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Examining the Drivers of India's Trade Deficit: An ARDL Bounds and Causality Approach

Manu K.S., Kalra Rameesha and Nayak Surekha

ABSTRACT

India's trade deficit has widened due to its dependence on imports and uncompetitive exports. An understanding of drivers influencing trade deficit deserves significant attention. This study examined the impact and causality of crude oil, USD/INR exchange rate and gold on trade deficit in India from the year 2004 to 2019. The study employed Auto Regressive Distributed Lag (ARDL) bound test approach and the Granger causality to empirically verify the results. The study found that USD/INR and crude oil prices have a negative and long run impact on trade deficit. The study also observed no impact of gold on trade deficit. Further, the Granger causality test revealed a unidirectional causality running from crude oil and USD/INR to trade deficit. The implication of the result is that Government of India and policymakers should aim at promoting a phenomenal growth of exports and reduce imports of crude oil and gold so as to maintain a sustainable trade balance.

Keywords: Trade deficit, Crude oil, Gold prices, Exchange rates, Autoregressive distributed lag, Granger causality

JEL classification: F14, F32, F62, F68

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Does Reduced Waiting Time Always Lead to Improved Customer Satisfaction? An Investigation

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ABSTRACT

Queueing theory provides practical tips to Operation managers for improving business processes where customers encounter some sort of a waiting time before receiving their service. The present study deals with an empirical investigation of three different cash counter configurations on customer satisfaction in a Canadian retail dollar store. The study incorporates three configurations, which simulate queueing server systems of M/M/n type, and performs a randomized field study to estimate the impact of waiting time on the satisfaction of customers. The empirical study found that configuration which mimicked M/M/1 type system led to the least customer satisfaction; however, customers found configuration 3, which is a combination of a M/M/1 and M/M/2 systems, as more satisfying than configuration 2, which mimicked a M/M/3 type system. Empirical correlations have also been developed to understand the relationship between Customer Feedback and amount spent in shopping. A new parameter called as Self-Decision Quotient has been proposed, which can be used to provide explanation on customer behaviour. The investigation provides a counter intuitive relationship between waiting time in the queue and the satisfaction of customer. The study is conducted in a specific dollar store. For proposing the study outcomes as a guideline, it may be imperative to extend the study to multiple stores spread across the country. Even though queueing concepts have been used for more than eighty years to improve business processes, the following investigation underscore the need to have a holistic view of newer dimensions to make it contemporary.

Keywords: Queue, Waiting time, Customer Satisfaction, Self-Decision Quotient

JEL Classification: M110, M300, D91

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Corporate Social Responsibility in India: Issues and challenges

Rabinarayan Samantara and Shivangi Dhawan

ABSTRACT

It is rightly said that “It is easy to dodge our responsibilities, but we cannot dodge the consequences of dodging our responsibilities.” - Josiah Charles Stamp, 1880-1941, former director of the Bank of England. In this modern digitalized world, businesses are required to be mindful both in terms of what they are doing and how they are doing it. The company’s brand is not just dependent on the quality of products they are offering to people but on the overall impact of the company’s operations on the society, environment and the economy. Their sense of social responsibility provides them with a competitive edge over their competitors in a crowded marketplace. CSR is a holistic and integrated management concept whereby companies integrate their social and environmental objectives with their business objectives. It works on a Triple Bottom Line Approach i.e. Company focuses on 3P’s; People, Planet & Profit while addressing all the expectations of its stakeholders. The majority of policy initiatives in the country are driven by the objectives of equal opportunities, minimizing poverty and human deprivation, focus on fundamental rights, etc. thereby leading to strong human development. The choices that we make today will be going to affect and influence our future generations. Despite all this inequality and disparity still exists. This year, the Indian Government implemented new CSR guidelines. These guidelines require Indian companies to spend 2 percent of their net profit on CSR. India is the first country in the world to make CSR mandatory. Including the CSR mandate in Companies Act, 2013 is a great step of engaging the corporate sector in the equitable development of the country. Earlier companies were required to spend 2 percent of the profits towards CSR and in case of failure to do so; they were required to give reasons. But as per the present amendment, companies are required to spend 2 percent of profits towards CSR in the given time limit or are required to turn over this amount of profits in the funds which are run by the government. The new amendment will require all the companies which qualify the provisions under CSR guidelines to spend the specified part of their profits towards Corporate Social Responsibility without failing. In this paper, researchers have made an attempt to study Issues and Challenges associated with CSR in India and also to determine various factors driving CSR practices in Indian Companies.

Keywords: CSR, Corporate, Society, Environment, Triple bottom line, Sustainability, Social responsibility

JEL Classification: M14

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Priority and Non-Priority Sector Lending and NPAs: A Comparative Study of SCBs

Inchara P. M. Gowda

ABSTRACT

Banking sector plays a crucial role in the overall development of the economy by providing a safe place for parking the surplus fund and also by channelising the fund so mobilised for different sectors of the economy. However, certain sections/sectors of the economy have not received adequate attention of bankers and in a way, they were deprived of formal financial services. Keeping these aspects in mind, the RBI has designed guidelines directing the lenders to earmark and deploy a certain portion of their loanable amount to priority sectors. After started implementing these directives, there is a view among a few stakeholder groups including the banking companies that lending to priority sector is one of the reasons for piling up of their NPAs. In this backdrop, this article makes an attempt to examine the lending by three groups of SCBs viz. PSBs, PVSBS and branches of FBs to priority and non-priority sectors, and also the extent to which these loans are causing the increase in their NPAs. For this purpose, relevant statistics are used for a period of 12 years, 2007–2008 to 2018–2019 and a few descriptive statistics, CV, CAGR, chi-square test and *t*-test are carried for analysis and testing the hypotheses. The study finds a significant difference between non-priority sector lending and priority sector lending from the point of view of NPAs of SCBs. The study further shows that the general perception that the priority sector lending is causing more towards mounting NPAs of SCBs is unfounded.

Keywords: Scheduled commercial banks, Public sector banks, Private sector banks, Foreign banks, Non-performing assets, Priority sector lending

JEL Classification: G21, G24, G28, G201

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An Online Relationship Between Consumer Trends and Food in its Various Avatars

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ABSTRACT

The latest advancements of the Internet has enhanced the growth of online food services by assisting people to search, compare prices and conveniently access these services. Many a time, the preference for a food product like noodles may not depend upon just the price, quality, quantity or even taste, but merely on its availability 'online'. The food systems in case of countries having low and middle income are heterogeneous and fragmented. Moreover, numerous small time food retailers are prevailing in such countries. Therefore, safety and hygiene considerations need to be catered to with utmost importance. Especially, unorganised processing of food, transfer plus packaging of this food among small online food retailers leads to the elevation of the risk of food adulteration or contamination and contributes to food poisoning outbreaks due to the extension of several harmful bacteria. This article gives an insight into consumers' preferences, perceptions, needs, their level of awareness, their convenience and their willingness to purchase food online as well as offline. An online questionnaire was collected by conducting a survey. It was found that in India, though people are not very price conscious when it comes to food and are ready to try new food items, they are aware about conventional food items. Indian consumers also give importance to fast food that comes with quick convenient delivery.

Keywords: Queue, Waiting time, Customer satisfaction, Self-decision quotient

JEL Classification: M31 Marketing

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The Mediating Role of Knowledge Process Capability on the Relationship Between Ethical Leadership and Administrative Innovation in Banking Industry: A Structural Equation Modelling Approach

Gedif Tessema and Manjit Singh

ABSTRACT

This study was investigated to examine the effects of ethical leadership on administrative innovation through the mediating role of knowledge process capability in Commercial Bank of Ethiopia. An explanatory design with deductive approach and quantitative method was employed. A self-administered questionnaire surveys were used to collect data from 266 employees (followers and managers) of Commercial Bank of Ethiopia in 93 branches. The structural equation modelling (SEM) approach with AMOS 23.0 was deployed to test the research hypotheses. The results of this investigation revealed that ethical leadership has a positive effect on administrative innovation and knowledge process capability. Knowledge process capability also influences administrative innovation positively. Moreover, knowledge process capability has a partial mediation role in the relationship between ethical leadership and administrative innovation. In order to solve the limitation of this study, the author recommended future researchers to include the moderating roles of employees' self-efficacy between ethical leadership and administrative innovation. The mediated mechanism of knowledge process capability between ethical leadership and administrative innovation is entirely new contribution for this investigation. Theoretical and practical implications are discussed in light of these findings.

Keywords: Ethical leadership, Knowledge process capability, Administrative innovation, Banking, Ethiopia

JEL Classifications:

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