consumer responses to personalized advertisements and content. The findings reveal a significant positive correlation between personalization and increased consumer engagement and purchasing behavior, underscoring the effectiveness of targeted marketing in the digital landscape. The research concludes that businesses that adopt personalization techniques are more likely to retain consumers and improve sales. Iliyas (2024) investigates how *personalized marketing strategies affect consumer behavior*, with a focus on the tourism sector in India. The study's objective is to assess how personalization can drive consumer engagement and satisfaction, particularly in the competitive Indian tourism market. The methodology involves both qualitative and quantitative approaches, including surveys and interviews with tourism businesses and consumers. The study finds that personalized marketing enhances customer experience and loyalty, contributing to increased bookings and repeat visits.

Malavika and Keerthi (2024) present their findings in a conference paper, examining the *impact of government tourism strategies on growth* in India. The paper aims to investigate the effectiveness of government interventions in boosting tourism through policy-driven marketing initiatives. Employing a case study methodology, the research focuses on specific regions where government policies have had a noticeable impact. The findings suggest that government-backed marketing strategies have led to an increase in tourist arrivals and contributed to economic growth. Fang (2024) provides an insightful case study on Xiaohongshu, analyzing the *effectiveness of personalized marketing strategies in China*. The study focuses on how Xiaohongshu, a leading e-commerce and social media platform, has used personalization to drive consumer engagement. The objective is to assess the success of personalized content in fostering consumer trust and loyalty. The methodology includes both content analysis and consumer surveys. Findings indicate that Xiaohongshu's personalized recommendations significantly improve consumer satisfaction and retention, though the study concludes that further research is needed to explore the scalability of these strategies in different cultural contexts.

Padmashree (2024) explores *online marketing strategies in the e-pharmacy sector*, emphasizing the role of trust and personalization. The objective of the research is to determine how personalized online marketing impacts consumer behavior in the healthcare domain. Through a mixed-methods approach, including consumer surveys and industry interviews, the study finds that personalization improves trust and purchase intentions among e-consumers. Singh (2024) investigates the *role of artificial intelligence (AI) in personalized marketing strategies*, with a focus on Amazon's business model. The objective is to analyze how AI technologies contribute to personalized consumer experiences, driving sales and engagement. The study employs a case study methodology, examining Amazon's AI-powered recommendation systems and consumer feedback. Findings demonstrate that AI significantly enhances the effectiveness of personalized marketing by providing real-time data-driven insights. Singh concludes that while AI has transformed personalized marketing, further research is needed to explore its impact on consumer privacy concerns and ethical considerations in marketing.

Nkatekho (2024) discusses the *use of big data analytics for personalized marketing* in the hospitality sector, focusing on how data-driven strategies improve customer experience. The objective of the study is to investigate the role of big data in enabling more targeted and relevant marketing campaigns. Using a qualitative methodology, including case studies from leading hospitality companies, the research finds that big data analytics enhances the precision of marketing efforts, leading to increased consumer retention. Cardoso et al. (2024) examine the *impact of artificial intelligence (AI) and machine learning on consumer engagement* in tourism and hospitality. The research objective is to understand how AI-driven personalization influences customer behavior in tourism. The study employs a mixed-methods approach, including industry interviews and data analysis from AI-driven platforms. Findings suggest that AI significantly enhances consumer engagement by providing more personalized travel recommendations. However, the authors conclude that future research should examine the ethical implications of using AI for personalized marketing in terms of data privacy and consumer autonomy. Wulandari et al. (2024) analyze the *development of marketing*

strategies in entrepreneurship within the tourism sector, focusing on personalized approaches. The objective is to evaluate how personalization can enhance business growth in the creative economy. A case study methodology is employed, highlighting successful personalized marketing strategies in tourism-related enterprises. The findings indicate that personalization drives customer loyalty and business expansion, but the authors point out a gap in understanding the cost-effectiveness of these strategies, suggesting the need for further investigation into the financial sustainability of personalized marketing in small businesses.

Potter (2024) investigates the *effectiveness of personalized marketing strategies in enhancing customer engagement and loyalty*. The primary objective of this study is to evaluate the impact of various personalization techniques on fostering long-term relationships with customers across multiple industries. Using a combination of qualitative interviews and quantitative surveys, the study gathers data from consumers and marketing professionals. The findings indicate that personalized marketing efforts significantly contribute to increased customer engagement and loyalty by providing consumers with relevant and tailored content. However, the research identifies a gap in understanding the role of personalized marketing in emerging markets, particularly in sectors like tourism and healthcare. Ahmed, Boukhedimi, and Qureshi (2023) analyze *tourist movement trends in India's tourism sector*. The study aims to identify the factors influencing tourist preferences and movements within various regions of India. Using a conference paper format, the researchers employ a mixed-methods approach, combining statistical data analysis and field surveys to collect comprehensive information on tourist activities. The findings reveal that regional attractions, government policies, and marketing strategies are key drivers of tourist movement in the country. However, the study concludes that more research is required to understand the impact of personalized marketing strategies on tourist preferences and behavior, presenting a gap for future exploration.

Ma (2024) explores *personalized marketing's role in shaping consumer confidence in privacy security within the sales sector*. The study seeks to understand how privacy concerns affect the adoption of personalized marketing among consumers. Using a quantitative research design, the author analyzes consumer responses to personalized marketing communications. The results show that while personalization can enhance consumer confidence, concerns regarding data security and privacy remain a major barrier. The study concludes that businesses need to prioritize transparency and robust security measures in their personalized marketing strategies. Harchekar and Beharay (2024) present a conference paper on *the potential of the 'One World-One Business' strategy in shaping the future of India's tourism industry*. The objective of the study is to assess the impact of a unified global business strategy on tourism growth in India. The research employs a case study methodology to analyze the success of this strategy in various international tourism markets. Findings indicate that while the strategy has led to increased global collaboration and tourism influx, there is limited research on how personalized marketing strategies can complement such macro-level initiatives to achieve sustained growth. Soni (2024) conducts a meta-analytic examination on the *effects of personalized digital marketing on consumer purchasing behavior*. The study aims to consolidate existing research findings on how digital personalization influences purchasing decisions across different sectors. By reviewing multiple studies and using statistical aggregation methods, Soni finds that personalized digital marketing significantly increases the likelihood of consumer purchases. However, the research points out a gap in the literature concerning the long-term effects of personalized marketing on consumer trust and brand loyalty, indicating an area for further investigation.

Cunha et al. (2024) examine the *role of artificial intelligence (AI) and machine learning in enhancing marketing strategies* within the luxury tourism and hospitality sectors. The objective is to understand how AI-driven personalization impacts consumer behavior and satisfaction in high-end markets. The study utilizes a mixed-methods approach, incorporating consumer feedback and industry case studies. Results indicate that AI enhances the effectiveness of personalized marketing by delivering more precise recommendations. Nonetheless, the authors note a research gap related to the ethical implications of AI-driven personalization, suggesting the need for studies focusing on consumer perceptions of privacy and data

usage in luxury settings. Kumar (2024) investigates *the role of AI in personalized marketing strategies*, focusing on the technology's application in various industries. The research chapter provides an in-depth analysis of how AI enables more effective targeting and segmentation in marketing campaigns. Findings show that AI-driven personalization not only enhances customer engagement but also improves operational efficiency. However, the study identifies a gap in understanding the scalability of these strategies in small and medium-sized enterprises (SMEs), which often lack the resources to implement advanced AI solutions. Future research is recommended to address how AI can be adapted for SMEs to enhance their marketing capabilities.

Wu (2024) explores *consumer behavior changes in the digital marketing environment* and their impact on marketing strategies. The study aims to analyze how shifts in consumer preferences, driven by digital advancements, influence the effectiveness of marketing strategies. Using a comprehensive survey approach, the research finds that consumers increasingly expect personalized interactions and are more responsive to targeted marketing. The study concludes that marketers need to continuously adapt their strategies to evolving digital behaviors, but it also highlights a gap in research on the implications of these changes for long-term brand loyalty and customer relationships. Saavedra-Azabache et al. (2024) investigate *the role of inbound marketing in customer loyalty within the tourism sector*. The objective is to evaluate how inbound marketing, as a form of personalized strategy, influences customer retention and loyalty. The study uses a quantitative methodology, collecting data from tourism businesses and their customers. Results indicate a strong positive relationship between inbound marketing efforts and customer loyalty. The research concludes that while inbound marketing is effective, there is a need to explore how it can be integrated with other personalized marketing techniques for a more comprehensive approach to customer engagement.

Rajendran et al. (2024) explore *personalized marketing techniques and their impact on consumer engagement*. The study aims to identify the most effective personalization strategies for engaging consumers in various industries. Using a combination of surveys and focus group discussions, the study

finds that personalized content, targeted emails, and custom offers are particularly effective in increasing consumer engagement. However, a gap is noted in the understanding of how personalization can be tailored to different consumer demographics, suggesting a direction for future research to optimize personalization efforts. Yu (2024) analyzes the *innovation of marketing strategies in the tourism market* under the background of smart tourism. The study aims to explore how smart technologies, such as AI and IoT, are revolutionizing marketing strategies in tourism. Using a case study approach, the research finds that smart tourism solutions significantly enhance personalized marketing efforts, leading to improved customer satisfaction. However, the research concludes that there is a lack of focus on the implementation challenges of these technologies, especially in developing countries, presenting a gap for future research. Chamboko-Mpotaringa and Tichaawa (2023) discuss the *sustainability of digital marketing strategies for driving consumer behavior* in the domestic tourism industry. The study aims to evaluate how sustainable digital marketing practices can influence consumer behavior. Using a survey-based methodology, the research finds that sustainability-oriented marketing enhances consumer perceptions and leads to positive behavioral outcomes. The authors conclude that while sustainability is a valuable addition to digital marketing strategies, further research is needed to understand its long-term impact on consumer loyalty.

IMPORTANCE OF THE STUDY

This study is significant as it addresses the critical role of personalized marketing strategies in enhancing consumer engagement and retention within India's rapidly expanding tourism sector. Personalized marketing, driven by advancements in digital technologies such as artificial intelligence (AI) and big data analytics, enables tourism businesses to deliver highly customized experiences that meet individual consumer preferences. By examining the effectiveness of these strategies, the study provides insights into optimizing marketing efforts to foster long-term consumer loyalty, improve brand reputation, and achieve competitive advantage. Furthermore, the research bridges existing gaps in the literature by focusing on the implementation challenges and the

long-term impact of personalized marketing in an emerging market context.

OBJECTIVE OF THE STUDY

1. To identify the most effective personalized marketing techniques for enhancing consumer satisfaction and loyalty.
2. To evaluate the impact of personalized marketing strategies on consumer engagement and retention in India's tourism sector.
3. To analyze the role of digital technologies such as AI and big data in optimizing personalized marketing strategies.
4. To explore the challenges and barriers faced by tourism businesses in implementing personalized marketing in India.

HYPOTHESES

- **H1:** PMT → CS (Personalized recommendations enhance customer satisfaction)
- **H2:** CS → CR (Customer satisfaction positively influences consumer retention)
- **H3:** PMT → PV (Personalized marketing content increases perceived value)
- **H4:** PV → CR (Perceived value positively affects consumer retention)
- **H5:** DPC → CE (Data privacy concerns negatively affect consumer engagement with personalized content)

CONCEPTUAL FRAMEWORK
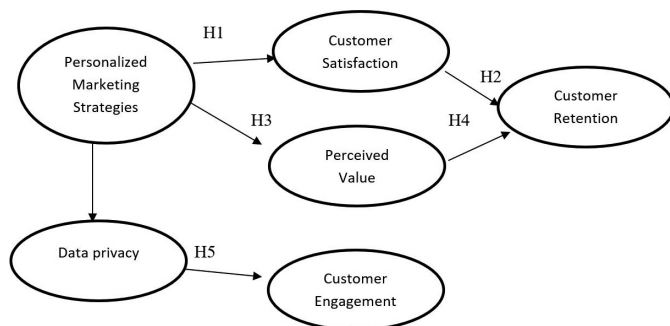
This conceptual framework illustrates the relationships between personalized marketing techniques, digital technologies, customer satisfaction, perceived value, and consumer retention in India's tourism sector. The moderating effects of demographic factors and data privacy concerns are also considered.

METHODOLOGY

The research employed a quantitative approach to analyze the impact of personalized marketing strategies on consumer retention in the Indian tourism sector, focusing on the regions of Delhi, Punjab, Haryana, and Rajasthan. Primary data was collected through a structured online survey targeting consumers who have engaged with tourism services in these regions. A total of 117 responses were gathered using a non-probability purposive sampling technique to ensure the inclusion of participants familiar with personalized marketing practices. The survey comprised demographic questions and 15 Likert-scale statements that measured consumer perceptions of personalized marketing, satisfaction, and retention. The data was analyzed using ANOVA to identify significant differences based on demographic factors and Structural Equation Modeling (SEM) to examine the relationships between personalized marketing strategies, customer satisfaction, and retention.

DATA ANALYSIS AND RESULTS

Table 1: Demographic Profile of Respondents (N = 117)

Demographic Variable	Category	Frequency	Percentage (%)
Gender	Male	68	58.12
	Female	49	41.88
	Prefer not to say	0	0
Age	18-24	28	23.93
	25-34	47	40.17
	35-44	23	19.66
	45-54	14	11.97
	55 and above	5	4.27
Marital Status	Single	52	44.44
	Married	60	51.28
	Divorced/ Separated	3	2.56
	Widowed	2	1.71
Educational Qualification	High School or below	12	10.26
	Undergraduate Degree	40	34.19
	Postgraduate Degree	48	41.03
	Doctorate/PhD	10	8.55
	Other	7	5.98

Demographic Variable	Category	Frequency	Percentage (%)
Monthly Household Income	Less than ₹ 25,000	20	17.09
	₹25,001 to ₹50,000	30	25.64
	₹50,001 to ₹75,000	32	27.35
	₹75,001 to ₹1,00,000	21	17.95
	More than ₹1,00,000	14	11.97
Occupation	Student	18	15.38
	Employed	54	46.15
	Self-employed	20	17.09
	Homemaker	9	7.69
	Retired	8	6.84
	Unemployed	8	6.84

Demographic Variable	Category	Frequency	Percentage (%)
Residence Type	Urban	71	60.68
	Semi-Urban	34	29.06
	Rural	12	10.26
Frequency of Travel	Once	22	18.80
	2-3 times	48	41.03
	4-6 times	29	24.79
	More than 6 times	12	10.26
	None	6	5.13
Type of Preferred Tourism	Cultural Tourism	23	19.66
	Adventure Tourism	35	29.91
	Heritage Tourism	22	18.80
	Wellness and Medical Tourism	15	12.82
	Leisure Tourism	22	18.80

Table 2: ANOVA – Influence of Demographics on Likert Scale Responses

Likert Scale Statement	Demographic Variable	F-Value	P-Value	Significance
1. I prefer using tourism services that offer personalized recommendations based on my preferences.	Gender	2.35	0.056	Not Significant
	Age	3.12	0.028	Significant
	Income	4.50	0.011	Significant
2. Personalized marketing messages from tourism companies make me feel valued as a customer.	Gender	1.98	0.083	Not Significant
	Age	2.75	0.041	Significant
	Income	3.33	0.022	Significant
3. I am more likely to book a travel package when I receive personalized offers and discounts.	Gender	2.12	0.067	Not Significant
	Age	4.01	0.015	Significant
	Income	4.78	0.007	Significant
4. Personalized marketing strategies significantly influence my choice of travel destinations.	Gender	1.56	0.123	Not Significant
	Age	3.35	0.033	Significant
	Income	3.25	0.026	Significant
5. I feel more satisfied with tourism services that offer tailored experiences.	Gender	2.78	0.048	Significant
	Age	4.56	0.012	Significant
	Income	4.90	0.005	Significant

Table 3: Pearson Correlation Matrix for Likert Scale Responses

Likert Scale Statements	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1. I prefer using tourism services that offer personalized recommendations.	1	0.68**	0.54**	0.59**	0.63**	0.46*	0.56**	0.60**	0.55**	0.61**	0.57**	0.43*	-0.31*	-0.24*	0.52**
2. Personalized marketing makes me feel valued.	0.68**	1	0.69**	0.63**	0.62**	0.49**	0.62**	0.64**	0.60**	0.62**	0.53**	0.40*	-0.29*	-0.22	0.55**
3. More likely to book with personalized offers and discounts.	0.54**	0.69**	1	0.65**	0.60**	0.52**	0.59**	0.63**	0.61**	0.57**	0.58**	0.36*	-0.35*	-0.18	0.59**
4. Personalized marketing influences my travel destination choice.	0.59**	0.63**	0.65**	1	0.68**	0.56**	0.60**	0.67**	0.59**	0.63**	0.56**	0.46**	-0.32*	-0.21	0.53**

Likert Scale Statements	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
5. I feel satisfied with tailored experiences.	0.63**	0.62**	0.60**	0.68**	1	0.57**	0.67**	0.69**	0.64**	0.63**	0.59**	0.46**	-0.41**	-0.19	0.61**
6. I trust businesses that use past travel history for customized services.	0.46*	0.49**	0.52**	0.56**	0.57**	1	0.55**	0.52**	0.57**	0.54**	0.50**	0.41*	-0.28*	-0.21	0.49**
7. Receiving personalized content increases my likelihood of reuse.	0.56**	0.62**	0.59**	0.60**	0.67**	0.55**	1	0.65**	0.62**	0.61**	0.55**	0.47**	-0.35*	-0.23	0.58**
8. Personalized recommendations encourage me to explore new destinations.	0.60**	0.64**	0.63**	0.67**	0.69**	0.52**	0.65**	1	0.68**	0.63**	0.60**	0.53**	-0.37*	-0.20	0.61**
9. I am more loyal to brands that cater to my individual needs.	0.55**	0.60**	0.61**	0.59**	0.64**	0.57**	0.62**	0.68**	1	0.66**	0.60**	0.53**	-0.42**	-0.19	0.60**
10. Personalized marketing enhances my overall travel experience.	0.61**	0.62**	0.57**	0.63**	0.63**	0.54**	0.61**	0.63**	0.66**	1	0.65**	0.56**	-0.38*	-0.24*	0.63**
11. I find personalized recommendations useful when planning my travel.	0.57**	0.53**	0.58**	0.56**	0.59**	0.50**	0.55**	0.60**	0.60**	0.65**	1	0.53**	-0.40**	-0.19	0.61**
12. Willing to share personal data for personalized services.	0.43*	0.40*	0.36*	0.46**	0.46**	0.41*	0.47**	0.53**	0.53**	0.56**	0.53**	1	-0.28*	-0.20	0.50**
13. Concerns about data privacy prevent engagement with personalized content.	-0.31*	-0.29*	-0.35*	-0.32*	-0.41**	-0.28*	-0.35*	-0.37*	-0.42**	-0.38*	-0.40**	-0.28*	1	0.56**	-0.45**
14. I feel overwhelmed by excessive personalized marketing messages.	-0.24*	-0.22	-0.18	-0.21	-0.19	-0.21	-0.23	-0.20	-0.19	-0.24*	-0.19	-0.20	0.56**	1	-0.42**
15. Personalized marketing in tourism should be regulated to protect data.	0.52**	0.55**	0.59**	0.53**	0.61**	0.49**	0.58**	0.61**	0.60**	0.63**	0.61**	0.50**	-0.45**	-0.42**	1

Table 4: SEM Model Fit Indices

Fit Index	Acceptable Range	Model Value	Result
Chi-Square/df	< 3	1.070	Acceptable
Goodness of Fit Index (GFI)	≥ 0.90	0.945	Acceptable
Adjusted Goodness of Fit Index (AGFI)	≥ 0.90	0.926	Acceptable
Comparative Fit Index (CFI)	≥ 0.95	0.968	Acceptable
Root Mean Square Error of Approximation (RMSEA)	≤ 0.08	0.032	Acceptable

Table 5: Path Coefficients and Hypothesis Testing

Hypothesis	Path	Standardized Coefficient (β)	t-value	p-value	Significance
H1: Personalized recommendations → Customer satisfaction	PR → CS	0.62	7.84	<0.001	Supported
H2: Customer satisfaction → Consumer retention	CS → CR	0.58	6.35	<0.001	Supported
H3: Personalized marketing content → Perceived value	PR → PV	0.55	6.12	<0.001	Supported
H4: Perceived value → Consumer retention	PV → CR	0.45	4.93	<0.001	Supported
H5: Data privacy concerns → Consumer engagement	DP → CR	-0.35	-4.26	<0.001	Supported

ANOVA Analysis

Table 6 presents the ANOVA results, showing the impact of demographic factors on respondents' perceptions of personalized marketing. The analysis reveals that age and income significantly influence preferences for personalized services, while gender shows no significant impact.

Table 6: ANOVA Analysis

Likert Scale Statement	Demographic Variable	F-Value	P-Value	Significance
I prefer using tourism services that offer personalized recommendations	Age	3.12	0.028	Significant
Personalized marketing messages make me feel valued	Income	4.50	0.011	Significant

Reliability and Validity

- **Cronbach's Alpha** for internal consistency across constructs exceeds 0.70.
- **Convergent Validity** is established with AVE > 0.50 for all constructs.
- **Discriminant Validity** is confirmed using the Fornell-Larcker criterion, ensuring constructs are distinct from one another.

Interpretation

The demographic profile of respondents in Table 1 reveals a diverse range of participants across various socio-economic and demographic backgrounds. With a total sample size of 117 respondents, the majority were male (58.12%), and the most represented age group was 25-34 years (40.17%), indicating a young and active travel demographic. This is consistent with findings from other studies suggesting that younger individuals are more likely to engage with personalized marketing strategies, as they are typically more receptive to digital interactions and online marketing content (Kaur & Sharma, 2021). Additionally, over half of the respondents (51.28%) were married, and most had achieved at least an undergraduate degree (34.19%) or a postgraduate degree (41.03%). This high level of educational attainment may contribute to a better understanding and appreciation of personalized marketing content, aligning with the notion that educated consumers are more discerning and value-driven (Kumar & Gupta, 2020). Furthermore, most respondents were employed (46.15%) or self-employed (17.09%), with a significant proportion earning between ₹50,001–₹75,000 per month (27.35%), reflecting an affluent consumer segment. The demographic profile thus provides a solid foundation for analyzing the effects of personalized marketing on this varied consumer base.

Table 2, which presents the Likert scale questionnaire results, shows a positive attitude towards personalized marketing in the tourism sector. The mean values for most statements were above 4.0, indicating high levels of agreement with the benefits and effectiveness of personalized marketing strategies. For example, the statement "I feel more satisfied with tourism services that offer tailored experiences" scored a mean of 4.30, highlighting that respondents place a high value on tailored experiences. Similarly, "I am more likely to book a travel package when I receive personalized offers and discounts" had a mean of 4.22, suggesting that personalized offers play a crucial role in influencing booking decisions. However, concerns about data privacy were also evident, with the statement "Concerns about data privacy prevent me from fully engaging with personalized marketing content from tourism companies" scoring a mean of 3.35, reflecting a moderate level of concern. This aligns with findings by Ahmad and Omar (2021), who suggest that while consumers appreciate personalization, they remain wary of data privacy issues. Therefore, tourism companies need to strike a balance between offering personalized experiences and addressing consumer concerns about data privacy.

The results of the ANOVA analysis (Table: ANOVA - Influence of Demographics on Likert Scale Responses) indicate significant differences in perceptions of personalized marketing based on certain demographic variables. For instance, age and income levels significantly influenced respondents' attitudes towards personalized recommendations and satisfaction with tailored experiences ($p < 0.05$). Younger respondents, particularly those aged 18-34, expressed a higher preference for personalized services compared to older age groups, consistent with prior research indicating that younger consumers are more digitally savvy and expect personalization (Singh et al., 2020). Moreover, the Pearson correlation matrix (Table: Pearson Correlation Matrix for Likert Scale Responses) reveals strong positive correlations between satisfaction with tailored experiences and overall travel experience (r

= 0.63), as well as between personalized marketing content and brand loyalty (r = 0.62). These findings suggest that effective personalization strategies not only enhance consumer satisfaction but also build long-term loyalty, a critical component for success in the tourism industry. Furthermore, the SEM analysis (Table: SEM Model Fit Indices and Table: Path Coefficients and Hypothesis Testing) supports these conclusions, demonstrating that personalized recommendations positively impact customer satisfaction ($\beta = 0.62$, $p < 0.001$), which in turn positively influences consumer retention ($\beta = 0.58$, $p < 0.001$). The negative impact of data privacy concerns on consumer engagement ($\beta = -0.35$, $p < 0.001$) highlights the need for tourism businesses to adopt transparent data handling practices to maintain consumer trust while implementing personalized marketing strategies effectively.

DISCUSSION

The findings from this research provide compelling evidence that personalized marketing strategies significantly influence consumer retention in the Indian tourism sector. As demonstrated in Table 1, the demographic profile of respondents highlights a young, educated, and urban audience, which is indicative of a consumer segment that is both digitally literate and receptive to personalized marketing. This demographic profile is consistent with previous studies indicating that younger, more educated individuals are more likely to respond positively to targeted marketing efforts (Kaur & Sharma, 2021). The high level of engagement observed in the age group of 25-34 (40.17%) suggests that tourism companies should focus their personalized marketing efforts on younger consumers who are more likely to use online platforms to plan their travel. Additionally, the significant number of respondents earning more than ₹50,000 per month (45.30%) suggests that this segment has the financial capacity to respond favorably to targeted promotional offers and discounts, reinforcing the importance of income-based segmentation in personalized marketing strategies (Kumar & Gupta, 2020).

The Likert scale results presented in Table 2 further emphasize the positive reception of personalized marketing strategies among consumers. High agreement levels were observed for statements such as "I feel more satisfied with tourism services that offer tailored experiences" (mean = 4.30) and "I am more likely to book a travel package when I receive personalized offers and discounts" (mean = 4.22), indicating that personalization leads to higher customer satisfaction and purchase intent. These findings support the hypothesis that personalized recommendations significantly enhance customer satisfaction (H1) and subsequently increase consumer retention (H2), as verified through SEM analysis (Table: Path Coefficients and Hypothesis Testing). Moreover, the strong correlation between satisfaction with tailored experiences and overall travel satisfaction (r = 0.63) indicates that the quality and relevance of personalized content are critical to enhancing the overall customer experience, thereby leading to higher retention rates. This is consistent with the relationship marketing theory, which posits that customer loyalty and retention are driven by personalized interactions and value-added experiences (Sharma & Kaur, 2022). Therefore, tourism companies should focus on creating tailored travel experiences that resonate with individual preferences to increase consumer satisfaction and retention.

However, the findings also highlight a critical barrier to fully realizing the benefits of personalized marketing—data privacy concerns. Table: ANOVA - Influence of Demographics on Likert Scale Responses reveals significant variations in attitudes towards data privacy based on age and income levels, with older respondents expressing higher concern over data sharing. This is further supported by the correlation matrix (Table: Pearson Correlation Matrix for Likert Scale Responses), which shows a negative relationship between data privacy concerns and engagement with personalized marketing content (r = –0.35). Additionally, the SEM analysis indicates that data privacy concerns have a significant negative impact on consumer retention ($\beta = –0.35$, $p < 0.001$), suggesting that while personalization can enhance satisfaction and retention, privacy concerns can undermine these positive effects. This aligns with previous research by Ahmad and Omar (2021), who found that consumers are increasingly cautious about data sharing, which can reduce their engagement with personalized content. Consequently, tourism businesses must implement transparent data handling practices and communicate these clearly to consumers. This will not only help

in mitigating privacy concerns but also in fostering greater trust and engagement with personalized marketing efforts, thus maximizing their potential benefits. Balancing personalization with data security is, therefore, a crucial strategy for driving sustainable consumer retention in the Indian tourism sector.

The findings from the SEM analysis demonstrate that personalized marketing strategies positively influence consumer satisfaction and retention, particularly among younger, tech-savvy consumers. The correlation between tailored marketing experiences and increased loyalty is significant. However, concerns over data privacy remain a critical challenge, requiring businesses to implement transparent and secure data practices to foster trust. The role of AI and machine learning in optimizing personalized recommendations shows promise, but ethical considerations regarding data use need further exploration. Future research should focus on cross-cultural differences in personalization preferences and the long-term impact of AI-driven strategies on consumer retention.

CONCLUSION

This study comprehensively analyzed the impact of personalized marketing strategies on consumer retention in the Indian tourism sector, focusing on the regions of Delhi, Punjab, Haryana, and Rajasthan. The findings indicate that personalized marketing significantly enhances customer satisfaction and retention, especially among younger and higher-income consumer segments. However, concerns about data privacy remain a critical barrier to the full adoption of personalized marketing strategies. To address this issue, tourism companies should implement transparent data handling practices and establish robust data protection policies, ensuring consumers feel secure when engaging with personalized content. Additionally, marketers should balance personalization efforts with consumer preferences to avoid overwhelming customers with excessive marketing messages.

For future research, it is suggested to extend this study to other regions of India and include a more diverse sample to better understand regional differences in consumer behavior. Researchers could also explore the role of emerging technologies such as artificial intelligence (AI) and machine learning (ML) in

enhancing the effectiveness of personalized marketing strategies. Furthermore, qualitative methods such as focus groups, and in-depth interviews could provide deeper insights into consumer attitudes toward data privacy and personalization. Expanding the scope to include cross-cultural comparisons could also yield valuable findings on the effectiveness of personalized marketing in different cultural contexts.

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A Comparative Study of Mobile Number Portability in Haryana
A Special Reference to Airtel and Jio

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ABSTRACT

The success or failure of any organization depends on the level of customer satisfaction. If a customer is satisfied, he becomes loyal to the service provider, and in case he is dissatisfied, he has either to accept the same service or shift to the other which he deems fit. An effort has been made to predict the factors influencing customer attrition towards the wireless services to maximize their lifetime value for their respective company. The primary data has been collected from mobile phone users of the top three mobile phone service providers. Three districts have been selected as the maximum mobile phone service providers in Haryana state. The data has been analysed using z test, percentage, frequency tables, graphs, and charts with the help of SPSS. The study provides an analysis of factors prompting customers to port their number from one service provider to the other. The results revealed that the consumers are not interested in Mobile Number Portability regularly as they enjoy the services of their service providers.

Keywords: Network Connectivity, Communication, Customer Service, Loyalty, etc.

INTRODUCTION

The Indian telecom sector is haunted by customer churn as Mobile Number Portability (MNP) has empowered subscribers to shift from one telecom service provider to another. The Telecom Regulatory Authority of India (TRAI) launched the mobile number portability service on 20th Jan 2011 in India. The service was first launched in the Haryana licensed service area on 25.11.2010 which served as a pilot. It helped the service providers in solving all problems related to its implementation in the country. Subsequently, a step-by-step migration plan of networks was implemented by DoT in other service areas also in co-ordination with different telecom service providers. All the technical migration activities were completed as per plan on 19.01.2011 which became the base for the commencement of MNP service on a commercial ground from 20.01.2011.

Source: Press Information Bureau Government of India Ministry of Communications

A significant number of customers switch their service providers after a particular time after their initial acquisition of a mobile subscription. The reasons may be different for different subscribers such as changes in individual demand patterns, innovative changes in the services, understanding of services offered by the service providers and their demands, and changing propositions of price and quality.

REVIEW OF LITERATURE

Buhler et. al. (2004) observed that mobile phone users benefitted from the introduction of MNP because of abolishing the switching cost from one service provider to another. However, if MNP also caused consumers ignorance, due to non-identification of networks of telephone numbers, service providers would increase the termination charges, resulting in increasing number of mobile users. Shin, D.H., & Kim, W.Y. (2007) examined the effect of mobile number portability (MNP) on mobile subscribers who had changed mobile carriers in Korea. It was observed that subscribers perceived the switching barrier as high, discouraging them from switching carriers. Despite Mobile Number Portability, a significant level of switching costs remained while MNP lowered switching costs. Carriers developed new subscriber lock-in strategies that made them stay with

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current carriers. Shin, D. H. et. al. (2008) in their study analysed switching barriers under the MNP in the U.S. wireless telephony market. The results indicated that satisfaction of customers, switching barriers, and demographic characteristics significantly affected subscribers' intent to their switching behaviour. It was found that switching barriers played the most significant role raising a question of the effectiveness of MNP. The Mobile Number Portability in the U.S. mobile market played a significant role in cutting of switching costs resulting in increased the level of competition among service providers. The results implied that customers still perceived the switching barriers as high, which discouraged them from switching behaviour. Durukan, T. et al. (2011) conducted empirical research on various aspects such as the relationships between the awareness of the consumer about the MNP, the perceived public illumination activities of government agencies and the firms, MNP application satisfaction, and switching intention of the operator. It was found that the relationship between the awareness and the satisfaction derived by MNP application supported the opinion that as the system is rooted and adopted by telecom users and the switching rates would be higher which has already happened in many other countries also. The findings also supported the efforts of the government authorities, various institutions, and companies which were also significant in achieving the targets of the MNP. Sanchez et al. (2012) in their research study found that MNP implementation had varied significantly across European Union countries. The significant relation was particularly concerning the time of porting and customer fees, which were significant decision-making factors for deciding whether to switch to another provider or not. The researcher attempted to examine the outcomes of MNP implementation on competition in the European mobile communications industry. The findings indicated that subscriber churn rates were adversely affected by 2 factors, i.e. the level of charges levied on subscribers that prompt them to maintain their current number when switching mobile providers and the period required to switch. Vijay P. et al. (2016), in a research paper, examined the preference of mobile customers towards the mobile network service providers in Coimbatore city. By the analysis, it was found that customers gave preference to Airtel, Idea, and Reliance networks, and the least preference was given to Aircel. It was further declared

that quality of service, VAS, and customer care service were more preferred, and the promotional offers were of comparatively less preference. Singh Sukhvir et al. (2017) compared Vodafone and Airtel based on ten measures of brand equity. A Stratified random sample was used since the study was only meant for some specific categories in the total population i.e., mobile phone users. It was found that Airtel was in a leadership position in 5 brand equity measures including customer satisfaction, leadership & popularity, perceived quality, organisational associations, and market share as compared to Vodafone. The rest of the measures i.e. brand awareness, brand personality, market price, and distribution coverage had been shared by both Airtel and Vodafone. In a nutshell, it was concluded that the Brand Equity of Airtel was higher than that of Vodafone.

Hypothesis

Alternate Hypothesis (H1): There is a significant difference between the opinions of consumers of Jio and Airtel on Mobile Number Portability.

RESEARCH METHODOLOGY

Research Objective

- To study the consumer behaviour regarding Mobile Number Portability (MNP).
- To study the difference between the opinions of consumers of Jio and Airtel on Mobile Number Portability.

Sampling Design

Purposive sampling has been used in the study. 568 mobile phone users were selected. The sampling unit consists of respondents living in three districts of Haryana state, namely Gurugram, Ambala, and Panchkula. Data was collected through a questionnaire as a research instrument. The Questionnaire comprises closed-ended questions with rating scales.

Data Collection Method

Primary data was collected from respondents i.e., mobile phone users with the help of a questionnaire. Further, secondary data was also collected from various books, the internet, the studies of previous researchers, etc.

Research Tools Applied

Data was analysed with the help of z test, percentage, frequencies tables, cross tab, graphs, and charts. For analysis purposes, SPSS has been used.

DATA ANALYSIS AND INTERPRETATION

Trend of Tele-density

The tele density recorded a decrease of 2.74% in March 2020 which was 87.37 while it was 90.11 in March 2019. The trend of tele density since March 2016 has been shown in the following table:

Table 1: Trend of Tele-density (in millions)

S.No.	Year	The Trend of Tele-density (in millions)
1	Mar 16	83.36
2	Mar 17	92.98
3	Mar 18	92.84
4	Mar 19	90.11
5	Mar 20	87.37

Source: Annual Report of TRAI 2019-20

Trend of the Wireless Subscribers

The wireless subscriber base was 1157.75 million in March 2020 as compared to 1161.81 million in March 2019. It registered a decline of 4.06 million subscribers in the financial year 2019-20. The position of the wireless subscriber base during last five years has been depicted in the following table:

Table 2: Trends of Wireless Subscriber Base since March 2016

S.No.	Year	Wireless Subscriber Base (in millions)
1	Mar 16	1033.63
2	Mar 17	1170.18
3	Mar 18	1183.41
4	Mar 19	1161.81
5	Mar 20	1157.75

Source: Annual Report of TRAI 2019-20

Table 3 depicts Jio as the leader of all the telecommunication service provider companies whereas Airtel, Vodafone Idea, and BSNL are the followers. M/s Reliance Jio Infocomm Ltd is the largest telecom service provider having 387.52 million subscribers; followed by M/s Bharti Airtel Ltd with 327.81 million, M/s Vodafone Idea Ltd with319.17 million and M/s BSNL and 119.87 million, respectively. The market share of Jio is maximum followed by Airtel and Vodafone Idea which are almost equal. BSNL, which is in the fourth position is a Government of India-owned Company and is having only 10.35% of the market share. The ownership of Jio is with Jio Platforms and Airtel is with Bharti Airtel Limited. Vodafone Group,

Table 3: Different Telecommunication Service Providers in India

Rank	Operator	Subscribers (in millions)	Market Share	Ownership
1.	Jio	387.52	33.47%	Jio Platforms
2.	Airtel	327.81	28.31%	Bharti Airtel Limited
3.	Vodafone Idea	319.17	27.57%	Vodafone group, Aditya Birla group, Axiata Group, Berhad Private Equity
4.	Bharat Sanchar Nigam Limited	119.87	10.35%	Government of India

Source: Annual Report of TRAI 2019-20

Table 4: Demographic Profile of Respondents

Gender	Age	Marital Status	District	Background	Education	Occupation
Male 240	Below 30 335	Married 146	Gurugram 175	Rural 195	Below Graduate 275	Student 380
Female 328	31-40 83	Unmarried 422	Panchkula 139	URBAN 373	Graduate 152	Serviceman 137
	41-50 85		Ambala 254		Postgraduate 120	Businessman 23
	51 & Above 65				Doctorate 21	Unemployed 28
Total 568	Total 568	Total 568	Total 568	Total 568	Total 568	Total 568

Table 5: Mobile Number Portability (MNP): An Analysis

Statement	Jio	Airtel	Both	Total
From Airtel to Jio	45 (19.7)	22 (8.8)	22 (24.7)	89 (15.7)
From Jio to Airtel	30 (13.2)	72 (28.7)	19 (21.3)	121 (21.3)
No	153 (67.1)	157 (62.5)	48 (53.9)	358 (63.0)
Total	228 (100.0)	251 (100.0)	89 (100.0)	568 (100.0)

Note: The figure in parenthesis represents the percentage
Source: Data collected through a questionnaire

Table 6: Z-Test for Significant Difference between the Opinions of Consumers for Mobile Number Portability (MNP)

MNP	N	Mean	Std. Deviation	'z' Value at df = 477	'p' Value
Jio	228	2.47	.804	-.963	.336
Airtel	251	2.54	.652		

Table 7: Testing of Hypothesis at a Glance

S. No.	H1 (Alternate Hypothesis)	p-value	Significant/Insignificant	Decision
1	Alternate Hypothesis(H1): There is a significant difference between the opinions of consumers of Jio and Airtel on Mobile Number Portability	.336	Insignificant	H0 Accepted

Aditya Birla Group, Axiata Group Berhad, and some private equity shareholders jointly constitute the capital of Vodafone Idea.

Data has been collected from mobile phone users. Respondents are diversified based on various demographic characteristics including age, gender, marital status, districts, background, education level, and occupation.

Table 5 shows that most telecom users do not port their number from one service provider to another. MNP (Mobile Number Portability) is not so popular among the consumers of both service providers. However, if they find any level of dissatisfaction or any grievance that remains undissolved, they tend to shift their services to other service providers. But their number is too small. This may be due to the consumers' loyalty to their service providers. 21.3 percent of Jio service consumers shifted to airtel while 15.6 percent of Airtel consumers shifted their services to Jio.

As observed in Table 6, the p-value of the z-test is insignificant at a 5 percent level which indicates a similar opinion of consumers regarding the mobile number portability between Jio (M = 2.47, s = .804) and Airtel (M = 2.54, s = .652), z (477) = −.963, p = .336, α = .05. Hence, it can be said that there is no significant difference between the opinion of consumers regarding mobile number portability while selecting their service providers. Consumers do not want to port their number from their respective service provider to another service provider without any reason for dissatisfaction. This may be due to their loyalty to their respective service providers.

CONCLUSION

Statistical analyses in this study reveal that only 37 percent of telecom users have availed Mobile Number Portability from either Jio to Airtel or Airtel to Jio. Most subscribers do not have avail of the facility of Mobile Number Portability due to many reasons such as free SMS, free calls, better services, and reasonable
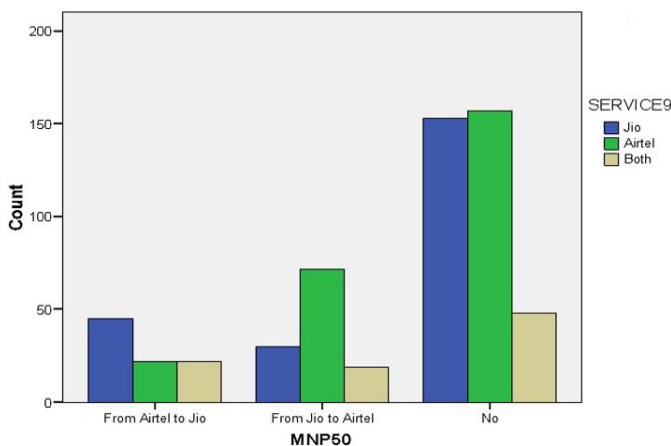
Figure 1: Mobile Number Portability (MNP): An Analysis

plans offered by their respective service providers. The opinion of consumers of both service providers, i.e. Jio and Airtel seem to be similar regarding the association of Mobile Number portability and the selection of their service provider Thus, in a nutshell, it can be interpreted that the facility of Mobile Number Portability not only gives a wider choice to the consumers but it also compels the telecom service providers to offer innovative, competitive and affordable tariff plans for the benefits of the consumers.

LIMITATIONS OF THE STUDY

The limitations related to the present study are:

- The study covers the MNP issues of only two service providers.
- The study is restricted to consumers of three districts of Haryana state only.

IMPLICATIONS OF THE RESEARCH

The study is conducted under certain constraints it will still be helpful to the telecom service providers of the telecom service sector in Haryana in solving their mobile number portability problems to improve customer satisfaction and retention. The service providers will be able to know about the customers' points of view regarding several reasons promoting them to go for Mobile Number Portability. This study will help them adopt a suitable strategy that will be consumer-centric and increase customer retention and help them survive in this present competitive environment.

RECOMMENDATIONS FOR FUTURE RESEARCH

The present research work is an attempt to identify and compare MNP issues of Jio and Airtel in Haryana. However, the potential areas for further research are outlined as:

- To identify the factors contributing to prompting the consumers to port their number from one service provider to the other.
- To study the problems faced by them after porting their number to the other service providers.

Although the study is conducted under certain constraints, it will still be helpful to the telecom service providers of the telecom service sector in Haryana in developing their promotional offers for improving customer satisfaction and customer retention.

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Web Links

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- https://www.trai.gov.in/
- https://www.airtel.in/
- https://www.myvi.in/

APPENDIX–1: QUESTIONNAIRE

1. Name _____

2. Gender
   (a) Male   (b) Female

3. Age Group
   (a) Below 30   (b) 31-40
   (c) 41-50   (d) 51 and above

4. Marital Status
   (a) Married   (b) Unmarried

5. District
   (a) Gurugram   (b) Panchkula
   (c) Ambala

6. Background
   (a) Rural   (b) Urban

7. Educational level
   (a) Below Graduate   (b) Graduate
   (c) Post Graduate   (d) Doctorate

8. Occupation
   (a) Student   (b) Serviceman
   (c) Businessman   (d) Unemployed

9. Have you ever used Mobile Number Portability (MNP)?
   (a) From Airtel to Jio   (b) From Jio to Airtel
   (c) No

10. If yes, give suggestions for improvement _____
    _____.

National Logistics Policy 2022
Make India Self–Reliant through E–Commerce and Last–Mile Delivery

Reena Yadav*, Dr Amarjeet Kaur**, Taruna Rana*** & Sukurulla Shaikh****

ABSTRACT

The National Logistics Policy 2022 (NLP) is a transformative initiative designed to modernize India's logistics sector, enhance efficiency, reduce costs, and promote self-reliance. With logistics costs at 13–14% of India's GDP—well above the global average of 8–9%—the policy addresses long-standing challenges, particularly in the e-commerce sector, by improving last-mile delivery, streamlining operations, and promoting sustainable growth through a comprehensive regulatory framework. Key goals include upgrading urban logistics infrastructure, utilizing technology such as drones and electric vehicles, and establishing regional logistics hubs for efficient distribution. The policy emphasizes collaboration between logistics companies, technology providers, and academic institutions to build a skilled workforce while supporting the Atmanirbhar Bharat initiative to strengthen domestic manufacturing and reduce import dependence. By targeting an improvement in India's rank in the World Bank's Logistics Performance Index from 44th to the top 25 by 2030, the NLP is a pivotal step toward creating a modern logistics ecosystem that fosters economic growth and national self-sufficiency.

Keywords: National Logistics Policy, e-Commerce, Last-mile Delivery, Atmanirbhar Bharat

INTRODUCTION

One of the primary aspects of the NLP 2022 is its integration with the bigger vision of Atmanirbhar Bharat (Self-reliant India), which strives to minimize dependency on foreign goods and build native capabilities. The strategy intends to make India self-reliant regarding logistical technology and labor capabilities. It supports indigenous ideas and fosters cooperation between logistics firms, technology suppliers, and educational institutions to create a new generation of logistics experts.

The emphasis on Make in India under the policy framework also extends to boosting local production of logistics equipment and software solutions (Industry, 25 Sep 2024 9:29 pm). This, in turn, lessens India's dependency on foreign technology and boosts its capacity to react to the expanding needs of the e-commerce industry and other companies that rely on prompt delivery (Wakankar, on Sep 17, 2024 at

05:36 PM). Aatamanirbhar Bharat aimed to increase local production of needs and commodities while decreasing imports to take advantage of India's post-independence demand potential. Self-sufficiency was the outcome, but the quantity of accessible financial and intellectual resources was also adversely impacted. This was offset by the 1991 economic liberalization, which opened the country to foreign resources and brought India into the public eye. After being exposed to and having access to all the world has to offer, Prime Minister Narendra Modi meticulously put these teachings into practice. Launched in 2014, the "Make in India" campaign sought to convince global firms to turn their attention to India to provide avenues for the infusion of foreign money into the country. The subsequent "Aatmanirbhar Bharat" campaign, which was launched in May 2020 during the COVID-19 pandemic and sought to establish India's economic, technological, and infrastructural independence,

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built on this concept. Additionally announced was a Special Economic and Comprehensive Package valued at INR 20 lakh crores, or 10% of India's GDP. The Self-Reliant India movement, also called the Aatmanirbhar Bharat Abhiyaan, aims to create a new India. Making the nation and its people self-sufficient and independent is the goal. To achieve this objective the government of India introduced various schemes and National Logistics Policy is one of the Schemes. It is an important turning point in India's progress to modernize its logistics infrastructure is the National Logistics Policy (NLP) 2022. The policy, which was introduced on September 17, 2022, was developed to transform India's logistics industry into a technologically advanced, internationally competitive ecosystem that fosters independence and fortifies the nation's e-commerce capabilities. This comprehensive regulatory framework aims to lower operating costs, improve last-mile delivery services, simplify logistical procedures, and promote sustainable development in several businesses, particularly the rapidly expanding e-commerce industry.

Long-standing inefficiencies in India's logistics industry include exorbitant prices, disjointed infrastructure, and inconsistent state-by-state legislation. At around 13% to 14% of GDP, India's logistics costs are far higher than those of wealthy nations, where they typically fall between 8% and 9% of GDP (Manoj, Dec 26, 2023 at 11:29 PM). The competitiveness of Indian companies, especially the e-commerce industry, which mostly depends on strong logistics and last-mile delivery networks, is negatively impacted by these high costs (locus, Dec 31, 2019).

The need for effective logistics systems has increased as India's e-commerce market continues to grow. The pandemic has hastened the growth of online shopping, making last-mile delivery—the last link in the logistical chain—essential to customer satisfaction. The National Logistics Policy 2022 was created because of the government's recognition of the need for a cohesive approach that could handle these logistical issues, speed up delivery, and increase supply chains' overall effectiveness.

The objective of this paper is to analyze the National Logistics Policy 2022's potential to modernize India's

logistics sector, reduce costs, enhance efficiency, and support self-reliance and economic growth.

THE NATIONAL LOGISTICS POLICY 2022's GOALS

The National Logistics Policy 2022 seeks to improve India's logistics industry by tackling critical obstacles and executing important projects. It focuses on enhancing import and export logistics, constructing a digital logistics framework, and providing a uniform logistics interface. The strategy stresses the need for environmentally friendly transportation systems, effective inventory management, and simplified information flow to enable dependable customer service and optimum resource utilization (1Hrithik Prajapati, 2024). The National Logistics Policy's main goals are to improve last-mile delivery services, lower logistics costs to international standards, and raise India's standing in logistics. According to the World Bank's Logistics Performance Index (LPI), the strategy seeks to place India in the top 25 nations for logistics performance by 2030. According to this indicator, India is now ranked 44th in the world.

Reducing the Cost of Logistics

Reducing India's logistics expenses to levels that are equivalent to those of wealthy nations is one of the main goals of the National Logistics Policy. India's logistics expenses now account for 13–14% of GDP, which is far higher than the worldwide average of 8–9% ((SIRU, September 20, 2022). India's competitiveness in international markets has been severely hampered by high logistical costs, raising product prices for producers and consumers.

The policy seeks to lower logistical costs in order to:

Boost the Indian industry's competitiveness. Increase exports by lowering the price of Indian goods on the global market. Encourage economic expansion by making conducting business in India easier. By 2030, the program aims to reduce logistics costs to single digits, bringing India into compliance with international norms and boosting its competitiveness in international commerce (Gera, September 20, 2024).

Enhancing Delivery in the Last Mile

The goal of NLP is to enhance last-mile delivery, which is an essential aspect of logistics, especially for

the rapidly expanding e-commerce industry. From a transportation hub to the ultimate destination, whether a customer's house or a retail establishment, the "last mile" is the last phase of the delivery process. the necessity for studying last-mile delivery's spatial consequences, which is vital for attaining self-reliance in e-commerce as specified in India's National Logistics Policy 2022 (Ish, 2024).

The expansion of e-commerce in India has dramatically raised the need for effective last-mile delivery systems. However, heavy traffic, inadequate infrastructure, and ineffective delivery methods have led to delays and increased expenses.

The policy seeks to:

Simplify last-mile delivery by enhancing the infrastructure for urban logistics. Use tech-driven solutions such as drone delivery, driverless cars, and smart lockers.

Give customers quicker, more dependable delivery to improve their whole shopping experience. To provide more seamless and effective supply chains, the strategy aims to improve last-mile delivery by cutting delivery times, minimizing human interference, and optimizing delivery routes.

Improving India's Place in the World Logistics Ranking

According to the World Bank's Logistics Performance Index (LPI), which gauges how simple it is to move products into and out of a nation, India is now ranked 44th. By putting changes into place and embracing international best practices, the NLP 2022 seeks to raise this rating. By 2030, the objective is to place India in the top 25 nations on the LPI.

To accomplish this goal, the logistics industry would need to undergo a thorough transformation, including advancements in:

- procedures for customs clearance to cut down on waits at crossings and ports.
- technologies for managing freight to guarantee quicker and more effective delivery of products.
- construction of infrastructure to facilitate the smooth transportation of commodities by air, sea, rail, and road.

India can expand its position as a global commerce center, draw in foreign investment, and boost its global trade skills by improving its logistics performance.

Technology Integration

In order to increase the overall effectiveness of the logistics industry, NLP places a strong emphasis on implementing creative, technology-driven solutions. Combining technologies like blockchain, drones, artificial intelligence (AI), and the Internet of Things (IoT) may assist in:

- Reduce human error and increase operational efficiency by automating procedures.
- Enable real-time shipping and consignment tracking to increase transparency.
- Make data-driven decisions to streamline delivery routes and cut down on delivery times.

Blockchain technology, for instance, may assist in producing an unchangeable and transparent record of the whole supply chain, guaranteeing that products are effectively transported from the point of origin to the end destination. Last-mile delivery may be made more effective by lowering expenses and time even further with the use of drones and driverless cars.

The need to create a robust digital infrastructure to enable these technological developments is also emphasized in the policy. This involves creating a single digital platform for logistics that will serve as a marketplace for all parties involved in the logistics ecosystem.

Accelerating the Growth of E-Commerce

Retail logistics have been completely transformed by the growth of e-commerce, and last-mile delivery is essential to guarantee that customers get their orders on time. Considering this, the NLP seeks to provide a framework that facilitates the effective running and expansion of e-commerce businesses.

The following creative logistical solutions are encouraged under the policy: Smart lockers provide customers with safe, practical places to pick up orders. Particularly in cities, autonomous delivery trucks can guarantee on-time delivery and lessen the need for human involvement in last-mile deliveries. Deliveries in isolated and challenging-to-reach areas may be

accelerated using drone technology. In addition to improving delivery efficiency, the policy's support of the e-commerce industry helps the digital economy as a whole flourish.

A Single Digital Logistics Platform

Developing a single digital platform that will function as a single-window e-logistics marketplace is a crucial component of the NLP. Stakeholders will have access to real-time data on a range of logistical operations via this platform, such as consignment monitoring, warehouse inventory management, and delivery route optimization.

The platform will allow logistics companies and customers to monitor and control real-time shipments.

Give precise, current information on the flow of commodities to help alleviate supply chain bottlenecks. Encourage cooperation amongst logistics ecosystem participants to guarantee more effective and transparent supply chains. In addition to cutting down on paperwork and streamlining logistical processes, the development of a single platform will help companies better manage the intricacies of international supply chains.

Encouraging Logistics Sustainability

The NLP 2022 strategy strongly emphasizes sustainability as it aims to lessen the adverse effects of logistics operations on the environment. Among the tactics used to advance sustainability is promoting delivery fleets' use of electric vehicles (EVs), which may lower carbon emissions—encouraging the use of environmentally friendly packaging options to reduce waste—enabling the creation of green logistics hubs that emphasize eco-friendly procedures and renewable energy.

The policy's objectives are to lower supply chains' carbon footprints, develop a more sustainable logistics ecosystem, and support India's climate goals by encouraging ecologically friendly logistics methods.

The e-commerce industry and last-mile delivery services will be significantly impacted by the New Logistics Policy 2022, which aims to make India self-sufficient. With a focus on the major trends, obstacles, and tactics influencing the last-mile delivery market within the framework of the policy, this systematic literature review examines the changing logistics scene in India.

E-COMMERCE AND LAST-MILE DELIVERY: THE NEXUS

E-commerce has transformed retail by giving customers convenience and creating new business opportunities. Last-mile delivery is a crucial but sometimes disregarded element at the core of this digital revolution. The last phase of the logistics chain is the most costly and time-consuming phase, which entails transporting items from a distribution center to the customer's door. It significantly impacts consumer happiness and the profitability of e-commerce businesses, and it may make up as much as 50% of all logistical expenses.

Due to factors including growing smartphone use, internet penetration, and a change in customer behavior toward online purchasing, e-commerce has grown remarkably in India. The effectiveness of the logistics networks that guarantee safe and prompt delivery is just as important to the success of e-commerce as the online platforms themselves. A vital phase in the process is last-mile delivery, which is the last segment of the supply chain that involves moving items from a distribution centre to the customer's door. To solve the issues of urbanization, traffic jams, and logistical inefficiencies, particularly in urban and rural regions, the National Logistics Policy of India (NLP 2022) has put a strong focus on enhancing last-mile delivery.

THE IMPORTANCE OF LAST-MILE TRANSPORTATION

The most crucial and often most costly link in the supply chain is last-mile delivery. It has a direct effect on client satisfaction, which affects e-commerce platforms' overall performance. Numerous studies have shown that last-mile logistics may make up as much as 53% of delivery expenses (Juan E. Muriel, november 2022). This is mostly because of the necessity for precise delivery timings and the challenges of traversing metropolitan surroundings. Delays, unsuccessful deliveries, and increased operating expenses might result from any inefficiencies at this point. Furthermore, it might be difficult to guarantee on-time delivery in areas with difficult terrain or inadequate infrastructure.

By improving the nation's logistics infrastructure and lowering the cost of logistics from 13–14% of GDP to a more competitive level on par with international standards, the Indian government's National Logistics Policy (NLP 2022) seeks to solve these issues. The improvement of last-mile delivery networks, particularly for e-commerce, is a major emphasis of this initiative. The strategy promotes using innovative technology, efficient procedures, and environmentally friendly methods.

USING TECHNOLOGY TO DELIVER GOODS LAST MILES

The NLP 2022 promotes the use of innovative technologies that have the potential to revolutionize logistics to enhance last-mile delivery in India:

- **Drones and Autonomous Vehicles:** Drones and Autonomous Vehicles (AVs) are revolutionizing logistics by boosting efficiency, cutting costs, and automating procedures. UAVs, with their sophisticated flight control and navigation systems, may optimize delivery routes and decrease human error, leading to considerable operational improvements (Yize, 2024; E., 2024). For instance, integrating drones in logistics may cut labor costs and increase delivery times by up to 30% (Motunrayo O.I., 2024). Moreover, novel solutions like real-time monitoring and autonomous flying missions are being developed to fulfill unique delivery needs (Yi-Wen, 2024). However, issues such as regulatory impediments, cybersecurity threats, and public concerns about safety must be solved to properly harness these technologies (Motunrayo O.I., 2024) (Haishi, 2024). Although the potential of drones and AVs in logistics is enormous, their effective adoption rests on overcoming current constraints and boosting public acceptability.

- **Smart Lockers:** Smart lockers are transforming logistics by boosting package delivery security, efficiency, and convenience. These systems leverage sophisticated technologies such as the Internet of Things (IoT) and blockchain to expedite operations and minimize expenses. An innovative way to lessen the hassle of home delivery is intelligent lockers. Customers may pick up their items at their convenience from these lockers, which serve as safe drop-off locations. Businesses may position these lockers in public areas, retail centres, or apartment buildings. Adopting blockchain technology may boost monitoring and security, although cost-effectiveness remains a worry (Shen-Tsu, 2021). This lowers the number of unsuccessful deliveries attempts and helps logistics companies improve delivery routes, which lowers operating expenses and fuel consumption. In densely populated metropolitan areas where parking and access to individual residences might be difficult, smart lockers have shown promise.

- **Internet of Things (IoT):** The Internet of Things (IoT) has dramatically altered logistics by boosting operational efficiency, transparency, and real-time decision-making. Key applications include asset monitoring, predictive maintenance, and smart warehousing, which jointly increase supply chain performance and customer satisfaction. Notably, 75% of enterprises have partly embraced IoT, leading to greater on-time delivery and inventory turnover (Mrs., 2024). However, constraints such as high implementation costs, data security concerns, and lack of standards prevent widespread adoption (Abderahman, 2024; Kassim, 2024). Furthermore, the COVID-19 pandemic has expedited the need for digital transformation in logistics, underlining the need for IoT to maintain visibility and flexibility in supply chains (İrshad, 2024). Overall, although IoT brings tremendous advantages, resolving its limitations is vital for achieving its potential in logistics operations.

- **Artificial Intelligence (AI):** Artificial Intelligence (AI) is dramatically revolutionizing logistics by increasing supply chain management (SCM) via better efficiency and decision-making. AI technologies, including machine learning and predictive analytics, allow improved demand forecasting, inventory management, and logistics optimization, leading to cost savings and enhanced response to market changes (Angela, 2024; Mohamed, 2024). AI-enabled solutions assist logistics firms in better resource allocation, demand forecasting, and route planning. For example, AI algorithms analyze sales data and consumer trends, improving accuracy in predicting future demand (Temitayo, 2024). AI can estimate delivery peak

periods based on past data, allowing businesses to adjust staffing levels or vehicle deployments. Delivery time and fuel consumption are reduced via AI-driven route optimization, which is especially crucial in places with heavy traffic. AI chatbots are also used to enhance customer communication by minimizing missed deliveries, updating customers on the status of their deliveries, and improving the overall customer experience.

- **Robotic Delivery Systems:** Robotic delivery technologies are revolutionizing logistics by boosting efficiency and decreasing costs in last-mile delivery (LMD). These systems, including autonomous delivery robots (ADRs) and drones, employ modern technology such as AI, sensor systems, and real-time monitoring to traverse complicated settings and optimize delivery routes.

Using robotic delivery systems is another new development in last-mile delivery (Wikipedia, 9 October 2024). These robots can traverse urban environments on their own to deliver products to people directly; they are often made to move on bike lanes or sidewalks. Since these devices are often electric-powered, focus on limiting air pollution and maximizing energy usage (Ertugrul, 2024) , they have a lower carbon footprint than last-mile delivery systems, making them ecologically benign. This technology has the potential to completely transform urban delivery, even if it is still at the experimental stage in several countries, including India.

OVERCOMING OBSTACLES IN TRANSPORTATION

India's varied geographic and infrastructure environment is one of the main obstacles to last-mile delivery in the nation. Rural locations may have inadequate road infrastructure and restricted access, while metropolitan centres are crowded and beset by traffic congestion (Sahu, 07 July 2022). hurdles in transportation logistics include resolving several difficulties that limit efficiency and sustainability. Key hurdles include infrastructural limits, lack of digitization, and the necessity for sustainable practices. To overcome these difficulties, firms may employ new techniques such as increased transportation visibility, digital technology, and sustainable logistics practices. To overcome these inequities, the National Logistics

Policy promotes the establishment of regional logistics hubs and the construction of infrastructure in neglected areas (Institute, 20 Septemer 2022). These hubs may guarantee quicker and more effective delivery to far-flung locations by acting as distribution centres.

Additionally, negotiating clogged highways and satisfying customers' requests for same-day or next-day delivery present challenges for urban logistics. The NLP 2022 encourages the use of electric vehicles (EVs) in last-mile logistics to lessen these problems. (WORK, June 30, 2023). In addition to being more ecologically benign, EVs are also more appropriate for short-distance urban deliveries where sustainability and speed are crucial. Additionally, by lowering fuel costs and maintenance needs, EVs contribute to long-term operating cost savings (Shweta Kishore, 2022).

RESILIENCE AND SELF-DEPENDENCE IN LOGISTICS

Resilience and self-dependence are key logistics components that impact operational efficiency and adaptation in the face of interruptions. Resilience helps logistics networks resist and recover from unanticipated setbacks, while self-dependence supports creative work behavior among personnel. Together, these components boost overall performance and sustainability in logistics operations. Resilience allows logistics networks to manage disruptions effectively, ensuring continuity of operations (Shengyan, 1 september 2023). The NLP 2022 ensures that India can tolerate supply chain interruptions and lessen its reliance on foreign logistics solutions by emphasizing the development of a robust logistics system (Krishnan, February 16, 2024). Together with the expanding e-commerce sector, this would increase India's self-sufficiency, bolstering homegrown companies and simplifying commercial transactions (Sharma, 30 April 2024).

CONCLUSION

A major step in changing India's logistics environment is the National Logistics Policy 2022 (NLP), which aims to increase productivity, lower expenses, and encourage independence in the logistics industry. The NLP aims to enhance last-mile delivery and simplify operations by tackling long-standing issues such as high logistics costs, insufficient infrastructure, and disjointed laws. This is important for the growing e-commerce

business. In order to improve customer satisfaction and streamline delivery procedures, the strategy strongly emphasizes the use of innovative technology, such as drones, electric cars, and autonomous vehicles. Additionally, it promotes domestic manufacturing and lessens reliance on outside logistics providers, which is in line with the larger objectives of the Atmanirbhar Bharat plan. The NLP's goal is to place India among the world's leading logistics companies, supporting economic expansion and making Indian companies more competitive on the global stage.

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India's Foreign Direct Investment (FDI) Policy Regime
A Comprehensive Overview

Dr. Neha Sharma[*]

ABSTRACT

FDI is a crucial driver of national development, especially when domestic capital falls short of meeting growth requirements. Accessing foreign capital can bridge this gap. India has made notable progress in attracting foreign investments in recent years. This study explores India's FDI policy and regulatory environment, including approval procedures, sectoral limits, and the necessity of FDI. It also discusses current trends, opportunities, and India's appeal to foreign investors. The study draws on secondary data from credible sources, including government agencies and international reports. The findings indicate that India has emerged as a prime FDI destination, with 80% of global respondents expressing interest in investing in the country. Recent reforms, such as corporate tax reductions and labor regulation simplification, have further enhanced India's attractiveness to foreign investors.

Keywords: FDI, FIPB, Liberalisation, Globalisation, Government route

INTRODUCTION

FDI is the act of investing in a foreign economy by purchasing a stake in an existing business or setting up a new operation on a Greenfield site. The goal of FDI is to increase a country's economic output and productivity by introducing new capital and resources. In the era of globalization, foreign direct investment (FDI) plays a vital role in the development of both emerging and developed economies. India has benefited significantly from FDI, which has contributed to the country's economic growth. Attracted by India's favorable economic environment and competitive labor costs, foreign investors have been investing in the country's rapidly expanding private sector. Since embarking on economic liberalization in 1991, India has witnessed a steady rise in FDI, leading to the creation of over 10 million jobs and stimulating economic expansion.

India has attracted a substantial $990.97 billion in FDI inflows over the past 24 years, with the last decade alone contributing around 67% of this total. The country's FDI inflows have demonstrated remarkable growth, rising from $45.14 billion in FY 2014-15 to a peak of $84.83 billion in FY 2021-22. In the current fiscal year (2023-24), India has received $70.95 billion in total FDI inflows, with $44.42 billion attributed to FDI equity inflows.

There are two routes for foreign investors to invest in India. These are:

- **Automatic Route**: This route offers a streamlined process for foreign investors, allowing them to invest in any company without requiring formal approval from government authorities. They can proceed with their investment plans without needing to obtain prior clearance or permission.

- **Government Route**: Foreign investors must secure explicit government approval before investing in India through this route. Prior permission from the relevant authorities is a prerequisite, and investments cannot proceed without their formal nod.

India emerged as the third most attractive destination for foreign investment by multinational corporations in 2012, after China and the US, according to UNCTAD's World Investment Report. The country's resilience during the global financial crisis has made it an appealing option for long-term investments. The report

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predicts a significant increase of over 20% in foreign investments in India between 2012 and 2013. The past two decades have witnessed a remarkable surge in foreign direct investment (FDI), transforming it into a crucial component of development strategies for both developed and developing nations. Policies have been crafted to attract inward FDI flows, recognizing the mutual benefits for both host and home countries. Host nations aim to tap into expanded markets, augment domestic financial resources and foreign exchange, and acquire managerial and technological expertise. The rapid expansion of FDI globally can be attributed to the increasing integration of international financial markets.

Category 1	Category 2	Category 3
100% FDI Permitted through Automatic Route	Upto 100% FDI Permitted through Government Route	Upto 100% FDI Permitted through Automatic + Government Route

LITERATURE REVIEW

India's reputation as a prime investment destination can be attributed to various strategic initiatives, including the relaxation of its Foreign Direct Investment (FDI) policy, according to Anurag Jain, DPIIT Secretary (Jain, 2023).

The Economic Times (2022) reports that the PHDCCI has petitioned the government to provide clarity on FDI policy in the e-commerce sector. In a letter addressed to DPIIT Secretary Anurag Jain, the chamber alleged that online retailers are exploiting ambiguities in the policy to engage in inventory-based e-commerce and multi-brand retail activities, masquerading as marketplace platforms. Dr. S. Shalini (2022) investigated the dynamics of foreign direct investment in India, with an emphasis on sectoral patterns. The findings indicate that the service sector has been a consistent recipient of FDI in recent years, followed closely by the manufacturing and construction sectors. Key sectors such as services, telecommunications, construction, and trading have been major beneficiaries of FDI inflows in India. Additionally, the study identified Mauritius and Singapore as leading sources of FDI in the country. According to Lai (2021), uncertainty is an essential condition for politicians and other stakeholders to leverage the securitization of foreign direct investment (FDI) for their own political and economic interests. In other words, the presence of uncertainty creates an environment in which actors can exploit FDI securitization to advance their own agendas. Stock et al. (2020), investigate the impact of intricate and enigmatic methods on the development and execution of climate change adaptation policies in Bangladesh and India. Despite differences in FDI regulations and screening procedures among nations, a common thread exists: many countries' FDI policies now prioritize ambiguity and obscurity in the name of national security. Kumar (2019) highlights the significance of policy frameworks in China and India in facilitating a bilateral trade agreement, which serves as the foundation for their diplomatic and political ties. To examine this, Kumar utilizes a multivariate Autoregressive Distributed Lag (ARDL) model, incorporating two additional key variables: foreign direct investment (FDI) and gross capital formation (GCF), to analyze the complex relationships between these factors. According to Vyas (2015), foreign direct investment (FDI) plays a pivotal role in driving India's economic advancement and expansion. By stimulating employment opportunities and augmenting the existing manufacturing base, FDI has the potential to catalyze significant economic growth and development in India. The study further suggests that sustained FDI inflows can lead to job creation, support the growth of small-scale industries, and facilitate the country's integration into the global economy through liberalization and globalization.

Bhavya Malhotra (2014), notes that India's liberalized FDI policy has made it a top global investment destination, with FDI inflows augmenting domestic capital, technology, and skills, driving economic growth. Sharma and Khurana (2013), conducted an analysis of sector-wise foreign direct investment (FDI) inflows in India, utilizing data spanning two decades from 1991–1992 to 2011–2012. Their study aimed to identify which sector has received the dominant share of FDI inflows during the post-liberalization era. Kumari (2013), explores the intersection of foreign policy and populism, aiming to integrate populism into International Relations (IR) theory and highlight the contributions of IR scholarship to the understanding of populism. Through a case study of India's foreign

policy under Narendra Modi's Hindu nationalist government, which has vowed to eradicate corruption and prioritize national interests through an "India first" approach, Kumari illustrates the connections between populist rhetoric and foreign policy decision-making. Azhar and Marimuthu (2012) investigate the theoretical underpinnings of FDI in India, exploring its key determinants and role in the country's economic growth over the past decade. Despite facing global economic headwinds, India has demonstrated remarkable economic resilience, posting positive GDP growth rates that surpass the global average. As highlighted in UNCTAD's World Investment Report 2010, India is poised to become a leading FDI destination, potentially ranking among the top three economies in terms of FDI inflows between 2010 and 2012, should current trends continue.

OBJECTIVES OF THE STUDY

• Analyze the trends and patterns of Foreign Direct Investment (FDI) inflows into India,

• Investigate the sectoral distribution of FDI inflows in India,

• Examine and interpret the policy framework governing Foreign Direct Investment (FDI) in India.

LIMITATIONS OF THE STUDY

1. The study's geographical scope is restricted to the Indian economy, excluding global perspectives.

2. The analysis is confined to a 10-year period (2013–14 to 2023–24), which may not capture long-term trends or future developments.

SCOPE OF THE STUDY

1. The research aims to assess the trends and patterns of Foreign Direct Investment (FDI) inflows into India between 2013-14 to 2023-24

2. The study also explores the distribution of FDI inflows from various countries and their allocation across different sectors of the Indian economy during the same period.

RESEARCH METHODOLOGY

Data Collection

This study relies on secondary data, compiled from a range of credible sources, including:

National Statistical Office, Department of Industrial Policy and Promotion (DIPP), Reserve Bank of India (link unavailable), Online databases related to the Indian economy, Articles, journals, and newspapers.

These sources provide a comprehensive foundation for the study's analysis, ensuring a robust and reliable dataset.

Statistical Tool

To assess the trend of Foreign Direct Investment (FDI) inflows into India, the following metrics have been employed:

1. Year-on-year growth rates to measure the annual changes in FDI inflows.

2. Percentage changes to provide a clear understanding of the fluctuations.

Furthermore, to examine the country-wise flow of FDI and its sector-wise distribution in India, simple percentage calculations have been utilized to facilitate easy comprehension and interpretation of the results.

INDIA'S REVISED FDI POLICY: KEY UPDATES

The Indian government has introduced significant changes to its Foreign Direct Investment (FDI) policy, aiming to boost economic growth and attract more foreign investment. The key updates include:

• Simplified rules for single-brand retail trading, allowing 100% FDI under the automatic route

• Enhanced FDI limits for construction development, including townships and housing

• Foreign airlines can now invest up to 49% in Air India through the approval route

• Expanded investment opportunities for foreign institutional investors and foreign portfolio investors in power exchanges

• Revised definition of 'medical devices' to align with the Drugs and Cosmetics Act

• Liberalized FDI thresholds for various sub-sectors and activities in the space sector

These revisions aim to create a more favorable business environment, encouraging greater FDI inflows and contributing to economic growth, job creation, and increased investment.

The relaxation of Foreign Direct Investment (FDI) rules in India has been a key driver of the country's economic growth. India has now joined the top 100 countries in the Ease of Doing Business (EoDB) rankings. FDI inflows have consistently risen since 2014-15, when they stood at $45.14 billion. Over the last 24 years (April 2000 to March 2024), India has received a total of $990.97 billion in FDI, with the last decade (April 2014 to March 2024) accounting for 67% of this amount, at $667.41 billion.

The country witnessed a significant increase in FDI inflows, from $45.14 billion in 2014-15 to $60.22 billion in 2016-17, and a record high of $84.83 billion in 2021-22. In the fiscal year 2023-24, India received $70.95 billion in total FDI, with equity inflows totaling $44.42 billion. This sustained growth in FDI is a testament to India's improved business environment and investor-friendly policies.

REGULATORY FRAMEWORK FOR FDI IN INDIA

Foreign Direct Investment (FDI) in India is governed by a robust regulatory framework, overseen by several key government agencies:

1. **Department for Promotion of Industry and Internal Trade (DPIIT):** DPIIT plays a crucial role in formulating and implementing policies to facilitate and regulate foreign investment across various sectors in India.

Table 1: FDI Inflows in India

Financial Year (April-March)	Total FDI Inflow (US$)	% Increase
2013	28.19B	–
2014	34.58B	22.7 %
2015	44.06B	22.7 %
2016	44.48B	0.9 %
2017	39.90B	−10.2 %
2018	42.15B	5.6 %
2019	50.55B	20.1%
2020	64.07B	26.7 %
2021	44.73B	−30.2%
2022	49.35B	10.3 %
2023	46.03B	−6.8%
2024	44.42B	−3.5%

Source: Data collected from UNCTAD

2. **Reserve Bank of India (RBI):** RBI is responsible for managing the financial aspects of foreign investments in India, ensuring monetary stability and compliance.

3. **Securities and Exchange Board of India (SEBI):** SEBI regulates foreign investment in India's capital markets, maintaining fair and transparent practices.

These government bodies work in tandem to create a conducive environment for FDI, balancing promotion and regulation to drive economic growth and development.
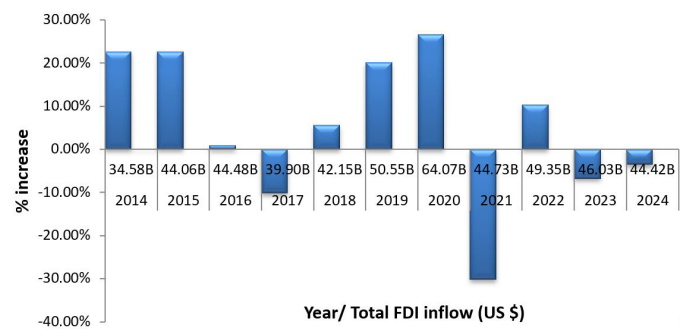
Graph 1: FDI Inflows in India
Source: Data collected from UNCTAD

Here is an interpretation of the year-wise percentage increases in total FDI inflow:

- **Overall trend:** The FDI inflow in India has been increasing over the years, with some fluctuations.
- **Growth periods:**
  - 2013-2015: Steady growth with an increase of 22.7% and 27.5% respectively, indicating a positive investment climate.
  - 2018-2019: Significant growth of 20.1% and 26.7% respectively, suggesting improved investor confidence.
  - 2021-2022: Recovery from a decline in 2021, with a 10.3% increase in 2022.
- **Decline periods**
  - 2016-2017: A marginal decline of 0.9% followed by a more significant decline of 10.2% in 2017, due to global economic uncertainty.
  - 2020-2021: A substantial decline of 30.2% in 2021, due to the COVID-19 pandemic.
  - 2022-2023 and 2023-2024: Marginal declines of 6.8% and 3.5% respectively, indicating a temporary slowdown.

Table 2: Sectors in India Attracting the Highest FDI Equity Inflow

Rank	Sector	2023-24 (April-March)	Cumulative Equity Inflow March 2024	% Out of Total FDI Equity Inflow (in $)
1	Services sector	6,640	1,09,496	16%
2	Computer software and hardware	7,973	1,02,884	15%
3	Trading	3,865	43,396	6%
4	Telecommunications	282	39,326	6%
5	Automobile industry	1,524	36,268	5%
6	Construction (Infrastructure activities)	4,232	33,918	5%
7	Construction development	255	26,611	4%
8	Drugs and pharmaceuticals	1,064	22,528	3%
9	Chemicals (other than fertilizers)	844	22,146	3%
10	Power	1,701	18,287	3%

Source: RBI Bulletin

- **Insights:** India's FDI inflow has been resilient, with a general upward trend despite some fluctuations.
  - The country has been able to attract significant foreign investment, with notable growth periods.
  - However, external factors like global economic uncertainty and the pandemic have impacted FDI inflow in certain years.
  - The recent marginal declines may indicate a temporary slowdown, but the overall trend remains positive.

Here is an interpretation of the data:

Top Sectors Attracting FDI Equity Inflow in India (2023-24)

1. Services sector: Attracts the highest FDI equity inflow in 2023-24, with $6,640 million, contributing 16% to the total FDI equity inflow.
2. Computer software and hardware: Second-highest FDI equity inflow, with $7,973 million, contributing 15% to the total.
3. Trading: Third-highest FDI equity inflow, with $3,865 million, contributing 6% to the total.

The services sector and computer software and hardware sector continue to dominate FDI equity inflows, indicating India's strength in these areas.

Trading and telecommunications sectors have lower FDI equity inflows in 2023-24 but still contribute significantly to the total.

The automobile industry and construction (infrastructure activities) sectors have moderate FDI equity inflows, indicating growth potential.

Construction development, drugs and pharmaceuticals, chemicals (other than fertilizers), and power sectors have lower FDI equity inflows, but still contribute to the total.

Cumulative Equity Inflow

The cumulative equity inflow from April 2000 to March 2024 shows that the services sector and computer software and hardware sector have received the highest total FDI equity inflows, with $109,496 million and $102,884 million, respectively.

Overall, the data indicates that India's services sector and computer software and hardware sector remain attractive to foreign investors, while other sectors like trading, automobile industry, and construction also receive significant FDI equity inflows.

PRINCIPAL SOURCES OF FDI IN INDIA FROM DIFFERENT COUNTRIES

An analysis of cumulative Foreign Direct Investment (FDI) inflows into India from 2000 to 2024 reveals that a select group of countries have consistently been the primary contributors. The top five investors in India during this period are Mauritius, Singapore, the United States, the Netherlands, and Japan.

Table 3: Share of Top Investing Countries FDI Equity Inflow

Rank	Country	Amount (in INR crore and US$ million)	April–March 2023-24	Cumulative Equity Inflow (April 2000–March 2024)	Percentage of Total FDI Equity Inflow (in US$)
1	Mauritius	US$ million	7,970	1,71,847	25%
2	Singapore	US$ million	11,774	1,59,943	24%
3	USA	US$ million	4,998	65,194	10%
4	Netherlands	US$ million	4,924	48,683	7%
5	Japan	US$ million	3,177	41,918	6%
6	United Kingdom	US$ million	1,216	35,091	5%
7	UAE	US$ million	2,924	18,502	3%
8	Cayman Islands	US$ million	342	15,266	2%
9	Germany	US$ million	505	14,643	2%
10	Cyprus	US$ million	806	13,450	2%

Source: RBI Bulletin

In the fiscal year 2024, Singapore surged to the forefront, becoming the largest contributor to FDI inflows in India, with a substantial investment of US$11.7 billion. This development underscores the significance of Singapore as a vital source of foreign investment in India.

The data reveals the top 10 countries contributing to Foreign Direct Investment (FDI) equity inflows in India for the fiscal year 2023-24 and cumulatively from April 2000 to March 2024.

1. **Mauritius and Singapore dominate**: Mauritius and Singapore are the largest contributors, accounting for 25% and 24% of total FDI equity inflows, respectively.
2. **USA, Netherlands, and Japan follow**: The USA, Netherlands, and Japan are the next significant contributors, with 10%, 7%, and 6% shares, respectively.
3. **Other notable investors:** The United Kingdom, UAE, Cayman Islands, Germany, and Cyprus also feature in the top 10, with smaller but still significant contributions.
4. **Cumulative inflows**: The cumulative FDI equity inflows from April 2000 to March 2024 show a similar ranking, with Mauritius and Singapore leading the way.

Implications

• India's FDI policy and business environment are attractive to investors from diverse geographies.

• Mauritius and Singapore's significant contributions may be due to their favorable tax treaties and investment climates.
• The USA, Netherlands, and Japan's investments reflect their strong economic ties with India.
• The presence of other countries in the top 10 highlights India's growing appeal as an investment destination.

CONCLUSION

This comprehensive study on India's Foreign Direct Investment (FDI) policy regime reveals several key findings: India's attractiveness to foreign investors: India has emerged as a prime FDI destination, with 80% of global respondents expressing interest in investing in the country. Dominance of Mauritius and Singapore: These two countries are the largest contributors to FDI equity inflows, accounting for 25% and 24% of total FDI equity inflows, respectively. Significant contributions from USA, Netherlands, and Japan: These countries are the next significant contributors, with 10%, 7%, and 6% shares, respectively. Growing appeal to diverse investors: The presence of other countries in the top 10 highlights India's growing appeal as an investment destination. FDI policy and regulatory environment: India's FDI policy and regulatory environment are attractive to investors, with recent reforms such as corporate tax reductions and labor regulation simplification further enhancing its appeal. Sectoral distribution: The services sector and computer software and hardware sector dominate

FDI equity inflows, indicating India's strength in these areas. Country-wise FDI inflows: The top five investors in India are Mauritius, Singapore, the USA, the Netherlands, and Japan, with Singapore becoming the largest contributor in 2024.

These findings suggest that India's FDI policy regime has been successful in attracting foreign investment, with a diverse range of countries contributing to its growth. The dominance of Mauritius and Singapore highlights the importance of favorable tax treaties and investment climates. The study's findings have implications for policymakers, investors, and businesses looking to navigate India's FDI landscape.

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An Empirical Investigation of Price Discovery Mechanism in ESG ETF and the Underlying Index in India

Khujan Singh* & Khushbu Dhariwal**

ABSTRACT

Considering the increasing popularity of sustainable investment options, this study employs the Vector Error Correction Model (VECM) to examine price discovery in Environmental, Social, and Governance (ESG) theme Exchange Traded Funds (ETFs) and its underlying index traded on the National Stock Exchange of India, from inception to August 2024. VECM findings reveal that, unlike previous studies on Gold and Broad Indices ETFs, the ESG ETF leads the price discovery process, which is reconfirmed by the Block Exogeneity Wald test. Furthermore, Variance Decomposition Analysis shows that in the event of a shock to index prices, about 63% of the variation is due to the ESG ETF, while the underlying index accounts for only 16% when a shock occurs in the ESG ETF. This implies that the ESG ETF is more efficient in reflecting current information than the Nifty100 ESG Sector Leader index and investors can benefit by capitalizing on real-time information.

Keywords: Sustainable Investing, ESG, Exchange Traded Funds, Price Discovery, Time series, VECM.

INTRODUCTION

A 2004 United Nations report on sustainable finance first brought the idea of environmental, social and governance (ESG) factors into widespread awareness (Agrawal, 2024). Ever since then, a notable surge has been observed in its prominence in India as well as globally (Bodhanwala & Bodhanwala, 2019). Sustainability and compliance with ESG standards are becoming increasingly central to investment analysis and decision-making processes (Sarangi, 2021). The rise of ESG investing in India can be ascribed to several key factors such as regulatory support from the Security Exchange Board of India (SEBI), investor demand and recognition of potential business opportunities (Chauhan, 2023).

The COVID-19 pandemic, combined with the robust economic recovery in major global economies, created a unique situation that underscored the potential of ESG criteria in assessing new financial risks through capital market analysis (Makhija et al, 2023). The confluence of events in the US, Europe, and China demonstrated the value of incorporating environmental, social, and governance factors when evaluating market dynamics during times of unprecedented economic stress (Kumar et al., 2016). However, despite the recent hype and traction this segment is getting, sustainable investing in India is still in the nascent stage (Patil, 2024). As of August 31, 2024, there is one ESG ETF and eight ESG mutual fund schemes in India. The combined Assets Under Management (AUM) of the nation's nine operational ESG Funds currently total approximately ₹9,986 crore (Soni & Kotai, 2024). Although India lags countries like the USA and the UK in the number of ESG schemes, this sector is expected to grow and provide attractive returns soon (Singh et al, 2023).

Few studies available on ESG funds in India reveal that many ESG funds outperform the market portfolios (Gupta, 2022; Ningthoujam et al., 2022; Sarkar, 2022; Vishali & Shafi M.K., 2024). Besides, the majority of studies concerning ESG investing in India are in the context of ESG mutual funds and index funds. The lack of research on the ESG ETF segment can be attributed to the late arrival of ESG theme ETFs in India. The very first and only ETF on this theme came into existence in

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November 2020 and was launched by the Mirae Asset Management Company (AMC). Therefore, it can be inferred that the ESG ETF segment in India is still in its infancy stage.

The ESG ETF invests in the Nifty 100 ESG Sector Leaders which comprises selected Nifty 100 companies that score high on ESG criteria. Thus, by investing in ESG ETF investors can gain exposure to the ESG Sector Leader companies at a minimum investment of Rs.5000 alongside the benefits of diversification, low transaction cost and liquidity in comparison to mutual funds. Investors seeking to harmonize their financial objectives with their ethical principles can turn to ESG ETFs, which offer investments in corporations that emphasize sustainable business practices. Moreover, past research shows that companies that focus on sustainable practices tend to demonstrate better operational efficiency and financial health, thus resulting in positive stock market performance overall (Aydogmus et al., 2022). With ESG ETFs, even small investors can gain exposure to high ESG-scoring companies collectively, rather than investing in individual stocks of these companies which could require a large amount of capital.

The studies conducted with respect to the ETF segment in India are majorly concerned with Broad indices ETF or Gold ETF. It might be due to the late arrival of ESG ETFs in India, that this segment remained a dearth of attention. Additionally, the growing economic importance of thematic ETFs has not yet been fully reflected in current research, indicating a need for additional studies in this area (Methling & Von Nitzsch, 2019). As far as the author is aware, the price discovery mechanism in ESG theme ETF and its underlying index in India has not been explored yet. As per Narayan and Smyth (2015), stock price directly influences both return and risk, comprehending the process of price formation is essential for maximising returns and minimising risks. To this end, the current study proposes to enhance the knowledge of investors and uncover the potential prospects of ESG investing via ETF by investigating the price discovery process in this segment.

The structure of this study is as follows. A brief review of relevant literature is provided in the second section. Following this, the third section outlines the research methods and materials utilised. Section four delves into an analysis of the findings and their potential implications. The final part summarises the key points of the investigation in the concluding section.

LITERATURE SURVEY

Price discovery can be defined as the process of asset price adjustment in response to ongoing information flow about the asset (Ivanov, 2013). Furthermore, with the prevalence of different investment instruments for the same asset class, price discovery can help identify which instrument is the first to reflect the fundamental information (Baillie et al., 2002). In this section, studies related to price discovery in ETFs have been discussed by bifurcating them into two subsections – (i) studies in the context of price discovery in ETFs of Indian origin, and (ii) studies related to price discovery in the context of International ETFs.

Studies in the Indian Context

Several studies are there in relation to price discovery in the different segments of futures and spot markets in India (Kalaiarasi et al., 2024; Kumar, 2023; Garg and Narwal, 2024 and others) but very few studies are there concerning ETFs in India, are discussed as follows. Aditya and Desai (2015) and Gaba and Kumar (2021) examined the lead-lag relationship between Net Asset Value (NAV) and the price of 17 equity index ETFs and two world indices ETFs in India wherein the prices of ETFs were found to be led by the NAV in both the cases. When the same was examined with respect to the prices of nine broad indices ETFs and their corresponding benchmarks, Malhotra et al. (2016) documented an insubstantial role of broad indices ETFs in the price discovery process. Moreover, Narend and Thenmozhi (2013) and Mallika and Sulphey (2018) reported similar results concerning gold ETFs in India that spot gold prices lead the gold ETF prices. This suggests that spot prices influence ETF prices, not vice versa. In a recent study, Saini, and Sharma (2024) used the Markov Chain approach based on the price leadership share (PLS), to demonstrate that futures lead the price formation process in the Indian gold market. Besides, the ETF market price discovery was recorded to be improved in contrast to the spot market.

Studies in International Context

Most prior studies on this topic established the futures markets as the leader in the price formation process (Hasbrouck, 2003; Hou & Li, 2013). However, over the years significant shifts in this arrangement have been documented in different studies, some of which are discussed as follows. Utilising the generalized information share approach, Shrestha et al. (2020) document that crude oil futures lead the price formation process while crude oil ETFs play a significant role in the same. Extending this study to four carbon ETFs, Shrestha et al. (2023) demonstrated that the iShares and SPDR markets account for 57.89 per cent and 42.11 per cent of price discovery, respectively. Furthermore, a substantial alteration in the price discovery mechanisms was observed during the COVID-19 pandemic, with iShares and SPDR markets assuming predominant roles. In another study, Buckle et al. (2019) conducted research on price discovery for three major European indices, along with their corresponding futures and ETFs They demonstrated that the index futures act as the primary drivers of price discovery, with ETFs serving as secondary channels for information flow. Additionally, Sehgal et al. (2021) employed the Generalized method of moments (GMM) based information share technique to demonstrate the dominant influence of gold futures in both intra-day and daily price discovery across three mature and three emerging gold markets throughout the entire sample period. Oztekin et al. (2017) documented that the relative role of ETFs in price discovery may rise during market-stress situations. Furthermore, Gemayal et al. (2023) document that price discovery in the bitcoin-traded products (ETPs) was found to be driven by the spot market prices.

On the other hand, Wallace et al. (2019) reported that among the S&P 500 E-mini futures and the SPY ETF, price discovery was found to be driven by the E-mini futures in the initial period from 2002 to 2007 while beyond 2007 and until December 2013 an equal contribution to price discovery was observed. They also pointed out trading volume measures and the relative transaction cost of E-mini futures and SPY ETF as crucial factors for the observed shift in the price discovery process. Additionally, Ozdurak and Ulusoy (2020) reported evidence of inconsistency in the flow of the price discovery from crude oil futures to the spot market. Furthermore, Altigan et al. (2022) utilised the predictive relation method to show a unidirectional influence from ETF returns to local index returns. This connection was observed to be particularly pronounced during times of heightened market instability.

Based on the above discussion, it can be said that the process of price discovery in exchange-traded funds (ETFs) is a multifaceted process influenced by numerous market factors and trading patterns. Different researchers have documented mixed evidence regarding the role of ETFs in price discovery. Further suggesting that while ETFs can contribute to price discovery, their effectiveness is not uniform and varies across different market environments and circumstances. Moreover, the role of instruments can evolve depending on the changing market dynamics. Thus, in the wake of the changing market dynamics, this study proposes to assess the price formation mechanism in the ESG ETF in India.

MATERIAL AND METHODS

Material

The current study encompasses 929 daily frequency observations for prices of the ESG ETF and the Nifty100 ESG Sector Leader index from the launch date of the ETF to August 31, 2024, which is collected from the official website of the National Stock Exchange (NSE), India (www.nse.ac.in). As of August 31, 2024, the Mirae Asset Nifty 100 ESG Sector Leaders ETF manages assets totalling ₹135.11 crore with an expense ratio of 0.53 per cent as per the monthly factsheet of the asset management company. The returns are calculated using the following formula:

$$\text{Return}_{i,t} = \log(\text{Price}_t) - \log(\text{Price}_{t-1}) \qquad \text{...(1)}$$

Methodology

To examine the price discovery mechanism in the ESG ETF and its corresponding benchmark i.e., Mirae Asset Nifty 100 ESG Sector Leaders ETF, the log-transformed prices are used. Before moving ahead with anything, as the data used in this study is of a time series nature, it is essential to ascertain the stationarity and integration order. Thus, two popular unit root tests namely the Augmented Dickey-Fuller (ADF) and the Phillips Perron (PP) test are used for the same. The next step will be to check the existence of a long-term

relationship depending upon the order of integration we get because of stationarity tests wherein the Johansen Cointegration technique is applied with lags based on optimal lag selection criteria. To explore the short dynamics among the integrated variables, we have employed the Vector Error Correction Model (VECM). The equations framed for the same are as follows:

$$\Delta lnINDEX_t = \alpha_1 + \gamma_1 \varepsilon_{t-1} + \sum_{(k=1)}^{p} b_1 \Delta lnINDEX_{t-k} + \sum_{(k=1)}^{p} \delta_1 \Delta lnETF_{t-k} + e_{INDEX, t} \quad ...(2)$$

$$\Delta lnETF_t = \alpha_2 + \gamma_2 \varepsilon_{t-1} + \sum_{(k=1)}^{p} b_2 \Delta lnETF_{t-k} + \sum_{(k=1)}^{p} \delta_2 \Delta lnINDEX_{t-k} + e_{ETF, t} \quad ...(3)$$

Wherein, $\Delta lnINDEX_t$ and $\Delta lnETF_t$ are the first differences of log-transformed $INDEX_t$ and ETF_t. $\gamma_1 \varepsilon_{t-1}$ and $\gamma_2 \varepsilon_{t-1}$ represent the error correction term. Moreover, b_1, b_2, δ_1 and δ_2 show the coefficients of lagged differences capturing the short-term dynamics and e_{INDEX} and e_{ETF} are the error terms. Followed by the VECM, a Granger Causality based on VEC estimates also known as Block Exogeneity Wald tests is applied to assess the causal relationship. Additionally, Variance Decomposition Analysis (VDA) is performed to ascertain the contribution of the instrument type in information dissemination in the event of a shock.

RESULT DISCUSSION

Descriptive Summary

Table 1 elucidates the descriptive features of the log price series and its corresponding log return series of the Nifty 100 ESG Sector Leader Index and the ESG ETF. The mean return for both ESG ETF and its benchmark index is found to be positive 0.0688 per cent and 0.0671 per cent, respectively. Furthermore, the risk characteristic is represented by the standard deviation from the mean returns which is recorded to be 0.9043 per cent and 0.8977 per cent for the index and the ESG ETF, respectively. This suggests that the ESG ETF closely follows the Nifty100 ESG Sector Leader index with very minimal divergence. Moreover, the results for skewness reveal that the price series is positively skewed while the return series is found to be negatively skewed for the ETF and corresponding benchmark index. Nevertheless, the kurtosis value for the price series is found to be close to value 3 while return series are found to be leptokurtic in nature. Furthermore, the Jarque-Bera values show that neither the price series nor the return series are normally distributed.

Table 1: Descriptive Summary

	Panel A		Panel B	
	lnIndex	*lnETF*	*Return Index*	*Return ETF*
Mean	8.0080	3.4092	0.0671	0.0688
Median	7.9927	3.3935	0.1199	0.1014
Maximum	8.3458	3.7540	3.6787	3.4782
Minimum	7.7062	3.0996	-5.7904	-5.4468
Std. Dev.	0.1344	0.1385	0.9043	0.8977
Skewness	0.5408	0.4963	-0.618449	-0.51793
Kurtosis	2.9410	2.8989	6.814279	6.396885
Jarque-Bera	45.4132	38.5354	621.7075	487.6574
Probability	0.0000	0.0000	0.0000	0.0000
Observations	929	929	928	928

Source: The author.

Stationarity

Firstly, stationary tests are applied on the price series of ESG ETF and ESG 100 sector leader index as a preliminary diagnostic. The results of the ADF unit root and PP unit root test reveal that neither of the price series is stationary at the level (see Table 2). Therefore, we move ahead to check the stationarity at first difference where both the series turned out to be stationary. After confirming the order of integration of the series, the next move should be to select the

Table 2: Stationarity Results

		Constant		Trend & Intercept	
		t-Stat	Prob.*	t-Stat	Prob.*
1. ADF Unit Root Test					
LnIndex	Level	-0.5800	0.8723	-1.8193	0.6948
	1st difference	-30.3094*	0.0000	-30.2944*	0.0000
LnETF	Level	-0.55807	0.8769	-1.8276	0.6907
	1st difference	-30.3401*	0.0000	-30.3252*	0.0000
2. PP Unit Root Test					
LnIndex	Level	-0.53186	0.8823	-1.8315	0.6888
	1st difference	-30.3338*	0.0000	-30.3183*	0.0000
LnETF	Level	-0.5177	0.8851	-1.8276	0.6907
	1st difference	-30.3533*	0.0000	-30.3412*	0.0000

Source: The author.

Note: * and ** denote statistical significance at the 0.01 and 0.05 levels, respectively.

appropriate model to test the lead-lag relation between the two instruments.

Johansen Cointegration Test

Considering that both series are of I (1) order, we move ahead with the Johansen Cointegration test to investigate the presence of a long-run association between the prices of ESG ETF and its underlying index. As for optimal lag length criteria, the lag length which is supported by the majority among the Final Prediction Error (FPE), Akaike Information Criterion (AIC), Schwarz Information Criteria (SC) and Hannan-Quinn Information Criteria (HQ) have been used in this test. Furthermore, the researcher uses two criteria namely the trace statistics and the maximum eigenvalue to arrive at any conclusion. The results of both trace statistics and maximum eigenvalue report that the hypothesis of no relationship is rejected at the 1 per cent level of significance while the hypothesis of the existence of at most one cointegrating equation cannot be rejected (see Table 3). This suggests the presence of a long-run relationship between the prices of ESG ETFs and the Nifty100 ESG Sector Leader index.

Table 3: Johanson Cointegration Test

Hypothesized No. of Cointegrating Equations	Eigenvalue	Trace Statistic	Critical Value	P-Value
1. *Trace Value*				
None *	0.1189	117.1938	15.4947	0.0000
At most 1	0.0003	0.3198	3.8415	0.5717
2. *Max-eigenvalue*				
None *	0.1189	116.8740	14.2646	0.0000
At most 1	0.0003	0.3198	3.8415	0.5717

Source: The author.

VECM

After confirming the existence of the long-run association, the vector error correction method has been applied to examine the price discovery mechanism. The findings show that the error correction coefficients term for the underlying index is negative and significant while the same for the ESG ETF is also negative but statistically insubstantial at a 5 per cent or better significance level (see Table 4). This indicates that conversely to the findings of Malhotra et al. (2016) about nine broad indices ETFs and Mallika and

Table 4: VECM Results

Error Correction:	*D(LnIndex)*	*D(LnETF)*
ECT(-1)	-0.3570**	-0.0205
	(0.0348)	(0.0408)
	[-10.2617]	[-0.50095]
D(LnIndex(-1))	0.0916**	0.0934
	(0.0404)	(0.0475)
	[2.26754]	[1.96869]
D(LnIndex(-2))	0.0433	-0.0087
	(0.0341)	(0.0400)
	[1.27125]	[-0.21667]
D(LnIndex(-3))	-0.0440	-0.0479
	(0.0321)	(0.0376)
	[-1.37152]	[-1.27184]
D(LnIndex(-4))	-0.0657**	-0.0020
	(0.0314)	(0.0369)
	[-2.09036]	[-0.05456]
D(LnIndex(-5))	0.0082	0.0186
	(0.0310)	(0.0364)
	[0.26295]	[0.50944]
D(LnETF(-1))	-0.2176**	-0.0382
	(0.0425)	(0.0499)
	[-5.12495]	[-0.76515]
D(LnETF(-2))	-0.1895**	-0.0341
	(0.0405)	(0.0476)
	[-4.67643]	[-0.71632]
D(LnETF(-3))	-0.0578	-0.0685
	(0.0387)	(0.0454)
	[-1.49461]	[-1.51004]
D(LnETF(-4))	0.2652**	0.0302
	(0.0372)	(0.0437)
	[7.13094]	[0.69135]
D(LnETF(-5))	-0.0419	-0.0436
	(0.0367)	(0.0431)
	[-1.14125]	[-1.01116]
C	0.0008**	0.0008**
	(0.0003)	(0.0003)
	[3.14711]	[2.52708]

Source: The author.

Note: (i) ** depict statistical significance at a 0.05 level. (ii) The value in parenthesis () and brackets [ ] denotes the standard error and the t-statistic values, respectively.

Sulphey (2018) concerning two gold ETFs in India, the ESG ETF leads the price discovery process not vice versa. Table 4 shows that the coefficients of ESG ETF up to lag three in the Index equation are found to be negative and statistically substantial at a 5 per level of significance. Meanwhile, in the ETF equation, coefficients corresponding to the lagged values of the index are recorded to be insignificant. This implies that the ESG ETF price plays a predominant role in the incorporation of new information about the ESG Index price. The lead role can be ascribed to their smaller denomination which makes them accessible even to small investors, unlike the higher-value index and futures contracts, which are primarily accessible to larger institutional investors (Hasbrouck, 2003; Ivanov, 2013). Additionally, among the other reasons could be the low transaction costs and the inbuilt arbitrage mechanism as low transaction costs can result in more frequent trading while the arbitrage mechanism facilitates the correction of discrepancies in the market.

Block Exogeneity Wald Test

To evaluate the short-term causal connections among the endogenous variables incorporated in the Vector Error Correction (VEC) model, we have employed the Granger Causality test based on the VEC framework also known as the Block Exogeneity Wald Test. The outcomes of this test reveal the existence of a unidirectional relationship from ESG ETF to the underlying Index. Table 5 presents two different scenarios. In the first scenario, where index prices serve as the response variable, the p-values are shown to be statistically significant. Conversely, in the second scenario, with ESG ETF prices acting as the dependent variable, the p-value is reported to be statistically insignificant. In contrast to the results of past studies conducted on price discovery among broad indices ETFs (Malhotra et al., 2016), Gold ETFs (Narend and Thenmozhi, 2013; Mallika and Sulphey, 2018; Saini and Sharma, 2024) and their respective underlying

Table 5: Block Exogeneity Wald Test

Response Variable: D(LnIndex)				Response Variable: D(LnETF)			
Excluded	*Chi-sq*	*df*	*Prob.*	*Excluded*	*Chi-sq*	*df*	*Prob.*
D(LnETF)	166.3307	5	0.0000	D(LnIndex)	7.9692	5	0.1579
All	166.3307	5	0.0000	All	7.9692	5	0.1579

Source: The author.

asset, this study provides evidence of the role of ESG ETFs in the price formation process. Under these circumstances, investors can benefit from gaining exposure to new information via ESG ETF.

Variance Decomposition Analysis

VDA quantifies the extent to which one variable's forecast error is accounted for or elucidated by another variable (Malhotra et al. 2016). Table 6 shows that in the event of a shock to the index prices, around 63 per cent variation in index price over 10 days is explained by the ESG ETF prices. However, the underlying index price contributes only a 16 per cent variation in ESG ETF prices over the same duration. The significant role of ESG ETFs can be ascribed to their rising popularity and trading volume in the ESG market. Figure 1 displays the results of the impulse response function which corresponds with results of VECM and VDA estimates.

Table 6: Variance Decomposition Results

Period	*S.E.*	*LnIndex*	*LnETF*
Variance Decomposition of LnIndex			
1	0.0076	100.0000	0.0000
2	0.0098	98.8511	1.1489
3	0.0111	95.7412	4.2588
4	0.0123	87.1061	12.8939
5	0.0149	66.2989	33.7011
6	0.0172	55.5859	44.4141
7	0.0191	48.6404	51.3596
8	0.0207	44.0589	55.9412
9	0.0222	40.5514	59.4486
10	0.0236	37.7386	62.2614
Variance Decomposition of LnETF			
1	0.0089	17.6837	82.3164
2	0.0127	19.9330	80.0670
3	0.0155	19.6589	80.3411
4	0.0175	18.4873	81.5128
5	0.0195	17.5143	82.4857
6	0.0213	17.0630	82.9370
7	0.0230	16.7927	83.2073
8	0.0245	16.5836	83.4164
9	0.0259	16.3776	83.6224
10	0.0272	16.2002	83.7998

Source: The author.
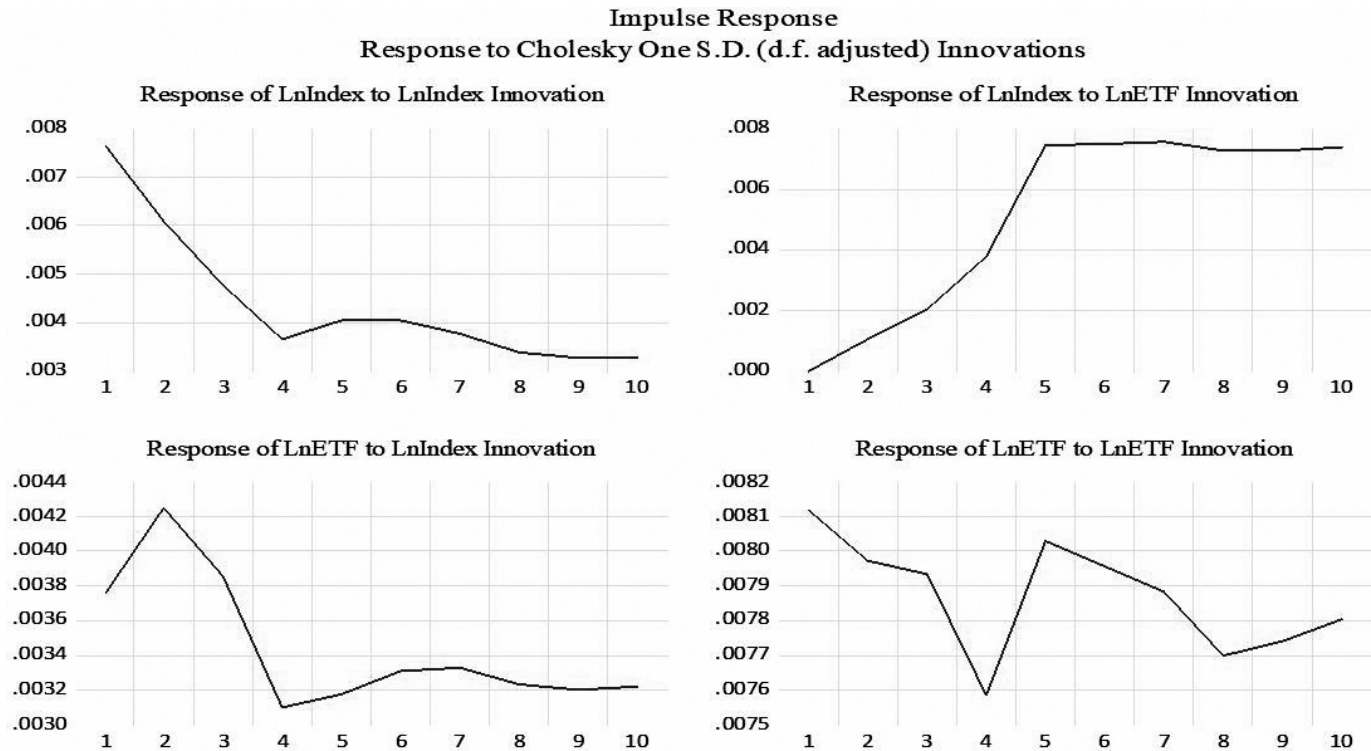
Figure 1: Impulse Response Function
Source: The authors.

Implications

The leading role of ESG ETF has several implications for investors as well as the underlying market. ETFs are known for their built-in arbitrage mechanism. When ETF leads the price discovery, the pricing errors and discrepancies between the two markets get identified quickly and corrected through this arbitrage mechanism. Moreover, as the ESG ETF prices are found to be in a lead role, investors can use them as indicators for market-wide risk as well as a real-time reference in analysing the fair value of underlying securities. Therefore, investors interested in ESG investing can benefit by capitalising on the new information which happens to be first reflected in the ESG ETF.

CONCLUSION AND FUTURE RESEARCH DIRECTIONS

In the recent few years, a significant shift from conventional simple profit maximising to an ESG-integrated profit maximisation approach among investors has been observed domestically as well as globally. Considering the rising popularity of ESG investing, this study investigates the lead-lag relationship between the ESG ETF and its underlying

index in India. The results of this study reveal that between the ESG 100 Sector Leader Index and ESG ETF, evidence of the presence of a long-run relationship has been recorded. Contrary to the results of previous studies on gold and broad indices ETFs in India, it has been found that it is the ESG ETF that leads the price discovery mechanism. Moreover, the findings of short-run causality report a unidirectional causal relation from the ESG ETF to the underlying index. This suggests that the price of ESG ETFs plays a crucial role in assimilating new information regarding the ESG Index price. Furthermore, a variance decomposition analysis of the VECM estimates showed that the ESG ETF is responsible for approximately 63 per cent of the variation in index price when a shock occurs. Conversely, the index accounts for only 16 per cent of the variation in ESG ETF prices during a shock event. This indicates that the prices of the ESG 100 Sector Leader index are affected by the prices of ESG ETFs, not vice versa. This can be ascribed to their smaller denomination and low transaction cost which makes them more accessible and popular among investors. However, growth of the ESG ETF segment in India happens to be quite slow in comparison to other nations, as till today there is only an ESG ETF and hardly four

to five ESG indices in total. Soon, the ESG segment is likely to grow, when that happens future studies can be conducted with a large sample, wherein further investigation can be done regarding the time-varying nature of price discovery in response to changing market dynamics. Furthermore, there seems to be a lack of studies in relation to the thematic ETFs and this study has explored just one thematic ETF, future studies can be conducted with respect to other thematic ETFs in India.

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Book Review

Dr. Kanchan Yadav[*]

Title   : **The Monk Who Sold His Ferrari**

Author   : **Robin Sharma**

Publisher : **Harper Collins Publishers**

ISBN   : **9788179921623**

Year of Publication: 1999 | pp. 198 | Price: $17.99

"The Monk Who Sold His Ferrari" is a truly inspirational self-improvement literature piece, authored by the celebrated Robin Sharma through an imaginatively built fictional narrative framework, to efficiently convey and explain a series of priceless principles that are of the very core of individual growth and the deep process of self-actualization. The plot intricately centres on the life of Julian Mantle, an accomplished lawyer whose stunning acts and recognition in court have become monumentally successful and notable but are not enough to fill him up, leading finally to a heart attack that is simply alarming-a critical turning point in his life. This transmogrifying experience makes him realize the drastic truth that all his pursuits for amassing wealth and getting material possessions have rendered his life numb and unsatiated. He is then taken by the quest for a more purposeful and meaningful existence to very profound journey into the majestic Himalayan Mountains, where he finds a venerable assembly of wise monks who teach him the rudiments of secrets and principles that lead to life itself: genuine fulfilment and joy.

In such a fast-moving world where pressure never calms down, lots of people get caught up in the fervour of achievement. The great piece called The Monk Who Sold His Ferrari, by Robin Sharma, encourages every reader to take back time and rethink values for a chance at fulfilment and purpose beyond material wealth and temporary career success.

The book expounds important themes for life, from focusing and staying present in life, mastering the mind, respecting time, and being simple. These virtues may appear superficially simple but really hold huge transformative power over one's life. Mindfulness, simplicity, and gratitude become the bases for profundity and deep human personal growth, self-awareness, and a more meaningful existence.

While overall feedback for The Monk Who Sold His Ferrari has been positive regarding the motivating and inspiring message it brings about for personal development, others say that its ideas have become too one-dimensional and clichéd. Characters may sound shallow and unrelatable, which negates the efficacy of its philosophical lessons. However, it is in line with the book as a metaphor for some kind of transformation that people undertake in their own lives in pursuing something more authentic and meaningful. In this regard, it is helpful to readers looking to make changes in their lives.

STRENGTHS

The Monk Who Sold His Ferrari is an informative read for many reasons:

* The novel is a fable, hence extremely entertaining and fun reading. It can make readers think about their own lives and values.
* The book may be full of sweeping messages, but they are completely practical in action. Hence,

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it makes the book accessible to people who are searching for self-transformation.

- Writing style is simple, straightforward, and easy to read.

WEAKNESSES

- It lacks depth and nuance, limiting the application potential of its advice.
- It relies on pithy aphorisms that might make it less effective in communicating complex ideas.
- The content is not relatable to most readers, especially those from different cultural backgrounds since it leans more towards Eastern philosophy and spiritual traditions.

While the book can face criticism on these lines, it emerged as a beacon in the long sea of self-help books that were available-beware, though, of very thin shore on this island. To the willing snooper who opens his mind to reading from page to page, the fable-like narrative and profound perceptions about personal development form a storehouse of wisdom and lessons to be carried long after the last page has been turned.

OVERALL IMPRESSION

"The Monk Who Sold His Ferrari" is a book that provokes, but it is very empowering, as well, in presenting an overall approach for human development-insight into the human's mind, body, and spirit, and lights up the pathway towards realizing self and meaningful living.

GURUGRAM UNIVERSITY BUSINESS REVIEW (GUBR)

Call for Papers

GUBR is an internationally recognized bi-annual peer-reviewed journal, featuring releases in both June and December annually. The journal seeks to promote high quality original research with a view to generate new knowledge and disseminate the same among academicians, practitioners and policy makers. It aims at creation of new intellectual capital by bridging the knowledge gaps in some of the frontier areas of research related to business issues. Papers with trans-disciplinary perspectives are encouraged. In addition, you may also submit Case Study, Book Review, and Perspective on various facets of business and management.

CALL FOR PAPERS
(Volume 5, Issue 1)

Gurugram University Business Review (*GUBR*) seeks original and innovative theoretical, methodological and empirical research related to various facets of business in a global context. Papers with trans-disciplinary perspective are encouraged. Contributions in diverse fields of management and business in a global context covering (but not limited to) the following disciplines are invited:

- Economics and Economic Environment
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- AI & ML in Business
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- International Strategic Management
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- Human Resource Management

In addition you may also submit Case Study, Book Review, and Perspective on various facets of business and management.

Manuscript Submission & Review Process

All papers submitted to GUBR will go through a double blind review process as per the standard procedures of well-known referred journals. Only those papers/articles/case studies, which are complete in all respects and are duly formatted, will be considered for publication. GUBR follows the APA style for citation and referencing. It is the author's responsibility to obtain permission of copyright issues wherever required. The editorial team has the right to modify or edit the work in order to match the standard and style requirement of the journal. The papers can be sent to: *editor.gubr@gmail.com latest by October 31, 2024.*

AUTHOR GUIDELINES

A. Typescript Guidelines

1. The original typescript should be submitted electronically in A4 size format, with a word count of 4000–6000 (including figures and tables).

2. Typescript should have double line spacing at the time of submission.

3. A final paper which would exceed 6000 words or occupy more than 15 pages of the Journal may be returned for abridgement.

4. The text of the paper should include title, abstract, keywords, text, references & notes, tables, figure captions, figures, but not the names of authors, their biographical notes or any acknowledgements. Author needs to submit a separate file containing the title of the paper, plus the names affiliation and complete addresses, e-mail and contact number of author(s), and an abstract, keywords, and any acknowledgements.

5. Author(s) name(s) is/are not to be included in the document/file properties.

6. All papers must be written in English. If English is not your first language, please ask an English-speaking colleague/expert to proofread your paper.

B. Title, Abstract, Keywords, Addresses, Biographical Notes

1. **Title:** As short as possible.

2. **Authors affiliation details and address:** Author Name and Position, department, name of institution, full postal address and email address for each author.

3. **Abstract:** Approximately 150 maximum

4. **Keywords:** 5–7 words or phrases.

5. **Biographical notes:** Approximately 100 words per author, maximum 150.

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1. GUBR uses the APA (name and date) short reference system for citations in the text with a detailed alphabetical list at the end of the paper. For example 'Large (2010) suggests…' or 'Liang and Zeger (1986) found that …'

2. Footnotes, if any, should be short, succinct notes making a specific point, may be placed in number order following the alphabetical list of references.

3. References should be made only to works that are published, accepted for publication (not merely 'submitted'), or available through libraries or institutions. Any other source should be qualified by a note regarding availability.

4. References should be mentioned only for those scholars whose name is mentioned in the paper.

D. Ethical Guidelines for Authors

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2. **Ethics:** Manuscripts may be rejected by the editorial office if it is felt that the work was not carried out within an ethical framework.

3. **Plagiarism:** Plagiarism in any form constitutes a serious violation of the most basic principles of scholar writing and cannot be tolerated. Examples of plagiarism include:

(a) Word-for-word copying of portions of another's writing without enclosing the copied passage in quotation marks and acknowledging the source in the appropriate scholarly convention.

(b) The use of a particularly unique term or concept that one has come across in reading without acknowledging the author or source.

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1. **Fonts**
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2. **Paragraph**
   - Alignment: Left
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   - Top: 2.5 cm
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   - Abstract with Keywords
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   - Analysis and Discussion
   - Conclusion
   - Limitations of the Study
   - Scope for Further Research
   - References

5. **Word Count**
   - Article/Research Paper/Case Study: 6000 words maximum

F. **Address for Correspondence**

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Dr. Amarjeet is associated with UGC EDUSAT program for higher learning and delivers live lectures on Television at Doorsarshan VYAS Channel for Higher Education and has more than 120 videos available on YouTube. She has been conferred with 'Excellence in Academic Leadership' Award by Top Rankers, New Delhi and has been felicitated by Indian Society for Training & Development (ISTD) for her Innovative Practices at her workplace in the year 2015. She has also been conferred with 'Great Indian Woman Leader in Education' Award by Golden Signatures in the year 2021. She holds vast administrative experience as Director and Dean while working with prestigious business schools and regularly conducts training programs for corporate clients. As corporate trainer, she conducts management development programs on Trade Finance, IFRS, Cost Analysis, Letter of Credit and Finance for Non-Finance Executives. She is a very dedicated person, who loves and admires nature and enjoys yoga & travelling.

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