COSMOS

BI ANNUAL REFEREED JOURNAL 1st JANUARY 2016 ISSN : 2249 - 6408

A Compilation of Research Papers on Contemporary Issues in Commerce Management and Economics

Published by
M.C.E. Society's
Abeda Inamdar Senior. College of Arts, Science & Commerce,
Azam Campus, Camp, Pune - 411001.

Original Research papers for publication in COSMOS should be Emailed to *aiscgseminars@gmail.com*

ISSN : 2249 - 6408

EDITORIAL

Cosmos, a biannual publication of the M.C.E Society's Abeda Inamdar Senior College of Arts, Science and Commerce, is one of the premier refereed scholarly Interdisciplinary journal of Commerce, Management and Economics discipline. Since its inception, Cosmos has played a significant role in the dissemination of knowledge grounded in scholarly research, as well as in shaping the content and boundaries of the discipline. Cosmos has been developed to provide an insight on the research in commerce, business management and economics, to discuss the forward thinking for the development of a more coherent approach to solve the global issues related to sustainability, climate change, green marketing etc. through commerce and business. Purpose of Cosmos is to contribute to the development and dissemination of multidisciplinary knowledge on management, commerce & economics to increase dialogue among scholars, researchers and practitioners.

Our journal is truly global source journal, which is reflected in the varied national and cultural origins of the contributors, as well as the topics and case studies covered. The main objective of Cosmos is to provide an intellectual platform for the National and International scholars. Cosmos aims to promote interdisciplinary research in all Commerce, Management Studies and economics and become the leading journal in inter disciplinary sciences in the world.

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DOES PERFORMANCE APPRAISAL DO FURTHER DAMAGE THAN GOOD?

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Mostorganizations subject their employees; almost all levels;performance reviews with different matrices. On the appearance; countenance (face); of it appears that performance review is necessary to evaluate the contribution of an employee/s and to recompense [reward] or reprimand [punish]as the case may be; performance or the absence of the same. Unquestionably and undoubtedly the concept and the principle; is sound. However, it is the execution; that may leave lot to be desired or may even be more counterproductive. The result yielded is the sense of alienation amongst the concerned employee/s and thus have the contribution; only minimum for survival. In the corporate world; therefore, some of the assessors [of performance of others]; plead that the system of performance appraisal / review needs to be ended. The other; counterparts vindicate that the reformation – restructuring needs to be given a serious thought. Is there any apparatus for success acceleration?

The period of annual performance review of the employeesis often the most dreaded time of the year. This route- procedure course is having the effect of ….

I] Better financial remuneration.
II] stress accompanying with the same.
III] offers inadequate in adequate in terms of growth and exploring as well as examining.

Recently [30thOct. 2015] there was an article on 'rediffmail '. The abstract thereof is capsuled herebelow. "People often like to groan about how their job is 'killing' them. Tragically for some groups in U.S., that statement appears to be true. A new study of researchers at Harvard and Stanford has quantified just how much a stressful workplace may be shaving off of Americans life spans. It suggests that the amount of life lost to stress varies significantly for different people ofdifferent races, educational levels and genders and ranges to nearly three years of life lost for some groups.Past research has shown an incredible variation in life expectancy depending on who you are and where do you live. These gaps are appearing to be getting worse as the wealthy extend their life spans and other groups are stagnant. One study found that men and women with fewer than 12 years of education ; were having life expectancies that are still on par with most adults in 1950 – 60 --- suggesting the economic gains of the last few decades have gone mostly to more educated people. The financial crisis and subsequent recession; which put many people in economic jeopardy may have worsened this effect. There are lots of reasons that people with lower income and education tend to have lower life expectancy. Difference in access to access to health care; in exposure to air and water pollution; in nutrition and health care early in life. Past research has also shown that job insecurity, long hours; heavy demands at work and other stresses can also cut down on a worker's life expectancy. But researchers say this is the first study to look at the ways that a work place's influence on life expectancy specifically break down by educational and educational lines.To do their analysis; they divided their people in 18 groups according to race, education, sex. then they looked at 10 different workplace factors – including unemployment;layoffs, absence of health insurance, shift work, long working hours, job insecurity, work – family conflict. and estimated the effect that each would have on annual mortality and life expectancy. It isDr. Samuel Arevealed that people with highest educational attainment were less affected by work place stress. Low job control influences both the genders. The solution is better policies to support workers. '

Future matters, not the past. Dr. Samuel A. Culbertof Anderson School of Management UCLA in his contribution appeared in 'Indian Management 'August 2015, page 13 – 15; opined that: organizations should not build a culture of intimidation and fear; instead they should adopt a two way, interactive, approach to employee assessment.Performance reviews are fraudulent; bogus; dishonest, promote bad management. And as destructive as they are ubiquitous. The entire process makes it difficult to good managers to hear why they need to hear people pretend that their judgements are objectives; but in reality they are not. What is going on; what is going up, difficulties performing their jobs effectively --- that is what employees should be talking about. But the word 'evaluation 'is getting mixed and evaluation pretends as if one imperfect person can score more accurately than another imperfect person on their imperfection. This is as subjective as it can be.people are not keen in taking the feedback. Only because they do not trust each other. There needs to be a two way exchange. The feedback should be about the work. Managers should be team players. And should also be judged on their ability to help others .that is not what is happening today. Performance reviews are have become more about imperfect managers reinforcing his or her belief about their imperfection; they are able to allege that all the problems are being caused by the employees. Nothing good comes from the managers dominating a one-way feedback. It also makes it difficult for the managers to learn; what he / she needs to do to be a better manager. Managers do not walk away with insights about how they can do a better job in supporting their employees. They carry out the performance reviewsin order to dominate and take control of employees and modify their behavior in a manner that is convenient for the manager. Performance management should not be a personality issue. Most employees do not believe that their managers understand their employees sufficientlyto calibrate their strengths. In performance reviews the talk is about their deficiencies. The politics of the situation;supersedes all opportunities for a good conversation and for creating and building trust. Managers have to realize that their job is not to evaluate but to help an employee do his /her very best for the company until that person is no longer the manager's employee. Talking should happen in a collaborative, not judgmental way. '

In the volume 54 issue 8, of August 2015, page 17 – 21; Kelvin Freitas, Nandika Pradeep and maitherylSairamin their article; captioned as "Future Matters; Not the Past" vindicated that: Performance management serves the purpose of creating an environment that enables the employees to work to their full potential. with varying company policies, culture and practices a need for disruption in the performance management; is inevitable.as opposed to measuring the performance of the employee, the traditional approach limits his / her work efficiency with respect to the organization; making it more business and turnover oriented. when an employee is evaluated by a set of people, the perception of the evaluator s can hinder their opinion; leading to a biased report of the employee; rather than the work done. The process of rating every employee in the company; is very tedious and time consuming. Teamwork is another factor that gets hampered owing to a lack of trust between the employees and the company. This type of performance management; considers only the past performance; rather than the future prospectus. Thus it creates disparity in performance. Affect their resourcefulness. Our visible actions should amplify our culture and values every day. It embraces:-

Being entrepreneurial andthinking big.
Enjoying freedom with responsibility and integrity.
Being accountable, taking ownership and being positive.
Being driven and being passionate. The germination of new practices is predicated by three beliefs:

. truly believe that you have awesome people.
. there is no reason why awesome people should not be 10 times more awesome.

Awesome people are driven and work in the companies best interest all the time. It should become a way of life. It 's a journey from 'you 'to 'super you '. The organization has to provide the opportunities across the teams, functions and roles that can be a stepping stone to fulfill their aspirations.

People are people and not numbers. Do not have the mistrust on employees ability, in their efforts, in their performance. '

In the same magazine, Richard Dobbs; has expressed his views under the heading; "The New Normal" indicated that 'emerging economies create a ripple effect in the business world; making us change the way we think about the business.

We live in an unpredictable times of volatility, complexity and a rising ride of new opportunities. What to do?there are as many answers as the peopleand situations. Developing the following attributes and skills will go a long way to ensuring greater fulfillment, effectiveness and success. The GROW model, developed by Sir John Whitemore – author 'performance coach and former rating driver, the grow model provides framework for coaching. GROW is acronym of four stages:

Goals.
Reality
Options
Way forward.

Responsivity for setting,progressing,and achieving goals rests with the coachee. He coaches works; in a non-directive way, supportingand challenging. The coach should be prepared to explore, question, challenge using

Goals this focuses on coacher's aim and priorities. It sets the agenda for coaching. The coach should be flexible and prepared to explore, question and challenge. Using questions and empathy.

REALITY This explores learner's current position. --- reality of their circumstances and their concern. The coach needs to help the coachee analyze and understand the significance of the issues relating to their goals through intelligent questioning.

OPTIONS Helps to generate options; strategies and action plans for achieving goals. This can uncover new aspects of individual's current position with the result that discussion reverts back to the coachee's reality.

Visioning liberates us from simply managing the present; achieving more of the same or being unprepared for new development.

Aggressive Behaviour	**Dominant**
Argues	Assertive Behaviour
Needs to Win.	Open
Stubborn	Professional
Defiant	Assertive
Go away and sort yourself out	Inquiring
	Tell me what is on your mind.

Cold⏮⏮⏮	Appeasing Behaviour⏭⏭⏭ warm
Avoiding Behaviour	Over – friendly
Suspicious	Talkitive[rambling]
Uninvolved	Highly positive
Indifferent	Too agreeable
Tense	*Of course; you can. No problem.*
I'll try and deal it with later.	

The above model is known as Thomas Kilmann conflict mode. It is also known as assertive ness model. It is useful to consider behavior; yours and others. – in terms of warmth and coolness. Dominance or submissiveness. The different type of behavior highlighted are:

- Warm means being supportive, open, positive empathetic, constructive and engaging, not simply friendly.
- Dominant means being challenging, in control, confident, strong, authoritativeand direct.
- Cold means being suspicious, detached not focused on people and relationship.
- Submissive means subduing your own thoughts oractions fir something or someone else.
- 1. what is required to work successfully at each leadership level

There is another model developed by Ram Charan, StiffenDrotter, James Noel. This model is known as '*the leadership pipe line*'. This relates to the leaders in the future. It focuses on:
Seven habits of highly effective people. These are listed by Stephen Covey. They are relevant at all time.

- Be proactive
- Begin with the end in mind.
- Put first things first [prioritize].
- Think win – win [Be constructive and value great relationship.]
- Seek to understand first and then seek to be understood. [Remember, diagnose before you prescribe.]
- Synergize [understand how to cooperate creatively
- Sharpen the saw [learn and value self renewal, as this both enables and strengthen the other habits]

Emotional Intelligence

Psychologist Daniel Goleman explains emotional competencies; those are essential in managing for ourselves and to leading people successfully. First know your emotions ----- self awareness matters. Second manage your emotions. Third motivate yourself and others. Fourth recognize emotions of others. Show empathy. Finally; handle relationships and stay connected.

Overcoming thinking flaws.

2. what skills and behavior are needed for an individual to move to the next level of leadership.

The way people think; affects; the decision; they make. John Hammond Ralf Kenney and Howard Raiffa provide intriguing insights e.g. The anchoring trap it leads to give disproportionate weight to the first information received by us.

The Status quo trap.: biases towards maintaining the current situation; even when better alternatives are available. Solutions: openness – honesty – courage.

The sunk cost trap. Inclines to perpetuate past mistakes. Solution: if we have spent; it is spent. Worry about the present and the future. not the past.

The confirming evidence trap. It results in seeking the information to support the current situation. And to ignore the opposing information. Solution: Avoid.

The framing trap: when we incorrectly state a problem; undermines the decision making. Solution: See issues for what they are.

The over confidence trap: It over estimates the accuracy of the of factors of forecast. Solution: Be self-critical.

The prudence trap: leads to be over cautious. Solution:Be realistic.

The recent event trap: Undue importance to recent or dramatic events. Solution: Awareness Counter the danger it poses.

THE DRIVERS OF TRUST.

Trust encourages others to be flexible and collaborative. The main drivers of the trust are:

- Fairness - dependability. - respect
- Openness. - courage - unselfishness.
- Competence - supportiveness - empathy.
- Compassion.

Politics is inevitable in the [work life] in an article on the home page of rediffmail.com dated 6th Nov. 2015; it is stated that 'one shall gauge what kind of work culture exists in the office and what aspect of it works for you and what doesn't.

- One should refrain from spreading rumours, passing on gossip and getting into personal arguments. The ultimate goal should be institutional interests and professional behaviour.
- One should also not complain without a substantial purpose and refrain from whining or speaking ill of the management.
- Work place politics involves violation of confidentiality, so just assume that matters will be revealed and hence divulge secrets keeping the above in mind.

BLUE OCEAN STRATEGY

This is developed by Chan Kim and Renee Mauborgne. this involves a change in in strategic thinking towards a mindset that challenges existing market boundaries rewrites the rules of market competition and creates a new as yet uncontested market place.

At the core blue ocean strategy believes that blue ocean strategy is better to create tomorrow's customers through developing new markets, rather than scrambling around trying to capture existing customers in the current market. It relies on several principles.

- Challenge existing market boundaries. Reconstruct the market place. Identifying and creating new market and customers. The blue ocean is a vast place where demand is unrealized. – It does not as yet exist. The aim is to bring this demand into existence.
- Keeping focused on the overall picture. Be clear about your goal; what matters and needs to be achieved.
- Minimizing risks. assess current industry standards and decidewhatcan be eliminated. ---- things those are not necessary. Reduced. Things that need not be done in a high standard; raised ---- things that should be done better and created. Things that have never been offered before.
- Planning careful implementation. you will need to overcome barriers and secure the resources and the support of your people

LOUIS GALLARDO 'S 6 Rs. This is a total approach to business where all activities work together; moving the whole company forward in the same direction. Having all company activities support each other enables to develop the right mindset, strategy and approach for growing a successful business. The six R's are:

- ✓ Reason
- ✓ Revenue
- ✓ Rousers [energizers]
- ✓ Reputation
- ✓ Relationships
- ✓ Resilience.

The author of this article is; Jeremy Kourdi. This is published in Indian Management; Volume 54; Issue 8; pages 39 – 42; August 2015. The reference books quoted in the above article are worth seriously reading.

The existing thinking is that of'analytical thinking' rather than 'possibility – oriented thinking'. Analytical thinking is based on breaking down an issue into smaller, manageable parts. the work for small operational problems, but fails where one has to think holistically and be able to see the interlinkages between various parameters. In the 1990 's the American Military coined an acronym for this situation. **VUCA**. Which stands for volatility, uncertainty, complexity and ambiguity. This is where the 'open ended, exploratory deeply human centric imaginative approach'. ('Design Thinking '-- By Tim Brown, Harvard Business Review, June 2008. Design thinking; as an approach;Innovation is user driven and not technology driven. The design approach as per the Design Council is:

Step I Discover.
Step II Define.
Step III Develop
Step IV Deliver.

Disrupting Systems often may cause employees to become clueless, negatively affecting the performance of the company.

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A COMPARATIVE STUDY OF MANAGEMENT EFFICIENCY IN SCHEDULED URBAN CO-OPERATIVE BANKS IN GUJARAT STATE

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Introduction

Evaluation of Management efficiency of any financial institution can be done through financial analysis. Soundness of management is generally evaluated in terms of its capital, the quality of assets, Profitability and liquidity. Apart from that, performance evaluation of any financial institution also includes effectiveness of management in fulfillment of well established standard norms, their ability to plan and react with the varying circumstances, technical competence and administrative ability.Sound management is one of the most important factors behind the performance of any financial institution, especially in banking unit. But it is too difficult to judge the soundness of management just through financial analysis because of the qualitative nature of management. Thus, Sound management is key to gauge bank performance but is difficult to measure. However, in this research paper several indicators in the form of efficiency ratios are calculated to measure the efficiency of management.

Purpose of Research

Urban co-operative bank comes under primary co-operative societies at the base level of the three tired pyramidal structure. The urban co-operative banks are the only institutions in co-operative credit structure which are very helpful to meet the requirement of small farmers and small scale industrial concerns as UCBs are formed on the principle of co-operation. Thus, right from their establishment, UCBs are solving the economic problems of lower middle income group of people and thereby contributing to the economic development of the country.

However, the failure of 2 Scheduled Urban Co-operative Banks named "MADHAVPURA MERCANTILE CO-OPERATIVE BANK" of Ahmedabad and "ANNYONYA CO-OPERATIVE BANK" of Vadodara in the co-operative sector has made an adverse impact on the mind of costumer as well as on the functioning of scheduled urban co-operative banks also. A need at the present juncture has therefore created the necessity to study the management soundness of scheduled urban co-operative banks.

Objectives of the Study

The main objectives of the research study are as follows:

- To analyse the soundness of management of scheduled UCBs in Gujarat State.
- To find out composite rating of each of the scheduled UCBs in Gujarat State.

Research Methodology

The study is a census study and descriptive in nature which is based on secondary data drawn from the annual reports of the respective banks. For the purpose of analyses six accounting ratios related to soundness of management namely (I) Expenditure to Income Ratio, (ii) Credit – deposit Ratio, (iii) Assets Utilization Ratio,(iv) Diversification Ratio, (v) Earning Per Employee Ratio (vi) Expenditure Per Employee Ratio were calculated. Four statistical techniques i.e. Mean, Standard Deviation, Co- efficient of variation and Co-efficient of correlation have also been used as supportive techniques.

Scope of the Study

This study is a census study as the whole state of Gujarat covers 7 scheduled urban co-operative banks and all that 7 scheduled urban co-operative banks are covered under this research paper. To check the efficiency of management of Scheduled Urban Co-operative Banks in Gujarat State the data of 10 years from the co-operative year 2002-03 to 2011-12 are considered. The study includes the following scheduled urban co-operative banks.

1. Ahmedabad Mercantile Co-operative Bank Ltd., Ahmedabad
2. Kalupur Commercial Co-operative Bank Ltd., Ahmedabad
3. Mehsana Urban Co-operative Bank Ltd., Mehsana
4. Nutan Nagrik Sahakari Bank Ltd., Ahmedabad
5. Rajkot Nagrik Sahakari Bank Ltd., Rajkot
6. Sardar Bhiladwala Pardi Peoples Co-operative Bank Ltd., Pardi
7. Surat Peoples Co-operative Bank Ltd., Surat

Data Analysis and Interpretation

Table 1 reveals that the average***operating expenditure to operating income ratio*** was not satisfactory as it was measured at 75.41%.The growth rate of total operating expenditure in the year 03-04 was -11.74% in comparison with the previous year which increased in very next year i.e. 04-05 being -8.60%. Subsequently the growth rate suddenly increased from 7.17% in 06-07 to 22.14% in 07-08 as the amount of operating profit increased in all SUCBs. Ultimately the growth rate of total operating expenses registered a sudden rise and rose from 3.87% in 10-11 to 28.40% in 11-12 as the amount of operating profit increased in all SUCBs. 28.40% was the highest growth rate recorded during study.

The growth rate in operating income was negative being -8.67 % in the year 02-03 which went down to the lowest being -21.23% in 03-04 as in all SUCBs the amount of operating income decreased considerably. Afterwards the growth rate rapidly increased from 4.16% in 06-07 to 22.68% in 07-08 as the amount of operating income increased in all SUCBs. Subsequently the growth rate decreased from 20.99% in 08-09 to 10.72% in 09-10.

The mean of total operating expenditure and total operating income were Rs.47251.89 lacs and Rs. 62542.39 lacs with the standard deviation of Rs.14915.99 lacs and Rs.18999.03 lacs respectively. Co-efficient of variation of total operating expenditure was higher than total operating income being 31.57% and 30.38% respectively. Thus, it can be said that the variation in total operating expenditure was higher than total operating income. Co-efficient of correlation between total operating expenditure and total operating income was 0.99 which reveals partials positive correlation between these two variables.

Table 2 reveals that the average ***total advances to total deposits ratio*** was satisfactory as it remain on 58.06%. The growth rate in total advances showed very fluctuating trend throughout the study period. In the year 05-06 the growth rate in total advances decreased to -0.32% as the amount of total advance in MUCB and SBPPCB decreased. Subsequently in the year 07-08 the growth rate of total advances increased to 22.36% as the amount of total advances increased considerably in all SUCBs. The highest growth rate was recorded in the year 11-12 being 27.79% as once again the amount of total assets well exceeded in all SUCBs.

The growth rate in total deposits was 8.92% in 03-04. After that in the year 04-05, it decreased to 0.49% which was the lowest growth rate recorded throughout study period. The highest growth rate was recorded in the year 07-08 being 22.51% as in all SUCBs the amount of total deposits increased at a great deal in comparison with previous year.

The mean of total advances and total deposits were Rs.311096.72 lacs and Rs. 527123.99 lacs with the standard deviation of Rs.135295.97 lacs and Rs.196288.78 lacs respectively. Co-efficient of variation of total advances was higher than total deposits being 43.49% and 37.24% respectively. Thus, it can be said that the variation in total advances was higher than total deposits. Co-efficient of correlation between total advances and total deposits was 0.99 which reveals partials positive correlation between these two variables.

Table 3 is designed for clear understanding of Operating Expenditure to Operating Income ratio and total advances to total deposits ratio of individual scheduled UCBs. It clearly says that the average operating expenditure to operating income ratio was lowest in AMCB being 68.94% followed by KCCB with 70.21% and SPCB with 74.74%. In the above SUCBs this ratio remains below the consolidated average of 75.41%.The average operating expenditure to operating income ratio in SBPPCB was measured at 76.69% followed by NNSB with 79.91%, RNSB with 80.29% and MUCB with 82.22%. In these four SUCBs, the ratio remained above the consolidated average of 75.41% which can be comparatively remarked as a sign of poor management efficiency.

The average total advance to total deposits ratio was highest in MUCB being 70.55% followed by RNSB with 61.99% and KCCB with 58.76%. In these SUCBs this ratio remains below the consolidated average of 58.06%. The average total advances to total deposits ratio in SPCB was measured at 57.76% followed by SBPPCB with 54.47%, NNSB with 46.97% and AMCB with 43.88%. In these four SUCBs, the ratio remained below the consolidated average of 58.06% which can be comparatively remarked as a sign of poor management to convert their deposits into loans and advances.

Assets turnover ratio indicates the total revenue earned for every rupee of assets that bank owns. ***Table 4*** reveals that the average ***assets turnover ratio*** was not satisfactory as it remain around 0.07 times throughout the study Period. The average assets turnover ratio was 0.08 times.The growth rate net income showed very fluctuating trend throughout the study period. The growth rate of net income in the year 03-04 was -8.66% in comparison with the previous year. Suddenly in very next year i.e. 04-05 this ratio decreased to -21.22% as the amount of net income decreased in all SUCBs. Subsequently the growth rate increased from 4.16% in 06-07 to 22.68% in 07-08 as the amount of net income in all SUCBs increased.

The growth rate in total assets was 10.54 % in the year 03-04 which went down to 2.80% in 04-05 which was the lowest growth rate recorded throughout study period. This decrement in the growth rate of total assets was because of only three banks named MUCB, SBPPCB and SPCB. The highest growth rate was recorded in the year 2010-11 which is 18.78% as in all SUCBs the amount of total assets increased in comparison with previous year.

The mean of net income and total assets were Rs.62561.07 lacs and Rs. 789991.21 lacs with the standard deviation of Rs.19036.80 lacs and Rs.250540.54 lacs respectively. Co-efficient of variation of total assets was higher than net income being 31.71% and 30.43% respectively. Thus, it can be said that the variation in total assets was higher than net income. Co-efficient of correlation between net income and total assets was 0.93 which reveals partials positive correlation between these two variables.

Diversification ratio is the measure of banks income other than the interest income in total income. ***Table 5*** reveals that the average ***diversification ratio*** was 6.25%. The growth rate in noninterest income showed very fluctuating trend throughout the study period. The growth rate of non interest income in the year 03-04 was 34.56% in comparison with the previous year which was the highest growth rate recorded during study. Suddenly in the very next year i.e. 04-05 the growth rate decreased to -62.85% as the amount of non interest income decreased by a long way in KCCB, NNSB, RNSB and SPCB.

The growth rate of total income showed very fluctuating trend throughout the study period. The growth rate of total income in the year 03-04 was -8.66% in comparison with the previous year. Suddenly in very next year i.e. 04-05 the growth rate decreased to -21.22% as the amount of total income decreased in all SUCBs. This was also the lowest growth rate recorded throughout study period. Subsequently the growth rate increased from 4.16% in 06-07 to 22.68% in 07-08.

The mean of non interest income and total income were Rs.3845.88 lacs and Rs.62561.07 lacs with the standard deviation of Rs.1106.02 lacs and Rs.19036.80 lacs respectively. Co-efficient of variation of non interest income was lower than total income being 28.76% and 30.43% respectively. Thus, it can be said that the variation in non interest income was lower than total income. Co-efficient of correlation between non interest income and total income was 0.77 which reveals partials positive correlation between these two variables.

Table 6 is designed for better understanding of assets turnover ratio and diversification ratio of individual scheduled UCBs. It reveals that assets turnover ratio was highest in MUCB being 0.10 times followed by NNSB and SPCB with 0.09 times. In the above SUCBs this ratio remains above the consolidated average of 0.08 times. The average assets turnover ratio was 0.08 times in AMCB and SBPPCB while in both KCCB and RNSB it was 0.07 times.

The average diversification ratio was highest in NNSB being 16.39% followed by RNSB with 6.58% and SPCB with 6.29%. In these SUCBs this ratio remains above the consolidated average of 6.25%. The average diversification ratio in KCCB was measured at 5.29% followed by SBPPCB with 5.10%, MUCB with 4.04% and AMCB with 3.80%. In these four SUCBs, the ratio remained below the consolidated average of 6.25%.

Earning per employee ratio indicates the average profit generated per person employed by a bank. ***Table 7*** reveals that the average ***earning per employee ratio*** was Rs. 3.40. The growth rate in net profit showed very fluctuating trend throughout the study period. The growth rate of net profit in the year 03-04 was 2.90% in comparison with the previous year. Suddenly in very next year i.e. 04-05 the growth rate decreased to -25.78% as the amount of net profit decreased in all SUCBs except KCCB. Afterwards the growth rate dramatically increased from 3.40% in 06-07 to 26.75% in 07-08 as the amount of net profit increased in all SUCBs.

The lowest growth rate recorded during 06-07 being -4.38% as the number of employees in all SUCBs decreased except MUCB. Subsequently the growth rate increased from 2.82% in 08-09 to 6.21% in 09-10 as number of employees increased in AMCB, KCCB and RNSB.

The mean of net profit and total number of employees were Rs.7256.18 lacs and 2098.60 with the standard deviation of Rs.2406.18 lacs and 141.91 respectively. Co-efficient of variation of net profit was higher than total number of employees being 33.16% and 6.76% respectively. Thus, it can be said that the variation in net profit was higher than total number of employees. Co-efficient of correlation between net profit and total number of employees was 0.94 which reveals partials positive correlation between these two variables.

Business per employee ratio indicates the efficiency of bank in terms of doing business with lesser number of employees. ***Table 8*** reveals that the average ***business per employee ratio*** was Rs. 392.31.

The growth rate in total business showed very fluctuating trend throughout the study period. The growth rate of total business in the year 03-04 was 2.46% in comparison with the previous year which slightly decreased to 2.23% in 04-05. Afterwards the growth rate in total business increased from 2.23% in 04-05 to 6.18% in 05-06. Afterwards the growth rate decreased to 15.65% in 08-09 in spite of the increment in the amount of total business as growth rate increased somewhat slowly.

The mean of total business and total number of employees were Rs.838220.71 lacs and 2098.60 with the standard deviation of Rs.330921.99 lacs and 141.91 respectively. Co-efficient of variation of total business was higher than total number of employees being 39.48% and 6.76% respectively. Thus, it can be said that the variation in total business was higher than total number of employees. Co-efficient of correlation between total business and total number of employees was 0.89 which reveals partials positive correlation between these two variables.

Table 9 is designed for clear understanding of earning per employee ratio and business per ratio of individual scheduled UCBs. It is clearly indicates that earning per employee ratio was highest in AMCB being Rs. 5.43 followed by KCCB with Rs. 5.00 and RNSB with Rs. 4.03. In the above three SUCBs this ratio remains above the consolidated average of Rs. 3.40. The average earning per employee ratio in MUCB was measured at Rs. 2.91 followed by SPCB with Rs. 2.28 and NNSB with Rs. 1.97 and SBPPCB with Rs. 1.55. In these four SUCBs, the ratio remained below the consolidated average of Rs. 3.40.

The average business per employee ratio was highest in AMCB being Rs. 590.07 followed by RNSB with Rs.463.12, MUCB with Rs. 462.46 and KCCB with Rs.445.73. In the above four SUCBs this ratio remains above the consolidated average of Rs.392.31. The average business per employee ratio in SPCB was measured at Rs. 339.96 followed by NNSB with Rs.271.57 and SBPPCB with Rs.239.91. In these three SUCBs, the ratio remained below the consolidated average of Rs. 392.31.

Conclusions

On the basis of the evaluation of performance regarding management efficiency, the study highlights that, the different banks have obtained different ranks with respect to ratios of Management soundness. Taking in to consideration the overall management efficiency, depicted in table 10, it can be concluded that AMCB, KCCB and RNSB was on the top position as these banks were ranked first in composite management efficiency while SBPPCB got lowest rank as the performance of SBPPCB was poor with regards to all ratios.

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Annexure

TABLE 1					
Amount of Operating Expenses, Operating Income their Growth rate per year and Operating Expenditure to Operating Income Ratio of All SUCBs taken					
Year	Total Operating Expenditure (Rs in Lacs)	Growth Rate Per Year (in %)	Total Operating Income (Rs in Lacs)	Growth Rate Per Year (in %)	Ratio (in %)
2002-03	40827.91		57131.99		71.46
2003-04	36036.06	-11.74	52180.58	-8.67	69.06
2004-05	32935.67	-8.60	41101.48	-21.23	80.13
2005-06	32366.35	-1.73	43723.98	6.38	74.02
2006-07	34685.74	7.17	45541.58	4.16	76.16
2007-08	42366.57	22.14	55871.28	22.68	75.83
2008-09	51765.42	22.18	67600.41	20.99	76.58
2009-10	59760.71	15.45	74847.21	10.72	79.84
2010-11	62072.59	3.87	83577.45	11.66	74.27
2011-12	79701.86	28.40	103847.97	24.25	76.75
AVERAGE	**47251.89**		**62542.39**		**75.41**

TABLE 2

Amount of Total Advances, Total Deposits, their Growth rate per year and Total Advances to Total Deposits Ratio of All SUCBs taken together

Year	Total Advances (Rs in Lacs)	Growth Rate Per Year (in %)	Total Deposits (Rs in Lacs)	Growth Rate Per Year (in %)	Ratio (in %)
2002-03	203977.36		321374.55		63.47
2003-04	188196.91	-7.74	350056.09	8.92	53.76
2004-05	198486.53	5.47	351780.93	0.49	56.42
2005-06	197857.28	-0.32	386441.94	9.85	51.20
2006-07	229852.20	16.17	406357.10	5.15	56.56
2007-08	281236.81	22.36	497816.99	22.51	56.49
2008-09	328232.78	16.71	572732.99	15.05	57.31
2009-10	398948.84	21.54	692789.79	20.96	57.59
2010-11	475953.68	19.30	765919.45	10.56	62.14
2011-12	608224.82	27.79	925970.06	20.90	65.69
AVERAGE	**311096.72**		**527123.99**		**58.06**

TABLE 3

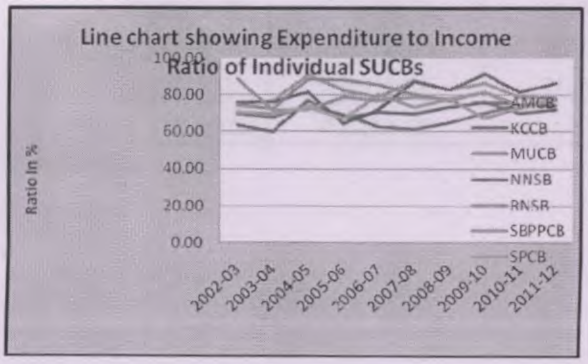
Operating Expenditure to Operating Income Ratio and Total Advanaces to Total Deposits Ratio of Individual SUCBs

(In Percentage)

NAME OF	2002-03		2003-04		2004-05		2005-06		2006-07		2007-08	
UCBS	A	B	A	B	A	B	A	B	A	B	A	B
AMCB	69.90	48.58	67.93	46.81	73.87	43.52	69.59	42.29	62.52	40.83	61.22	37.91
KCCB	63.44	62.59	59.77	55.06	77.31	60.38	67.67	53.51	71.03	57.41	70.16	54.40
MUCB	75.96	95.18	77.06	78.13	91.33	81.07	82.86	73.42	79.13	76.45	88.32	62.59
NNSB	75.44	50.35	76.25	41.31	81.73	43.10	64.34	36.86	71.85	41.68	87.39	42.84
RNSB	74.64	68.19	72.83	52.82	89.04	51.24	88.63	50.37	85.68	58.44	80.34	63.96
SBPPCB	89.03	58.42	71.86	51.54	72.48	50.52	78.92	44.34	77.37	47.42	79.25	59.41
SPCB	71.11	53.98	69.88	48.12	73.44	56.54	67.36	49.87	80.27	57.89	73.85	60.66
ALL Bank	71.46	63.47	69.06	53.76	80.13	56.42	74.02	51.20	76.16	56.56	75.83	56.49

NAME OF	2008-09		2009-10		2010-11		2011-12		AVERAGE		RANK	
UCBS	A	B	A	B	A	B	A	B	A	B	A	B
AMCB	65.01	36.57	70.06	41.61	74.81	45.77	74.47	54.91	56.49	56.23	1	7
KCCB	73.59	56.14	76.54	57.56	70.41	60.65	72.21	69.86	64.20	66.15	2	3
MUCB	83.00	57.80	86.67	58.89	79.28	60.72	78.61	61.22	77.18	71.71	7	1
NNSB	82.90	50.41	91.51	50.30	81.34	55.70	86.36	57.18	63.77	68.59	5	6
RNSB	77.52	66.61	81.80	67.98	74.74	70.25	77.71	70.05	71.20	73.10	6	2
SBPPCB	78.31	63.77	67.78	54.10	73.04	52.31	78.81	62.86	65.72	66.96	4	5
SPCB	78.12	59.02	81.69	56.30	73.18	70.01	78.46	65.20	66.30	69.65	3	4
ALL Bank	76.58	57.31	79.84	57.59	74.27	62.14	76.75	65.69	66.79	68.25		

A' indicates Operating Expenditure to Operating Income Ratio & 'B' indicates Total Advances to Total Deposits Ratio



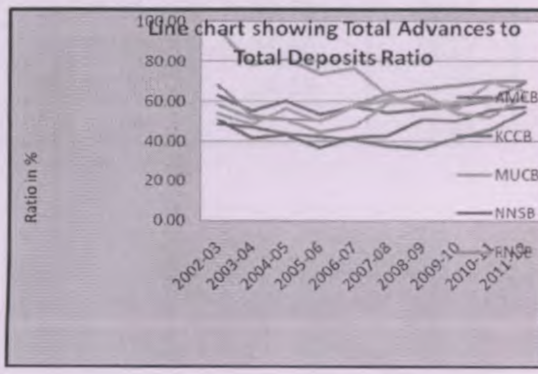


TABLE 4 Amount of Net Income, Total Assets, their Growth rate per year and Assets Turnover Ratio of All SUCBs taken together					
Year	Net Income (Rs in Lacs)	Growth Rate Per Year (in %)	Total Assets (Rs in Lacs)	Growth Rate Per Year (in %)	Ratio (in Times)
2002-03	57132.25		510621.46		0.11
2003-04	52181.92	-8.66	564424.67	10.54	0.09
2004-05	41107.80	-21.22	580243.03	2.80	0.07
2005-06	43724.31	6.36	628241.20	8.27	0.07
2006-07	45541.76	4.16	665848.16	5.99	0.07
2007-08	55871.85	22.68	761357.28	14.34	0.07
2008-09	67600.51	20.99	805952.12	5.86	0.08
2009-10	74847.51	10.72	944051.93	17.13	0.08
2010-11	83577.45	11.66	1121361.65	18.78	0.07
2011-12	104025.38	24.47	1317810.59	17.52	0.08
AVERAGE	**62561.07**		**789991.21**		**0.08**

TABLE 5 Amount of Net Interest Income, Total Income their Growth rate per year and Diversification Ratio of All SUCBs taken together					
Year	Non Interest Income (Rs in Lacs)	Growth Rate Per Year (in %)	Total Income (Rs in Lacs)	Growth Rate Per Year (in %)	Ratio (in %)
2002-03	3791.49		57132.25		6.64
2003-04	5101.68	34.56	52181.92	-8.66	9.78
2004-05	1895.02	-62.85	41107.80	-21.22	4.61
2005-06	3058.94	61.42	43724.31	6.36	7.00
2006-07	2621.00	-14.32	45541.76	4.16	5.76
2007-08	3140.78	19.83	55871.85	22.68	5.62
2008-09	4681.02	49.04	67600.51	20.99	6.92
2009-10	3922.06	-16.21	74847.51	10.72	5.24
2010-11	4760.86	21.39	83577.45	11.66	5.70
2011-12	5485.92	15.23	104025.38	24.47	5.27
AVERAGE	**3845.88**		**62561.07**		**6.25**

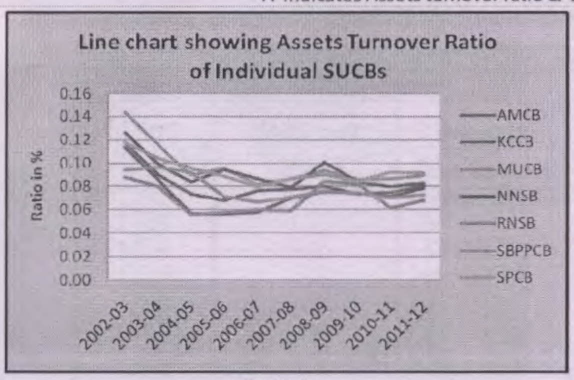
TABLE 6

Assets Turnover Ratio of Individual SUCBs Under the Study

(A In times & B in %)

NAME OF	2002-03		2003-04		2004-05		2005-06		2006-07		2007-08		2008-09		2009-10		2010-11		2011-12		AVERAGE		RANK	
UCBS	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B
AMCB	0.12	1.31	0.09	2.53	0.07	3.41	0.07	2.71	0.08	2.59	0.08	4.46	0.08	5.37	0.07	4.25	0.07	4.24	0.08	7.09	**1.67**	**3.80**	**4.5**	**7**
KCCB	0.11	4.68	0.09	3.90	0.06	4.57	0.06	5.00	0.06	5.41	0.07	6.70	0.08	3.77	0.07	5.48	0.07	6.75	0.08	6.70	**2.47**	**5.29**	**6.5**	**4**
MUCB	0.14	1.88	0.12	2.94	0.09	4.31	0.10	3.51	0.08	5.30	0.09	4.56	0.09	8.07	0.09	4.25	0.09	3.53	0.09	2.08	**2.07**	**4.04**	**1**	**6**
NNSB	0.13	20.29	0.10	17.22	0.08	15.12	0.09	30.89	0.09	20.37	0.08	7.80	0.10	23.70	0.08	10.72	0.08	9.19	0.08	8.56	**8.22**	**16.39**	**2.5**	**1**
RNSB	0.09	10.51	0.08	22.55	0.06	-1.40	0.06	0.34	0.06	3.96	0.06	5.67	0.08	7.17	0.08	5.49	0.06	5.98	0.07	5.51	**3.21**	**6.58**	**6.5**	**2**
SBPPCB	0.09	2.87	0.10	8.35	0.09	10.16	0.07	4.09	0.07	4.09	0.07	4.47	0.08	7.40	0.07	2.86	0.07	2.26	0.07	4.48	**2.49**	**5.10**	**4.5**	**5**
SPCB	0.12	9.41	0.10	10.82	0.10	5.63	0.09	10.87	0.08	4.53	0.09	4.87	0.09	3.91	0.08	4.37	0.09	5.57	0.09	2.87	**3.21**	**6.29**	**2.5**	**3**
ALL Bank	11.19	6.64	9.25	9.78	7.08	4.61	6.96	7.00	6.84	5.76	7.34	5.62	8.39	6.92	7.93	5.24	7.45	5.70	7.89	5.27	**7.24**	**6.25**		

A' indicates Assets turnover ratio & 'B' indicates Divercification Ratio



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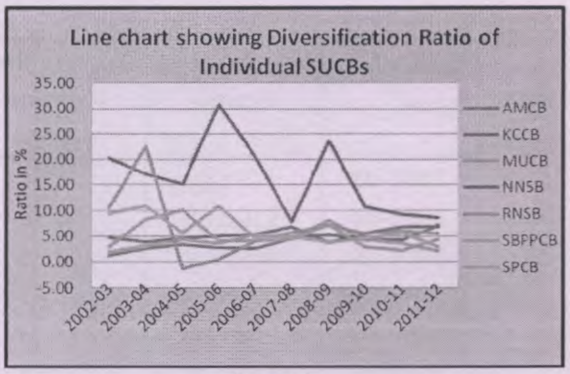


Figure: 4

TABLE 7

Amount of Net Profit, No. of Employees, their Growth rate per year and Earning per Employee Ratio of All SUCBs taken together

Year	Net Profit (Rs in Lacs)	Growth Rate Per Year (in %)	No. of Employees	Growth Rate Per Year (in %)	Ratio (in Rs.)
2002-03	6063.50		2060		2.94
2003-04	6239.36	2.90	2049	-0.53	3.05
2004-05	4630.98	-25.78	2039	-0.49	2.27
2005-06	4933.76	6.54	2007	-1.57	2.46
2006-07	5101.45	3.40	1919	-4.38	2.66
2007-08	6465.91	26.75	1989	3.65	3.25
2008-09	7702.39	19.12	2045	2.82	3.77
2009-10	8555.81	11.08	2172	6.21	3.94
2010-11	10697.48	25.03	2311	6.40	4.63
2011-12	12171.18	13.78	2395	3.63	5.08
AVERAGE	**7256.18**		**2098.60**		**3.40**

TABLE 8

Amount of Total Business, No. of Employees, their Growth rate per year and Business per Employee Ratio of All SUCBs taken together

Year	Total Business (Rs in Lacs)	Growth Rate Per Year (in %)	No. of Employees	Growth Rate Per Year (in %)	Ratio (in Rs.)
2002-03	525351.91		2060		255.03
2003-04	538253.00	2.46	2049	-0.53	262.69
2004-05	550267.46	2.23	2039	-0.49	269.87
2005-06	584299.22	6.18	2007	-1.57	291.13
2006-07	636209.30	8.88	1919	-4.38	331.53
2007-08	779053.80	22.45	1989	3.65	391.68
2008-09	900965.77	15.65	2045	2.82	440.57
2009-10	1091738.63	21.17	2172	6.21	502.64
2010-11	1241873.13	13.75	2311	6.40	537.37
2011-12	1534194.88	23.54	2395	3.63	640.58
AVERAGE	**838220.71**		**2098.60**		**392.31**

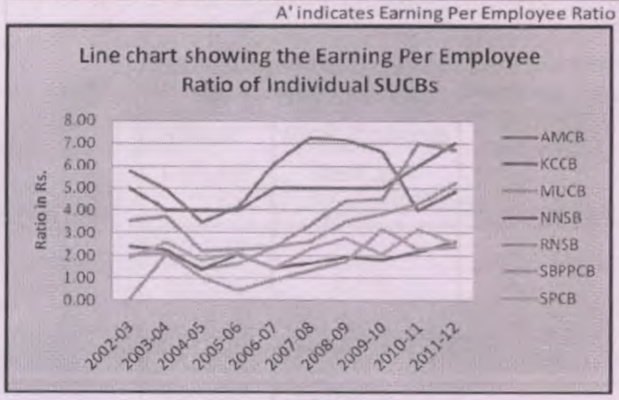
TABLE 9

Earning Per Employee Ratio of Individual Selected SUCBs

(In Rs.)

NAME OF	2002-03		2003-04		2004-05		2005-06		2006-07		2007-08		2008-09		2009-10		2010-11		2011-12		AVERAGE		RANK	
UCBS	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B
AMCB	5.73	697.40	4.93	615.98	3.49	513.88	4.17	588.03	6.06	768.49	7.25	820.65	7.14	828.01	6.61	409.15	4.01	298.68	4.87	360.42	5.43	590.07	1	1
KCCB	5.00	250.81	4.00	299.91	4.00	329.33	4.00	358.45	5.01	372.72	5.00	409.43	5.00	463.27	5.00	558.48	6.00	625.08	7.00	789.86	5.00	445.73	2	4
MUCB	2.03	297.19	2.10	266.01	1.41	268.49	1.64	269.32	2.40	342.03	2.62	433.12	3.53	539.56	3.87	674.73	4.29	701.89	5.22	832.21	2.91	462.46	4	3
NNSB	2.40	128.59	2.24	135.94	1.35	154.03	2.06	177.43	1.44	210.41	1.64	281.57	1.93	317.69	1.83	384.07	2.16	421.02	2.62	504.98	1.97	271.57	6	6
RNSB	3.57	326.17	3.75	326.12	2.22	345.95	2.28	353.40	2.38	390.04	3.36	445.67	4.46	494.03	4.54	568.72	7.01	667.15	6.71	713.94	4.03	463.12	3	2
SBPPCB	0.06	196.81	2.06	173.33	1.02	154.92	0.46	160.94	0.92	193.75	1.33	228.97	1.75	261.76	3.19	306.67	2.31	344.86	2.41	377.06	1.55	239.91	7	7
SPCB	1.93	202.34	2.58	218.17	1.82	211.78	2.16	239.31	1.41	285.69	2.33	350.69	2.77	369.60	2.08	445.28	3.17	489.11	2.56	587.67	2.28	339.96	5	5
ALL Bank	2.94	255.03	3.05	262.69	2.27	269.87	2.46	291.13	2.66	331.53	3.25	391.68	3.77	440.57	3.94	502.64	4.63	537.37	5.08	640.58	3.40	392.31		

A' indicates Earning Per Employee Ratio and 'B' indivates Business Per Employee Ratio



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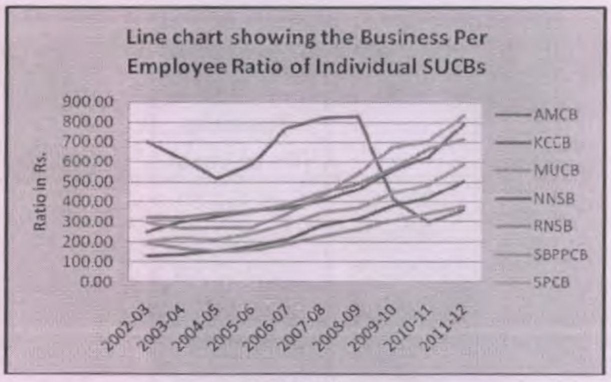

Figure: 6

TABLE No. 10														
Composite Management Efficiency of Individual SUCBs														
Name of Bank	**Expenditure/ Income**		**Advances/D eosits**		**Assets Turnover**		**Diversificati on**		**Earning Per Employee**		**Business Per Employee**		**Group Rank**	
	%	**Rank**	**%**	**Rank**	**%**	**Rank**	**Times**	**Rank**	**%**	**Rank**	**%**	**Rank**	**Avg**	**Rank**
AMCB	68.94	1	43.88	7	0.08	4.5	3.80	7	5.43	1	590.07	1	3.58	1
KCCB	70.21	2	58.76	3	0.07	6.5	5.29	4	5.00	2	445.73	4	3.58	1
MUCB	82.22	7	70.55	1	0.10	1	4.04	6	2.91	4	462.46	3	3.67	4
NNSB	79.91	5	46.97	6	0.09	2.5	16.39	1	1.97	6	271.57	6	4.42	6
RNSB	80.29	6	61.99	2	0.07	6.5	6.58	2	4.03	3	463.12	2	3.58	1
SBPPCB	76.69	4	54.47	5	0.08	4.5	5.10	5	1.55	7	239.91	7	5.42	7
SPCB	74.74	3	57.76	4	0.09	2.5	6.29	3	2.28	5	339.96	5	3.75	5

A STUDY OF CAUSES & IMPACT OF BLACK MONEY ON INDIAN ECONOMY

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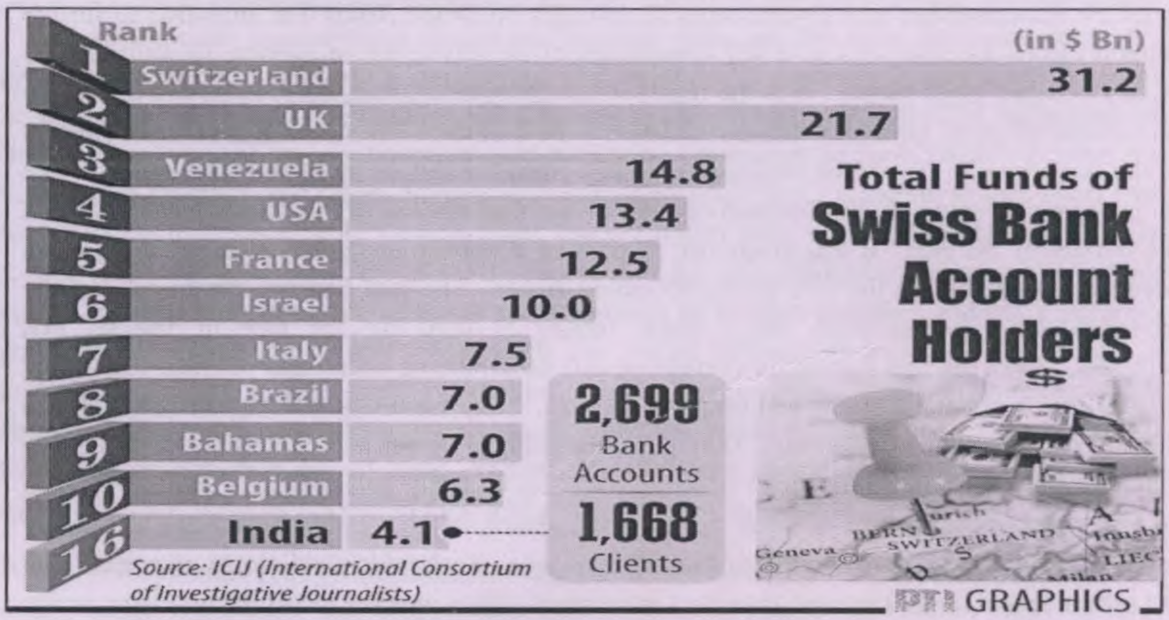
1. Introduction

India ranks fourth in black money outflows with a whopping $51 billion siphoned out of the country per annum between 2004-2013, a US-based think-tank's report said. Notably, India's defence budget is less than $50 billion. China tops the list with $139 billion average outflow of illicit finances per annum, followed by Russia ($104 billion per annum) and Mexico ($52.8 billion per annum), according to the annual report released by Global Financial Integrity (GFI), a Washington-based research and advisory organisation.The illegal capital outflows stem from tax evasion, crime, corruption and other illicit activity, the report said, according to which a record $1.1 trillion flowed illicitly out of developing and emerging economies in 2013, the latest year for which data is available. In all, during this decade-long period of 2004-2014, GFI estimates that more than half a trillion ($510 billion) went out of India and in the case of China the figure was $1.39 trillion and Russia $1 trillion. Titled 'Illicit Financial Flows from Developing Countries: 2004-2013', the study shows that illicit financial flows first surpassed $1 trillion in 2011 and have grown to $1.1 trillion in 2013, marking a dramatic increase from 2004, when illicit outflows totaled just $465.3 billion. China also had the largest illicit outflows of any country in 2013, amounting to a staggering $258.64 billion in just that one year, the report said. "This study clearly demonstrates that illicit financial flows are the most damaging economic problem faced by the world's developing and emerging economies," said GFI President Raymond Baker, a longtime authority on financial crime. "This year at the UN the mantra of 'trillions not billions' was continuously used to indicate the amount of funds needed to reach the Sustainable Development Goals. Significantly curtailing illicit flows is central to that effort," he said. Noting that Sustainable Development Goals (SDGs) calls on countries to significantly reduce illicit financial flows by 2030, the report said the international community has not yet agreed on goal indicators, the technical measurements to provide baselines and track progress made on underlying targets and subsequently the overall SDGs.In its report, GFI recommends that world leaders should focus on curbing opacity in the global financial system, which facilitates these outflows. Governments should establish public registries of verified beneficial ownership information on all legal entities and all banks should know the true beneficial owner(s) of any account opened in their financial institution, it said.

Policymakers should require multinational companies to publicly disclose their revenues, profits, losses, sales, taxes paid, subsidiaries and staff levels on a country-by-country basis, it said, adding that all countries should actively participate in the worldwide movement towards the automatic exchange of tax information as endorsed by the OECD and the G20.

Customs agencies should treat trade transactions involving a tax haven with the highest level of scrutiny, the report said. In India, Black money refers to funds earned on the black market, on which income and other taxes have not been paid. The total amount of black money deposited in foreign banks by Indians is unknown. Some reports claim a total exceeding US$16.4 trillion are stashed in Switzerland's. Other reports, including those reported by Swiss Bankers Association and the Government of Switzerland, claim that these reports are false and fabricated, and the total amount held in all Swiss banks by citizens of India is about US$2 billion. In February 2012, the director of the Central Bureau of Investigation said that Indians have $500 billion of illegal funds in foreign tax havens, more than any other country. In March 2012, the Government of India clarified in its parliament that the CBI Director's statement on $500 billion of illegal money was an estimate based on a statement made to India's Supreme Court in July 2011. Indian corporate invariably under invoice their exports and over invoice their imports from tax heaven countries such as Singapore, UAE, Hong Kong, etc. Thus the promoters of the public limited companies, who hold rarely more than 10% of share capital, earn black money abroad at the cost of majority share holders and tax income to the Indian government. Politicians, political parties and corrupt higher officials of government and its institutions take bribes from foreign companies and park/invest the money abroad in tax havens for transferring to India when needed. Many times locally earned bribes/funds/collections are also routed abroad through hawala channels for evading from Indian tax authorities and consequent legal implications. Governments should significantly boost their customs enforcement by equipping and training officers to better detect intentional mis-invoicing of trade transactions, particularly through access to real-time world market pricing information at a detailed commodity level, it said.GFI recommended that governments should sign on to the Addis Tax Initiative to further support efforts to curb IFFs as a key component of the development agenda. Illegally earned money is called black money. It is the result of hoarding, smuggling, tax evasion and dealing in immovable property for which the consideration is paid in black. It has been beyond the control of the Government. The black money has already created a serious problem in our country. The Indian economy stands badly shattered because of the huge amount of this tainted wealth lying in the coffers of the rich. It has given rise to parallel economy operating in the country. As a becoming poorer while the rich go on becoming richer. The gap between the haves and the have-nots is widening every day. Black money is used by the rich in various evil activities. They use this money for corrupting and demoralizing social and political life. They display it in ostentatious living and wasteful luxuries. They bribe Government officers and lead them to corruption and dishonesty. They purchase political bosses and control the strings of the Government. Thus the entire social structure comes to be badly polluted. It is difficult to form an exact idea of the amount of black money in circulation in the country. Searches and raids by Income Tax authorities are conducted from time to time. Such raids yield crores of rupees. But the people are, at times, cleverer, than the Government. They seek the aid of the best legal brains and get the law twisted in their favour. Most of the offenders use all their money and influence and go scot free whenever they are caught. The Government has, at various times, announced some voluntary disclosure schemes for unearthing the black money. These schemes have proved successful to a very limited extent. What has come to the surface is believed only to be the tip of the huge iceberg lying hidden underneath. The 1997 Voluntary Disclosure Scheme announced by the Government of India unearthed a big amount of black money as the tax rate in this scheme had been reduced to thirty per cent. The black money, according to some reliable estimates has gone up to Rs. 10,000 crores in our country. It is to a great extent responsible for a great rise in prices because the purchasing power of the people has increased. People having black money are leading a life of luxury whereas the poor people are leading a miserable life. Some leading economists of the country have suggested stringent measures to the government to unearth black money but successive governments have been rejecting those measures. The vested interest always stands in the way of effective measures and get them diluted. The government of the day appears to be doing its best to unearth black money. A number of steps have been taken. Taxation structure and system have been made easier. At different times, the government has brought forward several schemes and asked the people to declare their wealth. There has been some success. A lot still remains to be done. It must be clear to all that the nation cannot shut her eyes to this state of affairs. Smugglers and black-marketers can no longer be tolerated. They are striking at the very roots of our democratic structure. All steps to weed the black money out of circulation must be taken as early as possible. The government must come down with a heavy hand of smugglers, tax evaders, black-marketers and hoarders. Black money is a curse. It must be rooted out from public life.

List of Swiss bank account holders country-wise



2. Objectives:

Followings are given some important objectives of the research paper

1. To study the causes of black money in India
2. To study the impact of black money in India
3. To suggest measures to deal with it firmly.

3. Causes of generation of black money in India

- Corruption in various ministries generally misusing the minister posts to take privilege of favoring for themselves or for members of the family or other considerations gainful for them.
- Corruptions by the state and central government officials through agents and in the form of indirect gifts.
- A huge hoarding for black money is in politics and election campaigns by political parties.
- Transactions in real estate business in which dealings of crores of money required and only small amount is being shown in white, right from the registration of the document, market value, underestimation, difference between original value and registered value multiplicatively.

- Investments in assets like gold, silver and antique collections whereas no records maintained.
- Another source of widespread account bungling is in the area of constructions and builders.
- Amusement get-togethers and extravagantly pay-out parties by business magnets showing inappropriate accounting.
- The most important arena being the film industry where crores of money hidden as black money.
- Realizations from agrarian produce by the landlords that benefit from exemption of taxable income in which no need of record required.
- Importation of luxury cars from abroad by evading excise and customs duty. Hawala transactions that have gone unnoticed.
- Binami and overseas investments by politicians and big businessmen through several tax-free havens.
- Export and import transactions making under invoicing and malpractices in trade merchandizing.
- Massive evasion of excise duties by liquor lobbies.
- Scrap materials selling without any appropriate registers.
- Capitation fees, unreleased donations and minting money through management quota by the educational institutions not issuing genuine receipts.
- Professionals in the IT industry, medicine, legal, travel and tourism, hospitality sectors maintain no real records.
- A source of speed money for pushing files in a complex system of functioning in public sectors in the form of red tape maze and caverns of government rules and regulations.
- Major contracts in defense, power, road, telecommunications, railway projects and tenders in public sectors.
- Stock market scandals, project costs manipulations, organ trafficking, under world mafia, public distribution systems, export incentives, rebates, and under invoicing claimed by

dubious groups of companies, unauthorized gambling, lottery schemes, holiday resorts and social clubs, and abuse of grants, subsidies and concessions provided by the government.

4. The Impact of Black Money on Indian Economy

The flow of black money can seriously affect the entire economic system. Here are important points to note:

- **Less Tax for the Government** – Many times, the Indian Government has failed to collect the estimated amount of tax from the people of our country and for this, credit has to go to the black money driven underground economy. Recently, a report was submitted to the Finance Ministry of India that divides the spread of black money in different sectors like real estate, mining, telecom etc. The study, headed by NIPFP chief P.Kavita Rao, explains how illicit wealth is likely to exceed 10% of GDP.
- **Uncontrollable Inflation** –When black money is out in the market, the amount of money in the system is higher than the Government expects. This causes the prices of commodities to increase to a level beyond normal. This is a direct result of people having more money offering more money on specific items. Even if the Government tries to control the credit flow in the market by taking necessary measures, the amount of black money present upsets the move, resulting in some sort of pressure on the economy.
- **Economic Inequality** – The distribution of wealth and income in our country has been severely affected by the growth of underground economy. The tax evaders are keeping the money away from the deserved. If all the black money in the tax havens is recovered and used by the Indian government, all the outstanding liabilities of the country could be paid off and money would still be left for spending.
- **Impact on Growth by moving investments on Gold, Stones and Jewelry** – People who are looking to turn black money into white money are largely investing in precious metals like Goldand other jewelry. There are people who believe that almost 70% of the total goldinvestment in our country is black money. One reason for people to invest in gold is that it is hard to trace. People in black market may buy gold bars, coins, jewelries etc because one can buy gold easily and can be converted back to money anytime. This flow of underground money has caused Indian economy to stall on its growth. It is estimated that if all the money in the underground economy could be diverted to our main economy, our economy would grow by more than thrice in no time.
- **Corruption** –While corruption creates black money in the economy, it can also be a result of the growing underground market. People with black money are able to bribe the administrators and politicians to get what they want. By doing this, they are able to get what they want and others are pushed down the stack.

- **Inflated Real Estate Prices** – When people with deep pockets are ready to pay more for a piece of land, the price of surrounding land also tends to increase; thus artificially inflating the prices of an entire area. Generally, people involved in black money market are always ready to pay more for a piece of land as this helps in converting their colored money to legal money.
- **Transfer of Indian Funds Abroad to Safe Heavens** – The black money generated in India is kept in foreign tax havens. For this, money has to be transferred from India to other countries through secret channels. Under-invoicing of exports and over-invoicing of imports are two of the main methods used by black money holders for transferring money overseas.
- **Encourages Anti-Social Activity** – It is no doubt that black money is a curse to any country. Black money is always promoting anti-social activities in the society. Bribery, mentioned earlier, is only one example. The anti-social effects of black money include activities like terrorism, a huge threat already to our country.

5. Recommendation

Following amendments to be laid down to block the black money generation and proliferation.

- Anti Corruption laws require to be amended so as to impose stringent penalty and prosecution and to be implemented vigorously.
- Tax slabs have to be kept simple, easy and user friendly.
- Government expenditures need to be audited frequently and unnecessary expenses on the part of the government officials, ministers to be restricted.
- Contributions and expenses incurred by the political parties and the chairpersons have to be closely watched and to ensure accountability.
- Our existing functioning of government system has been outdated demanding rectifications altogether.
- Transactions should be carried through electronic media only
- Incoming and outgoing funds to NGOs and religious trusts must be regulated and transparent.
- Invoice or a bill for all purchases and services is essential.
- Details of ID and pan card numbers to be entered in all transactions.
- The list of defaulters and big borrowers has to be declared sporadically to avoid fouling financial institutions in the long-run.

- Effective implementation of tax collection and plugging legal loopholes is important.
- Modified and strict VAT to be incorporated right from the beginning of production and distribution of commodities is required at this time.
- Concessions and rebates to corporate companies are to be rigorously checked to avert privilege misusing.
- All pending disputes need a quicker recovery irrespective of influences or political pressures and court holidays to be lessened since lot of cases have been unfinished.
- Transparent public distribution system is the most wanted at this juncture.
- The provision to recall the candidate elected to the democracy or take the candidate out of power in case the elected candidate is penalized for any corruption activity or any immoral practice should be added to the constitution.
- Last but not the least, as an Indian national, we should be honest, not providing any room for bribery, corruption and illegal activities before pointing out at others.

6. Conclusion

The people without courage may go towards corruption, as there are many chances of beating by courageous persons. When a person feels insecure in his/her life, he/she requires money to protect himself/herself; in the means time he/she may apply many illegal courses to protect identity. The energy and courage is more among youths, which should be utilised by ahimsa or non-violence without diverting them towards illegal operations. In India parallel economy is expanding very rapidly. Government of India introduced commissions under Kaldor, Wanchoo, Rangnekar, Chopra, and Gupta for estimating black economy. There are many factors like Controls and Licensing System, Higher Rates of Taxes, Ineffective Enforcement of Tax Laws, Inflation, Funding of political parties etc. that influence its growth. In India amount of black money are increasing continuously which badly impacts the economic growth of the nation. Such money is a new challenge for Indian economy. Indian economy is badly affected by black money as it is underestimating GDP, increasing inequality of income, increasing illegal activities etc. Over the past 50 years, the government has at various times announced several schemes offering opportunities to bring black money overboard but the result are not so effective. Some of these schemes are: introducing the scheme of Special Bearer Bonds, demonetizing high denomination currency notes, stringent raids and scheme of voluntary disclosures. These instruments are expected to reduce the volume of the black economy.

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TRADE LIBERALIZATION AND ITS IMPACT ON THE INDIAN TEXTILE INDUSTRY'S EXPORT PERFORMANCE VIS-A-VIS OTHER COMPETING COUNTRIES

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The Textile Industry in India

Textiles play a pivotal role in meeting the basic needs of human beings. India has an overwhelming presence in the textiles sector - from fibre to the garments stage, the sector's importance in the economy can be seen from its contribution to the GDP, industrial production, export earnings, and employment. The sector contributes about 14% to the country's industrial production, 4% to the GDP, 11% to country's export earnings, and employs 45 million people in various activities (Ministry of Textiles, 2013). In the last 8 years, the sector has shown an average growth of almost 5%. In 2005-06, after the end of the quota regime, the textile sector in India grew by 10%. In 2008-09, the sector registered a de-growth of 5.7% owing to weak global demand.

Table 1. Growth of the Textile Sector

Year	Growth rate (%)
2005-06	10.1
2006-07	11.7
2007-08	7.5
2008-09	-5.7
2009-10	4.8
2010-11	5.8
2011-12	-3.6
2012-13	7.3

Source: Ministry of Statistics and Programme implementation, Government of India. (2005-06 to 2012-13). Quick estimates of index of industrial production and use-based index for the month of August, 2013 [press release]. Retrieved from http://mospi.nic.in/Mospi_New/upload/t2_new_lloctl3.pdf

Thereafter, the sector started recovering and registered a positive growth in the next 2 years due to the stimulus provided by the Government of India. Though the growth of 7% in 2012-13 was the highest in the last 5 years, but manmade filament yarn production registered a fall of 6% during 2012-13. Cotton yarn production grew by 14% and man-made fibre production by a minuscule 2% in 2012-13. These trends are depicted in the Table 1.

The present paper focuses on the impact of freeing of world textiles trade in 2005 on India's textiles and clothing exports to top two importers of textiles and clothing in the world, namely the USA and European Union (EU). The paper also compares the shares of various competing countries in USA and EU textiles and clothing imports vis-a-vis India. The present article would help in understanding the position of India with regards to the imports of textiles and clothing over the years to USA and the European Union (EU) vis-a-vis competing countries. The article also suggests some policy measures required to boost the growth and exports of India's textile and clothing sector.

Trends in Trade

World merchandise exports in the last 12 years have almost trebled from S 6459 billion in 2000 to $18401 billion in 2012. Also, world exports of textiles and clothing more than doubled between the 12 year period - from $ 352 billion to $708 billion in 2012 (WTO, 1994-2013). After the phasing out of quotas in 2005, world exports of T&C grew by a compound annual growth rate (CAGR) of 5.7% (during 2005-2012) vis-a-vis a CAGR of 4.3% during the last decade (1995-2004) (WTO 1994-2012). After the phasing out of quotas in 2005, all the textiles producing nations took advantage of the opportunity at hand and joined the league of top exporting countries for textiles and clothing.

EU and USA are the two major importers of textiles in the world. But over the years, India's competing countries have gained a comparative advantage in textiles and clothing products and have improved their shares in exports to top two importers of textiles and clothing (T & C), that is, USA and EU. This aspect is discussed in the following two sections.

- **Share of India vis-a-vis Competing Countries in Textile and Clothing Exports to the U.S.:** The U.S. was the world's second largest importer of textiles and clothing in 2012. US imported $ 114 billion worth of textiles and clothing constituting 16% of world total textile and clothing imports. The share of different countries in U.S. textiles and clothing imports is given below:
- The share of Bangladesh in imports of textiles and clothing by the U.S. was 2.6% in 2002; it rose to 4.4% in 2012. This reflects a gradual increase over the period from 2002-2012, except for slight fall in 2003-04 (Table 2).
- China's share trebled over the 10 year period (from 2002-12). It rose consistently every year from 2002 (13%) to 2012 (38%). There was a fall in 2011, which was due to a fall in the share of clothing. Significant increase in share came in 2005, from 17.4% to 24.5%, and in 2009, from 33% to 37% (Table 2). In case of China, this can be attributed equally to textiles and clothing sectors, both of which were rising during this period.
- India's share in the exports to the U.S. increased from 4.4% in 2002 to 6% in 2012. The share crossed 5% in 2005, reached 6% in 2010, and was 6.1% in 2012 (Table 2). India's share in both textiles and clothing imports by U S A increased during 2002-2012, from 6.2% to 8.8% and from 4.1 % to 5.6% respectively.
- Pakistan's share increased slightly from 2.7% in 2002 to 3% in 2012. It first touched 3% in 2004. From 2004, it increased slightly till 2006 (3.4%), but then fell in 2007 and remained almost the same thereafter till 2011. It dropped back to 3% in 2012 (Table 2). Looking at textiles and clothing separately, U.S. textile imports from Pakistan declined sharply during this period (4.9% to 1.7%), while clothing imports increased slightly (2.3% to 3.1 %) in terms of share.
- Vietnam's share in U.S. textiles and clothing imports showed a major increase since 2002. The share was 1.2% in 2002 and it reached 7.1% in 2012. The major rise came in 2003, when it went from 1.2% to 3%. It maintained this level until 2005, when it began showing

an increasing trend. This trend continued till 2012 (Table 2). From 2002 to 2012, U.S. textile imports from Vietnam increased from 0.1% to 1.7%. On the other hand, the share in clothing imports registered a remarkable rise, from 1.4% in 2002 to 7.9% in 2012

Table 2. Share (%) of Different Countries in USA's Textile and Clothing Imports

Year	Bangladesh	China	India	Pakistan	Vietnam
2002	2.6	12.9	4.4	2.7	1.2
2003	2.4	15.1	4.4	2.8	3
2004	2.3	17.4	4.6	3	3
2005	2.6	24.5	5.5	3.2	3
2006	3.1	27.7	5.7	3.4	3.4
2007	3.2	31.7	5.6		4.4
2008	3.7	33	5.7	3.2	5.5
2009	4.2	37.3	5.9	3.3	6.2
2010	4.3	39	6	3.2	6.4
2011	4.4	37.9	6.1	3.3	6.6
2012	4.4	38.1	6.1	3	7.1

Source: UN Comtrade. (2002-2012). Retrieved from Data bank. http://comtrade.un.org/db/dqQuickQuery.aspx

Vietnam, which had much lower share than India in U.S. textile and clothing imports in 2002 (1.2%), has continuously improved its performance and managed to beat India in 2009 in U. S. textile and clothing imports.

Share of India and Its Major Competitors in EU-27 Textile and Clothing Imports: European Union (EU 27) was the top importer of textiles and clothing in 2012. EU imported $ 244 billion worth of textiles and clothing constituting 34% of world total textile and clothing imports. The share of different countries in EU textiles and clothing imports is as follows:

Bangladesh's share in EU's textiles and clothing imports has doubled in the 10- year period from 2002. In 2002, the share was 4.7% and reached 9.7% in 2012. The period from 2007 to 2012 is significant in terms of registering continuous growth, from 5.8% in 2007 to 9.7% in 2012 despite recessionary conditions in 2008/09 (Table 3). Throughout the period, from 2002-2012, the share of textile imports was negligible, while the clothing imports increased their share remarkably from 6.2% in 2002 to 11.8% in 2012.

- China's share increased during this period, and like Bangladesh, managed to double. In 2002, China's share was 21.5% and by 2012, it had reached a figure of 39%. It increased continuously from 2002 to 2010 (44%), but fell in 2011 and 2012 (Table 3). While China's share of both textiles (19.5% to 27.5%) and clothing (22.2% to 41.8%) increased over this period in EU, the rise had been much more rapid in clothing.

- India's share increased slightly over this period. It started with 6.8% in 2002 and stayed almost the same until 2004. It touched 8% in 2009, but fell again in 2010 (Table 3). During the period, from 2002-2012, India's share in textile imports of EU fluctuated between 8.4% and 8.9%, while that of clothing imports fluctuated between 6.2% and 6.7%.

The share of Pakistan in EU's textiles and clothing imports remained almost stagnant from 2002 to 2012. It started with 3.3% in 2002 and was 3.2% in 2012 (Table 3). In most of the years, the share stayed at 3%, with the share of textile imports varying from 4% to 4.2% between 2002 and 2012, and the share of clothing imports remained at 3% during the 10 year period.

Table 3. Share (%) of Different Countries in EU-27 Textile and Clothing Imports

Year	Bangladesh	China	India	Pakistan	Sri Lanka	Vietnam
2002	4.7	21.5	6.8	3.3	1.3	1.2
2003	5.3	23.5	6.8	3.5	1.2	1
2004	6	24.8	6.9	3.6	1.3	1.1
2005	5.4	32.4	7.7	3	1.2	1.1
2006	6.3	33.1	7.8	3	1.3	LS
2007	5.8	35.9	7.8	3.1	1.4	1.6
2008	6.2	39.8	7.6	3	1.5	1.7
2009	7.2	42.7	8	3	1.6	1.8
2010	7.3	43.8	7.7	3.1	1.5	1.8
2011	8.5	42.1	7.9	3.5	1.4	2.1
2012	9.7	39.2	7.1	3.2	1.6	2.2

Source: UN Comtrade. (2002-2012). Data bank. Retrieved from http://comtrade,un.org/db/dqQuickQuery.aspx

- Sri Lanka's share remained stable and has improved marginally in recent years. From 2002 to 2006, its share varied between 1.2% and 1.3%. From 2007 to 2012 (Table 3), the share hovered between 1.4% to 1.6%, in which the share of textile imports hardly showed any change from 0.2%. The share of clothing also showed a marginal increase in 2008-2012from 1.7% to 1.9%.
- Vietnam's share has, on the whole, been increasing during this period. It was stagnant from 2002 to 2005, at around 1.1%. Thereafter, it began increasing consistently until 2012, when it reached 2.2% (Table 3). In textile imports, Vietnam's share was largely negligible from 2002 to 2005. Since then, its share increased very slowly and reached 0.7% in 2012. Share of clothing imports increased from 1.6% in 2002 to 2.6% in 2012.
- Bangladesh, which started from a much lower share in EU textile and clothing imports in 2002 than India, increased exports significantly after the phasing out of the quota regime in 2005 and moved its share ahead of India in 2011. India's share remained almost the same in EU textile and clothing imports over the period.

Need for Reforms

The discussion shows there is a dire need to support the domestic textiles and clothing industry to make it globally competitive by easing the regulatory burden, removing infrastructure bottlenecks, providing adequate and skilled labor, and supporting exports. The National Textiles Policy 2000 could not achieve its objective of raising exports to S 50 billion by 2010. The Indian government is currently reviewing the policy and is formulating a new policy for the sector. The policy needs to support the sector in overcoming its weaknesses to make it globally competitive. The following bottlenecks are worth mentioning and require immediate attention:

- **Compliance and Regulatory Burden:** According to the National Manufacturing Policy, a manufacturing unit needs to comply with around 70 laws and regulations (Department of Industrial Policy and Promotion (DIPP), 2011). Also, India is ranked 134 out of the 189 countries in ease of Doing Business Report 2013 of The Work Bank vis-a-vis its 131 position in 2012 (The World Bank, 2012,2013). A lot more needs to be done to ease the process of doing business in India to attract new investments in the sector, as the younger generation, which could become entrepreneurs, are discouraged to take up entrepreneurship because of the huge compliance burden.
- **Fibre Neutrality in India:** Manmade fibres have been discriminated against natural fibre cotton in levy of excise duty. Currently, synthetic fibres attract an excise duty of 12%, with duty being nil on cotton (Budget Document, Government of India, 2013). Excise duty on synthetic fibres was raised in December 2008, when it stood at 4% (Budget Document, Government of India, 2009). As per the working group on manmade fibre (Ministry of Textiles) constituted for the National Fibre Policy, in competing countries like China, Indonesia, and Thailand, **there** is no difference in excise duty between cotton and manmade fibres/ filament yarns and India should **be** no exception to this (Ministry of Textiles, Government of India, 2011). The excise duty structure on fibre and yarns needs to be revisited, and duties on man-made fibres /filament yam should be brought down at par with cotton to bring fibre neutrality in the sector.
- **Labour Laws:** The following amendments, as passed by the Karnataka Legislative Assembly, if approved by the Hon'ble President of India, can go a long way in helping the ailing sector (Department of Factories, Boilers, Industrial Safety and Health, Government of Maharashtra, 2014):
  - To increase the working of the day from present 9 hours to 10 hours in a day.
  - To increase the spread over time, that is, the working hours inclusive of the intervals for rest from the current 10.5 hours to 11.5 hours in a day.
  - To increase the cap on total number of hours worked during a week including overtime to 70 hours from the current 60 hours.
  - To increase the total number of hours worked during a quarter to 120 hours from the current 75 hours. Also, it should be provided that the Director of any organization, with the approval of the state government, may further enhance the total number of hours of overtime work in any quarter to 150 hours in exigencies.
- **Shortage in Availability of Skilled Labour:** The sector currently employs 45 million people in its various activities (Ministry of Textiles, 2013). The sector is facing acute shortage of workers. As per the report of National Skill Development Corporation (NSDC), by 2022, the sector would require an additional 15 million skilled people by 2022 - to bridge this gap, training of 1 million persons per year would be required (NSDC, 2009). Also, shortage of skilled as well un-skilled workers is faced by the industry due to National Rural Employment Guarantee Act (NREGA), as the scheme has made employment opportunities available in rural areas. Workers are content with whatever they earn in their villages and are willing to stay in their villages and are not keen to migrate like before. It allows them to stay together with their families. Also, the cost of

living in villages is cheaper compared to the high cost of living in urban areas (Thomas, 2012).

- ➢ **Non- Availability of Power:** Erratic and limited power supply is amongst the most pressing issues faced by the sector. Due to frequent power cuts and inadequate availability of power, most of the textile firms are dependent on captive power plants and generator sets. However, small units do not have the capital to invest in captive plants or purchase generator sets, which affects production levels and employment severely. Also, the cost of power generated through gensets comes out to be very high vis-a-vis the power purchased from the state electricity distribution companies. To boost textile exports and to make the industry globally competitive, textile producers in the whole textile chain need to be provided with adequate and uninterrupted supply of power.
- ➢ **Common Effluent Treatment Plants**: A major issue faced by the sector is effluent treatment as the sector releases waste water during the dyeing / bleaching stage. The Indian textiles industry has faced a lot of problems due to waste water discharge. A number of dyeing and bleaching units were closed in Tamil Nadu following the Madras High Court order in 2011. There is a need to set up common effluent treatment plants in each and every cluster through government support as individual units are unable to set up such plants due to the high cost involved.
- **Technical Textiles-The Sunshine Sector**: Technical textiles are textile materials, which are known for their functional properties and performance rather than their aesthetic or decorative characteristics (ICRA Management Consulting Services Limited, 2009). But in India, the sector is at a nascent stage and the country is dependent on imports for majority of its requirements. There is a need to give push to such specialized areas to give boost to exports.
- **Need for HS Codes:** In India, these specialized products are not identified separately. It is important that technical textiles items are identified properly and are distinguished from the conventional items. Many conventional items are still being considered technical textiles. This identification in terms of HS Codes is important for targeted incentives for this industry and a proper roadmap for the sector.
- India needs to have latest standards in place for the technical textiles industry. For some products, the standards are not available and most of the standards available are outdated and need to be reviewed.
- A long pending issue restricting the growth of this industry has been lack of regulatory environment for certain segments of technical textiles. So far, there has been little success on that front. Worldwide, various regulations have been framed for health and safety reasons, which have simultaneously encouraged the use of the functional textiles. This basic framework is lacking in India, and the government needs to bring out regulations for medical textiles and protective textiles, in particular, in view of the health and safety of the personnel.

Conclusion

Vietnam and Bangladesh have surpassed India in U.S. and EU textiles import markets respectively, even though they started with lower shares than India. The Indian government needs to help the industry through lowering the compliance burden, providing proper infrastructure like power and effluent treatment plants, adopting fibre neutrality, liberalizing the labor laws, and providing skilled labor for the sector to make the sector achieve its true potential. Furthermore, attention needs to be given to high value added segments like technical textiles, which would be the areas for future growth.

Limitations of the Study and Scope for Further Research

Due to limited time and resources, the study has been restricted to few Asian countries only. Furthermore, the study does not talk about the initiatives taken by various textile exporting countries to boost their exports of textiles and clothing. Future studies can analyze the exports of all the textile exporting countries and their performance over the years. Also, there is a scope to study various policy measures taken by textiles exporting countries to enhance their exports.

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LONG TERM INVESTMENT STRATEGY IN STOCK MARKET

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Introduction

Investors have many alternatives to invest their money. According to their nature and risk bearing capacity they select any one of the alternatives or the proper mixture of them. Investment in equity market is one of the best investment alternatives, but the risk is comparatively higher than the government securities.

Many investors invest their money in stock market on random basis and their aim is to minimize the risk and maximize the return, but many a times they suffer a big loss. The fundamental analysis gives the guidelines to the investors about minimizing the risk and maximize the return for the long term investment.

Objectives of the study

This paper gives the basic guide lines to the investors to check the fundamental soundness of the company. To decide the direction of the price movement and to predict the future trend of the stock. Finally, to find out the best investment opportunities among selected samples.

Methodology:

The study is restricted to the banking sector only. Banks are selected on random basis. i.e. Axis Bank, Bank of Baroda, Indusind Bank, State bank of India and Yes bank. Five years' data have been collected and analyzed for the study purpose i.e. March 2011 to March 2015.

Fundamental analysis:

The Fundamental analysis is mainly analysis of three things

- Economic analysis
- Industry analysis
- Company analysis

1. **Economic analysis:**

   Economic analysis is concerns with the growth of the economy. It contains mainly macro-economic factors like GDP, rate of saving and investment in the economy, the rate of inflation in the economy, interest rate, budget, tax structure of the country, balance of payments, monsoon & agricultural growth, infrastructure facilities, government policies etc.

2. **Industry analysis:**

   Industry analysis is the analysis of group of the companies or firms which have similar technological structure of production and product. Main factors covered by the industry analysis like the growth rate of industry, product life cycle, cost structure of the industry, nature of product, government policies, labour turnover situation in the industry, research and development etc…

3. **Company analysis:**

   Company analysis is helpful to analyze several informations relating to the companies which evaluate the present value as well as the future value of the company. Company analysis is based on two parts study of financial and study of other factors e.g.

competitive edge, earnings, capital structure, management, financial performance, profit earnings ratio etc...

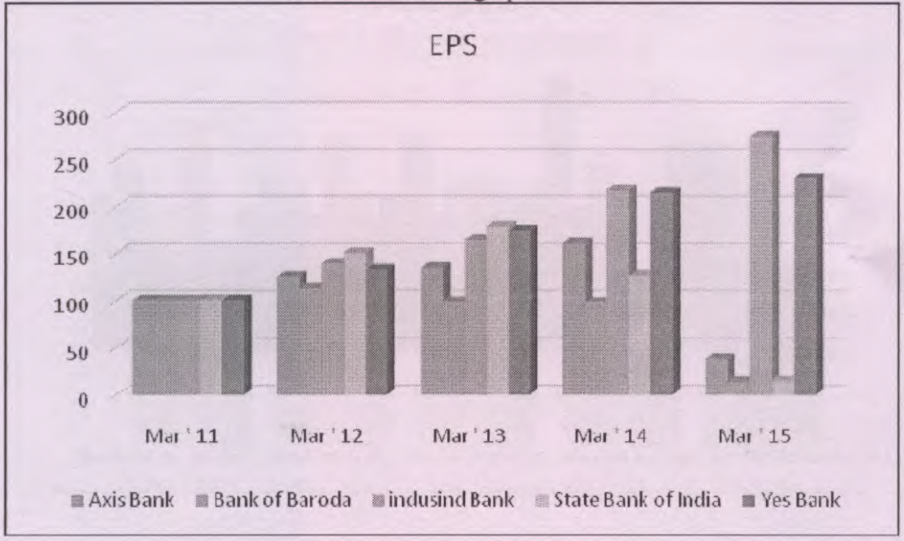
Earnings per Share:

Earnings per share is an indicator of a company's profitability. Earnings per share are generally considered to be the single most important variable in determining a share's price. It is also a major component used to calculate the price-to-earnings valuation ratio.

Table 1: Earnings Per Share

EPS					
	Mar ' 11	**Mar ' 12**	**Mar ' 13**	**Mar ' 14**	**Mar ' 15**
Axis Bank	100	124.39	134.09	160.32	37.61
Bank of Baroda	100	112.42	98.19	97.62	14.19
indusind Bank	100	138.58	163.84	216.30	273.45
State Bank of India	100	150.31	177.65	125.68	15.12
Yes Bank	100	132.12	173.13	214.13	229.16

Chart 1: Earnings per share



Indusind bank is the clear out performer among the selected banks for selected year. The bank EPS is reported very high growth which is 100%, 138.58%, 163.84 Indusind bank is the clear out performer in this ratio. The bank EPS is reported very high growth which is 100%, 138.58%, 163.84, 216.30% and 273.45% respectively during the research period March 2011 to March 2015. On the other hand, Bank of Baroda and SBI growth is in the negative territory in March 2015 compared to the based year March 2011, which is 14.19% and 37.61% respectively. The second out performer in this category is the Yes bank, it is also reporting constant growth in the EPS which is 100%, 132.12%, 173.13%, 214.13% and 229.16% respectively. SBI has performed good up to March 2013 but in March 2015 bank has recorded drastic fall in EPS which is just 15.12% in March 2015 compared to the based year March 2011.

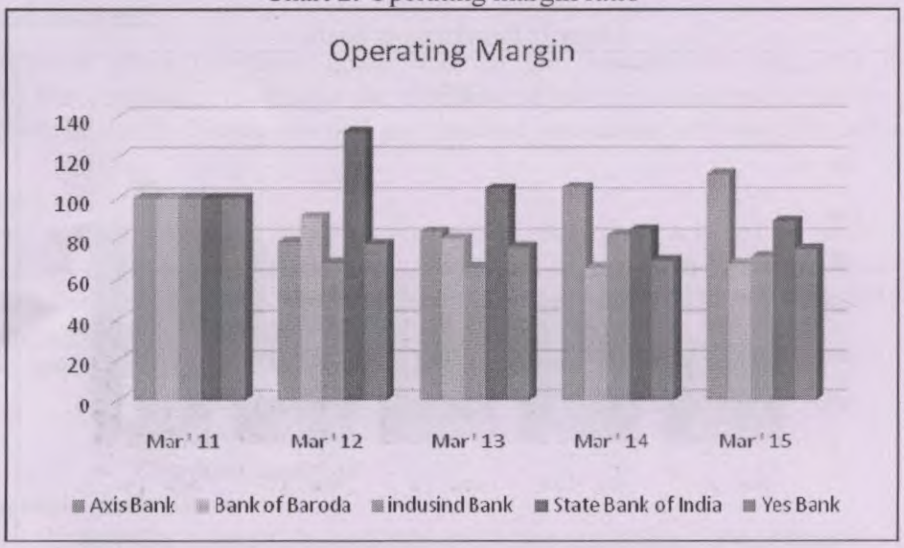
Operating margin ratio:

Operating margin is a measurement of what proportion of a company's revenue is left over after paying for variable costs of production such as wages, raw materials, etc. A healthy operating margin is required for a company to be able to pay for its fixed costs, such as interest on debt.

Table 2: Operating margin ratio

Operating Margin					
	Mar ' 11	Mar ' 12	Mar ' 13	Mar ' 14	Mar ' 15
Axis Bank	100	78.20	83.47	105.34	111.85
Bank of Baroda	100	90.78	79.82	65.84	67.53
indusind Bank	100	68.15	65.97	81.56	71.00
State Bank of India	100	132.64	104.81	84.65	88.76
Yes Bank	100	77.03	75.76	69.24	74.75

Chart 2: Operating margin ratio



All selected samples have been recorded fall in this ratio during the research period. SBI showed good growth in March 2012 but afterwards it is also started deteriorating which is 100%, 132.64%, 104.81%, 84.65% and 88.76% respectively during the research period March 2011 to March 2015. Axis bank showed big fall in March 2012 but afterwards bank improved its operating margin and shown an uptrend in it which is 100%, 78.20%, 83.47%, 105.34% and 111.85% respectively. Indusind bank is the poor performer in this ratio which is 100%, 68.15%, 65.97%, 81.56% and 71% respectively. Yes bank is also consolidating between 68% to 77% during the last four years of research period March 2012 to March 2015. Bank of Baroda is also following the same trend of Yes bank but the range is 64% to 91% during the last four years of research period.

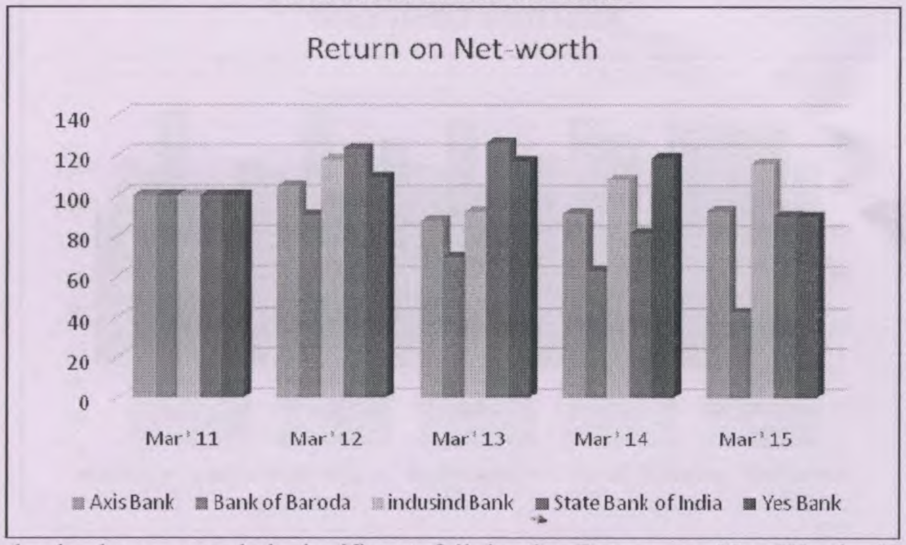
Return on net worth:

Net income after interest and taxes divided by average common stockholder's equityYear's profit/loss expressed as a percentage of average shareholders' equity.Return on equity measures a corporation's profitability by revealing how much profit a company generates with the money shareholders have invested.

Table 3: Return on net worth

Return on Net-worth					
	Mar ' 11	Mar ' 12	Mar ' 13	Mar ' 14	Mar ' 15
Axis Bank	100	104.26	87.72	91.19	92.32
Bank of Baroda	100	90.42	69.53	62.58	42.33
indusind Bank	100	117.66	92.06	107.80	115.81
State Bank of India	100	122.93	125.75	81.13	89.95
Yes Bank	100	109.03	116.86	118.53	89.56

Chart 3: Return on net worth



All banks have recorded significant fall in the Return on Net Worth. Yes bank is comparatively very less volatile in this ratio which is 100%, 109.03%, 116.86%, 118.53% and 89.56% respectively during the research period March 2011 to March 2015. Bank of Baroda is showing down trend in this ratio which is 100%, 90.42%, 69.53%, 62.58% and 42.33% respectively. Indusind bank is in sideways trend which is 100%, 117.66%, 92.08%, 107.80% and 115.81% respectively during the study period March 2011 to March 2015. SBI is also following the trend of Indusind bank and reported sideways trend. Finally Axis bank is the least volatile in this ratio which is 100%, 104.26%, 87.72%, 91.19% and 92.32% respectively.

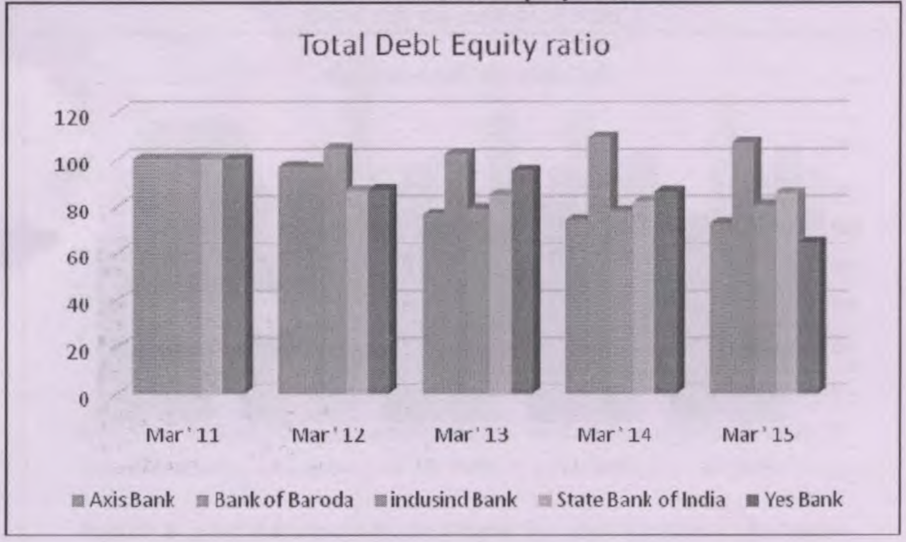
Total debt equity ratio:

The debt-to-equity ratio (D/E) is a financial ratio indicating the relative proportion of shareholders' equity and debt used to finance a company's assets. Closely related to leveraging, the ratio is also known as Risk, Gearing or Leverage ratio. A high debt/equity ratio generally means that a company has been aggressive in financing its growth with debt. This can result in volatile earnings as a result of the additional interest expense.

Table 4: Total Debt equity ratio

Total Debt Equity ratio					
	Mar ' 11	Mar ' 12	Mar ' 13	Mar ' 14	Mar ' 15
Axis Bank	100	96.89	76.61	73.80	72.49
Bank of Baroda	100	96.55	102.14	108.96	106.82
indusind Bank	100	104.33	78.89	77.89	80.44
State Bank of India	100	86.50	84.62	82.05	85.46
Yes Bank	100	86.79	95.21	86.04	64.49

Chart 4: Total debt equity ratio



Accept Bank of Baroda all selected samples are reducing their debt during the research period. Bank of Baroda is almost stagnant during the research period which is 100%, 96.55%, 102.14%, 108.96% and 106.82% respectively. On the other hand Axis bank is showing constant downtrend during research period which is 100%, 96.84%, 76.61%, 73.80%, and 72.49% respectively. Yes bank is very volatile in this ratio which is 100%, 86.79%, 95.21%, 86.04% and 64.49% respectively during the research period March 2011 to March 2015. SBI significantly managed its debt equity ratio during the research period which is 100%, 86.50%, 84.62%, 82.05%, and 85.46% respectively. Indusind bank also followed the same footprint of SBI but with high volatility.

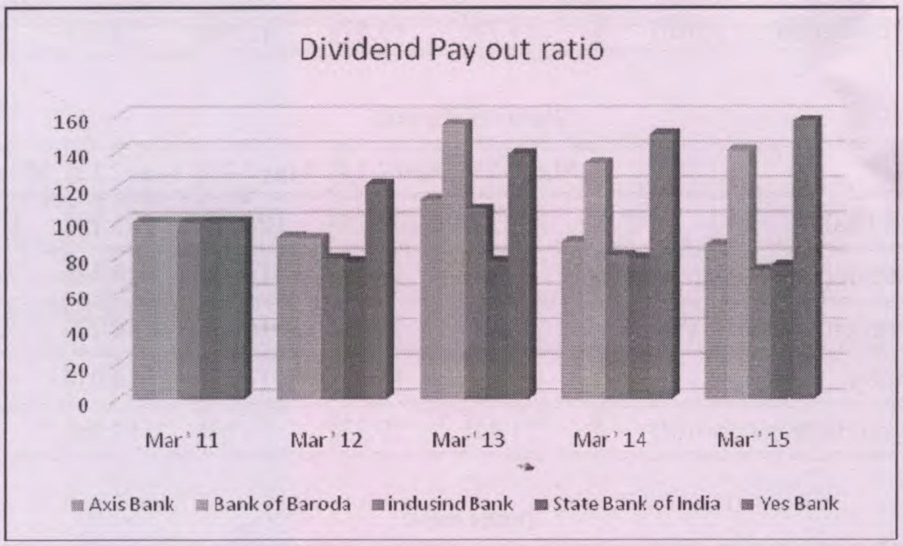
DIVIDEND PAYOUT RATIO:

The dividend payout ratio is the fraction of net income a firm pays to its stockholders in dividends. The percentage of earnings paid to shareholders in dividends. The payout ratio provides an idea of how well earnings support the dividend payments. More mature companies tend to have a higher payout ratio.

Table 5: Dividend payout ratio

Dividend Pay out ratio					
	Mar ' 11	**Mar ' 12**	**Mar ' 13**	**Mar ' 14**	**Mar ' 15**
Axis Bank	100	91.72	112.71	89.36	87.40
Bank of Baroda	100	91.00	155.22	133.49	140.64
indusind Bank	100	79.37	107.25	80.98	73.17
State Bank of India	100	77.63	77.86	79.57	75.50
Yes Bank	100	121.12	138.64	149.46	157.08

Chart 5: Dividend payout ratio



Yes bank is the only acceptation which is showing uptrend in this ratio among the selected samples during the research period which is 100%, 121.22%, 138.64%, 149.46% and 157.08% respectively. Bank of Baroda is very volatile and showing big moves in this ratio which is 100%, 91%, 155.22%, 133.49% and 140.64% respectively during the research period. Indusind bank showing downtrend in the last three years in the study period which is 107.25%, 80.98% and 73.17% respectively compared to its based year. Axis bank also following the same trend of indusind bank which is 112.71%, 89.36% and 87.40% during the last three years of research period. Finally SBI is in downtrend during the study period.

Conclusions:

The stock market is one of the most variable and highly fluctuating markets. Investors are always seeking guidance to invest in it. The study reveals that all five banks are fundamentally sound. It is noticed that during the study period compared to the other banks Yes bank is clearly one of the most fundamentally sound stock in the selected samples.From the above analysis of selected samples one can say that the Yes bank is the overall out performer in criteria's and stood first in the list. Indusind bank would be the second most reliable stock and stood second in the selected samples. The largest bank of India the State Bank of India stood third in list. Bank of Baroda and Axis bank has not been able to perform in the ratios. Axis bank stood fourth in the criteria and finally the worst performer is the Bank of Baroda.

Axis bank

	Mar ' 15	Mar ' 14	Mar ' 13	Mar ' 12	Mar ' 11
Reported EPS (Rs)	31.04	132.33	110.68	102.67	82.54
Operating margin (%)	15.29	14.40	11.41	10.69	13.67
Reported return on net worth (%)	16.46	16.26	15.64	18.59	17.83
Total debt/equity	7.22	7.35	7.63	9.65	9.96
Dividend payout ratio (net profit)	14.78	15.11	19.06	15.51	16.91

Bank of Baroda

	Mar ' 15	Mar ' 14	Mar ' 13	Mar ' 12	Mar ' 11
Reported EPS (Rs)	15.37	105.75	106.37	121.79	108.33
Operating margin (%)	13.62	13.28	16.10	18.31	20.17
Reported return on net worth (%)	8.53	12.61	14.01	18.22	20.15
Total debt/equity	15.50	15.81	14.82	14.01	14.51
Dividend payout ratio (net profit)	21.42	20.33	23.64	13.86	15.23

Indus bank

	Mar ' 15	Mar ' 14	Mar ' 13	Mar ' 12	Mar ' 11
Reported EPS (Rs)	33.88	26.80	20.30	17.17	12.39
Operating margin (%)	8.47	9.73	7.87	8.13	11.93
Reported return on net worth (%)	17.51	16.30	13.92	17.79	15.12
Total debt/equity	7.24	7.01	7.10	9.39	9.00
Dividend payout ratio (net profit)	11.81	13.07	17.31	12.81	16.14

State Bank of India

	Mar ' 15	Mar ' 14	Mar ' 13	Mar ' 12	Mar ' 11
Reported EPS (Rs)	17.55	145.88	206.20	174.46	116.07
Operating margin (%)	11.45	10.92	13.52	17.11	12.90
Reported return on net worth (%)	10.20	9.20	14.26	13.94	11.34
Total debt/equity	12.28	11.79	12.16	12.43	14.37
Dividend payout ratio (net profit)	19.51	20.56	20.12	20.06	25.84

Yes bank

	Mar ' 15	Mar ' 14	Mar ' 13	Mar ' 12	Mar ' 11
Reported EPS (Rs)	48.01	44.86	36.27	27.68	20.95
Operating margin (%)	11.13	10.31	11.28	11.47	14.89
Reported return on net worth (%)	17.16	22.71	22.39	20.89	19.16
Total debt/equity	7.81	10.42	11.53	10.51	12.11
Dividend payout ratio (net profit)	18.74	17.83	16.54	14.45	11.93

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ENTREPRENEURIAL EFFORTS THAT HELPED WOMEN EARN AND LEARN: A CASE STUDY OF THE ENTREPRENEURSHIP DEVELOPMENT CELL AT ST. MIRA'S COLLEGE FOR GIRLS, PUNE

Prof. Dr Shobha Dadlani
Former HOD Business Practices, St. Mira's College for Girls, Pune

How It All Began...The Backdrop

It was the year 1993. I had been teaching at the Institute for eleven years at the UndergradCommerce level andtherefore, could make certain vital observations about the girl students who joined the Institute. The girls, barring a small percentage had no career plans.They came from various backgrounds.Most of them belonged to either a conservative or an economically backward class.Secular but male dominated Indian society at that time did not favour the idea of higher education for women. Parents had permitted their daughters to undertake higher education only because ours was an 'All Women's Institute'.Many of them were allowed to receive college education till the time a suitable match was found for them after which they would have to settle down in life - which meant getting married.After all what else was the role of a woman in society? It was restricted to the kitchen and the rearing of children.The man of the house was regarded as the bread winner and had to provide financial support to the family. In the light of this demarcation of gender roles, it was better that a girl stayed at home and got trained in household management.

I realized this societal backdrop was responsible for the dropout of some of the students. These students gave up studies and left the Institute before graduating. This was not desirable especially at a time when India was going through a transition. Yes, we were (and are) a male dominated society but a realization had dawned that women represent nearly 50% of the population. They are an important segment of the economy and they too can contribute to the development, provided they are given the right exposure and education.

What Did the Girls Desire?

This concern prompted me to take students into confidence and find out what they desired and whether they were really happy.A candid interaction resulted in an outburst which revealed their ambitions and latent desires.Most of the girls were ambitious and wanted to achieve something in life, become something.However, they said they would have to discontinue college education either because of marriage or because their parents would not be able to afford their education up to the graduation level.This was pathetic I thought.As their teacher, I wanted to find out a way to help them accomplish their dreams.

After all did I not face similar situations coming from the same society?Did I not have to convince my parents to pursue higher education and subsequently to take up a career? Then why could I not try and convince the parents of my students?

The Great Decision

Our Business Practices Department is a One Man rather a One Woman Department.As a young Head of the Department, I had been sent for a month's 'Achievement Motivation Training Program' which totally inspired me.I began to consider entrepreneurs to be heroes, for the rare motivation they possessed. It is this motivation that enabled them to take risks and achieve.My girls I realized had fires in their bellies - they just needed a push. On analyzing their strengths I realized a good number of them pursued hobbies like knitting, stitching, cooking, painting, embroidery, typing, photography, drawing, applying henna, etc.because they were taught not to sit idle and while away their time.These hobbies could become opportunities. I decided to give them professional help.

Earn and learn

The idea that students could fund their education and not depend on their parents created quite a stir and excited them.They were willing to learn to earn.The Home Science Department teachers of the Institute were approached who kindly agreed to give them housekeeping and culinary skills and sharpen the ones they already possessed for a nominal fee.

A Humble Beginning

Parents too were called and given a briefing session.Initially a few interested students joined the activity cell. They had to pay a small fee as Annual Subscription to cover the tuition and material cost.The activity group met after college hours at the Institute once a week. Soon additional activities of making perfumes, room fresheners, phenyl, cold creams and detergentswere added with the assistance of the teachers from the Institute's Chemistry Department. This set the ball rolling for a full fledged skill development program.

Birth of the Program

Students were encouraged to market the products they made in this activity group as an entrepreneurial exercise.They were taught to pay special attention to the quality, finesse, packaging, pricing, promotion and presentation of the product. Soon the activities of the 'budding student entrepreneurs'gained momentum and attracted more students to it. As the numbers increased the cell conducted its activities thrice a week instead of once. Gradually, this after class cell became so popular that I was motivated to organize activities on a daily basis. After a year of its existenceI thought the members needed to go beyond 'skill development' and gain knowledge of the nuances of entrepreneurship. They learnt to explore the environment, generate ideas, write business plans, and conduct market surveys through interaction with entrepreneurs and industry visits.

The enthusiasm of the students encouraged me to organiseworkshops, guest lectures, industrial visits and other practical exercises. As theactivity cell was now developing student entrepreneurs we decided to give it formal structure. Since the focus was on building entrepreneurs the activity group was christened "The Entrepreneurship Development Cell"

(EDC).With the launch of this formalized Cell a bigger step was taken towards promoting entrepreneurship in practice and churning out student entrepreneurs. The Entrepreneurship Development Cell has been motivating student entrepreneurs ever since.

The EDC program is a unique one for many reasons, including the following:

- It focuses and promotes practical entrepreneurship even while city colleges refuse to introduce the theory subject as an elective
- It goes beyond classroom teaching i.e. theory and the prescribed University syllabi
- Stimulates entrepreneurial activities and creativity in an academic environment
- Has a noble mission, distinctive objectives, innovative activities, utility and sustainability
- It is a voluntary after class activity
- Has sustained itself for over 23 years while constantly developing student entrepreneurs
- It has been recognized as a Working Model for institutes that want to introduce practical entrepreneurship. Its mentor, Dr Dadlani, is frequently invited as a Resource Person to share the exercises introduced for promoting entrepreneurship among the youth.
- The EDC program has also received International recognition.Prof.Dr. Shobha Dadlani was invited by The United Nations Educational, Scientific and Cultural Organisation (UNESCO) and Technology Innovation International (TII) to talk about the EDC at the International conference, "Innovation for Development" held at Paris, in May 2007.She presented a paper on "Stimulating Creativity in an Academic Environment" highlighting activities of the EDC.
- Dr. Dadlani was also invited by the Max Planck Institute of Economics for a 'Residence Week for Scholars' to facilitate interaction and mutual learning among the leading scholars of Entrepreneurship Research in August 2006.

Mission of the Program

"To equip girl students with entrepreneurial skills and make them economically secure."

Primary Objectives of the Program

- Create entrepreneurship awareness among the youth
- Go beyond classroom teaching and introduce students to practical entrepreneurship.
- Equipstudents with entrepreneurial skills and make them economically independent

Secondary Objectives:

- Mentor students for startups
- Encourage survey and research activities
- Organise industrial visits
- Facilitate valuable 'take-aways' from the success and failure stories of startups
- Give students the feel of being 'Entrepreneurs' through exercises like 'Idea Generation', 'Mira Bazaar' and 'Business Plan Competitions'.

Exclusive Features of EDC:

- Voluntary membership
- Works on micro-funding

- Nominal membership charges
- Run by final year ‘student office bearers’
- Focuses on practical entrepreneurship
- Develops entrepreneurial skills besides art, craft and culinary ones
- Promotes fun filled learning
- Functions as a after class extracurricular activity

Schedule of the Program

The Program is conducted for the First to the Third Year Undergrad Commerce (Entrepreneurship) students (i.e. students of Semesters I to VI) of the college for two hours twice a week for two months, equaling 16 Sessions per semester.Sessions are held on the days allotted to the particular class.

Activities Undertaken

Workshops and classroom discussions are held on topics of Entrepreneurship like achievement motivation, creativity, innovation, generation of ideas, market and economic surveys, feasibility studies, drafting business plans, procuring and managing finance, legal framework for startups, support services for Small Scale Industries (SSIs) and environment and business. Besides these workshops are also conducted on topics like leadership, team building, goal setting, marketing, commercial advertisements, communication and soft skill development.

The art, craft and culinary skill development activities include making stuffed toys, jewellery designing, making cold ceramics, decorating lamps and making lamp shade, stained glass painting, making designer envelopes and gift boxes, cold cream, detergent, phenyl, perfumes, room fresheners, tile painting, henna designing, making artificial flower, vegetable carving, making chocolates and appetizers.

Conclusion:

Our country needs ‘job providers’ and not just ‘job seekers’. A skill development programme like the above can motivate students to become entrepreneurs. It can give them the confidence to promote startups which can go a long way in creating job opportunities and contribute to the growth and development of the country. The age old conservative attitude that women need to be at home and depend on their male counterparts for a living or their contribution can be made only on the domestic front can be changed. Academics can be coupled with experiential training to make learning more fruitful. The country can have a brighter future with the youth generating creative ideas and contributing to its economic welfare.

AN ANALYTICAL STUDY OF FDI IN RETAIL SECTOR IN INDIA

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1. Introduction

Now FDI in Multi-Brand retailing is permitted in 2012...Prior to this move the l Indian Households have traditionally enjoyed the convenience of calling up the corner grocery "Kirana" store. Till 1980 the retail trade continued in the unorganized sector. Afterwards with the entry of big players like Reliance, Tatas, Bharati, Big Bazar, organized retail sector came in to existence. And the competition started becoming intense. The permission of FDI will impact the structure of retail industry in India. Its implications will be on customers, small retailers, farmers and the general public. On this backdrop an attempt is made in this Paper to analyze the impact of FDI on various parties involved.

2. Objectives

1) To identify top global players of retail industry.

2. To assess the key drivers & bottleneck in the growth of Retail industry in India

3. To give suggestions to protect & promote the interest of small, unorganized retailers & farmers in the country.

3. Research Methodology

The researchers have adopted secondary data sources such as books, journals, newspapers and online database for study

4. An Overview of Indian Retail Sector

The Indian Retail sector has come off age and has gone through major transformation over the last decade with a noticeable shift towards organized retailing. A T Kearney, a US Based global management consulting firm has ranked India as the fourth most attractive nation for retail investment among 30 flourishing markets. The retail market is expected to reach a whooping Rs. 47 lakh crores by 2016-17, as it expands at a compounded annual growth rate of 15 per cent, accordingly to the 'Yes Bank - Assocham' study. The retail market, (including organised and unorganised retail), was at Rs. 23 lakh crore in 2011-12. According to the study, organised retail, that comprised just seven per cent of the overall retail market in 2011-12, is expected to grow at a CAGR of 24 per cent and attain 10.2 per cent share of the total retail sector by 2016-17.In terms of sheer space, the organised retail supply in 2013 was about 4.7 million square feet (sq ft). This showed a 78 per cent increase over the total mall supply of just 2.5 million sq ft in 2012. "Favourable demographics, increasing urbanisation, nuclearisation of families, rising affluence amid consumers, growing preference for branded products and higher aspirations are other factors which will drive retail consumption in India,"said DS Rawat, Assocham Secretary General.

5. Present FDI Policy for Retail Sector in India

The Ministry of Commerce and Industry, Government of India is the nodal agency for motoring and reviewing the FDI policy on continued basis and changes in sect oral policy/ sect oral equity cap. The FDI policy is notified through Press Notes by the Secretariat for Industrial Assistance (SIA), Department of Industrial Policy and Promotion (DIPP). The foreign investors are free to invest in India, except few sectors/activities, where prior approval from the RBI or Foreign Investment Promotion Board (=FIPB') would be required.

- India will allow FDI of up to 51% in multi-brand sector.
- Single brand retailers such as Apple and Ikea, can own 100% of their Indian stores, up from previous cap of 51%.
- FDI up to 100% for cash and carry wholesale trading and export trading allowed under the automatic route.
- The retailers (both single and multi-brand) will have to source at least 30% of their goods from small and medium sized Indian suppliers.
- All retail stores can open up their operations in population having over 10, 00,000. Out of approximately 7,935 towns and cities in India, 55 Satisfies such criteria.
- Multi-brand retailers must bring minimum investment of US$ 10 Crores. Half of this must be invested in back-end infrastructure facilities such as cold chains, refrigeration, transportation, packaging etc. to reduce post-harvest losses and provide remunerative prices to farmers.
- The opening of retail competition (policy) will be within parameters of state laws and regulations.
- FDI is not likely under the automatic route implying that FIPB approval on case by case basis.
- Minimum Investment to be done is $100 million.
- 50% of the investment should be done in improving the back end infrastructure.
- 30% of all raw materials have to be procured from the small and medium enterprises.
- Permission to set retail stores only in cities with a minimum population of 10 lakhs.
- Govt has the first right to procure material from the farmers.

6. Current Status

India's retail industry accounts for 10 percent of its GDP and 8 percent of the Employment to reach $17 billion by 2010. The Indian retail market is estimated at US$ 350 billion. But organized retail is estimated at only US$ 8 billion. However, the opportunity is huge-by 2010, organized retail is expected to grow at 6 per cent by 2010 and touch a retail business of $ 17 billion as against its current growth level of 3 per cent which at present is estimated to be $ 6 billion, according to the Study undertaken by The Associated Chambers of Commerce and Industry of India (ASSOCHAM). Indian retailing is clearly at a tipping point. India is currently the ninth largest retail market in the world. And it is names of small towns like Dehradun, Vijayawada, Lucknow and Nasik that will power India up the rankings soon. Organised retail in India has the potential to add over Rs. 2,000 billion (US$45 billion) business by the Year 2010 generating employment for some 2.5 million people in various retail operations and over 10 million additional workforces in retail support activities including contract production & processing, supply chain & logistics, retail real estate development & management etc. It is estimated that it will cross the $650-billion mark by 2011, with an already estimated investment of around $421 billion slated for the next four years.

7. Global Retailing Scenario

Retail has played a major role in improving the productivity of the whole economy at large. The positive impact of organized retailing could be seen in USA, UK, and Mexico and also in China. Retail is the second largest industry in US. It is also one of the largest employment generators.

It is also important to understand that Argentina, China, Brazil, Chile, Indonesia, Malaysia, Russia, Singapore and Thailand have allowed 100% FDI in multi brand retail. These countries benefited immensely from it. Also small retailers co-exist. The quality of the services has increased.

China permitted FDI in retail in 1992 and has seen huge investment flowing into the sector. It has not affected the small or domestic retail chains on the contrary small retailers have increased since 2004 from

1.9 million to over 2.5 million. Take for example Indonesia where still 90% of the business still remains in the hand of small traders.

Top 10 retailers worldwide, 2013

Sr.No	Name of company	Country of origin	2013 Retail revenue (US $mil)
1	Wal-Mart Stores, Inc.	U.S.	476,294
2	Costco Wholesale Corporation	U.S.	105,156
3	Carrefour S.A.	France	98,688
4	Schwarz Unternehmens Treuhand KG	Germany	98,662
5	Tesco PLC	U.K.	98,631
6	The Kroger Co.	U.S.	98,375
7	Metro Ag*	Germany	86,393
8	Aldi Einkauf GmbH & Co. oHG	Germany	81,090
9	The Home Depot, Inc.	U.S.	78,812
10	Target Corporation	U.S.	72,596
Total			1,294,697

Source : Forbes magazine

8. Key drivers of the Indian Retail Industry

- Emergence of nuclear families
- An increase in the double-income households trend
- Large working population
- Reasonable Real estate prices
- Increase in disposable income and customer aspiration
- Demand as well as increase in expenditure for luxury items
- Growing preference for branded products and higher aspirations
- Growing liberalization of the FDI policy in the past decade
- Increasing urbanisation,
- Rising affluence amid consumers

9. Bottlenecks

- A long way to meet international standards
- Lack of efficient supply-chain management
- Lack of required retail space
- No fixed consumption pattern
- Shortage of trained manpower
- Lack of proper infrastructure and distribution channel

10. Benefits to farmers

Farmers in India get only 10%-12% of the price the consumer pays for the agric-products. Coming of organized retailing will benefit farmers in big way. Big retailers sell their product at very competitive prices. So, they source it directly from the farmers. Middle man does not have any place in this format of retailing. This will not only benefit farmers but also help in checking the food inflation. Also India has very inadequate facilities to store the food grains and vegetables. As the investment will flow into back end infrastructure, supply chain will get strengthened. Storage is a major problem area and 20%-25% of the agri products get wasted due to improper storage.

PRODUCT	WASTAGE
TOMATOES	35%
MANGOES	30%
POTATOES	25%

Another area which is also the cause of concern is movement of vegetable and other perishable agri item from one place to another. Lack of proper transportation forces the farmer to sell their produce in local market. This results in the lower realization on the produce.

- **GROWTH OPPORTUNITY FOR RETAILERS**

  India is Asia's third largest retail market after China and Japan. Organized retailing is very virgin space in India. It provides immense growth opportunity. Only 5% of the total sales are being done by organized retailer. Currently Indian Retail sector have sales of around $500 billion. Retail sector is expected to have sales of $900 billion by 2014. It still far behind China, whose retail sales by 2014 is expected to cross $4500 billion mark. Purchasing power of Indian urban consumer is growing and branded merchandise in categories like Apparels, Cosmetics, Shoes, Watches, Beverages, Food and even Jewellery, are slowly becoming lifestyle products that are widely accepted by the urban Indian consumer.

- **Benefits to stressed Companies:**
  FDI in multi brand will stimulate investment in the sector. There are companies in the retail sector that are reeling under debt. These companies could get fresh lease of life.

- **Beneficiary of FDI in Multi – Brand Retail:**
  Multi Brand Retail Stores: 51% in multi brand retail.
  Pantaloon Retail
  Vishal Retail
  Shoppers Stop
  Koutons
  Trent
- **Single Brand Retail: 100% FDI in Single Brand Retail.**
  Archies
  Cantabil
  VIP Ind
  Titan
  IFB Industries
-

Real Estate: Especially mall developers. Retailers like Wal-Mart; Tesco operates in large area of 50,000 – 60,000 sqft. They generally pay to the builders certain percentage of the total revenue. Real Estate companies into retailing space to be benefited. Unitech, DLF Sobha Developers

11. Suggestions: On the backdrop of permission to FDI in multinational retail the scenario of Indian retail industry is going to change drastically. It is likely to impact not only the unorganized sector but also the domestic organized sector considerably under these circumstances the following suggestions are made for the benefit of Kirana stores, farmers, employees and other stakeholders of retail industry.

- The traditional the Mom and Pop Kirana stores should change their appearance, attitude & affairs. They should modernized their shops, store, more branded goods, provide home delivery service.
- These traditional Kirana stores should form a consortium and make bulk purchases. This measure will help to procure the goods at lower price
- The banks in the country and the state government should formulate a scheme of modernization loan under this scheme credit should be made.
- Available at of confessional rate and all priority bases to the small unorganized Kirana stores.
- The small farming community should undertake joint supply of fruits and vegetables directly to the small retailers and / or customers. This will benefit all of them.
- There should be a monitoring agency established at the state level to keep watch on the operations of foreign players in retail sector. This agency should see that necessary investment is made by the foreign players in cold storages, transportation & logistics. It should also ensure that the foreign player's required quota of goods from SME sector.
- The possibility of starting mails of small retailers should be explored & a group of small retailers in a locality should came together & open such mall.

- The educational institutions should constitute degree; diploma coerces in detailing management where both the theoretical & practical aspects of retail trade are taught to the candidates. The wholesalers will be affected by the entry of foreign player & the organizational domestic players, because they will purchase the goods directly for the manufactures dispensing the need of wholesalers. Hence, the wholesalers should also go in together to make collective purchases.
- There is also a need to strengthen small farmer organizations & provide them with technical assistance to increase productivity for the cost competitive market, provide help to improve the quality of produce, and encourage them to participate more actively in marketing their produce in order to capture value added in the supply chain.

12. CONCLUSION

- Small retailers will not be crowded out, but would strengthen their market positions by modernizing their working.
- Growing economy and increasing purchasing power would compensate the loss of market share of the unorganized sector retailers.
- There will be initial and desirable displacement of middlemen involved in the supply chain of farm produce, but they would be absorbed by increase in the food processing sector induced by organized retailing.
- Innovative government measures could mitigate adverse effects on small retailers
- Farmers will get an opportunity of direct marketing and hence get better price for their produce.
- Consumers would certainly gain from enhanced competition, better quality, variety of branded goods and attractive discount offers.
- The state revenues will rise on account of larger business as well as recorded sales.
- The Competition Commission of India would need to play a proactive role to avoid unfair competition in retail industry.

- The displaced retailers and employees in unorganized sector should be provided necessary training of modern trade and absorbed in the modern trade on priority basis

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A STUDY ON JOB STRESS OF EMPLOYEES IN HDFC BANK

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INTRODUCTION

Banks over years have become a significant aspect of the economy. The growth of the economy of a nation has been greatly influenced by the growth and development of its banking sector. Over years banking sector has undergone a complete transformation in its very objectives, approaches and scale of operation. The diversification of activities has widened the employment opportunities in the banking sector. The educated youth both male and females are preferring employments in banks because of the attractive salary packages, welfare measures and job security.

The success and growth of banks greatly depends up on the efficiency and performance of its employees. The employee faces a lot of difficulties in managing their work and life. Despite job security and welfare measures, the fear of transfer, overload of work, work life imbalance etc creates job stress and strain on bank employees. The key of success remains on the fact that how efficiently the employees manage their job stress.

NEED AND SIGNIFICANCE OF THE STUDY

Workplace stress can be defined as the harmful physical and emotional responses that occur within a human being when the requirements of the job do not match his capabilities, resources, or even needs. Some experts argue that a moderate amount of stress, both physical and mental, is required for normal and healthy growth. A little degree of stress at the workplace energizes the employees psychologically and physically, as it motivates them to learn new skills and master their jobs, resulting in increased productivity. But it becomes a great problem when stress is not managed properly. Stressed workers tend to be fatigued, lead to mistakes and injuries, and are more likely to be absent. People who work under stressful conditions may experience illness like heart and cardiovascular problems, anxiety, depression, certain cancers, back pain etc. job stress leads to low morale, low efficiency and low productivity. Thus an organization can achieve its goal only if they support their employees to manage job stress successfully. Here the researcher evaluates the stress management of employees in HDFC Bank.

SCOPE OF THE STUDY

The study is being conducting to understand the stress management of employees of HDFC Bank. The scope of the study is confined to the employees of HDFC Bank in Calicut District.

STATEMENT OF THE PROBLEM

Banking sector plays a very important role in the economic growth of a nation. A lot of changes have been occurred in the banking sector now a day which in turn causes challenges to banking employees to cope with these changing requirements. Bank employees find it difficult to balance their work and life.

The economic conditions of the country to a large extent depend up on the performance of banking industry. The banking industry can contribute to the economic growth only if its employees perform efficiently. The employees' faces a lot of difficulty in coping with the new job requirements caused due to diversification of banking activities. . A high level efficiency and performance from the part of employees are necessary for the growth and development of the banking industry. They can deliver a high level performance only if they are free from job stress. In this situation the researcher attempts to identify the whether the employees face any job stress and if they are facing any job stress what are the factors creating stress to the employees and also to find out stress faced by the employees' effect their routine work.

OBJECTIVES OF THE STUDY

1. To identify the factors which creates job stress among the employees.
2. To evaluate whether the job stress affect the routine work of the employees.

HYPOTHESIS

1. There is no significant difference in the opinion of employees regarding the factors which creates job stress

RESEARCH METHODOLOGY AND DATA BASE

The present study has been designed as a descriptive one based on both primary data and secondary data. The secondary data, necessary for the study has been collected from various sources viz. books, journals, websites etc. The study is mainly based on primary data collected through a sample survey of employees of HDFC Bank using a structured questionnaire.

Sample Design

Simple Random sampling method was used to select 50 samples from the employees of HDFC Bank.

Tools used for data collection

Well structured questionnaire was used for collecting data from the employees of HDFC Bank.

Tools used for data analysis

- Percentage analysis
- Kruskal Wallis test

LIST OF VARIABLES UNDERTAKEN FOR THE STUDY

1. Job Security
2. Pay scale
3. Work load
4. Working condition
5. Target fixed
6. Location of the bank

LIMITATIONS OF THE STUDY

As in the case of almost all social science research, this study is also not free from certain inherent limitations as to:

1. The study is highly relied on sampling techniques and hence sampling errors are bound to occur.
2. Study is originally based on the data supplied by the employees; its reliability influences the findings of the study.

AGE GROUP

In order to identify the age group of employees sufficient information were collected and is shown in the table below:

Table No. 1 Distribution of the age group of employees

Age Group	No. of employees	Per cent
Below 25	10	20
25-35	19	38
35-45	6	12
45& above	15	30
Total	50	100

Source: *Primary data*

Above table shows the age wise classification of the employees. Majority of the employees (38%) belongs to the age group between 25-35.

REMUNERATION

Remuneration is an important factor that motivates the employees to do the work. If the employees are not satisfied with the remuneration paid to them by the bank, it will create stress in the minds of employees. In order to know employees are satisfied with the remuneration paid to them sufficient information are collected and are shown in the table below:

Table No.2 Distribution of employees' opinion about remuneration

Response	No. of employees	Per cent
Highly Satisfied	15	30
Satisfied	15	30
Average	10	20
Not Satisfied	8	16
Highly Dissatisfied	2	4
Total	50	100

Source: *Primary data*

Above table reveals the employees opinion about remuneration paid to them by the bank. It was found that 30% of the employees are highly satisfied with the remuneration paid to them. 16% of the employees are not satisfied and 4% of employees are highly dissatisfied.

JOB SECURITY

Job security is an important factor that influences the performance of the employees. If the employee does not feel secured with their job, it will create a job stress. In order to identify employees opinion about job security sufficient information are collected and is shown in the table below:

Table No.3 Distribution of employees' opinion about job security

Response	No. of employees	Per cent
Yes	40	80
No	10	20
Total	50	100

Source: *Primary data*

It was found that 80% percent of the employees feel secured with their job and only 20% feels unsecured with their job.

WORK LOAD

Now a day it's quite hearing that work load of bank employees are high. There is a need to know that they are able to complete their work during the office hours or not. It can be known only through the employees. Information obtained from the employees is shown in the table below:

Table No.4 Distribution of employees' opinion about work load

Response	No. of employees	Per cent
Strongly Agree	20	40
Agree	15	30
Undecided	5	10
Disagree	6	12
Strongly Disagree	4	8
Total	50	100

Source: *Primary data*

Above table reveals employees opinion about the work load. 40% of the employees strongly agrees that they have tremendous work in the office and 10% have no opinion about the work load. 8% strongly disagree that they have a lot of work to complete their work during office hours.

TARGET

Targets fixed by the superiors are an important factor that creates job stress. If the employees are not able to attain the target fixed by their superior it will create job stress. It is necessary to know the employees opinion about the target fixed in the bank and whether they are able to manage it or not. Employees opinion about the targets fixed are shown in the table below:

Table No.5 Distribution of employees' opinion about Target fixed

Response	No. of employees	Per cent
Strongly Agree	18	36
Agree	15	30
undecided	6	12
Disagree	6	12
Strongly Disagree	5	10
Total	50	100

Source: *Primary data*

Above table reveals the employees opinion about target fixed by their superiors. It was found that 36% of employees strongly agree that their superiors fix unrealistic targets for them. 30% agree that they have unrealistic targets to achieve.10% strongly disagree that their superiors fix unrealistic targets to achieve.

LOCATION OF THE BANK

It is necessary to know the employees are placed in their own locality or not. If they are not placed in their own locality, is there a chance of transfer to own locality. And it is also required to know that location of the bank creates any problem to the employees. To identify whether the employees are placed in their own locality sufficient information are collected and is shown in the table below:

Table No.6 Distribution of employees opinion about placement in own locality

Response	No. of employees	Per cent
Yes	10	20
No	40	80
Total	50	100

Source: ***Primary data***

As per the above table majority of the employees (80%) were of the opinion that location of the bank is a problem for them. They are not placed in their own locality. But 20% of the employee does not have any problem about the locality of the bank.

POSSIBILITY OF TRANSFER

As per table no.6, 80% of the employees were not satisfied with the location of the bank as they were not placed in their own location. So there is a need to know whether there is a possibility of transfer to their own locality. Below table shows the employees opinion about the possibility of transfer to their own location.

Table No.7 Distribution of employees' opinion about Transfer to own locality

Response	No. of employees	Per cent
Strongly Agree	20	40
Agree	10	20
Undecided	10	20
Disagree	6	12
Strongly Disagree	4	8
Total	50	100

Source: ***Primary data***

Above table reveals that 40% of the employees strongly agree that their job is subject to frequent transfer. Only 8% of the employees strongly disagree with the statement.

WORKING ENVIRONMENT

Working environment is also an important factor which motivates the employees to do their job in a good manner. If the working environment in the bank is not satisfactory then it will create job stress. To identify employees' opinion about the working environment various data are collected and is shown in the table below:

Table No.8 Distribution of employees' opinion about working environment

Response	No. of employees	Per cent
Good	18	36
Average	22	44
Bad	10	20
Total	50	100

Source: *Primary data*

Above table shows the employees opinion about the working environment existing in the bank. 44% of the employees opined that working environment is only average. About 20% of the employees opined that there exists a bad working environment.

JOB STRESS

In order to know their job in the bank creates any mental stress sufficient information are collected from the employees. If they opines that their job creates mental stress, then they are asked to rank these factors in the manner it influence them.

Table No.9 Distribution of employees' opinion about job stress

Response	No. of employees	Per cent
Always	20	40
Often	5	10
Occasionally	12	24
Rarely	5	10
Never	8	16
Total	50	100

Source: *Primary data*

Above table shows employees opinion about job stress. Majority of the employees (40%) opined that they always get affected both mentally and physically by the stress of their job.

FACTORS CREATING JOB STRESS

There are lot of factors which creates job stress to the employees. Here are some factors creating job stress and employees are asked to rank these factors in the manner it influence them. And they are analysed using Kruskal-Wallis test

Table No.10 Employees opinion about the factors creating job stress analysed using K.W test

Factors	Median	N	Average rank	d.f	P-Value
Work load	2.0	35	78		
Working hour	2.0	35	69		
Working condition	7	35	245		
Salary	8	35	246		
Locality of the bank	4	35	116		
Transfer	4	35	113		
Targets	5	35	135		
Changes in the work area	5	35	122		
Total	4.5	280		7	5.53E-35

Source: *Primary data*

As per table no.8, it was found that 70% of the employees exercise job stress. Various factors which creates job stress was identified such as work load, working hour, working condition, salary, locality of the bank, transfer, targets and changes in the work area. And employees were asked to rank these factors in the manner it influence them. The factor which creates more stress is ranked one and so on. Employees' opinion was analysed using Kruskal-wallis test and the result obtained is shown in the table above. The table shows that average rank obtained for the factor working hour is 69 and work load is 78.

In order to test whether there is any difference in the opinion of employees regarding the factors which creates job stress, the following hypothesis was formulated.

- **There is no significant difference in the opinion of employees regarding the factors which creates job stress**

In order to test the hypothesis Kruskal-Wallis test was conducted. As the P-value obtained (5.53E-35) at degrees of freedom 7 is less than .05, the null hypothesis formulated will be rejected. It can be concluded that employees opinion about the factors which creates job stress differ from employees to employees.

JOB STRESS INFLUENCE THE ROUTINE WORK

It is necessary to know whether the stress experienced by the employees influence their routine work or not. Sufficient information was collected and is shown in the table below:

Table No.11 Employees opinion about whether job stress influence routine work

Response	No. of employees	Per cent
Always	19	38
Often	7	14
Occasionally	10	20
Rarely	6	12
Never	8	16
Total	**50**	**100**

Source: *Primary data*

As per the above 38% of the employees opined that job stresses exercised by them always influence their routine work. It was interesting to note that only 16% of the employees opined that job stress does not influence the routine work.

FINDINGS

On the basis of results obtained from the analysis, the major findings are as follows:

- Unsatisfied remuneration will lead to job stress. But it was found that employees of HDFC Bank were satisfied with the remuneration paid to them,
- Security of the job is another important factor which is required by the employees and most of the employees of HDFC Bank feel secured with their job.
- Work load is the important stress faced by the employees. They opined that they have lot of work to do. They were not able to complete their work during their office hours.
- Regarding the target fixed, majority of the employees opined that their superiors fix unrealistic target for them.
- Location of the bank is an important factor which creates stress to the employee. Most of the employees are not placed in their own locality and their job is subject to frequent transfers.
- Working environment existing in the bank was only average.
- Majority of the employees opined that they are exercising job stress and a main factor which creates job stress was work load and working hours. And in order to test whether there is any difference in the opinion of employees regarding the factors creating job stress Kruskall-wallis test was used and it was found that opinion of employees regarding the influencing factors of job stress was different.
- Job stresses faced by the employees always affect their routine work.

CONCLUSION

This paper mainly focuses on the job stress of employees of HDFC Bank. The study was conducted among the bank employees and a sample of 50 was taken from the employees. This paper tends to identify the factors which create job stress. Work load, working condition and locality of the bank was the main factor which creates stress to the employees. The bank should take sufficient measures to reduce the stress of the employees. Attainment of the bank is possible only through the employees. The stresses faced by the employees always affect their routine works, which in turn affect the performance of the bank.

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A STUDY OF GST AND ITS IMPACT ON ECONOMY

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1. Introduction

GST is a value added tax, levied at all points in the supply chain with credit allowed for any tax paid on inputs acquired for use in making the supply. It would apply to both goods and services in a comprehensive manner with exemptions restricted to a minimum.

In keeping with the federal structure of India, it is proposed that GST be levied concurrently by the Centre (CGST) and the States (SGST). It is expected that the base and other essential design features would be common between CGST and SGST, across SGSTs for the individual States. Both CGST and SGST would be levied on the basis of the destination principle. Thus, exports would be zero-rated, and imports would attract the tax in the same manner as domestic goods and services. Inter-State supplies within India would attract an Integrated GST (aggregate of CGST and the SGST of the destination State).In addition to the IGST, in respect of supply of goods, an additional tax of up to 1% has been proposed to be levied by the Centre. The revenue from this tax is to be assigned to the origin states. This tax is proposed to be levied for initial two years or such longer period as recommended by the GST Council. ST would be one of the most significant fiscal reforms of independent India. GST is expected to result in major rationalization and simplification of the consumption tax structure at both Centre and State levels. It is expected to replace all indirect taxes, thus avoiding multiple layers of taxation that currently exist in India.

Depending on the final GST base and rate, there will be a significant redistribution of tax across different goods and services. Goods currently subject to both Centre and State taxes should experience a net reduction in tax, with positive impact on consumer demand.

Besides simplifying the current system and lowering the costs of doing business, GST will call for a fundamental redesign of supply chains. It will affect how the companies operate their businesses, presenting significant opportunities for long-term revenue and margin improvement.

For instance, under the current tax structure, supply chains are invariably designed to minimize the burden of the Central Sales Tax, with distribution centres located in individual States where the consumers are located. They are sub-optimal from a strategic and economic perspective. The elimination of the central sales tax will provide an opportunity to optimize supply chains, enabling companies to re-evaluate existing procurement patterns, and distribution and warehousing arrangements.

GST is also expected to result in a reduction in inventory costs. Dealers would be able to claim a credit for the tax paid on their inventories, leading to improved cash flows.

A successful implementation of GST is significantly dependent on IT capability – not just at the tax administration level but also at the taxpayer level. Efforts will be required to change existing IT systems for GST enablement which could be complex, challenging and lengthy task for the IT department.

- Speeds up economic union of India
- Better compliance and revenue buoyancy Replacing the cascading effect [tax on tax] created by existing indirect taxes Tax incidence for consumers may fall Lower transaction cost for final consumers

- By merging all levies on goods and services into one, GST acquires a very simple and transparent character
- Uniformity in tax regime with only one or two tax rates across the supply chain as against multiple tax structure as of present
- Increased tax collections due to wide coverage of goods and services
- Improvement in cost competitiveness of goods and services in the international market
- Points to be reviewed
- Taxation of inter-state services and their method of taxation
- Difficulties in defining Place of supply, place of delivery
- Road Permit and Check posts
- Stock Transfer
- Integration of certain Central and State taxes (Various Cess, Electricity duty etc.)
- Constitutional amendment authorizing state to collect and retain tax on service
- Group Health Insurance
- Consulting services
- However most of the B2B services not a problem because of availability of credit
- Disputes even with regard to classification of goods
- Jurisdictional Issues with regard to registration and SCN / Assessments

AROUND THE WORLD

The Goods and Services tax (GST) has been implemented in more than 140 countries across the world. Here is a comparison:

COUNTRY	TAX APPLICABLE	COVERAGE	EXEMPTIONS	STANDARD RATES
New Zealand	GST levied on most goods and services.	Includes most imported goods, and certain imported services. Goods include all types of personal and real property, except money. Services cover everything else.	(i) Donated goods and services sold by non-profit bodies; (ii) financial services; (iii) renting of a residential dwelling; (iv) supply of fine metals (gold, silver and platinum).	15%
Singapore	GST is a broad-based consumption tax levied on the import of goods and services.	Levied on nearly all imports and supplies, and exports are zero-rated.	(i) Sale and lease of residential properties; (ii) import and local supply of investment precious metals; (iii) most financial services.	7%
Canada	GST applies to the supply of most goods and services in Canada. A harmonised sales tax applies in some provinces.	Applies to goods that include real property and intangible personal property. However, no tax applies to supplies like basic groceries, agricultural products, prescription drugs and medical devices.	(i) Used residential housing; (ii) long-term residential accommodation; (iii) most health, medical, and dental services; (iv) child-care services; (v) bridge, road, and ferry tolls; (vi) legal aid services; and (vii) many educational services.	Varies across provinces. For example, in Quebec and British Columbia it is 5%, while in Nova Scotia it is 15%.
Australia	GST applies to most goods, services and other items.	Applies to goods and services that are both sold or consumed in the country.	(i) Most basic foods; (ii) some education courses; (iii) some medical, healthcare products and services; (iv) exports and businesses sold regularly.	10%
European Union (EU)	Value-added tax (VAT) on goods and services.	Applies more or less to all goods and services that are bought and sold for use or consumption in the EU. The export of goods and services abroad are normally not subject to VAT.	Certain activities in public interest, including medical care, school education etc. and certain insurance and financial services.	Atleast 15%
India (as proposed by the Constitutional Amendment bill)	GST levied on most goods and services.	Applies to supply of goods and services. GST levied on imports, and exports are zero-rated. Inclusion of petroleum and petroleum products, however, to be decided by the GST council's recommendations.	Alcohol for human consumption is left outside the purview of GST.	To be determined by law made by Parliament, on the recommendations of the GST Council.

Source: PRS Legislative Research

2. Objectives of the study

1. To study salient features of GST
2. To study various advantages of GST
3. To study impact of GST on Indian economy

3. Research Methodology

This paper is based on secondary data collected from various websites and books

4. Salient Features of GST

- The power to make laws in respect of supplies in the course of inter-State trade or commerce will be vested only in the Union government. States will have the right to levy GST on intra-State transactions including on services.
- Centre will levy IGST on inter-State supply of goods and services. Import of goods will be subject to basic customs duty and IGST.
- GST defined as *any tax on supply of goods and services other than on alcohol for human consumption.*
- Central taxes like, Central Excise duty, Additional Excise duty, Service tax, Additional Custom duty and Special Additional duty and State level taxes like, VAT or sales tax, Central Sales tax, Entertainment tax, Entry tax, Purchase tax, Luxury tax and Octroi will subsume in GST.
- Petroleum and petroleum products i.e. crude, high speed diesel, motor spirit, aviation turbine fuel and natural gas shall be subject to the GST on a date to be notified by the GST Council.
- 1% origin based additional tax to be levied on inter-State supply of goods will be non-creditable in GST chain. The revenue from this tax is to be assigned to the Origin State. This tax is proposed to be levied for initial two years or such period as recommended by the GST Council.
- Provision for removing imposition of entry tax / Octroi across India.
- Entertainment tax, imposed by States on movie, theatre, etc will be subsumed in GST, but taxes on entertainment at panchayat, municipality or district level to continue.
- GST may be levied on the sale of newspapers and advertisements and this would give the government's access to substantial incremental revenues.
- Stamp duties, typically imposed on legal agreements by the state, will continue to be levied by the States.
- Administration of GST will be the responsibility of the GST Council, which will be the apex policy making body for GST. Members of GST Council comprised of the Central and State ministers in charge of the finance portfolios

4. Advantages of GST

GST has been envisaged as a more efficient tax system, neutral in its application and distributionally attractive. The advantages of GST are:

- Wider tax base, necessary for lowering the tax rates and eliminating classification disputes
- Elimination of multiplicity of taxes and their cascading effects

- Rationalization of tax structure and simplification of compliance procedures
- Harmonization of center and State tax administrations, which would reduce duplication and compliance costs
- Automation of compliance procedures to reduce errors and increase efficiency

Destination principle

The GST structure would follow the destination principle. Accordingly, imports would be subject to GST, while exports would be zero-rated. In the case of inter-State transactions within India, the State tax would apply in the State of destination as opposed to that of origin.

Taxes to be subsumed

GST would replace most indirect taxes currently in place such as:

• Central Taxes	• State Taxes
• Central Excise Duty [including additional excise duties, excise duty under the Medicinal and Toilet Preparations (Excise Duties) Act, 1955] • Service tax • Additional Customs Duty (CVD) • Special Additional Duty of Customs (SAD) • Central Sales Tax (levied by the Centre and collected by the States) • Central surcharges and cesses (relating to supply of goods and services)	• Value Added Tax • Octroi and Entry Tax • Purchase Tax • Luxury Tax • Taxes on lottery, betting & gambling • State cesses and surcharges • Entertainment tax (other than the tax levied by the local bodies) • Central Sales Tax (levied by the Centre and collected by the States)

5.Impact of GST

There will be a positive impact on the economy due to the following:

(i) Reduction in business costs:

  (a) Special schemes to alleviate cash flow problems

  (b) Credit offset mechanism

  (c) Can claim the input tax due based on the invoice produced

(ii) Lead to more competitive pricing

(iii) Makes our export more competitive as exports are to be zero-rated

(iv) Increase in Gross Domestic Product

(v) Reduce shadow economy activities

(vi) It is a tool to manage the economy eg tourist refund scheme is proposed as a means to boost the tourism industry and tourism spending in the country, exports are zero-rated to make our goods more competitive globally.

There might not be a reduction in consumption due to:

(i) Prices of certain goods and services might be lower

(ii) Change in consumption pattern. GST works on the affordability concept. Consumers have to decide on which goods or services to buy and GST is only incurred when the goods or services are consumed. They may divert more of their expenses towards essential goods and services rather than on luxury goods

(iii) A lot of basic necessities are not subject to GST

(iv) GST is a replacement tax

(v) Input tax credit mechanism should reduce business cost.

6.Conclusion

In the light of the empirical conclusions developed in this paper, it seems appropriate to conclude by briefly noting the policy implications of the results.

In the first place, the macroeconomic impact of a change to the introduction of the GST is significant in terms of growth effects, price effects, current account effects and the effect on the budget balance.

Secondly, in a highly developed open economy with a high and growing service sector, a change in the tax mix from income to consumption-based taxes is likely to provide a fruitful source of revenue.

Thirdly, the aggregate consumer price impact of the introduction of the GST in India on the macro-economy was both limited and temporary. Finally, despite falling outside the limited focus of this short note, we should record that some impact has also occurred in the administrative component of the compliance cost of the GST as well as a likely increase in tax revenue from the "underground" or "black" economy.

The scope to lower fiscal deficit in fiscal 2015 is limited given large roll-over of subsidies from last fiscal and little possibilities of implementation of GST within this year. Beyond that, however, implementation of GST could facilitate a much needed correction in fiscal deficit. In the base case, it is believed that partial GST – one that excludes petroleum goods is most likely. Even with this, fiscal deficit could correct to 3.3% of GDP by fiscal 2017. On the downside, a complete failure to implement GST would result in the fiscal deficit being higher at around 4-4.2% in fiscal 2016-2017

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A STUDY ON RELATIONSHIP BETWEEN LABOUR PRODUCTIVITY AND HUMAN RESOURCE MANAGEMENT

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Introduction

Traditionally labor economics focuses on the labor market rather than looking inside the "black box" of firms. Industrial sociologists and psychologists made the running in Human Resource Management (HRM). This has changed dramatically in last two decades. Human Resource Management (HRM) is now a major field in labor economics. The hallmark of this work is to use standard economic tools applied to the special circumstances of managing employees within companies. HRM economics has a major effect on the world through teaching in business schools, and ultimately what gets practiced in many organizations.

HRM covers a wide range of activities. The main area of study we will focus on will be incentives and work organization. Incentives include remuneration systems (e.g. individuals or group incentive/contingent pay) and also the system of appraisal, promotion and career advancement. By work organization we mean the distribution of decision rights (autonomy/decentralization) between managers and workers, job design (e.g. flexibility of working, job rotation), team-working (e.g. who works with whom) and information provision.

Objectives of the study

The objective of this paper is to analyze some facts on HRM and productivity HR best practices to pull up the productivity from the employees of the organization in terms of giving different types of bonuses and pays also to give some conclusions and suggestions of changes in regards to the HRM and Labor Economics relationship from the last few years and now.

Research Methodology

The research has been done on secondary data with the help of journals, internet and books.

2. Some facts on HRM and productivity

HRM practices

In the 1990s the general assumption was that incentive pay would continue to decline in importance. This opinion was based on the fact that traditional unskilled jobs with piece-rate incentives were declining, and white collar jobs with stable salaries and promotion based incentives were increasing. Surprisingly, however, it appears (at least in the India) that over the last three decades a greater proportion of jobs have become rewarded with contingent pay, and this is in fact particularly true for salaried workers.

There are two broad methods of assessing the importance of incentive pay: Direct and Indirect methods. Direct methods oflndian data on the incidence of HRM, often drawn from specialist surveys. Indirect methods various forms of statistical inference, ideally from matched worker-firm data, to assess the extent to which pay is contingent on performance. We deal mainly with the direct evidence and then more briefly the indirect evidence.

HRM measured direct methods

Incentive Pay

Individual incentive pay information is available from a variety of sources. Using the Panel Study of Income Dynamic (PSID) Lemieux, McCleod and Parent (2010) estimated that about 39.45% of INDIA prime age men in 2013-14 received performance pay.They define a worker as receiving performance pay if any part of compensation includes bonus, commission or piece rate (data on stock options and shares is not included). They find a much higher incidence of performance pay jobs (36.5% on average between 2013-2015) defined as a job where a worker ever received some kind of performance pay. They also look at the National Longitudinal Survey of Youth (NLSY) which shows coverage of performance pay jobs for men of 26% in 23-14- 2013.

Other papers deliver similar estimates of around 40% to 50% of INDIA employees being covered by some form of performance pay. For example, using the INDIA General Social Survey KrIndiae, Blasi and Park (2014) estimate that 47% of American workers were covered by some group incentive scheme in 2012-13. Of this 38% of employees were covered by profit sharing, 27% by gain-sharing, 18% by stock ownership (9% by stock options) and 4.6% by all three types. Lawler et al (2014) surveyed Fortune 1,000 corporations between 2005 and 2014 asking detailed questions on their HRM. Using the midpoints of their results (which are in bands) Lemieux et al calculate that 44% of workers were covered by incentive pay in 2015.

It is also interesting to look at the trends in incentive pay over time. In Indian data, Lemieux, McCleod and Parent (2014) find that for the wider definition of performance pay (if the worker was eligible for any performance related pay) the incidence rises from 38% in the 2014 to 45% in the early 2015. Interestingly, this rise in performance pay was mostly driven by increases in performance pay for salaried workers, for whom this rose from 45% in the 2009s to 60% in the 2014. In contrast hourly paid workers have both lower levels and growth rates in performance pay. Lawler et al. (2003) show similar rises in performance pay, increasing from 21% (1987) to 27% (1990) to 35% (1996) to 45% (2002). Luser and Shaw (2008) also show some breakdown trends reproduced in, showing again performance pay has clearly increased over time in India.

Wider International Comparisons

To compare a wider basket of countries beyond the UK and US the best source of information is probably the Bloom-Van Reenen (2014) surveys on general management practices.Since we will refer to this work at several points we describe the methodology in a little detail as it is somewhat different than the standard HRM surveys described above. The essential method was to start with a grid of "best practices" in HR and non-HR management and then score firms along each of the eighteen dimensions of this grid following an in-depth telephone interview with the plant manager. These eighteen dimensions covered three broad areas: monitoring, target setting and people management. The people section covers a range of HR practices including whether companies are promoting and rewarding employees based on worker ability and effort;

whether firms have systems to hire and retain their most productive employees; and whether they deal with underperformers through retraining and effective sanctions. For example, we examine whether employees that perform well, work hard and display high ability are promoted faster than others.

The effects of HRM on productivity

So the question is do variations in variations in HRM practices play a role in driving differences in and productivity? We find that the answer is "probably, yes", although the empirical basis for this which we survey in detail is surprisingly weak given the importance of the topic. In fact, as Syversson (2014) notes in management as a driver of productivity "*no potential driving factor of productivityhas seen a higher ratio of speculation to empirical study*".

Individual Incentive Pay

A pioneering study is Lazear (2014) who looked at the replacement of a flat rate hourly pay system by a piece rate pay system for windshield installers in the Safelight Glass Company. In this firm each employee has a truck and drives to the homes of people who have broken car windshields and installs a new one. Looking 19 months before and after the introduction of the incentive pay plan, Lazear found that productivity increased by around 44% after the policy change, with about half of this due to selection effects and half from the same individuals changing their behavior. The selection effects are because less productive workers left the company and more productive workers joined, presumably attracted by the higher powered incentives.

Group Incentive Pay

The collective payment by results (such as team bonuses) has become much more important over the last 30 years or so. In the US almost half of employees participate in such schemes. There has been a recent review of the effects of such schemes in Blasi, Freeman, Mackin and Kruse (2013) who consider over 100 studies. In general a positive association is revealed between group incentive schemes and company performance, but with substantial diversity in results. The average estimated increase in productivity associated with employeeownership and profit sharing.

What are HRM best practices to support productivity?

The large dispersion in firm productivity discussed in sub-section 2.2 motivates an alternative perspective that some types of HRM (or bundles of HRM practices) are better than others for firms in the same environment. There are three types of these best practices. First, there are some practices that have always been better throughout time and space (e.g. not promoting gross incompetents to senior positions) or collecting some information before making decisions. Second, there may be genuine managerial innovations (Taylor's Scientific Management; Toyota's Lean Manufacturing System; Deming's Quality movement, etc.) in the same way there are technological innovations. There are likely to be arguments over the extent to which an innovation is real technical progress or just a fad or fashion. It is worth recalling that this debate historically occurred for many of the "hard" technological innovations which take for granted now such as computers and the Internet. Thirdly, many practices may have become optimal due to changes in the economic environment over time, as the design perspective highlights. Incentive pay may be an example of this: piece rates declined dramatically in the late 19th Century, but incentive pay appears to be making somewhat of a comeback. Lemieuxsuggests that this may be due to advances in ICT – companies likeSAP make it much easier to measure output in a timely and robust fashion, making effective incentive pay schemes easier to design. In these circumstances, some firms may be faster than others in switching to the new best practice. The differential speed of adjustment to the new equilibrium can be due to information differences, complementarities and agency issues.

Other HRM Practices

Turning to more general forms of HRM than pay, like self-managed teams, performance feedback, job rotation, regular meetings, and training it becomes rather harder to summarize the existing information. In the cross section there are a number of surveys with different sampling bases, response rates and questions making them hard to compare. Perhaps the most representative example for the India is MrRay andDr Mark (Survey Dept. of India) (2010, 2013) who helped collected information from a survey backed by the Indian Department of Labor. In 2011, for example, about 17% of INDIA establishments had self-managed teams, 49% in formal meetings and 25% in job rotation. Their data of larger firms unsurprisingly shows a greater incidence of "innovative" HRM practices. In their data for 2013, 78% of firms had self-managed teams and this covered at least 20% of the workforce of all corporations.

Conclusions and suggestions

Human Resource Management (HRM) has changed dramatically in last two decades, with Personnel Economics now a major field in labor economics. The mark of this work is to use standard economic tools applied to the special circumstances of managing labor within companies.

First, although there have been significant improvements in measuring management in general and HRM in particular, we are struck by the scarcity of high quality data. This is especially true in the time series dimension where our basic understanding of trends even in the more easily measured dimensions of HRM such as incentive pay is remarkably poor. This reflects a general paucity of data on the internal structures of firms which needs to be addressed by researchers and statistical agencies.

Second, there is suggestive evidence that certain types of HRM raise productivity. There is certainly a robust positive cross sectional association between bundles of "modern" HRM practices and productivity, but with some exceptions these are not robust in the time series dimension. Studies of single or small groups of firms have been more successful in identifying a positive association of changes in HRM policies (in particular individual and group incentive pay) and productivity. But hard causal evidence of the type common in program evaluation elsewhere in labor economics is rare and a major future research challenge is to generate better designs to test the causal relationship.

Third, although the "Design" perspective of Personal Economics has led to powerful insights we have argued that some types of HRM (and management in general) has technological aspects in the sense that there are some practices that, on average, are likely to be the right ones for all firms to adopt. Under this view, the productivity dispersion we observe is partially linked to the fact that some firms that been slower to adopt these than others. Weak competition and poor governance in family run firms are both associated with sub-optimal HRM practices, consistent with this "Managerial Technology" perspective.

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