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A PRACTICAL STUDY ON THE RELATIONSHIP BETWEEN WORKING CAPITAL AND PROFITABILITY OF APPLE INC.

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Abstract

Working capital management performs a substantial role in improving the profitability of the firms. It is essential for any business to succeed. Financial management policies of a firm consider decisions related to working capital management very important. Working capital is described as the surplus of current assets over current liabilities. Current assets defined as those assets, which can be converted into cash within a year eg. Cash, Cash-in-Hand/Bank, Bills Receivable, Sundry Debtors, Short-Term Loans and Stocks- Raw Materials, Stores and Spares, Work-in-progress and Finished goods etc. Current liabilities means company's debt which have to be paid within twelve months. eg. Bills Payable, Creditors, Outstanding and Accrued Expenses, Short-term Borrowings and Bank Overdraft etc. Firms can score maximum level of working capital by maintaining balance between liquidity and profitability. Many researchers have found that there is positive relation between working capital and profitability of the organizations. This research paper evaluates the effect of working capital management on firm's profitability and supports the hypotheses on firm's profitability of Apple Company for the period of 2013 to 2015.

Keywords: Profitability, Working Capital, Total Assets, Current Assets, Current Liabilities

Introduction

The working capital is essential for accomplishing day-to-day activities of a firm and it is an important part of financial management of a company. It is defined as the surplus of current assets over current liabilities. Current assets are defined as cash and those assets which can easily be converted into cash within a year eg. Cash-in-Hand/Bank, Bills Receivable, Sundry Debtors, Short-Term Loans and Stocks- Raw Materials, Stores and Spares, Work-in-progress and Finished Goods etc. Current Liabilities means company's debt which are paid within twelve months. eg. Bills Payable, Creditors, Outstanding and Accrued Expenses, Short-term Borrowings and Bank Overdraft etc. The decisions made in respect of current assets and current liabilities is known as working capital management. Firms can achieve optimum level of working capital by maintaining balance between liquidity and profitability. The object of working capital management is to help

companies to manage their short-term capital and to provide a satisfying liquidity and profitability position. Working capital restrains current assets and current liabilities efficiently and effectively to maximize returns on assets and minimizes the payments for liabilities. Working capital directly and positively influence the profitability of the firms. Effective Working capital accounting, management and control is needed for optimizing the returns on assets. It involves each aspect of administration of current liabilities and current assets. Accounting, management and control is a difficult practice especially in our country, because in India, the company faces many types of external problems like changes in the monetary policy, shortage of funds, inflation, increased demand of funds, high interest rates and shortage of goods and services. . If a company is facing financial crises can be solved with the help of working capital. It is mandatory to maintain balance in working capital, excess as well as shortage can hamper the growth of the firm. It is the responsibility of financial manager of the company to determine the amount and level of current liabilities and current assets. He also determines that the financing of current assets and current liabilities should be paid in a very short period. Working capital is required for payment of wages, salaries, expenses, raw material and payment to the creditors. Considerable part of efforts of a financial manager is devoted in managing working capital. His foremost object is to maintain adequate liquidity in the form of accounts receivables, marketable securities, cash and inventories to accelerate the operations of the company.

Working capital has two types of concepts used by financial managers. First one is balance sheet concept which includes gross and net working capital. The total of current assets is known as Gross Working Capital, whereas the surplus of current assets over current liabilities is known as Net Working Capital. Second one is operating cycle concept supports the operational activities of the firm. The conversion time taken for raw material into cash is known as operating cycle which includes debtors, raw material, finished goods, sales, cash etc.

It is mandatory to keep an eye on working capital by financial manager in order to cover its cash requirements. As a business grows, the requirement of cash always grows. The financial manager can also frame competent policies on all the components of working capital separately to run their business effectively eg. Payable policies, cash policies, inventory policies etc. These working capital policies can be aggressive, moderate or conservative it wholly depends upon the situation.

Aggressive or High risk or High profit strategy: This strategy absolutely focuses on the profit side the firm. It deals with long term funds and they are mainly employed in fixed assets.

Moderate or Balanced strategy: It maintains the balance between the aggressive and conservative policies. It always work with the moderate risk.

Here the long-term funds are used in current assets.

Conservative or Safe strategy: Here working capital guarantees the low risks and high profits. The prime object of this policy is to play safe and part of the permanent working capital is financed by the long term sources.

Profit

Profit is the engine that moves the business enterprises and always considered as magic eye for business. Profit is a parameter to measure the efficiency of business. Modern management emphasis on maximizing the profits because if the profits are great, business is considered as highly profitable and efficient. Profit is defined as a financial gain, particularly when the revenue gained surpasses the expenses incurred in business activities e.g. amount spent in buying, operating, or producing something.

Profitability

Profitability word is made up of two words first is profit and another is ability. In simple terms profit is defined as a financial advantage or benefit realized from any business activities. The term ability refers as power of earning. Therefore, profitability means the profit earning ability of an enterprise. Profit and profitability are considered as synonyms but there is a minute difference between the two.

The profit is always used in absolute terms and it is calculated as (Revenue-Expenses = Profit) whereas profitability is used in relative (percentage) terms and it expresses the ratio between the profit and the revenue. Profitability is calculated as profit divided by revenue multiplied with 100. Profits and profitability are, therefore, known as the back bone of a business and, without it; the existence of a firm is like a body without the backbone.

Significance of Profitability: Profitability is considered as a ratio and it is a meaningful yardstick to evaluate the performance of a concern. The investors are always interested in the returns does not matter it is in the form of capital gains or dividends.

Profitability indicates directly on effectiveness of the business as a whole. Profitability can be termed as Positive Profitability, Negative Profitability or Zero Profitability. To measure the profitability, ratio analysis is considered as the best and reliable technique.

Positive Profitability- Positive Profitability means when cash inflows exceed cash outflows.

Zero Profitability- Zero Profitability means when cash inflows are equal to cash outflows.

Negative Profitability- Negative Profitability means when cash outflows exceed cash inflows.

Literature Review

AsgharAli and Syed Atif Ali (2012) observed that there is a positive impact

of working capital management on profitability of 15 companies of 3 different sectors of Pakistan. After analyzing the results of the study it is proved that effective management of working capital can lead a firm in a Better profitable position. For satisfactory working capital the firms should enhance the sundry debtors, short-term loans, stocks and Other current assets. Efficient management of inventories increases the profitability of firms. It is analyzed that firms with higher working capital have higher ratio of profitability. According to Asghar and Syed Ali it can be summarized that the firms, which have efficient working capital, also have sufficient total assets and the firms, which have competent part of working capital have positive effect on profitability of the firms.

Ali A. and Ali A.S. (2012), "Working Capital Management: Is It Really Affects the Profitability? Evidence from Pakistan", *Global Journal of Management and Business Research*, Vol.12, pp.74-78.

Mr. Shiva Kumar and Dr.N. Babitha Thimmaiah (2016) the study is based on the relation among the working capital, liquidity and profitability on Coal India Ltd. The working capital and profitability performance is satisfactory. The firm has improved its liquidity and profitability position. The analyses has shown negative relation between profitability and liquidity due to access maintaining of liquidity. However, there is a need for improvement in order to enhance the liquidity and profitability position to the greater level. Overall the working capital performance of COAL INDIA LTD is satisfactory.

Oladipupo and Okafor (2013) analyzed the relation of a firm's working capital management on its profitability. The study focused on the effects of working capital management on the Profitability and found positive relation between both.

J.Y.Wang (2002) investigated Japanese and Taiwanese firms and analyzed that there is negative relation between cash conversion cycle and firm's operating performance. Shorter the cash conversion cycle better the operating performance and vice-versa.

M.Deloof (2003) had conducted a research on Belgian firms and identify that firms can enhance their profitability by decreasing the debtors collection period and the days-in-inventory period. He also found that less profitable firms wait longer to pay their bills due to lack liquidity.

P. TeruelGracia and P.Martinez Solano (2007) studied Spanish small and medium sized firms for the period 1996-2002 and found firms can increase value by decreasing the debtor's collection period and days-in-inventory period which leads in reduced cash conversion cycle.

S.A.Blinder and L.J.Maccini(1991) A higher debtors' collection period may also strengthen the relationship with customers and hence may lead to an increase in sales revenue

Dr. MelitaCharitou, Maria Elfani and Dr. Petros Lois (2010)In this study,

using a sample of 43 firms listed on the Cyprus Stock Exchange for the period 1998-2007 they have explored the relation between working capital and firm's profitability. They have assumed that efficient working capital management leads to effective profitability the cash conversion cycle and all its major components; namely, days in inventory, days sales outstanding and creditors payment period, are associated with firm's profitability.

Statement of the Problem

Despite of many researchers have carried out their studies in the area of working capital but a few studies have been done on working capital and profitability. This paper attempt to analyze the relationship between working capital and profitability of the Apple Incorporation. So, this effort is an aid to the current literature.

Objectives

The basic and important objectives of this paper is-

- To review the working capital management of Apple incorporation.
- To analyze the profitability position of Apple Incorporation.
- To study the relationship between the working capital and Profitability of the Firm

Research Methodology

Techniques utilized to recognize, adopt, process, and analyze information about a topic is known as Research methodology. The methodology section analyzes and answers two main questions: Firstly how the data was collected or generated and Secondly how it was analyzed? Methodology section allows the reader to critically evaluate a study's overall validity and reliability of a Research Paper.

Sample Design

To carry out the study, samples have been collected of a company named APPLE COMPUTER INC. It is one of the top leading digital American multinational company.

Data Collection

Secondary data is used for conducting this research, and it is gathered from the annual reports and accounts of Apple Computer Inc.

Time Period

Data of three years have been collected from 2012 to 2016 to conduct the research and to analyze the performance of the company.

Apple Computer Inc.

Steve Jobs, Steve Wozniak, and Ronald Wayne were the founders of Apple in April 1976 to develop and sell personal computers. It was incorporated as Apple Computer, Inc. in January 1977.

The company manufactures and sell mobiles, media devices, personal computers, and portable digital music players, related software, services, accessories.

In January 2007, Steve Jobs stated that Apple Computer, Inc. was renamed Apple Inc. to reflect its shifted focus toward consumer electronics and announced the iPhone, which saw critical acclaim and significant financial success. In August 2011, Jobs resigned as CEO due to health complications, and Tim Cook became the new CEO.

According to revenue Calculation Apple is the world's largest information technology company and the world's second-largest mobile phone manufacturer after Samsung. In February 2015, Apple became the first U.S. company to be valued at over US\$700 billion. The company has 116,000 full-time employees as of October 2016[update] and maintains 498 retail stores in 22 countries as of July 2017[update]. It operates the iTunes Store, which is the world's largest music retailer. As of January 2016[update], more than one billion Apple products are actively in use worldwide. Apple's worldwide annual revenue totaled \$215 billion for the 2016 fiscal year.

Hypothesis Development

The following hypotheses are developed:

H1 = There is a relationship between working capital management and profitability of the firm.

H2 = There is no relationship between working capital management and profitability of the firm.

Data Analysis

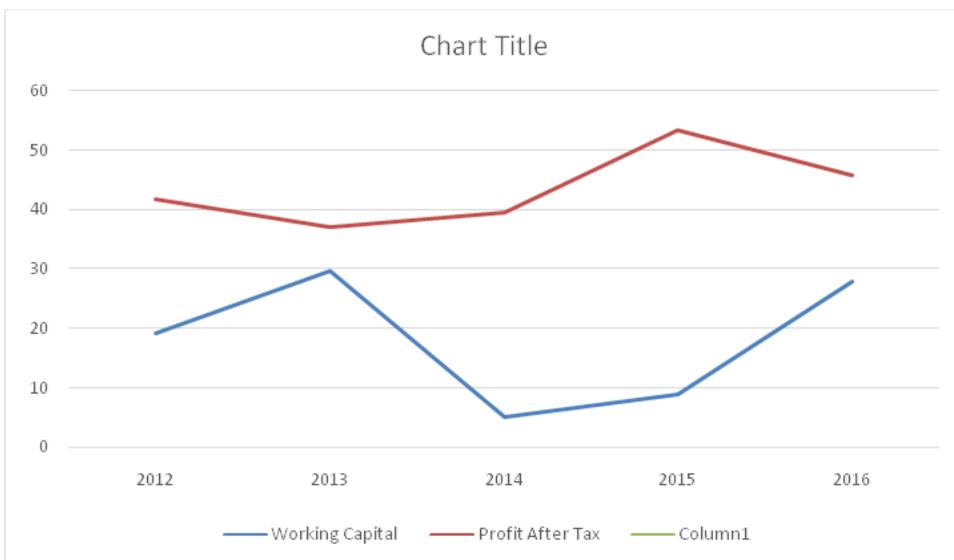
Data of three years from 2012 to 2016 has been taken from balance sheets of Apple Computer Inc. Table 1 shows the figures of working capital and profit after tax and Figure 1 shows the relationship between working capital and profitability of the firm.

***Figure – 1
Working Capital and Profit After Tax of Apple Inc.***

Serial No.	Year	Current Assets	Current Liabilities	Working Capital	Profit after Tax
1.	2012	57.65	38.54	19.11	41.73
2.	2013	73.29	43.66	29.63	37.04
3.	2014	68.53	63.45	5.08	39.51
4	2015	89.38	80.61	8.77	53.39
5.	2016	106.87	79.01	27.86	45.69

All figures in USD. M: Millions of USD

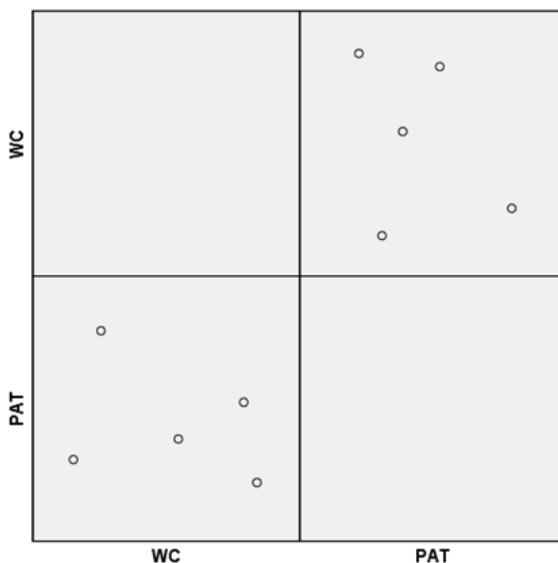
Table1 : Showing Working Capital and Profit after Tax



All figures in USD. M: Millions of USD, B: Billions of USD.

Figure 1
Showing Working Capital and Profit after Tax

*Graph /SCATTERPLOT(MATRIX)= Working Capitala(WC) Profit After Tax(PAT)
/MISSING=LISTWISE.*



CORRELATIONS
/VARIABLES=WC PAT
/PRINT=TWOTAIL NOSIG
/MISSING=PAIRWISE.

Figure – 2
Pearsons Product Moment Correlation
Showing Test Relation between Working Capital and Profit After Tax of Apple Inc.

Correlations		
	WC	PAT
WC Pearson Correlation	1	-.338
Sig. (2-tailed)		.578
N	5	5
PAT Pearson Correlation	-.338	1
Sig. (2-tailed)	.578	
N	5	5

Conclusion-

After computing, Pearson's product moment correlation it was found that there is insignificant relationship exist between working capital and profitability of the year 2012, 2013, 2014, 2015 and 2016. The result shows negative trend of relationship but due to lack of significance further predictions can not be made.

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A STUDY OF INCREASING ATTRITION RATE OF EMPLOYEES IN HOTEL INDUSTRY WITH SPECIAL REFERENCE TO AGRA AND SURROUNDING AREAS

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Abstract: *This study aimed at finding out the facts pertaining to increased attrition rate in the hotels of Agra city and surrounding areas. A survey in the form of a questionnaire and interviews was conducted from the sample of employees of hotels in Agra including 3-star, 4-star and 5-star categories to understand their views. The findings of research suggests that: Long working hours and low salaries are the major factors that affect the attrition rate in hotels which has a great impact on customer satisfaction and also reputation of the hotel.*

Key words: *Attrition rate, hotel industry, employee turnover*

1. Introduction

The Hotel industry in India is there since British Times, but at a very slow growth. However India is flooded with Hotels and that too with all International brands. The hotel industry is in the service industry and is diverse in nature. Due to accelerating growth of service economy, the hotel industry is growing and creating opportunities. The average room rate (ARR) and occupancy are the two important factors in hotel industry that determines profitability. There are segments in hotel industry that include business hotels, resorts, resorts, apartments, time-share etc., along with Food and Beverage outlets. There is a huge growth in the number of hotels and rooms in the three- star, four-star and five-star and deluxe category (Ministry of Tourism, May 2018)

India is also getting famous for tourism destination, wedding destination and very famous for MICE (Meeting, Incentive, Conference and Event). According to ITB (International Tourism Borse) in year 2014-15, MICE has been accounted for around 54% of foreign travels. Hotel and tourism accounts for 94% of the GDP and is the 3rd largest foreign exchange earner for the country and ranked 7th in terms of tourism contribution to GDP in 2017. (IBEF Report, 2017)

1.1 Hotel Industry and Employment Opportunities

Being the second populated country in the world, India adds a huge population to workforce of hotel manpower but only a small percentage manage to secure their job. The industry has ample scope and opportunity from luxury five star hotels to small establishments like Cafes, Quick service restaurants, Discotheques, Night clubs and Casinos. The employees working here have opportunities to develop various skills like:-

- Multi-tasking
- Customer service
- Soft skills
- Working in a team
- People skills dealing with an array of different types of people.
- Being able to handle work pressure
- Leadership skills

Being a labor intensive, service industry, and the hotel industry sector of India has proven as a channel of advancement for growth. Besides, the job of chef, waiter, managers, tour guide and travel agents, there are numerous opportunities that evolved with new trends in the sector like:

- Airline catering and Cabin service
- Quick service Restaurant
- Beverage, Food and Confectionary Production
- Institutional and Industrial catering
- Even Government Organisations like armed forces, Ministerial convention and Railway Services
- Cruise Ship Management
- Casino

1.2 Attrition rate in Hotel Industry

Attrition is situation where; due to job dissatisfaction, new opportunity in the market and various other factors; the employees leaves an organizations and joins another.

It is very alarming that the attrition rate in hotel industry is rising. Generally all hotels carried out special programs from induction to all specifics required to groom the new employee to accommodate him/her according to their own pattern being followed. And in such cases if employee left the job within 6 months, it becomes a big loss. An employer always expect that employee spent at least 3-4 years to recover training investments and gain through his

experience to add value to subsequent roles.

In India, it is generally seen that the age groups of 18-24 years in hotel industry try frequently changing their job for reasons like lack of job satisfaction, long working hours, salary factors etc.

Successful tourism development depends on effective functioning of tourism organization involving number of activities, coordination, leadership and managing the manpower. But rising attrition rates are posing a major threat to hotel groups. Supporting this view Federation of Hotel and Restaurant Association of India (FHRAI) has gone on record saying that industry leaders are worried about losing qualified trained professional to outer shores.

1.3 Attrition rate of Hotel employees in Agra and surrounding areas

Agra (Uttar Pradesh) stands among the top 5 states of India that attracts overseas tourists' viz. Kerala, Tamil Nadu, Delhi, Uttar Pradesh and Rajasthan. Agra is growing its popularity for Tourism nationally and internationally and providing highest GDP through tourism in the State.as tourism increases, so as demand of manpower too raises in Agra and surrounding areas lie Mathura, Vrindavan and Barsaane etc. where people visit and avail the hospitality. But employee retaining faces same issues as other industry units. Employee attrition rate is one of the problem being faced by HR Managers in Agra Hotels. One of the reason of turnover in hotel industry by employees is not being well paid even after putting long working hours of hard work and dedication. One more reason behind attrition in Agra is that employees generally take 6 months to 1 year of experience in the 5-star hotels and then want to pursue their career abroad for good wages being offered.

2. Objectives

- 1) To identify the factors contributing to attrition rate in Agra and surrounding areas.
- 2) To study the methods adopted by Hotel Industry to reduce attrition rate.
- 3) To examine the impacts of attrition rate in Hotel Industry in Agra and surrounding areas.

3. Hypothesis

Hypothesis 1

Ho: There is no significant relationship between age and attrition rate.

H1: There is significant relationship between age and attrition rate.

Hypothesis 2

Ho: There is no significant relationship between educational qualification

and attrition rate.

H1: There is significant relationship between educational qualification and attrition rate.

Hypothesis 3

Ho: There is no significant relationship between lack of experience and attrition rate.

H1: There is significant relationship between lack of experience and attrition rate.

4. Literature Review

Being the most privileged destination, India has grown a lot in Hotel Industry and International brands. To maintain it has to be assured by the industry to provide best services for customers. But hotel industry faces lots of issues regarding the employees and their issues related to attrition from organization. Many researchers have presented various views and findings regarding the attrition pattern of hotel industry and the factors behind its increasing rate.

Overview of the study

Dr. Kalyan Laghane, (2012) studied retention management in Indian hospitality industry. The findings of the study suggested that “Talent management integrates traditional talent-related functions that were considered as “administrative” functions into routine business processes. By “embedding” people management processes into standard business processes one can force line managers to think of recruiting, retention, development, etc. as essential activities that make a significant contribution to any manager's business results and success.”

Emmanuel Umoru Oki (2014) explained in the study that if employee is not satisfied with their jobs then they will not be committed to the work and organization and provide poor service to the customers as well. The researchers explained that most of the customer focused organization look forward to impart positive strategies and satisfy the customer by knowing the need to retain employees and reduce the attrition level.

Gangai, K.N. (2013) found that attrition rate is high in newly joined employees than senior ones. It was also observed that new employees leave organization within few months also, as their expectations did not match the offered. Researcher divided hotel industry into front line that interacts with guests; supervisory and the managerial levels; to explain their work formats. Attrition rate at younger level was found higher and it decreases at higher levels. It was also observed that the cost incurred in substituting a senior employee is very high, then low ran employee, so is the later is been taken for granted by hotel industry.

Khagendra Nath Gangal (2013) finds in his study that attrition rate is higher in age groups of 18-35 years of employees in hotel industry and is more prominent in F&B service, F&B production, Housekeeping and Front Office departments. It was observed that more young people are appointed in these departments where people are not settled with family, marriage, children etc. and employee remains flexible for different places. Study also revealed that employees from these 4 departments shifts their job to other options in BPO's, cruise line or other hospitality sector.

Lee, C., (2010), intended to identify employment characteristics that influenced employee satisfaction with work environments related to employment retention. Factors played different roles in measuring job satisfaction and employee retention according to individual employment characteristics, while factors related to the work environment (location, communication, accomplishment, and department) should be addressed regardless of employment characteristics. It is recommended that hoteliers provide a customized improvement agenda directed to and focused on individual groups according to that group's employment characteristics.

Mahajan, Sugandha, (2010), analyzed the impact of attrition rates in hospitality industry. The study majorly focuses on the increasing employee turnover, its causes and impact. It looked at various methods to improve employee retention in an organization. Various human resource theories are used to analyze the employee behavior in an organization.

Margaret Deery, (2008), examined the literature related to retention of good employees and the role that work-life balance (WLB) issues have in an employee's decision to stay or leave an organization. The paper highlighted more generic management literature and then tailors the discussion to the hospitality and tourism industry using literature from the hospitality and tourism journals.

Pillay, R.A (2009) explained in their study that attrition if not taken seriously by the organization then it can lead to loss of skilled manpower and lots of experienced employees and results in poor customer satisfaction, loss of revenue and may result in poor sales. Extra care and remedies should be taken by hotels to reduce attrition and retain staff.

Stella Kostopoulou (2015). Tourism is equally important in India as it increases standard of living of both urban and rural areas. Adequate and calculated planning create new and diverse form of tourism, leveraging the demographic development and reduces the financial dependency. Study reveals that essential factors for development of a successful tourism strategy are promotion of sustainability, customer satisfaction with defining products, wealth generating products and products that stimulate the returns to the destination.

Sunder Srinivasan, Anuradha Karmakar (2014). The study revealed that

as tourism and hotels are increasing in India, the rise of hotel management institutions also rising and there is a lot of demand for students who pursue this course. The reason for pursuing this course is growing opportunities worldwide, but student's perception changes post their industrial training. It has been seen that post-industrial training many students of hotel industry cannot cope up with the hard work, long working hours and unscheduled shifts. Though most of the students found help in developing their skills, confidence and their personality, undergoing training; but most of them starts handling their family business and become an entrepreneur after finishing industrial training.

5. Limitations of the Study

- Sample size of the employee is limited due to lack of time and limited area of population.
- The study conducted on 5, 4 and 3 star hotels only of Agra and few from surrounding areas and not applicable to all units of hotel industry.
- Focus of the study is only on reducing the attrition rate and retaining the employees.

6. Research design and Methodology

A descriptive and exploratory research design is used for the purpose of the study. An organized plan for conducting a research in both quantitative as well as qualitative way was implemented. There are various statistical tools which are used in the research are mentioned below:

6.1 Data collection method: -There are two major methods of data collection – primary and secondary data. Primary data is collected through structured questionnaire and survey. The source of secondary data was written and printed electronic sources collected through news journals, research articles, books, case study of organizations etc.

6.2 Sampling design: - Its clear plan for attaining a sample in given size of population. Sampling design should be a representative sample, practical and available as taken in the study. From the target population, the samples were employees from selected 10 hotels of Agra and surrounding areas including 5-star, 4-star and 3-star category.

6.3 Sampling Size: - Sample size= 600

The required size of sample by is 600. The survey is conducted from the responses and considered for the data analysis further.

6.4 Sampling Design used for the study: -The design of sampling used for study included various employees from F&B Service, F&B Production, Housekeeping and Front Office departments at different hierarchal levels.

6.5 Tools for data analysis and testing of hypothesis: - This data analysis is done with different and descriptive statistical tests.

- T-test –It is used to match with the names of two variables, when the variables are defined on a continuous scale. Test is also used to compare the mean of two groups.
- Dunn's Multiple – The test is used to compare two variables which are defined on the ordinance scale. It's a non-parametric t-test.

Tools used for statistical finding:- SPSS (Statistical Package for social sciences) software also known as IBM SPSS statistics is a package of software used for analysis of statistical data.

7. Analysis of Result Findings

- Distribution of sample population ranged from 18- 47 years of age.
- Majority of samples were found in age range of 18-27.
- Most of the employees (50.5%) were found Graduate/Diploma holders.
- Only 2.5% of samples were having work experience of above 7 years. Whereas work experience of below 1 year as well as 2-4 years was found almost equal- 45.8% and 45.5% respectively.
- 52% employees mentioned that they were looking for an alternative job because of long working hours and unscheduled work.
- It was observed from the results that attrition level is higher in women employee.
- And attrition level is found higher in age range of 18-27 years of employees.

➤ **Tabulation of the data is stated below:**

Table 8.1 – Age group of Respondents

S.No	Age groups(years)	Frequency	Percentage	Df	t-value	p-value
1)	18-27	303	50.6%	2	1.193	0.355
2)	28-37	263	43.8%			
3)	38-47	34	5.6%			
	Total	600	100%			

SPSS Results

#One-sample statistics

	N	Mean	Std. deviation	Std. Error Mean
Frequency	3	200	145.145	83.799

SPSS Results

#One-sample Text

	Test value =100					
	t	Df	Sig (2-tailed)	Mean Difference	95% confidence interval of the difference	
					Lower	Upper
Frequency	1.193	2	0.355	100	-260.56	460.56

Table 8.2 – Educational Qualification of Respondents

S. No.	Qualification	Frequency	Percentage	Df	t-value	p-value
1)	SSC	36	6%	3	0.659	0.557
2)	HSC	257	42.8%			
3)	Graduate/Diploma	303	50.5%			
4)	Postgraduate	4	0.67%			
	Total	600	100			

SPSS Results

· One- Sample statistics

	N	Mean	Std. Deviation	Std. Error Mean
Frequency	4	150	151.844	75.92

· One- Sample Test

	Test value =100					
	t	Df	Sig (2-tailed)	Mean Difference	95% confidence interval of the difference	
					Lower	Upper
Frequency	0.659	3	0.557	50	-191.62	291.62

Table 8.3 – Work Experience of Respondents

S. No.	Category	Frequency	Percentage	Df	t-value	p-value
1)	Below 1year	275	45.8%	3	0.697	0.536
2)	2-4 years	273	45.5%			
3)	5-7 years	37	6.2%			
4)	Above 7 years	15	2.5%			
	Total	600	100			

SPSS Results

#One – Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
Frequency	4	150	143.467	71.33

· One- Sample Test

	Test value =100					
	t	Df	Sig (2-tailed)	Mean Difference	95% confidence interval of the difference	
					Lower	Upper
Frequency	0.697	3	0.536	50	-178.29	278.29

8. Hypothesis Analysis

Hypothesis I	Null Hypothesis is rejected
Hypothesis II	Null Hypothesis is rejected
Hypothesis III	Null Hypothesis is rejected

Hypothesis 1

Ho: There is no significant relationship between age and attrition rate.

H1: There is significant relationship between age and attrition rate.

- As t-value calculated is 1.193, less than t- table value 4.045. It means that there is significant relationship between age and attrition rate of the employee at 0.05 level of significance; which means null hypothesis is rejected and alternate is accepted.

Hypothesis 2

Ho: There is no significant relationship between educational qualification and attrition rate.

H1: There is significant relationship between educational qualification and attrition rate.

- Alternative hypothesis is accepted at 0.05 level of significance, proving there is significant relation between educational qualification and attrition rate of employees. Null hypothesis is rejected as t-value calculated (0.659) is less than the t-critical value (3.182).

Hypothesis 3

Ho: There is no significant relationship between lack of experience and

attrition rate.

H1: There is significant relationship between lack of experience and attrition rate.

- Accepting the alternative hypothesis and rejecting null hypothesis because t- calculated value (0.697) is less than t-critical value (3.182).

1. Suggestions

In order to certify if these were the actual reasons or were their other reasons as well contributing to employees attrition in the hotel industry then certain factors like

- Scheduling work timings and work load in a balance form.
- Employee promotion, benefit & welfare.
- Rate of pay/Compensation of employees.
- Career development/advancement opportunities.
- Needs some improvement in order to keep the employees motivated and loyal to the organization.

2. Conclusion

- Increasing Attrition rate is a major concern of Hotel industry of Agra city.
- Most of the hotels do not have a system of measuring the attrition rate in their hotel.
- Although hotels have designed policies to curb the attrition rate, they are not very effective.
- Majority of the employees have tenure of less than 3 years in one hotel.

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4. Questionnaire

General Information:

- 1) Name of the employee _____
- 2) Name of the Hotel _____
- 3) Star Category (tick one)
 - 5-Star Deluxe
 - 5-Star
 - 4-Star
 - 3-Star
- 4) Department _____
- 5) Gender (tick one)
 - Female
 - Male
- 6) Age Group: (tick one)
 - 18-20 years

- 21-25 years

- 26-30 years

7) Level of Education

- SSC

- HSSC

- Graduate/Diploma (3 or 4 years)

- Post Graduate

- Others

8) Marital Status (tick one)

- Single

- Married

9) Length of Service (tick one)

- Below 1 year

- 2-4 years

- 5-7 years

- Above 7 years

10) Tick one according to your perception on present work environment, job satisfaction and services receiving:

S.No	Statement	Strongly Agree	Agree	Unsure	Disagree	Strongly Disagree
1)	Your daily job is challenging					
2)	Your daily job is manageable and satisfactory					
3)	Your skills are effectively utilized at work place					
4)	Work life balance is practiced					
5)	Co-workers value your suggestions					

11) Tick one according to your experience on recruitment and selection in organization:

S. No	Statement	Yes	No	Unsure
1)	Hotel follows a systematic selection procedure			
2)	Internal promotions are encouraged			
3)	Organization clears the opportunity for career advancement			
4)	Does hotel used advance technology during recruitment like psychometric test etc.			
5)	Hotel also outsources work like security and housekeeping			

12) Tick one according to your experience on organisational culture:

S. No	Statement	Yes	No	Unsure
1)	Workload is given in balance between time and achievability			
2)	Colleagues and managers are cooperative			
3)	HR policies and procedures are made clear from start			
4)	Rewards, incentives and overtime are given in due time			
5)	Performance goals are cleared with provided job profile			

13) Intentions regarding present job:

S. No	Statement	Yes	No	Unsure
1)	I am presently thinking of leaving the current job			
2)	I am actively searching for an alternative job			

14) Mention reasons behind leaving or looking for an alternative from current job.

AN EMPIRICAL STUDY ON CYBERSTALKING - AWARENESS AND OPINION OF INTERNET USERS

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Abstract: The usage of internet and social media networking sites not only helping in learning new things and conveying the ideas and opinions of the population about various aspects but the same over usage of these internet and social media networking sites and Apps are creating problems for the users. In the present generation due to the accessibility of mobiles, from small kids to an old man everybody became addicted to internet and social media networking sites. Due to this the personalized and confidential information of users is becoming public which are bringing problems to the users in the forms of hacking, virus dissemination, phishing etc... The cyberstalking is also one among the cyber crimes. It is entirely a typical behaviour that uses technology to harass others in a variety of ways. It is a way of using the internet or other electronic means to harass or stalk or threaten an individual, group or an organization.

Day by day the cases reported under cyberstalking have been increasing and according to the cyber crime police, 80% of the cyberstalking offenders are known to the victim and they harass the people for taking revenge. Due to this it is considered as a critical issue which harms the individual, company, Government as well. Therefore the present study has taken to through light on the awareness levels and perception and opinion of users of internet and communication technology about cyberstalking and their suggestions to safeguard themselves as well other users from cyberstalking.

Keywords: *Cyberstalking, Purpose for usage of internet, Awareness level, preventions to protect from cyberstalking.*

Introduction:

“Cyber stalking” is defined as a crime where the stalkers use internet or any other electronic device to stalk someone. This involves harassing or threatening an individual repeatedly. Stalking can be done in different ways such as: to follow a person till his home or where he does his business, to cause destruction to a person's property, leaving written messages or objects, or making harassing phone calls [1]. Cyber stalking can take many forms, including:

1. Harassment, embarrassment and humiliation of the victim
2. Emptying bank accounts or other economic control such as ruining the victim's credit score
3. Harassing family, friends and employers to isolate the victim
4. Scare tactics to instill fear and more [2].

The following are the punishments for cyberstalking under the Indian Penal code and IT act 2008: The Indian penal code has formulated various sections to punish the offender for cyberstalking and online harassment.

- Section 354 D of the Indian Penal Code which was added by the Criminal Law (Amendment) Act 2013 specifically proscribes the act of stalking as Whoever follows a person and contacts, or attempts to contact such person to foster personal interaction repeatedly, despite a clear indication of disinterest by such person, or whoever, monitors the use by a person of the Internet, email or any other form of electronic communication, or watches or spies on a person in a manner that results in a fear of violence or serious alarm or distress in the mind of such person, or interferes with the mental peace of such person, commits the offence of stalking.
- Section 354A of IPC punishes offence of sexual harassment with 3 years of imprisonment and/or fine.
- Section 354C criminalises the offence of Voyeurism. The section prescribes 3 years of imprisonment for the first conviction and 7 years of imprisonment on second conviction along with fine.
- Section 503 punishes criminal intimidation as threats made to any person with injury to her reputation, either in order to cause alarm to her, or to make her change her course of action regarding anything she would otherwise do/not do. The offences under Sec. 499 and S. 503 are punishable with imprisonment which may extend to two years, and/or fine.
- Section 509 of IPC comes to your rescue if any person who utters any word or makes any sound or gesture, intending that such word, sound or gesture be heard or seen by a woman and insult her modesty, shall be punished with one-year imprisonment and/or fine.
- Section 507 punishes criminal intimidation by an anonymous communication with a term which may extend to two years of imprisonment. Vengeful posting of images or videos of rape victims is punishable with imprisonment which may extend to two years and fine under section 228a of IPC [3].

The Information Technology Act, 2008:

The IT Act of 2008 does not directly deal with the offence of stalking.

- # Section 72 of the Act is used to deal with the offence of stalking which reads as follows: Any person who, in pursuant of any of the powers conferred under this Act, rules or regulations made thereunder, has
 - ✓ secured access to any electronic record, book, register, correspondence, information, document or other material
 - ✓ without the consent of the person concerned
 - ✓ discloses such electronic record, book, register, correspondence, information, document or other material to any other person shall be punished with imprisonment for a term which may extend to two years, or with fine which may extend to one lakh rupees, or with both.
- Section 67 prohibits and punishes with imprisonment extending up to three years and fine for the first conviction and to five years and fine upon second conviction, the publication, transmission and causing of transmission of obscene content.
- Section 67A has culled out a special category called material containing a 'sexually explicit act'. The publication, transmission or causing of transmission of such material is punishable with imprisonment extending up to five years and fine for first conviction and to seven years and fine upon second conviction.
- Section 66A of IT Act, 2008 provides:

Any person who sends, by means of a computer resource or a communication device

- (a) any information that is grossly offensive or has menacing character; or
- (b) any information which he knows to be false, but for the purpose of causing annoyance, inconvenience, danger, obstruction, insult, injury, enmity, hatred or ill will, persistently by making use of such computer resource or a communication device,
- (c) any electronic mail/ message for the purpose of causing annoyance or inconvenience or to deceive or to mislead the addressee or recipient about the origin of such messages, shall be punishable with imprisonment for a term which may extend to three years and with fine.

This section was struck down in *Shreya Singhal v. Union of India* in 2015 as it disproportionately invaded the right of free speech and was so wide that any opinion on any subject would come under its ambit [4].

Review of Literature:

- Ms. Heena keswani (2017): in the article “ Cyber stalking – a Critical

study”, the author has studied the differences between physical and cyberstalking, the legislative provisions mentioned in the Information Technology Act, 2000 and Indian Penal Code, 1860 as well he pointed out the limitations of these provision and laws. The author focused on cyberstalking and its link with Indian Constitution [5].

- Halder Debarati (2015):the author in his article, "Cyber Stalking Victimisation of Women: Evaluating the Effectiveness of Current Laws in India from Restorative Justice and Therapeutic, in Jurisprudential Perspectives," has thrown light on how women are becoming victims through cyberstalking and harassment and how these cases are handled using restorative justice (RJ) and therapeutic jurisprudence (TJ). He found that, India had earlier taken up therapeutic punishment policy to enforce rights of the accused. But the modern principles of TJ have still not been considered in the RJ background in cyber stalking cases. So, in this article the author examined whether RJ and TJ principles can replace retributive principles for cyber stalking victimisation. It also examines the Indian cyber stalking law from RJ and TJ perspectives to assess its effectiveness for victims[6].
- Dr. Sapna Sukrut Deo (2013): in the article titled “Cyberstalking and online Harrasment: A New Challenge for Law Enforcement” identified that in the year 2013, according to the Internet World State Report, 137,000,000 people used internet and 56,698,300 people used Facebook in India. Due to this there arises a concern for safety of internet. She pointed out that because of increased use of internet the number of online harassments and cyberstalking cases has increased. The paper covered various law related remedies for cyberstalking and online harassment and the challenges and also discussed about the enforcement problems these laws [7].

Need for the study:

Due to heavy dependence and usage of internet and social networks by majority of the population the privacy of the users is being affected in the form of cyberstalking and online harassment. Some people are using the personalized information of the users are troubling them to take revenge or blackmailing or threatening the public for the sake of money. This is causing a kind of psychological threat in the minds of the victims and leading for suicides and mental disorder especially it is affecting youngsters. These days the number of cases on cyberstalking has been increasing rapidly which not a right sign for the development of the society as majority targeted people are college students. Therefore, it is found that there is a need to find out the awareness levels of youngsters on cyberstalking and what measures they will take to protect their personal details and safeguard them from this online harassment.

Objectives:

- To study the perception of internet users about cyberstalking.
- To examine the awareness level of cyber stalking among respondents.
- To find out the opinion of respondents to safeguard themselves as well other users from cyberstalking.

Research Methodology: The primary data has been collected by administering a structured questionnaire from 100 respondents of Hyderabad city by using convenience sampling technique. The online journal and articles have been used for collecting secondary data. The primary data has been analysed using simple percentages and Chi – Square test.

Data analysis:

Table 1: Demographic Profile of the Respondents

Age	No. of respondents	Percentages
Below 20	18	18
20-25	22	22
26-29	40	40
30 & ABOVE	20	20
Total	100	100
Gender	No.of repondents	Percentages
Male	27	27
Female	73	73
Total	100	100
Educational qualification	No.of respondents	Percentages
High school	5	5
Intermediate	20	20
Graduate	16	16
Post Graduate	53	53
Any other	6	6
Total	100	100
Income	No.of resppondents	Percentages
No income	10	10
Below Rs. 10000	16	16
Rs. 10001 - rs.20000	54	54
Rs.20001 - Rs.30000	15	15
Rs. 30000 & Above	5	5
Total	100	100

Source: Primary data

It's observed that, 40% of the respondents belong to the age group of 26 yrs - 29 yrs, 18% of the respondents are below 20years of age. And 73% of the respondents are female and 27% of respondents are male. Of the 100 respondents, 53% of the them are post graduates, 20% are intermediate,16% are graduates, 6% are high school and 5% of the respondents belong to other category like Ph.D. and professional courses . Out of 100 respondents, 54% of the respondents have monthly income under Rs.10001- Rs.20000, 16% of respondents are having income below Rs.10000 and 10% of the respondents don't earn income but they get pocket money.

Table 2: Awareness of Internet

Yes	97	97%
No	3	3%
Total	100	100%

Source: Primary data

Table 3: Activity of users on internet

Activity	No. of respondents	Percentages
Search for information	29	29
Play online games	30	30
Online shopping	14	14
Chatting	12	12
Emails and official work	24	24
Total	100	100

Source: Primary data

29% of respondents are use internet for searching information,30% use for online games,14% do online shopping and 24% use internet for official work.

Table 4: Time spend by users on internet

Time	No. of respondents	Percentages
0-5 hours	31	31
More than 5 hours	69	69
Total	100	100

Source: Primary data

Table 5: Awareness of cyberstalking among respondents

Response	No. of respondents	Percentages
Yes	65	65
No	5	5
No idea	30	30
Total	100	100

Source: Primary data

Table 6: Opinion on different ways for cyberstalking

Ways	No. of respondents	Percentages
Emails	13	13
News groups & messages	12	12
Internet sites	45	45
All the above	30	30
Total	100	100

Source: Primary data

Of the 100 respondents, 45% of the respondents opined that the cyber stalking occurs through internet sites ,12% opined that it is because of accessing news groups & messages and 30% of respondents said cyberstalking takes place because of all the above mentioned reasons.

Table 7: Opinion on safety of using Social media

Response	No. of respondents	Percentages
Yes	7	7
No	70	70
May be	23	23
Total	100	100

Source: Primary data

Out of 100 respondents, 70% of the respondents said social media is not safe.

Table 8: Reasons for unsafe social media

Reasons	No. of respondents	Percentages
Accounts can be hacked	16	16
Unknown request from strangers	12	12
Due to Virus	7	7
Other security & privacy issues	65	65
Total	100	100

Source: Primary data

It is observed that, 65% of the respondents said the reason for unsafe social media is security and other private issues , 16% said that their accounts can be hacked due to lack of safety measures.

Table 9: Reasons of cyberstalking

Reasons	No. of respondents	Percentages
Jealousy	7	7
Revenge	7	7
Obsession & attraction	12	12
All the above	74	74
Total	100	100

Source: Primary data

74% of the respondents mentioned that the cyberstalking takes place due to jealousy, revenge, obsession and attraction towards someone, 12% of the respondents expressed the obsession and attraction towards someone makes a person to go for cyberstalking.

Table 10: Comparison between age groups and reasons of cyberstalking

Reasons of cyberstalking /age	Below 20 years	20-25 years	26-29 years	30 & above years	Total
Jealousy	4	0	2	1	7
Revenge	2	3	2	0	7
Obsession & attraction	0	11	0	1	12
All the above	12	8	36	18	74
TOTAL	18	22	40	20	100

Source: Primary data

It is observed that the reasons of stalking is different in different age groups, majority number of the respondents who are below 20 years mentioned that cyberstalking is taking place because of jealousy, revenge, obsession & attraction. Out of 22 respondents who are of age group of 20-25 years, majority of them mentioned that stalking is taking place due to obsession and attraction towards someone. Respondents belong to age group of 26-29 years mentioned the reason for cyberstalking is jealousy, revenge, obsession & attraction. Most of the respondents said it's because of all the reasons that is jealousy revenge and obsession and attraction.

Table 11: Victims of cyber stalking according to respondents

Victims	No. of respondents	Percentages
Only female	35	35
Only male	7	7
Anybody can be victim	58	58
TOTAL	100	100

Source: Primary data

Table12: Victims of cyberstalking

Response	No. of respondents	Percentages
Yes	37	37
No	63	63
Total	100	100

Source: Primary data

Out of 100 respondents, 37% of them mentioned that they became victims of cyberstalking.

Table13: Effects of cyber stalking

Response	No. of respondents	Percentages
Helplessness	14	14
Fear of safety	27	27
Depression	18	18
All the above	41	41
Total	100	100

Source: Primary data

Of 100 respondents, majority i.e. 41% have expressed that the victims of the cyberstalking become helpless, a kind of fear will be generated in their brains about their safety and people go under depression.

Table 14: Protective measures of cyber stalking

Response	No. of respondents	Percentages
Be cautious of any incoming calls, emails and text messages	26	26
Should not welcome unnecessary calls, messages and emails.	18	18
Should not reveal your address and password to anyone	11	11
All the above	45	45
Total	100	100

Source: Primary data

18% of respondents said not to welcome unnecessary calls messages and emails, 11% of the respondents said not to reveal your address and password to anyone as one the protective measure of cyberstalking, and 45% said all the above precautions should be followed for safeguarding themselves from cyberstalking.

Table 15: Controlling measures of cyberstalking according to respondents

Response	No. of respondents	Percentages
Educating the people about cyberstalking	58	58
Stopping the people from use of internet	7	7
Increasing safety on social sites	23	23
By making strict laws for the stalkers	12	12
Total	100	100

Source: Primary data

58% of the respondents said by educating the people stalking can be controlled and 23% of the respondents said to increase the safety on social sites to reduce the cyberstalking victims, and others mentioned that by making strict laws for stalker the Govt. can control the cyberstalking.

Findings:

1. It is found that 40% of the respondents are in the age of 26-29yrs , 18% of the respondents are below 20years. 73% of the respondents are female and 27% of respondents are male. 53% of the respondents are post graduate, 20% are intermediate, 16% are graduates, 6% are high school students. 54% of respondents have monthly income under Rs.10000-20000, and 10% are do not have any income but they get only pocket money.
2. It is found that 97% people are aware of internet. 30% use for online games ,29% of respondents use internet for searching information.
3. 69% of respondents spend more than 5 hours on internet.
4. From the analysis it is found that 65% of the respondents are aware of stalking and 5% are unaware.
5. It is observed that, 54% of respondents opined that cyber stalking is common. From the analysis it is found 45% of the respondents opined that the cyber stalking occurs through internet sites,12% opined that it because of accessing news groups & messages and 30% of respondents said it's because of all reasons.
6. 70% of the respondents said social media is not safe, while 7% said its safe and 23% have no idea about it. Majority i.e. 65% of the respondents said the reason for unsafe social media is security and other private issues and 7% said it's because of virus. Highest percentage i.e.74% respondents opined that stalking takes place due to jealousy and revenge, obsession & attraction towards someone.

7. The study found that,58% of the respondents mentioned that anyone can be victim of cyberstalking and 35% said only female can be victims. Out of 100 respondents, 37% of the respondents are victims of cyberstalking.
8. It is found that 70% of the respondents said that the victim's immediate action would be to complain against stalker. It is found from the analysis that 41% said the victim will become helpless and he/she can go into depression and they get a fear of safety of their personal life.
9. It is found that 11% of the respondents said the protective measure of cyberstalking is should not reveal your address and password to anyone, 18% said should not welcome unnecessary calls messages and emails, and 45% said all the above.
10. It is found that 58% of the respondents said by educating the people stalking can be controlled and 23% of the people said to increase the safety on social sites, and other by making strict laws for stalkers.

Conclusion:

People are becoming victims of cyberstalking because of unawareness and lack of safety on social networking sites. Due to threats or fear of getting abused in society, nearly half of the victims try to move on in their lives after considering it a bad dream. There is general ignorance of the masses about cyberstalking .Hence it is imperative that awareness regarding this terrible online abuse should be spread amongst the people. It is suggested that each and every individual should be aware of the impact of internet and over dependence on technology. Govt. should form stringent rules and regulations for the social networking sites and it should take proper measures so the internet providers should provide proper security for the personal details of the users. Therefore, it is the responsibility of the internet users, Govt. regulatory authorities and the service providers to protect the internet users from this cyberstalking.

Suggestions:

- Harassment mails must be reported to internet service provider like MTNL etc and mail provider like Gmail, yahoo etc.
- User should be careful about their personal information while using internet, social networking sites like Facebook and Twitter and chat rooms.
- Create a different email account for registering in social networking sites and other online spaces. It will help avoid spam and your personal email won't be revealed if the online service doesn't have a good privacy practice.

- Do not feel obligated to fill out all fields when registering online or provide identifying information such as birthdates and place in required fields.
- At the time of posting the photo in the user profile, the user should use a photo that doesn't identify you or your location, so the user can't be recognised. Do not use the real name as email name, screen name or user ID.
- Services such as Facebook change their privacy policy all the time so it is better to check their privacy settings regularly to make sure that the privacy related aspects while sharing some personal information.
- The user needs to check his name regularly in the internet and monitor where he appears online. If any unauthorized information is found by the user immediately it should be brought to the notice of the service provider.
- If any unwanted calls are received, make it clear to that person not to contact you again. Many women who have reported being harrassed do this and warn that any further contact will result in the filing of a police report.
- Save all communications with the stalker for evidence. Do not edit or alter them in any way. Try using print screens, especially if the harrassment is happening in real-time.
- If the harasser posts comments on the blog, keep copies but also consider unpublishing rather than deleting abusive posts.
- Block or filter messages from the harasser. Many email programs have a filter feature. Chat room contact can also be blocked, and the user can activate the 'IP address block' option on the blog or website if someone posts harassing comments continuously.
- Share the information related to stalking with family and friends who supports the victim and help the victim to come out from that trauma.

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DIGITALIZATION OF ACCOUNTING IN MSME SECTOR : ANALYSIS POST GST IN INDIA

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Abstract: Like any other developing country in the world, MSME sector is backbone of Indian economy. For the growth of MSMEs, the induction of latest technologies with the changing time requires MSMEs to keep themselves updated. Digitalization is the need of the time and every business house either it is a manufacturing industry or a service provider has to adopt it for the growth of the business and also to reap the benefits passed by government to MSMEs. Our country is one of the fastest growing economies of the world and Government has also ambitious plan to take our nation into the trajectory of developed nation. A need was felt for tax reforms to create an environment of ease of doing business. A tax reform like GST implementation is also a similar step taken by government. In order to boost foreign investment, various other initiatives like make in India, digital India, Start-up India have also been implemented by our Government. All these schemes are likely to boost the growth of MSMEs. The present research paper is an effort to reveal the importance of Digitalization for MSME sector, especially after the period of GST implementation. This research paper through its findings will try to prove that growth of digitally enabled SMEs is much faster than offline based SMEs.

OVERVIEW OF MSME SECTOR IN INDIA:

The Micro, Small and Medium Enterprises (MSMEs) sector is the driver of economic growth of India. Our great country, India is one of the fastest growing economies of the world and the MSME sector has a pivotal role in driving the nation's growth engine. In the recent years, when our GDP has been growing at the rate of 6-7% annually, the MSME sector has sustained an annual growth rate of over 10%, notably when there is global economic slowdown. Indian MSME industries which is scattered in both unorganized and organized sector, has shown considerable innovativeness and adaptability to survive economic shocks, even of the gravest nature. According to the estimates of the Ministry of MSME, Government of India (GOI), the sector generates around 100 million jobs through over 46 million units situated throughout the geographical expanse of the country. MSMEs contribute to approx. 38% of the nation's GDP and they have approx. 40%

share in the overall exports and 45% share in manufacturing output. MSME is also major contributor to employment in India. Therefore, the role played by MSME sector in economic and social development of India is very important and it is the important pillar of future growth of the country, which needs special attention. With the advent of technology, the MSME sector also needs to adapt to changing technological environment. MSME sector is involved in manufacturing of more than 6,000 products which range from traditional to modern hi-tech items. Ministry of MSME was formed in May'2007 by merging erstwhile (1) Ministry of Small Scale Industries and (2) Ministry of Agro and Rural Industries. As per the provisions of Micro, Small & Medium Enterprises Development (MSMED) Act, 2006 (Source: Ministry of MSME, GOI) the MSMEs are classified as below:

Manufacturing Sector	
Enterprise Category	Investment in plant & machinery
Micro Enterprises	Does not exceed twenty five lakh rupees
Small Enterprises	More than twenty five lakh rupees but does not exceed five crore rupees
Medium Enterprises	More than five crore rupees but does not exceed ten crore rupees
Service Sector	
Enterprise Category	Investment in equipment
Micro Enterprises	Does not exceed ten lakh rupees
Small Enterprises	More than ten lakh rupees but does not exceed two crore rupees
Medium Enterprises	More than two crore rupees but does not exceed five crore rupees

The presence of MSMEs can be seen across all the major sectors contributing to the economy. They are into the manufacturing of diverse products range and provides various services to fulfill the requirements of domestic, regional and global markets across various segment of customers. Ministry of Statistics & Programme Implementation through it's Central Statistics Office (CSO), have compiled the following data pertaining to MSME Sector's contribution in Gross Value Added (GVA) and Gross Domestic Product (GDP) of India (at current prices) for the past few years is as below:

(Figures in Rs. Crores adjusted for FISIM ² at current prices)						
Year	MSME GVA	Growth (%)	Total GVA	Share of MSME in GVA (%)	Total GDP	Share of MSME in GDP (in %)
2011-12	2622574	-	8106946	32.35	8736329	30.00
2012-13	3020528	15.17	9202692	32.82	9944013	30.40
2013-14	3389922	12.23	10363153	32.71	11233522	30.20
2014-15	3704956	9.29	11504279	32.21	12467959	29.70
2015-16	4025595	8.65	12566646	32.03	13764037	29.20
2016-17	4405753	9.44	13841591	31.83	15253714	28.90

Source: Central Statistics Office (CSO), Ministry of Statistics & Programme Implementation

DIGITALIZATION IN MSME SECTOR:

Digitalization is incorporation of digital technologies in daily life by means of digitization of every aspect, which is possible to be digitized. The digitalization provides a clear idea of developing a technology enabled and dependent world. Digitalization is the usage of digital technologies in business model for its improvement by means of providing new revenue opportunities associated with value-enhancement. In simplest terms, it is the process doing business through digital means.

Government of India led by Hon'ble Prime Minister Shri Narendra Modi has taken many visionary initiatives to speed-up the growth of the country with special focus on MSME sector. Our Prime Minister has been advocating use of technology for ease of business and for attaining maximum growth. Some of the flagship schemes of Government of India like Digital India, Make in India, Skill India are all proving to be a boon for MSME sector. Given the importance of MSMEs, Government of India has launched several initiatives to get more MSMEs to enter into digitalization of their business process and accounting processes.

It is expected that Digitalization will make it easier to access Government services such as filing taxes, registering businesses online and passing on various benefits of Government schemes to even the smallest business of this sector and thus in turn fuel the growth engine of the country. Moreover, under the Digital India initiative the government aims to train one Crore students to raise digital skill levels in India. Government actions have been complemented by the private sector to raise digital awareness and skills levels among Indian MSMEs.

IMPACT OF GST IMPLEMENTATION ON MSMEs:

Implementation of Goods and Services Tax (GST) by GOI from July 1' 2017 was another initiative towards simplification of taxation system. MSME sector have initially faced a lot of issues in GST compliance. The compliance requirements, process of filing GST returns was found to be very cumbersome if MSME sector where digitalization was either inadequate or inadequate and this affected the cash flows of various MSMEs in initial period after GST implementation.

Though, as per Ministry of MSME Report of 2017-18, various arrangements were made for smooth rolling out of tax reform of GST. The Office of Development commissioner (Micro, Small and Medium Enterprises), National Small Industries Corporation (NSIC), National Institute for Micro, Small and Medium Enterprises (Ni-MSME) and various other bodies under Ministry of MSME had even opened GST Cells in their offices to provide sufficient support to MSMEs related to GST compliance issues. Ministry of MSME had also provided trainings to manpower associated with MSME business houses by means of various workshops. During these workshops, training was also provided on technology aspects associated with Digitalization and MSMEs were encouraged to adopt Digitalization. Efforts were also made for institutionalization of Digital Technology for growth of MSMEs and likely benefits were explained during these workshops.

As per report of MSME Ministry, there are approx. 68.25 lakh MSMEs have been registered with the Udyog Aadhaar Memorandum (UAM) Portal till May'2019. Further, as per 73rd National Sample Survey, MSME has been creating 1.10 Crore Jobs in India as per following details:

Broad Activity Category	Employment (in lakh)			Share (%)
	Rural	Urban	Total	
Manufacturing	186.56	173.86	360.41	32
Trade	160.64	226.54	387.18	35
Other Services	150.53	211.69	362.22	33
Electricity*	0.06	0.02	0.07	0
All	497.78	612.10	1109.89	100

*Non-captive electricity generation and transmission

By affecting GST, the replacement of 17 levies and a number of cesses with a single tax has made tax filing quite systematic. Further, with the technology support, tax filing has become much simple and time saving. This has supported MSMEs to rearrange their resources like time, funds and manpower in the areas directly contributing to revenue and profit growth. In simple words, it can be concluded that GST reform has encouraged MSMEs to adopt digital technology and thereby improve its efficiency in doing business. This is beneficial for MSME firms and even its stakeholders like customers, vendors and suppliers. Digitalization has also increased transparency in various accounting procedures. Digitalization of financial platforms has lowered the cost of borrowing for MSME's as more options are now visible. One of the positive aspects of GST is that MSMEs can now establish business anywhere in India and thus they can go beyond their geographical boundaries, as due to GST, there is only one tax across the country and MSME firms have no need to deal with tax complexities in different states. Thus, GST has resulted in creating new business opportunities for MSMEs.

Research Methodology:

In order to form a view regarding present status of Digitalization among MSMEs, I have visited some of the MSME firms located at Jaipur. The primary information was gathered through interviews with the MSME fir owners, their working executives and their associated accounting professionals like some Chartered Accountants who were managing the accounts and Audit of financial Reports of these Firms, looking after their compliance requirement related to GST. I have also sought the view of various stakeholders of MSMEs through questionnaire. Further, information was also gathered through secondary sources like some published journals, articles, websites associated with MSMEs, Reports published by Ministry of MSME and Confederation of Indian Industry (CII) etc. These secondary sources are discussed under literature review.

Literature Review:

I order to have in depth analysis of already conducted studies in the field of Digitalization in Indian SME sector, I have reviewed some of the published literatures by some professional institutes/ scholars and also studied details of government policies through the websites of relevant Ministry and the dealing authorities/departments.

In this regard, I have gone through a Report by M/s Ernst & Young, published in 2017 (subsequent to GST implementation), titled as "Tax technology and transformation: Tax Functions 'Go Digital', wherein it was concluded that enterprises with specialists Digital skills will be the leader in future.

There is a white paper titled as 'Re-inventing finance for a digital world: Future of finance' published by Chartered Global Management Accountant (CGMA), which elaborated that how the management accounting community can re-invent itself for a digital world.

I have also studied Ministry of MSME publishes its annual report on MSME growth aspects, contribution in Indian economy, various challenges and support initiatives for MSME sector. Confederation of Indian Industry (CII) in its theme Paper titled as "GLOBAL VALUE CHAINS : EXPANDING BOUNDARIES OF INDIAN MSMEs" has concluded that by various initiatives like Make in India, Digital India, Start-up India, we have announced our global entry in manufacturing sector. Accordingly, various support schemes are there to increase the quality of production with reasonable cost have been initiated to support the MSMEs for their role as manufacturing hubs. At the same time MSME sector in India require a more robust integration of the regional and global markets. Similarly, I have gone through various published articles, reports of tax consultants and other financial institutions which have stated based on their research that future growth of SME will be driven by their fast adoption of digital technology.

All the information gathered through primary and secondary sources as mentioned above has helped me to formulate a view regarding the need of digitalization in MSME sector.

The Need of Digitalization:

MSMEs have undergone major transformations in the recent period in India. One of the most remarkable of these changes is the introduction of digitalization into this sector. More importantly, post implementation of GST, the need for digitalization has been felt across each and every sector of business in India. IT enabled technologies and other associated technologies like Cloud computing has brought huge benefits in the way MSMEs are doing their work. Like any growth story, the MSME growth is also driven by consumption by end consumer and the modern consumer is technically updated and believes in seeking quality using technology. This indicates that consumers have also embraced digital technology. Modern Consumers are now using digital platform for payments and using e-commerce platform, they can access technology from anywhere. Therefore, these consumers ask for customized products and prompt service to satisfy their purchase. For these kinds of clients, digitalization of business process among MSMEs is the solution. Digitalization is the only way which empowers MSME industries to offer fast, error-free and quality product and service to their clients. But, what are the exact benefits of digitalization?

Based on interviews with stakeholders of MSME sector, I have found some of the requirements fulfilled by digitalization, which can make MSME sector more competitive and it can provide positive change in the business by embracing digitalization:

i) *It helps in better Book-keeping*

Book-Keeping for managing the accounts of MSME firm has always been an issue for accountants. But with the help of digitalization, it is possible for the accountant to access all the receipts from one cloud space. Moreover,

technology enabled platform have made it possible to carry out all accounting activities over online platforms and filing of tax returns is also online.

ii) *Easier Filing of Tax Returns*

As all the accounting data is available online on single platform, the online filing of tax return is also easy. Various advanced tax filing softwares have also made this job further easy specially post GST it has been proved as life-support.

iii) *It is Easier to Manage Staff*

Digitalization is also beneficial for MSME firms in terms of saving in time, lower labor costs and man-hours. According to a study undertaken by a reputable firm recently, with the use of digitalization, critical accounting processes can be adjusted and updated with ease. The time saved by digitalization from routine process helps firm managers to put their efforts for better management of staff and other important managerial tasks.

iv) *Easier to make Financial planning and Forecasts*

Digital platforms gives strategic management of MSME an insight of prevailing and future challenges and by study of various financial models available over digital platforms, they can make better planning of their investments and can better forecast their future projections.

v) *Faster revenue growth:*

A research study carried out by KPMG in India in 2017 reports that usage of digital technologies have resulted in better financial management of MSMEs and better resource management. This is resulting in better and faster revenue growth. The study has found that Digitally Engaged MSMEs have almost double revenue growth projections as compared to the MSMEs without digitalization.

vi) *Multifold profit growth:*



Source: Analysis of ITOP5™ Business 2014/ ITOP5™ Business 2015 and primary data collected by Kantar IMRB

Page 47 of 8As with revenue growth, it was found by KPMG that Indian MSMEs who engage with digital technologies grow profits faster. The following is evident from the above graphical analysis:

- *MSMEs who were using digital platforms have achieved YoY profit growth of 19% as against 10 per cent profit growth for Offline MSMEs.*
- *The analysis also proves that MSMEs who were using digital platforms are 4 times more likely to experience this YoY profit growth as against the MSMEs who are not digitally enabled (i.e. offline). At the same time, the Connected and Enabled MSMEs have been found to be 1.5 times and 2 times faster YoY profit growth respectively as compared to offline MSMEs.*

Findings and Conclusion:

This research paper was aimed towards making a sincere effort to prove that growth of digitally enabled SMEs is much faster than offline based SMEs. Based on contribution to GDP of the country, it can be concluded that Micro, Small and Medium enterprises (MSMEs) are the backbone of the development rather balanced development of our nation. Presently, factors such as lack of awareness, absence of proper support infrastructure and adequate financial support for MSMEs have been major obstacles for the growth of digitalization and technology in MSMEs. The Indian MSME's are still lagging in understanding the benefits associated with the digitization of their day-to-day business activities. In the era of technology where the consumers are far sighted and technologically updated, lack of integration of technology, absence of institutionalization of digital technology into MSME business are becoming hurdles in growth of digitalization in MSME sector in India. As such, the sectors like tourism and retail, which is consumer centric, may not even able to survive in the near future, as the consumers are technically advanced. Therefore, it is very important for government to provide proper infrastructure for growth and development of digitization in the country, particularly uplift the MSMEs with technology. Government of India has came up with one nation one tax regime considering that it will be a supportive tool for MSME sector and reduce their compliance cost. Simplified tax regime in form of GST with digitalization in MSMEs will benefit them as complexities in various tax issues will be reduced.

Technology has brought some fast changes in manufacturing and service industry. The cost and quality factors are now linked with usage of better and more advanced technology. Infact there is need of adapting changes in faster manner and to be a leader in introducing technology driven changes. Subsequent to introduction of GST, it has been seen that more and more MSMEs are attracted towards adoption of digital technology in their accounting process. Accessibility to advanced high speed 3G/4G/5G networks (e.g. JIO, Airtel etc.), fibre networks have resulted in better accessibility of advanced accounting software platforms customized to MSME business needs. It is beyond doubt that Digitalization is going to be the important change which MSMEs will have to adopt for their bright future. Global Market place is now open to all in this technological era. The Growth of MSMEs in some countries like China is directly linked with their adoption of technology and they are now the global manufacturing hub. India is also aiming to be a major manufacturing hub with its initiatives like Make in India, Digital India and MSME sector is going to be the backbone for the success for such initiative. E-commerce is providing a

virtual marketplace for all the MSME business houses. Service industry, which is major contributor of our GDP can mark their presence beyond the geographical boundaries by means of Digitalization. The growth of MSME business will also contribute in providing employment for the huge manpower in the country. The idea of digital market will definitely increase output and create jobs in India. At the same time heavy investment by Government in building infrastructure support, logistics network will also be a source of employment alongwith support in MSME growth. Digital MSMEs can support the growth through their efficient operations using digital technologies such as websites, social media and e-commerce. These Digital platforms are providing MSMEs new marketplaces and also adding to their revenue growth.

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