

HIND BUSINESS REVIEW

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EDITORIAL

Welcome to the 9th issue of our departmental annual research journal *Hind Business Review* (HBR) in 2023. The first issue of this journal was published in 2015 and thereafter it has been published regularly on annual basis. To acquire best benefits out of the diversified fields of contemporary issues in business studies, we support more empirical research and practice-based articles, and vital review articles. This will help us in scoring high in performance measures and moving up in journal ranking lists.

Though our journal is improving continuously over the years, we cannot really ignore the importance certified to the ranking exercises. It is time for us to look at the journal as truly competitive and continue to work hard to help the journal in climbing up the ranking ladder. We should find better papers that discuss new ideas and research directions, original articles that can produce deep interest in the readership of the journal and content that the researchers do not desire to overlook. It requires a lot of endeavor and dedication of the Editor to do this appraisal.

My heartiest thanks goes to all the faculty members of the Department for their constant support and encouragement. I thank the entire editorial advisory board and reviewers for all their support. Together we would work towards making the journal a truly influential publication.

Last but not the least, I sincerely convey my thanks to Mr. Punyapriya Choudhury of Silchar Sungraphics for his co-operation and support during the publication and printing task of the journal.

Dr. Kingshuk Adhikari

Chief Editor

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Biswajit Paul and Kingshuk Adhikari

Service Sector Contribution to India's GDP since 1980: An Econometric Exploration Based on Time Series and State-Level Panel Data

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Abstract

In parity with most of the emerging market economies of southeast Asia, India's service sector share in GDP has been rising consistently over the past four decades and is currently above the 50 per cent mark. Incidentally, most other economies have successfully lowered agricultural share to below ten per cent, while maintaining service sector share at sixty per cent or even more. In this study, we empirically explore the impact of India's service sector on real per capita GDP since 1980 on the basis of both time-series and panel data. Both our panel regression and time series estimates reveal that overall service sector contribution influences real per capita GDP in India when influence of other sectors is controlled for. The advantage of our approach is that we eliminate the influence of crucial macroeconomic factors in explaining the partial impact of the service sector on real per capita GDP. The econometric causality tests also reveal that service sector contribution causes real per capita GDP in the long run in India. Moreover, we find the presence of bi-directional causality between service sector contribution and real per capita GDP for India. In case of India, the growth of the service sector leads to GDP growth but the GDP growth through the development channel leads to service sector expansion as well.

Key words: Service sector, PCGDP, Granger causality, exogenous factors and panel data.

Introduction and Objectives

The economic growth and development of a nation is heavily reliant on the expansion and evolution of the three fundamental sectors of the economy viz. primary sector, secondary sector, and tertiary sector. The primary sector of an economy makes direct use of natural resources that are involved in the production and extraction of raw materials from agriculture, fishing, forestry, mining, dairy, etc. and secondary sector also known as the industrial sector is associated with the activities which involve the conversion of raw material into usable products. The majority of India's population is engaged in the primary sector which in turn is the main reason for high levels of underemployment in the country. Though in the last couple of years, manufacturing has been a great focus not much growth has been seen in the secondary sector (includes heavy manufacturing, light manufacturing, energy-producing, food processing, etc.) due to lack of infrastructure. So in order to absorb the skilled underemployed part of the work force, there is a need to shift to the tertiary sector.

The tertiary sector also known as the service sector involves a variety of economic activities under its umbrella. Some of which are health and welfare, tourism, leisure, and recreation activities as well as retailing and sales of goods to the people. In the past six years, the service sector has undergone a great evolution which in turn has given it the independent status of the productive sector of the country. Moreover, this sector also provides a major impact on foreign exchange and thus contributes greatly to the modern economic development of the country.

The present paper studies the impact of the service sector in India on both real per capita GDP and its growth under a production function paradigm on the basis of both all-India time series data as well as state level panel data. The partial contribution of the service sector to GDP is estimated after controlling for the contribution of the primary (i.e., agriculture and allied activities) and the manufacturing sectors. Moreover strategically chosen control factors like capital expenditure, and net exports are considered while explaining per capita real GDP and its growth in India on the basis of its sectoral components since 1980-81. Finally

econometric causality between real GDP per capita and the size of the service sector is tested using the Granger – causality or block exogeneity test under a VAR setup.

Substantial amount of research has been done in recent years on the service sector contribution to economic growth and development in India since the early 1990s. While some studies focus on the growth of this sector others focus on the impact of the service sector for economic growth and development. For instance, Mukherjee (2013 and 2015) does a detailed profiling and analysis of the service sector in India and its potential as an employment generating sector. A somewhat similar focus can be found in Latha and Shanmugam (2014) where they present an overview of the service sector in India – its size, performance and employability. Eichengreen and Gupta (2011), Nayyar (2012), Hussinand Yik (2012), and Aggarwal (2012) among many others have analysed how service sector in India has influenced growth and development. However, none of these studies undertake any causality analysis or include all sectors in a panel regression framework where sectors are taken as the contributing factors behind output under a log-linear production function framework.

The paper is written in the following sections. After a brief introduction to the topic in section 1, section 2 presents a brief outline of the methods and tools used along with data sources. Section 3 presents the results and interpretations and section 4 concludes with passing remarks on further research.

Methodology and Data

Data and variables

The principal source of data for the present paper is the Reserve Bank of India: Handbook of Statistics on the Indian Economy. The period considered is 1980-81 till 2020-21. Both state level and all India time series data on GDP at constant prices (1993 base), value added from agriculture and allied activities (A), industry (I) and services (S) as well as shares of each in gross value added are compiled from the same source. Moreover, capital expenditure (CAPEX) and net exports (NX) are taken as control factors since these are expected to strongly influence PCGDP in the long-run. For the state level estimations, only CAPEXP is taken. But the degree of urbanization (URBAN, defined as percentage of urban population), and BPL (head count ratio to measure poverty) are introduced as controls since these are also NSDP influencing factors in the panel.

Econometric Models

This paper assumes a macroeconomic or aggregative production function paradigm where sectors are assumed to play the role of factors in an input-output framework. Thus real per capita GDP (PCGDP) is explained in terms of A, I and S. A line time trend (t) and lagged dependent variable $[(y(t-1))]$ are kept in all models to account for auto correlated disturbances and time trend in the data. A structural break dummy is also introduced to account for just one major break in the PCGDP in 2001 although multiple breaks are actually found using the Bai-Perron break test. All variables are logged except time and the break dummy. Both sectoral value added as well as shares are alternatively used as regressors. The paper also does a causality analysis based on the time series data on service sector size (in rupee terms) and the PCGDP for the period 1980-81 to 2020-21. Routinely the stationarity tests are conducted for PCGDP at constant prices and service sector contribution (S) in real rupee terms. A VAR model is estimated for stationary data and the Granger-Causality/block exogeneity tests are conducted as a post VAR option in EViews 10.

Empirical Results and Discussions

The Panel and Time Series Regressions

The regression results for the all-India time series on respective variables of interest are presented in table 1 where LOG(PCGDP) is the dependent variable. All models do not contain all variables for the obvious reason that several variables are strongly correlated. A LOG(PCGDP(t-1)) term and a linear time trend (t) are kept as regressors across models. The lagged dependent variable takes care of the auto correlated disturbances as the results of this paper reveal. Service sector size (or contribution) in terms of value added is found to be statistically significant across all the four regression models. Both the time trend and the break dummy are highly significant implying that log(PCGDP) is trended and has a structural break at least at 2001. Interestingly

agricultural contribution in GVA does not significantly influence PCGDP but industry does. While CAPEX is found to be statistically significant NX is not. In the presence of these other factors NX does not significantly explain PCGDP. The big takeaway from table 1 is that even after controlling for the sectoral contributions of agriculture and industry the service sector contribution is found to be statistically significant. The Durbin-Watson statistic values are all close to 2.0 implying that the residuals are not serially correlated.

Table 1: The All-India Time Series Regression of Log(PCGDP) on Sectoral Contributions, 1980-2020 [Dependent Variable: Log(PCGDP)]

Explanatory Variables	Model 1	Model 2	Model 3	Model 4
CONSTANT	0.808** (4.184)	1.264** (7.971)	1.175** (4.109)	-0.873 (-1.880)
LOG(PCGDP(-1))	0.824** (34.362)	0.873** (58.032)	0.825** (24.882)	0.872** (50.713)
LOG(A)			0.156 (1.282)	0.129 (1.125)
LOG(I)	0.006* (2.032)			
LOG(S)	0.041* (2.125)	0.039* (2.099)	0.041* (2.125)	0.049** (2.653)
LOG(CAPEX)		0.080** (2.889)	0.068** (2.998)	
LOG(NX)	0.001 (1.508)			0.002 (1.630)
Time	0.243** (3.039)	0.244** (3.059)	0.222** (3.049)	0.228** (3.317)
Break_2001	0.024* (2.053)	0.022* (2.103)	0.024* (2.100)	0.023* (2.003)
R-squared	0.96	0.96	0.96	0.96
Adjusted R-squared	0.96	0.96	0.96	0.96
F-statistic	108.21**	108.78**	108.65**	108.06**
Durbin-Watson	1.99	1.98	2.01	2.01

Source: Estimated by the authors on the basis of secondary data.

Notes: 1. Numbers in the parentheses are t ratios where White's corrected standard errors are used throughout.

2. ** means significant at 1% level and * means significant at 5% level. 3. No. of time point observations = 39.

Table 2 presents the panel data OLS regression estimates with fixed effects where Log(PCNSDP) is explained with the help of similar factors at the state level. The analysis is based on the period 1991-2020 as data on key variables like CAPEX, URBAN and BPL are difficult to obtain for pre-1991 years for almost all northeastern states. Clearly agriculture (A) is once again insignificant even at the state level which is consistent with the all-India time series results. But although I and S are not kept together in any model (in order to avoid strong collinearity on account of a positive association), coefficient of S is consistently positive across models 2 and 4. Although BPL has a negative coefficient it is statistically insignificant and is perfectly consistent with the all-India results. CAPEX is a significant factor that influences PCNSDP positively and significantly. The time trend is significant even in the panel. Overall the findings seem to suggest that service sector contribution positively influences GDP even if certain key macroeconomic factors are controlled for.

Table 2: The Log-Linear Panel Regression of LOG(PCNSDP) on State-level factors, 1991-2020 [Dependent variable: log(PCNSDP)]

Explanatory Variables	Model 1	Model 2	Model 3	Model 4
CONSTANT	-0.492 (-0.911)	-0.467 (-1.691)	0.816* (2.110)	-3.560** (-4.412)
LOG(PCNSDP(-1))	0.785** (34.931)	0.796** (23.556)	0.774** (21.010)	0.779** (21.745)
LOG(A)		-0.133 (-0.811)		-0.234 (-0.925)
LOG(I)	0.149** (2.540)		0.156* (2.059)	
LOG(S)		0.270** (2.932)		0.273** (3.005)
LOG(URBAN)	0.075* (2.011)		0.079 (1.834)	
LOG(BPL)	-0.079 (-1.801)	-0.087 (-1.770)	-0.083 (-1.724)	
LOG(CAPEX)		0.768* (1.997)		0.667* (1.902)
TIME	0.132** (4.919)	0.122** (4.820)		0.138** (5.099)
R-squared	0.91	0.91	0.91	0.91
Adjusted R-squared	0.91	0.91	0.91	0.91
F-statistic	25.62**	27.57**	41.57**	62.94**
Durbin-Watson	2.21	2.19	2.13	2.17

Source: Estimated by the authors on the basis of secondary data.

Notes: 1. Numbers in the parentheses are t ratios which use White's diagonally corrected standard errors throughout. ** means significant at 1% level and * means significant at 5% level. 2. Number of states and UTs = 33. 3. All estimates are fixed effects estimates.

Table 3 presents the structural breakpoint unit root test using the Zivot-Andrews methodology. Clearly the variables are stationary at first differences.

Table 3: Structural Break Points in Log(PCGDP) and Service Sector Contribution (S) for India and Breakpoint Unit Root Test Results (1980-2020)

Variables	Break dates	Zivot-Andrews Breakpoint	ADF Statistic	Critical values
D(LOG(PCGDP))	1994, 2001, 2012	2002	-5.715 (0.000)	-5.57 (1%) -5.08 (5%) -4.82 (10%)
D(LOG(S))	1996, 2002, 2012	2002	-5.481 (0.005)	-5.57 (1%) -5.08 (5%) -4.82 (10%)

Source: Computed by the authors on the basis of secondary data using EViews 10.

Notes: Both variables are in their first differences. Null hypothesis: D(LOG(PCGDP)) and D(LOG(S)) have unit roots with structural breaks in both intercept and trend. Chosen Lag length: 2 (Max. lags 5). Included observations are 39. Bai-Perron global vs. none break dates are in second column. ADF means Augmented Dickey – Fuller. All results are EViews 10 generated.

VAR and Granger causality in the presence of exogenous control factors

Table 4 presents the post-VAR Granger causality/block exogeneity test results showing econometric causality between S and PCGDP at the all-India level. Even here control factors such as CAPEX, NX, I and the 2001 structural break dummy (break_2001) are taken as exogenous in the VAR. In other words contribution from the manufacturing sector is also taken as an additional control variable which is treated as exogenous in the VAR. The VAR estimates are not presented, rather only the Granger causality test results are presented.

Table 4: VAR Granger Causality/Block Exogeneity Wald Tests for S - PCGDP causality in India during 1980-2020

Included observations: 39; sample size is 40			
Dependent variable: D(LOG(S))			
Excluded	Chi-square	df	Prob.
D(LOG(PCGDP))	23.797882	4	0.000
All	23.797882	4	0.000
Inference	Lagged D(LOG(PCGDP)) explain D(LOG(S)) LOG(PCGDP) Granger causes LOG(S)		
Dependent variable: D(LOG(PCGDP))			
Excluded	Chi-square	df	Prob.
D(LOG(S))	44.30754	4	0.000
All	44.30754	4	0.000
Inference	Lagged D(LOG(S)) explain D(LOG(PCGDP)) LOG(S) Granger causes LOG(PCGDP)		

Source: Estimated by the authors on the basis of secondary data. **Notes:** The first null hypothesis is that the lagged D(log(PCGDP)) do not explain D(log(S)). The second null hypothesis is that D(log(S)) do not explain D(log(PCGDP)). The exogenous factors CAPEX, NX and break_2001 are not dropped during the block exogeneity Wald tests.

Both the first and the second null hypotheses are rejected at 1% implying that there is bi-directional causality between S and PCGDP in logarithmic terms when CAPEX, NX and a structural break dummy variable for 2001 are introduced as exogenous factors. Service sector has been an engine of growth in the long run as because service sector contribution causes real PCGDP. But for India we get the additional reverse causality result that PCGDP also influences services. This is likely to be true if along the path of development as per capita incomes growth the service sector grows in order to cater to the additional needs of the rising demands and requirements of the population.

Summary and Conclusions

Using time series data from secondary sources we empirically estimate the impact of India's service sector on real per capita GDP since 1980. The panel regression estimates reveal that overall services influence real per capita GDP in India. Regression results based on all-India time series and the state level panel data analyses confirm that the service sector contributes positively and significantly to real per capita GDP. The robust econometric findings also reveal that the partial contribution of the service sector to per capita GDP is significant when the contributions of other sectors are controlled for. The robustness of this exercise comes from the fact that the influence of infrastructure and other state level structural factors are eliminated while explaining real per capita GDP. The vector auto-regression based Granger causality tests also reveal that services influence real GDP per capita in India. However, a reverse causality from per capita GDP to services is also found in the presence of control factors as exogenous variables. On the whole we can claim that India's service sector has significantly fostered PCGDP especially during the last four decades.

But why exactly has the service sector grown at a very brisk pace in India and why the service sector has the highest sectoral contribution in India's GDP are more fundamental questions that require rigorous theoretical and empirical research. In other words what determines the size of the service sector is rather a more fundamental question that needs to be addressed in future studies.

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Efficiency in Labour-Use with Respect to Financial Inclusion: A Case of Assam Gramin Vikash Bank

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Abstract

In India majority of the population reside in rural areas, thus, it is impossible to develop the country without considering the rural masses. Regional Rural Banks (RRBs) are playing crucial role as the inception of RRBs lies for the development of rural unbanked areas. One of such RRB operating in the state of Assam is Assam Gramin Vikash Bank (AGVB) with its 473 branches spreading across 33 districts in Assam. The motive of this bank is the rural development which is the real development. The labourers involve in this organisation are striving for the accomplishment of financial inclusion plan of India in the state of Assam. Considering this objective AGVB is serving the people of this state since 2006, which covers a mass population of Assam. In this context, the present study is an attempt to focus on the efficient management of labour of AGVB for the financial inclusion drive in India. The present study comprises all the branches of the bank that is bank as a whole. For the purpose of the present study, data has been gathered from the secondary sources. The outcome of the present study shows that AGVB is playing an important role for the development of this state by providing numerous services along with its traditional banking activities through financial inclusion drive like PMSBY (Pradhan Mantri Suraksha Bima Yojana), PMJDY (Pradhan Mantri Jan-Dhan Yojana), APY (Atal Pension Yojana), PMFBY (Pradhan Mantri Fasal Bima Yojana), Mudra loan, No-frill account, mobile banking, Stand-up India, SHG (Self Help Group) loan, digital banking facilities, etc. with the existing labour force which decreases over the study period, which implies efficient labour use in the bank. The descriptive statistics of the present theoretical paper reflects how the state is growing along with AGVB inspite of the challenges facing by the organization from different perspectives.

Keywords, Labour Use Efficiency, Financial Inclusion, North-East India.

Introduction

Financial inclusion implies availability of financial services at an affordable cost by all the sections of the society especially the poor and the down trodden. It helps in reduction of the gap between the haves and have not's. Indian Government has initiated numerous strategies for inclusive growth through financial inclusion by the financial intermediaries existing in the financial sector. Banking sector is the most important financial institutions which provide financial services to its customers against some charges at an affordable rate. RRBs (Regional Rural Banks) are one of the varieties of banking sector which established with the objective of rural development. One of such RRBs is Assam Gramin Vikash Bank (AGVB) operational in the state of Assam with its largest network of 473 branches spread across the 33 districts of Assam. The large network of branches covers a wide area of Assam which constitutes the majority population of the state which has a great impact for the development of the state by its financial services. In this context, the present paper attempts to focus on how the state is growing with AGVB by its varieties of services to its customers. The data for the present paper has been gathered from the secondary sources. Bank as a whole is the study area for the present study. The present study analyzes the role of AGVB towards the development of Assam by financial inclusion plan of Government of India by its efficient labour force management.

Statement of the Problem

RRBs are enacted by a special ordinance passed in the year 1976. Since then it is facing lots of challenges unlike other commercial banks for its growth and expansion. Like other RRBs in the country, AGVB is also facing various obstacles like low capital base, geographical disadvantages, obsolete technologies in use, etc. for survival in the cut-throat competitive era. However, they are the real means of financial inclusion as its service

area mainly located in the rural base where majority of the population are far away from the cream of financial services. Thus, it is important to study how the existing labour is efficiently use in AGVB towards financial inclusion and the development of Assam.

Review of Literature

Many studies viz. Dangi and Kumar (2013) and Iqbal and Sami (2017) discussed about the role of banking sector for financial inclusion in India. Paramasivan and Ganeshkumar (2013) in their study on overview of financial inclusion in India showed India's position compared to other countries regarding access to financial services and coverage of banking services. While studying the achievements and review of initiatives of financial inclusion in India by Garg and Agarwal (2014), they analyzed the approaches adopted by the financial institutions for achieving the inclusive growth of India by financial inclusion drive. They also examined the past years progress and achievements of the banks during the study period. Paul, B. (2016) in his paper analysed the rigorous steps taken by AGVB for promoting the standard of life of rural people through financial inclusion plan of the bank in the state of Assam. Different results followed in the study of Devi, M.(2016) where she analysed the financial inclusion in the Barbhag area of Nalbari district. Her study based in secondary sources of data depicted the fact that inspite of several initiatives by Government of India for financial inclusion plan since 2005 the scenario remain the same during her study period. Hazarika & Biswas (2020) in their research article revealed that the customers in their study area have access to bank accounts but are reluctant to use other digital banking services which hinder the financial inclusion plan in the Dibrugarh district of Assam. Ozili (2020) in her paper stated that though financial inclusion of people in financial sector is increasing but they are not using the services continuously. Even though people have bank accounts but these are becoming inactive after few years due to non transactions, likewise though they have access to credit card facilities but they are not taking credit as well. Maity & Sahu (2021) in their study revealed that Assam is lag behind in case of financial inclusion compared to other states of the country. Dutta (2022) assessed the financial inclusion in Assam especially in Golaghat district. He found that despite of having bank accounts customer's transaction with banks are limited. Further, ATM (Automated Teller Machine), Credit card and other digital services availed by customers are found to be very less in number.

Despite of several studies conducted at national and international level not a single remarkable attempt can be identified on the efficient labour use of AGVB towards financial inclusion of the state. Thus, there is a need to study on the role of labourer of AGVB towards the development of Assam by the flagship programme of Government of India.

Objective of the Study

To analyse the role of efficient management labour of AGVB towards development of Assam through financial inclusion plan.

Research Methodology and Data

The present paper analyzes the role of AGVB in financial inclusion in Assam by its efficient labour use. The data for the present paper are gathered from the secondary sources mainly from the annual reports and some published statements of the bank. The present study confined a period of two years comprises data for the financial year 2020 to 2021. The present paper is an analytical research based on the data collected.

Background of Assam Gramin Vikash Bank

Assam Gramin Vikash Bank is the outcome of four RRBs operational at different point of time in different parts in Assam. Govt. of India vides Notification No. F.1. (25)/2005 dated 12th January 2006 amalgamated the four Regional Rural Banks sponsored by the United Bank of India in the state of Assam to form Assam Gramin Vikash Bank (AGVB). The amalgamated RRBs which form the AGVB were: Pragjyotish Gaonlia Bank, Lakhimi Gaonlia Bank, Cachar Gramin Vikash Bank and Subansiri Gaonlia Bank. AGVB came into existence from 12th January 2006 covering the areas of operation of the merged RRBs with its Head Office at Guwahati. The Bank covers all the 33 districts of Assam with its largest network of 473 branches till date.

Table 1: Business Position of AGVB as on March 31, 2021

Particulars	Amount in crore (Rs.)
Total Deposit	11509.99
Total Advance	4403.60
Total Business	15913.59
Total CD Ratio	38.25
Gross NPA	1473.28
Interest Income	746.63
Non-Interest Income	230.34
Interest Expenditure	460.35
Salary Expenditure	312.84
Other Expenditure	988.09
Per Branch Business	33.71

Source: Annual Report of the Bank

Table 2 provides the details of various categories of staff involved in the bank along with their total number which reflects the total staff strength of the bank as on 31st March 2021.

Table 2: Status of Staff Strength of AGVB as on 31st March 2021

Sl. No.	Category	Staff Strength
1	Assistant Manager	628
2	Manager	190
3	Sr. Manager	41
4	Chief Manager	22
	Total Officer	881
5	Office Assistant	628
6	Office Attendant/Driver	142
	Total	1651

Source: Annual Report of the Bank

Table 3 reports the comparative position of staff strength of AGVB for the financial year 2020 and 2021. It can be seen that the number of labour has reduced in maximum cadre except the cadre of Chief Manager. Moreover, as a whole the number of labour used in the bank has reduced drastically in the year 2021 compared to 2020 which is 196 in total.

Table 3: Comparative Study of Staff Strength of AGVB

Sl. No.	Category	Staff Strength (31.03.20)	Staff Strength (31.03.21)	Increase/ Decrease
1	Assistant Manager	704	628	(-76)
2	Manager	201	190	(-11)
3	Sr. Manager	62	41	(-21)
4	Chief Manager	18	22	4
	Total Officer	985	881	(-104)
5	Office Assistant	689	628	(-61)
6	Office Attendant/Driver	173	142	(-31)
	Total	1847	1651	(-196)

Source: Annual Report of the Bank

RRBs and Financial Inclusion

As per RBI's definition, Financial Inclusion is "a process of ensuring access to appropriate financial products and services needed by all sections of the society in general and vulnerable groups such as weaker sections and low income groups in particular, at an affordable cost in a fair and transparent manner by regulated mainstream institutional players". Thus, the objective of Financial Inclusion (FI) is to spread the financial services to the large masses that are till date deprived from the financial services. Further, it strives to achieve inclusive growth by making financing available to the poor in particular at an affordable cost. Thus, considering the interest of the large section of the society, the Indian Government has undertaken various reform measures so that the underprivileged sections of the society can get the cream of financial services at low cost.

Because of the rural orientation of RRBs, it plays a pivotal role in the development of rural India and to spread financial inclusion. RRBs are setup to bring banking facilities to the door steps of rural households who are in need of easy and cheap credit. These are the institutions which strive to turn the dream of financial inclusion into reality.

Tools of Financial Inclusion

The Central Bank of India (RBI) has taken various measures to reach the benefits of financial inclusion to rural masses. Some of such important measures are:

- **No-frill Accounts:** RBI has announced "No-frill" or "zero balance" accounts in the year 2005 to provide basic banking facilities to the citizen of India under FI scheme. The basic features of these accounts are that, it can be opened and maintained with zero or very low balance.
- **Simplified Know Your Customer (KYC):** Under this scheme the requirement for opening bank account has been simplified for the benefit of the customer. The RBI has simplified the Know Your Customer rule where customer can open an account with a recent passport size photograph and putting signature or thumb impression. Though such accounts suffer from some limitations as the balance should not exceed Rs. 50,000/- and the total aggregate credit in one year less than Rs. 1 lakh, total withdrawal and transfers not over Rs. 10,000/- in a month.
- **Pradhan Mantri Jan Dhan Yojana (PMJDY):** It is a financial inclusion programme of Government of India that aims to expand and make affordable access to financial services such as bank account, remittances, credit, insurance and pensions. It was launched on 15th August 2014. Under this scheme 1.5 Crore bank accounts were opened on inauguration day, which was recognized by Guinness Book of World Records.
- **Atal Pension Yojana (APY):** APY is a Government backed pension scheme in India targeted at the unorganized sector. It was introduced by Prime Minister in the year 2015. In APY for every contribution made to the pension fund, the Central Government would also co-contribute 50 percent of the total contribution or Rs. 1000 per annum, whichever is lower, to each eligible subscriber account, for a period of 5 years.
- **Stand up India:** Stand up India was launched by Prime Minister Narendra Modi on 5th April 2016 to promote entrepreneurship among women and SC (Schedule Caste) & ST (Schedule Tribe) communities. The scheme offers bank loans of between Rs 10 lakh to Rs 1 Crore for SC and ST communities and women for setting up of new enterprises.
- **Mudra Loan:** The Indian Government has come up with new loan scheme known as Pradhan Mantri Mudra Yojana. It has three categories viz. Shishu, Kishor and Tarun. The Shishu loan is issued to applicant with fewer requirements of funds that is up to Rs 50,000. The Kishor Loan is between Rs. 50,000 to Rs. 5 lakh and the Tarun loan is above Rs 5 lakh and up to Rs 10 lakh.
- **Pradhan Mantri Suraksha Bima Yojana (PMSBY):** It is a Government backed accidental insurance scheme in India. It was launched by Prime Minister Narendra Modi on 9th May 2015. It is available to people between age group of 18 to 70 years with bank account at annual premium of Rs.20. In case of accidental death or full disability, the payment to the nominee will be Rs 2 lakh and in case of partial disability Rs 1 lakh.

- Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY): It is a Government backed Life Insurance scheme in India. It is available to people between 18 to 50 years of age with bank accounts. It has annual premium of Rs. 436. In case of death due to any cause the payment to the nominee will be Rs. 2 lakh.
- Mobile Banking: A mobile wallet is a way to carry cash in digital format. Customers do not need a debit card, credit card or internet banking password for making payment using a mobile wallet. One requires loading money in wallet via IMPS and using it on the move.
- National Rural Livelihood Mission (NRLM): It is a poverty alleviation programme of Government of India. The aim of this scheme is to promote self-employment through organization of SHG (Self Help Group). Banks provide loans to these SHG at a concessional rate with government subsidy.

Analytical Discussion on Progress of Financial Inclusion Plan of AGVB as on March 31, 2021

Table 4 prepare below depicts the number of accounts opened during the financial year 2020-2021 by the bank. It can be seen that out of total numbers of accounts (1,28,02,429), number of saving accounts is 1,22,35,894 of which 42,852 consists of Basic Saving Bank account (BSB) is the maximum which boost up the financial inclusion in Assam.

Table 4: Number of Accounts Opened during the Financial Year 2020-21

Total no. of accounts opened during the year	Saving A/c	Current A/c	Term Deposit
1,28,02,429	1,22,35,894	1,67,734	3,98,801

Source: Bank's Annual Report

Table 5 depicts the total amount of deposit mobilized and advance disbursed in the financial year 2019-20 and 2020-21. Further, the table reveals the growth rate of deposit and advance over the previous year. This way the bank is helping the citizen of this state to channelize their savings and provide loans to those who are in need of it.

Table 5: Growth Rate and Business Position of AGVB (Rs. in Thousands)

	2019-20	2020-21	Growth Rate Over Previous Year
Total Deposit	111183493	115099938	3.52
Total Advance	11595291	12057264	3.98
Total Business	122778784	127157202	3.57

Source: Bank's Annual Report

As a tool of financial inclusion, APY, PMSBY and PMJJBY plays very important role to implement the dream of inclusive growth. By these schemes citizens of the country insure themselves from uncertainties of life. Table 6 reveals the number of customers who enrolled themselves under these schemes for the financial year 2020-21. Total of 44814 number of customers enrolled themselves for pension scheme under APY. Total of 109374 numbers of customers enrolled themselves under accidental insurance scheme and 77637 numbers of customer insured their life under Life Insurance Corporation. After independence probably this is the wide coverage of health insurance in India.

Table 6: APY, PMSBY and PMJJBY Accounts

Name of the Schemes	Number of Accounts
APY	44814
PMSBY	109374
PMJJBY	77637

Source: Annual Report of the Bank

Table 7 shows the financial inclusion drive especially after the COVID 19 pandemic for the development of the standard of life of the people of Assam.

Table 7: Financial Inclusion Drive during the Financial Year 2020-21

Schemes	Number of Beneficiaries	Amount (Rs. in thousands)
KCC	20,908	11,16,140
PMAY	18	14,152
PMSVANIDHI	625	6,250
SVAYEM	1365	1,29,049
APON GHAR	1611	23,64,076

Source: Annual Report of the Bank

Notes: PMAY stands for Pradhan Mantri Awas Yojana, PMSVANIDHI stands for Pradhan Mantri Street Vendor's Atmanirbhar Nidhi, SVAYEM stands for Swami Vivekananda Assam Youth Empowerment Yojana.

Priority sector lending is the target set by the Indian Government for the public sector banks for the social development of the country. Like other public sector banks, RRBs are also given target for priority sector lending especially because the branches of such banks are mainly located in the rural areas. The table 8 prepare below depicts the sector wise priority and non-priority sector lending of AGVB for the financial year 2020-21. It can be seen that out of all the categories, loan sanctioned to agricultural sector is the highest.

Table 8: Priority and Non-priority Sector Lending during the Financial Year 2020-21

Sector Name	Amount (Rs. in thousand)
Agriculture Loan	2,30,09,773
MSME Loan	1,03,98,784
Services and others	4,60,090
Housing Loan	39,25,713
Non-priority Sector Loans	62,41,659

Source: Annual Report of the Bank

Non-priority sector lending comprises Mudra loan, advances under Stand -Up India, loans to the women for their financial strength, advances under weaker section and SC/ST categories and others. All these are for strengthening the financial condition of individuals as well as to boost up the entrepreneur for self employment. Table 9 prepares below shows the segregation in non-priority sector lending of AGVB for the financial year 2020-21.

Table 9: Non-Priority Sector Lending for the Financial Year 2020-21

Sector Name	Amount (Rs. In thousands)
Advance to Women	1,385,322
Advance under Weaker Section, SC/ST	80,08,414
Minority Community	9,87,358

Source: Annual Report of the Bank

SHG is a rural based financial intermediary committee usually composed of not less than 10 members (Men/Women). Such group provides mutual support for the development of each other with the help of bank loans. The SHGs promotes small savings among its members. The total number of SHG (Deposit linkage and Credit linkage) supported by AGVB in Assam is 11790 with credit assistance to Rs. 4945647 in the financial year 2020-21 to the poor people of the state. The bank provides advances to this group for their self development as well as through their small savings. This way the bank is helping these needy people by its financial services at an affordable cost.

Table 10 exhibits the financial inclusion plan of AGVB as on 31st March 2021. It can be seen that the bank has covered 1273 numbers of SSA till date covering 10166 numbers of villages and 87 numbers of urban areas.

Through the CSP centers bank serves the rural masses by cash withdrawal, deposits, account opening, eKYC (Know Your Customer) based account opening, balance enquiry, etc. For bringing the awareness among people of this state the bank has conducted 2184 numbers of financial literacy camps during the year 2020-21. With the introduction of various digital services the bank is attracting new generation customers towards it. The Automated Teller Machine (ATM) services along with Point of Sale (PoS) and e-commerce transactions are increasing gradually showing the more involvement of customers towards digitization. Further, with the help of National Bank for Agriculture and Rural Development (NABARD) the bank has introduced the ATM Van services in four regions of the bank.

Table 10: Financial Inclusion Project as on 31.03.2021

SL. No.	Projects Name	Numbers
1.	Sub-service Area (SSA)	1,273
2.	Customer Service Point (CSP)	1,123
3.	Financial Literacy Camp	2,184
4.	ATM/PoS/E-Com transaction	33,95,717
5.	Mobile Banking transactions	32,44,572
6.	Mobile Van Service	4

Source: Annual Report of the Bank

Table 11 succinctly presents the comparative position of financial inclusion project of AGVB during the financial year 2019-2020 and 2020-21. In every scheme of financial inclusion a growth can be noticed in the year 2021 compared to the year 2020. From the table number 3, it is found that in maximum cadre of the bank, the staff strength has decreased in the financial year 2021 compared to the financial year 2020. In spite of decrease in the number of staff the achievement in financial inclusion has increased drastically which become possible only because of efficient management in its labour. Efficiency in labour use results in higher achievement of financial inclusion plan of India in the state of Assam, as no noticeable technological upgradation can be identified in the bank for the period under study.

Table 11: Comparative Position of Financial Inclusion

SL. No.	Tools of Financial Inclusion	31.03.2020	31.03.2021	Increase/Decrease
1.	Saving Bank Account	1,14,83,578	1,22,35,894	7,52,316
2.	APY	20,465	44,814	24,349
3.	PMSBY	47,613	1,09,374	61,761
4.	PMJJBY	27,368	77,637	50,269
5.	PMAY	8	18	10
6.	Financial Literacy Camp	1,567	2,184	617
7.	SHG (Credit Linkage)	14,265	26,761	12,496
8.	ATM/PoS/E-Com transaction	29,17,628	33,95,717	4,78,089
9.	Mobile Banking Transactions	21,24,184	32,44,572	11,20,388

Source: Annual Report of the Bank

Findings and Recommendations

The present study analyze the efficient labour use of AGVB towards development of Assam reveals that the bank has contributed a lot towards development of this state through the various tools of financial inclusion. It is seen that inspite of decrease in staff strength of the bank for the study period irrespective of cadre and absence of any noticeable technological upgradation in the system, the financial inclusion drive has shown impetus growth, which become possible because of efficient management in its labour use. The bank striving for

continuous growth of this area by providing necessary banking services to its customers at an affordable cost. However, for successful implementation of the financial inclusion projects of the Indian Government, management of the bank has to diversify their banking practices to a large extent.

Limitations of the Study

The present study confined to one of the RRB out of so many RRBs operating in the different state of the country. Moreover, the study period confined for two years only. Thus, the present study suffers from some limitations as mentioned.

Conclusion

Bank plays a crucial role in the economic development and prosperity of any country. Being a systemic institution its performance largely determines the overall performance of the economy. It was thus realized that if banks were to perform well some kind of policy changes and reforms were indispensable. The result of one of such government policy is the RRBs, which were enacted under a special act of parliament. One of such RRB is AGVB operating in the state of Assam with its largest network of branches. The present study is an attempt to have a look, how the bank is contributing towards development of Assam through the financial inclusion plan by the efficient labour use. The analytical discussion of the present study reveals that the bank is playing a pivotal role for strengthen the financial conditions of the citizen of this state. However, there remains further scope of research in this direction as financial inclusion drive is a slogan of Government of India for financial awareness of the citizen of the country as a whole.

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Assessing Service Quality of Hospitals using SERVQUAL Model

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Abstract

Service quality in hospitals plays an important role as it directly impacts patient satisfaction, outcomes, and overall healthcare system efficiency. High service quality ensures that patients feel valued and respected, leading to increased satisfaction and trust in the healthcare system. Service quality influences a hospital's reputation and competitiveness in the healthcare industry. Satisfied patients are more likely to recommend the hospital to others, leading to increased patient referrals and potential growth in patient numbers. Assessing service quality is crucial to ensure that healthcare facilities meet the needs and expectations of patients. Thus, the present study attempts to assess the dimensions and components of service quality of hospitals operating in Silchar Town of Assam. A total of 135 respondents have been surveyed using five-point Likert scale questionnaire. The findings reveal that tangibility dimension is the highest perceived dimension while assurance and empathy are the lowest rated dimension.

Keywords: Reliability, Responsiveness, Assurance, Tangibility, Empathy.

Introduction

Service Quality refers to the overall level of excellence and satisfaction experienced by customers when they interact with a company's products, services, or processes. It's a measure of how well a company meets or exceeds customer expectations in terms of the performance, reliability, responsiveness, and other attributes associated with the services they provide. Service quality of hospitals plays a crucial role in determining patient satisfaction, which ultimately impacts the overall healthcare experience of the residents. A well-functioning healthcare system requires not only skilled medical professionals and state-of-the-art facilities but also a patient-centric approach that addresses the unique needs and concerns of each individual seeking care. Quality service in hospitals also contributes to enhanced patient safety, reduced medical errors, and improved health outcomes. A well-organized and efficient hospital system results in shorter waiting times, streamlined processes, and better resource management. Furthermore, service quality influences a hospital's reputation and competitiveness in the healthcare industry. Satisfied patients are more likely to recommend the hospital to others, leading to increased patient referrals and potential growth in patient numbers. Moreover, service quality in hospitals is crucial for patient satisfaction, safety, and overall success of the healthcare facility. It creates a positive environment for healing and fosters trust between patients and healthcare providers, ultimately leading to better health outcomes for the community served (Jha,2011). Emphasizing service quality fosters a culture of continuous improvement and accountability among healthcare providers, leading to better overall performance and patient-centered care. Thus, the present study focuses on assessing the perception of patients about the dimensions of service quality of hospitals located in Silchar Town of Assam. This study will enable the hospitals to optimize resource allocation and streamline processes, ultimately leading to better patient outcomes. Additionally, understanding service quality is essential for benchmarking purposes. By comparing the performance of hospitals with regional or national standards, healthcare providers can gain insights into their relative strengths and weaknesses. Furthermore, this study could aid policymakers and healthcare administrators in making informed decisions to enhance the overall healthcare infrastructure in the region. Ultimately, the study on service quality in hospitals in Silchar town aims to improve the healthcare experience for patients, enhance healthcare delivery, and contribute to the overall well-being of the community (Srinivasan,2010). Various measuring instruments were

developed to measure the service quality. SERVQUAL model is one the most popular measurement instrument consisting of five major dimensions of service quality (Zeithamal, et al., 2013).

Review of Literature

Fatima, Malik and Shabbir (2018) conducted a study in Pakistan with the goal to describe how patients feel about using private healthcare services. Physical environment, customer – friendly environment, responsiveness communication and privacy & safety were the dimensions of service quality. The results revealed that communication and customer- friendly environments had the highest correlation, while responsiveness and the physical environment had the lowest correlation. Essiam (2013) conducted a study with the goal to assess the level of patient satisfaction and the quality of healthcare provided at a public university hospital in Ghana. Using SERVQUAL it was revealed that there were gaps in the dimensions of service quality, with assurance having the smallest gap and responsiveness, reliability and tangibility having the largest. Amin and Nasharuddin (2013) conducted a study to look at the impact of hospital service quality on patient satisfaction and behaviour in Malaysia. Admission, Medical service, Overall service, Discharge and Social responsibility were the five factors of service quality which were used for the study. It was found that the five dimensions were essential building blocks for the growth of hospital services. Additionally, it was found that hospital service quality had a major impact on patient satisfaction, higher levels of service quality result in higher level of customer satisfaction. Al-Damen (2017) conducted a study at a major government hospital in Jordan in order to assess the effect of perceived healthcare service quality on patient satisfaction. Using SERVQUAL's five dimensions, a substantial relationship between patient happiness and healthcare service quality was found. Compared to other factors, the reliability component had a greater impact followed by empathy. Zaim (2010) conducted a study to assess key Performance indicator for measuring service quality and comprehend the link between patient satisfaction and service quality in Turkey hospitals. Using SERVQUAL, it found that the most critical element for determining service quality were tangibility, reliability, and empathy. Padma, Rajendran and Lokachari (2010) conducted a study in Chennai to identify measures for assessing service quality, one from the perspective of patients and attendants. Infrastructure, Personnel quality, Process of clinical care, Administrative procedure, Safety Indicators, Hospital Image, Social Responsibility and trustworthiness were the eight dimensions of service quality used in the study. It was found that while infrastructure and administrative process had an impact on attendant satisfaction, clinical care, hospital image and trustworthiness had an impact on patients' satisfaction. Wath and Agarwal (2017) conducted a study to assess the expected and perceived quality of healthcare services provided by private hospitals in the North Maharashtra districts of Jalgaon and Dhule. Using SERVQUAL's five dimensions, it was found that private hospitals were more reliable in terms of service quality. The study also revealed that while anticipating and evaluating patients give varying weight importance to all dimensions. Sohail (2003) conducted a study with the goal to analyse and evaluate the level of service quality offered by private hospitals in Malaysia. Using SERVQUAL's five dimension of service quality, it was found that service quality of the private hospitals was high.

Objectives of the Study

- To analyse the perception of patients about the select dimensions of service quality of hospitals located in Silchar Town of Assam.
- To assess the perception of patients about the components of service quality dimensions of hospitals under consideration.

Research Methodology

The nature of the study is descriptive. To conduct the study, an extensive literature review has been done to identify various components of service quality applicable to hospital. After the identification of components of service quality, all the components have been grouped into five (05) dimensions of service quality. The dimensions are Reliability, Responsiveness, Assurance, Tangibility and Empathy which are adopted from SERVQUAL model (Zeithamal, et al, 1996). A structured questionnaire based on five point Likert scale, has

been used in the study to collect responses from the patients of Silchar town who had undergone treatment in private hospitals operating in Silchar town of Assam regarding the service quality dimensions. Only those patients were surveyed who had been admitted in the hospitals during the past few years. A total of 135 respondents were surveyed following convenience sampling technique.

Scope of the Study

- The study solicits opinion from only those patients who were admitted in the private hospitals of Silchar town.
- The area of the study has been constricted to Silchar town of Cachar district of Assam.

Limitations of the Study

- Since the study is based on the perception of respondents and hence elements of biasness cannot be eliminated.
- As convenient sampling technique has been used thus possibility of sampling error cannot be ignored.

Result and Discussion

Table 1 reveals the perception of respondents regarding the select dimensions of service quality of select hospitals located in Silchar town of Assam. The mean scores have been computed for all the dimensions based on the responses of 135 numbers of respondents.

Table 1: Perception of Respondents regarding the Dimensions of Service Quality

Dimensions	Mean
Reliability	3.66
Responsiveness	3.61
Assurance	3.57
Tangibility	3.71
Empathy	3.57

Source: Field Survey

Out of the five dimensions, Tangibility is the highest with mean score 3.71 followed by Reliability with mean 3.66 and Responsiveness with mean of 3.61. The mean value of Assurance and Empathy has been the lowest and equal i.e., 3.57.

Table 2: Perception of Respondents regarding the components under Reliability Dimension of Service Quality

Components	Mean
The medical staffs (doctors and nurses) are trustable	3.72
The hospital maintains error free records of patients' information	3.67
There is good coordination among various departments.	3.58
Total	3.66

Source: Field Survey

Table 2 reveals the perception of respondents regarding the select components of reliability dimension of service quality of select hospitals located in Silchar town of Assam. The mean scores have been computed for each of the three components based on the responses of the respondents over the components on a five point likert scale. Out of three components of reliability dimension of service quality, the mean score for the responses over the component, namely, "The medical staffs (doctors and nurses) are trustable" is the highest i.e., 3.72 which is

followed by “The hospital maintains error free records of patients’ information” with a mean score of 3.67 and “There is good coordination among various departments” with a mean score of 3.58.

Table 3: Perception of Respondents regarding the components under Responsiveness Dimension of Service Quality

Components	Mean
The medical staffs respond to patients needs promptly	3.59
There is continuous monitoring of patients by the nurses	3.65
The medical staffs are always willing to help patients	3.58
Total	3.61

Source: Field Survey

Table 3 reveals the perception of respondents regarding the select components of responsiveness dimension of service quality of select hospitals located in Silchar town of Assam. The mean scores have been computed for each of the three components of responsiveness dimension of service quality based on the responses of respondents over the components on a five point likert scale. Out of three components of responsiveness dimension of service quality, the mean score of the first component “The medical staffs respond to patients needs promptly” is 3.59 which is followed by “There is continuous monitoring of patients by the nurses” with a mean score of 3.65 and which is then followed by “The medical staffs are always willing to help patients” with a mean score of 3.58.

Table 4: Perception of Respondents regarding the components under Assurance Dimension of Service Quality

Components	Mean
The medical staffs can handle patients’ problems well	3.63
The medical staffs have enough knowledge to answer to the patients’ queries	3.63
The hospital provide service in promised time	3.45
Total	3.57

Source: Field Survey

Table 4 reveals the perception of respondents regarding the select components of assurance dimension of service quality of select hospitals located in Silchar town of Assam. The mean scores have been computed for each of the three components of assurance dimension of service quality based on the responses of respondents over the components on a five point likert scale. Out of three components of assurance dimension of service quality, the mean score for the responses over the components namely “The medical staffs can handle patients’ problems well” and “The medical staffs have enough knowledge to answer to the patients’ queries” were equal i.e., 3.63 which is followed by the component “The hospital provide service in promised time” with a mean score of 3.45.

Table 5: Perception of Respondents regarding the components under Tangibility Dimension of Service Quality

Components	Mean
The hospital has a healthy environment for the patients	3.80
The hospital is equipped with modern equipments	3.67
The rooms and beds are clean and comfortable	3.68
Total	3.71

Source: Field Survey

Table 5 reveals the perception of respondents regarding the select components of tangibility dimension of service quality of select hospitals located in Silchar town of Assam. The mean scores have been computed for each of the three components of tangibility dimension of service quality based on the responses of respondents over the components on a five point likert scale. Out of three components of tangibility dimension of service quality, the mean score for the responses over the component “The hospital has a healthy environment for the patients” is the highest i.e., 3.80 which is followed by “The rooms and beds are clean and comfortable” with a

mean score of 3.68 and “The hospital is equipped with modern equipments” with a corresponding mean score of 3.67.

Table 6: Perception of Respondents regarding the components under Empathy Dimension of Service Quality

Components	Mean
The medical staffs give adequate attention to each patient	3.54
The medical staffs understand specific needs of the patients	3.64
The medical staffs show sympathetic and reassuring behavior	3.53
Total	3.57

Source: Field Survey

Table 6 reveals the perception of respondents regarding the select components of empathy dimension of service quality of select hospitals located in Silchar town of Assam. The mean scores have been computed for each of the three components of empathy dimension of service quality based on the responses of respondents over the components on a five-point likert scale. Out of three components of empathy dimension of service quality, the mean score for the responses over the second component “The medical staffs understand specific needs of the patients” is the highest i.e., 3.64 which is followed by the first component “The medical staffs give adequate attention to each patient” with a mean score of 3.54 and third component “The medical staffs show sympathetic and reassuring behavior” with a corresponding mean score of 3.53.

Conclusion

Service quality in hospitals is of paramount importance as it directly impacts patient satisfaction, outcomes, and overall healthcare system efficiency. A well-functioning healthcare system requires skilled medical professionals and best facilities. The study reveals several noteworthy insights into the perception of service quality in hospitals in Silchar, Assam. Overall, the hospitals demonstrate commendable performance across various dimensions of service quality, indicating a strong commitment to patient care. The findings indicate that across various dimensions of service quality, the hospitals in Silchar, Assam generally perform well. Specifically, in the Tangibility dimension, "The hospital has a healthy environment for the patients" received the highest mean score. In the Reliability dimension, "The medical staffs (doctors and nurses) are trustable" had the highest mean score. In Assurance, "The medical staffs have enough knowledge to answer to the patients' queries" and "The medical staffs can handle patients' problems well" both received high mean scores. In Empathy, "The medical staffs understand specific needs of the patients" scored the highest. For Responsiveness, "There is continuous monitoring of patients by the nurses" received the highest mean score. In Overall, patients perceive the hospitals as providing quality services across various dimensions. The hospitals in Silchar town have strived to achieve this balance, recognizing that patient satisfaction is more than just the absence of complaints; it encompasses factors such as timely and accurate diagnosis, effective treatment plans, compassion, and empathy from healthcare providers, and accessibility to healthcare services. By consistently striving to improve service quality and patient satisfaction, hospitals in Silchar town can enhance the overall health and well-being of the community they serve.

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Japan's Informal Relation with North Korea: Engaging Diasporic Mediation

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Abstract

Japan and North Korea share a cold, informal relation. From 1910 to 1945, Japan was the colonial master to the Korean peninsula, subjugating the assimilation of Korean men and women in the system. This allowed a nonchalant mix of culture and individuals giving rise to strong entities like Chongryon (Korean community in Japan sympathizing with North Korea). Skirmishes continued between the two on historical baggage. Meanwhile, North Korea actively enriched their nuclear warheads leading to proliferation and testing of missiles over the Japanese sea. Since 2006, despite some informal channel of communication, a formal relation is yet to take shape between the neighbors. There is no doubt that Japan is an economic power and imposes economic sanctions on North Korea from time to time, but has it been successful? Alongside the recent ICBM test conducted by North Korea, the paper tries to analyze a possible way ahead in the relations. The paper would aim to suggest a 'bilateral dialogue' between the two nations on common historical linkages that can be a deal breaker, even if it is informal. The paper would conclude with an argument that an urgent requirement to bury the past is the need of the hour.

Keywords: Chongryon, diaspora, Japan-North Korea relation, catalyst, active engagement.

A Brief Past

Physical proximity in the context of international relations usually delves into geopolitical linkages and international conflict. Japan and North Korea in this particular study are the illustrations. The Sea of Japan region is the adjoining area of only open expanse that is used in North Korea's favour. One of the nuclear testing facilities called *Punggye-ri*, tests nuclear missiles that is most likely to pass over the open expanse and hover over the Hokkaido region of Japan. On the southern part of North Korea lies their immediate neighbour- South Korea. Even a minor provocation on the 38th parallel could escalate into a full-fledged war. To the west lies China, North Korea's lifeline in very many ways. Therefore, it leaves North Korea with an option to use the Sea of Japan for not so peaceful purposes, which ultimately works in North Korea's stature of brinkmanship. 1910-1945 marked imperial Japan's rule over Korea as a 'protectorate'¹. From 1945 till the dissolution of the Soviet Union in 1991, both the countries were positioned opposite each other. As a result, official linkages on political standings or ideological commonness were missing². Historically, the Meiji era (1868-1912) spearheaded the tenets of international politics by penetrating the political and economic confluences with the East Asian neighbors, Korea in this case. That set sail the integration of Korean subjects in Japan's domestic environment. As an Asian imperialist, Japan was not accepted within the ambit of the western imperialism. What followed next was Japan's strong quest for hegemony which colonized Taiwan (1894-95) Russia (1905-06), Korea (1910) China (1937), French Indochina and Vietnam (1940). Unsettled issues and an informal channel of communication therefore lingers on for Japan's relations with neighbors like North Korea.

North Korea was formally established in 1948, recognised primarily by the socialist allies as the legitimate Korea. With the constant flow of aid and support, North Korea feared the compromise of sovereign legitimacy. So, by the 1960s Kim Il Sung realised the importance of control over domestic affairs which prompted him to ideate and put to practice the notion of becoming a self-reliant nation. In an attempt to develop relations with Japan, *Chongryon* (General Association of Korean residents in Japan) was established in 1955. As an entity present within Japan's physical space, North Korea used it as a platform to disseminate funding, build an

¹ Korea was ruled and protected by Japan. Other colonial subjects under Japan were not converted to a protectorate. This also allowed for a mix of culture and customs.

² Since North Korea, China and Soviet Union were associated with the socialist, communist bloc whereas United States, South Korea and Japan were Capitalist allies.

informal channel of communication and further penetrate the idea of a self-reliant Juche policy; building the international image. Moreover, North Korea's ability during the time to conduct cultural and military diplomacy mainly with the Third World countries pushed for a global impetus. As North Korea garnered international recognition, Kim Il Sung aspired to be emulated as a leader of the Non-aligned nations. An unparalleled boost of confidence drove the leadership in conducting abductions of foreign citizens to use their skills for domestic interests; a conduct bizarre for the world but normal for North Korea. Along with citizens of other countries, Japanese nationalities were abducted in greater number³.

Post the Cold War Era until today, the two countries could not achieve normal relations. One of the two major reasons being the issue of abduction that switched into a matter of national concern for the Japanese. Another being, the concern of North Korea's use of intercontinental ballistic missiles over the Sea of Japan; violating international norms while threatening Japan's harmonious living. Therefore, the two countries have been riddled with controversies and an association of unsettled disputes. Japan's formal recognition of South Korea in 1965, as the sole legitimate government irked North Korea. However, informal channel of communication, mainly through *Chongryon* kept some hopes alive. South Korea attempted to understand the North but was bound to experience North Korea's regional wrath due to historical underpinnings. On the other hand, Japanese leadership was inspired by Roh Tae Woo's Nordpolitik⁴ of 1988 to bring discussion and dialogue to the table. Under this, an attempt by Nakasone Yasuhiro's visit to North Korea in 1990 was an effort to normalise relations with North Korea (Taizo, 2018).

In present times, a 'prolonged casual approach'⁵ adopted by North Korean administration and the constant urge for a retaliatory reaction to the nuclear issue by Japan has left the neighbors at a crossroad. North Korea, in the twenty-first century has been practicing a provocative approach against international sanctions. This provocative approach threatens Japan's territorial sovereignty. It has been all the more concerning since Japan remains under United States security ambit that disallows the projection of Japan's offensive power⁶. Due to the colonial legacy, Koreans living in Japan have been referred to as *Zainichi* Koreans in common (Hawon, 2019). Within them, supporters of North Korea are the *Chongryon* (General Association of Korean Residents in Japan) and supporters of South are called as *Mindan* (The Korean Residents Union in Japan). Comprising of the second largest ethnic minority in Japan, the Korean community is capable of playing the role of an important domestic actor. Therefore, if harnessed, *Chongryon* could play a role in restarting a cordial channel of communication.

Currently, Japan stands out as an economic giant. The investment of mega infrastructural projects in several countries stand testimony to the fact that Japan is projected as a global powerhouse. On the other hand, North Korea is a closed economy that is primarily only reliant on China for sustenance. It is worth noting that even if Japan has a lot to offer North Korea, North Korea has very little to reciprocate. In today's context, an empirical approach derived from experiences and history should serve as a pre-requisite to solving international relations.

North Korea's Conduct of 'Overbalancing'

The concept of Overbalancing⁷ in realism's power balance theory aptly applies to North Korea; it is generally understood a position when a state incorrectly perceives another state as a threat and as a result of which uses resources more than required to balance. To maximize potentialities, North Korea evolved the policy of Juche

³ Citizens from Europe and others from Japan were also abducted by North Korea.

⁴ Policy of South Korean president during 1988 to reach out to the traditional allies of North Korea to bring about peace and harmony in the Korean peninsula

⁵ For North Korea, territorial sovereignty has been the primary objective. They consider Japan's close security relations with the United States as a major hurdle in neighbourly association. Hence, it seems as if all other issues are taken with a pinch of salt, in this case the clarification of abduction issue, conduct of missile launches over the Sea of Japan and paying little to no heed to the economic sanctions imposed by Japan.

⁶ Japan had settled for a global economic and civilian power, but Kishida recently announced Japan's new security strategy with the biggest defence program.

⁷ Since the international order is anarchic according to Kenneth Waltz, a need for self-sustenance and survival ensues.

from *Chaju*, *Charip*, *Chawi* i.e., foreign independence, economic independence and military independence respectively to *Byungin* i.e., parallel development of nuclear weapons and economy. There seems to be a link to Japan and Juche as Ming- Tak Leung argues that it is impossible to analyse the origins of Juche without the role of imperial Japan at play. He states “The Juche ideology built on tendencies first exhibited in the 1942 Overcoming Modernity Conference in Japan, and in the 1970s some Japanese leftists viewed Juche as a humanist Marxism (Leung, 2020). An approach measured from the ideals of Marxist-Leninism that thrusts upon independence. As a result of which, North Korea comes across as a neighbour that is sly, smart and impatient in nature. With the adoption of a prolonged strategy of negotiations, North Korea does not yield unless the demands are met or unless the possibility of a lucrative deal having an upper hand in the state of affairs is put forth. Even though the Japanese leadership have tried to normalize relations over the years, North Korea remains adamant while playing on calculated movements.

With time, North Korea seems to only grow impatient. They are focussed on the propagation of nuclear weapons while testing them one by one. In their defence, it is to prevent ‘any’ kind of threat. The international community demands the total denuclearisation of North Korea and to achieve the same, a policy of persuasion along with coercive bargaining can be adopted. In any case, there is little doubt that to maintain the robustness of survival, North Korea is pursuing whatever it nearly can.

Zainichi Koreans: A Special Diaspora

Many Koreans were bought in as labour during the colonial phase. The numbers reported were- 1920- 40,000, 1930- 4, 20,000, 1940—12, 40,000 (Yoshio, 1996). Koreans reportedly didn’t go back to the respective sides of Korea since: Korea was a war shattered country, divided, they wouldn’t have possessed basic amenities. Although they faced racism in Japan, it was bearable. Moreover, South Korea did not offer repatriation nor any monetary support during the time. Rather Kim Il Sung promised of repatriation that garnered support for him among the general Korean masses. Fiona Adamson, while studying diaspora and migration referred to the group of *Chongryon* as political agents and not mere actors or agents of diasporic consequence (Adamson, 2012). Literature refers to them as effects than causes, but her study considered them as entities capable of causing structural change. This is where the study spearheads them as a probable catalyst. As stated, Koreans in Japan are commonly referred to as *Zainichi*. Out of over 600000 *Zainichi* Koreans in Japan, around 25 percent are *Chongryon* and the rest considered to be *Mindan* (Mcbride, 2008). With the diplomatic development of relations of Japan and South Korea in 1965, the *Mindan* group benefitted of South Korean citizenship. Japan’s ratification of International Covenants for Human Rights (ICHR) and UN Refugee Convention in 1981 allowed for special permanent residency to the stateless *Zainichi* Koreans.

On the division of the Korean peninsula along the 38th parallel post Korean War, several *Zainichi* Koreans supported the North Korean regime. There have been two possible reasons. One, during the 1950s onwards North Korean economy and industrial power was taking a better shape than their Southern counterpart. Two, Kim Il Sung had promised to repatriate the Koreans living in Japan. However, a provision of special permanent residency let the Koreans no longer “dream to return” to the Korean peninsula (Lie, 2008). Despite considering themselves as ethnically Korean, they have come a long way in playing a prominent role of a diasporic community’s contribution to the civil society of Japan. Physical proximity from the parent state i.e., North Korea, allows both *Mindan* and *Chongryon* to blur the boundaries. Referred to as long distance nationalism, it fosters growth for both reactive and diasporic nationalism (Shipper, 2010). The engagement with the civil society at large has allowed *Chongryon* in establishing around forty-nine regional headquarters in Japan that function in political and regional maneuvering.

Chongryon functions as North Korea’s de facto embassy in Japan (Takahashi, 2020). This was prominently the scenario pre pandemic. The entity’s influence was remarkable. From running ethnic schools to political participation of members, it sponsored educational institutes, organized cultural and sports activities, was in affiliation with several business enterprises. It further managed banks, medicine and health companies, tourism sectors that taught North Korean discourse and ideology (Committee, 2023). Possessing an at length experience

in Japan's civil society, *Chongryon* has been considered an eligible organization that did, and in the future can mediate relations. North Korea's stand in the twenty-first century continuously sparks conflict, carried out with regular display of nuclear missiles that irks peace and solidarity. North Korea reasons the act with Kim Jong Un's current *Byungin* policy that focuses on parallel development of military and the economy (Myong-Hyun, North Korea's New Byungjin: Nuclear Development and Economic Retrenchment, 2021). At the current state, *Chongryon* faces severe financial stress since the Japanese government and administration along with certain political organizations have portrayed *Chongryon* as anti-Japanese. It has been claimed that *Chongryon*'s leadership was involved in cases of abduction of Japanese citizens and have been perceived as a safe house harboring element of risk.

North Korea's strategic play of abducting citizens led to a greater dismantling of *Chongryon*. Since then, North Korea's credibility as a nation went for a toss. Friendlier countries can no longer rely on the advances conducted by North Korea, rather a disruption of trust arose. However, it still would be premature to declare the group's demise since now the attention has been diverted to *Chongryon* as a political and cultural entity (Surdek, 2020). While it still can play a role between both the countries, the onus of sincere rapprochement will be the dealbreaker. For North Korea, *Chongryon* is important. It provides an inlet in Japanese politics. While Japan views it as a resource used against them. North Korea requires economic assistance; Japan can process *Chongryon* to use it as a medium for economic 'support'. By relying on empathy as an approach to international relations, Japan could barter for regional peace. It is interesting to note that the diaspora supporting *Chongryon* cares for the unification of the peninsula and at the same time detests the nuclear aspect of North Korea; signifying the capability of the entity in bringing about a structural change.

In 2018, at the 24th Congress of *Chongryon* presented the contribution to realization of the "Panmunjom Declaration"⁸ as the task of their activities, and appealed to the Korean Residents Union in Japan (*Mindan*) for cooperation for "solidarity of the compatriot society and unification of the homeland", displaying an urge to maintain peaceful relation with their counterpart. The leader of *Mindan*, in his speech made on the Liberation Anniversary (on 15 August), urged *Chongryon*, regarding the issues of nuclear, missiles and abduction of Japanese citizens, to "act in such a way to get the understanding of the society of the fellow Koreans in Japan and the Japanese society" displaying the importance of a collaborative approach. These exchange of confluence dictates a greater acceptance within the Japanese cultural and social environment. Therefore, the larger role of both *Mindan* and *Chongryon* as diasporic entities could conduct peaceful submissions. It might seem an agenda farfetched, since Japan is highly suspicious of any activities conducted by North Korean citizens. However, a shift to an independent foreign policy approach may alter a scenario.

Could Japan's independence in security amend North Korea's provocative stance?

South Korea, Japan and the United States have increasingly held multilateral security coordination and military exercises alerting North Korea's resolve in strengthening nuclear power. Japan and South Korea have been allied with United States as political and security entities. Especially with regard to defense and security, equipment's and technology such as Terminal high altitude area defense (THAAD) and Aegis ballistic missile defense system have been borrowed by the East Asian neighbors' to mainly counter North Korea.

A counter reaction to regular nuclear tests over the Hokkaido region in Japan is now visible. Fumio Kishida's allocation on defense budget to an all-time high for arsenal building counter reactive measure displays Japan's restraint. The Article 9 of the Japanese constitution aims at international peace based on justice and order while 'never' aiming to possess belligerent war potentiality and considering Kishida's approach on a humane diplomacy, the government stands their ground. While Japan does not need long range attack Intercontinental ballistic missiles to counter North Korea, but if need arises, an amendment to Article 9 will have to be

⁸ 2018 Inter-Korean summit for peace and prosperity

challenged in the Diet. East Asian hemisphere and the Indo-Pacific region are now hotly being debated as the culminated center of shift in global power. In this context, United States has been successful in trying to develop military bases to counter China's ever-growing presence and North Korea's nuclear armament in particular. Japan's alignment on similar lines of the United States is perceived by North Korea as a 'dependent'. It regards Japan's resolve on security as a superficial facade. However, recently approved increase in the budget spending to 1.19% of the GDP from 0.96% will allow Tokyo to acquire counterstrike capabilities (Kosuke, 2022). But that shouldn't be the objective, rather a 'pro-active bilateral discussion' by burying the past with an empathetic approach can lead to a new direction. While empathy is a quality in short supply with nations and leaders in the conduct of foreign policy because of fixed view of events (Walt, 2009), it is definitely the need of the hour.

One major reason to shift to an independent defense policy is the nuclear threats that Japan receives. Post the cold war era, it seemed as if North Korea lost control of direction. Since domestic concerns needed utmost attention, Kim Jong Il considered enriching the display of propaganda. Nuclear development, hideous behavior of abduction, kidnapping, and smuggling of technology took the forefront of it all by then. It can be regarded as basic reaction to survive. The first nuclear test conducted by North Korea in the year 1993 was a Nodong-1 missile (a medium range missile). Another missile test in 1998 of a taepodong-1 over Japanese territorial water aggravated the situation. Since 1985 till 2003, North Korea had been a member of the Non-Proliferation Treaty (NPT), but cleverly continued nuclear enrichment programs. In the year 2003, with an open declaration of nuclear development and the nuclear plant at Yongbon, they withdrew from NPT. In 2002, North Korea admitted to abduction cases as well. It seemed as if North Korea had planned the bold behavior in strengthening the regime's morale while maneuvering a way in the international environment.

The sentiments of the general public in Japan regarding abduction cases pushed for investigation and explanation by North Korea. Rounds of talks were stalled in 2006 due to the deadlock in the process of investigation (Söderberg, 2006). Rather, North Korea test fired missiles within a closer range to Japan in 2006. Heavy economic sanctions and a total ban of individuals from North Korea followed. Apart from being used as defensive tool, nuclear weapons are more of a show; this applies to North Korea as well since it entails a high risk to use it (McGlinchey, 2022). It is only discussions, negotiations and diplomacy that help in facilitating areas of agreement. A responsive engagement perspective from Japan's point of view is suggested by Sachio Nakato (Nakato, 2013). Further, an emphasis is placed on the fact that it is impossible for Japan to lead an independent security cum nuclear policy till U.S. Japanese alliance exists. While U.S. intervention has not been a new phenomenon, it is considered foreign. Likewise, North Korea may pay better attention to Japan if the latter acts independently in dealing with security matters in the region. Regional and international players that have been connected with the Korean peninsula will always have a role to play, and so interconnected consequences is here to stay. At the same time, it can be minimized to a greater extent with an even greater emphasis on regional protectionism. Examples of such were the Nordpolitik and sunshine policies of the South Korean government. Japan can echo on a similar line.

Current Scenario and a Possible Way Forward

Since past couple of years, North and South Korea have tried talks over nuclear disarmament, reunification with the intervention of international players. Japan, as a neighbor will always fall for the consequences of the outcome of such interventions. The Singapore and Hanoi summit have failed to concretize a point of common agreement. South Korea's new president has a provocative policy towards North Korea that believes in complete denuclearization of North Korea with impositions of severe sanctions. Japan on the other hand has had to face the brunt of the consequences. While provocations and sanctions work to an extent, it is not the case with North Korea. For reactions are to be mostly dealt by Japan.

Considering the scenario, a complete denuclearization of North Korea seems highly unlikely since Kim Jong Un has reached a 'point of no return'. And to further isolate an already isolated country is no solution to foreign policy objectives. Therefore, bilateral cooperation of common grounds, whatever little between Japan and North Korea that could be revived is a window to engagement. By bringing in an independent policy on the lines of

Nordpolitik, Japan can utilise the aspect of economic diplomacy since it is the new ‘liquid currency’ of stability. Despite anti North Korean sentiments in Japan, an engagement perspective could penetrate an informal link. Sports diplomacy in the past led to an exchange of dialogue, it can be leveraged again in the future. At the reception of the opening ceremony of the Pyeongchang Olympic Winter Games hosted by President Moon Jae-In in February 2018, then Prime Minister Abe brought up the issue of abduction, nuclear propagation and conveyed Japan’s basic position to Kim Yong-Nam, then People’s Assembly of North Korea.

Efforts by the Leaders

With colonial subjects, apology as a recognition of the past demeanour goes a long way in the development of relations. In 1989, Takeshita Noboru acknowledged North Korea by its official name, the first one to do so and expressed remorse and regret to restore differences and improve relations (Hong-Nack, 1992). However, the collapse of the Takeshita government proved otherwise. The Japanese’s socialist Party, although briefly in power in the Japanese political history, seemed to have garnered support by the North Korean leadership because of the socialist orientation. It was a sharp contrast in comparison to the anti-North Korean Liberal Democratic Party’s stand that remained uncompromisingly rigid. Tomiichi Murayama, prime minister from 1994-96 was able to aspire himself to the status of first citizen by assuming a highly visible role in attempts to re-open normalisation talks with North Korea from 1999 to 2000 (Dobson H, 2018) . He was the leader of the Japanese’s Socialist party till 1996. However, despite active efforts to establish a non-government organisation to restore relations, the abduction issue and bilateral skirmishes nullified the efforts.

Junichiro Koizumi attempted to engage with North Korea and improve relations between the two countries. In September 2002, he made a historic visit to Pyongyang and held a summit with North Korean leader Kim Jong-II. It was at a time when United States had regarded North Korea in an ‘axis of evil’ by the Bush administration. Nonetheless, Japanese leadership made an effort. During this summit, the two leaders agreed on a range of issues, including the repatriation of Japanese citizens. However, in 2006, North Korea conducted a series of missile tests, including one that flew over Japan. This led to a hardening of Japan's stance towards North Korea, and Koizumi's government imposed economic sanctions. For Shinzo Abe, the abduction issue took the frontstage, since he was invested in the negotiations and investigation under Koizumi’s administration as the deputy Chief Cabinet Secretary. It was a major agenda in the domestic fervour as a nationalistic concern during the election campaign of Abe. He further went on to establish the Headquarters on the Abduction issue. Although Abe would go on to hold office for 2,822 days, the longest in Japan’s constitutional history, not a single additional victim was recovered (Atsuhito, 2022).

Following Abe’s leadership, Yasuo Fukuda, Taro Aso, Yukio Hatoyama- all the prime Ministers emphasized on the need to solve the abduction matter as a pre requisite in resolving conversations between the two nations. Cut to 2020, Yoshihide Suga reiterated the desire to meet the North Korean leader without preconditions to strike a cordial relation. Therefore, Japan’s active involvement in the concerned issue is visible beyond doubt, it is the North Korean non serious attitude to prolong the matter since they have nothing to lose in particular. At the keynote speech delivered at the IISS Shangri-La Dialogue, Fumio Kishida emphasized his vision for peace reiterating the practice of his humane diplomacy. One of the pillars mentioned was the cooperation in economic security with an idea of a thorough pragmatism. This is probably where North Korea can be dealt with in.

Attempting North Korea

Although North Korea has heavily been sanctioned by the international community, it plays well and has learnt the tricks to negotiations and therefore demands relentless value and respect as a nation. *Chongryon* as a catalyst can play a role of a negotiator if revived active. Since the entity possesses an at length experience in Japan’s civil society it can be regarded as an eligible entity that could mediate. A prominent question flares up. How will the revival of *Chongryon* aid as a catalyst? There have been attempts at normalization but unsettled disputes and historical concerns have stalled the progress. To satisfy the ego of the other, one needs to take a step back and access the situation with humanism. In this case, Japan rightly needs to act as the bigger caliber.

Firstly, *Chongryon* as an institution can be put to Japan's benefit. With their active inclusion in 'policy making participative approach', a message of acceptance could penetrate sensibility within the relation. This can further test the grounds of empirical approach focusing on experience put to action. Second, economic engagement has always been one of the best ways to engage countries. North Korea has been a heavy reliant on socialist and capitalist countries so far for infrastructure and industrial development. Japan on the other hand is an economic giant. Japan needs to do away with the reluctance in formation of economic policies towards North Korea. Moreover, sanctions lead to nowhere, only more blockages. Therefore, a channel of economic communication can pave a path. By forgoing past agony, Japan could win over Kim Jong Un's strict control of trade licensing. Thirdly, it is of utmost importance for Japan to act alone. By making use of global positioning as an economic and development giant, Japan can leave a mark of dignity if chooses to act alone on this particular issue. By doing so, China will be put in a position to change an outlook towards Japan. The engagements are needed to make a difference; they need to be made relevant.

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Awareness and Satisfaction Level of Customers Towards YONO: A Study on Cachar District of Assam

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Abstract

The technological advancements are happening constantly in every field and the outcomes of such technological progression are easing our lives and proving to be a boon for us. The Indian banking sector has undergone various changes and has evolved over time. The banks have become more competitive and to attract and retain customers, various banks offer different benefits and offers to the customers. YONO is an integrated digital banking platform offered by State Bank of India. It offers various financial and lifestyle benefits to the users. This paper studies the awareness and satisfaction of customers regarding the use of YONO in Cachar district. Primary data was collected from the customers for the purpose of the study. The findings indicated that in terms of overall satisfaction, most of the customers are satisfied with YONO.

Keywords: SBI, YONO, Awareness, Satisfaction

Introduction

The world around us is changing very rapidly and almost everything is undergoing transformation and changing at a fast pace. A large number of people are now accustomed and familiar with technological changes which upgrade and makes their day-to-day activities easier and less time consuming. Banking is one such sector in India which has undergone tremendous changes, especially after liberalization and globalization. There have been changes in regulatory framework, rise in competition, increased complexities etc. The banking sector has evolved over time and the ever increasing competition in the sector has led to improvement in the functioning and operations of banks. The banks have become more competitive and to attract and retain customers, various banks offer different benefits and offers to the customers. As customers are the kings, it is essential for banks to cater to their needs and develop products and services with a view to satisfy the customers. With the technological advancements, banks are now offering various electronic and digital benefits to customers. Such digital facilities offered by banks ease and simplify the lives of the customers as they are able to perform and conduct their banking activities digitally with the help of internet. They no longer have to visit branches instead they can perform their banking requirements sitting at their home or anywhere else. The State Bank of India offers a user friendly digital application named YONO which helps the customers to access and performs various banking and financial operations in a simple and easy way without having the need to visit the bank branches. YONO is new age technology based banking tool providing a range of services. It aims to benefit the users by allowing them the convenience of undertaking banking and other operations through the use of their smart phones.

Review of Literature

Kale and Satyanarayana (2020) studied the awareness as well as performance of YONO app offered by SBI. The study was undertaken in Mumbai. Data was obtained using questionnaire from SBI account holders. Analysis of data was undertaken using averages, percentages and represented in the form of bar diagrams and pie charts. The findings of the study indicated that YONO app is a significant and useful app for the users. The responses obtained indicated mixed reaction. The study recommended that the bank must identify ways and take measures to further strengthen the security aspect of the app. Sandhya (2021) studied the awareness of e-banking services among the customers of State Bank of India. The study also attempted to ascertain the reasons for choosing e-banking services. The study was undertaken in the Mysore city. For the purpose of the study, data was obtained from a total of 50 SBI customers who are utilizing e banking services. The results showed that most of the customers are satisfied with e-banking services of SBI. Guguloth (2021) studied the level of

customer satisfaction towards YONO application. The study was executed on a sample of 100 respondents in Warangal district of Telangana. For the purpose of data analysis, percentage and chi-square test were employed in the study. The study suggested that customers must be made aware of the online banking ways and SBI should come up with strategies to popularize the use of online banking facilities. Sivaranjan et al. (2018) examined the preference and satisfaction of customers towards various mobile applications of SBI. The paper also studied the acceptance level of mobile banking services by the customers of SBI. The study was undertaken in Kollam district. The findings of the study revealed that most of the respondents are satisfied with mobile banking applications of SBI and SBI e-pay & SBI anywhere are the two most preferred applications by the respondents.

SBI YONO

YONO is a digital banking platform which is provided by SBI. It has been created and introduced to facilitate the users to undertake various financial and lifestyle services such as bookings of flight, train, taxi tickets, payment of bills, movie tickets, shopping, offers and discounts etc. It provides the mobile banking facilities such as account opening, transfer of funds, loans etc. Developed by IBM, it was released in the year 2017. It is a smart phone application for Android and iOS. It provides services from different e-commerce companies. YONO can also be used to withdraw cash from ATMs without using the card.

Objectives of the Study

- To study the level of awareness and use of YONO among the customers in Cachar district.
- To study the satisfaction of customers regarding the use of YONO app in Cachar district.

Methodology

The study is conducted on 80 respondents of Cachar district. Primary data was collected through questionnaire using google form from the customers of SBI who use YONO. Percentages have been calculated. Tables and charts have been used.

Results and Discussion

Profile of Respondents

Table 1: Classification of Respondents

Gender	Frequency	Percentage (%)	Education	Frequency	Percentage (%)
Male	38	47.5	Graduate/Diploma Holder	36	45
Female	42	52.5	Post Graduates	44	55
Total	80	100	Total	80	100

Source: Field Survey

Table 1 shows gender wise classification of respondents. Out of the respondents, 38 (47.5%) are male and 42 (52.5%) are female. Out of the respondents 45% are graduates/diploma holder and 55% are post graduates.

Table 2: Duration of being customer of SBI

Time	Frequency	Percentage (%)
Up to one year	14	17.5
(1-5) years	24	30
(5-10) years	26	32.5
More than 10 years	16	20
Total	80	100

Source: Field Survey

Table 2 shows duration of respondents being customer of SBI. 17.5% respondents fall in the range up to 1 year, 30% in the range of (1-5) years, 32.5% in (5-10) years and 20% have been customer of SBI for more than 10 years.

Awareness and Use of YONO**Table 3: Source of Awareness about YONO**

Source	Frequency	Percentage (%)
Bank staff	22	27.5
Advertisement	16	20
Family & Friends	24	30
Mobile/Internet	18	22.5
Total	80	100

Source: Field Survey

Table 3 reflects the source of awareness of respondents about YONO. Out of the total respondents, 22 respondents (27.5%) have heard about YONO from bank staff, 16 (20%) from advertisement, 24 respondents (30%) from family & friends and 18 respondents (22.5%) from mobile/internet.

Table 4: Frequency of Use of YONO SBI App

Use of YONO	Frequency	Percentage %
Daily	22	27.5
Once or twice in a week	24	30
Monthly	8	10
Once in a while	26	32.5
Total	80	100

Source: Field Survey

Table 4 depicts the frequency of use of YONO application. 27.5% respondents use daily, 30% respondents use it once or twice in a week, 10% use it monthly and 32.5% respondents use YONO once in a while.

Table 5: Awareness of all Features/Specifications of YONO SBI

Response	Frequency	Percentage (%)
Yes	58	72.5
No	22	27.5
Total	80	100

Source: Field Survey

Table 5 shows awareness of respondents regarding all the features of YONO. Out of the total respondents, 58 respondents (72.5%) are aware of all features/specifications of YONO SBI and 22 respondents (27.5%) are not aware of all features/specifications of YONO.

Table 6: Main usage of YONO Application

Usage	Frequency	Percentage (%)
Balance enquiry & account management	50	62.5
Transfer of funds	20	25
Cash withdrawal from ATM without physical card	4	5
Bill payments & recharges	6	7.5
Total	80	100

Source: Field Survey

Table 6 shows the function for which the respondents mainly use the YONO. Out of the total respondents, 62.5% respondents mainly use the app for balance enquiry & account management. 25% of respondents use

YONO mainly for transfer of funds. 5% respondents use for cash withdrawal and 7.5% use for bill payments & recharges.

Table 7: Facing Difficulties using the App

Response	Frequency	Percentage (%)
Yes	32	40
No	48	60
Total	80	100

Source: Field Survey

Table 7 shows whether the customers faced difficulties while using YONO. Out of the total respondents, 40% of respondents faced difficulties and 60% respondents did not face difficulties while using the application.

Satisfaction level on the different services of YONO

Table 8: Satisfaction level on Different Services of YONO

Services	Highly Satisfied	Satisfied	Neutral	Dissatisfied	Highly Dissatisfied	Total
Balance Enquiry & account management	40 (50%)	34 (42.5%)	6 (7.5%)	-	-	80 (100%)
Transfer of funds	26 (32.5%)	40 (50%)	14 (17.5%)	-	-	80 (100%)
Buying insurances /mutual funds	8 (10%)	32 (40%)	40 (50%)	-	-	80 (100%)
Cash withdrawal	10 (12.5%)	36 (45%)	30 (37.5)	2 (2.5%)	2 (2.5%)	80 (100%)
Bill payments/Booking of tickets	12 (15%)	34 (42.5%)	32 (40%)	2 (2.5%)	-	80 (100%)

Source: Field Survey

Table 8 shows the satisfaction level of customers on different services of YONO. For balance enquiry & account management, 50% respondents are highly satisfied, 42.5% are satisfied and 7.5% are neutral. For transfer of funds, 32.5% are highly satisfied, 50% are satisfied and 17.5% are neutral. Regarding buying insurances/mutual funds, 10 % are highly satisfied, 40% are satisfied, and 50% are neutral. Regarding cash withdrawal, 12.5% are highly satisfied, 45% are satisfied, 37.5% are neutral, 2.5% are dissatisfied and 2.5% highly dissatisfied. For bill payments/booking of tickets, 15% are highly satisfied, 42.5% are satisfied, 40% are neutral and 2.5 % are dissatisfied.

Table 9: Overall Satisfaction from YONO

Level of satisfaction	Frequency	Percentage (%)
Highly satisfied	14	17.5
Satisfied	52	65
Neutral	12	15
Dissatisfied	2	2.5
Highly Dissatisfied	-	-
Total	80	100

Source: Field Survey

Table 9 shows the overall satisfaction of respondents from YONO. Out of the total respondents, 17.5% respondents are highly satisfied, 65 % are satisfied, 15% are neutral and 2.5% are dissatisfied.

Main Findings of the Study

- Out of the total respondents, 22 respondents (27.5%) have heard about YONO from bank staff, 16 (20%) from advertisement, 24 respondents (30%) from family & friends and 18 respondents (22.5%) from mobile/internet.
- 27.5% respondents use YONO daily, 30% respondents use it once or twice in a week, 10% use it monthly and 32.5% respondents use YONO once in a while.
- 72.5% respondents are aware of all features/specifications and 27.5% are not aware of all features/specifications of YONO.
- Out of the total respondents, 40% of respondents faced difficulties and 60% respondents did not face difficulties while using the application.
- In terms of the satisfaction level of customers related to different services of YONO, regarding balance enquiry & account management, highly satisfied are 50% of respondents. For transfer of funds, highly satisfied comprises 32.5% respondents and satisfied comprises 50% of respondents. Regarding bill payments/booking of tickets, 42.5% of respondents are satisfied and neutral include 40% of respondents.
- In terms of overall satisfaction from YONO, highly satisfied are 17.5% respondents and satisfied respondents comprise 65%.

Limitations of the Study

- Sample size of the study is limited to 80 respondents; hence the findings of the study cannot be generalized.
- The study is based on the assumption that the respondents have answered the question correctly.

Conclusion

Keeping pace with the technological advancements, banks offer various electronic and digital facilities which ease out the life of customers. Customers are able to perform various banking activities digitally without having the need to visit branches. The user-friendly application YONO offered by SBI helps customers to access and perform various banking and financial functions in a simplified way. The results of the study indicated that in terms of overall satisfaction, most of the customers are satisfied with YONO. However, SBI can take steps to increase more awareness about the application and its features among the customers through bank staff. As indicated by the findings of the study that respondents have faced difficulties while using the application, steps can be taken to make YONO more simplified and easier to use.

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Financial Performance of ICICI Prudential Life Insurance Company and IDBI Federal Life Insurance Company: A Comparative Study

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Abstract

Life insurance companies are considered to be the backbone of not only the insurance sector but the economy of the country as well. Owing to the economic reforms, the sector has witnessed dynamic changes with the entry of global life insurance companies in the country. This has led to the creation of a competitive environment in the life insurance market of the nation. The competition is visible not only between the private and public life insurers but among the private life insurance companies as well. In such a competitive arena, company with better financial performance can attract more potential policyholders to their business as against their competitors. Thus it has become indispensable to measure the financial performance of life insurers for their survival and growth. In this context, the present study makes an attempt to measure and compare the financial performance of two select private life insurance companies for a period of ten (10) years. The financial performance has been measured using profitability, solvency and liquidity ratios. The study concludes that the profitability and solvency position of ICICI Prudential Life Insurance Company is better than IDBI Federal Life Insurance Company while the latter company outperformed the former company with regard to liquidity position.

Keywords: Profitability, Solvency, Liquidity, Life insurers.

Introduction

Insurance sector of the country has witnessed a considerable amount of change in the last few decades due to the entry of private players in the sector. The private insurance companies have captured a significant portion of market share in the insurance sector and life insurance business is no exception to this (Krishnamurthy et al., 2005). Life insurance companies act as managers of the investments made by the people of the society. They are an integral part of financial system similar to banks and capital market. The performance of life insurer is a subject of concern to policyholders, shareholders, regulators and government. Financially sound life insurance can offer higher amount of bonus to its policyholders and higher amount of dividend to shareholders (Bodla et al., 2017). They are also able to contribute more amount of tax to government, create more employment opportunity and provide more resources to government and private sectors as compared to the company having poor financial status. Financial performance of life insurers also serves as a helping hand to the government for fixing up the industry average (Burca & Batrinca, 2014). Thus, the present study makes comparison of financial performance of two private life insurers operating in the country.

Review of Literature

Sharma & Chowhan (2013) stated that private life insurers had better solvency as compared to that of LIC. Bawa & Chahtha (2013) found that IDBI Federal had sound liquidity position and profitability of ICICI Prudential was better as compared to other life insurance companies. Dey, Adhikari & Bardhan (2015) found positive relationship between liquidity and financial performance of life insurance companies. Chellasamy & Jananimanjeswari (2018) stated that ICICI Prudential had a sound liquidity as compared to other private life insurers. Sumathy & Kalyani (2019) found that the liquidity position of private life insurers was good as compared to that of LIC. & Vasavi & Reddy (2020) mentioned that ICIC Life outperformed SBI Life in case of profitability. Roy & Adhikari (2022) stated that the profitability of ICICI Prudential was higher as compared to Kotak Mahindra Life Insurance Company.

Objectives of the Study

The main aim of the study is to measure and compare the financial performance of ICICI Prudential Life Insurance Company and IDBI Federal Life Insurance Company in terms of profitability, solvency and liquidity for a period of ten (10) years i.e. from 2011 to 2020.

Data Source and Methodology

In order to conduct the study, relevant secondary data have been procured from the handbook of Indian Insurance Statistics, IRDA. The study covers a period of ten (10) years i.e., from 2010-2011 to 2019-2020. Two life insurance companies viz., ICICI Prudential Life Insurance Company and IDBI Federal Life Insurance Company have been selected out of 24 number of life insurance companies operating in India by using random sampling method. However, for analyzing the data a number of financial ratios and statistical tools, such as mean and standard deviation have been used.

Table 1: Details of Sample Insurance Companies

Insurers	Foreign partners	Regn. No.	Year of Regn.	Entry in Indian Market
ICICI Prudential	Prudential corporation holdings,UK	105	2000	2000-01
IDBI Federal	Aegis Insurance International NV Netherlands	135	2007	2007-08

Source: Annual Reports of the Respective Insurance Companies

Data Analysis and Interpretation

For measuring the financial performance of select private life insurance companies one profitability ratio, one solvency ratio and one liquidity ratio have been taken into consideration.

Profitability Ratio tells about the profit earning capacity of a company. In simple words, profitability ratio shows the ability of the company to make profits from its operation. In the present study, *Benefits Paid to Net Premium* ratio has been used to measure the profitability of select private life insurance companies. Table 2 shows the mean & standard deviation of the ratio of *Benefits Paid to Net Premium* for two life insurance companies for the period of 2010-2020. For calculating the mean, first a block of 5 years has been taken i.e. 2010-2015 in which it revealed that the mean of *Benefits Paid to Net Premium* is highest in case of ICICI Prudential than that of IDBI Federal. Thus, we can comment that the profitability of ICICI Prudential is higher than its counterpart. Another block of 5 years has been taken i.e. 2015-2020 in which it is revealed that the mean of *Benefits Paid to Net Premium* is highest in case of ICICI Prudential than that of IDBI Federal. Thus, we can say that the profitability of former company is higher than the latter.

Table 2: Ratio of Benefits Paid to Net Premium

Year	ICICI Prudential	IDBI Federal	Year	ICICI Prudential	IDBI Federal
2010-2011	0.5944	0.0095	2015-2016	0.6531	0.3705
2011-2012	0.6070	0.1161	2016-2017	0.6754	0.3899
2012-2013	0.9904	0.3719	2017-2018	0.6425	0.2813
2013-2014	0.9830	0.4274	2018-2019	0.4640	0.3017
2014-2015	0.8077	0.3453	2019-2020	0.5871	0.3818
Mean	0.7965	0.2640	Mean	0.6044	0.3450
SD	0.1931	0.1886	SD	0.0850	0.0499

Note: Based on data obtained from IRDAI Handbook or Indian Insurance statistics (various issues)

For calculating the standard deviation in the mean values of the ratio of *Benefits Paid to Net Premium* a block of 5 years has been taken i.e. 2010-2015. It is seen that there is high deviation in case of ICICI Prudential. Thus, the ratio is highly scattered in case of ICICI Prudential however consistency is found more with respect to its counterpart. In the other block of 5 years i.e. 2015-2020 it is seen that there is high deviation in case of ICICI Prudential. Thus, the ratio is highly dispersed in case of former company however consistency is found more with the latter company.

Solvency ratio explains about the ability of the company to meet its long term debt obligations. *Total Assets to Total Liabilities* ratio has been used to measure the solvency of select private life insurers. Table 3 portrays the average & standard deviation of the ratio of *Total Assets to Total Liabilities* for two life insurance companies for the period under study. The mean value of the first block i.e. from 2010 to 2015 shows that *Total Assets to Total Liabilities* is higher in case of ICICI Prudential than that of IDBI Federal. Hence we can comment that the solvency of the former company is higher than the latter. Another series of 5 years illustrates that the mean of *Total Assets to Total liabilities* is more in case of ICICI Prudential than that of its counterpart. Thus, we can say that the solvency of ICICI Prudential is higher than IDBI Federal.

Table 3: Ratio of Total Assets to Total Liabilities

Year	ICICI Prudential	IDBI Federal	Year	ICICI Prudential	IDBI Federal
2010-2011	0.9729	0.8576	2015-2016	1.0061	0.9682
2011-2012	0.9822	0.8608	2016-2017	1.0046	0.9818
2012-2013	0.9950	0.8817	2017-2018	1.0058	1.0022
2013-2014	0.9989	0.9150	2018-2019	1.0056	1.0026
2014-2015	1.0052	0.9608	2019-2020	1.0067	1.0055
Mean	0.9909	0.8952	Mean	1.0058	0.9920
SD	0.0131	0.0432	SD	1.0008	0.0164

Note: Based on data obtained from IRDAI Handbook or Indian Insurance statistics (various issues)

The value of standard deviation of the first series of five years shows that *Total Assets to Total Liabilities* is highly dispersed in case of IDBI Federal however consistency is found more in case of its counterpart. The other series of five years shows that the deviation is more with regard to ICICI Prudential than that of IDBI Federal. Hence it can be said that the ratio is highly scattered in case of former company and more consistent in case of latter company.

Liquidity Ratio: This ratio shows the ability of the company to meet its short term debt obligations. In order to measure the liquidity of select private life insurers, *Current Assets to Current Liabilities* ratio has been used.

Table 4 depicts the mean & standard deviation of the ratio of *Current Assets to Current Liabilities* for two life insurance companies for the period under study. The mean value of the first block of five years reveals that the ratio is higher in case of IDBI Federal than that of ICICI Prudential. Hence we can say that the liquidity of the former company is higher than the latter one. Another block of 5 years shows that the mean of *Current Assets to Current Liabilities* is more in case of IDBI Federal than that of ICICI Prudential. Thus, we can say that the liquidity of IDBI Federal is higher than its counterpart. The value of standard deviation of the first block of five years shows that *Current Assets to Current Liabilities* has high deviation in case of IDBI Federal. Thus, the ratio is scattered in case of IDBI Federal however it is more consistent with respect to its counterpart. In the other series of five years it is seen that the deviation is more with regard to IDBI Federal than that of ICICI Prudential. Hence it can be said that the ratio is dispersed in case of former company and more pliable with the latter company.

Table 4: Ratio of Current Assets to Current Liabilities

Year	ICICI Prudential	IDBI Federal	Year	ICICI Prudential	IDBI Federal
2010-2011	0.4171	1.0264	2015-2016	0.6702	1.8496
2011-2012	0.5352	1.4079	2016-2017	1.0091	1.7508
2012-2013	0.6487	1.4793	2017-2018	0.7872	1.6460
2013-2014	0.5873	1.8291	2018-2019	0.9104	2.0322
2014-2015	0.6907	1.6587	2019-2020	1.1525	3.1422
Mean	0.5758	1.4803	Mean	0.9059	2.0842
SD	0.1066	0.3020	SD	0.1878	0.6083

Note-Based on data obtained from IRDAI Handbook or Indian Insurance statistics (various issues)

Conclusion

Measuring financial performance enable the individual companies to know their financial status. Good financial performance of life insurers not only earns them a competitive advantage over their competitors but attracts more investors as well. In other words, companies with good profitability position can contribute towards the betterment of the society which ultimately leads to overall development of the nation (Sharma et al., 2018). The study tries to compare the financial performance of two private life insurance companies operating in India by examining their profitability, solvency and liquidity position. The study concludes that the performance of ICICI Prudential is better than IDBI Federal regarding their profitability and solvency positions. However, in case of liquidity position the latter company's performance is superior to the former one.

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