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The Advantage of E-Commerce as a Powerful Economic Catalyst for Expanding Global Business in a Developing Country

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Senior Executive - Digital Marketing

Abstract

The objective of the present study is to examine the advantage of e-commerce as a powerful economic catalyst for expanding Global business in a developing country on developing country economy and global business. It is beneficial for the economies of all countries but want to see how much impact it has on developing countries.

E-commerce business has evolved mainly in the developed country, but it is for a short time. The development potential of E-commerce in the developing countries is very high, which will last for long.E -commerce has the capability to improve the efficiency and productivity of any economy. Thus, increase the GDP (Gross Domestic Product) of many countries. However, there has been some doubt about the relevance of e-commerce for developing countries.

This paper is meant to identify factors that could influence proper implementation and adoption of e-commerce in developing countries.

Keywords: E-commerce; Digital Economy; Global Business;Economic catalyst.

1. Introduction:

Electronic commerce (E-commerce) is a process of buying and selling products, services and information using computer networks and the internet. The definition of e-commerce is the electronic process by which individuals or organizations make a transaction, such as buy, sell, transfer, or exchange products, services and/or information (Turban, McLean and Weatherbe 2004).

E-Commerce accelerates global commercial trend by removing the boundaries facing international trade. It benefits from economic advantages such as market expansion, reduction of product source prices, promotion of productivity, reduction of transaction costs and inflation, lowering uncertainty, sharing market information, and aiding in distribution channel efficiency and plays a vital role in an endogenous economic growth. E-Commerce can be a source that improves domestic economic and rapid globalization of production, and development of available technology. Africa and the Middle East suffer from very specific issues that need to be integrated into world agenda and agreements taking place where, the barriers are very well understood and have been researched by many scholars. In the literatures published on e-commerce in developing countries the assumption is that Internet access will enhance e-commerce in these countries, however in most developing countries there are several barriers in expanding e-commerce including basic resources, lack of infrastructure, environmental factors, education and cultural problems. E-commerce can occur within and between three basic participant groups – business, government, and individuals.

Electronic commerce provides unprecedented opportunities to both developing and developed countries. In short term, the benefits of e-commerce are likely to be concentrated in developed countries but in the long run, developing countries will have more benefits.

E-commerce effectively erases the necessity of huge investments or outlays on physical infrastructure to develop a global presence, which has led to a revolution in the way business is conducted around the world. For developing countries in particular, it has the potential to present solutions to many prevalent problems such as provision of remote healthcare and education. However, these countries are unable to reap these benefits, as there is a vast difference between the adoption rates, implementation and use of e-commerce in developed and developing nations, with the latter lagging behind to a significant extent. This essay aims to understand the various reasons for this, as well as the potential impact of e-commerce technologies for developing countries and their digital economy.

2. E-commerce: An overview

Electronic commerce is a process of buying and selling products, services and information using computer networks and the internet. E-Commerce accelerates global commercial trend by removing the boundaries facing international trade. It benefits from economic advantages such as market expansion, reduction of product source prices, promotion of productivity, reduction of transaction costs and inflation, lowering uncertainty, sharing market information, and aiding in distribution channel efficiency and plays a vital role in an endogenous economic growth. E-Commerce can be a source that improves domestic economic and rapid globalization of production, and development of available technology. Africa and the Middle East suffer from very specific issues that need to be integrated into world agenda and agreements taking place where, the barriers are very well understood and have been researched by many scholars. In the literatures published on e-commerce in developing countries the assumption is that Internet access will enhance e-commerce in these countries, however in most developing countries there are several barriers in expanding e-commerce including basic resources, lack of infrastructure, environmental factors, education and cultural problems. E-commerce can occur within and between three basic participant groups – business, government, and individuals.

Shopping on the internet is certainly a popular past time, an efficient time-saver, and a great way to comparison shop on virtually any kind of item you're interested in. The history of e-commerce as most people think of it has a short but interesting time line. Most people don't realize that e-commerce and its underlying technology have been around for about forty years

The term e-commerce was originally conceived to describe the process of conducting business transactions electronically using technology from the Electronic Data Interchange (EDI) and Electronic Funds Transfer (EFT). These technologies, which first appeared in the late 1970’s, allowed for the exchange of information and the execution of electronic transactions between businesses, typically in the form of electronic purchase orders and invoices. EDI and EFT were the enabling technologies that laid the groundwork for what we now know as e-commerce. The Boston Computer Exchange, a marketplace for used computer equipment started in 1982, was one of the first known examples of e-commerce. Throughout the 1980’s, the proliferation of credit cards, ATM machines and telephone banking was the next step in the evolution of electronic commerce. Starting in the early 90’s, e-commerce would also include things such as Enterprise Resource Planning (ERP), data warehousing and data mining. It wasn’t until 1994 that e-commerce (as we know it today) really began to accelerate with the introduction of security protocols and high speed internet connections such as DSL, allowing for much faster connection speeds and faster online transaction capability. Industry “experts” predicted explosive growth in e-commerce related businesses. In response to these expert opinions, between 1998 and 2000, a substantial number of businesses in Western Europe and the United States built out their first rudimentary e-commerce websites. The definition of e-commerce began to change in 2000 though, the year of the dot-com collapse when thousands of internet businesses folded. Despite the epic collapse, many of the worlds’ most established traditional brick-and-mortar businesses were emboldened with the promise of e-commerce and the prospect of serving a global customer base electronically. The very next year, business to business transactions online became one of the largest forms of e-commerce with over $700 billion dollars in sales.

Numbers can indicate the importance of the e-commerce growth. In 1999, global e-commerce was worth over $150 billion. Around eighty percent of those transactions were between one business and another. According to Inc. Magazine although the US and Canada lead the world in ecommerce spending, other countries are increasingly shopping online. By 2014, global ecommerce spending is projected to increase more than 90 percent. A sizable portion of that growth is expected to come from Latin America, where the amount spent online is projected to more than double. If these projections are accurate, annual ecommerce spending, in billions for 2014 will be: North America $202.8; Western Europe $166.5; Asia- Pacific $93.2; Latin America $27.1; Eastern Europe & Russia $27.0; Australia $4.9; Africa & the Middle East $3.0.

The number of Internet users also reached two billion worldwide and is growing. The influence of e-commerce stretches farther. It is used more as a trading system in which buyers, and sellers could establish a genuine market price. For example, with more than 90 million active users globally, eBay is the world's largest online marketplace, where practically anyone can buy and sell practically anything. Founded in 1995, eBay connects a diverse and passionate community of individual buyers and sellers, as well as small businesses. Their collective impact on e-commerce is staggering: In 2009, the total worth of goods sold on eBay was $60 billion - $2,000 every second.

3. Benefits of e-commerce on economy

The impact of e-commerce to businesses can be huge. E-commerce can transform the way products and services are created, sold and delivered to the customer. It can also change the way in which a company works with its partners. Some benefits of e-commerce are as follows.

IMPROVED PRODUCTIVITY: Using e-commerce, the time required to create, transfer and process a business transaction between trading partners is significantly reduced. Furthermore, human errors and other problems like duplications of records are largely eliminated with the reduction of data-entry and re-entry in the process. This improvement in speed and accuracy, plus the easier access to document and information, will result in increase in productivity.

COST SAVINGS: According to a 1999 report by Giga information Group, conducting business online will save companies around the world an estimated USD1.25 trillion by 2002. This compares to total savings of USD 17.6 billion in 1998-The cost savings stem from efficient communication, quicker turnaround time and closer access to markets.

BETTER CUSTOMER SERVICE: With e-commerce, there is better and more efficient communication with customers. In addition, customers can also enjoy the convenience of shopping at any hour, anywhere in the world.

CONVENIENCE: E-commerce is very convenient to the consumers since the sites operates 24 hours a day 7 days a week, thus, allowing transaction to be done at any time.

REDUCED ERRORS: The automated process tends to produce fewer errors than the traditional process it is done electronically.

UNLIMITED SHELF SPACE: E-commerce companies can display/shelve an unlimited number of goods from which the consumers since can choose whatever they want.

INCREASED GLOBAL PRESENCE: E-commerce companies can be accessed by people from all over the world, that is, one can purchase from wherever he/she is.

4. Effects of e-commerce on global business

Electronic commerce offers important opportunities to both developing and developed countries. The development of e-commerce is likely to have both direct and indirect impacts on global business.

The use of electronic means and the internet can make the process of initiating and doing trade a lot easier, faster, and less expensive. Collecting information is a costly activity when it involves acquiring information across national borders. In fact, these costs can be so high that they can be considered a substantial barrier to trade. Finding the right supplier, specifying the product's requirements and quality, negotiating the price, arranging deliveries and marketing products is also very costly. With the internet and e-commerce applications, a whole range of these activities can occur without having buyer and seller in close physical proximity. In this respect, the internet will likely promote trade much in the same way as lifting other trade barriers would. Thus, it is the volume of international trade will likely increase.

Especially, the internet when organized via electronic markets through e-commerce applications, reduces information costs and allows consumers and sellers to be matched and interact electronically, reducing the significance of geographic proximity and traditional business networks. A study found

ample evidence that, development of global markets via the Internet makes historical linkages less important and suggest that countries with the fewest past trade links have the most to gain from the Internet, especially for developing countries . An evident from a 1998 survey of enterprises in 15 low and middle-income countries suggests that firms in these countries use search engines to research market opportunities.

However, whether e-commerce promote international trade will depend on the nature of the good. On the one hand, a number of products that traditionally have required physical delivery can be delivered to a customer via a network in digital form. Examples of these include media products, such as text, film and computer software. On the other hand, most of the goods traded internationally are not deliverable in digital form and therefore transportation costs will continue to play a significant role. In this regard, world trade in digital media products amounted to about US$44 billion in 1996, less than 1 per cent of total world trade. For most countries, trade in digital media products was less than 2% of total trade. The rate of growth of trade in digital media products is high and above the average rate growth of total trade: the growth in trade for digital media products on average was about 10% between 1990 and 1996, 1.5 times faster than total world merchandise trade.

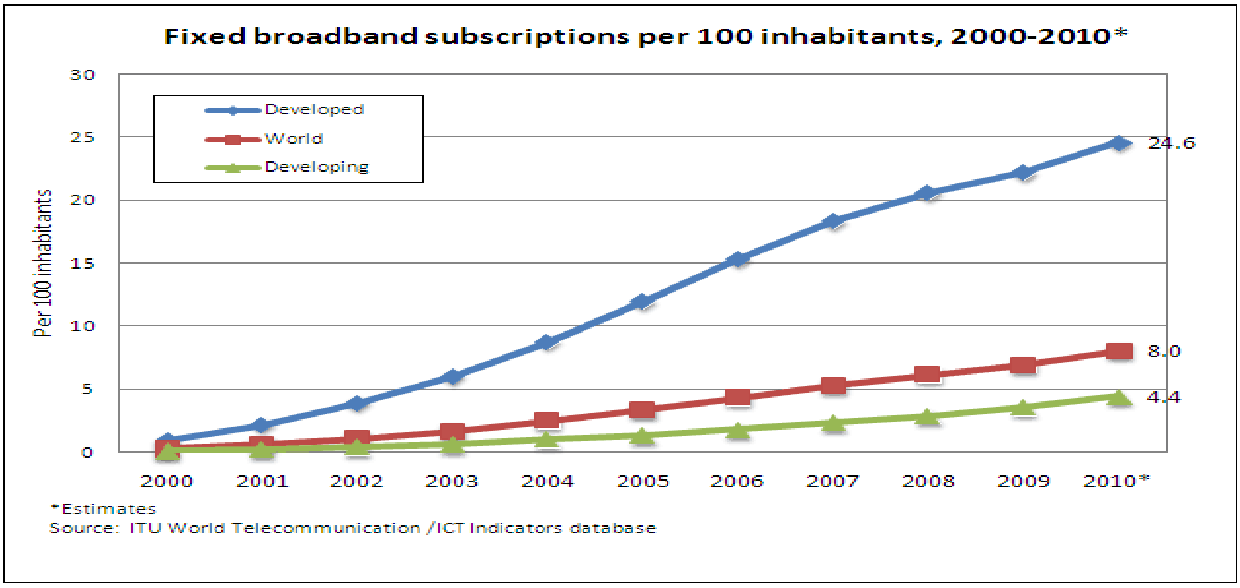
E-commerce will also have a significant impact on trade in services. The most relevant change in trade in services is e-commerce's and information technology's ability to make non-tradable services into tradable. Activities that were previously non-tradable (i.e. research and development, computing, inventory management, quality control, accounting, personnel management, marketing, advertising and distribution) will be traded through the use of e-commerce. All that is required is that the quality, speed and cost of communication between buyer and seller be adequate. International cross-border trade in a wide range of services, financial, legal, telecommunications and customized software will increasingly be carried out by electronic means.

Internet effectively opens markets that were previously closed; it is tempting to think of it as another form of trade liberalization. A technical improvement lowers costs of transactions and generates far larger benefits than the triangular efficiency gains from trade liberalization. Indeed, the decline in costs increases potential benefits from trade liberalization in many services sectors.

As communications costs continue to fall, the potential for international outsourcing grows. As a result, outsourcing management and production activities will become more important. Obviously, some sectors and activities throughout the world are more prone than others to be affected by developments in e-commerce. In this respect, there have been attempts to identify industries or sectors that may be more predisposed to the effects of developments in e-commerce and technology. For example, a research, based on criteria that weighed the effect of cost savings, increases in productivity, industry readiness and product fitness to e-commerce, has elaborated an index of Internet intensiveness. The finding based on data from the United States and Europe suggests that the most internet intensive sectors are electronic components, food, pharmaceuticals and forest/paper products. It is likely to expect that in other regions, these same sectors and industries will be affected by e-commerce via outsourcing. At the same time, recent evidence suggests that transnational corporations are likely to be the most intensive users of electronic commerce.

The potential benefits from international e-commerce to a developing country arise from a reduction in the cost of imports as much as from an increase in the price received for exports. Even if a country does not export any services, it can benefit from imports of services, paying for them in terms of goods. Cheaper availability of medical, engineering and architectural services, long-distance learning and reduced costs of transactions can confer benefits even if the country does not immediately export the services traded through Internet.

Several recent studies have suggested that trade also stimulates internet use. For example, a study suggests that the extent to which a country is integrated into the global economy can play a role in its access to IT. Countries with greater contact, either via trade, tourism, or geographical location, with the outside world, are more likely to be advanced in digital technology than other countries. Similarly, another study argues that countries open to imports from high-income OECD economies will benefit from knowledge spillovers and, hence, be more likely to adopt new technologies. Following figure and table shows world trade volume and the growth of world internet usage. According to figure 1, although world trade volume fluctuated between 2000 and 2010, it had a positive situation until 2008. After 2008, it declined because of the global financial crisis and then started to increase again. World internet usage increased all regions between 2000 and 2010.



Empirical studies of internet adaption have found that internet use is correlated with openness to trade, even after controlling for other factors, that might correlated with both. For example, one of the studies found that internet users made up a greater share of the population in developing countries that were more open to trade. Other studies have also found that additional measures of ICT use and investment are correlated with various measures of openness. For example, a research, which looks at the determinants of IT used in 54 countries in Africa, found that IT use tended to be higher in countries that are more open.

One research shows that enterprises that are more internationalized are more likely to engage in business to business e-commerce, but not in business-to-consumer e-commerce. Another research shows that ICT investment is higher in countries that import more manufactured goods from countries in the OECD. Finally, a study, which uses enterprise country level data on Internet use in Eastern Europe and Central Asia fails to find a positive correlation between openness to imports at the country level and internet use at the enterprise level. In fact, in some model specifications, same study finds a negative correlation. This negative result, however, be due to imports from low and middle-income countries. Imports from high-income countries are positively correlated with Internet connectivity. For example, a study shows that the correlation between openness and investment in ICT is stronger for countries that do not export computers.

Several recent studies have asked whether internet use affects trade. For example, using data from 20 low and middle income countries in Eastern Europe and Central Asia, a research shows that enterprises with internet connections export more, as a share of their total sales, than enterprises without connections. In addition, using a gravity model of trade, another research find that Internet use appears to be significantly correlated with trade after 1996, although it finds only a weak correlation in 1995 and 1996. The same research also found that internet has a greater effect on trade in developing countries than it does in developed countries. In a second paper, same researchers find that exports of services to the United States grew more quickly for countries with greater internet penetration in a sample of 31 middle and high-income countries.

Developing countries with higher Internet penetration export more to high-income countries than do developing countries where penetration is lower. However, they do not appear to export more to other developing countries and high-income countries with greater Internet penetration do not appear to export more to either developing or developed countries. These results make intuitive sense. First, Internet access is so common among manufacturing enterprises in high-income countries that the differences in the number of internet users as a percent of the population probably reflects differences at the consumer, rather than the enterprise, level in developed countries. In developing countries, contrarily, many manufacturing enterprises remain unconnected. Second, because Internet access is less common in developing countries than in developed countries, being connected to the Internet would seem to be a greater advantage for enterprises in developing countries with respect to exporting to developed countries.

Because of strong regional differences in income, and taking into account the fact that most exports from developing countries to other developing countries will be within the same region, communication costs will presumably be greater for exports to distant developed countries than it would be for exports to neighboring developing countries.

China online trade skyrocketed by 120% in the previous ten years. This is hardly surprising as research on e-commerce in developing countries pins the country as most likely to emerge as the world leader in the global e-commerce market, with its third largest Internet user population in the world. Its business leaders are generally cognizant of the benefits of ecommerce in terms of enhancing Chinese presence in the international business arena, strengthening business processes and channels, and forming better customer relationships.

These factors notwithstanding, the country is still struggling with realising the full potential of e-commerce due to state restrictions, payment systems, and inadequate telecommunication facilities (Stylianou, Robbins and Jackson 2003).

Latin America, of which Brazil comprises 59%, also exhibited monumental growth in e-commerce, as revenues increased from 1.6 billion USD to 43 billion USD in the last ten years (Hussain 2013). Another developing country which is displaying rapid progress is e-commerce is India.

While the sector may still be in its infancy stage, research showed that it grew from 3.8 billion USD in 2009 to 12.6 billion USD in 2013, which equated to a CAGR of approximately 35%. The lion's share of this market, roughly 70%, is held by online travel, but e-retail is the fastest-growing segment (PWC 2014).

Expanding on the example of India, for this country, logistical problems act as one of the barriers to growth of e-commerce. All logistical models conceived in the country consider the larger metropolitan cities and Tier-1 cities as their target, where the customer usually belongs to either the upper affluent or middle class, and has easy access to the Internet.

Also, delivery costs are high for e-retailers, as the majority of goods being ordered online are transported by air. This also causes shortage of cargo space on airlines in times of high demand, such as the weeks leading up to the Indian festival of Diwali, and warranted dependence on external delivery firms. But while India can boast of the second-largest number of mobile users in the world, e-retail sales are less than 0.5 % of the country's entire retail sales. When this figure is compared with 6% in the US and 5% in China, it does appear as if the country's e-commerce sector needs to firm up its delivery network (Narayan 2014).

The outlook however, is not completely bleak, as e-retailers are looking to counter the various problems associated with contrived addresses, cash-on-delivery, and returned merchandise by investing the requisite amount of capital and establishing their own logistics business.

FlipKart and Amazon India have already undertaken various initiatives in this regard. However, setting up a captive logistics infrastructure is not without its own perils – these companies are finding their delivery costs to be 10 to 20% higher than those of the logistics experts. Higher delivery costs may lead to elimination of the benefit of free delivery by e-retailers, who are already trying to attain success in a complex business model which offers thin profit margins (PWC 2014).

5. Barriers to growth of e-commerce in developing countries

Regardless, there are many obstacles in developing countries which seriously hinder the growth of their e-commerce industry. E-commerce has the potential to provide many opportunities in a manner unprecedented by other technological advancements, with its positive impact on trade, investment, business transactions, and market penetration (Wresch and Fraser 2011). But the conclusion reached by many researchers who have tried to search for the realization of these benefits in developing countries has been, by and large, disappointing.

According to Molla and Heeks (2007, 105), “the majority of businesses do not appear to have obtained E-commerce benefits in terms of expanding their access to markets, improving their reach or linkages to customers or suppliers, or in relation to cost savings or other efficiency gains”.

The obstacles may vary between countries and regions but the commonly reported barriers that these countries face include a severe dearth of managerial skills requisite to formulate and implement an e-commerce strategy for business. Internet connectivity with regard to the cost, quality, and speed of the service provided is another stumbling block while lack of effective branding and trust issues is another important barrier to e-commerce growth.

The latter has succeeded in pricking the e-commerce bubble in these countries as buyers feel more secure conducting transactions from renowned companies and brands (usually belonging to developed countries) rather than from unknown companies online (Travica et al. 2007). Lack of robust logistical networks is a barrier already discussed with reference to the Indian e-commerce market, and this factor is a common barrier for e-commerce in developing countries.

Another common obstacle these countries face is the absence of a sound legal and regulatory environment for e-commerce, which acts as a deterrent for both buyers and sellers to conduct business over the Internet (UNCTAD 2004).

6. Pre-conditions for success of e-commerce initiatives

A very relevant aspect for the purpose of this discussion is that of the conditions necessary which favour the growth of ecommerce in a country. Travica et al. (2007) and Sridhar and Sridhar (2006) conducted research and found a few common critical success factors for e-commerce. These authors stated that for e-commerce initiatives to succeed, the first and foremost condition must be customer readiness, or propensity for e-commerce.

Travica et al. (2007) refer to this as the “cultural layer”, and explains it to be the readiness that shoppers may or may not display towards adopting e-commerce, which in turn stems from their historical association, or lack of, with it. He contrasts the US and Latin America, where the former has always been comfortable with catalogue-based shopping, and the latter regards shopping as a social act necessitating interaction. Trust, as discussed earlier, is an important aspect of this layer: even in the US where Amazon and eBay earned more than 4 billion USD and 15.7 billion USD respectively in just the first quarter of 2008, and customers are traditionally attuned to the practice of online shopping, there are persistent issues regarding trust (Elbeltagi 2007; Feigenbaum, Parkes and Pennock 2009). Developing countries, owing to the newness of e-commerce as a concept, then, find propensity for e-commerce to be significantly lacking, leading to low adoption rates.

Other preconditions include technical and managerial expertise, and legislation. Travica et al. (2007) reported that while technical expertise may be on the rise, there is a dearth of managers willing to champion e-commerce objects. The regulatory improvement is gradually becoming more conducive to e-commerce efforts, as noted by Kariyawasam (2008).when he appraised the efforts of Asian countries such as Sri Lanka, which was on the verge of passing an electronic signature law, to provide better legal support.

E-payment and banking systems and software services must exist in a country which hopes to attain economic progress via e-commerce. This is another frontier which is can be regarded a work in progress, with banks in developing countries equipping themselves with systems for electronic payments and local software support.

Telecommunications infrastructure remains a major condition missing in developing countries as even with increased rates of Internet access, these countries still report a very low ratio of user accounts per 100 people. Logistical networks, including both delivery services and traffic infrastructure, are both essential preconditions for growth of e-commerce, and areas where developing countries are struggling (Wresch and Fraser 2011).

Delivery services are not dependable, and this combined with outdated technology (compared to the US) and strict customs laws render international shippers reluctant to do business with these countries, whereas their revenues in European countries are increasing by billions every year (Cooke 2007).

Traffic infrastructure problems include custom delays, exorbitant custom duties, lengthy delays in shipping to customers, and sudden increases in shipping costs of inputs and finished products. These problems are rampant in developed countries, and to a much greater extent in developing countries as the latter often find themselves unable to make the required national expenditures in the aforementioned areas.

Recommended measures to boost growth of e-commerce in developing countries

The term ‘digital divide’ is often used in reference to the “disparities between groups and societies in the adoption and diffusion of electronic information and communications technologies (ICTs) and E-business practice” (Genus and Noor 2005, 82). With reference to the adoption and growth of e-commerce, the gap between developed and developing countries is gradually narrowing down.

However, one of the major critical success factors of e-commerce is training and education. Developing countries face the digital divide primarily because they lack the requisite intellectual human capital. Mass illiteracy and little to no command over the English language render e-commerce an exercise in futility.

Hence, the most important measure which needs to be taken is to engage in capacity building in e-commerce skills. Training and education can be imparted via various means using the internet itself, such as distance learning and specialised links with universities. India has effectively used the Open University concept to reduce illiteracy and cash in on the opportunities provided by e-commerce (Rouibah et al. 2008).

The government has a very strong role to play as state policy, specifically legislation, significantly affects adoption and growth of e-commerce. One of the most important measures that can be taken and that will counter multiple barriers to ecommerce growth is the development of a supportive regulatory and legal environment.

E-commerce strategies will be successfully owned only when consumers and businesses trust the concept and its premise, and are sure of its security and reliability (Zaied 2008).

For them to feel confident, a solid regulatory umbrella must include enabling laws pertaining to e-business, regulations on consumer protection, e-transactions, and cybercrime as well as carefully laid out processes for redress in the event of abuse. UNCTAD (2015) statistics reveal that developing countries are slow to adopt these laws; particularly those in Eastern and Middle Africa have not adopted these laws or produced draft legislation.

These laws are vital for doing business online as the Internet by its very nature exposes customers to possible instances of deception and fraud.

7. Conclusion

The worldwide debate is encircling and questioning the veracity of E-Commerce as how it can reduce the gap between the developing and develop countries.

For just an example today by using the digital E-commerce as a catalyst maritime sectors are using to locate the global positioning of their travel helping them to transport cargo ships to their destination.

Having E-Commerce as a strategic policy they can enhance the quality of the citizens of developing countries. This, if followed by investments in telecommunications infrastructure, an enabling legal and regulatory climate, sound institutional reforms and training and education of human resources, will ensure that developing countries become strong contenders in the global e-commerce sector.

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A Study on FDI in India

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Abstract

Foreign Direct Investment (FDI) is a form of investment in to an business in a nation by another enterprises or business placed outside country through buying a company in the intention country or next to growing activities of an presented business in to facilitate country.

Retail sector Up to 51% FDI in multi brand retail trading, up to 100 FDI in single brand retail trading.Evaluation of FDI and GDP in India during (1991-92 to 2011-2012).Lack of adequate infrastructure, stringent labor laws, corruption,Lack of decision making authority with the state governments,Limited scale of export processing zones,High corporate tax rates and government and political instability these are the problems for low FDI flow.

Introduction

Foreign Direct Investment (FDI) is a form of investment in to an business in a nation by another enterprises or business placed outside country through buying a company in the intention country or next to growing activities of an presented business in to facilitate country. In the time of globalization FDI takes very important fraction in the development of together developing and developed countries. It has been connected with enhanced economic development and growth in the mass countries which has led to the appearance of global rivalry to be a focus for FDI. FDI offers number of settlement like proposal of new technology, innovative products, and extension of new markets, opportunities of employment and introduction of new skills etc., which mirror in the increase of revenue of every nation. Foreign direct investment is one of the measures of growing economic globalization. Investment has forever been an issue for the developing economies such as India. The world has been globalizing and all the countries are liberalizing their policies for friendly investment from countries which are copious in capital resources. The countries which are developed are focusing on new markets where there is availability of profuse labors, capacity for products, and elevated profits are achieved. As a result Foreign Direct Investment (FDI) has turn into a conflict view in the emerging markets. Foreign investment plays a significant role in development of any economy as like India. Many countries provide many incentives for attracting the foreign direct investment (FDI). Need of FDI depends on saving and investment rate in any country. India's recorded GDP growth throughout the last decade has lifted millions out of poverty & made the country a favored destination for foreign direct investment. A recent UNCTAD survey projected India as the second most important FDI destination after China for transnational corporations during 2010-2015. Services, telecommunication, construction activities, computer software & hardware and automobile are major sectors which attracted higher inflows of FDI in India. Countries like Mauritius, Singapore, US & UK were among the leading sources of FDI in India.

REVIEW OF LITERATURE

Singh Kr. Arun and Agarwal P.K., (2012) “Foreign direct investment: The big bang in Indian retail”. In this article they have studied the relation of foreign investment and Indian retail business. The study is based on different literatures, case studies and analysis of organised retail market. The author discusses the policy development for FDI in the two retail categories: single brand and multi brand. The author concludes that FDI in multi brand retail should be considered, better technology and employment. The paper also concludes that openness of FDI in India would help India to integrate into worldwide market.

Dr. Mamata Jain and Mrs. MeenalLodhanaSukhlecha, (2012), “FDI in multi brand retail: Is it the need of the hour?” The paper studies the need of the retail community to invite FDI in retailing. The study is under taken through analysis of positive and negative impacts of reforms. The study shows various advantages of FDI, which suggests for foreign participation in retailing, but the author also suggests that the ceiling should not exceed 51% even for single brands to ensure check and control on business operations.

Rajalakshmi K. and Ramachandran F., (2011), “Impact of FDI in India’s automobile sector with reference to passenger car segment.” The author has studied the foreign investment flows through the automobile sector with special reference to passenger cars. The research methodology used for analysis includes the use of ARIMA, coefficient, linear and compound model. The period of study is from 1991to 2011. This paper is an empirical study of FDI flows after post liberalisation period. The author has also examined the trend ad composition of FDI flow and the effect of FDI on economic growth. The author has also identified the problems faced by India in FDI growth of automobile sector through suggestions of policy implications.

Dr. S N Babar and Dr. B V Khandare, (2012), “Structure of FDI in India during globalisation period”. The study is mainly focused on changing structure and direction of India’s FDI during globalisation period. The study is done through analysis of benefits of FDI for economic growth. The study has been done through sect oral analysis of FDI participation, as well as through study of country wise flow of foreign inflow in India till 2010.

Objectives of the study

1) To know the current status of FDI in India.
2) To evaluate the FDI and GDP in India.
3) To understand problems to FDI in India.

Methodology

This paper is totally based on secondary data like Books, Research Articles, Magazine, and other source which is related to secondary data.

Current Status of FDI in India Retail Sector

As of June 2015, the Government of India allowed FDI in single and multi brand retailing along with the following conditions:-

1) Up to 100% FDI in single brand retail trading.

By only one non-resident entity whether owner or the¬ brand or otherwise, 30% domestic sourcing requirement eased to preferable sourcing rather than compulsory. Further clarifications on FDI companies that cannot engage in B2C e-commerce have been made. Products to be sold should be of a “single brand.” Product should be sold under the same brand internationally. “Single brand” product retailing would cover only¬ products, which are branded during manufacturing.

2) Up to 51% FDI in multi brand retail trading.

At least 100 million US$ must be invested into Indian company. At least 50% of the total FDI is to be invested in backend infrastructure within 3 years. At least 30% of the value of procurement of processed product shall be sourced from Indian small industry. Fresh agriculture produce is permitted to be sold unbranded. Indian estates have been given the discretion to accept of refuse the implementation of FDI.

Retail outlets can be set up in cities having population of at least 1 million. Application needs to be approved by two levels at Department of Industrial Policy and

Evaluation of FDI and GDP in India during (1991-92 to 2011-2012)

The following table depicts the picture of FDI inflow and its impact on GDP

FDI inflow, GDP and FDI/GDP ratio in India (1991-92 to 2011-2012) Years	FDI Inflow (in rupees crore)	Growth rate of FDI inflow (%)	GDP	Growth rate of GDP (%)	FDI as a percentage of GDP
1991-92	409	-	1099072-	-	0.037213
1992-93	1094	167.4817	1158025	5.363889	0.094471
1993-94	2018	84.46069	1223816	5.681311	0.164894
1994-95	4312	113.6769	1302076	6.394752	0.331163
1995-96	6916	60.38961	1396974	7.288207	0.49507
1996-97	9654	39.58936	1508378	7.974665	0.640025
1997-98	13548	40.33561	1573263	4.301641	0.86114
1998-99	12343	-8.8943	1678410	6.683371	0.735398
1999-00	10311	-16.4628	1786525	6.441513	0.577154
2000-01	12645	22.63602	1864301	4.35348	0.67827
2001-02	19361	53.1119	1972606	5.809416	0.981494
2002-03	14932	-22.8759	2048286	3.836549	0.729
2003-04	12117	-18.8521	2222758	8.517951	0.545134
2004-05	17138	41.43765	2388768	7.468649	0.717441
2005-06	24613	43.61652	3254216	36.22989	0.756342
2006-07	70630	186.9622	3566011	9.581263	1.980644
2007-08	98664	39.69135	3898958	9.336679	2.530522
2008-09	122919	24.58343	4162509	6.759524	2.953003
2009-10	123378	0.373417	4493743	7.957556	2.745551
2010-11	88502			-28.2676	
2011-12	173947			96.5458	
Total	**577002**			**42598695**	

The above table shows the FDI inflow and GDP in India from the year 1991-92 to 2011-

2012(post-liberalization period). The table states that India had showed a large amount of FDI inflow. It showed that FDI inflow has been increased by more than 210 times during the study period because the FDI Inflow has been increased from Rs. 409 crore in 1991-92 to Rs. 173947 crore in 20011-2012. Due to technological up gradation, access to global managerial skills and practices, optimal utilization of human and natural resources, making Indian industry internationally competitive, opening up export markets, providing backward forward linkages and access to international quality goods and services the Indian Government has used many steps to attract more FDI. The highest amount of FDI was received in the year 2011-2012, amounting to Rs. 173947crore. The highest growth rate of FDI inflow is in the year 2006-07 i.e., 186.9622 percent. The table also shows that FDI as a percentage of GDP was less than one until 2005-06 after then it is increasing year after year.

Problems for Low FDI Flow to India

India, the largest democratic country with the second largest population in the world, with rule of law and a highly educated English speaking work force, the country is considered as a safe haven for foreign investors. Yet, India seems to be suffering from a host of self-imposed restrictions and problems regarding opening its markets completely too global investors by implementing full scale economic reforms. Some of the major impediments for India's poor performance in the area of FDI are: political instability, poor infrastructure, confusing tax and tariff policies, Draconian labour laws, well entrenched corruption and governmental regulations.

1. Lack of adequate infrastructure:

It is cited as a major hurdle for FDI inflows into India. This bottleneck in the form of poor infrastructure discourages foreign investors in investing in India. India's age old and biggest infrastructure problem is the supply of electricity. Power cuts are considered as a common problem and many industries are forced to close their business.

2. Stringent labor laws:

Large firms in India are not allowed to retrench or layoff any workers, or close down the unit without the permission of the state government. These laws protect the workers and thwart legitimate attempts to restructure business. To retrench unnecessary workers, firms require approval from both employees and state governments-approval that is rarely given. Further, Trade Unions extort huge sums from companies through over-generous voluntary retirement schemes.

3. Corruption:

Corruption is found in nearly every public service, from defense to distribution of subsidized food to the poor people, to the generation and transmission of electric power. The combination of legal hurdles, lack of institutional reforms, bureaucratic decision-making and the allegations of corruption at the top have turned foreign investors away from India.

4. Lack of decision making authority with the state governments:

The reform process of liberalizing the economy is concentrated mainly in the Centre and the State Governments are not given much power. In most key infrastructure areas, the central government remains in control. Brazil, China, and Russia are examples where regional governments take the lead in pushing reforms and prompting further actions by the central government.

5. Limited scale of export processing zones:

India's export processing zones have lacked dynamism because of several reasons, such as their relatively limited scale; the Government's general ambivalence about attracting FDI; the unclear and changing incentive packages attached to the zones; and the power of the central government in the regulation of the zones. India which established its first Export Processing Zone (EPZ) in 1965 has failed to develop the zones when compared to China which took initiative for establishment only in 1980.

6. High corporate tax rates:

Corporate tax rates in East Asia are generally in the range of 15 to 30 percent, compared with a rate of 48 percent for foreign companies in India. High corporate tax rate is definitely a major disincentive to foreign corporate investment in India.

7. Indecisive government and political instability: There were too many anomalies on the government side during past two decades and they are still affecting the direct inflow of FDI in India such as mismanagement and oppression by the different company, which affect the image of the country and also deject the prospective investor, who is very much conscious about safety and constant return on their investment.

Conclusion

FDI in India to different sectors can reach continual financial enlargement and progress throughout making of jobs, increase of presented modern industries. FDI and GDP evaluation during 1991-92 to 2011-2012.It showed that FDI inflow has been increased by more than 210 times during the study period. In this some period maximum chances are getting.

FDI were also helpful to increase the output, productivity, and employment in some sectors especially in service sector. The Indian economic condition and develop the foreign exchange system in country.

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A Study of Fluctuations in Value of Stocks listed in National Stock Exchange, India

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Abstract

The present paper is an attempt to examine the volatility in the individual stocks listed at NSE using daily closing prices of 29 selected companies. The companies have been selected from the list of S&P CNX Nifty covering the period from 2006-2007 to 2016-17. The data have been analyzed by working out standard deviation of daily returns. The study reveals that ACC, HDFC, ITC, MTNL, SBIN and SIEMENS have been comparatively less volatile than other securities. On the other hand, the securities viz. BAJAJAUTO, DRREDDY, GLAXO, GRASIM, HDFCBANK, INFOSYSTCH, M&M, ONGC, TATAPOWER and VSNL were highly volatile during the period of study. Further, the study finds that the period after 2010-11 has registered comparatively less volatility than precedingperiod.

Key words: Volatility, Daily Return, Inflationary Pressure, Investors, Standard Deviation, Securities

1. Introduction

Volatility is a measure of variability in the price of an asset. Volatility is associated with unpredictability and uncertainty about the price. It is often used as synonymous of risk which means higher the volatility, higher the risk in the market. In other words, we can say that in case of high volatility, the market does not function properly and it leads to disruption of market. As a concept, volatility is simple and intuitive. It measures variability or dispersion about a central tendency. To be more meaningful, it is a measure of how far the current price of an asset deviates from its average past prices. Greater the deviation, greater is thevolatility.Atamorefundamentallevel,volatilitycanindicatethestrengthorconviction behind a price move (Raju 2004). It is difficult to estimate about the future trend of volatility in market because it is affected by a large number of factors including political stability, economic fundamentals, government budget, policies of the government, corporate performance etc. However, by calculating historical volatility a prediction can be assumed about the future trend in the volatility.

A few research works has been done in regard to volatility at the industry level or company level. This paper is an attempt towards analyzing volatility pattern in the stock prices of some selected securities listed at NSE. The rest of paper has been organized as follows – the next section reviews the existing literatures in regard to the volatility. Section three explains the data and methodology used in the study. Section four presents empirical results of the study whereas the last section provides concluding remarks of thestudy.

2. REVIEW OFLITERATURE

Mohan, G. et al (2002) investigated the change in volatility in the Indian stock market due to the introduction of future trading using daily closing prices of Nifty and weekly closing prices of Satyam Computers Ltd. The individual stocks seem to be slightly more volatile and their volatility have become less and less dependent on past volatility and more dependent upon news in the current period. The average long-term volatility has decreased at an index level.

Agrawal, D. et al (2003) investigated the impact of changes in firms' technological environment on their stock return volatility and dictated a significant and corresponding increase in the idiosyncratic and total stock return volatility when a firm initiates eCommerce. Increase in volatility was due to the changes in the firms' product markets, specifically increased demand uncertainty, resulting from the adoption of a new technology- driven channel. Relevant controls rule out firm-specific characteristics as well as market microstructural factors as possible explanatory variables. They also found that this surge in volatility was accompanied by a positive abnormal return of stock prices. The study provides strong evidence of the impact of real activity within a firm on its stock returnvolatility.

Batra, A. (2004) analyzed the time variation in volatility in the Indian stock market during 1979-2003 using monthly stock returns and concluded that the period around the BOP crisis and the initiation of economic reforms in India is the most volatile period in the stock market. Structural shifts in volatility are more likely to be a consequence of major policy changes and any further incremental policy changes may have only a benign influence on stock return volatility. Stock return volatility in India seems to be influenced more by the domestic political and economic events rather than global events. In particular there appears to be no coincidence between volatility of portfolio capital flows in and out of the stock market and the volatility shifts in stock returns in India. The analysis also shows that stock market cycles in India have not intensified after financial liberalization. There is a generalized reduction in market instability in the post reform period in India. In general, in the post liberalization period in India, the bull phases are longer, the amplitude of bull phases is higher and the volatility in bull phases is also higher than in the bear phases. Incomparison

with its pre liberalization character, however, the bull phases are more stable in the post liberalization period.

Raju, M. T. et al (2004) concluded that the mature markets/ developed markets continue to provide over long period of time high return with low volatility. Amongst emerging markets except India and China, all other countries exhibited low returns (sometimes negative returns with higher volatility). India with long history and China with short history, both provide as high a return as the US and the UK market could provide but the volatility in both countries is higher. They also found large asymmetry in some of the developed countries. Comparatively, Indian markets show less of skewness and kurtosis. Indian markets have started becoming informationaly more efficient. Volatility has not gone up. Intra day volatility is also very much under control and has came down compared to past years.

Kohers, N. et al (2005) examined the changes in stock price fluctuations in the world's emerging stock markets over the period from 1988 through June 2004. They concluded that the emerging stock markets exhibit some common notable trends over time. Given the diverse nature of emerging stock markets, the common risk/return relationships found for many of these markets overtime is notable. Specifically, volatility for most country indices remained relatively steady from 1988 through 1996. In contrast, from 1997 through June 30, 2004, market variances have increased noticeably for the majority of emerging markets. Furthermore, the mean percentage daily returns for more emerging market indices were consistently lower during the 1997 through June 2004 timeframe.

Mavuluri, P. et al (2006) examined the role of transactions frequency over and above volume in explaining the volatility considering component stocks of Indian barometer indices, NSE Nifty and Nifty Junior, for the period 2005. In addition, study also measures volatility by five minute intraday volatility apart from traditional absolute and squared price changes. They concluded that the transaction counts have better explanatory power in explaining the uncertainty of prices rather than trade sizes (i.e. volumes). Therefore, transactions frequency driving the volatility than trade sizes holds up for Nifty and Nifty Junior. Further, by employing intra-day (5 minutes) as a measure of volatility provide more statistically significant results for transaction counts and volatility relationship than others measures viz. absolute and squared value daily closeprices.

Padhi, P. (2006) explained the stock market volatility at the individual script level and at the aggregate indices level using ARCH, GARCH and ARCH in Mean model and it was based on daily data for the time period from January 1990 to November 2004. The analysis reveals the same trend of volatility in the case of aggregate indices and five different sectors such as electrical, machinery, mining, non-metallic and power plant sector. The GARCH (1,
1) Model is persistent for all the five aggregate indices and individual company.

3. Objectives:

I. To study basic Concepts used in Stock Market in India
II. To Study the trends of Fluctuations in Stock market in India

4. Research Methodology

- The study is based on Secondary data only
- The present paper examines volatility in the securities of S&P CNX Nifty using daily closing prices of the 29 securities which have been selected on the basis of availability of data from 2006-2007 to 2016-17.
- . All the data have been taken from the website of NSE (www.nseindia.com). Daily volatility has been computed by calculating standard deviation of daily return.
- Daily return has been calculating by using the following formula -

$$R_t = \log(P_t \ / \ P_{t-1}) * 100$$

Where R_t indicates daily return, P_t is the price of security on day *t* and P_{t-1} is the price of security on day *t-1*. This measure of return takes into account only appreciation/ depreciation in the share price and neglects the dividend yield.

Daily volatility in the security prices has been calculated by computing standard deviation of daily return-

$$= \sqrt{\sum (R_t - \bar{R})^2 / (n-1)}$$

Where R is the average return over the period, R_t is return on day t and n is number of observation. We have calculated the rolling standard deviation for one year.

5.Data Collection

Exhibit: 5 Return and Volatility in securities of S&P CNX Nifty

	1996-07		2006-2007		2007-2008		2008-2009		2009-2010		2010-11	
	Mean	S.D.	Mean	S.D.	Mean	S.D.	Mean	S.D.	Mean	S.D.	Mean	S.D.
ABB	0.06	2.46	0.00	2.28	-0.02	2.17	-0.06	2.80	-0.29	3.80	0.04	2.64
ACC	-0.05	5.02	-0.41	3.72	0.01	2.68	0.00	3.07	-0.65	12.81	-0.03	3.43
BAJAJAUTO	0.04	2.40	0.04	2.13	-0.18	3.44	0.02	2.70	-0.17	3.03	-0.16	2.41
BHEL	0.10	2.92	0.35	2.48	0.08	2.63	-0.15	3.45	-0.22	3.88	0.05	3.77
BPCL	0.00	3.23	0.09	2.19	0.00	1.88	-0.22	3.11	0.10	4.17	-0.12	6.06
CIPLA	-0.02	7.08	0.15	2.03	0.05	3.13	-0.06	6.27	0.21	16.64	-0.05	3.21
DRREDDY	0.04	3.31	-0.13	2.52	0.30	2.37	0.26	3.49	0.23	4.04	-0.11	3.01
GLAXO	0.06	2.32	0.06	1.97	0.18	2.46	0.22	2.96	-0.27	3.02	-0.02	2.50
GRASIM	0.05	2.72	-0.18	1.72	-0.05	1.83	-0.20	3.57	0.24	4.16	-0.08	3.72
HDFC	-0.03	5.17	-0.07	2.20	0.05	2.26	-0.10	3.22	-0.54	13.39	0.13	2.76
HDFCBANK	0.12	2.60	0.13	2.32	0.17	2.48	-0.00	3.55	0.50	3.75	-0.05	2.92
HERO HONDA	0.03	5.48	0.00	2.72	0.44	2.65	0.00	11.24	0.04	3.11	-0.76	10.28
HINDPETRO	-0.01	3.03	0.06	1.62	0.08	1.95	-0.23	2.93	-0.14	5.17	0.08	3.81
INFOSYSTCH	0.04	4.65	0.29	1.93	0.21	5.08	0.16	5.49	0.32	5.06	-0.19	3.96
IPCL	0.02	17.14	-0.05	28.42	-0.20	37.51	0.10	10.03	-0.18	21.97	-0.04	3.74
ITC	-0.01	5.24	0.20	2.68	0.26	2.73	0.07	2.30	-0.07	3.11	0.03	2.79
M&M	0.04	3.18	0.08	2.22	-0.06	2.52	-0.06	3.40	0.13	4.08	-0.38	3.87
MTNL	-0.01	2.97	0.11	2.58	0.03	2.63	-0.10	3.39	0.08	3.69	-0.20	3.52
ONGC	0.05	2.87	-0.01	2.85	0.12	2.74	-0.32	3.02	0.04	4.09	-0.01	2.70
RANBAXY	-0.02	41.77	-0.30	97.60	0.38	75.41	-0.01	12.83	0.01	3.44	-0.07	3.17

RELIANCE	0.05	47.58	0.13	70.06	-0.04	76.62	-0.06	29.40	0.28	23.47	0.06	2.30
SAIL	0.05	4.99	-0.14	3.09	-0.29	3.78	-0.14	6.48	0.10	6.92	-0.14	8.44
SATYAMCOMP	0.07	5.17	-0.02	2.86	0.64	3.61	0.62	4.32	0.23	6.81	-0.65	8.61
SBIN	0.04	4.14	0.06	2.69	-0.00	2.20	-0.05	2.40	-0.01	3.07	-0.01	2.44
SIEMENS	0.02	4.30	-0.22	3.56	-0.09	3.32	0.06	4.27	0.01	3.98	-0.05	2.66
SUNPHARMA	0.05	50.69	-0.01	2.00	-0.04	2.38	0.32	3.73	0.06	7.70	-0.06	3.91
TATAPOWER	0.04	2.73	-0.06	3.01	-0.02	2.14	-0.17	2.78	-0.03	3.31	0.15	3.96
VSNL	-0.05	4.30	-0.24	4.72	-0.16	3.67	-0.08	3.84	0.36	4.40	-0.71	8.39
WIPRO	0.01	5.48	-0.09	3.42	0.28	7.03	0.67	3.69	0.12	9.98	-0.39	4.61

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	2011-12		2012-13		2013-14		2014-15		2015-16		2016-17	
	Mean	S.D.	Mean	S.D.	Mean	S.D.	Mean	S.D.	Mean	S.D.	Mean	S.D.
ABB	0.04	2.25	0.03	1.93	0.40	2.22	0.15	1.96	0.37	1.75	0.08	2.45
ACC	0.07	3.12	-0.04	1.71	0.24	2.49	0.14	1.84	0.31	1.66	-0.02	2.60
BAJAJAUTO	0.24	2.27	0.01	1.81	0.25	2.08	0.07	1.63	0.37	1.75	-0.05	2.39
BHEL	0.07	3.35	0.11	1.82	0.39	2.43	0.09	2.78	0.43	1.92	0.00	2.47
BPCL	0.22	3.20	-0.16	2.95	0.30	2.58	-0.12	2.64	0.07	1.77	-0.14	2.48
CIPLA	0.01	2.22	-0.14	1.39	0.20	2.12	-0.60	10.22	0.38	1.86	-0.41	6.31
DRREDDY	-0.05	5.20	-0.07	1.89	0.02	2.63	-0.11	2.02	0.26	1.95	-0.27	4.99
GLAXO	-0.09	2.27	-0.06	1.71	0.29	1.93	0.07	1.66	0.28	1.71	-0.10	2.36
GRASIM	0.05	2.49	0.06	1.38	0.46	2.37	0.05	2.01	0.21	1.64	0.01	2.80
HDFC	0.09	2.05	-0.29	4.64	0.26	2.24	0.05	2.31	0.24	1.90	0.05	2.43
HDFCBANK	0.01	1.92	-0.00	1.43	0.19	1.92	0.14	2.63	0.14	1.72	0.08	2.34
HERO HONDA	0.35	3.19	-0.23	2.40	0.38	2.66	0.04	2.19	0.19	1.86	-0.10	2.16
HINDPETRO	0.24	2.90	0.01	3.44	0.21	2.46	-0.20	2.48	0.02	1.56	-0.10	2.89
INFOSYSTCH	-0.03	4.24	0.03	2.15	0.08	3.31	-0.31	8.81	0.11	1.65	-0.16	4.88
IPCL	0.17	2.7	0.00	3.30	0.31	3.03	-	3.19	0.19	1.91	0.01	2.84

		0					0.05					
ITC	-0.06	2.10	-0.04	1.58	0.20	1.68	0.10	1.94	-0.77	16.65	-0.10	2.23
M&M	-0.02	3.18	-0.06	2.23	0.61	2.69	0.03	2.14	0.09	4.71	0.09	2.57
MTNL	0.04	2.69	-0.17	2.66	0.11	2.45	-0.05	2.86	0.19	2.13	-0.09	3.04
ONGC	0.29	2.80	0.10	2.45	0.34	2.70	0.02	2.25	0.16	1.64	-0.16	3.26
RANBAXY	0.17	2.62	-0.14	3.50	0.16	1.68	0.03	1.66	-0.34	5.11	-0.08	2.35
RELIANCE	-0.10	2.73	-0.03	2.73	0.26	1.85	0.01	2.13	0.14	2.33	0.22	2.18
SAIL	-0.07	2.45	0.24	3.79	0.51	4.46	0.27	3.59	0.11	2.73	0.13	3.61
SATYAMCOMP	0.05	5.26	-0.16	2.62	0.20	3.41	0.13	2.14	0.29	1.99	-0.24	5.06
SBIN	0.04	2.55	0.08	1.46	0.32	2.13	0.03	2.63	0.15	4.02	0.01	10.88
SIEMENS	0.10	2.32	0.04	1.82	0.36	2.17	0.22	2.16	0.48	2.08	-0.66	10.97
SUNPHARMA	0.08	2.40	-0.34	137.51	0.34	80.13	-0.13	4.73	0.24	1.77	0.08	53.63
TATAPOWER	0.05	2.79	-0.00	1.57	0.47	2.56	-0.02	3.04	0.19	1.87	-0.05	2.03
VSNL	-0.18	4.37	-0.38	2.17	0.41	2.74	-0.04	2.92	0.37	2.98	-0.06	3.44
WIPRO	0.10	4.91	-0.13	2.66	0.04	3.00	-0.28	7.41	-0.07	4.75	-0.00	2.58

6. **Finding**

The exhibit shows daily returns and daily standard deviations of the 29 securities of S&P CNX Nifty.

- It depicts that except the three consecutive years since 2007-2008 to 2009-2010, the returns of ABB has been positive and around the average return i.e. 0.06 per cent. It was highly volatile during 2008-2009, 2009-2010 and 2010-11 in comparison to its average volatility because of uncertainty in India arising out of various restrictions imposed by the developed countries after nuclear test.
- In case of ACC, Out of 11 years, 5 years witnessed negative return, almost around its average return -0.05 per cent. The return of this security was highly volatile in 2009-2010 with 12.81 per cent which is much more than 5.02, the average volatility.
- This was the year when Tata Group sold its full stake in ACC which result into negative return in the security and ultimately highly volatile. The remaining years were relatively calm years as volatility of these years has been below averagevolatility.
- Bajaj Auto also provided low returns like above two securities which was utmost below 0.04 per cent, the average return, except the four years 2007-2008, 2009-2010, 2010-11 and 2016-17 when it was negative. The return was slightly high in 2014-15. The volatility in this security was high during 2007-2008 followed by 2009-2010 and 2008-2009 with 3.44, 3.03 and 2.70 per cent respectively. It should

also be noted that the returns during these years were either very low or negative which was due to the selling pressure by security holders.

- The average daily return of BHEL was 0.10 per cent and three years are such which experienced much high return compared to the average return. The highest return was during 2015-16 followed by 2013-14 and 2006-2007 with 0.43, 0.39 and 0.35 per cent respectively. The highest negative return was -0.22 per cent in 2009-2010. It was highly volatile during three consecutive years since 2008-2009 with the highest volatility during 2009-2010 i.e. 3.88 per cent. It became relatively stable after 2011-12. The major reason behind high variations in returns and volatility in all the securities since 2008-2009 to two consecutive years was the same as it was in the case ofABB.
- Out of eleven years, BPCL witnessed highly positive return during five years compared to the average return which is almost zero. On the other hand, it also experienced negative return during five years. Only 2007-2008 was the year when return was equal to the average return. The highest return was during 2013-14 i.e. 0.30 per cent which was due to the more and more purchase of security by the investors.
- The volatility in BPCL has utmost been below 3.23 per cent except the years 2009-2010 and 2010-11 when it was as high as 4.17 and6.06 per cent respectively. It may say that volatility in this security has often been stable. The return in the CIPLA has been highly fluctuating. It ranges between 0.38 per cent and -0.60 per cent over the years. It often reacted just opposite as it was in the preceding year. The average return was -0.02 per cent. This security has been highly volatile during 2009-2010 and 2014-15. In the remaining years, it has been below average volatility 7.08 percent.
- The return of DRREDDY has been highly volatile. Out of eleven years, it has been negative during six years and the highest negative return was during 2016-17 i.e. -0.27 per cent followed by 2006-2007 with -0.13 per cent. The corresponding positive return was during 2007-2008 with 0.30 per cent which is much high compared to the average return 0.04 per cent. The volatility in this security was at top in 2011-12 when it was 0.20 per cent followed by 2016-17, 2009-2010 and 2008-2009 with 4.99, 4.04 and 3.49 per cent respectively which are much high than 3.31 per cent, the average volatility. The high volatility during 2016-17 was due frequent selling of securities by investors.
- GLAXO also experienced high fluctuation in daily return. There were only two years in which its return was around average return 0.06 per cent and in the remaining years it fluctuated heavily either positively or negatively. The highestpositivereturnwas0.29percentduring2013-14followedby0.28percentin20105-16. This was due to the buying tendency of investors and good performance of the economy. The volatility has often been high up to 2010-11 but after that it has been comparatively stable.
- The average daily return of GRASIM was 0.05 per cent. Up to 2010-11, the daily return has been negative except the year 2009-2010 when it registered second highest positive return. It was due to the better performance of the company in the environment of weak demand. After 2010-11, the return has often been stable and around the average return. This security was highly volatile during the three consecutive years since 2008-2009. After 2010-11, it was comparatively stable.

- HDFC also provided returns with high fluctuations over the years. The highest return was during 2013-14 followed by 2015-16 with 0.26 and 0.24 per cent respectively which was backed by better performance of the company and introduction ofnewhousingpolicy.Sofarasthevolatilityisconcerned,itwashighduring2009-2010i.e.13.39 per cent which is much more compared to the average volatility 5.17 per cent. The average return of HDFC BANK was the highest among the any other company taken in the study i.e. 0.13 per cent. Whereas, the highest return was during 2009-2010 i.e. 0.50 per cent followed by 2013-14 with 0.19 per cent. This security experienced frequent trading during 2009-2010 because of amalgamation of Times Bank with the HDFC Bank and all-around growth of the company. As a result volatility was also high during this year.

- The return of HEROHONDA ranged between 0.44 per cent and -0.76 per cent. The return of this security has been comparatively stable after 2010-11. This security was highly volatile during 2008-2009 followed by 2010-11 with 11.24 and 10.28 per cent respectively. The daily return of HINDPETRO has always been fluctuating over the years. The highest positive and negative return was 0.24 and -0.23 per cent respectively. 2009-2010 and 2010-11 have been highly volatile years for HINDPETRO. In the remaining years, it has been relatively stable.

- INFOSYSTCH provided high return up to 2009-2010 compared to the average returnper cent. After that, it has been highly fluctuating over the remaining years. The highest positive and negative returns were 0.32 during 2009-2010 and -0.31 per cent during 2014-15. The volatility in this security was the highest during 2014-15 with 8.81 per cent followed by 5.49, 5.08 and 5.06 per cent during 2008-2009, 2007-2008 and 2009-2010 respectively. Negative return and high volatility during 2014-15 was due to the political uncertainty and adverse investor sentiments. Thus, five years have highly volatile for INFOSYSTCH.

- The return in IPCLalsofluctuatedhighlyoverthestudyperiod.Thereturnofthissecurityrangedfrom0.31 to -0.20 per cent. Up to 2009-2010, the average volatility in this security has been comparatively much higher than other securities discussed above. The highest volatility was37.51 per cent during 2007-2008 followed by 2006-2007 and 2009-2010 with 28.42 and 21.97 per cent respectively. The weak interest of FIIs in the secondary market in the wake of South- East Asian currency crisis was the main reason behind negative return and high volatility during these years. After 2010-11, it has been comparatively stable.

- ITC has also provided highly fluctuating return over the years. Its average return was-0.01 per cent. The return of this security ranged between 0.26 per cent and -0.77 per cent. Five years are such which experienced negative returns. So far as the volatility is concerned, it was high in only one year i.e. 2015-16 with 16.65 per cent which is much more than 5.24 per cent, the average volatility which may be attributed to the huge selling of securities by investors because of increase in oilprices.The average daily return of M&M was 0.04 per cent while the highest positive and negative return was 0.61 and -0.38 per cent respectively. Like a few securities mentioned above, the volatility was comparatively higher during the three consecutive years since 1998-After2010-11,ithasbeenstableexceptoneyear2015-16whenitwas4.71percent which is higher than average volatility 3.18 per cent. The reason is the same as it was in the case of ITC.

- The average return of MTNL was negative i.e. -0.01 per cent. Five years are suchwhichwitnessednegativereturns.Thehighestpositiveandthenegativereturnwere-0.19 per cent during 2015-16 and -0.20 per cent during 2010-11. So far as the volatility is concerned, like M&M it was also high during the three consecutive years since 2008-2009 and after that it was comparatively stable up to 2015-16. In 2016-17, it was slightly above than average volatility.
- ONGC also provided fluctuating returns over the years. During 2006-2007, 2008-2009, 2010-11 and 2016-17, it has been negative. The highest return was 0.34 per cent followed by0.29 and 0.16 per cent during 2013-14, 2011-12 and 2015-16 respectively. This security was highly volatile during 2008-2009, 2009-2010 and 2016-17. High volatility during 2016-17 was due to inflationary pressure.
- The daily return of RANBAXY was negative during six years. The average return was -0.02 per cent. The return of this security ranged between 0.38 per cent -0.34 per cent. The volatility in RANBAXY was tremendously high during 2006-2007 and 2007-2008 with 97.60 and 75.41 per cent respectively. It should also be noted that the average volatility was quite high i.e. 41.77 per cent than that of any security discussed above which might be due to the more interest of investors in the security because of goodperformance.
- RELIANCE has also been one of the companies providing highly fluctuating returns over the years. The highest return was 0.28 per cent during 2009-2010 followed by 2013-14 and 2016-17 with 0.26 and 0.22 per cent respectively which are many times of average returnper cent. The average volatility was 47.58 per cent which is highest among all the securities taken in the study. The highest volatility in this security was 76.62 per cent during 2007-2008 followed by 2006-2007 with 70.06 per cent. It is notable that the reliance has been one of the companies providing high liquidity and high return many times. Since 2010-11 it has often been stable. The daily return of SAIL has also been fluctuating in nature. The highest return was 0.51 per cent during 2013-14 followed by 0.27 and 0.24 per cent during 2014-15 and 2012-13 respectively. This was the result of strong come back of investors in the market after Asian crisis. During the six years ended 2011-12, the return has been negative. After that it has always been positive.
- SAIL also was highly volatile during the three consecutive years since 2008-2009 with 6.48, 6.92 and 8.44 per cent respectively. After that, the remaining years have relatively beencalm.
- SBIN experienced negative return during the four years among five years ended 2010-11. After that it has always been positive. The highest return was during 2013-14 with 0.32 per cent followed by 0.15 and 0.08 per cent during 2015-16 and 2012-13 respectively. So far as the volatility is concerned, this security has utmost been calm except the year 2016-17 when it was more than twice of the average volatility which was due to the uncertainty in the market because of increase in crude oilprices.
- SIEMENS also provided return with high fluctuations over the years. The highest positive and negative return was 0.48 per cent and -0.66 per cent during 2015-16 and 2006- 07 respectively. During the three consecutive years ended 2015-16, it provided much highreturn compared to the average return 0.02 per cent. This can be attributed to the huge investment made by FIIs in the Indian market during these years. The volatility in this security has been comparatively stable over the years

except the year 2016-17 when it was more than twice of the average volatility. The reason is the same as it was in the case of SBIN.

- During six years the return of SUNPHARMA has been negative as well as highly fluctuating.Thehighestreturnwasduring2013-14with0.34percentfollowedby0.32and0.24 per cent during 2008-2009 and 2015-16 respectively. On the other hand, the highest negative return was during 2012-13 with -0.34 per cent followed by -0.13 per cent during 2014-15. This security has been highly volatile during 2012-13, 2013-14 and 2016-17 with 137.51, 80.13 and 53.63 per cent respectively compared to the average volatility 50.69 per cent which might be due to the huge trading by investors to make profits. In the remaining years it has comparatively been stable.
- The daily return of TATAPOWER has utmost been alternatively negative every year. During the seven years, it provided negative returns. The highest return was 0.47 per cent during 2013-14 followed by 0.19 and 0.15 per cent during 2015-16 and 2010-11 respectively. The average return was 0.04 per cent. So far as the volatility is concerned, it has been very high during the six years. The highest volatility was 3.96 per cent during 2010-11 followed by 3.31, 3.04 and 3.01 per cent during 2009-2010, 2015-16 and 2006-2007 respectively which was due to the uncertainty in the market.
- VSNL provided negative returns during the eight years among the study period which might be due to the poor performance of the company. The highest return was 0.41 per cent during 2013-14 followed by 0.37 and 0.36 per cent during 2015-16 and 2009-2010 respectively. On the other hand, the highestnegative return was-0.71 per cent during 2010-11 followed by -0.38 and -0.24 per cent during 2012-13 and 2006-2007 respectively. 2010-11 with 8.39 per cent has been the highest volatile year for VSNL followed by 2006-2007, 2009-2010 and 2011-12 with 4.72, 4.40 and 4.37 per cent respectively. It is notable that there was uncertainty in the economy during theseyears.
- The return of WIPRO also has often been alternatively negative over the years. During six years, it provided negative returns. The highest positive and negative returnwas0.67 per cent during 2008-2009 and -0.39 per cent during 2010-11. The average return was 0.01 per cent. This security was highly volatile during 2007-2008, 2009-2010 and 2014-15 compared to the average volatility 5.48 percent.
- It is clear that during 2010-11, the return of most of the securities was negative followed by 2012-13, 2016-17 and 2008-2009. So far as the volatility is concerned, 2009-2010 has been highly volatile year for 20 securities followed by 2008-2009, 2010-11 and 2007-2008 for 14, 14 and 12 securities respectively.
- ACC, HDFC, ITC, MTNL, SBIN and SIEMENS have been comparatively stable over the years than other securities taken in the study. On the other hand, BAJAJAUTO, DRREDDY, GLAXO, GRASIM, HDFCBANK,INFOSYSTCH,
- M&M, ONGC, TATAPOWER and VSNL are such securities which were highly volatile during four years or more. It is also notable that the period after 2010-11 has comparatively been stable than preceding period. Thus, most of the companies were highly volatile with low or even negative return. It should also be noted that we have found high volatility during the period from 2008-2009 to 2010-11. High volatility during 2008-2009 was due to various unfavourable happenings comprising imposing restrictions on India by international community because of

nuclear test, chaos in the international stocks and currency market. Exchange rate also badly affected the market which fell down sharply. There was also effectof East Asian crisis. Financial status of US 64 schemeand Unit Trust of India badly affected the market sentiments. UTI was acknowledging as the counter force against FIIs. The failure of UTI made FIIs dominant player in the market.

- All these happenings compelled FIIs to start selling their holdings and ultimately FIIs made huge negative investment during the year. Till date this is only year in which investment by FIIs was negative. The market was affected to some extent with these happenings till 2010-11 due to which volatility was high during these years. High volatility during 2016-17 was due to the rising international oil prices and a strong economic growth rate which increased the inflationary pressure in the global scenario.

7. Conclusion

The study concludes that the return of most of the securities was negative during 2010-11 followed by 2012-13, 2016-17 and 2008-2009. So far as the volatility is concerned, 2009-2010 has been highly volatile year for 20 securities followed by 2008-2009, 2010-11 and 2007-2008 for 14, 14 and 12 securities respectively. ACC, HDFC, ITC, MTNL, SBIN and SIEMENS have been comparatively stable over the years than other securities taken in the study. On the other hand, BAJAJAUTO, DRREDDY, GLAXO, GRASIM, HDFCBANK, INFOSYSTCH, M&M, ONGC, TATAPOWER and VSNL are such securities which were highly volatile. It is also notable that the period after 2010-11 has comparatively been stable than preceding period. Thus, most of the companies were highly volatile with low or even negative return.

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A study of Application of Computerized Accounting in India

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Abstract

Computerized accounting system is the application of the computer based software used to input, process, store, and output accounting information. This application is in support of the ever advancing technology that enables firms to use computer programs to perform tasks that were previously done manually. A computerized accounting system therefore involves the computerization of accounting information systems which is established in order to facilitate decision making. These are associated with a numbers of benefits like speed of carrying out routine transactions, timeliness, quick analysis, accuracy and reporting.Use of electronic means in accounting started in India since 1980's decade ,Late Prime minister Rajiv Gandhi, who even after strong opposition in parliament took decision of application of computer in India and now a day computer is used almost in all fields i.e. Accounts, Finance, Commerce, Engineering ,Medical, Science, Arts ext. after observing favourable result and performance of computer in various field i.e. Engineering, Medical, Arts, Commerce and Science, Computer helped to improve speed of economic development of the nation. Use of computer has made drastic change in the working system of varies field, computer has provided quality work with speed and accuracy .Now a day it became necessity of new generation

Keywords:*Computer accounting, Profitability, Customers, Quality, Accuracy*

1. Introduction

Till 1970th-80th the most common used system in accounting was “general ledger”. It was a book with assigned pages for each account, such as cash, receivables, payables, stockholder equity. Everyday transactions were entered by hand into a journal. After each transaction entry had to be posted in a proper general ledger account on the assigned page. Next step was an input of the numbers from general ledger into financial statements and preparing tax returns. All these processes where inefficient, slow, and manual. Even a minor mistake or inaccuracy in these processes led to long time spent for recalculations

Through the 20th century developments in computing, data modeling &telecommunications influenced accounting processes significantly. The first mention of the term “systems” regarding accounting emerged in the 1920’s and was used widely in mass-media. At the same time many scholars considered that development of computerized accounting systems technologies had begun even earlier. For example in 1890s, to meet needs of cost accounting, calculating machines, such as Hollerith device, were created (Badua, Watkins 3). According to Badua and Watkins, some inventions went even in reverse directions when particular area of accounting facilitated the creation of specialized machines or technology

Invention of accounting software revolutionized accounting processes. Multiple developments forerun present-day technologies. A countess Ada Lovelace computing machine was the first machine created and used for accounting. The IBM 9Pac was one of the first programming systems that preceded the invention of many modern accounting systems. SAP software was created in 1973 and provided opportunities not only for automated financial transactions but also for supported executive decision making. Before the invention of Peachtree program, all accounting computerized programs were unavailable for broad public. Peachtree was the first program sold in stores and accessible for everyone

In 1983 company Intuit introduced a computerized computing program for personal finance Quicken. After that TurboTax for calculation of federal and income taxes and QuickBooks for small business accounting purposes were presented to wide public. At this point of the development of accounting technologies manual journal entries were left in the past and computer technologies made profession of accountant easier. Accounting software gave an opportunity to professional accountants to do their job faster and more productive. At the same time owners of small businesses, who had limited knowledge in accounting area, could keep their finance statements in order to use accounting software.

The last decade of 20th century brought significant changes to data communication. It became faster, more reliable, and less expensive. The client/server applications in a “hosted” environment became popular among technology manufacturers and suppliers. This kind of model allowed a firm to operate complex accounting systems with just a little investment. The model also gave way to the on demand Software as a Service (SAAS) financial systems. SAAS application is designed in such a way that it allows user to work with rich accounting application through a thin client web browser (Accounting).

Earlier, when accounting software was not in using any organization, businesses had to spend resources and time to maintain large data of accounts managements. Not only data maintenance, but the transfer of files from one managements to other took months. Sometimes, the companies were forced to keep data files for every years and many times the accounts department could not find the coordination between the data transferred from one department to other.

2. Review of Literature:

- **According to Larson & Pyle (1988)** an accounting system consists of business papers, records, reports and procedures that are used by an organization in recording transactions and reporting their effects.
- **Collins and Collins (1978),**underlines that an accounting system is a way of keeping a written record of transactions .Receipts are given for all money that is received by an organization and receipts are asked for every time money is spent.
- **Gordon et al., 2010**Accountability for non-profit organizations is both a legal and ethical obligation for organizations that use resources received to further their charitable mission, Accountability may encompass a full report of activities as well as justification for the way resources are managed).
- **According to Welsch and Short (1987)**an accounting system, regardless of the size of the organization, is designed to collect, process and report periodic financial information about the entity.
- **According to Keating &Frumkin (2003**) in most NGOs funds from donors are poorly managed and their accounting systems are in poor order. Many NGOs do not have qualified accountants and have problems preparing accurate and timely financial reports, which is one of the major donor requirements.
- **Ebrahim, (2003**) notes that NGOs respond to issues of accountability with both tools and processes. Tools are created by stakeholders that have considerable leverage over an NGO like a donor or a government regulator. Familiar tools are annual reports, financial accounts, performance assessments, quarterly reports, independent evaluations and audits.

- **Schneider (1989**) stresses that the heart of fiscal management in any organization is a good accounting system that is appropriate to that organization. In order to achieve consistent financial accountability it is necessary to establish standards and a system for accounting practices.
- **Keating and Frumkin (2003**), state that in order to determine the effectiveness of a financial reporting system, one must understand its objectives.

3. Objectives

Following are important objectives of the study

1. To study the evolution of the computerised accounting in india
2. To study the importance of Computerised accounting in India

3.1. Research Methodology.

Data collection: The data is collected is from secondary data. That is magazine, Internet and research papers.

1. Enables effortlessness data Movements: The main benefit of accounting software is when the data is entered through the Application; it is updated throughout the Programs. For example: If a person makes some entries in stock, the data has been updated at every department level and in every management. The employers can view the updated data files at their software terminal. No need to move the data file from one department to other. Everything happens automatically at the main server or at the main database, as the information has been automatically updated.

2. Less expenses on data collection and data transfer of files: The data of inventory and accounting is required at almost every business unit be it a small business or a corporate businesses, and accounting software helps you to save money and time consuming also spend on maintenance of paper files and accounting data.

3. Fast data files transaction: The manual process of accounting and spend more time on calculations is prevented through accounting software.

4. Human errors is eliminated on the data: The software does its job on time without error and the company officials get time to concentrate on core business activities. If a company gets exact file information and exact figure on time all activities, it can make fore cast for further processes and make strategies documents to improve the business. The time spent on handling accounting books and resources is reduced and non mistakable of errors.

5. To get easy and fast documents accesses: Each and every data entry gets updated in the software and you can make easy way of getting reports of every week, month, quarter or year in minutes.

6. Promotes business development activities: Around Business areas improved through accounting software's for sales, inventory management, merchant accounts, budget, asset management, taxation and payroll. Some accounting software, providing legal services and important dates files are flashed to remind of the priorities in a minute.

7. For better sales promotion's: Accounting software not only benefits for the business owners, but the employees and customers are also benefited from the features. The process of monetary transaction speeds up on the use of a software and customer are satisfied to get quick services and getting more value on the services.

8. Industry specific software sides: There are many of industries specific accounting software, designed for manufacturing or construction sector, etc.

9. Web enabled services: Web enabled accounting software can be used if the company has branches at many geographical locations, in that time it reduce the time consuming problems.

10. Easy to use and handle: You can conduct every day business transactions through your accounting software and you may even make payment online through the software to your clients or you can receive payment through online transaction.

11. Tally software developed new features which help the Tally operator to do difficult, complicated, time-consuming work easily with confidence; some of these features are:

12. It is user friendly- It can be used, even by novice in field of computer and accounting

Accounting without codes– Tally operator don't have to memorise codes, he can make entry just by typing alphabets of the account head and select out of it which he requires. it allows accounting with the regular names (the way you spell them or use in normal parlance) without any account codes.

- It is flexible- User can customized vouchers, financial reports etc. you may have it in statutory format like Sales Tax register, Challans etc.
- No chance of data tampering in it - Tally is highly secured, Different labels of security designed with different authorities for data access, usage and safety.
- Tally Company provides on line help-On line help by Tally company helps to bail you out from any confusion The Tally. ERP 9 Online Help (Alt+ H) provides instant assistance on basic and advanced features or any other relevant topics of Tally. ERP 9
- VAT,FBT,LBT,SERVIE TAX information- Tally provides information of VAT, Inventory, FBT ,LBT, Payroll, TDS, Service tax if user feeds the data properly.
- Multi-lingual capability : Tally .ERP 9 offers us the exclusive capability of maintaining our accounts in any Indian language, viewing them in another language and printing them in yet another Indian language.

- Using Multi-CurrencyTally.ERP9 provides you with the facility of entering vouchers in any other currency (Foreign Currency) along with base currency (specified during company creation), i.e., a voucher can be created with base currency or with Multi-Currency.

1) Tally display daily balance of any account
2) Tally support for 80 – column printers in addition to 132 column printers
3) Tally provides facility of Setting of payment limits for any ledger account.
4) Tally can display accounting information in Graphics – bar and line
5) Tally also provides Percentage based reporting
6) Tally provides vertical form of Balance Sheet and Profit and Loss A/C
7) Power: Tally.ERP 9 allows the user to maintain multiple companies and with unlimited levels of classification and grouping capabilities. It also allows drill down facility from report to transaction level
8) TALLY Audit exploits guarantee, with a highly systemized and complex mechanism, whence a user, with a minimal discipline, can enjoy the complete freedom, flexibility and power of TALLY and YET GUARANTEE integrity of the Data.
9) Auditor's Edition: Tally. ERP 9 offers a special Auditors' Edition of Tally. ERP 9, which provides auditing and compliance, capabilities exclusively for Chartered Accountants.
10) Ratio Analysis-To throw light on the performance of the enterprise and to take corrective action Tally has introduced Ratio analysis a new feature for tally users those are Current ratio, Quick ratio, Debt/Equity ratio, Gross profit ratio, Net profit ratio, Return on investment ratio ext.
11) Tally.NET.-Using Tally.NET the user can access the company's data from a remote location using another instance of Tally.ERP 9;
12) TALLY Vault – Is a security use to keep confidentiality of data stored in tally software. It guarantees that under no circumstances, the original information is available in any form. The technique could be linked to "encryption-decryption-on-the-fly", and the decrypted form of data is never stored in the system. TALLY Vault becomes one of the most secure means of information storage.
13) **Audit Programme-Is a new feature in Auditor's edition-** The Auditors can now plan the pre-audit work in Tally.ERP 9 itself. The system creates a default checklist that will

help the junior articles to follow the set guidelines, while doing the audit and ensure that the Audit is successfully conducted.

14) **Receipts & Payments Report** -A new report Receipts and Payments Account has been introduced for the non-profit organisations and NGO's by TALLY software.
15) **Tally in Arabic**-The multi-lingual capability of Tally.ERP 9 is enhanced to support bi-directional or bidi languages that are read and written from right to left. The display to support bi-directional languages needs to be changed in **Language Configuration** by selecting the required bi-directional language. By default, Tally.ERP 9 supports Arabic and Urdu bi-directional languages. On changing the displays users can record transactions, view, edit, print reports and export data in the selected language.
16) **Inventory Reports (version 3.6) TALLY ERP9** - In **Stock Summary**, detailed batch information with expiry and manufacturing date is provided.
17) MCA Compliance in XBRL format - On **June 7, 2011** the **Ministry of Corporate Affairs (MCA)** of India, mandated the filing of annual financial statements in XBRL format for all the financial statements prepared for the financial year ending on or after March 31, 2011.The MCA Reports feature is introduced in Tally.ERP 9 to generate report for **standalone** or **consolidated** companies
18) **Printing Mixed Orientation**-Tally.ERP.9 now provides you the capability to print the reports with **mixed orientation**, i.e. both **Portrait** and **Landscape format** in the same report
19) **Tax deducted at source**- TDS- Tally.ERP 9 calculates the tax of all parties/ suppliers where TDS deduction is mandatory. It calculates the TDS automatically and prints Form16A certificates, Forms 26Q, 27Q, 26, 27 and 27A (Cover Note) for Quarterly/ Annual Returns as per statutory requirement.
20) **Remote Access**: Tally. ERP 9 provides remote capabilities to access the data from any-where and anytime.
21) **Multi-Company Accounts and Inventor**-. Tally supports the concept of unlimited companies within companies, User can simultaneously start a number of companies, divisions or branches – and view your information as individual or combined companies
22) **Job costing analysis** -Tally.ERP 9 enables the tracking of cost and revenue information down to the smallest detail. With a view to ascertaining the actual costs incurred for each job, each job is assigned a job number or Job name. Job costing systems then

accumulate costs separately for each product or service, based on the jobs undertaken, for each product or service.

23) Personal Income Tax with report and E-return- The following Income Tax returns can be generated from Tally.ERP 9: 1)Form 24Q 2)Annexure I to 24Q 3) Annexure II to 24Q 4) Form 16 5) Form 12BA 6) ITR-1
24) Companies' reports in schedule VI- Financial Statements in Schedule VI specifically stated byMCA as per Companies Act 1956--Every company registered under the Indian Companies Act, 1956, is required to prepare its Balance Sheet, Statement of Profit and Loss, and the notes thereto in accordance with Schedule VI of the Act. **Tax Audit** - The Tax Audit feature in Tally.ERP 9 enables the auditor to compile information in comparatively less time with required accuracy to form his opinion and print Annexure as required for Tax Audit under Section 44ABTally users are enjoying benefits of economy and effectiveness of Tally software and doing their profession or business more effectively because now they have adequate time to concentrate on their main activity to get more monetary benefits out of it. By using new technology of Tally software, their span of work has crossed the boundaries of the State and the Nation and working in the International market more smartly which cause to develop their personality and economical position. Application of this computerized accounting system by SMEs of India, a developing country, is sure to add substantially to Net domestic Product of our country.
25) E-mail reports and documents directly from Tally. It is not only postage cost that the user saves on; but also much of his valuable time.
26) Tally is Multi user software- Two or more than two persons can operate Tally multi user at a time and can work on the same party or different parties at the same time, it saves time of recording.
27) Work Universally - The Complete Remote Solution-Universal availability of information is a boon to the business and people involved in the day-to-day activities. Auditors, Consultants and manpower involved can now access, create or modify data and view reports from anywhere within a short time.
28) E-filing (VAT/CST and EXCISE)-E-filing of VAT/CST, Excise, return directly through TALLY ERP9 is possible to the user, which saves time
29) A new **Banking** Module has been introduced in Tally.ERP 9, to simplify the overall banking experience, It provides Cheque printing, generation of Deposit slip, Payment

advice facility, Auto bank reconciliation is made available by TALLY ERP9. Saves time of frequent visits to the Bank for getting account statements, writing cheques and pay in slips manually and time of getting bank reconciliation tally.

30) Tally.ERP 9 helps in automating the Payroll processing without any errors - Payroll provides management related Information reports and statutory Forms in the prescribed formats viz., Pay Slip, Payroll Statements, Attendance and Overtime Registers, Gratuity, PF, ESI, PT, Income Tax, Expat Reports and so on. This feature introduced in Tally9 saves time of collecting pay slip from the concern authority.

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The Role of Abilene Paradox on VUCA Environment

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Abstract

The concept VUCA was introduced by the US Army War College in the early 90s to identify the multilateral world after the cold war on Volatile, Uncertain, Complex and Ambiguous. But in the business world the concept VUCA emerged after the crisis of 2008- 2009. This leads to the development of leadership skills in various organizations. A paradigm on Abilene Paradox, which is associated with the decision making helps to counter VUCA in the Business World from both Manufacturing and service sector.

Keywords: VUCA, Abilene Paradox, Decision Making.

Introduction:

Today's business world is facing a great change and unpredictable future with a plenty of options. To overcome this problem, a leader has to work with a different mindset whereas to focus on possibility than on probability. He has to take the decisions fast from the huge amount of information where almost everything is more interconnected. Therefore the VUCA environment says that we should give priority to the important things which is possible than what is probable. According to the VUCA concept the business environment is characterized by:

Volatility: A four dimensions change in the type, speed, volume, and scale.
Uncertainty: Due to Volatility, unable to predict future events.
Complexity: No clear connection with cause and effect leads to a wide spread confusion.
Ambiguity: There is a lack of Clarity in the situation or condition with multiple meaning.

The Abilene Paradox was coined by Jerry B. Harvey, Professor Emeritus of Management at The George Washington University and author of the "The Abilene Paradox and other Meditation of Management.

Definition of Abilene Paradox:A circumstance where a group of individuals agree to a course of action based on the theory it is best for the group, despite going against the preferences of members of the group. This occurs when individuals feel their objections are not strong enough to support changing the minds of others in their group. Commonly referred to as "rocking the boat".

The Abilene Paradox is a term associated with the decision making. In an Abilene Paradox a group of people take a decision which is counter to the decisions of many in the group. This is a thinking disorder that each member in a group believes that their preferences are counter to the group and not to object. In other words the human beings are very reluctant to act contrary to the group even if they are right. This study connects Abilene Paradox with the decision making agreement and to find out some solutions to overcome the VUCA.

Objectives of the study:

1. To enlighten the concept of Abilene Paradox.
2. To find out how far the Abilene Paradox affect the growth of the organization.
3. To identify the role of Abilene Paradox with VUCA.
4. To study a strategic role to overcome VUCA by avoiding a trip to Abilene Paradox.

Hypothesis of the study:

H0: Abilene Paradox plays no role on VUCA environment.

H1: Abilene paradox plays a significant role on VUCA environment.

Back Ground Study:

One of the Chinese sayings goes like this: "If you wish to plan for a year, 'sow seeds'; "If you wish to plan for 10 years, 'plant trees; "If you wish to plan for a life-time, develop men".

This study deals with Decision Making which is one of the unique and challenging talents for any manager. Similarly the Abilene Paradox clearly gives a picture of importance of decision making.

The story behind the Abilene paradox is that in 1971 the Prof Harvey and his family had a trip from Coleman to Abilene, Texas, on a hot Sunday to eat at a restaurant. But while returning no one in the family had actually wanted to do it all they agreed it because the others wanted to go. Thus the Abilene Paradox born.

One more similar story which can explain the Abilene Paradox in our Indian scenario is-

A couple of years back, a man wanted to take his family out for dinner. He asked his wife where we can go. Knowing that he like Indian food, she replied: “let’s go to a Gujarati Thali Restaurant”.

Both his son and daughter nodded in agreement. On return the son said” I wish dad had taken us to some Chinese restaurant - he loves Chinese food”. “Or at least for the wonderful south Indian food” added his daughter. “Yes, even I would have loved to go Chinese restaurant”, the father replied.

His wife looked surprised, but didn’t we all unanimously agree to go to Gujarati thali Restaurant” She asked.

He said sheepishly” I didn’t want you to feel bad”. And both of our children nodded in agreement.

Here were four people who of their own volition collectively agreed to go there.

This situation happens in our day to day life and in corporate world. This is Abilene Paradox. Prof Jerry Harvey calls it “The Inability to Manage Agreement”.

Perhaps we all have gone through such incidents in our life. Apart from that so many such similar incidents we can find in our society. So many corporate and political decisions are prime examples of Abilene Paradox.

Various decisions which the famous dictator, Hitler took in his reign as chancellor like attack on Poland, mass execution of Jews, operation sea lion, extreme rightist view of Nazi were example of Abilene paradox. This proves any dictatorship or a bureaucratic decision is definitely leads to a trip to Abilene.

Abilene paradox occurs due to lack of confidence to stand on our own views. Leaders/ Managers should particular to take a note of this, and create a supportive environment where Abilene paradox cannot take place. It is absolutely a situation of the failure to achieve a shared understanding of a problem before deciding on a solution.

A case study on Nokia explains the impact of Abilene Paradox on VUCA.

Nokai’sill-judged restructuring circa 2003, decision taken to overcome the rapid change in the mobilephone market led to its failure in the mobile phone market industry. Nokia was a product oriented company which focused on developing only one or two models in a year. In response to the rapid change in the industry, its management decided to produce 40 to 50 models in a year, which was a quite terrifying number. Company knew that it would be difficult to make so many models from a product focused structure. Therefore they reorganize the company into different divisions of team for creating standard components like cameras which could be mixed and matched into many new models in a year. This decision split Nokia's all leading mobile phones into three units- Multimedia, Enterprise and Phones. The architect of this decision was most successful CEO, who steered the company from 1992 crisis, JORMA OLLILA.

Earlier where Nokia producer of a very few standard, after this division from 1st Jan 2004, became a producer of Dilbert material. The reason behind this situation was, the reorganization encouraged a competition between the staff and resources. The company became completely bureaucratic. Thus Nokia's decision of Restructure was a trip to Abilene Paradox, because it was not whole heartedly supported by the management. This case study of Nokia Explains How the Abilene Paradox situation led it to the stage of VUCA.

Most of the projects are initiated as a solution for a perceived problem. Many projects fail because of inefficient front end decisions. Front end decisions are the decisions which taken in the initial stage, when the initiative is an idea. These decisions are quite difficult because it has to be made on the basis of ambiguous and incomplete information. Therefore such decisions incorporate the honest views and opinions of all the stake holders of an organization.First step is to ensure that all stakeholders who are in the decision making process should have a common understanding of the project/ problem. i.e., what is to be done?Second step is that everyone should have a shared understanding of how the projects can be successful achieved.A genuine dialogue is the only method to prevent the pointless journey to places that organization can ill afford to go**.**

How the to Identify AbileneParadox:

Mahatma Gandhi said "The difference between what we do and what we are capable of doing would suffice most of the world's problems." This difference, we claim is risk management and good decision making under dynamic conditions.

The VUCA environment - Volatility, Uncertainty, Complexity, Ambiguity is endemic to all sectors of the economy. To overcome such situation, one most important method is to identify Abilene paradox and its remedies.

In order to avoid Abilene Paradox, we have to list some signs in the group:

1. A Team individually, but privately, agrees about their current situation.

2. A Team agrees, again in private, about what it would take to deal with the situation.

3. A Team fail to communicate their desires and/or beliefs to one another, and, most importantly, sometimes even communicate the very opposite of their wishes based on what they assume are the desires and opinions of others. People make incorrect assumptions about consensus.

4. On the basis of inaccurate perceptions and assumptions, members make a collective decision that leads to action. It is in the action that it becomes apparent that the decision is contrary to individual desires.

5. They experience frustration, anger, and dissatisfaction with the organization. Often this leads to the forming of a sub-group that takes combative or blaming positions toward each other. The Abilene group begins asking themselves immediately, "Whose crazy idea was this anyway?" and thus starts the blaming cycle.

6. Finally, members are destined to repeat this unsatisfying and dysfunctional behavior if they do not begin to understand the genesis of mismanaged agreement.

In other words, there may be different opinions from the members in the group as opposed to one on one.They are discouraged to disagree, often seen as lack of commitment. They may be frustrated and resentful towards management and other members.Theyavoid responsibility and attempt to blame others.They exhibit a lack of trust.

How to avoid the Paradox:

The first way to avoid the Abilene Paradox is to create an environment where people feel ‘safe’ to voice a divergent opinion. If they have been shouted down, ignored, or made to feel naïve in the past, they may not risk speaking out again. Therefore we should create an environment where the members can speak out.

A team means with people with different skills and have a different view on the issues. So it must be expected that they will disagree. This shows the value of a team. But there should be a clear picture about who will review the evidence and take a final decision. Both the positive and negative views of argument need to be explored before one can be confidently supported.

The team members should feel that they are listened properly which in turn boost their confidence to contribute. Leaders should communicate properly to the team members about the reason behind the decisions. If the conversation leads to a conflict it can be resolved. But if false agreements made, it may lead to widespread and long lasting impacts.

A leader should aware about that he is surrounded with many ‘Yes-People’ who always node their heads and how his power may overwhelm them. Therefore it is very much essential that people should provide a diverse opinion which is required for an organization to make a meaningful difference in the market place.

Therefore a true dialogue and a spirit of inquiry in the team should be encouraged in the organization. A leader should avoid a combative style of taking meetings. This would probably lead to differences of opinions to emerge, with a wider understanding of an issue from a variety of perspectives.

A Simple Steps to avoid Abilene Paradox is as follows:

1. Appreciate Critical Thinking.
2. If any person in the team is quiet, find out the reason for silence.
3. Don’t allow the people to copy you by giving your opinion in the beginning.
4. Give the people a sufficient time to think through major proposals. They may spot the problems weakness later after the first enthusiasm wear off.
5. Invite the other people also and ask them what they think.

Conclusion:

The Abilene Paradox is a symptom of a person who do not have the confidence, skill and security to voice their own needs in a group setting. All the organizations have to take decisions and make actions every day. Basically these decisions and actions are based on wrong agreement within the group. An agreement occurs when all the key stakeholders accept the decision and support it, even though the final decision may not be the first preference of each team member. In other words, reaching to a general agreement is not simply voting. For that we need to raise members and group consciousness about the problem. Therefore it is necessary to build a strong dialogue, advocacy skills, inquiry and should know how to use appropriately to the situation. Thus everyone in a team should avoid a true loneliness by contributing thoughts and opinions as well as trusting the group where we are working.

The volatility, uncertainty, complexity, and ambiguity (VUCA) are epidemic to today's business world. The skills and abilities once needed by the managers are no longer sufficient. Therefore more strategic, complex critical thinking skills, decision making ability are required by the leaders. Therefore by avoiding A trip Abilene Paradox can help an organization to succeed in today's VUCA environment by developing a proper decision which can counter volatility, volatility, uncertainty, complexity, and ambiguity with vision, understanding, clarity, and agility.

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Emerging HR Practices

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Abstract

The topic of my Research paper deals with the study of current hr practices in India. As we already know the basic HR practices of all the companies are similar, but their implementation and operation differs in many ways. Companies change their HR practices according to the culture and environment of the countries in which they are operate. Globalization is also an important driver in setting specific benchmarks for the hr policies being followed. This paper also focuses on critical dimensions best HR practices being followed and innovative hr practices, new trends in HRM nationally and internationally.
In an environment where human resources are an important source of competitive advantage, it is also the one that contributes to sustained competitive advantage through facilitating the development of competencies that are firm specific. Strategic human resource management (SHRM) concerns with the creation of a linkage between the overall strategic aims of business and the human resource strategy and implementation. The published researchgenerally reports positive statistical relationships between the greater adoption of HR practices and business performance. The causal linkage between HR and organizational performance will enable the HR managers to design programmes that will bring forth better operational results to attain higher organizational performance Through specific examples from academic research regarding the impact of Emerging HR practices on organizational performance, the conclusion is that the way an organization manages its human resources has a significant relationship with the organization's performance.

Keywords: Human Resources; Strategic Human Resource Management; Organizational Performance; Human Resource Management Systems; Linkage

Introduction

India now becomes a player in the global stage. Everyone wants to do business withus, this change has given lot of opportunities to our country to grow further but itposed lot of challenges in front of us like Indian companies gained confidence toacquire foreign giant companies and try to establish themselves very competitive thanthe foreign companies at the same time we have to give emphasis on the variouschallenges before us like the gap between people in the corporate world and those inthe rural areas is becoming serious concern and the wage differentials between bluecollared workers and senior managers, the candidates having good education andcommunication skills getting more chance in the job market than other people lesserthan them, attrition levels are all time high in India for example business process outsourcing facing problems with talent retention.This report tries to extract the facts to find out how the companies in India facing HRproblems and what kind of innovative practices they are following to recruit andretain their employees and made them feel best place to work and enjoying workingand made the companies in the great height in their own field of business.

OBJECTIVES

The following are the objectives of this research paper:
1. To review Strategic Human Resource Management and its benefits to the organization.

2. To provide key insights regarding implementation of HR Practices and improved Organizational performance.

3. To investigate the relationship between Human Resource Management practices and organizational performance.

4. To recommend key HR Practices that may lead to the improvement of organizational performance.

Four Critical Dimensions of Best Practices

1. Attract and Access
Attracting and retaining talent is becoming a big problem for every organization, theyare following every trick and strategy to recruit and retain the employees.

2. Develop and Grow
Nowadays organizations try to recognize the aspirations of employees and focus ontheir growth and development. India provides job rotation opportunities to highperforming employees from operations division. This gives them broaderunderstanding of the business.

3. Engage and Align
Employee engagement has retained the focus of organizational leadership and manycompanies keep launching new practices to woo employees. They are usinginnovative practices like “Loyalty Interview”- to find out what is it that makes itsemployees stay on, the feedback from loyal employees often reflects on theleadership style and is seen to work as a great motivation.

4. Transition
Movement of talent within the organization and outside of the organization sendsstrong signals to the employees about the organization’s care and concern. Right from the induction, which is often the first impression the employees carries, to theexit interview, the sensitivity displayed by the organization has a lasting impact on allemployees.

Emerging Trends in Hr

Human resource management is a process of bringing people and organizationstogether sothat the goals of each other are met. The role of HR manager is shiftingfrom that of a protector and screener to the role of a planner and change agent.Personnel directors are the new corporate heroes. The name of the game today inbusiness is personnel. Nowadays it is not possible to show a good financial oroperating report unless your personnel relations are in order.
Over the years, highly skilled and knowledge based jobs are increasing while lowskilled jobs are decreasing. This calls for future skill mapping through proper HRMinitiatives.

Indian organizations are also witnessing a change in systems, management culturesand philosophy due to the global alignment of Indian organizations. There is a needfor multi skill development. Role of HRM is becoming all the more important.

Some of the recent trends that are being observed are as follows:

- The recent quality management standards ISO 9001 and ISO 9004 of 2000 focus more on people centric organizations. Organizations now need to prepare themselves in order to address people centric issues with commitment from the top management, with renewed thrust on HR issues, more particularly on training.
- To leapfrog ahead of competition in this world of uncertainty, organizations have introduced six- sigma practices. Six- sigma uses rigorous analytical tools with leadership from the top and develops a method for sustainable improvement. These practices improve organizational values and helps in creating defect free product or services at minimum cost.
- Human resource outsourcing is a new accession that makes a traditional HR department redundant in an organization. Exult, the international pioneer in HR BPO already roped in Bank of America, international players BP Amoco & over the years plan to spread their business to most of the Fortune 500 companies.
- With the increase of global job mobility, recruiting competent people is also increasingly becoming difficult, especially in India. Therefore by creating an enabling culture, organizations are also required to work out a retention strategy for the existing skilled manpower.

Trends in International HRM

International HRM places greater emphasis on a number of responsibilities andfunctions such as relocation, orientation and translation services to help employeesadapt to a new and different environment outside their own country.

- Selection of employees requires careful evaluation of the personal characteristics of the candidate and his/her spouse.
- Training and development extends beyond information and orientation training to include sensitivity training and field experiences that will enable the manager to understand cultural differences better. Managers need to be protected from career development risks, re-entry problems and culture shock.
- To balance the pros and cons of home country and host country evaluations, performance evaluations should combine the two sources of appraisal information.
- Compensation systems should support the overall strategic intent of the organization but should be customized for local conditions.
- In many European countries - Germany for one, law establishes representation. Organizations typically negotiate the agreement with the unions at a national level. In Europe it is more likely for salaried employees and managers to be unionized.

HR Managers Should Do the Following Things to Ensure Success

- Use workforce skills and abilities in order to exploit environmental opportunities and neutralize threats.
- Employ innovative reward plans that recognize employee contributions and grant enhancements.
- Indulge in continuous quality improvement through TQM and HR contributions like training, development, counselling, etc

- Utilize people with distinctive capabilities to create unsurpassed competence in an area, e.g. Xerox in photocopiers, 3M in adhesives, Telco in trucks etc.
- Decentralize operations and rely on self-managed teams to deliver goods in difficult times e.g. Motorola is famous for short product development cycles.
  It has quickly commercialized ideas from its research labs.
- Lay off workers in a smooth way explaining facts to unions, workers and other affected groups e.g. IBM, Kodak, Xerox, etc.

Due to the new trends in HR, in a nutshell the HR manager should treat people asresources, reward them equitably, and integrate their aspirations with corporate goalsthrough suitable HR policies.

Top Ten HR Practices

1. Safe, Healthy And Happy Workplace
2. Open Book Management Style(culture of participative management)
3. Performance Linked Bonuses
4. 360-Degree Performance Management Feedback System
5. Fair Evaluation System For Employees
6. Knowledge Sharing
7. Highlight Performers
8. Open House Discussions And Feedback Mechanisms
9. Reward Ceremonies
10. Delight Employees With The Unexpected

Conclusion

Since it is clearly understood from academic research that human resources are a source of sustained competitive advantage, while, traditionally, the costs associated with the development of HR strategy have been regarded as an operating expense, these costs would be better considered as an investment in capital assets. The way an organization manages its HR has a significant relationship with the organization's results, a revelation that supports the resource-based view, where business competitiveness is related, at least in part, to the investments in company specific assets. Although the published research generally reports positive statistical relationships between the greater adoption of HR practices and business performance, it should also be kept in mind that many other factors besides HR practices could influence organizational performance. Also, it is possible that there are complex relationships between HR practices and other resources of the firm. The causal linkage between HR and organizational performance will enable the HR managers to design programmes that will bring forth better operational results to attain higher organizational performance. The focus of the HR management should be to understand organizational performance processes and design HR practices that influence process and outcome variables.

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A Study of Sick Sugar Industry in Bihar

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Abstract

Bihar was fiddle to industry in 1950-60 & enjoying a dominant position in sugar production in the country. The sugar production was leading till 1960 all over the India. The number of operating sugar factories was also more than 26 % of India in 1950-51 (37, All India 139). The state was the second largest sugar producing state next only to Uttar Pradesh till mid-1960s. Since then the state has been experiencing sluggish growth and consequently lost its prestigious position to the peninsular states like Maharashtra, Tamil Nadu, Karnataka and Andhra Pradesh.

Govt. policy & Sugar Mills Association stretch trick influence farmers towards other crop. Scarcity of raw material and high price of firewood and other inputs and increase in the cost of labour adversely affected the Sugar industry and the majority of the factories are on the brink of sickness.

The Northern Bihar is climatically apt to produce sugarcane. The inputs used are comparatively lesser than that of other states, but obsolete equipment and inadequate skills & Govt. Policy are the factors which are driving towards the closing down of many sugar mills in Bihar.

Currently, it is operating only 11 out of its 29 in 1993, 28 mills in 1980 & 37 mills in 1950.

Bihar had rank 2nd having 15% of total production of India Sugar in 1950-51 decreased to 3.8% in 1991 with rank sixth. Currently it is on same rank in the category of marginal contributing state. But the production has increased from 1.72 lakh tons in 1947 to 5.267 lakh Metric tons.

The Operating Sugar Mills was spread over 14 district in 1990, currently shrinked to 5 district i.e. 1.Gopalgaj, 2 East Champaran, 3.West Champaran 4. Sitamadhi, 5.Samastipur.Although, Sugarcane is produced all over Bihar for local consumption.

Introduction

The sugar industry occupies a unique place in the rural economy of Bihar. It is the state's most important agro-industry. Sugarcane and sugar production run parallel to agriculture as its life-line of the economy. The sugar industry forms a bridge between agriculture and industry.

In North Bihar the sugar industry is the most important industry and sugarcane is the most important commercial crop in it and Patna Division. Those occupied in sugarcane and sugar production have employment for themselves and for other members of their families. An estimate made for the early1960s placed the number of skilled and unskilled workers in the sugar factories at 20,000, and the number of families dependent on sugarcane production and activities allied to it as well as the families deriving their livelihood from the sugar industry at 4 to5 lakh.

In1992-93 the total number of persons employed in the sugar industry was 16,039. Employment provided to them was for about 117 days, except for those few who were on the permanent staff. All people participating in sugarcane and sugar production earned good income. The State Government has good revenue from the industry.

At present, the state has nine privately-run sugar mills and two sugar mills being run in public sector by the Hindustan Petroleum Corporation Limited at Lauria(West champaran) and Sugauli (East Champaran).

The nine privately-run sugar mills under operation are located at Bagaha, Riga, Hasanpur, Harinagar, Narkatiaganj, Majhaulia, Gopalganj, Sidhwalia and Sasamusa.

Three more sugar mills are under revival mode at Motipur, Raiyyam and Lohat after their auction. Motipur mill is being revived by the public sector company, Indian Potash Limited, while the Raiyyam and Lohat sugar mills are being revived under private sector, according to the department sources.

The sick sugar mills at Bihta, Sakri and Madhubani are making way for other industries. While Bihta mill is being developed as a logistic park, the one at Sakri is to be developed into a food park in private sector.

Definition of Key Words

- *Sugar Industry:*

Establishments primarily engaged in processing raw sugar cane, sugar beets or starches to finished sucrose, glucose or fructose. By-products of this industry include beet pulp and inedible molasses.

- *Sick Industry:*
  The industry, which incurred loss constantly.
- *Rural Economy*:
  The management or administration of the material resources of the countryside.

First Sugar Factory

The first sugar factory in Bihar was established by the Dutch in 1840 near Bettiah. The next to come was the factory at Marhowrah in 1904. It was followed by the factory at Lauriahin 1905, and another at Barachakia in1906.

Exploitation of the peasants in the deltaic areas by the European planters culminated in the historic ChamparanSatyagrah a launched by Mahatma Gandhi in 1917, which assumed the character of a mass political movement. The extinction of the indigo industry in the early 1920s sparked-off the development of sugarcane cultivation and gave birth of the sugar Industry in the state. The British indigo planters had lost their interest in their indigo industry.

They setup small plants here and therefore the production of sugar started. These units were initially very small in size and capacity.

Conducive Factor for Concentration of Sugar Industry in Early Age

(a) Fertile Soil
(b) Provision for Irrigation
(c) Absence of any other commercial crop to compete with sugarcane,
(d) Availability of cheap labour etc.

The industry developed mostly in the north western part of the Gangetic plain. This part had agriculture as the main stay of its people and rich sugarcane cultivation in it had an array of geographical and other factors favorable to itself.
As of today, the districts of the heaviest concentration are the two in West Champaran and Saran.

Types of Sugar Factory

Based on the number of workers employed:

(a) Factory employing more than 1000 workers;
The large-sizedones; located in the Gangetic plain, for example, at Dalminagar, Mirganj, Siwan, Lohat, Samastlpur and Majhaulia.
(b) Employing less than 100 workers,
Manufacturing Desi Sugar. These predominate in Bhagalpur and Monghyr districts.

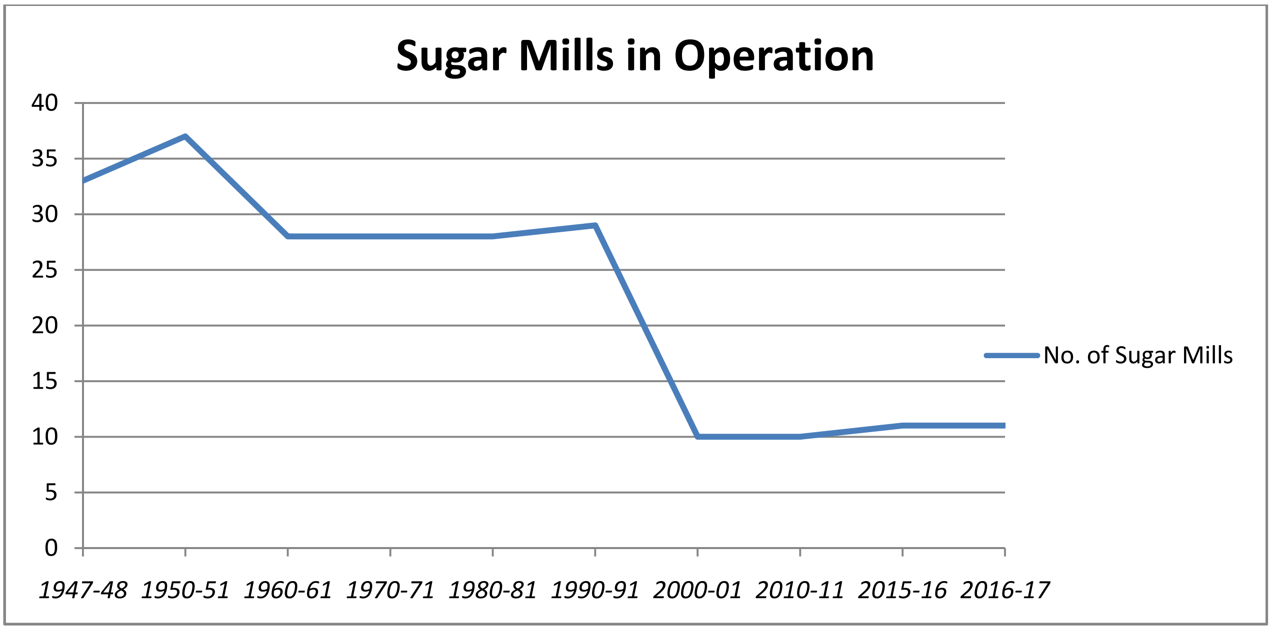
Based on employment Condition

(a) The unorganized sector,
Which comprises traditional sweeteners manufacturers, the producers of traditional sweeteners are considered to be a part of the rural industry and they manufacture khandsari and gur. These are consumed mainly by the rural people and are produced in substantial quantities.
(b) The organized sector, Consists of sugar factories.

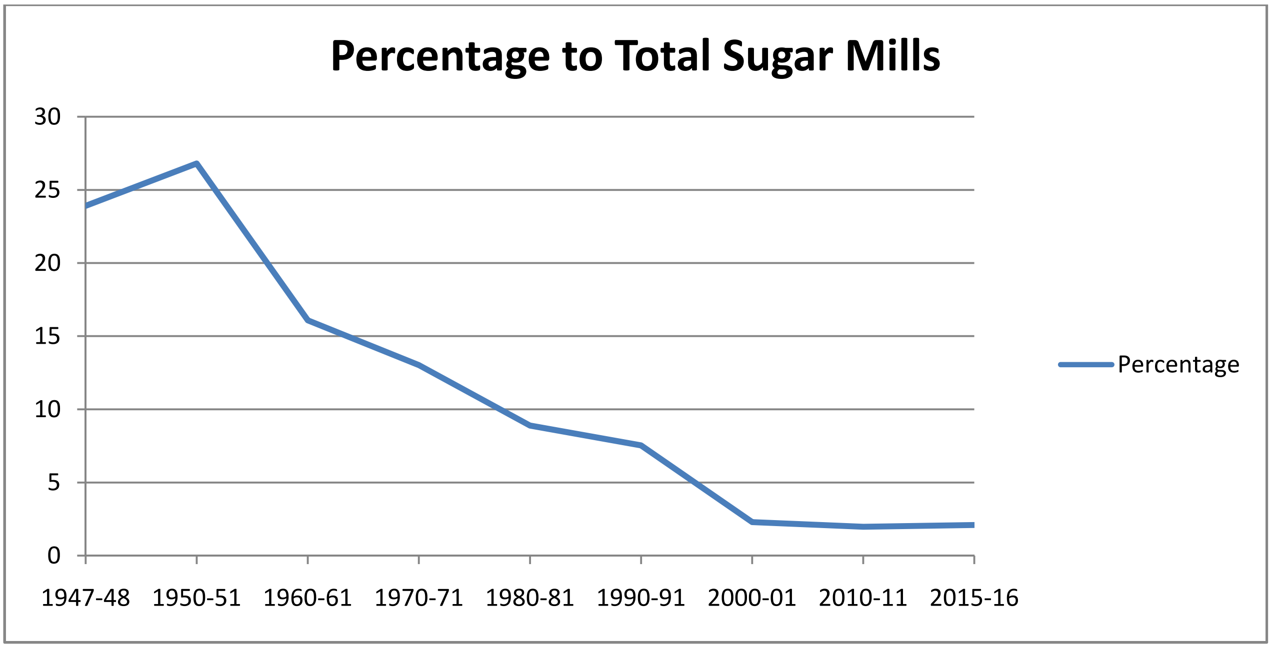
Sugar Mills in Operation

Sugar Mills in India & Bihar

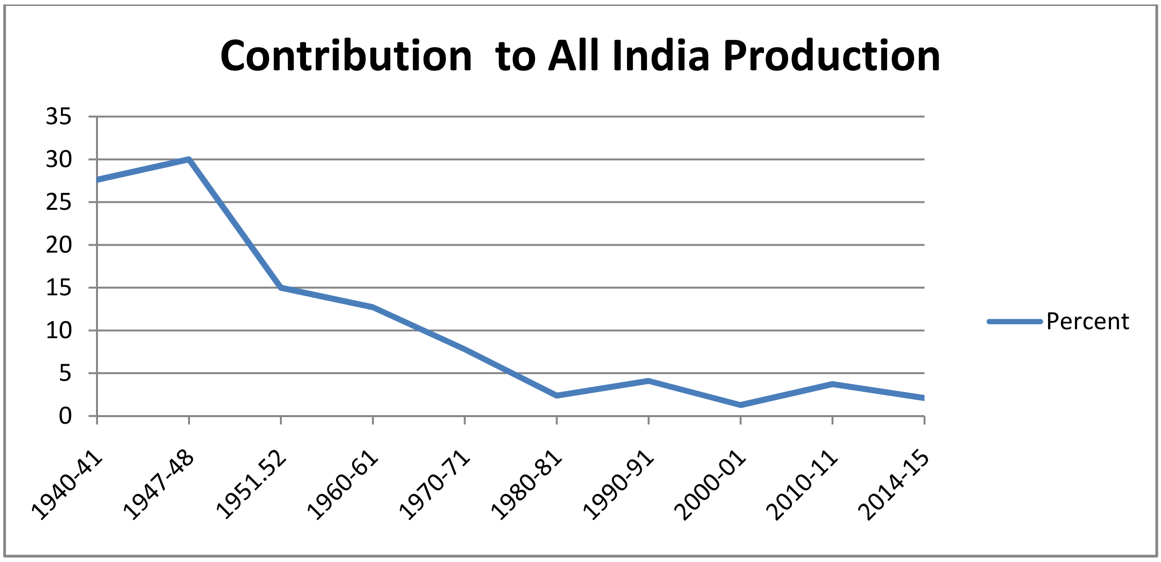
	1947-48	50-51	60-61	70-71	80-81	90-91	2000-01	10-11	2015-16
India	148	138	138	174	215	315	385	436	507
Bihar	33	33	37	28	28	29	10	10	11
%	23.91	26.81	16.09	13.02	8.89	7.53	2.29	1.97	2.09



1. Year -wise Sugar Mills in Operation from 1947-2017



2. Percentage of Bihar Sugar Mills to Total India Sugar Mills



3. Bihar Contribution to All India Sugar Production

Reasons of sugar Industry Sickness

The basic reason for sickness of Sugar Industry in Bihar is the high cost of production of sugar. The factors which are specific to Bihar are as follows:

(a) Lack of Infrastructure

The sugarcane growers faced the bad infrastructural difficulties in act of transporting by road in areas like Dhanahain West Champaran. The produce was diverted to Uttar Pradesh, which has a better road transport provision for sugar haulage. Bihar has often been ignored and discriminated against by the railways in the allotment of wagons for the transport of sugarcane within the districts as well as sugar to other parts of the country and abroad.

The loss of sucrose has been higher when the cane was reached to the destination by the bullock carts, etc., compared to the loss when it was reached there by the goods trains. The state of affairs has definitely improved with the increased recourse to the truck but the bad road condition has been a common obstacle in both cases. About 33% of the total sugar cane output has been transported by train & rest by road which was less or more expensive.

(b) Price Fixing Policy

The pricing question has been politicized. There was no coordination between CACP Commission, state & Union govt.The government has been announcing rise in prices for sugarcane which has favoured the cane-growers at the cost of the factories. This has been done to keep the cane-growers appeased in order that they voted in favour of the existing government.The controlled price of sugar which sold in the tree market did not sufficiently cover the costs of producing it.

(c) Raw Material Shortage

The shortage of sugarcane supply which assumed a recurrent character in the course of time and caused an acute rise in cane price from time to time, which intern was followed by a year of over production of cane and afterwards idle capacity in the industry for a longer period. At times only half of the installed capacity has been utilized in most factories.

(d) Distance from Port

Bihar had to suffer because of its distance from the port when the sugar factories in the state were denied a fair deal by the union gov't in the matter of export of subsidized sugar, the union gov't called for tender & sugar to be delivered on dock at the lowest rate. Naturally, the sugar factories near the coast got an advantage over those which were situated further away from them.

(e) Less Return on Investment

Investors alleged that investment in Bihar has not been sufficiently rewarding. The return on it has been poor because of high cost of production as compared to Maharashtra and other state.

(f) Lack of sufficient Working Capital

At times (for example, in 1960-61 and 1978) the factories have faced a major crisis which has stemmed from the lack of working capital with the mill to paying full the price of sugarcane supplied to them by its growers.

Shortage of sugarcane supply and large accumulated stocks of sugar have made most of the sugar factories sick, which have not been in a position to pay their employees their wages and salaries in time. Out of the 15 sugar factories taken over by the State Government, only three, namely those at Hathua, Lauria and Samastipur were in opposition to pay the cane-growers and the employees their bills. Estimates disclose that in 1980 March the accumulated arrears amounted to As.39crore.In 1990 June this came to As. 20 crore.

(g) Stiff-Competition

The outcome of all this has been that cut-throat competition has arisen and a perishable commodity has had to be disposed of at uneconomic prices.

Other Problems of Sugar Industry

Sugar industry in India is plagued with several serious and complicated problems which call for immediate attention and rational solutions. This is also common to other state. Some of the burning problems are briefly described as under:

1. Low Yield of Sugarcane:

Although Bihar has the largest area under sugarcane cultivation, the yield per hectare is the lowest as compared to some of the major sugarcane producing state of the country

For example; Bihar’s yield is only 67 Tonnes/hectare as compared to 80 Tonnes in Maharashtra.
This leads to low overall production and results in short supply of sugarcane to sugar mills. Efforts are being made to solve this problem through the introduction of high yielding, early maturing, and frost resistant and high sucrose content varieties of sugarcane as well as by controlling diseases and pests which are harmful for sugarcane.

2. Short crushing season:
Manufacturing of sugar is a seasonal phenomenon with a short crushing season varying normally from 4 to 7 months in a year. The mills and its workers remain idle during the remaining period of the year, thus creating financial problems for the industry as a whole. One possible method to increase the crushing season is to sow and harvest sugarcane at proper intervals in different areas adjoining the sugar mill. This will increase the duration of supply of sugarcane to sugar mills.

3. Fluctuating Production Trends:
Sugarcane has to compete with several other food and cash crops like oil seeds, rice, etc. Consequently, the land available to sugarcane cultivation is not the same and the total production of sugarcane fluctuates. This affects the supply of sugarcane to the mills and the production of sugar also varies from year to year.

4. Low rate of recovery:
The average rate of recovery in Bihar is less than ten per cent which is low as compared to other major sugar producing state. For example recovery rate is as high as 14-16 per cent in Maharashtra & UP.

5. High cost of Production:
High cost of sugarcane, inefficient technology and uneconomic process of production result in high cost of manufacturing. The production cost of sugar in Bihar is one of the highest in the Country. Intense research is required to increase the sugarcane production in the agricultural field and to introduce new technology of production efficiency in the sugar mills. Production cost can also be reduced through proper utilization of by- products of the industry. For example, biogases can be used for manufacturing paper pulp, insulating board, plastic, carbon cortex etc. Molasses comprise another important by-product which can be gainfully used for the manufacture of power alcohol.
This, in its turn, is useful in manufacturing DDT, acetate rayon, polythene, synthetic rubber, plastics, toilet preparations, etc. It can also be utilized for conversion into edible molasses and cattle feed. Press-mud can be used for extracting wax.

6. Small and uneconomic size of mills:
Most of the sugar mills in state are of small size with a capacity of 1,000 to 1,500 tons per day. This makes large scale production uneconomic. Many of the mills are economically not viable.

7. Old and obsolete machinery:
Most of the machinery used in Bihar sugar mills is too old and obsolete, being 50-60 years old and needs rehabilitation. But low margin of profit prevents several mill owners from replacing the old machinery by the new one.

8. Competition with Khandsari and Gur:
Khandsari and gur have been manufactured in rural India much before the advent of sugar industry in the organised sector. Since khandsari industry is free from duty, it can offer higher prices of cane to the cane growers.
Further, cane growers themselves use cane for manufacturing gur and save on labour cost which is not possible in sugar industry. It is estimated that about 60 per cent of the cane grown in Bihar is used for making khandsari and gur and the organized sugar industry is deprived of sufficient supply of this basic raw material.

Remedy to Sickness
The state government has a number of schemes to enhance its productivity and production. The Bihar Sugar Industry has prospered in the past few years with all courtesy to the efforts taken by the state government for revamping the industry..
With the state government set to hold an UdyamiPanchayat, , which will, among other things, focus on the problems concerning the sugar industry, industrial circles are keenly watching if the state government would come out with a fresh initiative to give a big push to the industry in the state.
Under the new government regime, the revival of sugarcane industry was planned with auction of many sick sugar mills.
The government's efforts have begun to show results.The sugarcane crushing capacity of the state's sugar mills has increased from 32,000 tonnes crushed per day (TCD) in 2004-2005 to 55,000 TCD in 2012-13.
The new six potential sites were recognized to establish new factories.
14 new sugar projects were approved. The investor are from Bihar (3), Delhi (1), Kolkata (6), Tamilnadu (3) &Utranchal(1).
Capacity expansion of 8 Current working sugar mills is proposed with the investment of 762.72 crores.

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Leadership Lessons in a VUCA World: A Case Study of Rangsutra

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Abstract

VUCA the corporate jargon for Volatility, Uncertainty, Complexity and Ambiguity, was coined in the year 1991 by the US army and is been widely used today to describe all situations in the business world as well as the economic and political sphere. In this VUCA world leaders face lots of challenges which seem difficult to tackle. But these challenges can be overcome by adopting certain strategies and keeping an open mind. This research paper attempts to provide a guide to leaders of today to tackle these challenges .The researcher has made use of the case study method for the research. Rangsutra a company started in the year 2004 by SumitaGhosh is used for the study. The study is completely based on secondary sources like website of the organization and news reports. It is found that in today's world there is a need for leaders to have a collaborative, cooperative approach for the growth of the organization. Generation of employment by working at the grass root level is necessary. It is useful to larger organizations, and to funders, policy makers and intermediaries that want to promote improved collaboration with grassroots groups.

Key words: Collaborative, cooperative, grass root, leaders, VUCA

1. Introduction

The term VUCA, an acronym of Volatile, Uncertain, Complex and Ambiguous was originated by the American military to describe extreme conditions during warfare. VUCA has more recently been adopted by an increasing number of CEO's and organisations as a framework to approach different types of challenging situations brought about due to external factors such as politics, economics, society, advancing technology and the environment.

It stands for:
Volatile – with unstable challenges
Uncertain – with unknown outcomes
Complex – with many interconnected parts
Ambiguous – with lack of clarity

We live in times where change is happening more rapidly than ever before. The decisions made on one end of the globe can affect the rest of the world as rapidly and as forcefully as we've not ever seen. The way in which we lead and manage our organisations must take a VUCA world into account in order to survive, thrive and grow. In order to survive and grow collaborative way of working is needed. It is necessary to have a people centric approach, inclusive growth is necessary. The economy cannot grow if certain percentage of the populationis left out form the main stream economy. Balanced growth is necessary in both rural and urban areas. The need of the day for leaders is to generate employment, rural development and women empowerment. There are many entrepreneurs in rural India who strive for rural development and employment One such example is of Rangsutra . The objective of this paper is to study the leadership traits necessary to succeed in today's world of volatility, complexity, uncertainty and ambiguity through the case study of the company Rangsutra. The study is completely based on secondary data like the website of the company and various reports .The limitations of this study is that only a single case is used for the study.

1.1 Literature Review

DrRadhaRaghuramapatruni*, Mr. ShanmukhaRaoKosuri (2017)winning in a VUCA world is not just about the hardware. It is also about having new software – a new kind of leadership that is values-led and purpose-driven and leaders who can redefine the role of business in society.

Kirk Lawrence(2013)his new VUCA environment, as Friedman notes, is taxing even the most able of leaders who may find their skills growing obsolete as quickly as their organizations change in this volatile, unpredictable landscape.

A report by the Center for Creative Leadership (Petrie, 2011) also notes that today's VUCA business environment requires leaders to possess more complex and adaptive thinking abilities. It also notes that the methods used to develop these new skill requirements.

Dr. Kishore Kumar Das and Aftab Arain such a volatile, unpredictable, complex and unambiguous environment the leaders should be equally agile. When such an environment maintaining a competitive edge becomes a challenge only the strongest innovators can face this situation and succeed.

1.2 RANGSUTRA

Rangsutra was established in the year 2004 by SumitaGhosh .Rangsutra was created: first in 2004 as a Producer Company and then again in 2006 as Private Company which later grew into a Public Limited company as the number of artisan shareholders grew.

This company provides livelihood opportunities and sustainable development to thousands of village artisans and farmers in remote places of Rajhasthan, Uttar Pradesh and North Easterrn Regions. They create top quality products by combining the traditional and contemporary as well as keeping alive Indian heritage and crafts.

How Rangsutra Works?

The model of the company is working in groups. At Rangsutra artisans are organized into small producer groups or self help groups. There were only three groups in the beginning at present there are 53 groups in UP, MP, West Bengal and Manipur. In Manipur the organization works in collaboration with Manipur Women Gun Survivors Network and in Madhya Pradesh with women who worked as scavengers.Fifty five women have become mangers and have taken up different responsibilities. All the work form sourcing raw material to dyeing, weaving is taken up by the artisans**.**

The artisans are given necessary training, tools and machinery to enhance their crafts and skills. The artisanscreate new products that combine traditional skills with contemporary design. Each group facilitates the production process, yarn sourcing, dyeing and design allocation to artisans who work from home. The artisans at Rangsutra are the shareholders of the company means they are the co owners of the company. For over 3000 weavers, embroiderers and artisans who have formed the company, the shares are much more than just scraps of paper. Shares are their new savings, as valuable as the chunky silver they have invested in for centuries.70% of the members are women. They are part of board of directors and have a say in costing, planning, production and wages.

Turning obstacles to challenges

SumitaGhosh the founder of the company was unable to get a loan from any banks as she did not have any form of collateral .So instead of abandoning the idea she turned this rejection into a new idea and she gave these artisans an equity ownership for Rs 1000 thus she collected around 10 lakhs from the 1000 artisans themselves. Thus with this seed funding she was able to start a business and transform the lives of 1000s of artisans.Envisaged as a bridge between rural producers and urban customers, between traditional crafts skills and contemporary needs, between change needed in the 21^{st} century while keeping in mind continuing our craft and cultural traditions, we embarked on a journey, encompassing both social and economic goals.

Products at Rangsutra

The products at Rang sutra are innovative, combining the creation of aesthetic beauty with strong ethical work practices.rangsutra products incorporate traditional craft skills into usable products. Products include a range of apparel, for men, women and children, home furnishing and accessories. Skills and techniques vary from region to region .Rangsutra works with various producer groups across the country and each group is skilled with unique characteristic techniques. Using the traditional techniques of embroidery, weaving, printing and incorporating traditional motifs the range of apparels furnishings and accessories is developed in contemporary style for domestic as well as the international market.

Products are supplied to the leading brand Fab India, today Fab India is one of the investors in the company. 90% of products are sold to Fab India and rest exported. IKEAthe Swedish company is one of its export partners. To strengthen this connection, they sell through their own retail outlets, online retailers and also through exhibitions.

Recently the artisans got a chance to showcase their talent at no less a place than the very Mecca of fashion-Paris Thus the artisans exude a new confidence as they get ready to face a new world of upmarket customers and high-end designers.

Rangsutra and its impact

Rangsutra is a bridge between rural artisans and global citizens. Thus the living standards of artisans have improved. Their earnings have increased from Rs 500 to Rs 1,500 per month .Work flow is steady and there is no fear of exploitation by unscrupulous middlemen.The artisan also have a sense of ownership and pride and a feeling that this is more than just a job. Many women have also turned entrepreneurs and their voices are beginning to matter at home and women like them are being emboldened to educate their daughters and become leaders in village forums. These women now want to send their daughters to school and some have become group leaders in their villages, motivating other women to follow in their footsteps.

1.3 Leadership lessons from Rangsutra

1. **Collaboration and cooperation:**Rangsutra has set an example that through collaboration and cooperation businesses can be managed. Rangsutra has worked in cooperation with artisans in remote areas, farmers, women who were gun fighters and scavengers and given them a place in society .Thus the leader at Rangsutra shows that in order for an organization or an economy to grow every persons needs to contribute.
2. **Trust:**If we place trust in our employees and people an organization can achieve success.
3. **Sharing of wealth and equal distribution of wealth:** At Rangsutra the artisans are shareholders in the organization. Thus with a shareholder ship in the company the artisans share in the fortunes of the company. In this way the income is distributed among the underprivileged that can help accelerate growth and promote economic development.

   Leadership lessons for present day businessmen are to see that they help in economic development and growth.They can help in creation of wealth as well prevent accumulation of wealth with a few.It is also necessary wealth is distributed equally and they should bridge the gap between the rich and the poor.

   4. Combination of traditional and the Modern: Rangsutra has shown that we can make use of traditional crafts and present in the contemporary modern forms.

   5. Making the best use of talent: The Company has used the talent and skills of the artisans to benefit themselves and let them grow especially the women to get a place in society and improved their standard of learning. Thus leaders must learn in this present world of competition and complexities that one must trust the people, recognize and nurture their inherit talent to let them and the organization grow.
4. **Working at the grassroot level:** Rangsutra has shown that working at the grassroot level helps to connect with the people build relationships, help in sustainable growth development and create sustainable livelihoods.

5. **Responsible leadership:** Leadership is about not being in an authorative position but leadership is building leadership qualities in others, making others responsible for themselves. Thus at RangsutraDrSumitaGhosh has built leadership qualities in her artisans by engaging them in all decisions of the organizations right form sourcing of raw material to quality control. The women of her organization are also heading rural groups and becoming managers. Each one feels a responsibility for the organization this one of the most important element for the success of an organization this is what every leader must try to do in today's time creating a sense of belongingness in the employees and a responsibility towards the organization .If organizations succeeds in doing so nobody can stop the organization from reaching new heights. Those who abandon core values or lock themselves into fixed positions and fail to adapt will wind up the losers.
6. **Investing in People:**Rangsutra has invested in its people, enhanced their skills by giving them training and equipping them with latest technology and this investment this given it positive returns. Therefore it investing in people is investing in the future.The leaders must realize that the employees are its greatest assets.
7. **Turning Obstacles to Opportunities:**SumitaGhosh did not give up in times of difficulties she changed her obstacles into an opportunity by giving an equity share to her employees and became successful. Therefore leaders need to share the challenges they face and the lessons they have learned to address obstacles and to create effective strategies for organisational growth.
8. **Ethical Trade:**SumitaGhosh has also demonstrated that trade can be done through ethical means.Therefore for today's leaders to succeed beingethical is an important trait.

1.4 Conclusion

Thus it is found that it is not difficult to survive and succeed in today's VUCA world. A small organization like Rangsutra started bya single woman can grow into public limited company and attract investors other larger organization as well as the government can do so. Rangsutra has shown that heritage can be kept alive, small artisans; poor uneducated from remote rural areas can maintain world class standards and be leaders. There is a lot for our leaders both in the business world and political world to learn that inclusive growth is not impossible if we bring together people from, the margins, rural and urban parts of the country. Success can be achieved by ethical means, by encompassing both social and economic goals. Larger organizations and funders, policy makers and intermediaries like banks must realize that collaborating with grassroots organizations, is mutual beneficially.

RangSutra's philosophy is 'Respect for all—the producer, shareholder and the customer.'

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Organization Design and Strategic Management in VUCA World

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Abstract

For many people, our working world is becoming ever more Volatile, Uncertain, Complex and Ambiguous (VUCA). Although its origins come from the US military, it is not surprising that the term has been readily embraced by the business world as a catch all for 'hey, it's crazy out there!' This paper aims at understanding the challenges in Organizational Design in VUCA World.

Keywords: Organizational design, Organizational development, VUCA, Network Businessmodel Process

Introduction

A VUCA world

Let's take a moment to paint a picture of our working context in a VUCA world Volatile.

In a more volatileworld, periods of stability can seem like a thing of the past. Instead we have more instability, wilder fluctuations and often very rapid and unexpected change. No wonder many people see change as the only constant, and HR professionals find themselves 'constantly re-organizing the re-orgs' as their organizationsendeavor to respond

Uncertain

With so much volatility, not only is the future unlikely to be much like the past, but the present is often very different too. Information is incomplete because it is changing and there is too much going on to know it all. That increase in uncertainty makes it much harder to figure out what's happening today, let alone trying to understand what organizational form and capabilities might be important in the future.

Complex

Uncertainty is amplified still further by complexity. The technological ease of connecting with people far and wide has created more interdependencies and feedback loops than ever before. Within those intricate and multi-layered networks, actions can have unintended consequences which cannot be predicted. The risk for those designing organizations is: change one thing and you might well change everything!

Ambiguous

'Unknown unknowns' abound in complex, uncertain and volatile environments, and so

Ambiguityincreases. Where no precedents exist, it becomes ever harder to reach clarity and agreement about the meaning and significance of events. In come doubt and hesitancy, making it easy for inertia to take hold. Therefore, in a highly ambiguous environment, it can be difficult to reach decisions about organization design strategies.

Put those four conditions together, and the VUCA working world creates a perfect storm of challenges. The difficulties that organizations face in a VUCA world become clear when you think about companies such as BP and Tesco, both of which have hit the headlines in recent times for all the wrong reasons. Both face massive uncertainty as they strive to recover from highly publicized reputational damage, facing volatile markets, the risk of off-the-cuff comments coming back to bite, for past events to take on new significance, and the potential for unknown challenges from hungry competitors. Yet, at the same time, they need to keep large workforces engaged in order to repair the damage and develop new organizational capabilities to ready themselves for an unknown future.Challenges for organization design

A VUCA world poses many challenges for organization design.
While, in the past, organization design has often been a response to clear problems, now it is expected to address evermore complex puzzles. Organization design itself takes place in a changing organizational context, often amidst competing demands for attention and resources, and against a backdrop of multiple change projects.

Agility is highly prized. In a VUCA world, organizations are encouraged to become more agile and adaptable to changing conditions. Adapt or die, is a common mantra.
Adapting to one kind of condition is relatively easy. But, when the underlying conditions change, organizations may not be ready or able to adapt. As we enter Organization design in a VUCA world 2015, many organizations have adapted to financial volatility and downturn in design terms by slimming down their organizations and instituting several years of cost-cutting. But are these very lean organizations sufficiently primed for growth as and when new opportunities arise?

Traditional approaches to strategic planning, analysis, goal-setting and decision-making can seem out of step with a dynamic and unpredictable world. The paradox is that, while organizations cannot predict the future, they must make sense of it to survive. This puts the focus very firmly on learning. But how can organizations design feedback loops which capitalize on the distributed knowledge of all their people? How can they identify and make the most of decentralized networks within their organizations; networks that are usually informal and which may change rapidly over time?

If strategic planning assumes conditions of certainty, a key question for organizations is how can they engage with uncertainty? How can they encourage experiments, designed to provoke, rather than to predict the future? And how can they design and institute processes to make sense of that data, much of which may seem ambiguous, to inform their next steps?

In order to brave the economic storms in the global economy, many organizations have been battening down the hatches, focusing on efficiency, and exploitingtheir current capabilities to maximum advantage. Yet, there is significant value to be gained, we are told, by designing ambidextrous organizations, which are both structurally and culturally suited to exploringfuture possibilities, ready and able to adapt and innovate. And, if achieving those twin goals wasn't challenging enough, organizational designers are also advised to pay attention to the third leg of that stool – engagement– or risk it falling over.

Strategic Management in a VUCA world

To act in a VUCA world we need to combine the emergent and deliberate approach in a complementary way.

This combination is already present in practices, methodologies and concepts that I will present below. For didactic purposes I separated into four macro-ideas.

- Build a solid foundation in a volatile world
- Experiment and decide quickly to face uncertainty
- Collaborate with complexity, promote self-organization
- Draw outlines in an ambiguous world

Each of them doesn't exist in isolation and between them there is no definite boundary. The goal here is simply to recognize and group what has already been tested in practice, making it clear that there are no "10 steps to an organizational strategy" or cake recipe, but a body of knowledge that needs to be recognized as such.

Build a solid foundation in a volatile world

Defining an anchor is critical to your organization. Something that gives solidity to a volatile world. The best we have found to date is a clear and powerful purpose. Some call them MTP (Maximum Transformative Purpose), others name it Evolutionary Purpose. It' a way of expressing the positive impact that one wants to cause in the world. If it's not in people's minds and is used as the basis for day-to-day decisions, you can be sure that this isn't the purpose we are talking about.

Strategic positioning can also be something more solid. The niche market is a great example. You can pre-select or aspire to that position by deliberately defining a niche. But beware, the uncertainties are huge. One of the few tools that are emerging that can help map possible positions in a rapidly changing marketplace is the value chain dynamic mapping called Wardley maps.Still with limited use.

Less predictive approaches are the already enshrined Business Model Canvas and Value Proposition Canvas. These are important tools for explaining hypotheses and helping to improve communication among members of an organization. Notice that we have exchanged detailed plans for instruments that increase our understanding of the challenges and also reduce ambiguity.

The discovery can also be done by acting intuitively. Many successful businesses were born that way. The Slack chat platform was created by a gaming company that needed to improve its communication. By solving their inner problem, they have discovered an incredible niche business. Note that there was no intentionality. The same thing happened with Trello.

Pivoting

Even what is apparently solid sometimes needs to be changed. The need for radical changes in the strategy arises, that is, the purpose needs to change, the niche, the positioning or the business model. This is what startups call pivoting.

If your company is past childhood and you are not a young startup, you need to understand that this change may not be so simple, especially when organizational design and culture create barriers to change. That is why we need to work in an integrated way on the other 3 macro-ideas.

Conclusion

Organizational Design must be agile in VUCA World. At the intersection between deliberate and emergent strategies, we find practices that define purpose, give agility, promote self-organization, and draw contours.

This set of practices grows every day through innovative organizations that have realized that the old approach to strategic planning does not account for the VUCA reality.

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Internet of Things (IoT) in E- Commerce

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1. ABSTRACT - *The world's technology is increasing dramatically whereby people's consumerization of these technologies are also increasing, and this happens due to the rapid replication of the smart devices that make our daily activities easier and accurate. Basically the form of communication over the internet is human-human, Human-Things and now we are focusing on the communication between thing-thing (Also known as Machine-Machine or M2M). With the advent of this technology, it will transform the internet to become the Internet of Things (IOT). In the near future objects would have a unique way of identification and these objects would be addressed so that every object can be connected with internet so as to enable the communication among them. By looking at the impact that the internet brought to our economy, society and to the world at large, in terms of information sharing through the use of smart devices has significantly contributed towards the development of our lives and our businesses. The advancement in technology related to data collection such as the devices that are embedded and RFID technology that had immensely contributed in increasing the number of devices that are connected to the internet and allowing them to transmit data continuously and in real-time. This paper aimed in discussing the present and future aspect of Internet of thing (IOT).*

KEYWORDS: Internet of Things, E-commerce, Sensors, IPv6, Cloud Computing, Real-time,Robot machine,Stakeholders, M2M.

2. INTRODUCTION

Internet of Things (IoT) also known as Internet of Objects connects billions of objects, which include buildings, air conditioners, coffee machines, washers, cars, Air planes, animals and people as well. According to Cisco (2015). The IoT connects things and people on an unprecedented scale; Cisco predicts that, although so far in 2015 more than 99% of things in the physical world are not connected, by 2020 the number of internet-connected devices and objects will reach 50 billion. This will mix the physical world and information world together. The future technology can be predicted that the communication is not going to be people communicating to people; it's not going to be people accessing information. It's going to be all about using machines to talk to other machines on their behalf. We are moving towards a new era of ubiquity in terms of technology, we are entering the Internet of Things era in which new forms of communication among human and things, and between things themselves will be recognized.[1]

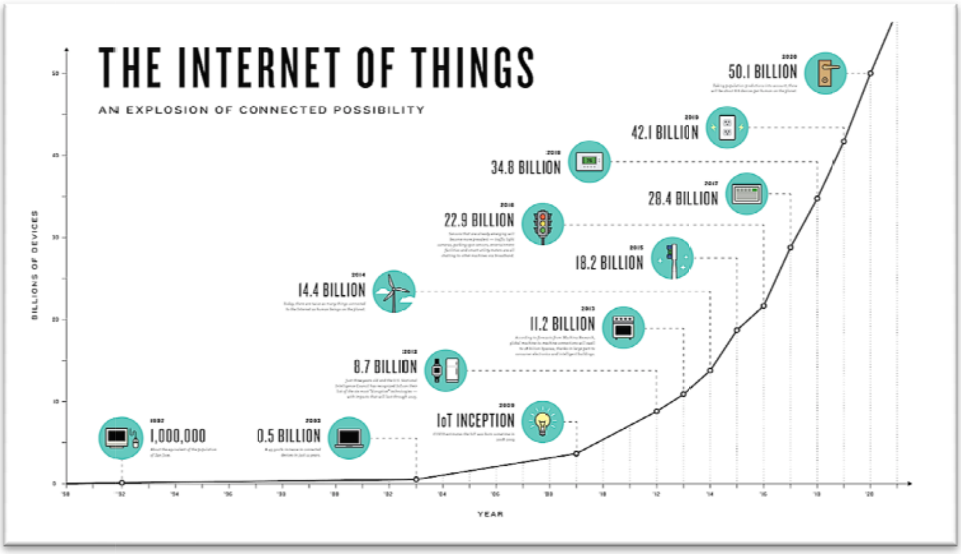
Sensors play a very vital role in bridging the gap between the physical world and information world. Sensors collect data from their environment, generating information and raising awareness about context. So that the change of their environment can be monitored at a glance and the corresponding things can make some responses when needed.

- (Margery Conner, 2010).According to Stankovic, (2014).

3. IoT VISION

According to the vision regarding the future technology, many IoT applications will be based on a deployed sensing, actuation, and communication platform (connecting network of things). Deployments, it is common for the devices to know their locations, have synchronized clocks, know their neighbour devices when cooperating, and have a coherent set of parameter settings such as consistent sleep/ wake-up schedules, planned power levels for communication, and pair-wise security keys. It aims to create a seamless network of billions of wireless identifiable objects that communicate with one another.

This vision promises to create a new ecosystem in which smart devices would be able to direct their transport, adapt to their respective environments, self-maintain, self-repair, self-configure and eventually even play an active role in their own disposal. The IoT promises to raise the quality of human life to a whole new level. Objects make themselves recognizable and they obtain intelligence by making or enabling Context related decisions. This transformation is concomitant with the emergence of cloud computing Capabilities and the transition of the Internet towards IPv6 with an almost unlimited addressing capacity .New types of applications can involve the electric vehicle and the smart House, in which appliances and services that provide notifications, security, Energy-saving, automation, Tele-communication, computers and entertainment are integrated into a single ecosystem with a shared user interface.[5]



4. E – COMMERCE

In latest defined e-commerce, as commercial transactions conducted over the internet, by using websites and mobile applications to facilitate transactions among manufacturers, merchants, retailers and customers. The major e-commerce trends in 2014 and in 2015 are mobile and social e-commerce; mobile e-commerce platforms and social networks that provide search, advertising and payment services will create another e-commerce revolution [4].

-According to Kenneth Laudon and Carol Traver (2015).

5. CHALLENGES OF INTERNET OF THINGS

As we have seen some benefits of Internet of Things we had to look at some issues that are attached to these innovations. Technology is advancing dramatically; consumer's needs are increasing and information privacy challenges are increasing as well. Technology has simplified our daily activities whereby some of the physical activities are now handle by machines. Therefore, we have look at the possible challenges that these innovations might bring to our lives. In this study we categorized the challenges that this technology might bring to our society locally and globally which are: (i) Security (ii) Unemployment and (iii) Dependency.

5.1. Security

When discussion about online activities challenges the first thing that would come to your mind is security. Because there is no organization providing online service that will guarantee you a 100% security, this is due to the availability of people's information that is moving everywhere.

5.2. Unemployment

Employment is one of the key to the development of society or country. The advent of IoT would result in dramatical challenge to unemployment, because machines would be used to replace the labour that some employees do manually. Therefore, when introducing the machines in replace with employees, the employee's labour which is manually would be terminated. Examples a Robot machine that can handle the duty of 200 employees. Moreover, among these employees it's not all that has the knowledge of modern technology, so that they can be transfer to another unit.

5.3. Dependency

Nowadays, people rely on network that is the reason why it becomes an integral part of our lives. When there is no network you would see business and people's activities stop as well. This shows that when IoT become ubiquitous that time you would see people and business processes become highly dependent on internet, people will not have any other alternative because our entire life would be overwhelmed by internet. Therefore this could be a great challenge ahead in terms of feature IoT.

6. SOLUTION

Solutions for IoT are the major challenges that researchers are facing. Ideally, for a quick response, given the real-time nature of many IoTs, the detection, countermeasures, and repairs must run in real-time as part of a runtime self-healing architecture.

A future Internet of Things should be able to integrate stakeholders who will be affected by the Internet of Things, such as citizens, small and medium enterprises, governmental institutions and policy makers, to meet and match key societal and economic needs.

Users shall be empowered to access more information about things (e.g., Where has an item been produced? – Who owned it previously? - What was it used for?) instantly at their fingertips, subject to compliance with privacy regulations.

7. CONCLUSION

IoTs trend will be fully expanded in few years to come. By linking things that are offline in the current e-commerce business model, the advent of IoT will replaced by the current e-commerce. The IoT would generate an unprecedented amount of data. E-commerce firms would jointly build IoT ecosystems which will be partnered in various industries, and would be continuously transforming the data into valuable knowledge, and this will cause IoT s economies of scale to expand beyond the e-commerce sector. Moreover, the advent of big data is also one of the trends that will dominate the current ecommerce system, by blending huge amount of data into single and consolidated information.

Also, the advent of smart devices are increasing dramatically this would enables the ecommerce system to be accessible both locally and globally, by considering the diversification of internet connectivity in local areas would create more advantages on the future IoT in ecommerce.

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Impact of GST on the Indian Economy

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Abstract

GST Known as the Goods and Services Tax is the biggest and substantial indirect tax reform in India founded on the notion of "One nation, one market, one tax". It is a comprehensive tax system that will subsume all indirect taxes of States and Central Government and unified economy into a seamless national market. The GST is aimed at creating a single unified market that will benefit both Corporate and the Economy.

Keywords- Goods and Service Tax, Indian Economy

Introduction

The Goods and Service Tax (GST) is an indirect tax levied in India on the sale of Goods and Services. It is a vast concept that simplifies the giant tax structure by supporting and enhancing the economic growth of a country. It is a comprehensive tax levy on manufacturing, sale and consumption of goods and services at a national level. Goods and services are divided into five tax slabs for collection of tax 0%, 5%, 8%, 12%, 28%.

The main idea behind introducing GST is to improve the economy of the nation. In order to avoid the payment of multiple taxes such as Excise duty and Service tax at central level & VAT at the State Level, GST would unify these taxes and create a uniform market throughout the country. It would also enhance the position of India in both domestic as well as international market. Integration of various taxes into a GST system will bring about an effective cross-utilization of credits.

Benefits of GST

1. **Elimination of Multiple Taxes**
   The biggest benefit of GST is an elimination of multiple indirect taxes. All taxes that currently exist will not be in picture. This means current taxes like Excise, Octroi, Sales Tax, CENVAT, Service Tax, etc. will not be applicable and all that will fall under common tax called as GST.
2. **Cascading Effect reduction**
   GST will be applicable at all stages from manufacturing to consumption. GST will provide tax credit benefit at every stage in chain. Today at every stage margin is added and tax is paid on whole amount, in GST you will have tax credit benefit and tax will be paid on margin amount only. It will reduce cascading effect on tax thereby reducing cost of product.
3. **Increase in GDP**
   As demand will grow naturally production will grow and hence it will increase Gross Domestic Product. It is estimated that GDP will grow by 1-2% due to GST.

4. **More Employment**
   As GST will reduce cost of product it is expected that demand of product will increase and to meet the demand, supply has to go up. The requirement of more supply will be addressed by only increasing employment.
5. **Increase in Revenue**
   GST will replace all 17 indirect taxes with single tax. Increase in product demand will ultimately increase tax revenue for State and Central Government.

Positive Impact of Goods and Services Tax

1.Corruption –free taxation system

GST would introduce corruption-free taxation system. In the present scenario, the tax is levied at the time of product release from the manufacturing site, and after that retailers also pay it.

2. Positive impact on the Central and the State level– According to experts, by implementing the GST, India will gain $15 billion a year. This is because; it will promote more exports, create more employment opportunities and boost growth. It will divide the burden of tax between manufacturing and services.

3. Market development-GST would not be charged at every point of sale likeother indirect taxes so this way, market would be developed. With this tax system, more foreign companies will be attracted towards India.

4. Transparency There will be more transparency in the system as the customers will know exactly how much taxes they are being charged and on what base.

5. GST has an optional schemeof lower taxes for small business with turnover between 20 to 50 lakhs. It is called the composition scheme. It has now been proposed to be increased to 75 lakhs. This will bring respite from tax burdens to many small businesses.

The impact of GST on macroeconomic indicators is likely to be very positive in the medium-term. Inflation would be reduced as the cascading (tax on tax) effect of taxes would be eliminated. The revenue from the taxes for the Government is very likely to increase with an expected tax net, and the fiscal deficit is expected to remain under the checks. Moreover, exports would grow, while FDI (Foreign Direct Investment) would also increase.

Negative Impact of Goods and services Tax

1. GST is a confusing term where double tax is charged in the name of a single taxation system.
2. According to many economists, the introduction of GST in the country would impact real estate market. This would increase new home buying price by 8% and reduce buyers’ market by 12%.

3. The sharing of revenues between the states and the centre is still a matter of contention with no consensus arrived regarding revenue neutral rate.
4. Sectors that are currently enjoying no excise duty or have enjoyed a lot of tax benefits will have to bear the brunt of a higher tax. These include Textile, Media, Pharma, Dairy Products, IT, and Telecom.

Conclusion

The proposed GST regime is a half – hearted attempt to rationalize indirect tax structure. More than 150 countries have implemented GST. The Government should make an attempt to insulate the vast poor population of India against the likely inflation due to implementation of GST. No doubt, GST will simplify existing indirect tax system and will help to remove inefficiencies created by the existing current heterogeneous taxation system only if there is a clear consensus over issue of threshold limit, revenue rate and inclusion of petroleum products, electricity, liquor and real estate. Implementation of GST impacts a nation both ways, positively and negatively. Ignoring negative aspects, positive aspects can be taken into consideration in order to improve the economy of the country.

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