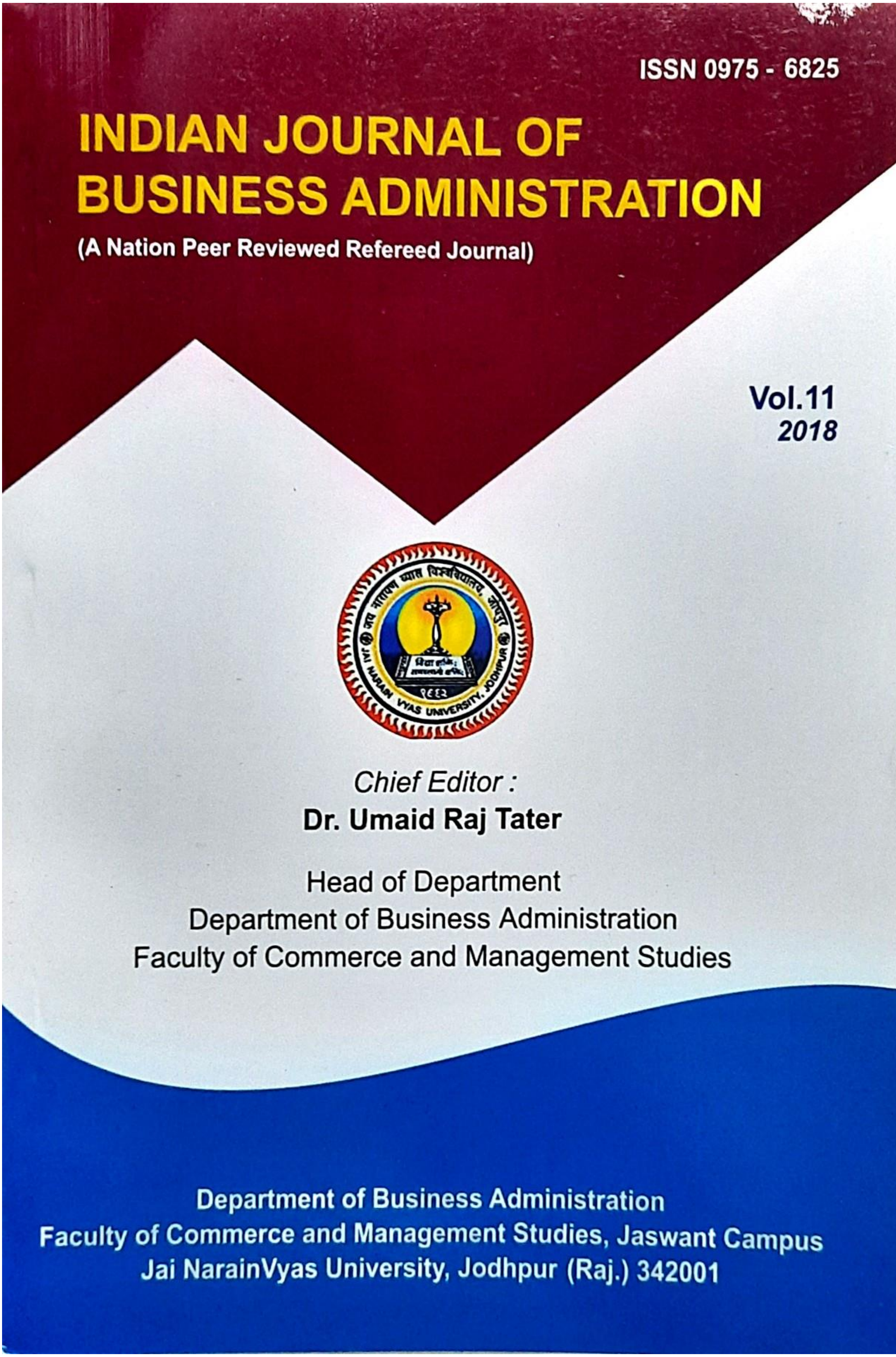
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Dr. Umaid Raj Tater

Head of Department
Department of Business Administration
Faculty of Commerce and Management Studies

Department of Business Administration
Faculty of Commerce and Management Studies, Jaswant Campus
Jai NarainVyas University, Jodhpur (Raj.) 342001

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Dr Umaid Raj Tater
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A PROFILE OF THE DEPARTMENT

The Jai Narian Vyas University was established on 2nd June 1962 as 'The University of Jodhpur'. Later on, it was renamed as 'Jai Narain Vyas University.' The University has a residential character. The erstwhile 'Faculty of Commerce' of the university was restructured into four separate teaching departments, viz The Department of Accounting, The Department of Business Finance and Economics, The Department of Business Administration, and the Department of Management Studies in the year 1990 with a new umbrella name of 'Faculty of Commerce and Management Studies.'

The Department of Business Administration came into existence on 3rd Feb.1990 and since then it has grown both academically and professionally, With Prof. P.N. Saxena as its first and founder Head of the Department, we have had a long journey of two decades. Prof. Saxena is both satisfied and happy to see the Department growing for his successors Dr. D.P.Ghiya, Mrs. Asha Malhotra, Dr. A. B. L. Mathur, Dr. R. R. Lodha, Dr. L. C. Bhandari, Dr. Rajan Handa, and Dr R.C.S. Rajpurohit, all have taken the department to greater heights over the years.

The Department offers M.Com., MHRM, M.Phil, PhD, and D.Litt in Business Administration. At the undergraduate level, the Department offers B.Com and BBA Degree courses in combination with sister departments. Two separate Post Graduate Diploma courses, namely PG Diploma in Marketing and Sales Management and PG Diploma in Human Resource Management have been successfully running on self-financing basis. Both the diplomas have proved quite useful as professional job oriented courses for past 25 years.

The M.Com. Program offers specialization in four different areas: The Human area, The Marketing area, The Finance area, and The Institutional area. Currently, teaching is provided in Marketing and Human areas. The Department is staffed with and enriched by Seven Assistant Professors. Since the creation of the Department to till date, regular research as good number of PhD degrees have been awarded and numerous of PhD researches are in progress thereby usefully contributing to Research for advancement of knowledge in the domain of business administration. Several of our graduates have been very well placed in different organizations both in India and Abroad. The Department is also contributing by working on major and minor Research projects undertaken by its faculty members. The department successfully organized various UGC Refresher Course, Workshops, National Seminar and Conferences sponsored by UGC, New Delhi.

I must say that we in the department have always worked with a team-spirit and therefore whatever we have achieved so far, it is the gainful result of that. For all communications, following is the address of the Department:

Dr Umaid Raj Tater
Head of the Department
The Department of Business Administration Faculty of Commerce & Management Studies Jai Narain Vyas University,
Jaswant Campus, Ratanada Road Jodhpur 342 001 Rajasthan, India.

Dr. Umaid Raj Tater
Chief Editor
Indian Journal of Business Administration

Message

Shri Dr. S. Radhakrisnan, former President of India inaugurated our University in the year 1962 as 'The University of JODHPUR' which was renamed as 'Jai Narain Vyas University' in the year 1986. Shri Jai Narain Vyas was a former Chief Minister of Rajasthan hailing from Jodhpur in whose name it has been rechristened. In his inaugural speech Dr. Radhakrishnan said: "It is my hope and it is my earnest desire that the young people, who will be educated in this University, will go forward not as prisoners of the past, but as pilgrims of the future, will develop in them a spirit of dedication, a spirit of wholeheartedness, single-minded concentration on the advancement of knowledge whether in science or in humanities". As far as this issue of our departmental national journal in my ex-officio capacity as the Chief Editor of this departmental journal, I feel a sense of satisfaction in bringing out this current volume of our journal and we could not have reached this milestone without contributions and cooperation received at all levels of the editorial efforts and authors who have contributed to our growing and continued success.

The Journal explores subjects of interest to academicians, practitioners and others involved in the field of business. Our goal is to promote awareness, provide a research outlet for the students and faculty, and increase educational exchange. Through earlier articles, and those in this issue, we have explored a broad range of topics including: instructional improvement, methods for delivery of course material, performance measures, learning approaches in new business environment. Our contributors have written their papers in the fields of Banking, Finance, Management, Marketing, Business Education, and MIS.

I must express my sincere thanks to our Dear of faculty Prof Jas Raj Bohra, all my fellow teachers, friends and non-teaching staff members in the department as well as in the faculty of Commerce and Management studies for their affectionate and supportive behavior. We are still learning, still experimenting and still attempting to improve our process and product. We would appreciate your feedback and suggestions, and welcome additional assistance to the editorial board.

(Dr Umaid Raj Tater)

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INDIAN JOURNAL OF BUSINESS ADMINISTRATION (IJBA)

Our Contributors

1.	Dr Rashmi Chaudhary	Assistant Professor, Department of Commerce, Kurukshetra University, Kurukshetra
2.	Dr. Kanta Choudhary	Assistant Professor, Department of Economics, Jai Narain Vyas University, Jodhpur
3.	Dr. Umaid Raj Tater	Assistant Professor, Department of Business Administration, Jai Narain Vyas University, Jodhpur
4.	Mr Yashpal Meena	Assistant Professor, Department of Accounting, Jai Narain Vyas University, Jodhpur
5.	Dr Ashok Kumar	Assistant Professor, Department of Business Administration, Jai Narain Vyas University, Jodhpur
6.	Dr Asha Rathi	Assistant Professor, Department of Business Administration, Jai Narain Vyas University, Jodhpur

A COMPARATIVE PERFORMANCE ANALYSIS OF SELECTED DIVIDEND AND GROWTH MUTUAL FUND SCHEMES

Dr. Rashmi Chaudhary
Assistant Professor,
Department of Commerce
Kurukshetra University, Kurukshetra.

ABSTRACT

In today's volatile market environment, mutual funds are looked upon as a transparent and low cost investment vehicle, which attracts a fair share of investor attention. Mutual funds are offering variety of funds for the investors to fulfill their varying investment objectives. The big question comes with regard to choice when the investors are served with a platter full of mutual fund schemes.

This paper is an attempt to evaluate the performance of selected mutual fund dividend and growth schemes in India from 2003 to 2016. Sharpe's, Treynor and Jensen's Ratio has been used to analyze the data. The risk-free rate of return is assumed to be 8 per cent p.a. and BSE SENSEX has been taken as the benchmark index. The performance analysis reveals that all selected schemes performed better than the benchmark return. The performance of growth schemes was outstanding than the dividend schemes throughout the study period.

Keywords: Mutual fund schemes, Sharpe's Ratio, Treynor Ratio, Jensen's Ratio, Market Index, Dividend schemes, Growth schemes.

INTRODUCTION

One of the golden rules of financial investment is "Don't put all your eggs in one basket." Financial markets have become more efficient by providing more promising solutions to investors. In this connection, mutual funds have made its own market (Raju, 2013). Diversifying investment across asset classes plays an important role in building long-term financial security because diversification is a way of reducing risk. Most investors today face a dilemma of allocating their investments into various avenues. Mutual funds offer an excellent means for retail investors to participate and benefit from the up trends in capital markets. While investing in mutual funds can be beneficial but selecting the right fund can be challenging task. Hence, investors should do proper evaluation of the funds with due diligence and take into consideration the risk-return trade-off and time horizon. Further, in order to reap maximum benefit from mutual fund investments.

The investors may invest in mutual funds and can choose among two options like Growth funds and Dividend funds. When the investors invest in growth option, they generate returns through the appreciation in the NAV of the mutual fund scheme. On the other hand, the investors under dividend option measure their profits in terms of both capital appreciation, as well as the dividend payout received by the investor. While dividend generally denotes the additional returns for the investments in shares, the concept of dividend under mutual funds is not the same. Since the NAV of a mutual fund scheme represents the net assets of the scheme, any declaration of dividend reduces the NAV to that extent, along with tax implications and effectively, the valuation of the portfolio too. In other words, the dividend payout may be considered as the partial encashment of the mutual fund investment. On the other hand, the returns of the mutual fund stay invested within the scheme under the growth option and hence, the investors benefit from the power of compounding, i.e. returns from the existing returns.

Asset allocation, security selection and understanding fund performance are three important aspects of Mutual fund management. Understanding fund performance is most important aspect of information regarding portfolio management. Though it is easy to measure the raw performance of a mutual fund, but difficult to accurately measure risk-adjusted mutual fund performance. Because of this issue, many investors choose passively managed index funds to simply match the performance of the market (Costa & Jakob, 2010). Therefore performance of selected mutual fund schemes can be measured against market index and a comparison can also be made between schemes to know which one is better. In the present paper an effort has been made to compare the performance of selected dividend and growth mutual fund schemes to know which scheme outperformed comparatively.

REVIEW OF LITERATURE

Review of literature is a brief description about mutual funds research work conducted in India as well as in abroad. Some of these studies have been reviewed to identify the research gap and justification for the present study. Treynor (1965) developed a methodology for performance evaluation of a mutual fund that is referred to as reward to volatility measure, which is defined as average excess return on the portfolio. This model has been used in detail later in the study to evaluate the performance. Sharpe (1966) in his pioneering work on the performance evaluation of mutual funds developed a composite measure to consider risk and return. The study measured the performance of 34 open-ended mutual funds for the study period 1944-63. It was concluded that the average mutual fund performance was distinctly inferior to an investment in the Dow Jones Industrial Average (DJIA). Treynor and Mazuy (1966) found that there is no statistical evidence that investment manager of 57 funds was not able to predict the market movements in advance. The study revealed that the better rate of return was due to the fund manager's ability to identify under-priced shares in the market. It was suggested that return on mutual funds was totally dependent on fluctuations in the general market. Jensen (1968) gave a comprehensive indicator of fund performance (alpha) by taking a sample of 115 US funds for the study period of 1945-64. It was concluded that the funds under study were, on an average, not able to predict security prices well enough to outperform buy-the market-and hold policy. Further, there is very little evidence that any individual fund was able to do significantly better than what was expected from mere random change.

Jayadev (1996) evaluated the performance of two growth oriented mutual funds (Master Gain and Magnum express) for a period of 21 months (June 1992 to March 1994). The study found that Master gain has performed better according to Jensen and Treynor measures but on the basis of Sharpe's Ratio its performance was not up to the benchmark. The performance of Magnum Express was found poor on the basis of all the three measures. Magnum express was well diversified and had reduced its unique risk where as Master Gain did not. Both the funds were found poor in earning better returns either due to selecting under priced securities or due to marketing. It was concluded that two growth oriented funds didn't perform better in term of total risk and failed to offer the advantages of diversification and professionalism to the investors. Sondhi and Jain (2005) examined 17 public and 19 private sector mutual fund equity schemes (1993-2002). The mean and median returns for the aggregate period were lower than the returns on 364 days treasury bills and higher than the BSE 100 index. Alliance Equity fund was found the top performer and Can-bonus funds and LIC Dhanvikas (I) were the poorest performers. It was hypothesized that majority of the sample schemes earned returns better than the market. Private equity schemes had superior performance due to its popularity; fund management practices, well-researched stock selection, and timing skills. It was concluded that more than three-fourth of public sector schemes were unable to achieve better returns in spite of higher investor confidence associated with high safety and lack of consistency was found in performance**.** Kaur and Brar (2011) studied the performance of selected income schemes of mutual funds on the basis of their daily NAV recorded for 10 years (1^{st} April 2000 to 31^{st} March 2010) and compared the results of public sector sponsored schemes with private sector schemes. The result showed that private sector leads the race in terms of performance. It was concluded that public sector income scheme was more unpredictable in terms of returns assessment. Bawa and Brar (2011) evaluated the performance of selected growth mutual fund schemes of India on the basis of daily NAV recorded (1^{st} April 2000 to 31^{st} March 2010) and also compared the results of public sector sponsored schemes with that of private sector schemes. The result revealed that growth scheme showed progress in number of schemes floating in the market, percentage contribution towards total AUM and AUM of all growth schemes was inclusive. Open ended funds were found more popular than close ended scheme. The private sector has performed better as compared to its counterpart in case of average annual NAV, growth percentage, total return, beta, CAGR. Public sector performed better in case of SD, Sharpe ratio, Expense ratio and Treynor's ratio. Bansal and Gupta (2012) evaluated the performance of 12 mutual fund schemes for a time period of 4 years (May 2005 to April 2009) and compared their performance on the basis of BSE SENSEX benchmark index and risk less return benchmark of T-bill (average yield 50% during study period). The performance was evaluated with special reference to Sharpe Model. The results showed that 3 out of 12 selected MF schemes were having more SD than market index namely Birla Sun Life Basic Industries Fund (Dividend), Reliance Growth Fund (Growth) and Morgan Stanley Growth Fund (G) meaning thereby these schemes, were more risky than market portfolio. The lowest deviation in return was indicated by L&T liquid fund and HDFC Liquid Fund (G). Only 3 mutual fund schemes i.e. HDFC liquid fund, L&T liquid fund and UTI Bond Fund out of 12 showed positive value of Sharpe index while other showed negative values means inferior performance. It was concluded that most of the selected schemes were underperforming during the study period. Burlakanti and Chiruvoori (2013) analyzed risk and return of 10 funds on equity segment of various fund houses for performance (Dec. 2007 to Dec.2012) using AGR, CAGR, SD, Beta, Sharpe, and Treynor model. The observations highlighted that there existed a correlation between annual return of individual funds and NIFTY return. AGR and CAGR of TATA dividend yield and ING dividend yield fund offered better returns. Sharpe and Treynor ratio of equity funds were far better than benchmark NIFTY. It was concluded that AGR, CAGR, Sharpe ratio and Treynor ratio of TATA dividend yield and ING dividend Yield fund were higher than their peer. Bhatt and Vyas (2014) evaluated the performance of selected equity mutual fund in India with special reference to Sharpe's and Treynor's model. The study was based on a sample of 6 equity mutual fund schemes launched by different private sector mutual fund house (Jan 2010 to Dec. 2012). S&P CNX NIFTY, S&P CNX 500, BSE 200 and BSE SENSEX were taken as the benchmark. The study concluded that all funds performed well during the study period.

RATIONALE OF THE STUDY

In the past studies the performance of variety of mutual funds have been studied and it was found that many funds performed better than their benchmark but to reduce risk associated with earning high return focus was needed towards risk reduction, which is possible by investing in variety of mutual fund schemes available in the market. Diversification can reduce the risk to a great extent provided the performances of the funds are measured in advance. So, there is a need for undertaking a comprehensive study to evaluate the performance of mutual funds through certain performance measurement models in respect of mutual fund schemes falling under dividend (profits are given to investors from time to time) and growth category (profits are ploughed back into the scheme leading to higher NAV). Hence the present study is going to comparatively analyze the performance of dividend and growth mutual fund schemes to identify which one is better for investment.

OBJECTIVE

- To compare the performance of dividend and growth mutual fund schemes as per Sharpe’s, Treynor’s and Jensen’s models.

METHODOLOGY

The present study includes 40 mutual fund schemes in total. 20 schemes belong to dividend category and 20 schemes belong to growth category. The selected mutual fund schemes falling under the category of sector specific, mid cap, multi cap, balanced scheme, equity large cap and equity diversified schemes. The study period ranges (13 years) from April 2003 to March 2016 based on daily data which is obtained from SEBI Data Base, NSE, RBI, BSE Publications and Reports of SEBI. The basis for this selection is the availability and consistency of the data during the study period. BSE SENSEX has been taken as the benchmark index. The risk-free rate of return is assumed to be 8 per cent p.a. The analysis is carried out with the help of Sharpe's Portfolio Performance Measure, Treynor's Performance Measure and Jensen Portfolio Performance Measure.

- **Sharpe Ratio:** It is the ratio of reward or risk premium to the variability of return or risk as measured by the standard deviation of return. The formula for calculating Sharpe ratio may be stated as:

  $$\text{Sharpe ratio (SR)} = \frac{rp - rf}{\sigma p}$$

  Where

  rp = Realized return on the portfolio
  rf = Risk free rate of return
  σp = Standard deviation of portfolio return.

- **Treynor Ratio:** It is the ratio of the reward or risk premium to the volatility of return as measured by the portfolio beta. The formula for calculating Treynor ratio may be stated as:

  $$\text{Treynor ratio (TR)} = \frac{rp - rf}{\beta p}$$

  Where

  rp= realized return on the portfolio
  rf = Risk free rate of return
  βp = Portfolio beta.

- **Jensen Ratio:** This ratio attempts to measure the differential between the actual return earned on a portfolio and the return expected from the portfolio given its level of risk. It helps in evaluating the ability of the fund manager in identifying the undervalued securities and thereby generating excess returns than the benchmark.

  Using the CAPM model, the expected return of the portfolio can be calculated as follows:

  $$E\ (Rp) = rf + \beta p\ (rm - rf)$$

  E (Rp) = Expected Portfolio Return
  rf = Risk Free rate of return
  rm = Return on market index.

βp = Systematic risk of portfolio

The differential return is calculated as follows:

$$\alpha p = Rp - E(Rp)$$

where

αp = Differential return earned.
Rp = Actual return earned on the portfolio
E (Rp) = Expected Portfolio Return

The following abbreviations are used in the analysis tables:

(SRi)	=	Sharpe's performance measure of security
M (SRm)	=	Sharpe's performance measure of market index
(TRi)	=	Treyner's performance measure of security
M (TRm)	=	Treyner's performance measure of market index
αi	=	Jensen's differential return of security
P	=	Performance of security on the basis of performance measure results
O	=	Outperformed Security
O (GS)	=	Outperformed Growth Scheme
U	=	Underperformed Security
N	=	Neutral Performance

RESULTS

The performance of selected dividend and growth mutual fund schemes has been measured with the help of performance evaluation models like Sharpe's Ratio, Treynor's Ratio and Jensen's Ratio.

(a) Comparative Performance of Dividend and Growth Schemes

The following tables highlight the comparative performance of dividend and growth schemes as per Sharpe, Treynor and Jensen's ratio.

Table 1

Performance of Dividend and Growth Schemes (Sharpe's Ratio)

Sr. No.	Scheme Name	D(SRi)	M(SRm)	G(SRi)	M(SRm)	P
1	Birla New Millennium Scheme	0.054	-0.083	0.075	-0.080	O(GS)
2	Franklin InfoTech	0.039	-0.083	0.076	-0.080	O(GS)
3	ICICI FMCG	0.064	-0.083	0.090	-0.080	O(GS)
4	ICICI Tech	0.078	-0.083	0.087	-0.080	O(GS)
5	SBI Pharma	0.081	-0.083	0.088	-0.080	O(GS)
6	HDFC Equity Fund	0.051	-0.079	0.091	-0.069	O(GS)
7	ICICI Prudential Fund	0.029	-0.079	0.084	-0.069	O(GS)
8	Birla Sun Life Fund	0.038	-0.074	0.094	-0.076	O(GS)
9	Franklin India Prima Fund	0.043	-0.074	0.096	-0.076	O(GS)
10	Franklin India Opportunities Fund	0.045	-0.080	0.080	-0.080	O(GS)
11	Franklin India Prima Plus Fund	0.030	-0.080	0.089	-0.083	O(GS)
12	Birla Sun Life Dynamic Asset Allocation Fund	0.029	-0.090	0.046	-0.077	O(GS)
13	DSP Blackrock	0.021	-0.090	0.062	-0.077	O(GS)
14	JM Balanced Fund	0.003	-0.090	0.023	-0.077	O(GS)
15	LIC Mf	0.007	-0.090	0.036	-0.077	O(GS)
16	Birla Sun Life Advantage Fund	0.043	-0.074	0.082	-0.074	O(GS)
17	Birla Sun Life Frontline Equity Fund	0.029	-0.074	0.086	-0.074	O(GS)
18	Franklin India Blue-chip Fund	0.036	-0.074	0.086	-0.074	O(GS)
19	HDFC Top 200 Fund Equity Large Cap	0.043	-0.074	0.094	-0.074	O(GS)
20	JM Equity Fund	0.036	-0.074	0.065	-0.074	O(GS)

Source: Compiled from BSE data and scheme data

The table 1 highlights that all dividend mutual fund schemes outperformed the market during the study period. As it is always an area of keen interest of the investor to identify the best performer among the available schemes, it is found that SBI Pharma dividend scheme was the top performer followed by ICICI Tech Dividend Scheme and ICICI FMCG dividend schemes. The last performer was JM Balanced Fund Dividend Schemes according to Sharpe's performance measure. Overall the performance of all category dividend schemes was better than the market.

Topping among all the growth schemes is Franklin India Prima Fund Growth Scheme which is identified by the Sharpe's performance measures as best performer during the study period. The growth schemes outperformed the market, but the performance ranking given to these growth schemes as per Sharpe's ratio with regard to the lowest performer fund is JM Balanced Fund growth scheme. In identification of lowest performer the results of Sharpe's is similar marking JM Balanced Fund Scheme as least performer among all available dividend and growth schemes.

When both dividend and growth schemes were compared it was found that all the growth schemes performed over and above the dividend schemes as per Sharpe's performance measurement ratio.

Table 2

Performance of Dividend and Growth Schemes (Treynor's Ratio)

Sr. No.	Scheme Name	D(TRi)	M(TRm)	G(TRi)	M(TRm)	P
1	Birla New Millennium Scheme	0.039	-0.096	0.060	-0.092	O(GS)
2	Franklin InfoTech	0.022	-0.096	0.058	-0.092	O(GS)
3	ICICI FMCG	0.041	-0.096	0.068	-0.092	O(GS)
4	ICICI Tech	0.061	-0.096	0.069	-0.092	O(GS)
5	SBI Pharma	0.057	-0.096	0.065	-0.092	O(GS)
6	HDFC Equity Fund	0.038	-0.091	0.069	-0.080	O(GS)
7	ICICI Prudential Fund	0.014	-0.091	0.071	-0.080	O(GS)
8	Birla Sun Life Fund	0.019	-0.089	0.078	-0.090	O(GS)
9	Franklin India Prima Fund	0.025	-0.089	0.080	-0.091	O(GS)
10	Franklin India Opportunities Fund	0.035	-0.089	0.065	-0.094	O(GS)

11	Franklin India Prima Plus Fund	0.016	-0.089	0.078	-0.094	O(GS)
12	Birla Sun Life Dynamic Asset Allocation Fund	0.011	-0.108	0.032	-0.100	O(GS)
13	DSP Blackrock	-0.001	-0.108	0.044	-0.100	O(GS)
14	JM Balanced Fund	-0.017	-0.108	0.005	-0.100	O(GS)
15	LIC MF	-0.011	-0.108	0.020	-0.100	O(GS)
16	Birla Sun Life Advantage Fund	0.032	-0.081	0.072	-0.082	O(GS)
17	Birla Sun Life Frontline Equity Fund	0.015	-0.081	0.075	-0.082	O(GS)
18	Franklin India Blue-chip Fund	0.023	-0.081	0.075	-0.082	O(GS)
19	HDFC Top 200 Fund Equity Large Cap	0.031	-0.081	0.084	-0.082	O(GS)
20	JM Equity Fund	0.025	-0.081	0.055	-0.082	O(GS)

Source: Compiled from BSE data and scheme data

The result reveals that all mutual fund schemes either dividend or growth, outperformed the market during the study period. The result of Treynor's ratio depicts that among dividend schemes although the best performer scheme was ICICI Tech dividend scheme but for 2nd and 3rd position the best performer were SBI Pharma and ICICI FMCG dividend category respectively. The JM balanced fund dividend schemes remained the poor among all schemes under study.

Whereas the performance of growth schemes as revealed by Treynor's result indicate JM Balanced Fund Growth Scheme as Poor performer. Franklin India Prima Growth Fund found as the second best performer and the topper among all growth schemes was HDFC Top 200 Fund Equity Large Cap growth fund.

Overall the comparative performance analysis indicates that growth mutual fund schemes outperformed the dividend mutual fund schemes as per Traynor's ratio.

Table 3
Performance of Dividend and Growth Schemes (Jensen's Ratio)

Sr. No.	Scheme Name	Dαi	Gαi	P
1	Birla New Millennium Scheme	0.113	0.132	O(GS)
2	Franklin InfoTech	0.095	0.128	O(GS)
3	ICICI FMCG	0.107	0.132	O(GS)
4	ICICI Tech	0.132	0.138	O(GS)
5	SBI Pharma	0.124	0.130	O(GS)
6	HDFC Equity Fund	0.115	0.128	O(GS)
7	ICICI Prudential Fund	0.087	0.135	O(GS)
8	Birla Sun Life Fund	0.084	0.145	O(GS)
9	Franklin India Prima Fund	0.089	0.146	O(GS)
10	Franklin India Opportunities Fund	0.115	0.140	O(GS)
11	Franklin India Prima Plus Fund	0.088	0.153	O(GS)
12	Birla Sun Life Dynamic Asset Allocation Fund	0.084	0.096	O(GS)
13	DSP Blackrock	0.070	0.107	O(GS)
14	JM Balanced Fund	0.057	0.070	O(GS)
15	LIC Mf	0.062	0.084	O(GS)
16	Birla Sun Life Advantage Fund	0.107	0.147	O(GS)
17	Birla Sun Life Frontline Equity Fund	0.085	0.146	O(GS)
18	Franklin India Blue-chip Fund	0.095	0.147	O(GS)
19	HDFC Top 200 Fund Equity Large Cap	0.103	0.157	O(GS)
20	JM Equity Fund	0.100	0.130	O(GS)

Source: Compiled from BSE data and scheme data

Table 3 shows the performance of dividend and growth schemes as per Jensen's Ratio. Among dividend schemes ICICI Tech dividend scheme ranked first and JM Balanced dividend Fund as least performer. SBI Pharma achieved 2nd position. HDFC Equity Fund dividend scheme and Franklin India Opportunities Fund dividend scheme jointly hold 3rd rank. In all the growth schemes the Jensen’s ratio pinpoints that HDFC Top 200 Fund Equity Large Cap growth scheme grab first rank and JM Balanced Growth Fund holds the last position. Growth schemes performed better than the dividend schemes.

Thus on the basis of the above findings it can be inferred that all growth mutual fund schemes performed better than dividend mutual fund schemes during the study period of April 2003 to March 2016.

(b) Comparative Status of Different Category Dividend and Growth Schemes

The tables given below summarize the performance of dividend and growth schemes of different category i.e. Sector Specific, Multi Cap, mid cap, Equity Diversified, Balanced Fund and Equity Large Cap in comparison to BSE SENSEX Index Return with relation to Sharpe’s, Treynor’s and Jensen’s Ratio.

Table 4
Category Wise Performance of Dividend and Growth Schemes (Sharpe’s Ratio)

Sr. No	Scheme name	D(SRi)	M(SRm)	G(SRi)	M(SRm)	P
1	Sector Specific Scheme	0.063	-0.083	0.083	-0.08	O(GS)
2	Multi Cap Scheme	0.040	-0.079	0.088	-0.069	O(GS)
3	Mid Cap Scheme	0.041	-0.074	0.095	-0.076	O(GS)
4	Equity Diversified Scheme	0.038	-0.080	0.085	-0.082	O(GS)
5	Balanced Fund Scheme	0.015	-0.090	0.042	-0.077	O(GS)
6	Equity Large Cap Scheme	0.037	-0.074	0.083	-0.074	O(GS)

Source: Compiled from BSE data and scheme data

All dividend and growth schemes has been categorized into six categories i.e. equity large cap, balanced fund, sector specific fund, mid cap fund, multi cap fund and equity diversified fund. The result reveals that all categories of mutual fund schemes outperformed the market during the study period. It is found that among dividend schemes, Sector Specific Dividend Scheme was the top performer followed by mid cap Dividend Scheme and multi cap dividend schemes. The last performer was Balanced Fund Dividend Schemes according to Sharpe's performance measure.

This Table also depicts that among growth schemes the mid cap growth schemes category was the top performer throughout the study period. But as per the Sharpe's ratio the second and third performer was multi cap growth scheme and Equity Diversified growth Scheme. The comparative status of different category schemes as per sharpe's ratio indicates better performance of growth schemes as compared to dividend schemes.

Table 5
Category Wise Performance of Dividend and Growth Schemes (Treynor's Ratio)

Sr. No	Scheme name	D(TRi)	M(TRm)	G(TRi)	M(TRm)	P
1	Sector Specific Scheme	0.044	-0.096	0.064	-0.092	O(GS)
2	Multi Cap Scheme	0.026	-0.091	0.070	-0.080	O(GS)
3	Mid Cap Scheme	0.022	-0.089	0.079	-0.091	O(GS)
4	Equity Diversified Scheme	0.026	-0.089	0.072	-0.094	O(GS)
5	Balanced Fund Scheme	-0.005	-0.108	0.025	-0.100	O(GS)
6	Equity Large Cap Scheme	0.025	-0.081	0.072	-0.082	O(GS)

Source: Compiled from BSE data and scheme data

The result of Treynor's ratio depicts that the best performer category was sector specific among dividend schemes whereas Mid Cap category was at first rank among growth scheme. Multi cap category and Equity Diversified category jointly hold the second position among dividend scheme whereas 2nd position in growth schemes was hold by Equity Diversified Scheme only. The balanced fund schemes category remained the poor among all categories under study. Here also growth funds outperformed the dividend funds. Growth funds showed positive performance in all the six categories whereas dividend fund showed negative performance in balanced fund category.

Table 6
Category Wise Performance of Dividend and Growth Schemes (Jensen's Ratio)

Sr. No	Scheme name	Dαi	Gαi	P
1	Sector Specific Scheme	0.114	0.132	O(GS)
2	Multi Cap Scheme	0.101	0.132	O(GS)
3	Mid Cap Scheme	0.087	0.146	O(GS)
4	Equity Diversified Scheme	0.102	0.147	O(GS)
5	Balanced Fund Scheme	0.068	0.089	O(GS)
6	Equity Large Cap Scheme	0.098	0.145	O(GS)

Source: Compiled from BSE data and scheme data

Inspection of the table 6 makes it amply clear that Jensen's ratio ranked sector specific category at first among dividend schemes as also indicated by treynor's ratio and the last rank to balanced fund category. Equity diversified dividend and multi cap dividend category achieved 2nd and 3rd rank respectively. Overall the performance of all category dividend schemes was better than the market.

Among the growth schemes, the Jensen's ratio indicates that equity diversified scheme category was the best performer. Balanced fund growth category was the lowest performer among the all category growth schemes during the study period. Further comparative performance analysis indicates that growth schemes in all categories performed better than dividend scheme categories.

Thus, on the basis of the above findings it can be concluded that during study period of april 2003 to march 2016 as per Sharpe' Treynor and Jensen's Ratio selected growth schemes in all categories performed better than dividend schemes categories.

DISCUSSION

Based on the findings of the present study it is observed that all dividend and growth schemes outperformed the market index during the study period. The results of performance evaluation model revealed that the best performer in dividend scheme as per Sharpe ratio was SBI Pharma and among growth schemes it was Franklin India Prima Growth Fund. However, Treynor's ratio identified ICICI Tech dividend scheme as top performer and among growth schemes HDFC Top 200 Equity large cap Growth scheme was at the top. Jensen's ratio ranked ICICI Tech dividend scheme as topper among all dividend schemes and HDFC Top 200 Fund Equity Large Cap growth scheme ranked first among growth schemes. The performance of all the growth schemes was outstanding as compared to all the dividend schemes.

A Comparison of Dividend Schemes and Growth schemes (Category Wise) reveals that all categories i.e. equity large cap, balanced fund, sector specific fund, mid cap fund, multi cap fund and equity diversified fund of mutual fund schemes outperformed the market during the study period. The best performer identified by Sharpe, Treynor and Jensen's ratio was Sector Specific Scheme among dividend category whereas among growth schemes Mid Cap Scheme topped as per Sharpe's and Treynor's Ratio and as per Jensen's Ratio Equity Diversified category was the topper among all the six categories of mutual funds. According to Sharpe's & Treynor's and Jensen's ratio the last performer was the Balanced Fund category Schemes. Overall the performance of all category growth and dividend schemes was better than the market index. But growth schemes category performed better than the dividend schemes among all the categories according to the results of the performance evaluation models. Therefore on the basis of findings it can be inferred that the growth schemes individually as well amongst various categories outperformed the dividend schemes. The investor can take into consideration these findings of the study while making investment decision that whether to invest in dividend or growth schemes to draw the maximum benefit from their investment.

CONCLUSION

Mutual funds offer convenient and cost effective access for getting a toehold in the world of investment. By offering a variety of schemes the mutual fund industry is attracting good number of investors. But there may be dilemma in deciding which scheme yield better return comparatively among plethora of schemes. The findings of the present study revealed that the performance of all dividend and growth schemes was outstanding as compared to their benchmark returns. Further, growth schemes outperformed the dividend schemes as per the performance evaluation models i.e. Sharpe, treynor and Jensen. In all the selected categories (Equity Large Cap, balanced fund, sector specific fund, mid cap fund, multi cap fund and equity diversified fund of mutual fund schemes) also growth schemes outperformed the dividend schemes. Overall performance of growth schemes are much better then dividend schemes. Therefore investors should consider these findings while selecting the mutual fund schemes for better earning.

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SOME PERSPECTIVES OF BANK REGULATIONS AND BANKING SYSTEM

Dr. Kanta Choudhary
Assistant Professor
Department of Economics
Jai Narain Vyas University, Jodhpur (Raj.)

ABSTRACT

Bank regulation is a fascinating and much debated subject, because of the banks' critical and sensitive role in society, and the costs of failure of banks. Bank regulation evolved through many phases of economic history and is now set for deep introspection. Banking regulation in India is a story of calibration and balanced environment, which have helped it to weather storms better. The liberalization measures of the last two decades have brought out marvels, as well as, perils of progress. Alarm bells were plenty, but inaction of regulators, and excesses of unbridled profit seekers brought about the biggest financial calamity since 1929. This has caused review of important regulatory issues, including the conflict between global and national interests. Against this background, this paper examines the significance of recent international events and the implications of collaborative action initiated towards global recovery.

Key Word:- Bank, Liberalization,

INTRODUCTION

Bank regulation is one of the most fascinating and much debated subjects of modern economics. From its origins as a local self-regulatory mechanism, it has been elevated into a key facet of globalization, covering concourses of convergence as well as conflict. In the recent times, technology and financial complexities have demonstrated the potential for both integration and destruction of the world markets.

Banking is one of the most intensively regulated activities in the world. This is based on the premise that banks are special, for what they do, in terms of mobilization of financial resources and deployment thereof, and being the agency for monetary payments and settlements, as also for what they mean, in terms of a public good provided by society. These institutions thus preserve the wealth and well-being of humanity, and this underscores the importance of their survival and safe functioning.

These are fundamental to any regulatory architecture (i) a definite role for the government in human society. (ii) a need for providing an enabling framework for the government to maximise social welfare and (iii) an effective system of checks and balances to control and monitor the regulatory actions.

Bank ‘Regulation’ and ‘Supervision’ are terms which are often used interchangeably, but are also employed to designate discrete activities, and in the latter sense, bank regulation comprises the rules that govern the conduct of banking business, while bank supervision consists of oversight to monitor the compliance of the regulations.

EVOLUTION OF BANK REGULATION

The origins of modern banking began in 13th century with landing to the sovereign being their main stay. By 15th century, public banks began to emerge, and also started to think of measures to address bank failures. The first institution of regulation was the establishment of clearing house associations, which cleared bank notes and also provided liquidity to the members, in times of need. For this they began getting empowered to subject the banks to their rules and penalize errant banks for violations. These institutions were organized around important banks such as Bank of England (1694) and Bank of France (1800), and thus became fore runners to central banks.

In the US, clearing houses played a significant role in view of the unitary bank structure. The development of large infrastructure projects, such as rail roads, lead to widespread mobilization of funds through the reach of the banks, and resulted in the such projects paper being placed not only domestically but also in Europe. The most important consequence was the formation of Federal Reserve Bank in 1913, as the old clearing house association system was not found adequate anymore. This was followed by the national deposit insurance system adopted in 1934.

BANK REGULATIONS IN INDIA

India can boast of an indigenous system of banking spanning many centuries, but modern banking owes its formation to the British period and originated in the European tradition, for financing their wars. However, adoption of corporate principles quickly followed, and amalgamated presidency banks formed the Imperial Bank of India in 1921, with a three-fold role as a commercial bank, a banker’s bank and a banker to the government.

The current structure of banking regulation in India was pioneered by the Central Banking Committee (1929-31), pursuant to whose recommendations, Reserve Bank of India (RBI) was formed under the RBI Act, 1934. The regulatory role of RBI was established through the Banking

Companies Act, 1949, later renamed as Banking Regulation Act in 1966.

The many noteworthy milestones in the field of bank regulation in the face of events, such as nationalization of banks, pursuance of developmental goals, reforms in the financial sector following the advent of globalization, the adoption of inclusive banking, and the growing need for protection of consumer rights, are well known and elaborately documented.

Equally important achievements of the Indian regulatory system are the weathering of the South East Asian crisis, and most recently, the global meltdown. Just a few months ago, ‘The Economist’ termed the Indian central bank as a reluctant liberalizer. Today, the RBI’s performance is praised with genuine admiration, and Dr. Y.V. Reddy’s approach is looked upon with reverence.

An objective assessment of India’s regulatory performance would find that the success of the regulatory endeavors in the Indian banking system can be attributed mainly to the calibrated approach of the regulator, as also to the environment that has been extremely supportive of it, as manifested by the following factors, (a) the strong foundations of democracy, which have ensured continuity of reforms, as well as continuity of the value system in the banking sector, regardless of changes in the government (b) the strong prevalence of relationship banking, in which the banks and customers feel obliged to take care of each other’s interests, and also envisage long term association of mutual benefit (c) the concept of end use of funds which facilitates not only a healthy resource allocation, but also an atmosphere of mutual trust and helpfulness (d) the inclination to take countercyclical measures in good times on the part of the banks, accentuated undoubtedly by regulatory guidance (e) a general propensity for regulatory compliance, and respect for regulatory authority, deeply embedded in the banking system and (f) the absence of extravagant incentives to the CEOs or CFOs of the Indian banks and corporates that would have tempted them to take risks, which would have been detrimental to the institutions’ interests. On the contrary, a reprimand or a fine imposed on their institution would hurt the executive’s pride enormously.

It is also significant that the regulators in India are conscious of the ill-effects of extreme positions. RBI, in their report, on the ‘Trend and Progress of banking in India, 2007-08’, acknowledge the need for a balance between regulation and innovation. They have supported the development of new financial products, but have not encouraged a product whose implications are not fully understandable, such as securitization, the innovative strength of which was overshadowed by its misuse in the U.S.

CONTEMPORARY ISSUES IN REGULATION

Globalization brought significant changes in the way banking is done. On the positive side, the advances in technology and the introduction of innovative products enhanced business volumes, as well as the creative potential of the market. On the flip side, abnormal procyclicality and high leveraging among the participants outdid the positives.

The events which took place during the last two years brought into focus some important regulatory issues, and resulted in extensive debates on the future course of action. Four major issues among them would merit special attention. (i) the role of the central bank, especially in relation to supervisory responsibilities (ii) the reliance on market discipline (iii) rule based vs. principle-based regulation and (iv) regulation of financial conglomerates

Historically, central banks have been drawn into regulatory and supervisory functions, pursuant to financial stability and prevention of systemic risk becoming core objectives of governments. The FRB in U.S.A is a premier example of corrective action, consequent to bank failures. On the other hand, separation of supervisory responsibilities from the central bank started with Canada in 1925, and was followed by some Latin American and Scandinavian countries. The most well-known separation was the establishment of FSA in U.K. in 1997. In the EMU countries, monetary policy and leader of the last resort functions are administered by the European central bank, whereas supervision is at the national level, being under the aegis of the central bank is some countries, and independent authorities in others. China has an independent authority, but a limited number of regulatory functions remain with the central bank. In the U.S., the FRB is one of the three banking regulators, along with FDIC and the State Banking Department, while in India, RBI exercises supervision through the Board of Financial Supervision (BFS), which is one of the committees of the Central Board of RBI.

There are supportive as well as adverse opinions about vesting supervision in the hands of the central bank. The favourable arguments are that the firsthand knowledge will enable the central bank not only to undertake prompt corrective action, but also to make a better monetary policy. On the other hand, the detractors point out to a conflict of interest between monetary policy aiming at stability, and ‘involved’ handling of supervisory issues. Some studies have, however, found, on the basis of empirical evidence, that there have been fewer failures in central bank supervised countries.

In the wake of the recent financial crises, intense academic debates have taken place on the role of central bank as monetary and regulatory authority. Prof. Willem Buiter of London School of Economics advocated separation of the interest setting function from the central bank, when it was entrusted with supervision, in view of the ‘regulatory capture’, arising from its sensitivity to the financial sector concerns, a clear reference to the alleged sellout of the Federal Reserve to the Wall Street, as opposed to the European Central Bank, which only had a price stability mandate.This has been strongly contested by Prof. Alan Blinder of the Princeton University, who felt that all the three involved central banks have performed reasonably well, under the circumstances, which needed improvisations that can rarely be perfect.

It may be pertinent, at this stage, to recapitulate Dr. Rakesh Mohan’s observations at Beijing in 2005, that there are too many apparent puzzles in the behaviour of markets (even at this pre-crises stage) that it is doubtful whether traditional monetary prescriptions, such as interest rates, will work without direct macro-prudential regulation. It would therefore seem that the effectiveness of the supervisory performance lies in the commitment to implement the regulations in the best interests of the system, regardless of the location and nomenclature of regulatory authority.

Reliance on market discipline has been an increasingly sought-after tool in the last 15 years, which are characterized by the widening and sophistication of the investors. It is also the third pillar of Basel II. It is generally agreed that market discipline is a good supplement to regulatory prescriptions and supervisory actions (Pillar I and Pillar II). However, theorists like Barth, Caprio and Levine believe that supervisory mechanisms of governments only serve political and other vested interests, and that private monitoring, through market information and corrective actions, meets the objective of regulation best. In fact, in a paper brought out at a seminar some months before publication of their book, the authors discussed the findings from their empirical study, which suggested that private monitoring is very low in the relatively low-income countries, emerging economies and offshore financial centers, while being high in developed economies. While this may be true, the massive amount of misinformation and infraction which has been subsequently observed in the advanced economies casts doubts on relying upon market discipline as an effective tool of regulation, at least for some time to come. For the establishment of primacy of market discipline, robustness not only in the form of a documentary framework, but also in that of an enforceable mechanism, through legal and accounting standards, valuation methods and corporate governance systems, is a condition precedent. In the present environment, the role of market discipline may therefore have to be accepted as a supplement, albeit a very valuable one, to a strong structure of bank regulation.

The proposed transition from Rule Based Regulation (RBR) to Principle Based Regulation (PBR) is also an engaging issue of recent times. PBR focused on the outcomes which regulators wish to be achieved, as opposed to the prescriptive framework of RBR. The FSA in U.K. has pioneered the shift from RBR to PBR by identifying Eleven Principles of business, and 9 strategic aims and indicators. However, it has not achieved mutual exclusivity, as it continues to rely on 8000 pages of rules and prescriptive processes.

Proponents of PBR find it more enduring in a dynamic environment where rules have to be changed constantly. However, opponents point out that it is well intended but difficult to administer, besides being subject to misuse, in view of its uncertainties and ambiguities. Lord Turner's recent review and FSA's consequent Discussion Paper (DP) also look back at the intellectual assumptions of the previous regulatory approach having been challenged, and propose to deliver 'intensive supervision' through a 'Supervisory Enhancement Programme '. However, the DP reiterates that its approach to supervision remains fundamentally based on quality and not quantity, and its regulatory philosophy continues to be 'outcomes focused', but that a re-articulation of this approach, drawing upon the lessons of the global credit crisis, will help address the challenges ahead better.

Opinions have been recently expressed that this review of the regulatory approach in U.K. is both a vindication of the Indian adherence to RBR, and a reversal of PBR in U.K. In reality, RBI's balanced view, as articulated by the then Dr. Governor at his BANCON address in November 2007, is that every country's regulations have elements of both RBR and PBR, that Basel-II has elements of both RBR (Pillar-I) and PBR (Pillar-II), and that the two approaches can very well co-exist.

The regulation of 'Financial Conglomerates' (FC) is another issue of focus in recent times. This concept has evolved from the term 'Universal Bank', which in a generic sense, is a banking entity that offers other services as well, such as securities and insurance, either through a single corporate structure or through subsidiaries. The latter structure is followed by U.K., India, some European countries and some emerging economies. On the other hand, U.S. and Japan have adopted a holding company structure, which comprises a number of subsidiaries of which a banking subsidiary could be one. A move to a holding company structure has been mooted by leading banks in India (SBI, ICICI) in order to create more capacity to raise capital, but has not been accepted by RBI. Recent reports indicate that the matter is still under examination by RBI, with RBI being proposed as the lead regulator, (based on the umbrella regulator concept of U.S.), and SEBI and IRDA and being other members.

Indian banking entities have, either as their business divisions, or as subsidiaries, businesses such as merchant banking, mutual fund, primary dealership, factoring, life insurance and general insurance. More new businesses are emerging, such as pension management and custodial services. As possibilities of risks, particularly operational and market risks to the to the parent bank from these non-banking subsidiaries began to get enlarged, RBI mandated in 2000 that the parent bank should consolidate all the subsidiaries and submit financial statements. The three major supervisions viz. RBI, SEBI and IRDA also established a special monitoring system for systematically important financial intermediaries, with a three-Tier monitoring comprising (i) offsite surveillance through quarterly returns (ii) periodic reviews by a technical committee with members from all the regulators and (iii) half yearly discussions with the CMDs/CEOs of the FC/subsidiaries, with focus on intragroup exposures, and financial and nonfinancial linkages among the group entities. Prudential regulations on this subject are expected to be issued soon.

Recognition of the interdependence of national financial systems and convergence of regulatory interests has also generated thinking about a world super regulator. However, this concept has not gained strength, mainly because of the apprehensions that it would impinge upon the sovereignty of individual nations. The recent global financial crisis has however brought home the increasing need for participative collaboration. It may also appear that the quantitative ‘one size fits all’ type of prescriptions of Basel II, Pillar-I may have to be viewed only as minimum benchmarks, and the accent has to be more qualitative aspects. In short, the issues of regulation may have to be addressed nationally, but their global implications will have to be invariably kept in mind.

CONCLUSION

William Buiter’s exposition of the role of the central bank concludes wishfully that an ideal central bank would have combined the moral hazard concern of the Bank of England, the enabling room of the European Central bank and the institution-specific knowledge of the Federal Reserve.

Lamentably, this is not likely to happen in a world that is run neither by Angles, as hypothesized by James Madison, nor by central banks, as desired by Harno Mayekawa. The Financial Stability Forum (FSF), the predecessor of the Proposed Financial Stability Board (FSB) brought out a set of actions, aligned to global best practices which include (i) strengthened oversight of capital, liquidity and risk management (ii) enhanced transparency in valuations (iii) changes in the role and uses of credit ratings (iv) strengthening the concerned authorities' responsiveness to risks and (v) robust arrangements for dealing with stress in the financial system.

It is earnestly hoped that the FSB will function as a representative world body. Both in form and content. The kindling of this hope has arisen in the G-20 making the poor countries its focus, the role of the IMF central in the process of resurrection of the world, and the FSB serving as the conscience keeper and the whistle blower for the IMF. G-20 also provides tremendous relief to the regulators from the proposed actions to regulate all systematically important institutions, and the signals to end bank secrecy, tax havens, and shadow banking. The structure that has to be built across the world for growth balanced with stability, would have to be necessarily sensitive to national interests, and should therefore have a carefully crafted global coordinator, and not a super-regulator. It would therefore appear a bit premature to draw up a list of specific regulatory prescriptions or supervisory actions common to all; in fact, Basel guidelines have suffered to some extent on this score. However, in order to have a flavour of an emerging regulatory direction across the world, two sets of probable action forecasts are attempted below (a) in terms of CAMELS criteria, the generally accepted parameters of supervisory evaluation and (b) in terms of the major concerns currently envisaged, the risks perceived in them and the possible measures of mitigation that could be taken.

In terms of the CAMELS standards, we may see,

(i) A stronger regulatory bias towards Tier I capital, with a built-in flexibility of increasing it through early proactive steps, when warning signals of a downturn emerge. The rationale is that the advantages to the system of a higher capacity to absorb default risks outweigh the higher costs, which may have to be passed on either to the bank customers or the shareholders.

(ii) Asset quality improvements being guided by the principle of "do your own homework", instead of outsourcing individual credit appraisals, exclusively or substantially to rating agencies, as the latter's resources can only be adequate for an overall health perception at the level of an institution or a portfolio. This would call for a serious rethinking on the Basel-II led guidelines.

(iii) Managements being more focused on risk management, and on the safety of the institution's internal and external linkages, involving all its stakeholders. This could be an important criterion for variable pay and incentives, which are presently aligned largely to quantitative targets.

(iv) Earning being moderated, but more stable and transparent, emanating from transactions, which are based on more understandable underlying assumptions. The systematically important institutions, with accent on countercyclical risk handling, may disclose shifting their focus to longer term objectives, instead of the currently fashionable quarterly results.

(v) Liquidity, like capital adequacy, being primarily an index of public faith, with risk mitigation taking precedence over optimization of resources and pricing, and

(vi) Systems and procedures being redesigned on the premise that "no one is too big to fail".

While there can be no dearth of corrective prescriptions, it is difficult to set up an international platform to manage them, as they have to be aligned to national policies and actions. It is well known that, ultimately, regulation can only be as good as its implementation. The earlier tendency was to believe that it was the undisciplined lot of developing countries which caused infractions. The recent financial crisis has brought out that profligacy, and not poverty, is the overwhelming reason for the failure of market discipline, thus signifying a revolution in regulatory history and thinking.

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BOTTOMS – UP STRUCTURING OF E-GOVERNANCE IN INDIA

Dr. Umaid Raj Tater
Assistant Professor
Department of Business Administration
Faculty of Commerce & Management Studies
Jai NarainVyas University, Jodhpur

Background:

The effective functioning of governance is the prime concern of every citizen of the country. Our countrymen are more than willing to impart with their resources for availing good services offered by the government, but with condition of a transparent, accountable and intelligible governance system absolutely free from bias and prejudices.
In this energetic 21st Century when India as a nation is progressively marching towards consistent achievements and prosperity, an urgent need is felt to reformulate our national strategy to accord primacy to the citizen centric services thereby restoring good governance in the country.

Platform for E-Governance:

As we have consistently seen and felt especially in case of developed nations, when the state/nation machineries become more efficient and accountable the citizens can enjoy higher per capita income, wide spread literacy, adequate health facilities, curb on corruption, cementing economy and a multiplicity of such benefits.
Based on all these facts platform for E-Governance was prepared. 'E-Governance' became a key phrase in the Indian State's efforts to provide a facelift to its administrative machinery in late 1990s. Since a long time India has been gearing for 'e-governance' as part of the structural adjustment strategies dictated to place it among world's leading nations.

E-Governance Scenario in India:

With the establishment of Ministry of Information & Technology, the State/Central governments have been shaving substantial interest in using IT for achieving various objectives. The surge in the number of e-governance projects since 1999 signifies the understanding by State/Central government of undertaking e-governance initiatives. A few of e-governance projects are listed below:

1. National E-Governance Action Plan (2003).
2. LokMitra Project (Himachal Pradesh).
3. Gyandoot launched in Madhya Pradesh (1 January 2000).
4. Akashganga Project for facilitating rural milk producers in Gujarat.
5. Friends Project in Kerala.
6. Kisan Call Centers (KCC) launched on April 2002.
7. Project Drishtee.
8. Smart Governance (Smartgov) in Andhra Pradesh.
9. Project “Bhoomi” in Karnataka.
10. Tata Kisan Kendra (TKK).

Implementing E-Governance Strategies in India:

1. **Creating Technical Infrastructure/Framework across India**: India lacks a full-fledged ICT framework for implementation of e-governance. Complete implementation of E-governance in India will include building technical Hardware and Software infrastructure. It will also include better and faster connectivity options. Newer connectivity options will include faster Broadband connections and faster wireless networks such as 3G and 4G. The infrastructure must be built by Government, Private Sector as well as individuals. Infrastructure will also include promotion of Internet Cafes, Information and Interactive Kiosks. However, while building technical infrastructure, disabled persons must also be considered. The technology implemented, shall incorporate the disabled persons.

2. **Making Institutional Capacity:** Apart from building technical infrastructure, the Government needs to build its institutional capacity. This will include training of Government employees, appointment of experts. Along with the Government has also to create an Expert database for better utilization of intellectual resources with it. Apart from this, the Government has to equip the departments with hi-technology and has also to set-up special investigating agency.

3. **Legal Infrastructure Building:** For better implementation of e-governance, the Government will need to frame laws which will fully incorporate the established as well as emerging technology. Changing technology has changed many pre-established notions; similarly the technology is growing and changing rapidly. It is important, that the Government makes laws which incorporate the current technology and has enough space to incorporate the changing future technology. These IT laws need to be flexible to adjust with the rapidly changing technology. India has also modified many laws to include electronic technology, however it is not sufficient to cover e-governance completely.

4. **Setting Judicial Infrastructure:** Overall technological awareness in current Judges in very low. The judiciary as a whole needs to be trained in new technology, its benefits and drawbacks and the various usages. The judiciary may alternatively appoint new judges with new judges and setup special courts to deal with the matters relating to ICT. The Government can also setup special tribunals to deal with matters relating with ICT.

5. **Availing Information Online:** The Government has to publish all the information online through websites. This can be facilitated through centralized storage of information, localization of content and content management. The information of government is public information, therefore, the citizens are entitled to know every piece of information of the Government, because the Government is of the People, by the People and for the People.

6. **E-Governance Popularisation:** Literacy percentage in India is threatening. The whole world is moving towards e-governance, but India still lacks in the literacy sector. The people need to be educated and made e-literate for e-governance to flourish. There are very few e-literate people in India. The Government needs to campaign for e-governance, increase people's awareness towards e-governance. This can be done through educating the people about the advantages of e-governance over physical governance. This can also be done through raising awareness of the leaders who can motivate the people to go online.

7. **Cementing State-Centre Partnerships:** Indian setup is quasi-federal. Therefore, Centre-State and inter-state cooperation is necessary for smooth functioning of the democratic process. This cooperation is also necessary for successful implementation of e-governance. This cooperation shall extend to Centre-State, inter-state and inter-department relationships. For the same the Government can setup a Central Hub like the current Government of India portal, for accessing the information of all the organs of the central government and also all the state government. The states can cooperate with the Centre to create a National Citizen Database.

8. **Setting Standards:** Finally it is important to set various standards to bring e-governance to the quality and performance level of private corporate sector. The Government of India is currently working on standards management and had various drafts prepared for the same. These standards include following: Inter-operability standards, Security standards, Technical standards, Quality standards. Government websites in India currently have no uniform standard. Many Government of Maharashtra websites differ in standards within even two of its webpages. There is no set standard as to quality of the information, document, the formats, etc. It is very important for the Government to set uniform national standards to be followed by all the Governments and agencies.

Stages for Implementing E-Governance:

Step I: Emergence

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Step II: Enhancement

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Step III: Inter-activeness

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Step IV: Transactional

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Step V: Networking

Chart 1: Steps for Implementing E-Governance in India

The following steps (See Chart 1) for implementing E-Governance in India are being described below:

1. **Emergence:** The step I i.e. Emerging presence considers online availability of limited and basic information. A basic online presence of an e-government involves an official website and few webpages. Links to ministries and departments of Central Government, regional/local Government may or may not be available. The website at this stage may also have some archived information such as the head of states' messages or the constitution. However at this stage most of the information remains static without there being any options for citizens.

2. **Enhancement:** The step II provides Enhanced presence of the Government online. At this stage the Government provides more public information resources such as policies of the Government, laws, regulations, reports, newsletters. This may also be downloadable at this stage. This stage may allow users to search the information within the documents available online. A help and a sitemap feature may also be provided on the website to make navigation of the website simpler. At this stage though there are more number of documents available online, the navigation of the website is still not sophisticated and is unidirectional. There are no interactivity at this stage as the information is only flowing towards the citizens rather than also from citizens to Government.

3. **Interaction:** The step III of Interactive presence considers Governments to initiate interactivity in their websites. It involves availability of online services of the government to enhance convenience of the consumer. This will include downloadable forms and applications for payment of bills, taxes and renewal of licenses. Government websites at this stage would have audio and video capability to increase the interactivity with the citizens. At this stage the government officials would be able contacted via email, fax, telephone and post. The website would be updated regularly to keep the information current and up to date for the public.

4. **Transactional:** The step IV i.e. Transactional presence of e-governance allows two-way interaction between the citizens and Government. It includes options such as paying taxes, applying for ID cards, birth certificates, passports, license renewals and other similar C2G interactions by allowing the citizens to submit forms and applications online 24/7. The citizens at this stage will be able to pay for relevant public services, such as motor vehicle violation, taxes, fees for postal services through their credit, bank or debit card. Providers of goods and services are able to bid online for public contacts via source links.

5. **Networking:** The step V is 'Networked Presence' which represents the most sophisticated level in the online e-government initiatives. It can be characterized by an integration of G2G, G2C and C2G interactions. The government at this stage encourages citizen participation, online participatory decision-making and is willing and able to involve the society in a two-way open dialogue. Through interactive features such as the web comment form, and innovative online consultation mechanisms, the government will actively solicits citizens' views on public policy, law making, and democratic participatory decision making. At this stage of e-governance the integration of the public sector agencies with full cooperation and understanding of the concept of collective decision-making, participatory democracy and citizen empowerment as a democratic right, is initiated.

Conclusion:

The E-Governance efforts have been taken up in right earnest by launching a number of initiatives both at the State/Central level. The government is expected to make sincere efforts to complete the daunting and uphill task of efficient and effective e-government programs by –

- Understanding citizen demands for transparent e-governance.
- Establishing e-rapport between different government ministries and departments.
- Making IT facilities available to people in their local tongue.
- Mobilize more resources for upcoming projects.

Last but not least government must make all sincere efforts for security and privacy concerns. Providing E-governance efforts through nation is a big task and needs patience and careful planning. I pray for success of e-governance projects in India at the earliest so that all our citizens can reap the dividends of IT revolution and stand at par with citizens of developed nations.

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ACCOUNTING THE SOUL OF BUSINESS PRESENTATION

Mr.Yashpal Meena
Assistant Professor
Department of Accounting, FCMS
Jai NarainVyas University, Jodhpur

ABSTRACT

Accounting is the language of business. Information on various business activities and therefore the result thereof, e.g. fund position, operational activities and results, assets, liabilities, capital, income and expenses, etc. are communicated through accounting medium to the users of those information. A mercantilism, regardless of how small, needs a good accounting to sustain and establish its long run operational and financial goals. With a decent method of accounting operational the enterprise can manage the cash inflows and outflows, can forecast revenues and pay bills, can measure the values of the assets and therefore the worth of the business and may generate reports to own access to the capital/debt market. With the globalization of business, the scale of business organization is growing together with increase in the volume of business transactions. These require higher amount of investment in the variety of equity and debt capital. There are many opportunities with new problems before the business organisation. They need to require decisions with certain degree of precision to reap the good thing about the opportunities and to beat the issues.

Accounting plays a vital role to formulate proper policies and to require informed decision. In the modern technology based and knowledge backed-up competitive business world, quick and reliable availability of data may be a pre-condition for achievement of business. Small business firms, such as, sole proprietorship and partnership business enterprises engaged in wholesale and retail business don't prepare financial reports within the type of annual reports to disseminate information to the external users generally. It's generally found that almost all of those small business firms are restricted to the upkeep of money book and various ledgers. They also prepare trading account, profit and loss account and record at the top of the financial/accounting year and submit these to numerous tax authorities and financial institutions for meeting taxation

requirement and continuations of finance facilities respectively. It's also true that the values of assets, liabilities and profits could also be influenced by changing accounting methods and principles. While preparing these financial statements by these small enterprises least importance is paid to the appliance of 'Generally Accepted Accounting Principle' (GAAP) which is the basic framework for preparing financial accounts. This Article makes an attempt to focus totally on the system of maintaining books of accounts, application of GAAP and revenue recognition and also the problems faced by the Enterprises in accounting related matter, especially visible of changed environment.

KEYWORDS:-Accounting, Information, Financing, Operating Activities, Financial Institutions.

INTRODUCTION

In the past, accounting was limited to book keeping only but now its scope has been widened to incorporate other activities, like tax accounting, accounting, management accounting, social accounting, green accounting etc. Accounting has also its influence on business planning and forecasting through analysis of monetary statement. Progress and prosperity of business depend on the adoption of proper accounting practices. But most of the tiny business firms, engaged in trading activities, don't give proper attention towards accounting of their business transactions. They sometimes concentrate more on selling and buying activities of their products and don't seem to be serious on maintaining proper books and accounts. Because the business world is incredibly competitive and therefore the cost of running a business goes up, the business entities should improve their financial performance by regular supervision and monitoring.

Measurement of the results of business activities are done by preparing balance, trading account, profit and loss account and record. Again these accounting information, are to be communicated to the tax authorities, banks or financial institutions, insurance companies, suppliers of products etc. The operation of business became more complex over the years, accordingly accounting has also developed new concepts and techniques which are applied to satisfy the ever increasing needs for financial information.

WHAT IS ACCOUNTING

A business entity performs number of activities. These activities could also be classified as primary or main activities and auxiliary or supplementary activities. The most activities could also be in the kind of manufacture, sale and purchases of products or rendering services. The auxiliary activities are recording of transactions, receiving and payment of money, submission of tax returns and statutory compliance etc. the last word motive of carrying on such activities is to earn profit. The existence and continuation of a business depends on its ability to earn profit. Every business is, therefore, interested to seek out out the quantity of profit earned (or loss incurred) during a selected period. For the aim of ascertaining the number of profit earned (or loss incurred), an entire and systematic record of business transactions are required to be maintained. Accounting may be a synthetic activity which has evolved over a period of your time. It's a scientific exercise carried on for the aim of recording, summarising and interpreting the results for the users of the knowledge.

Accounting helps a business in having an entire and systematic record of its business transactions, reporting the results of its operation and interpreting such results for the aim of effective control of future operations or activities. Accounting could be a process which follows some prescribed rules and steps to record the daily business transactions so as to induce the results thereof. As and when a transaction takes place within the business, the effect of that transaction is put to accounting process and recorded within the proper books of accounts. Record keeping during a concern means to retain records of all necessary information altogether aspects associated with the business activities.Such business activities may include Purchases of products and services and consumables, Sales of products and services, Payment received from the debtors, Payment made to the suppliers, Purchase and sale of assets, Taking of loans and settlement thereof, Payment to the staff, Payment for other activities associated with the business like rent, hire charge, electricity and other operating expenses. This can be not in the slightest degree exhaustive list.

There are also various sorts of items which require systematic recording in proper books of accounts. a scientific record keeping procedure also ensures proper preservation for evidential purposes, accurate and timely availability of all required data. It also facilitates control over the activities of the organisation by the correct authorities. Each and each business organisation invariably shall keep separate accounts for the business. Just in case of company sort of organisations there's separation of ownership from the management, that the problem of keeping separate accounts for the corporate won't arise. This can be however not the case in sole proprietorship and partnerships.

BOOKS OF ACCOUNTS

Books of accounts in reference to a firm mean the books within which the business transactions are recorded. These include journals, ledgers, cash books and other classified records. These books of accounts of a concern represent the financial memory of the corporate, and are important document for performance measurement, continuity, higher cognitive process, and control functions. Business firms are required to keep up proper books of accounts under various legislations, like revenue enhancement, Companies Act, GST etc.

Proper books of account are such books as will enable another merchant, a creditor of the insolvent as an example, to determine the financial status of his debtors. The books of account of a merchant or trader kept in such a way, that any competent person, by an examination of them, could ascertain and determine the real condition of his affairs; and if they be so kept, though imperfect, inartistic, and inaccurate in unimportant particulars, they're going to be treated as proper books of account.

PROBLEMS IN ACCOUNTING PRACTICE

Problems are integral a part of any activity. Running a business also entails many problems. All sorts of business enterprises, whether big or small, face various sorts of problems from the beginning of the business. Growth of business depends to a good extent, upon how these problems are resolved. The most focus is going to be on problems referring to accounting practice.

1. **Problem relating to Accounting Period:**In India customs and rituals have their own influence on accounting period concept for business. The centuries old Bengali and Assamese New year's celebration include a vital tradition, i.e. opening the 'Halkhata", which suggests, a replacement ledger book for the

start period of the business. Things haven't been changed within the span of several generations and consistent with many of the owners of the sample enterprises, the opening of halkhata is a vital day for them. The ledger book is to be commenced through worship and prayer. On the opposite hand all sample business enterprises follow twelvemonth, i.e., 1st April to 31st March, because the accounting year for reporting to GST and other tax authorities and to the financial institutions, if any loan is taken. During field visit it's reported by some owners of business firms that though ledger book is to be commenced through worship and prayer on the day of halkhata, for all practical purpose they follow 1st April to 31st March because the official accounting year. This is often because they're compelled to file returns as per the foundations under various tax authorities.

2. **Problems in understanding accounting intricacies:**Another problem faced by the sample business enterprises is that a number of them don't know the accounting language and intricacies associated with the upkeep of accurate financial information. Field survey reveals that out of a complete of 100 samples, only 86 percent have accounting knowledge and remaining 14 percent don't have accounting knowledge. On enquiry it's been found that they are doing not possess adequate accounting knowledge to take care of books of accounts and preparation of ultimate accounts and statements. Most of them don't have a transparent concept on bookkeeping book keeping and therefore the meaning of debit and credit. They are doing not know the concept of revenue and capital items. They also lack a transparent concept of money basis and method of accounting.They are furnished with formats of Profit and loss account and record by the regulating agencies and that they take help from other persons to arrange these statements. It’s also expressed by some respondents that they shall take training on ‘how to take care of accounts?’ Since everything is proceeding appropriately, and no objection is received from the GST

and other authorities, all of those respondents are complacent with this status of labor.

3. **Knowledge of computerised accounting:**The study reveals that none of the sample respondents maintain accounts only on manual basis. Out of the whole of 100 respondents, 34 percent maintain accounts only through computerised system and 66 percent use both manual and computerised accounting. On a median only five percent of sample business entities maintain their accounts themselves, while just in case of seventy five percent entities accounts are maintained by the workers. However, just in case of the remainder fifth it's found that accounts are maintained by both owners and employees. It’s reported by a number of these respondents that though they know handling of computer, they are doing not know computerised method of accounting. Most of the respondents express their desire to understand computerised accounting, but because of time constraints and lethargy to handle computer, the work is left either to the workers or they take hired services for the aim of accounting.

4. **Problem related to Valuation of stock:**Problem in valuation of stock is usually reported by the dealers in grocery items. Since the costs of grocery items fluctuate frequently, it becomes very difficult to seek out out the overall value of all the things on a selected date. Only a few respondents have the knowledge of pricing methods of stock, viz., FIFO, LIFO etc. But interestingly all of the respondents show current stock position as per legal requirements and also show the worth of stock in hand within the record and within the statements furnished to the tax authorities, banks and insurance companies. These respondents calculate the values of stock from their cost records without applying any of generally accepted methods, viz., FIFO, LIFO etc. During field survey the researcher realises that they're considerably cost conscious while displaying their stock position in terms of quantity and price, carry over from earlier day and also the present position as on the reporting date.

5. **Problems related to Revenue Recognition:** Another important problem observed during the study is said to Revenue Recognition. In most of the cases accrued incomes aren't recognised as income for the amount under review, whereas rent payable is treated as expense of the concerned month and year for the reporting period. Purchase of a calculator for office use is accounted for as an asset by a number of the business entities while some others has treated it as an office expense. It's reported by some business entities that if goods are taken by the owner/s for private or household consumption, they are doing not record such amount of products taken in the books of account as their drawings. The researcher therefore feels that stocks depleted in the business for personal consumption isn't recognized as a drawings and hence not recorded. This practice reinforces the inseparability of firm from the owner. It's not considered material whether stock of products is lying within business or taken out of business for self consumption.

CONCLUSION

Maintenance of proper books of accounts is one among the first requirements of any commercial enterprise, irrespective of how small. With a good accounting system the enterprise can manage the cash inflows and outflows, can forecast revenues and pay bills, can measure the values of the assets and also the worth of the business and may generate reports to own access to the capital/debt market. There are many opportunities with new problems before the business firms. They need to require decisions with certain degree of precision to reap the good thing about the opportunities and to beat the issues. Accounting plays a very important role to formulate proper policies and to require informed decision. As activity the importance of accounting on the one hand, and trading or manufacturing or marketing on the opposite, isn't comparable.

Accounting is taken into account as a supporting activity for the success of a business entity. In the modern technology based economy and competitive business world, quick and reliable availability of data may be a pre-condition for achievement of business and this information could also be obtained from accounting. Accounting practices play an important role in ascertaining overall results of the business. The factors like globalization of business, growth in commission sector and increase in population have pushed up the demand for goods and services, size of business firms and naturally there has been increase within the volume of business transactions.

On the opposite hand, these have created demand for higher amount of investment within the sort of equity and debt capital. The final word impact of these aforesaid factors is reflected in financial statements. Preparation of true and fair financial statements is impossible if proper accounting isn't developed within the commercial enterprise.

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EXPERIENTIAL MARKETING MANAGEMENT IN INDIA

Dr. Ashok kumar
Assistant professor
Deptt. of Business Administration, FCMS
Jai Narain Vyas University, Jodhpur (Raj.)

Dr. Asha Rathi
Assistant professor
Deptt. of Business Administration, FCMS
Jai Narain Vyas University, Jodhpur (Raj.)

ABSTRACT

Traditional marketing communication channels aren't sufficient to influence this day's consumers. Nowadays buyers have developed experience attitude towards the choice of products and services. There's a requirement of such a marketing strategy which have a bearing on each and every aspect of consumer behaviour. Innovative and inventive marketing communication channels are required to attach target market with brand and to develop in and of itself relationship that makes brand loyalty and evangelists. To form the consumers as brand evangelist marketers start that specializes in experiential marketing. Hence experiential marketing was born out of the evolution and a shift in consumer focus and want. It provides management with a solid basis for managing innovative processes, so as to maximize co-creation and contribute to the event of the company's innovative capacity.

Experiential marketing will be used for product differentiation, building brand image, to induce trial based consumption that ends up in consumer loyalty etc. Experiential marketers are converting their consumers from shoppers (who will be disloyal from time to time and promiscuous with their choice of brands) into brand advocates who orate the brand traits or crux or features to their reference groups (i.e., friends, families, contemporaries and communities). These brand advocates are building brands at the speed of sunshine. They're not only communicating messages that traditional marketing could likewise do, but are creating something unique: an individual recommendation. This golden brand bond is priceless. Experiential marketing creates brand awareness, emotional link,

brand image, direct choice and eventually stimulate purchase. It's the way for the brand to realize market acceptance by the event of positive brand perception in consumers mind.

It's the tool that produces product/service enjoyable, exciting, stimulating, and acceptable by adding multi-sensory effect. It engage customers with the merchandise through live brand experience and differentiates the merchandise from the competitor's product/service and provides a memorable and compelling experience that makes brand loyalty among the last word consumers. Customer experience management is defined on the premise of 5 different levels: rational, emotional, sensory, physical and spiritual experiences.

KEYWORDS:- Marketing**,** Experimental, Transformation, Consumer, Stimulating, Development, Experience.

INTRODUCTION

Traditional marketing has been changed with a replacement approach to marketing called Experiential Marketing. Experiential marketing is additionally called "engagement marketing," "event marketing", "participation marketing," or "live marketing". It's a form of marketing strategy that involves customers directly and inspires them to participate within the development of a brand. This transformation is showing no transformation of slowing down; more and more marketers are moving towards creating experiences for his or her customers. Therefore experience is a necessary element of a today's customer.

Experiential marketing plays a vital role in influencing customer behavior and creates a sense of satisfaction and dependable base. Thus it's an awfully important concept to check. The concept to experiential marketing are sometime too diffused and unlinked in order that they not only create strategic issues but it also create organizational issues ,issues associated with corporate branding, new products, brand extension, time factor ,cost factor and plenty of more are affecting. Experiential marketing is commonly seen as working only on external factors – improving the worth that customers get. But there has got to be similar in consideration for the worker experience. There's very limited work tired India due to lack of creation of rational experiential approach meant for consumer in absence of understanding of emotions. Only a few organizations are practicing the concept. Experiential marketing is about choosing customers, selling your dreams but here dreams aren't a product it's about experience. It allows customer to settle on and review the service or product not only supported its features, but consistent with their preference, interest by experiencing that product or service.

EXPERIENCE

The notion experience as an idea and empirical phenomenon isn't as established as other consumer and marketing concepts, like choice, attitudes, perception, purchase decision, consumer behaviour, consumer satisfaction, brand image, brand loyalty and brand equity. Despite the frequent use by scholars of the term ‘experience’, its definitions within the literature tend to target different elements like Consumption Experience, Extraordinary Experience, Experience Movement, the Experience Economy, and Meaningful Experience etc. That frames the lexicon of experience. It’s quite similar because the ‘takeaway’ impression, through which people’s encounter with products, services, and business which consolidate sensory information. Experience is the main element of future marketing. It’s all about consumer perceptions, feelings, thoughts and memories a couple of product or service, that always remains the foremost concern for the marketers.

EXPERIENCE MARKETING

Experiences are positive, negative and indifferent, regardless of the shape its takes, automatically get shared via word of mouth spread faster than the other advertisement tool. The marketers are attentive to WOM experience sharing always have an impression on new consumer purchase decision, and therefore the product providing positive experience get its marketing by those consumer itself who actually used it. So as to style micro experiences, focus must be there to style strategy for every and each touch point. Experience marketing may be a unique approach that integrates elements of emotions, logics and general thought processes to attach with the patron (Pine and Gilmore, 1998). Pine and Gilmore (1999) introduced experience economy because the next economy followed by service economy.

EXPERIENTIAL MARKETING

Various scholars have defined the notion of experiential marketing. Experiential Marketing could be a two way communication process that identify and satisfy customer needs and desires, profitably, and produce brand personalities to life and adding value to the target market.

Two-way communication and interactive engagement is the key to make memorable experiences that drive word-of-mouth, and transform consumers into brand advocates and brand evangelists. Shaz Smilansky (2009) designed a scientific, and brainstorming better model (having six dimension: brand personality, emotional connection, target market, two-way interaction, exponential element and reach) to grasp the term experiential marketing easily brand personality reflected through brand specifications and attributes, brand consciousness aroused through emotional connection, audience focused on having proper of audience, two way interaction highlighted the importance of listening and so responding target market queries, the exponential element focused on sharing one's experience with remainder of the globe, and therefore the last reach explained the ability of satisfied audience reflected through brand evangelism behavior.

There's a spot between traditional and EXM approaches, and located that traditional approach focuses on product functionality, superiority, categories and encompasses a mechanical standpoint towards consumers "Stimulus-Reaction". Whereas EXM is totally customer experience oriented marketing which considered consumer as an emotional and rational thinker. He concludes that EXM includes far more than sensual and rational perceptions and, it's the sort of experience that produces the consumers to be engaged with product physically, spiritually, emotionally, mentally and socially.

SCOPE OF EXPERIENTIAL MARKETING

Experience marketing may be a strategic and broader term than experiential marketing (EXM). It also proposed conceptual model of Experience marketing. The main focus in experience marketing is on experiences and therefore the value co-creation through the intentional involvement of customer with brand. Value co-creation because the experience of a selected customer involved in a very unique context, the identical individual may have different experiences under different circumstances, which therefore can't be determined a priori.

The co-creation valuable would create new experiences, during which experience marketing would supply fundamental source of competitive advantage. So as to enhance customer experiences focus must be there to develop strategies associated with different experience provider elements. There are six experience providers elements- market communication channels (i.e., advertising, public relation etc.), product presence (i.e., product look, style, personality traits, packaging etc.), co-branding, spatial environment (i.e., corporate house design and sale outlets), websites, and folks (i.e., sale person).

CHARACTERISTICS OF EXPERIENTIAL MARKETING

1. **Sensory Involvement:** Experiential marketing involves its customer to the merchandise or service supported five sense analytical abilities: Opportunity to taste, to smell, to touch, to see, and to listen to. Once through a live event or the other activity multi sensory engagement of consumers with brand established, it always leads to deep sense of association with the brand.
2. **Emotional and Rational Customer:** Intentionally designed experiential events or strategies make the customer emotional for the merchandise and therefore the service offerings. Further rational consumers seek answer of their queries logically, in order that they'll depend upon the merchandise and repair offering.
3. **Behavioral Involvement:** Experiential marketing modify participant's behaviour. Behaviour modification is that the outcome of interaction between customers and therefore the brand therefore experiential event or strategy must be intentionally designed to vary one's behavior. It depends on the satisfaction level generated through interaction. Fully satisfied customers start behaving like brand evangelists and that they have a sway on others doings.
4. **Cognitive and Relational Involvement:** At the time of consumption of a product or service, judgmental process began to logically interpret the consumption outcomes. Persons started relating their experiences with any of the previous brand or product employed in the past. It's process of linking one kind of experience with the opposite.
5. **Holistic Consumption Experience:** It's the consumption experience staring from the data search process followed by the sequence of activities to satisfy a desire or want and ends with its aftermath result. A holistic consumption experience is the outcome of interaction with all the touch points and also the occurrence of change in one's perception or consumption pattern.

A survey revealed that the bulk of marketers believed "experiential marketing builds customer relationships for the future. we are able to use experiential marketing to create relationships, to boost awareness, to extend loyalty, to determine relevance, to Encourage interaction and products trial, to make memories, to Stimulate positive word of mouth, to vary the mind of dissatisfied customers, to form product desire, to verify the audience, to extend return on marketing investment, stimulate purchase, to guide preferences, to develop positive perception etc.

OBJECTIVES OF EXPERIENTIAL MARKETING

1) **Relationship Build up and Loyalty Formation:** Experiential marketing main objective is to form brand image in customer mind by satisfying the customer's expectations in the desired manner. Satisfied customers gradually become the loyal customers and dependable customer started sharing their experiences with others. Once the customer feel united with the brand, this relationship can further be strengthen by various rewards based strategies to own long lasting relationship.
2) **Stimulus Interaction and Memory Formation:** The second objective of Experiential Marketing (EXM) is the interaction of the customer with the known stimulus and to style the response within the desired manner so it leads to the formation of memory which will further be re-used for any future course of action.
3) **Promote Trails and Spread Awareness:** The third objective of EXM is to push products or services awareness through some live events or trial based promotional programs.
4) **Target Audience Verification:** Experiential marketing may be a two way communication process, where the interaction takes place between the customer and also the brand, entire focus must be there on the co-creation of the experience by taking firm on one side and therefore the customer on other end to achieve the utmost benefit. Target market identification plays a significant role there.

Therefore the focus of experiential marketing is to create meaningful relationship in between the customer and the brand, promote trails, spread awareness, stimulus and response identification and memory formation.

STRATEGIC ISSUES IN IMPLEMENTING EXPERIENTIAL

Marketing Experiential ; marketing should develop in a very different way and provides a positive experience on the mind of customer. Experiential marketing knows the brand requirement and understand customer need but problems comes when it's not executed properly. If experiential marketing isn't implemented with planning it can create many issues related to: • Time issue • specializing in SEM • Target right customer group • High cost involvement issues • New product issue • Corporate branding • Organizational issue • Brand extension issues Most companies initially generate impoverished Experiential Marketing strategies they use an approach that's generally diffused and simplified .

Some companies are specializing in either one variety of experience only or using multiple yet unconnected. Sometime Experiential Marketing requires high cost involvement. Cost involved is simply too high for a company to recover in brief time. No fixed period is determined that experiential marketing will be applied. It requires to be followed for an extended period. If not continued, it's going to not have the specified impact and results will vary on negative side from expected results. A firm with high resource backing could also be ready to sustain better in competition.

CONCLUSION

The lack of research about the results of experiential marketing on consumers and therefore the interest for the subject led the author to develop this research so as to research the impact of an experiential marketing event (The Innocent Village Fete) within the customers' perception of the brand's essence. In reviewing the concepts and theories of experiential marketing and branding, and through research of secondary data it absolutely was possible to make the essence of Innocent brand, which relies on the subsequent factors: health, natural, fun, responsible, entrepreneurial, innovation and entertainment among others. The following step was the first research where four attendees of the event were observed and interviewed so as to capture their perception about the brand.

Moreover, the full event was analysed so as to assure that the proper attributes and components were available so as to steer the attendees to a memorable experience. Each factor had a distinct impact on each attendee since the experiences were individual and unique. Furthermore this experience can cause positive word of mouth. All the attendees researched have talked about the event to others and therefore the brand Innocent was mentioned in a very positive and enthusiastic way. Nevertheless, the events should be designed and its attributes and components must be supported the brand's essence so as to send the proper message to the attendees. During this way they'll immerge within the experience and alter their perception a couple of brand in a very accordance to its nature and in a positive way.

The impact of the event within the attendees' purchase behaviour was also analyzed and therefore the findings showed a positive change of purchase behaviour in two cases and was reinforced within the other two which could cause loyalty. However, despite of the changes in behaviour regarding the acquisition of smoothies generally, in some cases the worth of the products of the analyzed brand was a problem and there was no increase in purchasing it until the last interview, although it can still have a control within the future.

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Thanks ...

Thoughts that inspire ....

THE LAW OF INDIVIDUAL GROWTH :

Evolution is always experimental. All progress is gained through mistakes and their rectification. No good comes fully fashioned out of god's hand, but has to be carved out, through repeated experiments and repeated failures, by ourselves. This is the law of individual growth...... The right to err, which means the freedom to try experiments, is the universal condition of all progress.

-Mahatma Gandhi

What is important is to observe what is actually taking place in our daily life, inwardly and outwardly. To observe, to look, need no philosophy, no teacher, You just look. If you try to study yourself according to another, you will always remain a second-hand human being. We must therefore learn about ourselves, not according to some philosopher because then we learn about him, not ourselves - we must learn what we actually are. Let us start on our journey together with all the remembrances of yesterday left behind and begin to understand ourselves for the first time.

-Jiddu Krishnamurti