

# **AMITY JOURNAL OF MANAGEMENT**

Vol. IV, No. 2, July – December, 2016

Bi-annual Journal of Amity Business School, Amity University, Madhya Pradesh

The views expressed in the articles are those of the contributors and not necessarily of the Editorial Board or the Institute.

The Editorial Board invites original, unpublished contributions in the form of research papers, articles, book reviews and case studies.

No part of this publication may be reproduced or transmitted in any form or by any means, or stored in any archival system of any nature without prior written permission. Application for permission for use of copyright material including permission to reproduce extracts in other published works shall be made to the publishers. Full acknowledgement of author, publisher and source must be given.



# **AMITY JOURNAL OF MANAGEMENT**

A Journal of Amity Business School, Amity University, Madhya Pradesh

<b>Chief Patron</b>	<b>Dr. Aseem Chauhan</b> Additional President RBEF (An umbrella foundation of all Amity Institutes) Chancellor, Amity University, Rajasthan
<b>Patron</b>	<b>Dr. Sunil Saran</b> Chancellor Amity University, Madhya Pradesh
<b>Chief Advisor</b>	<b>Lt. Gen. V. K. Sharma, AVSM (Retd.)</b> Vice Chancellor Amity University, Madhya Pradesh
<b>Advisor</b>	<b>Dr. M.P. Kaushik</b> Pro Vice Chancellor Amity University, Madhya Pradesh
<b>Chief Editor</b>	<b>Dr. Anil Vashisht</b> Director, Amity Business School Amity University, Madhya Pradesh
<b>Editor</b>	<b>Dr. Manoj Pandey</b> Associate Professor, Amity Business School Amity University, Madhya Pradesh
<b>Managing Editor</b>	<b>Dr. Rohit Singh Tomar</b> Assistant Professor, Amity Business School Amity University, Madhya Pradesh
<b>Sub Editor</b>	<b>Mr. Pankaj Mishra</b> Assistant Professor, Amity Business School Amity University, Madhya Pradesh

## Editorial Advisory Board

**Dr. Hanna Yakavenka**

Principal Lecturer  
International Business and Economics Department  
University of Greenwich, London, U.K

**Prof. Karunesh Saxena**

Director and Chairman  
Faculty of Management Studies  
Mohanlal Sukhadia University, Udaipur

**Prof. R.C. Mishra**

Director  
School of Management Studies and Commerce  
Uttarakhand Open University, Haldwani

**Prof. R. K. Tripathi**

Formerly Head and Dean  
Faculty of Commerce  
University of Lucknow, Lucknow

**Prof. Manjula Chaudhary**

Dept. of Tourism & Hotel Management  
Kurukshetra University, Kurukshetra

**Mr. Shharad Dhakkate**

Vice President - HR  
SBI Life Insurance Co. Ltd.

**Prof. Rajendra Sahu**

ABV-Indian Institute of Information Technology and Management  
Gwalior

**Prof. Nimit Chowdhary**

Professor -Business Studies and Nodal Officer  
IITTM, NOIDA

**Prof. P.K. Gupta**

Formerly Director  
Institute of Management Studies  
DAVV, Indore

**Prof. Lavkush Mishra**

Dean: Faculty of Management  
Director: Institute of Tourism & Hotel Management  
Dr. B.R. Ambedkar University Khandari Campus, Agra  
Joint Secretary - Indian Tourism Congress (ITC)

# AMITY JOURNAL OF MANAGEMENT

A Journal of Amity Business School, Amity University, Madhya Pradesh

## CONTENTS

---

VOLUME IV      NUMBER 2

JULY-DECEMBER, 2016

---

A STUDY OF ENGINEERING SMEs IN GUJARAT: PROSPECTS OF SUSTAINABILITY AND CHALLENGES TO GLOBALISE IN THE WAKE OF MAKE IN INDIA INITIATIVE 1

*Dr. Yogesh C. Joshi and Dr. K. S. Prasad*

ROLE OF GST FOR EASE OF DOING BUSINESS IN INDIA 8

*Dr. Ebrahim Kunju Sulaiman*

TOURISM TRANSPORT DEVELOPMENT IN INDIA IN POST INDEPENDENCE PERIOD 18

*Dr. Saurabh Dixit and Sajal Dixit*

SOCIAL MEDIA AND COLLEGE STUDENTS 23

*Ankita Khare and Kumar Saurabh*

\*\*\*

## FROM THE DESK OF THE EDITOR

A warm welcome to the Volume IV, Issue II of “**Amity Journal of Management (AJM)**”.

Currently the prospects of Indian economy are passing through very crucial juncture, with significant policy initiatives being introduced by the government. Be it the introduction of GST bill or Make in India policy, these are going to be the turning point, giving a decisive course to our future economy. Along with these policy initiatives, some other important economic and social factors are also having a strong influence on our economic prospects. The fluctuations in currency exchange rates and ever evolving social media appear prominently among such examples. Therefore the theme of this edition is based on factors influencing current business environment.

Our first paper is based upon the concept of “Make in India” and how it is affecting MSME operating in India. Further this paper explains the challenges faced by Indian MSME in the globalized market.

Second paper is related with the rules and regulations of the Goods and Service Taxes (GST). It explains new challenges faced by the Indian states while implementing GST. Third paper is based on understanding tourist transport development in India. Final paper is based upon the marketing strategies to attract students and convert them into customers with the help of social media. This research is an attempt to develop a framework for usage of social media by college going students.

The articles presented in this edition would be useful for the young entrepreneurs, managers and researcher scholars. I hope you would enjoy reading them.

Prof. (Dr.) Anil Vashisht  
**Chief Editor (AJM)**

\* \* \*







# A STUDY OF ENGINEERING SMEs IN GUJARAT: PROSPECTS OF SUSTAINABILITY AND CHALLENGES TO GLOBALISE IN THE WAKE OF MAKE IN INDIA INITIATIVE

Dr. Yogesh C. Joshi<sup>1</sup> and Dr. K. S. Prasad<sup>2</sup>

## ABSTRACT

*“Make in India” is a burgeoning concept. It is helping entrepreneurs in exploiting their business potential. Despite various challenges and drawbacks Micro, Small and Medium Enterprises (MSME) have evolved as a competent and promising contributor to Indian economy over past more than 6 decades. The current paper is an attempt to find out the impact of globalization on the MSME working in India.*

*Key Words: MSME, Globalization.*

## INTRODUCTION

India is an economy with large number of enterprises having low levels of capital investment. These enterprises account for considerable output and employment in the economy despite the fact that they are less efficient and do not necessarily adhere to various international quality and governance standards. Despite various challenges and drawbacks Micro, Small and Medium Enterprises (MSME) have evolved as a competent and promising contributor to Indian economy over past more than 6 decades. Government was providing a lot of protection and incentives to small enterprises during pre liberalization era; however this protection has been considerably reduced and removed except for production of a very small number of goods in the economy.

However, MSMEs not only have a larger role in providing great opportunities of

employment at relatively lower capital than large industries but also assist in economic advancement of rural and backward areas. Subsequently, these help in reducing regional imbalances and assuring more justifiable distribution of national income and wealth while providing employment in rural and backward areas of the country. The MSMEs in India contribute 8 per cent to its GDP, creating one hundred million jobs with the help of forty six million units from the non-urban and the urban areas across of the Country. They also have significant contribution to 90 per cent of the overall industrial output and 45 per cent of the manufacturing output of India and boast of having 6000+ products across the spectrum. MSMEs are credited for adding 36 per cent of the total value of exports from the country and the sector has observed a persistent year on year growth of over 10 per cent and thus making this sector as the stronghold of our country's economy (CII, MSME Conclave, 2014).

The Gujarat state has clocked a magnificent industrial growth since its formation in 1960. At present, industrial sector has over twelve hundred large industries and over 4 Lac MSMEs. According to the outcome of the Annual Survey of Industry (ASI), 2009-10

---

1 Professor and Director, G.H. Patel Postgraduate Institute of Business Management, Sardar Patel University, Vallabh Vidyanagar, Anand 388120 Gujarat, Joshiyogesh\_2000@yahoo.com

2 Asst. Professor, G.H. Patel Postgraduate Institute of Business Management, Sardar Patel University, Vallabh Vidyanagar, Anand 388120, Gujarat, kolaprasad@yahoo.com

conducted by the Central Statistical Organization (CSO), the state of Gujarat contributes upto 18% of fixed capital investment, 17.22% of gross output and 15.20% of net value added in industrial sector in our country. This Survey subsequently strengthened the position of Gujarat as India's most economically advanced state substantiated by having 1st ranking in industrial investment and 2nd for production value and value addition in industrial sector.

In due course of time, Gujarat has diversified its industrial activities to a great extent. In 1960-61, textiles sector was one of the biggest donors to the industrial economy of the state. During the time frame of 52 years, the industrial scenario has been completely revamped in the state and as of now 13 major industrial bodies collectively amount to 83% of factories, 94% of fixed capital investment, 93% of value of output and 93% of value addition in the state's industrial economy. In the recent time, the refined version of petroleum products has come up as one of the biggest industrial contributor having a share of about 37% , followed by chemicals, which claim to have 14% share. Other important contributors are basic metals (8%), food products (7.14%), textiles (5%), machinery and equipment (3.36%), non-metallic mineral based products (2.8%), plastic and rubber products (1.81%), fabricated metal products (2.74%). Industries in the state of Gujarat are into the production of eclectic products. The product output which have significant contribution towards nation level production include: Soda Ash having 94% share, Salt (80%), Processed Diamond (80%), Polyester Filament Yarn (63%), Caustic Soda (42%), Phosphatic Fertilizers (37%), Sponge iron (35%), Textile Fabrics (34%), Refined Petroleum Products (33%), Nitrogenous Fertilizers (19.5%), Cement (10%) and so on.

The MSMEs in Gujarat have experienced varying degree of success. The state of Gujarat is one of more industrialised one in India. However, various firms are affected by winds of globalisation in the state as well. Huge number of industrial set ups are located in Gujarat Industrial Development Corporation (GIDC) developed industrial estates which are spread over in different regions of Gujarat in all the districts. One of such GIDC promoted area is located in Anand district in central Gujarat. This industrial area in Anand is named as Vitthal Udyognagar GIDC. The present paper focuses on study of industrial units located in this industrial area. A majority of units in this industrial area are engineering firms. These firms are responding to as well as getting influenced by globalisation in a variety of ways.

The present paper examines selected industrial units from Vitthal Udyognagar GIDC, Anand in Gujarat with respect to challenges faced by these units and nature of response to globalisation. It focuses on aspects of sustainability and challenges faced in the wake of Make in India initiative. It further attempts to bring out the issues and aspects required to be adopted by various firms for being successful under the "Make in India" initiative to face challenges of globalisation, among SMEs.

## **IMPACT OF GLOBALISATION AND NEED FOR SUSTAINABILITY**

Despite changes in business environment, resulting in increased competition, MSMEs continue to play a crucial role by way of contributing to GDP, providing employment to local population, contributing to sizable exports from country. Besides, fostering balanced development and entrepreneurial qualities it use locally available resources and provide other benefits to economy at comparatively lower capital cost. It also help

in industrialization of rural and backward areas, equitable distribution of income and wealth and provide employment in rural and backward areas thereby, reducing regional imbalances (Joshi, Yogesh C. 2015). In Vitthal Udyog the engineering enterprises account for provision of a considerable employment creation leading to healthy development of the regional economy.

In an era when India is on a threshold of furthering its promise of emerging as one of economic powers in the world, it is important that MSMEs become responsible corporate citizens. It is important therefore for MSMEs to operate through focusing on nine principles of sustainability (Furman L. J. (2009) in the form of Ethics, Governance, Transparency, Business Relationships, Financial Return, Community Involvement, Values of Products and Services, Employment Practices and Protection of the Environment.

The prominent firms in the region are listed on the stock exchanges as well. They are of medium scale. Many of the other firms in this GIDC are dependent on these large sized medium scale firms. Some of these are

#### 1. Elecon Engineering Co. Ltd.

Years ago in 1951, Elecon started its journey to attain greater heights of excellence in technology, creating benchmarks at every stage, from elevators and conveyors, to high quality gears and material handling equipments. In 1976, Elecon established a separate Gear Division. Elecon is also renowned for its pioneering concept, case-hardened and ground gear technology in fledged departments having a strong and competent work force. It has delivered hi-tech equipments to major core sectors such as Fertilizer Plants, Cement Plants, Coal & Lignite Mines, Power Plants, Textile Plastic, Steel Plants, etc in India and abroad.

Elecon Engineering is the work horse of GIDC in true sense. It is the largest firm in the region, providing for large employment to workforce. However, in order to become a lean organization it laid off around 1000 employees in the year 2014 and is taking desperate steps to continue to be the flag bearer of Make in India efforts for many years in the country. In its product line, in particular, it has carved out an excellent name for itself, throughout India and in export market as well.

#### 2. GMM Pfauder Ltd.

GMM Pfauder Limited is a major supplier of engineering equipments and systems for typical applications in the global chemical and pharmaceutical markets. Its accomplishments are based on close and intensive interaction with its customers, application engineering expertise, dedicated customer support and highly competitive cost structure. As a customer oriented organization, it tirelessly efforts to fully understand customer's needs in order to better anticipate their future requirements. Simultaneously, they offer process solutions with in house application of engineering and technical support services to unleash greater competitive advantage.

A truly world class organization, GMM Pfauder is an ISO 9001:2008 company. They have been accredited by ASME for the manufacture and repair of pressure vessels under 'U' Stamp, 'U2' Stamp and 'R' Stamp, by TUV Nord for the manufacture of pressure vessels under CE 0045 (PED 97/23/EC, Module H/H1) and AD 2000-Merkblatt HP0. They have also been approved by Special Equipment Licensing Office (SELO) for the supply of pressure vessels to the People's Republic of China. Its welding workshop has been verified and recognized based on the requirements of the

standard DIN EN ISO 3834-2 (EN 729-2) by TUV Nord.

GMM Pfaudler Limited has its headquarter located in Mumbai, India with its manufacturing facilities located in Gujarat, India. In order to remain ahead in its business since waves of globalization started sweeping Indian shores, it correctly collaborated with Pfaudler, the leader in manufacturing its type of glass lined vessels which are anti-corrosive and used in chemical, pharmaceutical and related industrial activities.

### 3. Rolcon Engineering Company Limited

Its web site mentions that they are among forefront manufacturers of eclectic range of chains and sprockets to serve the customized needs of different industries. Since established, they have been producing quality products. Cutting edge quality products and world-class manufacturing are backed by the rich resources and long experience necessary to put forth the promise of new age technology.

Rolcon believes its customer's continuous accomplishments depend on the development of ever more evolving and state of the art technologies to produce, manage, and exhibit performance. Rolcon believes that the promising way to achieve that mission is to keep the entire process starting from fundamental research to concluding production under its direct control through complete vertical integration.

Rolcon's strengthened its network of distributors and sales outlets to cover whole country. It helps its esteemed customers, in better communications, quick deliveries, and prompts customer care services.

Supported by thirty four years of experience in its field Rolcon has also earned vast amount of on the ground experience through its customers who have been using Rolcon

chain and sprockets. This experience is regularly given back to Rolcon's production department, which makes effort for the high quality standard for its products. A team of technical experts including dedicated engineers are continuously exploring and incorporating updated technologies to improve the quality of its products.

It is clear from above discussion that firms in the GIDC of Vitthal Udyog Nagar, Anand are doing well till now. It is imperative that they remain ahead of further increasing and intensifying globalisation. They should be ready to exploit opportunities presented in order to expand in export market and to reduce risk of international exposure. Another factor gaining importance is changing domestic business environment which is in turn influenced by need of global markets. The Companies act's (2013) requirement of CSR activities is one such change introduced in India. This will need firms to introspect themselves and be positively involved with their surroundings and stakeholders. In the end they have to be more socially responsible citizens. They will be required to be more transparent and open to scrutiny of society as well. In other words they need to amend themselves to be more proactive and adopt more sustainable ways of operations and interacting with society.

The Economic Survey, (2013-14) of Government of India mentions sustainable development as an imperative for achieving intergenerational equity and as a public good which has a large global dimension. It mentions that India has accommodated sustainability concerns in its development path but is constrained in its efforts as many needs are competing for a small amount of resources. It mentions that the goals of economic and social development must be defined in terms of sustainability in all countries and the present and future

consumption balance within nations has to be seen in relation to historical patterns of consumption. Appropriate legislations have been passed in India to undertake sustainable production like conservation of forests and ecosystems, waste management, and pollution control. The recently launched “Swachh Bharat Mission” is also for ensuring hygiene, waste management and sanitation across nation. Joshi Yogesh C. and Kurulkar Rajiv (2004) have emphasised role of various other stakeholders in ‘greening the golden corridor’ and transforming industrial estates of Ankleshwar and Vapi GIDCs to become sustainable.

However, in terms of corporate sustainability, Epstein (2008) works upon 9 principles of sustainability to be followed and adhered to by a business organisation. These are:

- i) Ethics: Company establishes, promotes, observes and monitors ethical standards and practices in its dealings with different company stakeholders.
- ii) Governance: Company organises all its resources in accordance with the rules or standards for right conduct or practice, recognising the duty of management, board and managers to focus on genuine concerns of all company stakeholders
- iii) Transparency: Company attempts time bound revealance of products, services or activities related information.
- iv) Business Relationships: The company exercises and promotes equitable trading practices with suppliers, distributors and all of its partners
- v) Financial Return: The company provides capital with fair returns on investment and the proper security of company assets

- vi) Community Involvement/ Development: Company works out a one to one attributable relationship between the organisation and community in such a way that it is sensitive to the priorities and the needs of the community.
- vii) Values of Production and Services: The company honours the rights and requirements of its customers and is determined to provide all possible highest levels of product and service values.
- viii) Employment Practices: The company engages in human resource management practices that foster professional and personal employee growth and empowerment.
- ix) Protection of Environment: The company sincerely attempts to protect and preserve the environment and promote sustainable development with products, processes, services and other business related activities.

Thus, it is clear that in order to pursue sustainability the corporate needs to take care of interests of all the stakeholders. In fact it requires a complete change in the way the corporate thinks and acts, it is a complete change of its culture which is required to bring about sustainability in overall operations of the corporate. It is obvious that the once the corporate becomes sustainable, it is likely to lead to accrual of large number of benefits for itself. Hitchcock and Willard (2009) mentions a few of them, which are: i) Reduction in energy use, waste and costs i.e. fewer trips to landfill sites are required, thereby saving fuel and cutting costs, ii) Differentiate yourself i.e. undertake to stand out of the crowd, it may be price premium or by value premium. It is likely that consumers prefer and like environmentally friendly or

green producer, iii) Sidestep future regulations, if the corporate can envisage and expect forthcoming regulations they are able to get ahead of competitors. Such corporate can also play a role in formulations of green policies by the government, and can enjoy competitive advantage over competitors. In a globalised economy such practices and image of a corporate can play a useful role in its future success, iv) Create innovative new products and processes. Productivity improvements and energy saving steps taken regularly make an organisation increasingly competitive, v) Open new markets: Being green and competitive allows a corporate to venture in a new market, which could be worthwhile in non-industrialised and developing country. Thus it enhances market reach and profitability for the corporate (Joshi Yogesh C. 2015).

A study through administering of a questionnaire was undertaken in early 2015 to get response from SMEs of Vitthal Udyognagar GIDC in Anand district of Gujarat to elicit information on exiting status of these firms with regard to sustainability aspects of business and whether they are conscious and how they perform on benchmark of sustainability. Broad conclusions are discussed below:-

Firms surveyed included respondents belonging to micro, small and medium scale. In order to face competition and survive, firms have started producing new products i.e. diversifying into new but related products. Many of these firms have been supplying their products to industrialised countries like Australia, USA, UK and others as well. For majority of firms number of customers increased and they are supplying their products to different states in India.

The firms in Vitthal Udyog are also having labour force from other states as well. They have also been sending some of the

employees to undertake training at outside institutions. Most of the producers directly approach their customers and very few use other means like advertising through media, internet and others. Only a handful of them have collaborated with foreign producers or other Indian producers. The firms are taking measures to improve efficiency in the form of regular maintenance, waste management and other activities like following standards prescribed by electricity supply companies in varying modes to save energy.

Ethical standards and practices relating to HR practices are not used in a formal manner and are mostly informal in nature. Only some of the medium sized firms have formal HR practices in place. However, standard practices of increments in wages and salary, welfare initiatives for workforce as per international standard in the form of involving workforce and family in a socially responsible manner is not done at all or is rarely being done by firms in GIDC. Further, not all senior managers or board members take steps to focus on interest of all stakeholders. In general, firms follow fair trade practices (business relationships) with suppliers, distributors, partners etc. and elicit suggestions to improve performance. Practice of community involvement are not significantly prevalent among firms in this region, however, many other are engaged in, educating children of employees, organising community activities, and others. But these firms are exceptions only. In order to save environment and conserve energy, use of solar lights, & LED lights, tree plantation, reduction of waste, up gradation of machinery, reduction in plastic use and other practices are being used by MSMEs. Again this is not being done by majority of firms.

## **CONCLUSION**

Thus, based on above discussion it can be concluded that firms in Vitthal Udyognagar

GIDC in Gujarat, are slow in adopting sustainability related measures. Only small proportions of firms have started adopting socially responsible posture, that too in partial manner. In an era of globalisation it is imperative for firms to become socially responsible citizens and there by ensure their own sustainability. Thus, it is evident that globalisation is affecting gradually Udyogannar GIDC in Gujarat.

## REFERENCES

- Bala Subrahmanya, (2004) "Small Industry & Globalization", Economic & Political Weekly, Vol.39, No.18, May 1, 2004, pp.1826-1834.
- Devine et al.(1985). An Introduction to Indian Economy, George Allen and Onwin, London, pp.31-32.
- Epstein J. Marc (2008), Making Sustainability Work, Best Practices in Managing and Measuring Corporate Social, Environmental and Economic Impacts, January, Pp, 288.
- Furman L. J. (2009), The Nine Principles of Sustainability, Popular Logistics the intersection of emergency preparedness, public health and environmental policy, November 25, 2009, <http://popularlogistics.com/2009/11/the-nine-principles-of-sustainability/>
- Jayasree De (1993). "Industrial Pattern of Gujurat." In Perspective on Industrial Development in India [N.P.K Sinha and M.B Singh (Shingled) (eds.)], Rawat Publications, New Delhi, pp.155-166.
- Joshi Yogesh C. (2015), Sustainable Development of Micro, Small and Medium Enterprises (MSMEs) in Gujarat, India, World Association of Sustainable Development, World Association for Sustainable Development (WASD), Outlook 2015, Ed. Allam Ahmed.
- Joshi Yogesh C. and Kurulkar Rajiv (2004), Greening the Golden Corridor: Exploring the possibilities in Ankleshwar and Vapi Industrial Estates of Gujarat, Western India <http://www.sasnet.lu.se/EASASpapers/12YogeshJoshi.pdf>; 18<sup>th</sup> ECMSAS, Lund, Sweden 6-9 July 2004.
- M.V.Raghavalu, (2003) "Need for Rapid Industrial Development in Backward Areas", Southern Economist, Vol.42, No.11, October 1 2003, pp.5-8.
- Mazumdar.P.K. '(2000). Strategy for Development of Entrepreneurship in 21<sup>st</sup> century', pp.97-102.
- Nanjundappa D.M.(2002), "SSI in the Globalization Era", Southern Economist, Vol.41, No.13, November 1, 2002, pp.5-8.
- Patnaik (1998). Development Strategy for Small Industries, Himalaya Publishing House, Mumbai, p.123.
- Surendra (1970). Rates of industrial growth in the last century 1860-1986 in V.B Singh (ed.) Patterns of Economic Development - a Study of Economic Development of U.K, Japan, USSR, China, Allied Publications, Bombay.

\*\*\*



# ROLE OF GST FOR EASE OF DOING BUSINESS IN INDIA

*Dr. Ebrahim Kunju Sulaiman<sup>1</sup>*

## ABSTRACT

*Goods and Service Tax (GST) is one of the structural reforms in the field of indirect taxation. In India, the value chain of business process consist of incidence of multiple and double taxation from the stage of production to the consumption. It also observed that existing indirect taxation structure and practices has some loopholes to evade tax at different stages. The federal structure of indirect taxation allows the state government to exempt or impose higher tax rate on goods, and levy tax on the inter-state transfers. This has created end price differences between the states or production centers versus consumption centers. The GST reform helps the Indian economy to harmonize the imposition tax at the stage of production, distribution and consumption of goods/services. It will increase the efficiency of distribution system and price structure of goods offered to the market. In the era of globalization, the price inequalities due to the cascading effect of taxation has to be removed and the market to be efficient to decide the price without any difference in the place and time. The present paper elucidates the drawbacks of existing indirect taxation structure; and introduces the concept of GST and its role to consolidate the Indian market to become a global competitive one.*

*Key Words: Goods and Services Tax; Value Added Tax, Double Taxation; Cascading Effect.*

## INTRODUCTION

Introduction of Goods and Services Tax (GST) in India is one of the big moves to revamp the existing Indirect Taxation system. It is widely accepted that the taxation policies should ensure efficiency and equity in the economy. Indirect tax enables the government to the equitable and fair distribution of goods and services across the country; and mobilization of the budgeted revenue. Lack of uniformity in the indirect taxes imposed by the different State Government has created cascading effect on the price of the goods/services. This has resulted inefficiencies in the production and distribution of goods/services within the domestic market. It act as laggards in the free flow of goods and services to the market; and adversely affected the international competitiveness of the economy or market. The proposed GST will remove all these

disparities in the existing indirect taxation structure of India; and boost the economy to be more efficient in the production and distribution of goods/services throughout the country.

## DATA BASE AND METHODOLOGY

The paper aims to examine the role of GST for the economic growth and competitiveness of Indian economy. The study elucidates the implications of GST in the existing indirect taxation structure, and benefits of these reforms on the different stakeholders of the economy. The present deliberations are conceptual in nature and explain the different concepts used in the proposed GST regime. Data base used for the study was collected from the secondary sources such as publications of Institute of Chartered Accountants of India, Institute of Cost and Works Accountants of India, Institute of Company Secretaries of India, The Associated Chambers of Commerce of India; and different websites related with the subjects. The study covers information status

---

<sup>1</sup> Associate Professor, School of Management and Business Studies, Mahatma Gandhi University Priyadarshini Hills (P.O), Kottayam, Kerala, PIN-686560 Sulaim25@yahoo.co.in



of the subject up to the period of November 2016.

## **REVIEW OF LITERATURE**

Recently, some of the scholars have discussed different dimensions of the proposed GST from the conceptual stage itself. The study stated that under GST, the taxation will be equitably divided among producers and service providers, and lower tax rate will be levied to the goods/services when compared to the existing tax system (Morrissey, 2003). There was a study conducted by the National Institute of Public Finance and Policy on a state-wise analysis on the revenue implications of GST and estimation of Revenue Neutral Rate (RNR) revealed that GST rate in a three rate structure would be higher than the general rate of Value Added Tax (VAT) at 12.5 per cent, and around 12.5 per cent in two rate structure. However, there is a scope of trimming the number of commodities in lower tax rate category, which can give higher base for the standard rate and lower revenue neutral rate. If, both goods and services are taxed at the same rate, the RNR will come down (Kavita Rao, 2013). The proposed GST will create a single and unified market to make the economy stronger, and benefit both corporate and the economy. It will boost economic development by breaking tax barriers between states and integrating India through a uniform tax rate (Girish Garg, 2014). It has been stated that the transition of economy in to a new GST regime will arise new challenges and issues; and could have a lasting impact on the economy/business. Some of these issues are one time/short-term in nature; and others are long-term and recurring in nature. The business firms have to identify those favorable and adverse issues; and formulate appropriate strategies to overcome negative impact on the cost and

revenues of the organization (Rajkumar, 2015). The study observed that the GST will reduce the cost of Indian goods and services in the international market due to the minimization of cascading and double taxation effect in the economy. Further, it will result in increasing tax revenue of the Government; and achieve more transparency and efficiency in the tax collection system (Thowseaf, 2016). The National Council of Applied Economic Research (NCAER) had estimated that the proposed GST will boost Gross Domestic Product (GDP) of India by one per cent to two per cent. The Credit Rating Information Services of India Ltd (CRISIL) stated that GST is the best way to mobilize revenue to the Government and reduce the fiscal deficit. It is going to impact all sections of the society from small businessmen to conglomerate type of business organizations (Satish, 2016).

## **RESULTS AND DISCUSSIONS**

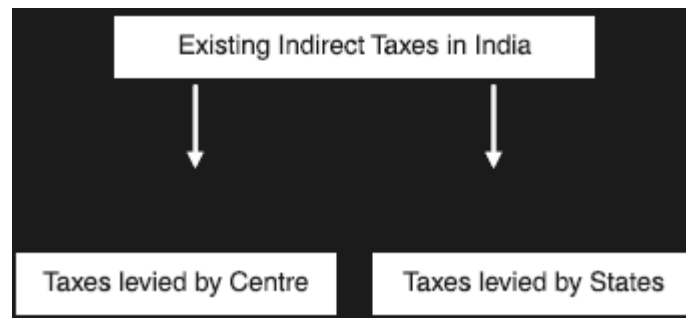
The present paper makes an attempt to review the structural characteristic in existing system of indirect tax followed by the country, and point out the major drawbacks of the system. Later part of the discussions introduces major concepts used in the GST regime and its different types followed in different countries. Further, it also highlights the core benefit sought from the implementation of GST and its positive impacts on the economy.

### **4.1. Existing Structure of Indirect Taxation**

It has been found that the cascading effect of taxes is one of the major drawbacks of existing indirect taxation system followed by the country. This is mainly due to the federal administrative structure followed by the country which allows both the Central and State Government to levy taxes separately on goods and services at different stages of production to consumption. Presently, there are two layer structures of indirect taxes in

India. Certain categories of taxes are imposed by the Union Government; and others are levied by the State Government and local bodies. In practice, customs duty, excise duty, service tax and Central Sales Tax (CST) are levied by the central government; and VAT/sales, entry tax, state excise, property tax, agricultural tax, and *octroi* are charged by the State Government and Local bodies (Figure 1). There are many possible transactions which come under the ambit of two or more of these taxes, and value of the second tax is calculated on the value arrived at by adding the value of first tax to the transactions. This method of tax computation is more complex in nature, and leads to the multi-staged/cascading effect on the cost of goods and services. This

Customs duties such as export and import duties are levied by the Union Government and the rate of customs duties depends on the categories of the goods under the Customs Tariff. Central excise duty is levied on goods manufactured in India, which have been specified in the Central Excise Tariff Act. There are three types of Central Excise Duties viz., Basic Duty, Additional duty of Excise, and Special Excise Duty. Service Tax was introduced in India in 1994 by the Central Government, and it is levied on specified taxable services at the rate of 12 per cent. The effective rate of service tax including education *cess* is 12.36 per cent. Central sales tax is imposed on the sale of all goods by a dealer in the course of inter-state trade or outside a State or in the course of



- Customs Duty
- Central Excise Duty
- Service Tax
- Central Sales Tax
- (Tax retained by states) - Other ancillary taxes
- State VAT/ Sales Tax
- State Excise on few products
- Luxury Tax
- Entry Tax/ Octroi

**Figure 1: Existing Structure of Indirect Taxes in India**

unscientific method of tax computation will prevent availability of cheap labour and free flow of other factors of production between the States; and incurring inflated price at the stage of final consumption.

The existing indirect tax structure in Indian can be classified into two categories i.e., Taxes levied by the Central Government, and Taxes levied by the State Government.

import into or export from India.

Central Sales Tax (CST) is generally payable on the sale of all goods by a dealer in the course of inter-state trade or commerce or, outside a state or, in the course of import into or, export from India. Recently, the ceiling rate on CST has been reduced from four per cent to three per cent. Value Added Tax (VAT) is state specific and each state has its

own VAT specific Act and Rules, and the VAT rate varies from State to State i.e. four per cent to 15 per cent (Table 1).

at the final point of consumption. It is tax on goods and services with value addition at each stage of sale or purchase in the supply

**Table 1: Tax Rates of Existing Structure of Indirect Taxation**

Tax	Taxing Authority	Applicable on	Headline tax rate
Customs duty	Central Government	Import of goods in India	Effective Customs duty - 28.85%*
Excise duty	Central Government	Manufacture of goods in India	12.36%*
Service tax	Central Government	Provision of specified categories of services – (All services except those specified in a negative list proposed to be taxed as per Finance Act 2012)	12.36%
Value Added Tax ("VAT")	State Government	Sale of goods within the state	Varies from state to state; generally ranges between 4%-15%
Central Sales Tax ("CST")	Central Government	Inter-State sale of goods	2% or VAT rate applicable on the goods in the state where the movement of goods commences
Entry tax	State Government	Entry of goods into a state/ local area for consumption use or sale	Varies from State to State
R&D cess	Central Government	Import of technology in India under foreign collaboration	5%

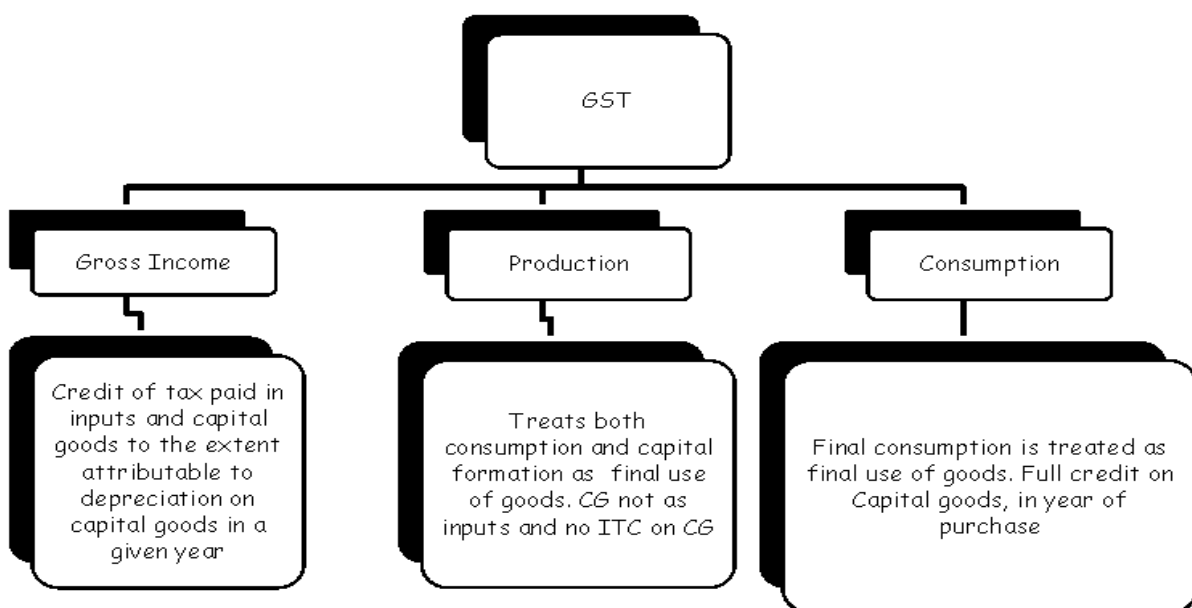
\* Actual rate may vary according to the product description

Source: Doing Business in India ERNST & YOUNG LLP, 2013, [www.ey.com/India](http://www.ey.com/India).

#### 4.2. Concept of GST

Goods and Service Tax is a comprehensive tax imposed on manufacture, sale and consumption of goods and service at a national level under a single domain. It is a consolidated tax based on a uniform rate of tax fixed for both goods and services payable

chain from the producer's/service provider's point to the retailer's level where the final consumer should bear the tax. It can be classified in to three types, viz., Gross Income type, Production type, and Consumption type (Figure 2).



**Figure 2: Type of GST and its Corresponding Features.**

In the case of Gross income type, the credit of tax paid in inputs and capital goods attributable to depreciation of capital goods in any year; and spread over the life of the capital goods. Production type GST considers both consumption and capital formation as final use of the goods. Hence, capital goods bought by the distributor are not taken as input, and input tax credit is not available on taxes paid on capital goods. But, in consumption type, final consumption is considered as final use of goods, and full credit on capital goods is available in the year of purchase.

GST can be imposed based on the two principles i.e. Origin vs Destination. In the case of Origin principle, GST will be imposed on the value added of all taxable products produced domestically. But, under the

GST provides economic neutrality and ease of administration; and restricts tax burden to final consumption goods. It also contributes towards increased international competitiveness and sustainability of domestic industries.

### 4.3 Models of GST

GST is one of the widely accepted indirect taxation system followed in more than 160 countries across the world (Table 2). Internationally, GST has been structured as a destination based comprehensive tax on sale/consumption of goods and services within a country. France was the first country implemented GST in 1960. The tax rate of GST countries varies from five per cent to 40 per cent across Asia, Europe, Africa and South American continents.

**Table 2: Countries Implemented GST with Rates of Taxes**

Sr. No.	Region	No. of Countries	Tax Rate (Range)
1.	ASEAN-(Thailand & Philippines)	7	7-12%
2.	Asia-(Iran & Tajikistan)	19	5-20%
3.	Europe-(Jersey & Hungary)	53	5-27%
4.	Oceania-(Niue & New Zealand)	7	5-15%
5.	Africa-(Nigeria & Gambia)	44	5-40%
6.	South America-(Brazil & Uruguay)	11	10-22%
7.	Caribbean, Central & North America (Canada & Barbados)	19	5-17.5%
	Total No. of Countries	160	

Sources: *An Insight of Goods & Services Tax (GST) in India*, Tax Research Department, The Institute of Cost Accountants of India, Vol. 1, October 2015.

destination principle, GST will be imposed on the value of all taxable products consumed domestically. The distinction between these two principles is based on the location of production and consumption. The proposed GST in India is going to follow the principle of destination based, and consumption based GST. This principle of

The model of GST followed across the World is different viz., National GST Model, State GST Model, Non-concurrent Dual GST Model, Concurrent Dual GST Model, and Quebec Model. The salient features of these models are shown in the Table 3. The countries like Australia and China follows National GST model, therein tax levied by

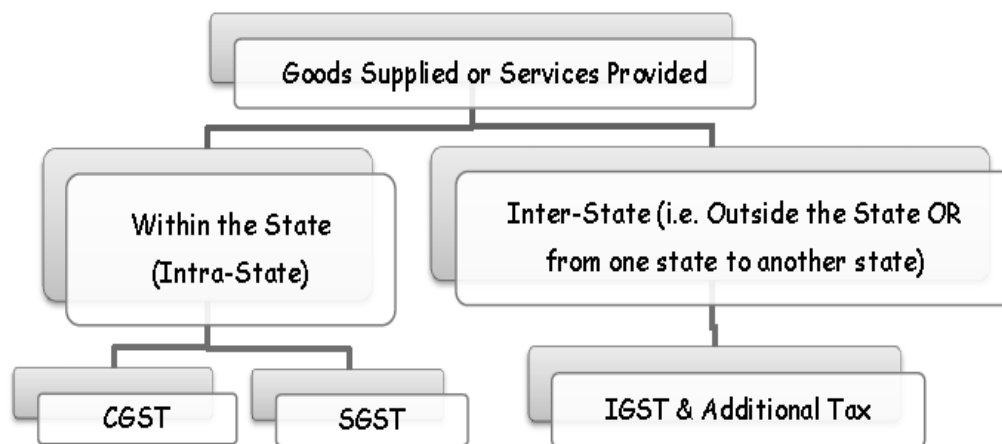
**Table 3: Salient Features of Different Models of GST across the World**

<b>GST Model</b>	<b>Main Features</b>	<b>Applicable in Countries</b>
<b>National GST</b>	Tax levied by Centre with provisions for revenue sharing with Provinces/States	Australia, China
<b>State GST</b>	Tax levied by Provinces/States	USA
<b>Non-concurrent Dual GST</b>	GST on Goods levied by State & on Services levied by Centre	
<b>Concurrent Dual GST</b>	Tax levied by Centre & State on both Goods & Services	Brazil & Canada "India's Proposed Model"
<b>Quebec Model</b>	Separate legislation for Federal/ Provinces - Tax collection, Administration, Enforcements, etc. by Provinces	

Centre with provision for sharing with States/Provinces. In State GST model countries like USA, the taxes are levied by Provinces/States. Countries like Brazil and Canada follows Concurrent Dual GST model, wherein the tax levied by the Centre and State on both goods and services. In Quebec model, separate legislations are passed by the Centre and State Government for their respective tax collection and administration.

- (b) It allows dual levy of tax concurrently by the Central and the State Government, but independently.
- (c) The Central and State Government levy tax on a common base, and imposition of tax/duty will be identical.

Under Concurrent Dual GST model taxes will be imposed as per place of supply of goods and services (Figure 3). The present



**Figure 3: Concurrent Dual GST Model**

India is going to adopt Concurrent Dual GST model because of the following features match with the Indian context.

- (a) The Constitution of India empowers both Centre and State Government to impose tax on domestic goods and services.

taxes such as excise duty, service tax, customs duty etc will be merged under Central GST (CGST), and taxes like sales tax/VAT, entertainment tax and other State taxes will be included in State GST (SGST). Inter-State or outside State transactions will be come under Integrated GST (IGST). Inter-

State supply and consumption of goods and services are related with inter-state movement of goods, and import of goods & services. The Concurrent Dual GST model consider sale transactions within the State will have two components of taxes such as SGST belongs to the State, and CGST goes to the Central Government. The sale transactions outside the State or transactions of sale from one State to another have only one type of tax come under IGST, which goes to the Central Government (Table 4).

services. But, when goods and services imported, CGST and SGST will be imposed to such transactions (Table 5).

#### 4.4 GST Council

The formation of GST council is one of the important bodies connected with the implementation of new taxation regime. The enactment of the 122<sup>nd</sup> constitution amendment bill provides setting up of federal bodies to oversee and administer GST system in India. It is constituted by the

**Table 4: Existing Taxation (Old) Model Vs Concurrent Dual GST (New) Model**

Transaction	NEW system	OLD System	Comments
<b>Sale within the state</b>	SGST and CGST	VAT & Excise / ST*	Under the new system, a transaction of sale within the state shall have two taxes, SGST – which goes to the State; and CGST which goes to the Centre
<b>Sale outside the state</b>	IGST	CST & Excise / ST*	Under the new system, a transaction of sale from one state to another shall have only one type of tax, the IGST – which goes to the Centre

**Table 5: Levying of Taxes under GST**

Indirect Taxes	GST	Goods/Services Produced & Consumed in same State	Goods/Services Produced & Consumed in different States (Inter-State)	Goods & Services Exported	Goods & Services Imported
Excise Duty	CGST	CGST rate + SGST rate Levied	Integrated GST	GST not Applicable	CGST rate + SGST rate Levied
Service Tax					
Custom Duties					
Central Sales Tax					
State Sales Tax	SGST				
Entertainment Tax					
State VAT					
Professional Tax					

www.relakhs.com

In short, goods/services produced and consumed within the same State apply taxes of CGST and SGST. When goods/services produced and consumed in different States (Inter-State) will be taxed under IGST. GST is not applicable to any export of goods and

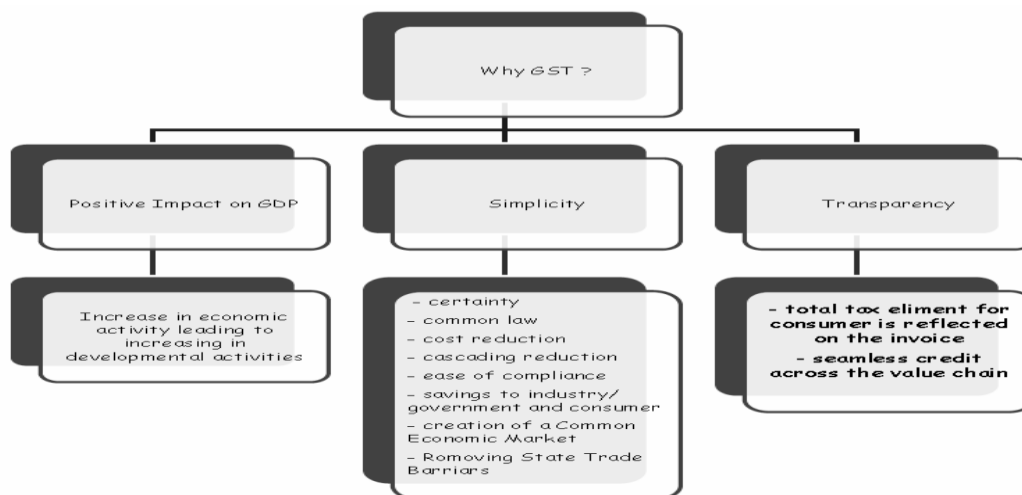
representation from all the State Government and Central Government. This council will promote cooperative federalism and takes decision affecting both Central and State government by consulting each other.

#### 4.5 Impacts of GST

Under GST system, all taxes will be integrated, and tax burden will be equitably distributed between manufacturing and services. It is levied only at the final destination of consumption and not on various points from manufacturing to retail outlet. This will remove economic distortions and leads to the development of a common national market. In the GST system, both Central and State Government collects taxes at the point of sale (POS) and it is charged on manufacturing cost. Consumers will be benefited by this movement as final prices of goods and services may likely to come down. This will boost economic activities related with all sectors of the economy. It creates a positive impact on the growth rate of GDP in the economy. The new taxation system is simpler and increase efficiency of tax collection and administration. It will avoid cascading effect of indirect taxation and removing State trade barriers. This will build a transparent and corruption-free administration (Figure 4).

be disappeared within a span of time. It is expected to have far-reaching impact on the business activities. It will be benefited to all types of business activities, and organization from small firms to conglomerates. The impact of GST on business activities may affects suppliers/ vendors management, distribution management, pricing of products/ services, cash flows etc. of the organizations and improves the overall performance of the business to certain extent (Table 6). Major opportunities of business due to the adoption of GST, open the doors to firms for better and efficient supply chain /distribution management; efficient pricing mechanism, viable inter-state procurement of goods, removal multiple taxes on goods and services, efficient system management etc.

The business organizations have to support the introduction of GST in India to get advantages on the easiness of doing business (Figure 5). They have to make an assessment on the changes to the existing indirect tax imposed at different stages of value chain processes. Its implications on the supply



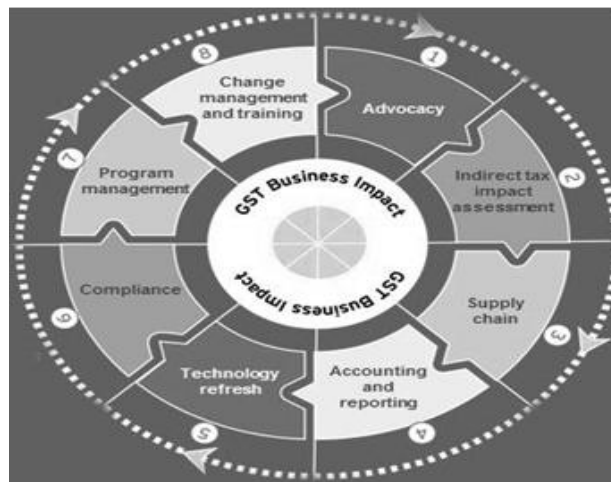
**Figure 4: Core Benefits from GST Regime**

The introduction of GST in India generates huge opportunities and impact on the business activities. At the outset, it simplifies the existing indirect tax structure in India, and trade barriers between the States would

chain of the business concern need to be analyzed, and make/devise necessary strategic plans to manage it more efficiently and effectively. It will also make a substantial change in the accounting and reporting

**Table 6: Opportunities to Business Organizations while Implementing GST**

Sourcing	<ul style="list-style-type: none"> <li>• Inter-state procurement could prove viable</li> <li>• May open opportunities to consolidate suppliers/vendors</li> <li>• Additional duty/CVD and Special Additional duty components of customs duty to be replaced</li> </ul>
Distribution	<ul style="list-style-type: none"> <li>• Changes in tax system could warrant changes in both procurement and distribution arrangements</li> <li>• Current arrangements for distribution of finished goods may no longer be optimal with the removal of the concept of excise duty on manufacturing</li> <li>• Current network structure and product flows may need review and possible alteration</li> </ul>
Pricing and profitability	<ul style="list-style-type: none"> <li>• Tax savings resulting from the GST structure would require re-pricing of products</li> <li>• Margins or price mark-ups would also need to be re-examined</li> </ul>
Cash flow	<ul style="list-style-type: none"> <li>• Removal of the concept of excise duty on manufacturing could result in improvement in cash flow and inventory costs as GST would now be paid at the time of sale/supply rather than at the time of removal of goods from the factory</li> </ul>
System changes and transaction management	<ul style="list-style-type: none"> <li>• Potential changes to accounting and IT systems in areas of master data, supply chain transactions, system design</li> <li>• Existing open transactions and balances as on the cut-off date need to be migrated out to ensure smooth transition to GST</li> <li>• Changes to supply chain reports (e.g., purchase register, sales register, services register), other tax reports and forms (e.g., invoices, purchase orders) need review</li> <li>• Appropriate measures such as training of employees, compliance under GST, customer education, and tracking of inventory credit are needed to ensure smooth transition to the GST regime</li> </ul>



**Figure 5: Impact of GST on Business**

system followed by the business. So, the business organizations have to initiate necessary changes/modification in the technology, programmes and compliance system of the organization to cope up with the new system. Further, the firm has to make relevant changes in the area of management training programmes

conducted by the business for the employees of the organization.

## **CONCLUSIONS AND IMPLICATIONS**

Indian economy is one of the fastest growing economies in the world. In the era of globalization, economic policies taken by the Government of India will act as a catalyst to



the growth of Indian economy. The fiscal and monetary policies have greater impact on the developmental agenda set by the Government. The taxation policies and system implemented in the country need to be more efficient, competitive, equitable, transparent, and inclusive one. It has been observed that the existing indirect tax structure in India has many drawbacks, which is not conducive to the different stake holders of economy for realizing their objectives. There are lots of impediments to the developments of Indian economy. Existing indirect taxation structure is one of the setbacks in the developmental path of the economy. So, the revamping of the existing tax structure is to be done very urgently to make Indian economy more vibrant and dynamic. Introduction of GST is one of the initiatives taken by the Government to transform the economy into globally competitive one. This move may help the business organizations to remove the disparities in the production and distribution system, and maximize efficiency in the allocation of resources across the country without any regional disparities. The input and output tax will be uniform throughout the country, and the price charged from the customers will be reasonable/equitable. In order to transform Indian economy in to global competitive market, at the outset, it is essential to eliminate domestic trade barriers within the country itself. The proposed GST may have some negative implications on the economy in respect of diminishing effect in the revenue collection of State Government, and regulatory constraints on the federal structure followed by the country. Appropriate measures to be taken by the authorities to solve some of these issues connected with administrative/fiscal policies implemented by the Central and State

Governments. The GST Council has greater role in this regard.

## REFERENCES

- Girish, Garg. (2014). Basic Concepts and Features of Good and Services Tax in India. *International Journal of Scientific Research and Management*, 2(1), 542-549.
- Kavitha, Rao and Pinaki Chakraborty. (2013). Revenue Implications of GST and Estimation of Revenue of Revenue Neutral Rate: A State Wise Analysis. Retrieved from <http://gst.lakshmisri.com/data/rpt/Report10.pdf>. Accessed on 20<sup>th</sup> November 2016
- Morrissey, Oliver and Gemmell, Norman. (2003). Tax Structure and Incidence on the Poor in Developing Countries. CREDIT Research Paper No 03/18, University of Nottingham.
- Morrissey, N. G. (2003). Tax structure and the incidence on the poor in developing countries. CREDIT research paper . [9]
- Rajkumar, C.A and Adukia, S. (2015). A Study on Proposed Goods and Services Tax (GST) Framework in India. Retrieved from <http://taxclubindia.com/simple/rajkumar.pdf>. Accessed on 20<sup>th</sup> November 2016
- Satish, s., and Karthik Dedhia. (2016). The Challenges of Implementing GST. Retrieved from <http://forbesindia.com/article/budget-2016/the-challenges-of-implementing-gst/42491/1#ixzz4JMGsp0rQ>, Accessed on 20<sup>th</sup> November 2016.
- Thowseaf, S and Ayisha, Millath. (2016). A Study on GST Implementation and its Impacts on Industrial Sectors and Export. *International Journal of Management Research and Social Science*, 3(2), 27-30.

\*\*\*

# TOURISM TRANSPORT DEVELOPMENT IN INDIA IN POST INDEPENDENCE PERIOD

*Dr. Saurabh Dixit<sup>1</sup>, Mr. Sajal Dixit<sup>2</sup>*

## ABSTRACT

*Present paper is a descriptive study of the development in tourism transport in post independence era in India. Tourism was conceptualized as hotel industry in the beginning. Later, it was appended with more emphasis on human resources and IITTM, IHM's and various other institutions were started in this sector. Tourism sector got boost up due to many factors and indirectly due to development of tourism transport also. It's a very common understanding that tourism develops and extends more when there are better transportation modes. In fact in many parts of the globe, tourism had been underperforming than its real potential in spite of the fact that the country has a rich natural heritage. It is very important for all the stake holders directly and indirectly connected with tourism industry to take part in the transport development network in their regions and this in turn will surely benefit all the stake holders.*

**Keywords** – Tourism, Transport, Stakeholders, Natural heritage.

## INTRODUCTION

Tourism is a multifaceted activity. Transportation is an integral part of tourism industry. Tourism cannot be developed without a sound transport network. Almost, all tourism centric countries in the world have good transport facilities. Transportation is an important ingredient of International Tourism System (ITS). Tourism has significantly developed in last 69 years in India (after independence). After independence, government of India constituted Sir Sarjant commission and resultantly IITTM and Indian Tourism Development Corporation (ITDC) came into existence. ITDC established good hotels in prime locations to develop tourism sector. Its main objective is to develop accommodations. IITTM is striving towards the creation of human resources in travel and tourism industry in the country. These institutions serve as main resources for tourism, travel and hospitality industry development. One of the important factors in the development of tourism industry is tourist transport. Tourist transport like road transport, Air transport and water transport

is mainly being taken care by private sector. In India the railway transport is owned by the government. It's a very common understanding that tourism develops and extends more when there are better transportation modes. In fact in many parts of the globe tourism has been underperforming than its real potential in spite of the fact that the country has a rich natural heritage. The main reason of this underperformance is underdeveloped transportation system. For the development of tourism and its promotion a strong transportation system has to be developed that includes railway network, road transportation system, sea transport and air transport. It is very important for all the stake holders directly and indirectly connected with tourism industry to take part in the transport development network in their regions and this in turn will surely benefit all the stake holders. Tourism industry is also one of the important industries that contribute towards the economy of the country. In fact the economy of many countries depends mainly on the tourism industry of the country. The development of infrastructure & transportation vehicles with the use of innovation and technology contributes to the success of tourism industry. As per the

---

<sup>1</sup> Nodal Officer, Indian Institute of Tourism and Travel Management, Gwalior

<sup>2</sup> Pursuing B.E. in Automobile Engineering, MITS, Gwalior

statistics of world tourism organization, the tourism has increased manifold from 2005 to 2015. The main reason of the success of tourism industry is the development of transportation infrastructure by the application of new technology that has enabled the tourists of the world to reach various remote destinations of the world. Different modes of transportation contribute in enriching the travel experience of the tourist. Transportations like house boats, cruise, toy trains, choppers, air taxis etc also can turn out to be a unique travel experience for a tourist. The effective factors in choosing the transportation mode in tourism are given below:

- Distance of the tourist destination
- Time limit/time required to reach the destination comfortably
- Status
- Comfort of the Journey
- Security of the tourist
- Geographical location/position
- Benefit to the tourist/experience
- Price/cost of reaching the destination
- Competition

### **WHY TOURISM TRANSPORT IS MUST FOR BETTER TOURISM IN ANY AREA?**

Tourist transport makes any places accessible for tourist. Ajanta, Ellora are very good heritage sites. But tourists have to go first to Mumbai and then to Aurangabad. It takes more time. On the other hand Agra, Delhi and Jaipur are accessible in less time. There are many beautiful locations in the country that are less traveled because of transportation problem. These places can pick up, if there is a good accessibility to the place.

### **DEVELOPMENT IN LAST FEW YEARS**

After independence, there were few companies like Hindustan Motors, Tata, Fiat and Ashok Leyland manufacturing vehicles. There was no concept of tourist transport. These companies were manufacturing vehicles based on the multiuse of the vehicles.

During the last two decades (after 1990), private players joined the manufacturing activities and competitive atmosphere was created. Suzuki, Hyundai, Audi, Volkswagen, Nisan also introduced vehicle in India. There are a good number of tourist vehicles available in India after 1990s. Maruti came out with Maruti 800 in small segment. There are a number of Cars, Taxi, and tourist Coaches available for group of tourists.

### **MODES OF TRANSPORT**

There are many modes of transport for tourists.

1. Road Transport
2. Rail Transport
3. Aviation
4. Water Transport

### **ROADS AND HIGHWAYS**

Development of tourist transport also depends on conditions of road in any country or region. In India, there is a drastic change in the last 20 years due to fast development of state highways, national highways and expressways. Yamuna expressway has introduced facility to travel fast from Agra to NOIDA. Agra has good tourist influx. It will certainly add up in the development of road transport network. Road Transportation is very convenient & comfortable for short distances as airlines, railways and water transport have their limitations. The automobile transportation makes it convenient for the tourist to see the local places, markets, culture and heritage. Automobile transportation also provides a great amount of flexibility as compared to other transportation modes. Automobile companies are working innovatively to improve the convenience and comfort of the tourists.

### **RAILWAYS**

Railway is an excellent mode of transportation and gives a memorable experience to the tourist. In a vast country like India, railway is an excellent option for

the tourist to travel and see the different cultures. Railways have come up with good trains i.e. *Shatabdi Express*, *Rajdhani Express*, *Duranto Express* and *Gatiman Express*. ICRTC has come up with wide range of tour packages for all kind of tourists (from premium to budget tourists). Indian railways have contributed immensely towards the development of the tourism in India. To promote tourism in India, Indian railway has introduced a number of special trains in collaboration with the state tourism development cooperation some of them are:

- Palace on Wheels – This is being operated by RTDC along with Indian Railways. This was started in 1982 as a special heritage train. It provides a unique memorable experience of royal Rajasthan to tourists. The journey of this train begins every Wednesday from Delhi.
- Royal Rajasthan on wheels - Following the success of palace on wheels, this train was started which is more luxurious than Palace on wheels.
- Royal Orient -This train takes the tourist to different destinations of Gujarat. It takes the tourists to different palaces and forts of Gujarat.
- Deccan Odyssey -This is run by Maharashtra tourism Development Corporation and Indian Railways and takes tourists to unique destinations in Maharashtra.
- Golden Chariot - This is being operated by Karnataka tourist Development Corporation & Indian Railways and takes the tourists to some fabulous destinations between Bangalore & Goa.
- Hill Railways - The Hill Railway gives a unique experience to tourists in India. At present there are four Hill Railway networks operating in India. Darjeeling Himalayan Railway, Nilgiri Railways, Kalka Shimla Railways and Metheran Light Railways.

- Monorail/Metro - There are many monorail projects under process or running in India. Metro train is running successfully in Kolkata, New Delhi and Mumbai.

## **AIRWAYS**

Airline industry has changed very fast due to many reasons like introduction of low cost airlines, more number of flights, computerization of airlines sector and better marketing. Regular flights are available from all major cities of India. Recently, honorable Prime Ministry Sri Narendra Modi Ji has announced flights from India to Sri Lanka keeping in mind Buddhist tourist. Air transportation is one of the most important modes of transportation for tourists across the world. In order to meet the increasing demand and improve the travel experience, airline companies are adding new aircrafts to their fleets like Choppers, Air Taxies, Boeings etc. Also they are developing airports, opening new airports and using innovative technologies. Because of a matchless role of airlines for long distances, the aviation industry is developing very fast.

## **WATER TRANSPORT**

Water ways are very popular since ancient times in India. There are many places having cruise services like: Goa, Chennai, Mumbai etc. Cruise is a very popular option among tourist travelling to Goa & Andaman Nicobar. Water transportation includes ships, cruise vessels, boats, ferry etc. The water transport takes more time but it has got a very special & unique place in tourism transportation. This is because it increases the tourism experience multifold. If we follow the trend of cruise travel across the world, we will find that there is an increasing trend of cruising across the globe. The cruise ships are like moving hotels and they provide the tourists an indispensable unique travel opportunity and enrich their travel experience. The cruise travel offers a unique opportunity to tourists to see different

countries and places. This mode of transport is expensive but a great experience.

## PERSONALIZED TRANSPORT

There are many options for tourists on personal basis also. These are good bicycles at resorts and Royal Enfield/Bikes for adventure lovers going to Leh, Lahul, Laddhak.

Specific changes in tourist transport indicating development

1. Change from petro/ diesel to CNG keeping in mind less pollution.
2. Change in comfort level. Present vehicles are more comfortable and luxurious.
3. Change in mileage and fuel consumption. Change from 2 strokes to 4 strokes in small two wheelers and change in engine design in Cars/ Taxis.
4. Change in segment. New segments in last few years i.e. Sport Utility Vehicle (SUV), multi utility vehicle (MUV) etc.

## ADVANTAGES OF GOOD TOURIST TRANSPORT AND MODE OF TRAVEL

There are many advantages of good tourist transport.

- Fast access and convenience
- Comfortable journey
- More tourist traffic
- Good transportation makes you travel fast as well as saves lot of time

## CONCLUSION AND DISCUSSION

There are good numbers of options available for tourists to use wide range of transport or vehicles. There had been a fast development in this area in last 69 years in India. Automobile industry will develop more in coming years because of a huge scope in this sector. All the above discussed issues prove the importance and indispensability of transportation in tourism. As discussed above the travel experience of a tourist starts

and ends with transportation. Because of this very fact, countries are striving hard to gain strategic sustainable advantage and are working hard to develop the transportation infrastructure in tourism sector. India has done remarkably well to develop tourism sector after independence but there is a huge scope of development.

To come to a conclusion, in order to develop, improve and increase the travel experience of tourist, the various stake holders of tourism industry should work on the below mentioned points-

- ✓ The transportation modes at regional levels should be developed
- ✓ The cost must be competitive
- ✓ Innovations should be brought in water, air and railway transportation system
- ✓ New Ports must be developed (near tourist attraction places)
- ✓ New Airports must be developed (near tourist attraction places)
- ✓ The Railway transportation experience can be enriched for local & foreign tourists
- ✓ Tourism people should be trained
- ✓ Local heritage and culture should be promoted
- ✓ Carnivals, festivals etc. to be celebrated at large scale.

## REFERENCES

- Bhandari R R, Indian Railways, (New Delhi, 2006), p.58
- Bhatia, A.K, "International tourism management", revised edition, Sterling Publishers Private Limited, New Delhi. 2004
- Bruce P. "The role of the transport system in destination development, Tourism Management", 2000, Vol. 21, pp. 53-63.
- Davidson, R. "Tourism", Pitman Publishing London, UK, 1991
- Dixit Saurabh (2013), Information Technology in Tourism, APH Publishing Corporation, New Delhi

Dixit Saurabh (2013), Introduction to Tourism, Travel and Hospitality, APH Publishing

Goeldner, C. R. and Ritchie B. "Tourism: Principles, Practices, Philosophies" 12th edition, the USA: Wiley publication, 2012

John Hurd, Ian J. Kerr, India's Railway History: A Research Handbook, (Boston, 2012)

Swain S K, Human Resource Development in Tourism: Principles and Practices, (New Delhi, 2006)

Ory, D. T. and P. L. Mokhtarian (2008), Structural Equation Models of Long-Distance Travel Attitudes, Behavior, and Desires, 87<sup>th</sup> Annual Meeting of the Transportation Research Board Conference Proceedings

V. Vara Prasad, V.B.T Sundari ,Travel and Tourism Management (New Delhi, 2009), p. 24

World Tourism Organization, Tourism Highlights: 2007 Edition. *UNWTO Publications*, 2007. [www.unwto.org](http://www.unwto.org)

\*\*\*

# SOCIAL MEDIA AND COLLEGE STUDENTS

Ankita Khare<sup>1</sup>, Kumar Saurabh<sup>2</sup>

## ABSTRACT

*Social marketing can deliberately be used for social cause. Indian youth are high users of social networking websites and instant Messenger. College going student are among the most prolific users of social networking websites and instant messengers. Emerging studies find that youth spend a considerable portion of their daily life interacting through social media. The purpose of this research is to investigate reasons that influence college going students to use social networking websites and instant messengers. Data is gathered from the students of B. Tech, MBA and MCA programme of MNNIT Allahabad. The authors have borrowed and modified scales from literature to create a questionnaire. Principal Component Analysis was conducted to determine the factors which affect the usage of social networking websites and instant messengers among college students. College students use social networking websites for different usages like collection of information, self satisfaction and to portray their image in a group. This research is an attempt to develop a framework for usage of social media by college going students. With the help of this research framework the policy makers and managers can better prepare their marketing strategies to target the above mentioned class.*

**Keywords:** Social Marketing, Social Networking Websites, Instant Messenger, Principal Component Analysis.

## INTRODUCTION

Communication is an important pillar on which society stands. One cannot imagine a society without communication; it is an integral part of a society. Even the formation of society depends on the communication among its members. Communication is constituted of knowledge sharing, entertainment, socialization and gaining control through persuasion (Chan & Fang, 2007; Schramm, 1977). As per old traditional theories parents used to be the primary socializing agents with friends and peers being the secondary socializing agents. But in changing scenario mass media is playing the equivalent role of primary socializing agent by socializing the new member in a modern society (Chang & Fang, 2007; Strasburger & Wilson, 2002; Comstock, 1991; Schramm, 1977). The invention of internet had opened a

fantastic opportunity for mass media to grow. Social media can be defined as any online service through which users can create and share variety of content (Bolton et al, 2013).

Social media is defined as “a group of internet-based applications and technological foundations of web 2.0, and that allow the creation and exchange of user generated content” (Kaplan and Haenlein; 2010). According to Ellison (2007), social networking websites are web based services which allows individuals to construct virtual profile within bounded system on which one user can be connected with others (Gong et al., 2014). Social networking websites have provided a pathway to bridge online and offline contacts of college students by allowing them to form online friends (Park et al, 2009).

## INDIA AND SOCIAL MEDIA

There are more than 180 million urban internet users in India of which 66 per cent regularly access their social media accounts (Social media in India, 2016). Usage of social

---

<sup>1,2</sup> Research Scholar, School of Management Studies, Motilal Nehru National Institute of Technology Allahabad, Teliarganj, Allahabad - 211004

<sup>1</sup> [cse.ankita@gmail.com](mailto:cse.ankita@gmail.com)

<sup>2</sup> [kr.saurabh07@gmail.com](mailto:kr.saurabh07@gmail.com)

media is highly diverse as few of the consumers focus on exchange among friends and family while others focus on rapid communication in the form of microblogs. While maintaining the virtual profile on social networking sites like Facebook, Twitter and LinkedIn, posting or sharing updates in life events and replying to the post of friends are the most preferred activities on social media.

According to statistics, by 2018 it is estimated that there will be around 283 million social media users in India. Approximately there are 2 billion internet users who are using social media; these figures are expected to grow with increase in mobile device usage (Statista, 2016). Due to the continuous presence in the users' life social networks have a strong social influence. As per one estimate more than 33 percent of the users of social media are the college students.

## **SOCIAL MEDIA AND COLLEGE STUDENTS**

Online behaviour of college students exerts an unusual attraction on corporate managers and academicians. The college students of India are the first generation to have spent their lives in the digital environment. Media has profoundly affected their life and work (Bolton et al., 2013; Bennet et al., 2008; Wesner & Miller, 2008). College students actively use social media to share the content. In this study an attempt is being made to analyze behavior of college students belonging to Generation Y towards their usage of social media. In this study, we consider Generation Y as the people born between 1981 and 1999. According to Brodahl and Carpenter (2011), generations could be categorized on the basis of birth dates as: individual born between 1925 and 1945 are from Silent generation; between 1946 and 1960 are baby boomers; between 1961 and 1981 are generation X and born after 1981 are generation Y. Though Generation Y has experienced social media since birth but it was widely adopted only after 2003. According to Palfrey and Gasser (2008), Generation Y mainly uses social

media to interact with friends and family (Valkenburg et al., 2006; Lenhart & Madden, 2007); they also give value to opinions of others and do give their feedback (eMarketer, 2011). Apart from socializing, according to Park et al. (2009), Generation Y also uses social media for information and entertainment.

Usage of social media is influenced by various other factors like environmental factor and individual factors. Environmental factors comprise of technological, political, economical and cultural factors. While individual factors represents the demographic, socio-economic status and emotions of individual (Bolton et al., 2013)

The usage of social networking sites and instant messengers by individuals depend on the purpose of use of social media. This research examines the purpose of use of social media among college students and tries to establish linkage between usage of social media and purpose of use. According to Kaye & Johnson (2002), individual join social networking sites on the basis of shared interests but motivation to join social networking sites depends on their demographic characteristics (Park et al, 2009).

## **METHODOLOGY**

### **DATA COLLECTION**

Data for the present study being conducted through field survey as it is a kind of positivist research design meant for theory testing and seeking generalized patterns based on an objective view of reality. Field surveys help to capture snapshots of practices, beliefs, or situations from a random sample of subjects mostly through the use of carefully constructed structured questionnaires. This study uses a cross-sectional field survey design wherein the identified variables related with purpose for usage of social media are measured at the same point in time, using a single questionnaire. The survey is conducted using a self administered questionnaire, designed on a Likert five point scale.



The respondents were given a set of edited close-ended questionnaires in English. The purpose of the study was explained to the respondents and to maintain the confidentiality of their responses names were not asked.

It took about three weeks to collect the data. Like studies in the past (Nandan & Saurabh, 2016; Nga & Yien, 2013; Park et al., 2009), the survey was conducted on a group of students belong to Generation Y. The survey included students of B. Tech, MBA, MCA and Ph D Scholars of MNNIT Allahabad from age group of less than 18 years to more than 28 years of age. Of all the questionnaires distributed, 160 filled up questionnaires were collected. Out of these, 14 questionnaires were summarily removed on account of missing values and respondent biasness, leaving us with 146 valid responses which were included in final analysis, thus registering with fairly good response rate of 91.25%. The sample size is more than the minimum requirement of 5:1 participants-to-item ratio as proposed by Hair et al (2006). The valid questionnaires were then coded and the raw data keyed into the statistical

software, SPSS 20.0 version, for further analysis. Principal Component Analysis is used for factor identification.

Purposive-convenience sampling has been used for this study to ensure that the sampling parameters are accurate and consistent.

## MEASURES

A fifteen item five point scale was adopted from Park et al. (2009) for the purpose of study of use of social networking websites and instant messengers by respondents. The statements were used to measure various dimensions like socializing, entertainment, self status seeking and information seeking dimensions of usage.

The demographic variables included gender, age and course pursuing.

## RESULTS

Principal component factor analysis with varimax rotation (*KMO measure of sampling adequacy*= 0.777, *Chi square value for Bartlett's test of sphericity* = 869.429, significant at  $p<0.05$ ) revealed the following three usages for social networking websites and instant

**Table 1: Rotated Component Score, Eigen Value, Variance Explained, Cronbach's  $\alpha$**

Usage of Social Networking Websites and Instant Messengers	Factors		
	Information and work	Entertainment	Self and socializing
Information about events	0.864		
On campus events	0.857		
Information about products	0.794		
Assignments done	0.659		
Stay in touch	0.593		
Entertaining		0.869	
Funny		0.798	
Exciting		0.783	
Lonely		0.510	
Peer pressure			0.798
Cool image			0.764
Meet interesting people			0.600
Belong to community			0.548
Eigen Value	4.385	2.785	1.539
Variance Explained	31.323	19.896	10.990
Cronbach's $\alpha$	0.828	0.796	0.733

messengers: self and socializing, entertaining, and information and work. Each factor had an eigen value of at least 1 (information and work, 4.385; entertainment, 2.785; self and socializing, 1.539), account for 62.209% of the variance. Two of the 15 statements '*social media helps in career advancement*' and '*to talk about any issues with others*' had factor loading of less than 0.5 and thus were not included in any of the factor. Respondents participate in social networking websites and instant messengers primarily for information seeking purpose to get to know about on campus and off campus events as well as to know about products and services along with support in projects and assignments to be done. Respondents use social networking websites and instant messengers for entertainment and also due to peer pressure and to be part of a group.

## RELIABILITY

For consistency of scale reliability test is to be performed, and in the present study Cronbach's alpha has been calculated for this purpose. According to Hair (2006), values above 0.7 are acceptable. From the Table 1, it is evident that the Cronbach's alpha in the scale is found to be in the range of 0.733 to 0.828, which lies within acceptable limits. It can therefore be inferred that the scale is consistent.

## DISCUSSION

The purpose of this study was to explore the usage of social networking websites and instant messengers by college students of India. The results show that individuals join social networking websites and use instant messengers primarily for information seeking purposes and for assistance in their assignment and projects followed by entertainment and their self image and socialization. Socialization and portraying the image be the least concerned of college students when they are using social networking websites and instant messengers. Reason for this may be because at this stage of life cycle individuals did not feel

importance of socializing especially with alumni of institute or others who may help them in their career advancement or even if they are socializing the role of social media is low, we can infer that college students generally socialize with their friends and reaching to them did not require any social media.

## MANAGERIAL IMPLICATIONS

This study may be used by policy makers and managers to understand the need of college students in India which would be useful in promoting any event or product. The youth of India is using social media mainly for information seeking. Therefore, if a corporate manager wants to create awareness about its product then one may opt for promotion using social media. Second concern for college students using social media is entertainment so one manager can capitalize on this aspect by promoting the products with gaming or online videos or other possible avenues of entertainment.

## LIMITATIONS AND SCOPE FOR FUTURE RESEARCH

This study suffers from some inherent shortcomings despite of care and caution being taken while conducting this research. The first shortcoming is that the research is conducted in just one single city with small sample size hence the results could not be generalized to different geographical location and also with different culture. A self-reported questionnaire was used in this study which has its own limitations; an experiment based study might have produced different pattern. Finally, data collected did not consider cultural aspects, which could be an interesting area for future research.

## REFERENCES

Bennett, S., Maton, K., & Kervin, L. (2008). The 'digital natives' debate: A critical review of the evidence. *British journal of educational technology*, 39(5), 775-786.

- Bolton, R. N., Parasuraman, A., Hoefnagels, A., Migchels, N., Kabadayi, S., Gruber, T. & Solnet, D. (2013). Understanding Generation Y and their use of social media: a review and research agenda. *Journal of Service Management*, 24(3), 245-267.
- Brosdahl, D. J., & Carpenter, J. M. (2011). Shopping orientations of US males: A generational cohort comparison. *Journal of Retailing and Consumer Services*, 18(6), 548-554.
- Campbell, D. T. (1960). Blind variation and selective retentions in creative thought as in other knowledge processes. *Psychological review*, 67(6), 380.
- Chan, K., & Fang, W. (2007). Use of the internet and traditional media among young people. *Young Consumers*, 8(4), 244-256.
- Comstock, G., & Paik, H. (1991). *Television and the American child*. Academic Press
- Ellison, N. B. (2007). Social network sites: Definition, history, and scholarship. *Journal of Computer-Mediated Communication*, 13(1), 210-230.
- eMarketer (2011), *Social Media Outlook for 2011*, eMarketer Webinar, available at: [www.emarketer.com](http://www.emarketer.com)
- Fornell, C., & Larcker, D. F. (1981). Evaluating Structural Equation Models with Unobservable Variables and Measurement Error. *Journal of Marketing Research*, 39-50.
- Gong, W., L. Stump, R., & G. Li, Z. (2014). Global use and access of social networking web sites: a national culture perspective. *Journal of Research in Interactive Marketing*, 8(1), 37-55.
- Hair, J. F., Black, W. C., Babin, B. J., Anderson, R. E., & Tatham, R. L. (2006). *Multivariate Data Analysis* (Vol. 6). Upper Saddle River, NJ: Pearson Prentice Hall.
- Hair, J. F. (2010). *Multivariate Data Analysis*. Pearson College Division
- Kaplan, A. M., & Haenlein, M. (2010). Users of the world, unite! The challenges and opportunities of Social Media. *Business horizons*, 53(1), 59-68.
- Kaye, B. K., & Johnson, T. J. (2002). Online and in the know: Uses and gratifications of the web for political information. *Journal of Broadcasting & Electronic Media*, 46(1), 54-71.
- Lenhart, A., Purcell, K., Smith, A., & Zickuhr, K. (2010). *Social Media & Mobile Internet Use among Teens and Young Adults*. Millennials. Pew internet & American life project.
- Nandan, T. and Saurabh, K. (2016) 'Big-five personality traits, financial risk attitude and investment intentions: study on Generation Y', *Int. J. Business Forecasting and Marketing Intelligence*, Vol. 2, No. 2, pp.128-150.
- Nga, J., and Yien, L. (2013). The Influence of Personality Trait and Demographics on Financial Decision Making among Generation Y. *Young Consumers*, 14(3), 230-243.
- Palfrey, J., & Gasser, U. (2013). *Born digital: Understanding the first generation of digital natives*. Basic Books.
- Park, N., Kee, K. F., & Valenzuela, S. (2009). Being immersed in social networking environment: Facebook groups, uses and gratifications, and social outcomes. *Cyber Psychology & Behavior*, 12(6), 729-733.
- Schramm, W. (1971). The nature of communication between humans. The process and effects of mass communication, 3-53.
- Strasburger, V. C., Wilson, B. J., & Jordan, A. B. (2009). *Children, adolescents, and the media*. Sage.
- Social media in India. (2016, 03 23). Retrieved from Livemint: <http://www.livemint.com/Politics/Fqcl24fK5aQ68qC6KzohJO/Social-media-in-India.html>
- <https://www.statista.com/statistics/278407/number-of-social-network-users-in-india/> accessed on September 13, 2016.
- Valkenburg, P. M., Peter, J., & Schouten, A. P. (2006). Friend networking sites and their relationship to adolescents' well-being and social self-esteem. *CyberPsychology & Behavior*, 9(5), 584-590.
- Wesner, M. S., & Miller, T. (2008). Boomers and millennials have much in common. *Organization Development Journal*, 26(3), 89.

\*\*\*



# Amity Journal of Management

July – December, 2016

## Subscription Form

I wish to subscribe to Amity Journal of Management for Rs. 500/- (Annual Subscription Fee).

A draft / cheque bearing no.....dated.....

for Rs.500/- drawn in favour of Amity University Madhya Pradesh, Gwalior is enclosed.

Name : .....

Address : .....

: .....

: .....

City : ..... Pin : .....

Country : .....

Email Address : .....

Signature : .....

Mail to: [rstomar@gwa.amity.edu](mailto:rstomar@gwa.amity.edu)

Mobile: 09926257067