

Opinion

MONDAY, JANUARY 7, 2019

Rational Expectations

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Getting the cow equation wrong

 Yogi Adityanath needing a cess to build cow shelters is proof of the havoc wrought by *gau rakshaks* and govt trading rules

FOR A PARTY that swears by the cow, getting the cow-equation wrong has to be particularly upsetting, more so when, instead of getting the BJP votes, it may actually cost the party votes. Nowhere is the evidence of the cow equation having gone wrong stronger than in Uttar Pradesh, home to India's largest population of both cows and buffaloes—10% of cows and 30% of buffaloes—and, as it happens, the state that has the largest number of Lok Sabha seats as well. Uttar Pradesh chief minister Yogi Adityanath's rush to build cow shelters and his cow cess to fund this is a sign of how serious the issue has become.

While the government's new animal slaughter rules of 2017—these made even the trading of camels at animal fairs difficult since each trade had to be accompanied by a will-not-slaughter undertaking by the buyer—propitiated the *gau rakshaks* and all those who venerate cows, it played havoc with not just those involved in the meat trade, and upset the economics of even those engaged in the dairy industry.

With farmers not able to sell their cows even after they had stopped giving milk—even the sale of bulls became difficult after the *gau rakshak* tension and the livestock rules—they simply turned them loose in order to at least escape the financial burden of looking after them; in terms of both providing feed as well as a place to stay. While this may have helped one lot of farmers, it hurt another lot who found the stray cattle eating up their crops; and when the herd of strays became really big, it caused other law and order problems as well. According to a report in *The Times of India*, residents of some villages locked up stray cattle in schools and health centres, forcing the children to go home.

How many cattle are stray is not clear, but official data—the latest data is, sadly, just for 2012—puts the number of buffalo slaughtered in 2012 at 9 million and the cattle at 3.2 million across the country. If farmers find it difficult to sell these cattle or buffaloes due to the new restrictions, chances are they will set them loose so that they can fend for themselves. In other words, while the BJP's aim is to protect cows, the combination of its cattle-trading rules and not cracking down on *gau rakshaks* and lynching—on the suspicion of a cow being killed—has jeopardised even legitimate trade.

If the cost of feed is assumed at ₹60 per day for each animal, being forced to look after 15 million animals each year means that is an additional cost of ₹32,850 crore that hapless farmers will have to bear if the rules choke off livestock slaughter; this does not include the ₹4,000-5,000 per animal that farmers no longer get for old cattle. The actual costs for the farmers will be higher as time goes by, since 14-15 million is the annual addition to the number of animals that farmers will not be able to sell and will need to look after.

If you assume 5% of the cattle population has to be culled each year due to old age, not giving enough milk etc, that is 9-10 lakh cows each year in the case of Uttar Pradesh alone; since this will increase by this number every year, it is easy to understand why a panicky Adityanath has given orders that the cow shelters be built at the earliest. The final number may even be higher since, over time, the proportion of males—amongst both cattle and buffaloes—has been falling, suggesting culling is a routine feature of the dairy industry. In the case of cows, in Uttar Pradesh, the share of male cattle has around halved over the 2003-12 decade, from 46.9% to 25.1%; in absolute terms, the number of male cattle is down from 8.7 million to 4.9 million. Male buffaloes in Uttar Pradesh are down by around 2.5 lakh in this period while, at the all-India level, there has been a 3.5 million reduction between 2007 and 2012. Anything that disrupts industry practice has consequences for both the meat and the dairy industry.

And since Adityanath realises he can't possibly build enough shelters—after which the state needs to spend ₹60 on the feed of each animal every day—he has told officials to track down farmers who are abandoning their cattle and levy strict fines on them. While it is not clear if the police have the means to do this, if they do succeed, it will only intensify the farmers' anger; more so since police harassment will rise.

It is true that, especially with law and order being a state government subject and not under the Centre's control, there is little the Modi government can do to stop cow-slaughter-based lynching and other crimes, but it would help enormously if the cattle trading rules were just withdrawn. The rules were, in fact, diluted last year to take care of this, but the continued problem in states like UP suggest the changes are being ignored. So, enough publicity needs to be given to this to ensure that old levels of trading resume; more important, if strict action is not taken against vigilantes, the new rules make little difference. Only when this is done will farmers stop abandoning their animals after their useful life. Doing so, however, will mean Modi will have to dial down on his very public opposition to what he called the 'pink revolution', or the killing of animals for exports; while it may have started as a move to stop illegal killing of cows in their prime, it is now affecting even the sale of bulls and buffaloes and the livelihood of farmers.

NonSCIENCE

ISC, solid science and credible scientists notwithstanding, gets hijacked by pseudoscience

EACH YEAR, THE Indian Science Congress (ISC) seems to sink a bit further. To be sure, not all of the papers presented are on how Kauravas (from the Mahabharata) were bona fide test-tube babies (at the latest ISC) or on India's fleet of 40 inter-planetary vimanas from "ancient times" (ISC 2015)—the intent behind such papers is to restore the glory of ancient India's scientific achievements, an enterprise that has seen renewed interest in the past few years. The Kaurava claim was made by Andhra University vice-chancellor G Nageswara Rao. In front of an audience that included school-going children, Rao, a professor of chemistry, also said that Ravana had 24 aircraft and Sri Lanka had airports "in the times of the Ramayana". Another gentleman, a scientist from Tamil Nadu, said Einstein and Newton misled the world, and that gravitational waves will be renamed "Narendra Modi waves". Even if genuine science makes for the bulk of the ISC, it is Rao's ilk that draws the world's attention.

Science in ancient India could do with greater attention, but only when it is science. The vimana paper draws from a text called Vaimanika Shastra, believed to have been authored by Rishi Bharadwaj. Scientific studies, however, trace its origins to a less haloed individual from 1904 AD (clearly not "ancient India"). Several experts have independently concurred that the laws of aerodynamics don't support the possibility of the Vaimanika Shastra's vimanas even taking off, much less hopping between planets. Genuine scientists, who suffer a collective cringe as news of such claims hits, have called for better vetting and the government to stop funding ISC if such standards continue. But, with PM Narendra Modi himself having likened Ganesha's elephant-head to "plastic surgery in ancient India", that seems unlikely.



IMPORTANCE OF RESEARCH

Avram Hershko, Nobel prize winner in 2004

Unlike US president Donald Trump, who thinks science and research is waste of money, Modi does not think that way. That is what I gauged after meeting him

FROM PLATE TO PLOUGH

MSPs OR LOAN-WAIVERS CANNOT REACH MORE THAN 20-30% OF PEASANTRY AND DISTORT THE MARKET MUCH MORE THAN DIRECT INCOME SUPPORT POLICIES

MSPs, loan waivers or direct income support?

ASHOK GULATI & SHWETA SAINI

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earlier from similar promises—during the UP election, where he promised a loan waiver and higher MSPs for all 23 commodities. There was a difference, however, in the MSP increase formula offered by the two parties. While Rahul Gandhi-led Congress promised an MSP increase of 50% over C_2 , i.e. the comprehensive cost, PM Modi promised the same increase over $A_2 + FL$, i.e. the paid-out costs plus family labour. It may be noted that C_2 is about 38% higher than $A_2 + FL$.

Irony of a MSP policy is that it reaches limited number of farmers. As per NSSO 2012-13, less than 10% of peasantry sold their produce at MSP. This percentage, though, is a little higher for sugarcane, wheat and rice farmers. If one accounted for increased procurement of pulses and oilseeds during 2016-17 and 2017-18, this percentage is still not likely to exceed 20%. Additionally, MSP operations mostly benefit bigger farmers that have marketable surplus and exclude much of the country's marginal farm-

ers who produce little surplus. Besides, the large inefficiencies and market distortions caused by a MSP-regime makes it an unfavourable choice. For example, even now, wheat and rice stocks with government (i.e. 45.4 mmts) are more than twice its buffer-stock norms (i.e. 21.4 mmts), reflecting massive economic inefficiency, not counting the leakages and corruption in the entire MSP operations of procurement, stocking and distribution.

Let us now consider the loan-waiver option. As per NABARD's financial inclusion survey (NAFIS), between July 2015 and June 2016, 43.5% of all agri-households (agri-HHs) took loans. Of these, 69.7% took institutional loans (60.5% took only institutional loans and 9.2% took both institutional and non-institutional loans). This means that about 30.3% (i.e. 69.7% multiplied with 43.5%) Indian agri-HHs took loans from institutions. A loan-waiver is thus likely to benefit only these 30%, or an even smaller subset of it, if certain conditions are imposed on

loan waiver schemes. The remaining 70% of the Indian peasantry, who do not access institutional credit, will not benefit from this scheme. Such high rates of exclusion must be the singular most important failure of our banking system concerning financial inclusion.

The conclusion thus is that through higher MSPs, or through loan-waivers, one cannot reach more than 20-30% of peasantry. This limited reach, therefore, cannot redress the widespread grievances of Indian farmers. Farmer leaders as well as governments, who swear by farmers' interests, need to make note of this important point.

The third option, pioneered by Telangana, is income/investment support through Rythu Bandhu Scheme (RBS). Telangana started RBS in May 2018 where it gave ₹4,000 per acre to every farmer. This transfer was made twice a year, coinciding with the two cropping seasons. By directly giving cash, the KCR government aimed to support input purchases of farmers. The scheme is said to reach almost 93% of landowners and has clearly yielded political benefits to KCR with a landslide victory.

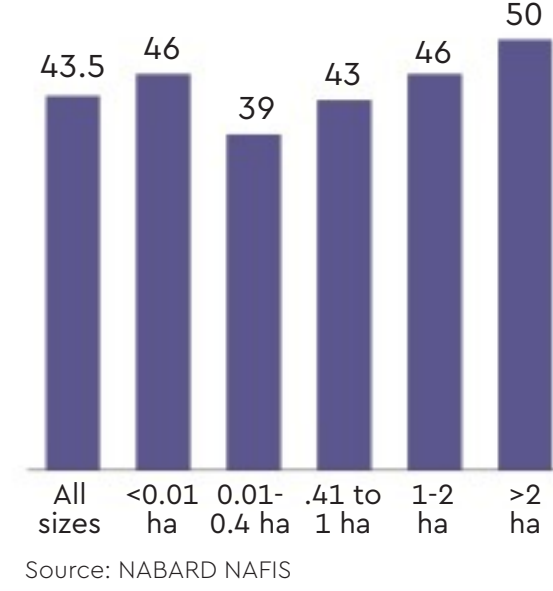
In terms of costs, our estimates show that a national farm-loan waiver is likely to cost about ₹4-5 trillion, an RBS-style income transfer is likely to cost about ₹2 trillion (with some improvisation to include tenants, restricted to actual cropped area), and a price-deficiency based payment or actual procurement under MSP operations, if done at a large-scale, is going to cost about ₹1-1.5 trillion (depending on whether market prices are 20% or 30% below MSP), notwithstanding the fact that such MSP operations are likely to be subjected to large-scale corruption. MSP policy and loan waivers are much more distortionary than income/investment support policies.

Cost sharing between the Centre and states is needed to bear such a burden. Eventually, income policies should combine with direct cash transfers in lieu of fertiliser and power subsidies to make it much more meaningful.

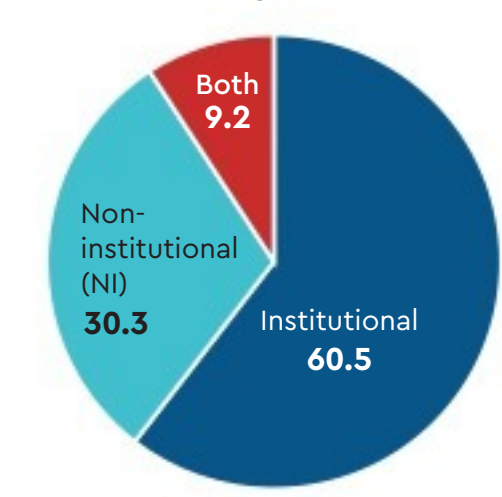
Time is ripe for action now, and one hopes the government acknowledges the reality of farm distress and undertakes to resolve it on priority.

Borrowing pattern of Agri-HHs (NAFIS)

% agri-HHs who took loans from any source between July 2015 to June 2016



Sources of loans for those who borrowed (% agri-HHs)



Of the 43.5% agri-HHs who borrowed, 60.5% borrowed from institutional sources, 30.3% from NI and 9.2% from both institutional and NI sources

Source: NABARD NAFIS

A sorry anniversary

It's been 50 years since bank nationalisation and it would have made more sense to provide private commercial banks incentives to open rural branches rather than nationalise them

THE YEAR 2019 marks the 50th anniversary of bank nationalisation. If one had to select one policy that has been most ruinous to the Indian economy and Indian politics together, the prize undoubtedly goes to bank nationalisation. When she made the decision, Indira Gandhi told IG Patel, then the top civil servant in the ministry of finance, that it had been decided for political reasons to nationalise the leading commercial banks. The goal was to upset Morarji Desai, the finance minister who would never have approved had Indira Gandhi consulted him. The kitchen cabinet was more powerful than the real one!

The move had the desired political effect and Indira Gandhi split the Congress Party. The public was told that bank nationalisation was for the purpose of extending bank facilities to rural areas, what we would now call financial inclusion. Given that the issue of financial inclusion was not really tackled till after the turn of the century, and has only been solved in the last decade with Jan Dhan accounts, the failure of nationalisation is obvious. In any case, it would have made more sense to provide private commercial banks incentives to open rural branches rather than nationalise them.

The real purpose—Indira was no slouch when it came to consolidating power—was that it gave the ruling party access to finance as and when it needed without having to resort to black money (though that was extracted from businessmen as well). One chairman of a PSU bank, now hap-

pily retired, told me that he would regularly get orders (not requests) to give loans to such and such constituency—Congress of course—to implement a development scheme. He said they knew the money would never be repaid. It had to be written off as bad debt. Another director of a PSU bank separately confirmed that story saying you just had a call stating the amount and the name of the beneficiary. Good bye to another ₹100 crore!

This then fructified into the NPA disaster during UPA-II, as is now well known. Projects which had been given crores with the high reputation of corporate borrowers stalled. The borrowers knew that the mechanism for the lender to recover loans was clumsy, time consuming and loaded in the debtors' favour. It was a bonanza for the crony capitalists and no doubt the powerful at the top who must have collected their cut.

It has taken the BJP/NDA a long time to get on top of this mess. The best thing the Modi government has done is to reform the insolvency procedure so the lender can seize the assets of the defaulters or force a sale. This has stopped the cowboy behaviour of the cronies.

The restructuring of the PSU banks has mostly concentrated on mergers and consolidation. The abysmal management which let the bad loans build up has not been replaced nor has it been held up for failure of due diligence and criminal neglect. If these banks had been in the private sector, they would have been declared bankrupt and shut down or been taken over. As it

is, the poor taxpayer has to throw good money after bad. The government has taken the cautious route of recapitalising these bad banks rather than shutting them down or privatising them. Even giving them away (as I would recommend in the case of Air India) would save the taxpayer precious money.

Despite the good hard work, the government will get no political advantage. Congress, which lit the fire of bad loans, is now blaming the BJP for loan write-offs. The Herculean effort to clean up the Augean stables of nationalised banks is too complex to win votes. Its benefits in terms of bank liquidity and availability of credit will benefit the country only in the longer run.

It is most likely that the BJP/NDA will be back after the election. It is a chance for Modi and Jaitley to pursue radical reforms. The consolidation process should be completed covering all PSU banks. Then there should be serious efforts at divestment. There is no credible justification for having retail deposit banks in government ownership. For nostalgic reasons, the State Bank, in its new consolidated form, could be kept in the public domain. But cast the rest away, give the taxpayer a break and break the hold of the crony capitalist friends of the ancient regime on the banking system. A whole new younger and smarter generation of entrepreneurs will bring real economic success to India if they can compete for credit on a level playing field. Hire new, internationally credible managers. Sack the existing ones. You don't have to send them all to jail.

LETTERS TO THE EDITOR

Sabarimala conundrum

It is unfortunate that the protests of the so called "devotees" of Lord Ayyappa have led to the death of one person and left many injured. What the protesters are ignorant of is that the embargo on women of reproductive age entering the temple is only man-made and not Ayyappa-made. The women of Kerala who wanted to demonstrate their rights to pay their respect to Lord Ayyappa, irrespective of their age, and counter the sinister campaign against the entry of women into the Sabarimala temple by forming a 620-km human wall of unity deserve all praise and accolades. One hopes that the Apex court, too, would stand by its earlier verdict without being cowed down by the threats and sinister moves of the Hindutva brigades when the review petitions come up for hearing at their precincts — Tharcus S Fernando, Chennai

I-T crackdown

The early morning crackdown by the income tax (I-T) department on the properties of actors Shivaraj Kumar, Puneeth Rajkumar, Sudeep, and Yash, and producers Rockline Venkatesh, CR Manohar and Vijay Kiragandur has caught the film fraternity and fans by surprise. It is believed that the leading Kannada film stars and top producers have been under the I-T lens for a while. With the raids likely to continue for a few more days more revelations can come to light. Though the stars have claimed that they haven't done anything wrong it is up to them to come clean — Ravi Chander, Bengaluru

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THE ONSET OF a new year is an occasion for reflection. Here with the random thoughts that coursed through my brain as I contemplated 2018.

■ The surge of nationalistic fervour that has swept the globe and upended the post World War 2 liberal, multilateral and rules-based world order is in reaction to the forces of liberalism, globalism and technology that promised a win for all, but, in fact, left standing still the majority that did not have the skills or the opportunity to jump onto the train of the internet world. The minority that had these qualities and were able to board benefited disproportionately. The “left behind” majority expressed their frustrations at the polling booths and voted into positions of leadership innately autocratic populists with an inward, isolationist bent. This has rendered the world a riskier place. Its leaders are stepping off the international stage at a time it faces major transnational problems like climate change, pandemics, migration, nuclear proliferation, water stress and fundamentalism.

■ The science of global warming is incontrovertible. The planet is headed for a climate-induced catastrophe. The criticality of containing greenhouse gas (GHG) emissions is universally acknowledged. That said, the measures agreed at the climate summits, first in Paris in 2015 and recently in Katowice, are not enough to avert the crisis. The following questions, therefore, have to be asked: Are such top-down, multilateral summits with each participant sovereign government constrained by domestic pressures the appropriate fora for tackling this potentially existential and planetary threat? Would this problem not be better addressed through subnational fora (for example cities, NGOs, industry, professionals) with each locality, sector or association looking to address the issue via a decentralised collective? Can the public

Can the public afford to leave the fate of the planet in the hands of leaders who, because of the nature of the process, represent only a minority of their electorate?

afford to leave the fate of the planet in the hands of leaders who, because of the nature of the electoral process, represent only a minority of their electorate?

■ A few years ago, the Pulitzer Prize winning author Liaquat Ahamed wrote a fascinating book called the “*Lords of Finance: The Bankers Who Broke the World*,” about the four heads of the central banks of the US, France, the UK and Germany in the 1920s. The book tells us that the economic catastrophe, the Great Depression of 1929, was not fore-ordained, but was the “cumulative impact of a series of misjudgements” by these four individuals, each lacking in “intellectual will” but with strong, inflated egos. I am reminded of this book as I contemplate the escalation of the tariff war between China and the US; the stupidity of Brexit; the humanitarian crisis in Yemen; the gruesome murder of journalist Jamal Khashoggi ... and more ... all decisions made by leaders with an exaggerated sense of self and/or a limited understanding of economics and geopolitics. In 1929, the world went over the edge because the series of crises fed on each other to create the “economic whirlwind” that engulfed the globe. Today, the problems may be substantively and geographically disparate, but in our connected world they bear on each other.

■ Why is it that reputed business

leaders fail so often to deliver on the promises made to their boards? There are many explanations, but the ones that, I believe, need debate are whether an investment evaluation model that focuses only on measurable ratios like return on investment, earnings before tax and depreciation, market share, etc, can capture fully the risks inherent in today's non-linear and disruptive business environment? Whether the governance model that emphasises growth and maximisation of shareholder profits is compatible with current and emergent political, cultural, social and environmental trends? And whether the model needs to be redesigned to integrate “non-measurables” so as to enable the evaluation of business risks within the broader context of societal change?

■ *Jugaad* entrepreneurs have an unshackled mindset. They respect in letter but seldom in spirit the established norms of corporate governance. They can remain below the radar as long as they are small. But once they are mainstream and “big,” they need to adjust their corporate governance models. Most, however, fail to do so. They continue to think “small” and end up bending, if not breaking, regulatory norms and facing societal scrutiny. The travails facing Facebook offer a high-profile case in point. Its early motto was “Move Fast and Break Things.” They did so and they have been phenomenally successful. They did not, however, adapt their corporate culture correspondingly and, today, they are in the crosshairs of regulators across the globe.

■ Sooner than later, clean energy will be competitive against fossil fuels. The mid- to long-term constraint on building a non-fossil-fuel-based energy system is not economics, but scale. To remove this constraint, the government must adopt a multi-pronged (holistic, multi-layered (Centre, states, cities) and non-linear policy approach focused on

the transformation of organisations, institutions, infrastructure and customers of the energy sector.

■ “Lord, grant me chastity and continence, but not yet.” So did our brilliant, former chief economic advisor Arvind Subramanian invoke St Augustine to forewarn against pushing renewables. His argument was that this would impact adversely the livelihood of the millions employed by the coal and power industries; it would strand thermal power assets; it would deepen the NPA stress facing the banks; and it would lead to higher energy prices. I cannot refute the economics of his argument. His logic is solid. But I am not persuaded. For me, it brings to the fore the conundrum: How to overcome vested, incumbent, “sunk” interests to bring about essential long-term change?

■ Something has to be done to improve the operational autonomy of the public sector. Privatisation is for the present, not an option. The government lacks the political will and it will not cede control. So what might be that something? First, strengthen the boards; second, unshackle the management from political and bureaucratic interference; third, allow them to recruit top talent; and fourth, remove the constraints imposed by investigative agencies (CBI, CVC, CAG). In all events, create the blueprint for staunching inefficiencies.

BILATERAL DYNAMICS

India needs a new global trading partner

NILALTA VARMA

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India needs new harbours to tide over global uncertainty—Canada could be one

AT A TIME when developing economies have started to reap benefits from open trade and integration with the global ecosystem, the unpredictable shift towards inward-focused policies by developed nations shows emerging signs of a new multipolar world. Despite this shifting global dynamic, India's transformation story and reforms momentum continue to build traction and find support in long-standing natural allies such as the US, the UK, the EU, Japan and others. The time is now and right more than ever for India to invest further in building sustainable relationships with like-minded partners such as Canada, who have always been friendly business and cultural partners.

The bilateral trade between India and Canada has grown over the last few years, but these numbers are not reflective of the potential. There has been a steady increase in the number of Canadian companies operating in India, which currently stands at over 400, compared to 300 a year and a half ago. There is reciprocity in this relationship, with Indian companies too gaining a strong foothold in Canada—close to 100 Indian companies operating across Canada's provinces are responsible for over a billion dollars of investment and have a potential to create 5,000 jobs over the next few years.

This is only the tip of the iceberg, and while a large part of the mix is currently small and medium enterprises (SMEs) on both sides, there are also bigger investors such as the Canadian pension funds who have made significant investments by way of equity funds in a relatively short period of time—this serves as a validation of the growing investor interest and business confidence between the two countries. With Canada also emerging as a coveted destination for Indian diaspora, at the back of its flagship programme for economic migration, it adds to the growing bonhomie between the two nations.

Both Canada and India are two of the very few countries to have an outward-looking posture on matters relating to trade and investment

A winning partnership

While disenchantment with globalisation continues to be an all-time high, both Canada and India are two of the very few countries to have an outward-looking posture on matters relating to trade and investments. Having said that, despite much talk on collaboration and increasing the bilateral trade over the years, there still seems to be ground to cover. There is a need for both the countries to create contours for a sustainable trade negotiation that encompass the fundamentals of economic engagement.

Bilateral trade will rest on four factors.

■ First, leverage on the success in strategic sectors such as infrastructure, agriculture, education and energy. Collaboration in these sectors will not only play a key role in further strengthening the bilateral dynamic, but will also help India become more competitive.

■ Second, it's important to realise that SMEs will be the linchpin in this bilateral dynamic and, therefore, there is a need for India to create an investor-friendly ecosystem in order to attract Canadian SMEs.

■ Third, increase collaboration in emerging sectors such as clean energy, agri-machinery, advanced manufacturing, food processing, clean technology, digital industries, amongst others. These sectors will drive incremental growth in the times to come.

■ Fourth, cooperation at a subnational level is expected to be a critical factor for economic growth and province-state and city-city collaboration is expected to be the way forward to steer the bilateral economic relationship.

In essence, these two countries' essential ingredients for becoming a force multiplier on the global business and investment landscape; what is required is a continued momentum and rigour for governments on both sides to lead and inspire a transformative change.

OVER THE BARREL

From global warming to globalisation

The problems we currently face may be substantively and geographically disparate, but in our connected world they bear on each other



Illustration: ROHNIT PHORE

What is a marketing funnel?

The goal of a marketing funnel is to create a highly automated system that is measurable at any point in the customer journey

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to capture a customer's journey after he/she buys a product of the firm. At its core, customer relationship management (CRM) is all the activities, strategies and technologies that companies use to manage their connections with their current and potential customers. CRM helps firms to create loyalty and customer continuation. Customers' experience with a firm increases their loyalty towards it. Product quality and loyalty go hand-in-hand and increase sales of a firm. CRM is a management strategy that results in increased profits for a business. Therefore, at its core, CRM, as a tool, creates a simple, user-related collection of data that helps businesses recognise and communicate with customers in a quantifiable way.

A far-sighted business firm, therefore, needs to adopt various strategies to influence consumers at each stage of the funnel. Stages such as awareness, comprehension, conviction and action can be geared by follow-up telephone calls, sending them positive press reviews, reminders or updated corporate communications. Sales and marketing departments must guide this traffic of prospective customers through the funnel using strategies that are designed to be effective at each stage.

■ **The role of social media:** A marketing funnel starts with awareness. Please understand this fact that a firm cannot do anything until consumers become aware of the existence of their brand. Social media gives business marketers a direc-



tion to communicate with customers, and to find specific potential consumers. It personalises the “brand” and helps business to spread the firm's message in a comfortable and informal way. It helps in creating awareness and harnessing the power of word-of-mouth, which is much more effective than traditional advertising.

■ **Effective marketing strategies are a must in each funnel stage:** Marketing activities must be conducted in such a way that they facilitate consumers through the funnel process. The activities must engage promotional activities to create awareness about the products, detail of the benefits compared with competitors' products, chart the advantages of how a purchase will benefit the customer, or offer a special

promotion that infuses the sale. Once the sale is complete, marketers need to engage the customer to get feedback and retain loyalty, as that can lead to repeat business and referrals.

■ **Marketing and sales funnel are one and the same:** Some companies differentiate between a marketing funnel and a sales funnel, but both can work together seamlessly. The distinction in the both is immaterial. Marketing is responsible for generating traffic at the top and through the middle of the funnel, and as these leads or buyer prospects get closer to a decision, the sales activity clicks.

■ **The marketing funnel is based on technology:** Digital technology is part and parcel of business and cannot be

ignored by marketers. The marketing funnel offers a good example of this fact. The buying process has become faster than before. Majority buyers do their own research online, comparing features and benefits of competitive products, rather than relying on a company's traditional marketing activities to guide them through the funnel stages. This means that buyers enter the funnel at a point where they are more prepared to make a sale. It also means companies need to get information online; they need to upgrade their website, blogs with product content, price, discounts, warranty, guarantee, etc. Post purchase review has become an essential feature these days.

■ **Funnelling is a continuous, non-stop process:** No company can ever say that they have completed a marketing activity. The world is changing fast. So does customers' needs, wants and demands. The competition is fierce in every walk of life. There is nothing called product loyalty in business world. Continuous improvement in marketing helps firms to achieve better returns on their investment in marketing. Continuous improvement is a form of quality management that focuses on making small additional improvements to a process. In marketing, at each stage of funnelling, firms can keep doing continuous improvement to achieve goals such as increasing accuracy in segmenting, targeting and positioning of a course by using product differentiation strategies.

The goal of a marketing funnel is to create a highly automated system that's measurable at any point in customer journey.