About the University

Institute of Foreign Trade and Management (IFTM) was a pioneering attempt to provide the world class professional education in the brass city of Moradabad in the year 1996 by a family of public spirited entrepreneurs. It was a joint vision by a philanthropist to the core and visionary in the education arena (Late) Sri Onkar Saran Kothiwal and renowned economist Dr. R.M. Dubey. IFTM was the first institute in entire Rohilkhand region to bring BBA, MBA & MIB programmes for Management education.

Having tasted the success and feeling the appetite of ever growing demands of students and parents alike, IFTM ventured into other areas of professional education. It started offering new courses in Engineering, Pharmacy and Computer Applications to cover the entire spectrum of professional courses. Year 2002 saw the addition of another feather in IFTM's cap whereby a new Engineering institute, College of Engineering and Technology (CET) was established. It offers various undergraduate and postgraduate engineering courses in Computer Science, Electronics & Communication, Information Technology, Mechanical and Biotechnology. By the year 2010, IFTM group succeeded in establishing itself as a niche player by becoming a **"Centre of Excellence"** in various disciplines of professional education providing best in class education for Management, Engineering, Computer Applications and Pharmacy courses. All the technical and professional courses are approved by AICTE with Pharmacy course being also approved by PCI. National Board of Accreditation (NBA) has accredited all the eligible courses.

Year 2010 brought a new dawn for IFTM group and the great dedication, commitment, perseverance, untiring efforts of the entire IFTM team were noticed and appreciated by the government of Uttar Pradesh (U.P.). Hence IFTM was granted the University status by U.P. Government vide IFTM University Act No. 24 of 2010. IFTM University started the operations from the session 2010 as it already had the necessary and university compliant facilities and infrastructure. In an endeavour to expand the horizon of its offerings in professional education space, IFTM University has added more programmes at UG, PG and Doctorate levels in different disciplines. To bridge the gap between High School and Degree courses, IFTM University will also offer the Diploma courses. In addition to professional courses the University has a comprehensive plan to introduce other subjects in the field of Natural, Social and Medical Sciences.

Current times are challenging for Education sector with lot of churn happening and as the saying goes **"Challenging times need unprecedented measures"**, IFTM University embarks upon a journey to be the "Trusted Partner of Choice" for Parents, Students, Teachers and Industry Champions. In this attempt, University now boast to house more then 11000 students and 400 faculty members till date. Thus with the humble beginning in 1996, IFTM has traversed a long path to become IFTM University by 2010. It strives to scale new heights and aspires to forge new partnerships with National & International bodies in order to make an indelible mark on the face of Indian Education.

About The School of Business Management

School of Business Management (SBM) is one of the most reputed and sought-after Centres of education in the field of management studies in the region.

The school was established in the year 1996 as Institute of Foreign Trade & Management and had been offering the BBA, MBA & MIB programmes of Management of Rohilkhand University, Bareilly, until 2000 when MBA programme came under the affiliation of the Uttar Pradesh Technical University, Lucknow. The Institute has become one of the most reputed Centres of education in the field of management studies and has been producing gold and silver medalists, as well as top ten merit holders on a regular basis since inception. In 2010, it has been reorganized as the School of Business Management and is offering UG, PG and Ph.D. programmes in management and commerce. However, Masters of Business Administration has been a flagship course of the school, since its inception.

The School has been a constant contributor in the field of management through its research and development outputs. Doctoral research facilities are available in the various areas of management studies such as Business Economics, Security Analysis and Portfolio Management, Statistical Techniques, Human Resource Development, Supply Chain Management, Tourism Marketing, Advertising & Publicity Management and other functional areas of management.

With a well connected network of alumni and reputed recruiters, the school has proven its role in disseminating relevant knowledge to the students and satisfy long list of recruiters. Parle Biscuits Pvt. Ltd., IDBI Bank, Reliance Money Ltd., DBS Bank, Yes Bank, Kudos Ltd., SMC Ltd., Designco Pvt. Ltd. and Micro Turners are just few to name among satisfied recruiters.

Published by :

School of Business Management

IFTM University

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Tel no.: 0591-2550202 Fax: 0591-2360818

Vol. 7 Issue No. 2 July - December 2016

श्रेयान्द्रव्यमयाद्यज्ञा ज्ञानयज्ञः परन्तपा
सर्वं कर्माखिलं पार्थ ज्ञाने परिसमाप्यते।।

Shrimad Bhagawad Gita, Chapter 4 (33)

"Attaining knowledge is superior to accumulation of all sumptous substances. As all acts finally conclude into wisdom."

ISSN 0976 - 5174

Volume 7 / Issue 2
July - December 2016

Vimarsh

An Endeavour to Share Knowledge
A Peer Reviewed Refereed Journal

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An Endeavour to Share Knowledge
A Peer Reviewed Refereed Journal
• Volume 7 • Issue No. 2 • July - December 2016

Printed and Published by Dr. R.M.Dubey, on behalf of the IFTM University, Lodhipur Rajput, Delhi Road, (NH - 24) Moradabad 244 102 at I'M ADVERTISERS, C-33, 1st Floor, Sector-10, Noida (U.P.) INDIA.

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From the Editorial Board

Dear Reader,

It is a delight to introduce this second issue of Vimarsh's seventh volume.

Our principle at Vimarsh is to make available a journal that offers a multi-disciplinary analysis of issues pertaining to the Management industry at a point in time of great change across a wider global landscape. We strive to fuse academic excellence with professional relevance and a strong industry focus. We aspire to appeal to the professional, corporate, governmental, non-governmental and academic communities, alike. We also intend to fill the fissure amid the perspective and the approach of an assortment of disciplines related to management, i.e. to become the principal forum for an inter-disciplinary dialogue.

Vimarsh is served by a very competent review board along with a network of scholars from all the diverse disciplines of management helping to secure high-quality, originality and utility of the contributions and, thereby, the impact of the work published in the journal. We are grateful to both the entities for making every next issue of Vimarsh happen. We strive to catch the fancy of and engage a wide array of readership as well as contributions that are both academic and professional, given that the definitive test for theoretical contributions is the application of the recent understanding in the practices of organizations and in the praxis of individuals.

Drawing to a close, we express our earnest gratitude to I'M Advertisers, for the publication of this latest issue.

Finally, we sign off with a pledge of many more remarkable future issues. In the case of any queries or comments, it would be a pleasure to hear from you at vimarsh@iftmuniversity.ac.in.

Happy Reading...!!!

Regards...

The Vimarsh Team

A Study on Awareness Level of Capital Market Players regarding Credit Rating

Dr. S.D. Vashishtha*
Dr. Viney Suhag**

ABSTRACT

This paper concentrates on the awareness level of capital market players regarding credit rating and mechanism of credit ratings used by credit rating agencies. For the purpose of obtaining information, a well-structured questionnaire was prepared for the players of the capital market. A simple technique of percentage was used (because it was the most appropriate as per the nature of responses, and no scale was available in the form of measurement of level otherwise). At last, it is revealed that the awareness level of investors in comparison to other capital market players was low.

INTRODUCTION

The finance people accept the truth that in the realm of finance, where a multiplicity of money-related games are played, the most sensitive and vulnerable player is the investor (particularly retail investor) by virtue of many attributes of Indian financial system. One attribute is 'lack of awareness level and acquaintance among the investors' about the many issues (here debt instruments in particular) of investment related area (Duggal, 1992).

A good level of acquaintance with the capital market aspects make the investment more programmed and well managed. Keeping it into consideration, in the present study, an objective was determined. That was 'to find out the awareness level (in percentage of the number of investors) of financial player regarding credit rating' through asking the questions from the investors (on the basis of convenient-cum-random sampling) of areas of the national capital region.

PROCEDURE OF RESPONSES COLLECTION

The researcher contacted the investors in debt instruments in the offices of brokers' main offices/branch offices where they trade (i.e. buy and sell the debt instruments) and got the questionnaire completed in their presence.

ANALYSIS AND DISCUSSION

A simple technique of percentage was used (because it was the most appropriate as per the nature of responses, and no scale was available in the form of measurement of level otherwise).

**Ex. Prof and Dean, Department of Commerce, M.D. University, Rohtak*
***Research Scholar, Department of Commerce, M.D. University, Rohtak)*

Exhibit 1: Awareness of Financial Players Regarding Credit Rating and Its Mechanism

Serial No.	Factors/Items about awareness	Investors	Brokers/dealers
1	Knowledge about Credit Rating	Yes=31%, No=69%	Yes=95%, No=5%
2	Source of knowledge about Credit Rating • Books, Magazines and News papers • T.V. and the Internet • Stock market operations (Brokers) • Annual Reports • Teachers • Friends	 41.94%(13) 22.58(7) 22.58(7) 6.45(2) 3.23(1) 3.23(1)	 52.63(10) 47.37%(9)
3	Security for which the Credit Rating is considered • Debt Instrument • Others	 67.74%(21) 32.26%(10)	 20 (100%)
4	Factors told by respondents, which affect the credit rating • Innovation • Liquidity • Profitability	 14 11 6	
5	Knowledge about Credit Rating Symbols:	Yes=81%, No=19%	Yes=100%
6	Preference showing to credit rating Agency: • ICRA • CRISIL • CARE • Fitch • S & P • Not consider (any rating)	 11 11 10 7 2 3	 3 9 5 1 2 0

Data sources: annual reports of companies

RESULTS

The main findings of the issues of awareness level were as follows:

1. The knowledge about credit rating and credit rating agencies was only among 31 percent of the respondents of retail investors' category. It indicates that about 70% retail/small investors take the decision of lending their money in debt instruments by considering the variables/factors other than credit rating of the company with which that instrument belongs. It implies that 31% retail investors consider the credit rating for their investment decisions. Azahagaiah (2004) found the same result by getting the result of 35% respondents of his study. This result was also supported by the findings of Duggal (1992). He obtained that the extent of awareness among investors and issuers about the knowledge of the concept of credit rating agencies in India was not at the required level. It is not yet satisfactory even after almost two decades. It has implications on the expansion of the capital market and the more involvement of investors. Credit Rating should be made more popular to the market players by expanding its education through seminars, 'Investors' awareness programmes by involving the professionals and teachers of this area. SEBI may instill a regulation to mandate and popularize credit rating in Indian investment public and private corporate sector (Rao, 1999). Reddy (2000), when tried to investigate the 'changing perspectives and issues of credit rating in India', suggested that the credit awareness of the investors on the operations of the rating system should be encouraged to make the credit rating more viable. In 2008, Reddy and Gowda, later on, got a result that the majority of respondents were aware of the existence of various credit rating agencies. The sample study was done from

Hyderabad (A.P.). 40 percent of the respondents depended (80 out of 200) on credit rating for their investments. In NCR it may be 31% (if generalized) as per awareness level found in this present study. It indicates that those area investors are better aware of credit rating and raters. Therefore, it may be suggested that the north India investment public should be educated about the credit rating and positive points for them. As far as knowledge to brokers (about credit rating and raters) was concerned, it was found that all the brokers were acquainted with the credit rating and the raters. It is the position which depicts that the brokers can contribute a lot in educating the retail investment public regarding credit rating and its relevance. Therefore, it may be suggested that the brokers should be made parties to the "awareness programmes: Such kind of result was not available in the yester period studies. Therefore, it may be called a maiden result.

2. Source of Gaining the Knowledge:
   The knowledge about credit rating and rate calculators was gained by the retail investors from the published materials (about 48%, i.e. 41.94% from books, magazines, and newspapers, and 6.45% from annual reports of the companies). T.V. and the Internet were also told by the respondent-investor (23%); stock market operation also made them learned (to some extent) about the issue (23%). A very good source also emerged and that was 3% of the respondents got the knowledge from the teachers who taught them during their study tenure. These results support the suggestions (given earlier) as well as given by Duggal (1992) that awareness level among investment players could be increased by publishing various aspects of credit rating and raters from time to time in various periodicals.

3. Consideration:
   Sixty-eight percent respondents stated that they considered the credit-rates for parking their money in debentures/bonds (i.e. debt instruments). The rest of the credit rating knowledge have (38%) considered that in lending their money in other than debentures and bonds. Other than these two debt instruments are fixed deposits, term-deposits and other short-term papers issued by the companies. It may be said; on the basis of this response (consideration) that credit rating is an efficiency chip to the retail-investors who know about it. The investors come to know about the quality of debt obligations of the companies prior to putting their money in debt instruments. Gopal (1995) also observed the same result in his study. It is suggested that the rating agencies should publish their unsolicited ratings for investors (and most probably they do it, if not, they should do it) because they look upon rating as a measure of safety associated with the investment decisions. The consideration by the investors indirectly indicates the level of knowledge of credit rating and its use (but limited yet).

4. Factors affecting the credit rating as per the knowledge of respondents (who had knowledge about credit rating) were Innovations, liquidity, and the profitability (given in Table-4.28). 100% respondents having the knowledge about credit rating gave only these three factors. There are about 70 factors (including three told by respondents) are there that influence the credit-strength. It indicates about the investors of the region under study area knew only 4% factors. It may be inferred on the basis of this result that knowledge was not to the satisfactory level. It was extremely low. SEBI, credit rating agencies, companies, and other concerned organisation should do something concrete to increase this level of knowledge /awareness among the investors and other capital market players. This result could not be supported or contradicted by any previous study.

5. Knowledge of credit rating symbols was 100 percent (i.e. cent-percent) among the market players of retail investment world who knew about credit rating. All the brokers (i.e. 100%) also knew it because 100% brokers have the knowledge about credit rating and raters (Table-4.28). Overall knowledge level of awareness of credit rating was not as good as in USA and Japan.

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A Study of the Consumer Response Following the Disappearance of Maggi and its Subsequent Return

Dr. Subho Chattopadhyay*
Payal Gulati**

ABSTRACT

When Nestle's most popular instant food brand, Maggi, was surrounded in a controversy for containing lead above the hazardous limit, the company was engulfed in a real predicament. Grappling with the untoward incident, Maggi was compelled to leave the market creating an environment of confusion for its consumers. But before taking a leave from the market, Maggi promised its fans that it would not let their tongue crave for long and would return back soon.

A study was conducted to explore if Maggi really created a lacuna in the lives of the regular consumers of Maggi when a ban was imposed on it on grounds of the allegations of food adulteration and if the consumers were overwhelmed with the relaunch of Maggi noodles after the courts' mandates. Data for the study was gathered from four states of India using a structured questionnaire that was administered to 239 respondents in the age group of 18-70 years. The study was conducted to find out if consumers had an unusual feeling when Maggi went off the shelves. Chi-square analysis was employed for this purpose. Following the withdrawal, it was discovered that there was a significant disappointment among the consumers. After a plethora of outrage, Consumers' reaction to the return of Maggi back to the shelves was also studied using the chi-square test and it was eventually found that consumers were happy with the return of Maggi. It is evident from the findings that despite a lot of hue and cry from the protestors, Maggi still enjoys the crowning glory, claiming the highest market share and this advocates customers strong love for their favourite noodles brand 'Maggi'.

Keywords: *Packaged Food, Nestle Maggi, Emotional Connect, Brand Affect, Brand Loyalty*

INTRODUCTION

Right since its early days in the Indian market, 'Maggi 2 Minutes Noodles' was able to create a distinctive place for itself in the consumers' psyche as an instant solution to hunger. Soon, by virtue of its product characteristics, 'Maggi Noodles' became a ready substitute for the traditional menu for breakfast, supper, and small meals. Repeated interaction with working women, young mothers, kitchen novices, bachelors and hostellers thereafter and frequent bombardment of consumers with ingeniously crafted promotional strategies enabled the customer to establish a strong emotional connect with the brand. So high was the consumers' preference for the brand that it commanded a market share of 77% before it was mired in the infamous controversy (Rana, 2016).

The allegations made by FSSAI during May 2015 and the ensuing controversy that mired the brand landed Nestle in trouble and delivered a strong blow to the market share of 'Maggi'. 'Maggi Noodles' had to be taken off the shelves and it took the company no less than five months to come out of the controversy and to place the 'Maggi' brand on the retailers' shelves

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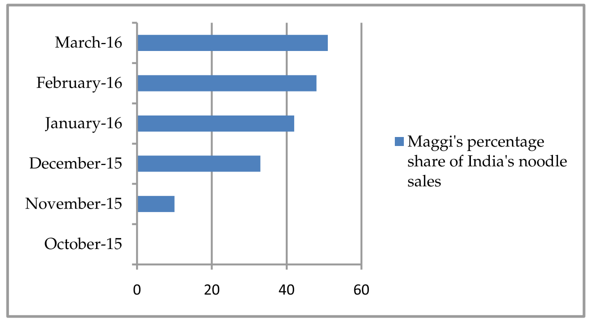
again. However, no sooner had the product made its appearance on the shelves again, in November 2015, it started regaining the lost market share. In December 2015, one month since its relaunch, 'Maggi' clocked a market share of 33% and by the mid of march 2016, it had attained a share of 51% of the market share (Source: Wall Street Journal, April 20, 2016). [Refer Figure 1]

Figure 1: Maggi's percentage share of India's noodle sales



Source: The Wall Street Journal, April 20, 2016

Weeks before Maggi was relaunched into the market, Nestle launched the 'Miss You Maggi' advertisement campaign wherein the protagonists in the advertisement copies proclaimed their love for 'Maggi' and talked about the difficulties they faced owing to its absence. Now, looking back to the campaign and relating it to the regaining market share of 'Maggi', it appears prima facie, that many of the consumers were waiting for the brand to return.

LITERATURE REVIEW

With the change in the lifestyle of the consumers and because of a bevy of innovative alternatives made available to them by a number of packaged food companies, the food, dining and culinary culture of India has witnessed a marked transformation in the recent years. Many a traditional and elaborate food recipe has been driven out of the kitchen and replaced by innovative food products and ready –to-eat processed food. The factors considered important while selecting packaged food products and those influencing selection of processed food include health, convenience, and mood (Bhatt & Bhatt, 2015). According to a study conducted by Kaur & Singh, 2013, besides convenience, concern for health is also an important factor that influences the purchase of packaged food amongst the new generation of the Indian consumer.

When talking about the food industry, standardization of the food brand quality is indispensible as was concluded from a research conducted on the Croatian food market. The research found that long-term consumer satisfaction as a factor in food brand loyalty process depends on stable quality which implies that the negative quality issues should be prevented or minimized by the food brand owners. (Martina Ferencic & Ana Wolfing, 2015). Martina Ferencic & Ana Wolfing, 2013, also found out that consumers feel betrayed in case a major inconsistency occurs in a product and regaining their trust becomes a herculean task for the brand owners because consumers tend to remember the negative publicity or "affairs" related to a specific food product or food habits.

The situation becomes grimmer when the food companies see no other way but to recall their product due to health issues. Hutter L., 2004 concluded in his study that product recalls in the processed food industry are the worst type of recalls and such recalls make the consumers feel betrayed to the point of never purchasing other products made by the company leading to very serious implication both in the short and long term. According to a study conducted by Melissa A. Martin, 2002, the subjects reported a wide variety of emotional responses to the discontinuance of product incident with anger and sadness being the most common affective responses mentioned.
Recall of Maggi Noodles from the Indian market presented an opportunity to study the emotional response of the consumers of the product. A need was also felt to examine whether the consumers were happy or unhappy on the return of Maggi to the market.

OBJECTIVES OF THE STUDY

The study has been conducted to get an insight into the consumers' affect following the withdrawal of Maggi from the market, post chemical contamination allegations and its subsequent return after five months. The specific objectives of the study were: (a) to understand whether the consumers missed 'Maggi' during its absence from the market and (b) to figure out whether the consumers were happy on the return of Maggi. Answers to these questions will help to gauge the level of consumers' emotional connect with the brand.

METHODOLOGY

The empirical study is based on responses collected from 239 consumers of instant noodles spread across four states of India (namely Uttar Pradesh, Uttarakhand, Delhi, and Maharashtra). The chosen respondents were in the age group of 18 to 70. The sampling technique used for selecting the sample elements from the population was Judgemental Sampling. The sampling unit was a household and a single respondent was chosen from each identified household.

The sample size for the study has been derived using Cochran's sample size formula for samples drawn from large populations.

$$n_0 = \frac{Z^2\,pq}{C^2}$$

Where:

Z = Z value (e.g. 1.96 for 95% confidence level)
p is the estimated proportion of an attribute that is present in the population
q is 1-p
c = confidence interval expressed as a decimal (e.g., .06 = ±6)

The total population of the four states (Uttar Pradesh, Uttarakhand, Delhi, and Maharashtra) from where the data was collected is 338359000 (ie, 33.84 Crores). The above formula has been applied to the given population considering a confidence level of 95% and confidence interval of ±6.5%. Since the exact proportion of the attribute is not known for the population, the value of p has been assumed to be 0.5 (maximum variability). Putting values in the above formula we get

$$n_0 = \frac{1.96^2 \cdot 0.5 \cdot 0.5}{0.065^2} = 227$$

On the basis of this calculation, a sample of 239 has been taken for the study. A structured questionnaire consisting of close-ended, non-disguised questions was administered to the respondents. The consumers were asked to record their level of unhappiness or disappointment consequent to the removal of Maggi from the market after allegations were levelled against the brand of noodles. The responses were collected using a four point graphic rating scales (Very Bad, Bad, Not Sure, Did not feel bad). The same set of respondents was then asked to indicate their level of happiness on Maggi's return to the market. The graphic rating scale used to record responses to this question was a five point verbal balanced scales (Very Happy, Somewhat Happy, Neutral/Indifferent, Somewhat Unhappy, Very Unhappy).

ANALYSIS AND DISCUSSION

Did the Consumer Have a Significantly Unusual Feeling When Maggi Was Taken Off The Shelves?

To judge if the consumers' extent of emotional attachment with 'Maggi' noodles was strong enough for them to make them feel unhappy when the brand of noodles was taken off the shelves, the consumers were asked to indicate their extent of disappointment/unhappiness on a four-point graphic rating scale (See Table 1 & Table 2). It was hypothesised that there was no significantly unusual feeling amongst the consumers on the withdrawal of 'Maggi' from the markets. Chi-square analysis was conducted to test the hypothesis. As the p-value was found to be 0.00 (much less than 0.05), the hypothesis was not accepted (See Table 3). The result indicated that there was a significant 'feel bad' effect or disappointment amongst the consumers on the withdrawal of Maggi Two Minutes Noodles' from the market.

Table 1: Descriptive Statistics

	N	Mean	Std. Deviation	Mini.	Max.
Felt Bad when Maggi was Taken off the Shelf	238	2.37	1.132	1	4

Table 2: (Frequencies) Felt Bad when Maggi was Taken off the Shelf

	Observed N	Expected N	Residual
Very Bad	62	59.5	2.5
Bad	87	59.5	27.5
Not Sure	27	59.5	-32.5
Did not feel Bad	62	59.5	2.5
Total	238		

Table 3: Chi-Square Test

	Felt Bad when Maggi was Taken off the Shelf
Chi-square	30.672[a]
Df	3
Asymp. Sig.	.000

a. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 59.5.
b. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 47.8.

DID THE CONSUMER HAVE A SIGNIFICANTLY UNUSUAL FEELING WHEN MAGGI RETURNED?

To judge the emotional connect of the consumers with Maggi, it was also deemed important to assess their level of happiness on Maggi's return to the market. The consumers were asked to indicate their level of happiness on a five-point Likert scale (See Table 4 & Table 5).

It was hypothesised that the consumers would not exhibit any unusual feeling of elation on the brand's return. Chi Square analysis was conducted to test this hypothesis. The p-value obtained (0.00) being much less than 0.05, the hypothesis could not be accepted and consequently it was concluded that the return of Maggi Two Minutes Noodles made the consumers happy.

The Chi Square result also corresponds to the mean value of 2.17 obtained from the study which again states that the consumers were 'Happy that Maggi has returned".

Table 4: Descriptive Statistics

	N	Mean	Std. Deviation	Min.	Max.
Happy that Maggi has Returned	239	2.17	1.192	1	5

Table 5: (Frequencies) Happy that Maggi has Returned

	Observed N	Expected N	Residual
Very Happy	92	47.8	44.2
Somewhat Happy	56	47.8	8.2
Neutral/ Indifferent	67	47.8	19.2
Somewhat Unhappy	6	47.8	-41.8
Very Unhappy	18	47.8	-29.8
Total	**239**		

Table 6: Chi-Square Test

	Happy that Maggi has Returned
Chi-square	105.121[b]
Df	4
Asymp. Sig.	.000

a. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 59.5.
b. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 47.8.

FINDINGS & IMPLICATION

The study revealed that the consumers of Maggi Noodles in the Indian market were conspicuously unhappy and disappointed on the withdrawal of their favourite brand of noodles from the market. The study also found significant evidence of happiness amongst the consumers, consequent to the return of 'Maggi' Noodles. The findings indicate towards an apparently strong emotional connect between the consumers and the brand 'Maggi'. This, apparently visible, emotional connect may possibly be attributed to the long association of the consumer with the brand or may have been the result of an effective use of the emotional element of brand positioning adopted by Nestle while positioning the 'Maggi' brand of noodles. Even, the possibility of a combined contribution of both the factors to 'brand connect' and consequent 'brand empathy' should not be ruled out without undertaking a proper study.

The implication of a strong emotional connect or 'brand connect' opens up two possible areas of future exploration, one of which is to examine the extent up to which a long term association with a brand is instrumental in developing 'brand empathy' and 'brand connect'. The other area that calls for an investigation is the effectiveness of the use of the emotional element of positioning in creating an emotional connect.

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An Empirical Study to Identify Workgroup Characteristics with special reference to Women Self-help Groups

Dr. V. Padhmanabhan*
Dr. Latha**

ABSTRACT

The women self-help groups are self-governed and peer controlled groups which are initiated, supervised by the group members themselves and also taking onus for the consequences of their performance. The performance of the SHG groups depends primarily on members' abilities in the groups.Many studies were conducted on organizational teams and their workgroup characteristics leading to effective performance. However, limited studies were conducted on self-help groups, who were engaged in income yielding activities, to explore workgroup characteristics as input and process variables. This research was an attempt to study the Women SHGs from the work design perspective and explore their characteristics. For this study, 116 SHG members were selected using convenience sampling. An analysis was conducted with an objective of identifying workgroup characteristics for the self-help group through exploratory factor analysis. The exploratory factor analysis findings listed SHGs workgroup characteristics for input and the processes variables.

Keywords: *Self-help groups, economic activities, self-governed, workgroup characteristics, input variables, process variables, output variables.*

INTRODUCTION

In the Indian context, the idea of self-help groups' movement can be drawn back to the Gandhian Grama Swaraj movement, and also from the success of Grameen Bank, founded by Prof. Mohammed Yunus in 1976 at Bangladesh. These developments had a profound impact on the development of SHG movements in India. During its origin, SHGs concept was organized with an idea of cultivating importance of savings and thrift operation in the mind of poor people (Joy, Prema, and Krishnan, 2008). According to National Commission for Women, India, report produced(National Commission for Women report, 2004) self-help group is about people coming together with others who are affected by a particular issue (experience, disadvantage, discrimination, etc.,) to support each other and to work together to change the disadvantage affecting them.

Self Help group (SHG) is a self-governed, peer-controlled small and informal association of the poor, usually from socio-economically homogeneous families who are organized around savings and credit activities. The funds for credit activities are raised through regular savings deposited by all of its members on a weekly or fortnightly basis. During the later stages of its SHG movement's growth, it encouraged downtrodden people to venture into income yielding economic activities like farming, agro-processing, and other micro-enterprises. The concept of economic activity was also promoted by government and institutional stakeholders. Currently, the SHGshave progressed as an organized set up to provide microcredit to the rural women on the strength of the group savings without insisting on any collateral security for the purpose of encouraging them to enter in to entrepreneurial activities and for making them enterprising women (Gurumoorthy, 2000).

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REVIEW OF LITERATURE

The numerous studies have been conducted on the effectiveness on therapeutic SHGs like alcoholic anonymous, cancer self-help groups and other disadvantageous groups. The SHG Researches were also conducted in developmental studies such as empowerment and economic upliftment studies. Even though SHGs have emerged as an alternative developmental strategy to promote common interest of the vulnerable section of the society, an array of problems confronts the SHGs, including improper selection of group activities, lack of cooperation and zeal among the members of the group (Rao, 1999; Tatti, 1999; Reji, 2002 and Anand, 2004) and most importantly, group dynamics issue which were causing negative impact on their performance.

In a study on SHGs points that the quality of team-work was a critical component through mutual help, solidarity and joint responsibility of SHG functioning (Anand, 2002). On further review of existing literature with respect to SHG effectiveness, (Vashisht et.al. 2006), the constraints faced by group members as being a member of the group were identified. The attributes like participation, decision-making, norms like discipline in maintaining the records, and task and maintenance functions have a high influence on the team performance.
The process factors which depicts the interpersonal (Singh, et.al, 2007, Joy et.al2008) attributes such as such team atmosphere, feelings, group cohesion, empathy, group leadership, team spirit have a major stake on the team's effectiveness.Another significant study on women's SHG performance conducted by (Singh, Kaushal, & Gautam, 2007) studied the performance of women's self-help groups (SHGs) based on the research gaps identified in group process, group attributes, group performance, SHG empowerment, socio-personal characteristics.
In addition to above literature, a series of reviews were conducted on the work group researches that have been published between the years 1990 to 2012. Numerous researches had been conducted on the effectiveness of teams in the last decade (Sundstrom, McIntyre, Halfhill & Richards, 2000; Kozlowski & Bell, 2003; Nielsen, Salas, Stagl & Burke, 2004; Hollenbeck, Johnson & Jundt, 2005; Sundstrom & Halfhill, 2005; Gil, Alcover & Peiró, 2005; Ilgen,; Kozlowski & Ilgen, 2006;; Mathieu, Maynard, Rapp & Gilson, 2008; Goodwin et al., 2009). The reviews under the task design dimension specific to work group characteristics such as self-management, participation, task variety, task significance and task identity. Another study (Moe, N. B., Dingsoyr, T., & Dyba, 2010), findings revealed that the team depends significantly on the trust and shared mental models to be of fundamental importance for the performance.

In the backdrop of research reviews, the researchers could identify various work group characteristics and team attributes as a key to the performance of the organizational group. However, a gap was identified in exploring workgroup characteristics appropriate to Self-help group involved in income yielding activities.

NEED FOR THE STUDY

The self-help groups in this research are groups of women who have joined together for their economic empowerment by engaging in enterprising activities. The women self-help group provides opportunities of earning through mutual interdependence, interacting socially, sharing common goals among the members which otherwise would not have been possible if they engage individually. The researches reveal that SHGs enhance the status of women as participants, decision-makers, and beneficiaries in the democratic, economic, social and cultural spheres of life. However, to attain the above said outcome, significant principles such as group approach, mutual trust, an organization of small and manageable groups, group cohesiveness, spirit of thrift, peer group pressure in repayment, skill training, capacity building and empowerment (Amutha, 2011) need to be adhered. These women self-help groups are self-governed and peer controlled group who were initiated and controlled by the group members and support was also mutual. They will cease to exist without value derived members' abilities in the groups. (National

Commission for Women report, 2004). It emphases the need for the SHGs to build group characteristics that would result in team effectiveness.

This research was an attempt to study the Women SHGs from the work design perspective and explore their workgroup characteristics.

RESEARCH FRAMEWORK

This current research embraces the model developed by Campion et al.(1993). Campion and colleagues, in their study, identified workgroup characteristics for the organizational work group. The workgroup considered for their study was involved in clerical jobs. Their study's research framework captured five themes namely job design, interdependence, composition, context, and process. Those themes were measured by 19 characteristics which examined the Organizational workgroups. Besides the above themes, team effectiveness was measured using the measures namely manager's judgments, archival records of employee satisfaction and performance appraisals.
Further Campion et al. (1993) stated in their conclusion about the need for the further empirical research to be conducted based on their model in different team settings. They have also mentioned that team behavior is influenced by the context, the nature, and various other internal factors of the team. To further explore their conclusion, the women's Self-help groups were studied to identify its workgroup characteristics through I-P-O (Input-Process-Output) framework.

OBJECTIVE OF THE STUDY

On the basis of gap observed in the workgroup research review and based on the Campion et. al's (1993) scope of their study, the researchers have progressed to frame the objective.

The current study explores the work group characteristics that are relevant to Women's self-help groups.

RESEARCH METHODOLOGY

The study was conducted on the women SHGs that were involved in any Economic Activity (EA groups) in Coimbatore district of Tamil Nadu state. The Coimbatore district is the largest revenue district in Tamil Nadu and is divided into two revenue divisions and six taluks consisting of 295 revenue villages. In Coimbatore district, around 38,000 SHGs are operating under the guidance of various NGOs. Eight NGOs, in affiliation with Coimbatore collectorate department, promote women SHGs through two means: (a) Motivating savings within groups, and (b) encouraging them to involve in income-yielding economic activities like making coir, mop, bakery items, pickles, and spices, etc.

The SHGs were selected through eight NGOs that were affiliated with Women's Welfare Program, a scheme under 'Mahalir Thittam' Women's Welfare Project, Coimbatore District Collectorate, Tamil Nadu, India. 'Mahalir Thittam' is a woman (Mahalir) plan (Thittam) of Tamil Nadu Corporation for Development of Women Ltd., (TNCDW) which aims at empowerment of women. At the time of data collection, there were approximately 464 members involved in 42 SHGs. Using multistage sampling, 210 active members were identified, and later among them, 120 were selected for the study using convenience sampling. Later on, 4 respondents were deleted due to errors. Thus, the total sample comprises of 116. The data was collected through a schedule which was translated into Tamil language. A pilot study was conducted on a sample of 40 members from eight economic activity SHG group, through "Mahalir Thittam" project office at Coimbatore Collectorate, were tested.

RESEARCH INSTRUMENT

The Work Group Characteristics Measures (WGCM) instrument was adopted from Campion et. al's study (1993)and was modified to measure the SHG'swork group characteristics. The original instrument has five dimensions namely (a) Job design (b) Interdependence (c)Composition (d) Context and(e) Process with 19 variables measured by 54 items. These items were measured on the standard measurement scale (a five-point scale of Likert) ranging from "5" = strongly agree to "1"= strongly disagree. A reverse scoring was also taken care wherever it was needed. With regard to Feedback and Reward characteristics, the SHG do not receive any reward or incentive from superiors for their performance; however, they invest and earn from their group economic activities. Hence, reward element was removed from that construct while feedback was retained. Two constructs, namely managerial support & communication/cooperation between work groups, from the composition dimensions were removed. The SHGs are autonomous groups, they do not work under any supervision and independent in their performance without relying on any other group. Their stake in their input, process, and output were owned by them.

The reliability was ensured with the extent to an experiment, test or any measuring procedure yields the similar results on repeated trials (Carmines and Zeller 1979). For the current study, the reliability with Cronbach' alpha (α) score higher than 0.70 is considered (Nunnally 1978). The reliability process was tested on 17 constructs and out of which 15 constructs were selected for the instrument. Two constructs (Task identity and task significance) that had Cronbach's alpha value less than 0.7 were removed. The reliability co-efficient (Cronbach's alpha) of the items were between 0.7532 and 0.9376 which indicates the reliability of WGCM construct.
Team effectiveness was measured through team members' job satisfaction measures, the current research adapted survey instruments used by Gladstein (1984) and Van der Vegt, Emans & Van de Vliert (2001) and Eun J. Lynn Kwak (2004) which was originally adopted fromHackman and Oldham (1980).

The reliability co-efficient(Cronbach's alpha) of the job satisfaction measure was 0.8146. As the alpha value was greater than 0.70, the constructs of JSM had high reliability.

DATA ANALYSIS

An analysis was conducted with an objective to identify new workgroup characteristics for the self-help group through exploratory factor analysis. Various literatures cite that factor analysis helps in bringing variables that are inter-correlated together. According to Rietveld & Van Hout (1993), "the goal of factor analysis is to reduce the spanned by a reduced number of new dimensions which are supposed to underlie the old ones". While Campion et.al's model (1993) was proposed for the work groups in organizations, the current study has adapted the same model for exploring various work group characteristics relevant to women self-help group characteristics. In the present context, a methodological analysis to restructure the data and reduce the number of variables appropriate for the study-in-hand was felt essential. Therefore, to identify input, process, and output appropriate to women's self-help group, an exploratory factor analysis was performed. Tabachnick and Fidell (2007) in their research, "as long as PCA (Principal Component analysis) and EFA (Exploratory factor analysis) are used descriptively as convenient ways to summarize the relationships in a large set of observed variables, assumptions regarding the distributions of the variables are not in force'. This data reduction was performed to discover either the linear combination of variables that accounts for a large percentage of the total variability or discover the variables reflect another "construct or latent variable" (Beaumont, Robin, 2012) for the proposed new model extracted from an existing model. Exploratory factor analyses can be conducted with at least 100 as sample sizes suggested by Gorsuch (1983), and (MacCallum, Widaman, Zhang & Hong, 1999). Therefore, with 116 as sample size in this study, the factor analyses was conducted for this study.

Two separate factor analysis using principal component analysis was performed on 15 work group characteristics variables (Self-management, participation, task variety, task interdependence, goal interdependence, interdependent feedback, heterogeneity, flexibility, relative size, preference for group work and training) having 31 input items. A second analysis was performed on 4 process work group process characteristics variables (potency, social support, workgroup sharing, and communication and coordination) of items.

DATA SCREENING

Data screening was conducted to ensure that data were not highly correlated.

It was examined by checking for singularity and multicollinearity. Repeated iteration was conducted to remove highly correlated variables. Sampling adequacy was also examined through repeated iterations.

Singularity and Multicollinearity

In the first iteration of factor analysis and over the examination of correlation table matrix, an association of 31 variables was noticed. It was also noted that determinant value was equal to "0". The value of "0" for a determinant indicated that there is at least one linear dependency in the matrix (Field, 2009). It was reflecting a correlation between item skill and training quality which was causing extreme singularity. KMO and Barletts test score was also not displayed due to lack of identity matrix in the correlation table.In the subsequent iterations, after removal of two highly correlated items - skill and training quality, it was noted that the determinant value increased to 1.02 which is greater than 0.000001. The KMO and Barletts table displayed a test score value of 0.616 showing the presence of identity matrix in the correlation table.After removal of variables with singularity, multicollinearity (variable > .90) was also checked and found that no variable greater than 0.90 in the table.

Examination of Measure of Sampling Adequacy (MSA)

MSA values (Measure of sampling adequacy) were examined through anti-image correlation in the anti-image matrix table, eleven items below 0.5 were identified and eliminated.Over a sequence of six iterations, item by item individual elimination was conducted for improving the sampling adequacy in the anti-image matrices. On removal of the first item, the determinant level increased to 1.58 and the KMO and Barlett's score improved to 0.616.In the subsequent iterations following the removal of two more items on a step by step basis further improvement was noted in determinant level which increased to 2.51.

The KMO and Barlett's score was also observed to be improved 0.627.On the removal of the fourth item, improvement in MSA value to 0.518 and 0.547 was observed in the 10th and 11th items.TheChange was noted both in the determinant value (5.97) as well as for the KMO and Barlett's score to 0.642. Further on the removal of 5thand 6th items on a step-by-step basis, it has been noted that remaining 7th,8th, and 9thitems gained the acceptable score in the MSA value by increasing above 0.5 and met the standard measure of sampling adequacy as shown in the below-mentioned table.

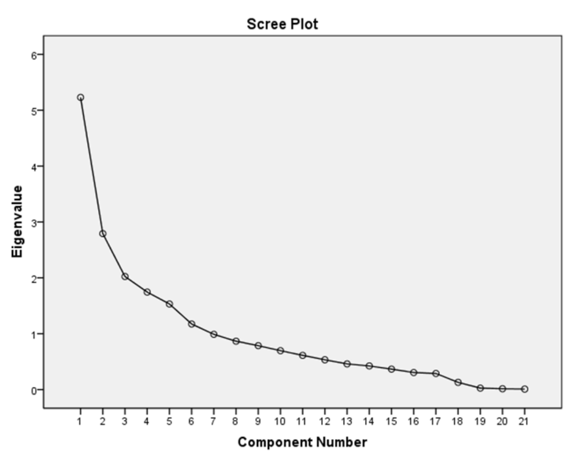
EXAMINATION OF ROTATED COMPONENT MATRIX

On examination of the rotated component matrix, it was noted that the item 14th (training NGO) was not generated. Subsequent to its removal in the following iteration, when again examined, 22nd item (joining) was not generated and further to its removal in the following iteration, the factor loading was found to be distributed among 21 items generating into six groups. Total variance explained by six items was 69.02%.

FACTOR ANALYSIS ON INPUT VARIABLES

A principal component analysis (PCA) was conducted on the 21 items with orthogonal rotation (varimax). The Kaiser-Meyer-Olkin measure verified the sampling adequacy for the analysis, KMO = .674 which is considered to be "mediocre" (Hutcheson & Sofroniou, 1999). And all the KMO values for individual items were > 0.5, which is considered to be an acceptable limit of 0.5 (Field, 2009). Bartlett's test of sphericity x2 (210) = 1827.547, p<.001, indicated that correlations between items were sufficiently large for PCA. An initial analysis was run to obtain eigen values for each component in the data. Six components had Eigen values over Kaiser's criterion of and in combination explained 69.023% of the variance. The scree plot (Figure-1) showed in flexions that justifies retaining the 6 components.

Figure – 1 Scree Plot



The factor loadings after rotation(Table – 1) showed following variables under factor 1, II, III, IV, V, and VI: (a) Factor – I: - work distribution, decision making, participation, preference for team work, team work synergy. (b) Factor II: -Individual feedback and Performance evaluation. (c) Factor III: -Same set of members, flexibility in joining, Quality work, NGO's advice, Members' expertise. (d) Factor IV: - Sharing, Goal relevancy, and Task relevancy. (e) Factor V: - Learning, Task variety, and Members' diverse skill support. (f) Factor VI: - Relative size, Team boundary, unrelated goal.

Table - 1
Rotated Component Matrix

S. NO	Items	Components					
		I	II	III	IV	V	VI
1	Work distribution	.929					
2	Decision making	.927					
3	Participation	.880					
4	Preference for team work	.849					
5	Team work synergy	.849					
6	Individual feedback		.950				
7	Performance evaluation		.948				
8	Same set of members			-.758			
9	Joining the team			-.596			
10	Quality work			.577			
11	NGO advice			.569			
12	Expertise			.541			
13	Sharing				.706		
14	Goal relevancy				.650		
15	Task relevancy				.585		
16	Learning					.850	
17	Task variety					.723	
18	Members' diverse skill support					.578	
19	Relative size						.728
20	Team boundary						-.652
21	Unrelated goal						.586

FACTOR ANALYSIS ON PROCESS CHARACTERISTICS

DATA SCREENING

On examining the initial factor analysis result for the process variables, the determinant value in the correlation matrix was 1.18 (an acceptable range) which is above .00001. The KMO and Bartlett's score showed MSA score of 0.752. On the observation of anti-image matrices score, the value of the 8th item (independent) was below 0.5. In the next iteration, after the removal of the 8th item, factor analysis result showed an increase in determinant value to 7.12 (an acceptable range) which is also above .00001.

FACTOR ANALYSIS

A principal component analysis (PCA) was conducted on the 11 items with orthogonal rotation (varimax). The Kaiser-Meyer-Olkin measure verified the sampling adequacy for the analysis, KMO = .808 which is considered to be "good" (Hutcheson & Sofroniou, 1999). And all the KMO values for individual items were > 0.6, which is well above the acceptable limit of 0.5 (Field, 2009). Bartlett's test of sphericity x2 (55) = 1055.259, P<.001, indicated that correlations between items were sufficiently large for PCA. An initial analysis was run to obtain Eigen values for each component in the data. Two components had Eigen values over Kaiser's criterion of 1 and in combination explained 65.920% of the variance. The scree plot (Figure: 2)showed inflexions that would justify retaining the two components.

Figure – 1 Scree Plot

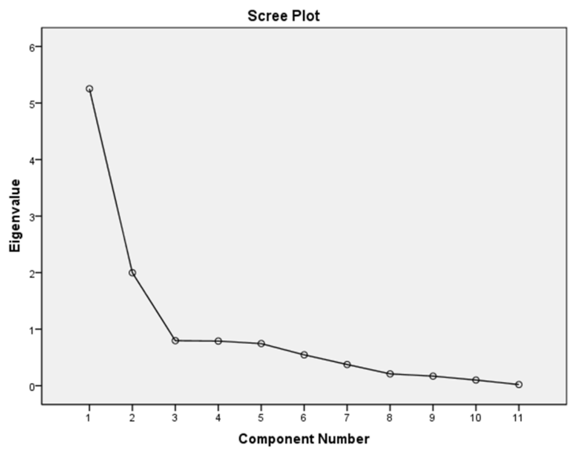


Table-2
Rotated Component Matrix

S. No	Items	Component 1	Component 2
1	Conflicts	.908	
2	Cooperation	.870	
3	Information sharing	.862	
4	Transparency	.852	
5	Equal support	.831	
6	Mutual help	.784	
7	Team spirit	.735	
8	Self-confidence		.740
9	Potency		.734
10	Equal distribution of work		.700
11	Equal contribution of work		.669

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.
a. Rotation converged in 3 iterations.

The factor loadings after rotation (Table – 2) shows that component 1 represents conflicts, cooperation, information sharing, transparency, equal support, mutual help and team spirit. Component two represents member's confidence, potency, equal distribution of work, and equal contribution of work.

RELIABILITY ANALYSES

Cronbach's alpha was again performed to check the internal consistency among newly explored variables under the exploratory factor analysis.

(i) INPUT VARIABLES

Internal consistency among the items of first and second (0.944, 0.989) was excellent. Fourth and fifth (0.723, and 0.780 respectively) were in the acceptable ranges. The scores among the third and sixth items were below 0.6, therefore, they were removed.

Consequently the four groups were named following labels as (i) Job design, (work distribution, decision making, participation, preference for team work and team work synergy), (ii) Feedback (Individual feedback, performance evaluation) (iii) Interdependency (Sharing, Goal relevancy, and task relevancy) (iv) Preference for task variety (Learning, Task variety, Members' diverse skill support).

(ii) PROCESS VARIABLES

The internal consistency among the two groups was within acceptable range. The Cronbach's alpha score of 0.932 for the first group and the second group score was 0.796 was noted. The scores of the first factors are considered to be excellent and scores of the second factors are considered to be mediocre.

The two groups were labelled as Cohesiveness (Conflicts, Cooperation, Information sharing, Transparency, equal support, mutual help, and team spirit) &Belief & fairness in the group (Members' confidence, potency, equal distribution of work, equal contribution of work).

CORRELATIONS BETWEEN INPUT FACTORS AND PROCESS FACTORS

The correlation (table-3) was computed to find the relationship between the four input factors and two process factors. The computation of correlation between these variables is essential for examining input variables' predictive ability on the respective process factors.

TABLE-3
CORRELATION

		Regression for Cohesiveness factor score 1 for process analysis 2	Regression for Belief and fairness in the group factor score 2 for process analysis 2
Regression Job design score 1 for analysis 1	Pearson Correlation	.693**	.205*
	Sig. (1-tailed)	.000	.014
	N	116	116
Regression feedback score 2 for analysis 1	Pearson Correlation	-.063	.183*
	Sig. (1-tailed)	.250	.024
	N	116	116
Regression Interdependency score 4 for analysis 1	Pearson Correlation	.118	.419**
	Sig. (1-tailed)	.103	.000
	N	116	116
Regression Members' preference for task variety score 5 for analysis 1	Pearson Correlation	.323**	-.056
	Sig. (1-tailed)	.000	.273
	N	116	116

*** Correlation is significant at the 0.01 level (1-tailed)*
**Correlation is significant at the 0.05 level (1-tailed)*

The Job design is positively correlated with both Cohesiveness in the group and Belief and fairness in the group with p< .01 and p<.05 respectively. Members' feedback is positively correlated with Belief and fairness in the group with p<.05 while Interdependency is positively correlated with Belief and fairness in the group with p<.01. The Members' preference for task variety is positively correlated only with Cohesiveness with p<.01.

DISCUSSION AND CONCLUSION

Though the exploratory factor analysis displayed six groups, the reliability test on those groups suggested only four dimensions (figure-3). The first dimension of workgroup characteristics was work distribution, decision making, participation, preference for teamwork and teamwork synergy. As the characteristics identify with methods, structure, relationships of the group work, the dimension is named as Job design (Buchanan, 1979).The second dimension of the workgroup characteristics was individual feedback and performance evaluation. The women's self-help group does not have a formal performance evaluation, they rely on qualitative feedback on each of their performance.

The feedback and performance evaluation are incomplete without one another, the dimension was named as Feedback (Cohen, S. G., & Ledford, G. E., 1994, Saavedra, R., & Kwun, S. K. 1993).The third dimension of the workgroup characteristics was identified namely sharing, goal relevancy and task relevancy (Langfred, C. W., 2007, Alper, S., Tjosvold, D., & Law, K. S., 2000, Bell, B. S., & Kozlowski, S. W., 2002). Sharing the resources, having relevant goal and task are essentials of the workgroup characteristics. Hence, the characteristics are identified with a common theme interdependency which describes the interdependency (Mathieu et.al., 2001) for the SHG workgroup characteristics.

Three workgroup characteristics were identified in the fourth dimension namely, learning, task variety and members' expertise and skill support (Sundstrom, E., De Meuse, K. P., & Futrell, D., 1990). The workgroup comprises of members to support the group with their diverse skills. They indulge in a variety of task which simultaneously involves in continuous learning. Hence, the fourth dimension was named as members' preference for task variety, again.

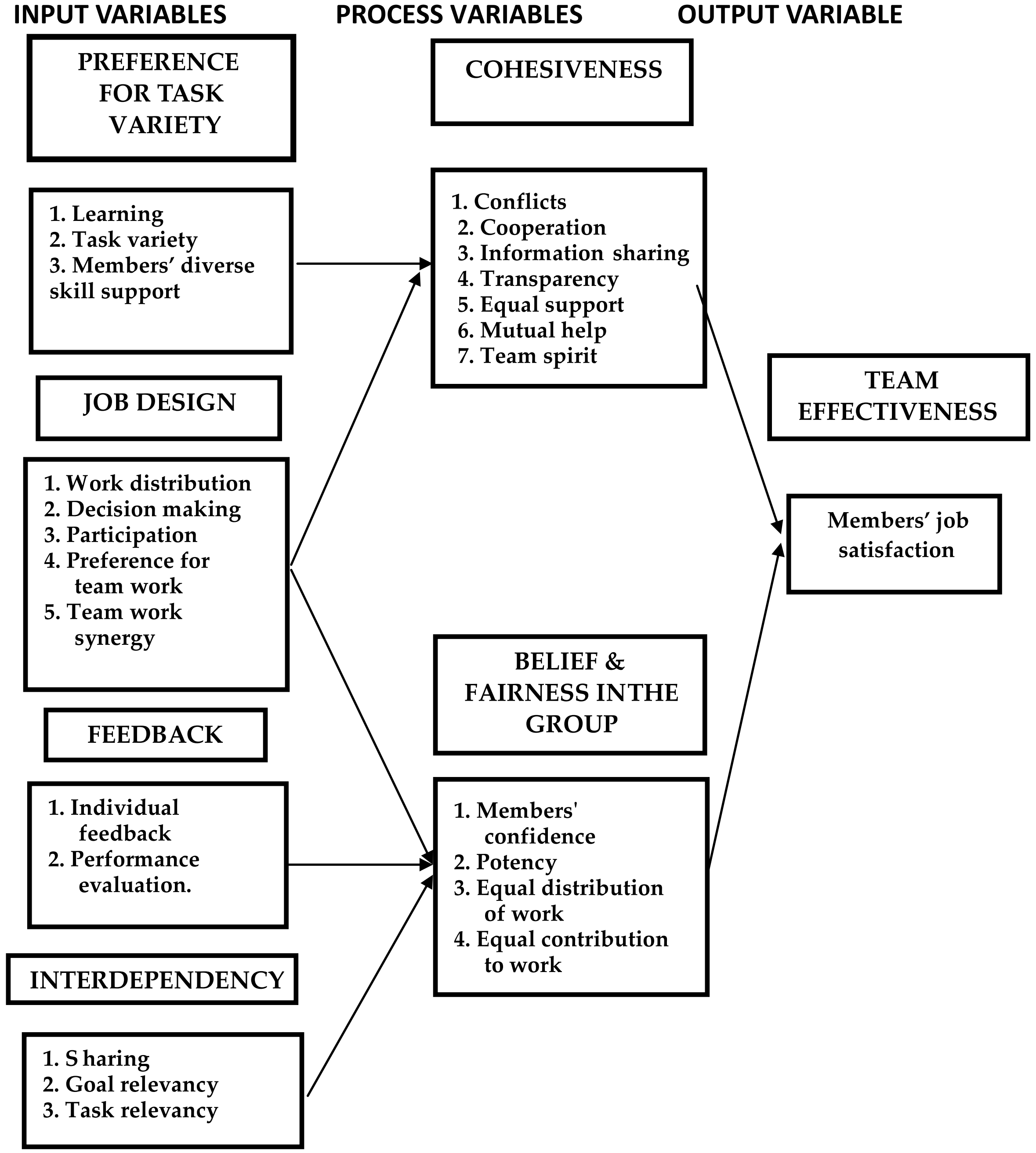
With respect to exploration of process factors in the workgroup characteristics, two dimensions were identified (figure-3) namely (a) Cohesion within group members and (b) Members' belief and fairness within the group.Under the Cohesion within group members, seven process characteristics were grouped namely conflicts, cooperation, information sharing, transparency, equal support (an opportunity free of discrimination), mutual help (voluntary and reciprocal exchange of help), and team spirit (Yeatts, D. E., & Hyten, C., 1998, De Jong, A., De Ruyter, K., & Wetzels, M., 2005).Under the second dimension Members' belief and fairness within the group, four process characteristics were grouped namely, members' confidence, potency, equal distribution of work, and equal contribution to the work (De Jong, A., De Ruyter, K., & Wetzels, M., 2005, Edmondson, 1999).

Identification of the input characteristics that influence the SHG effectiveness mediated by the process variables could be informative to NGOs. To a larger extent, attention was given to the performance and group structure of small groups (Levine & Moreland, 1990). Though, it has been traditionally pointed that groups generally have both task and social/emotional components (Bales, 1950), however, significance was primarily given for understanding these tasks than the interpersonal factors.

The sustainability of the groups could be challenging if less importance is given to the storming part in the group development stage. To add further, the most difficult part of mentoring SHGs could be the identification of process factors. Therefore, the women SHGs primarily being self-managed ones, the recognition of the group processes could be significant for effectiveness.

While this study had attempted to provide aSHGs' workgroup characteristics framework, the further scope could be to understand the predictive relationship among input process on the output variables.

Figure -3
Input-Output-Process Characteristics with latent variables after Exploratory Factor Analyses



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Goods and Services Tax (GST): A New Tax Reform in India

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ABSTRACT

The Goods and Services Tax Bill (GST Bill) was passed in the Indian Parliament in August 2016 (3 August 2016 and 8 August 2016 in Rajya Sabha and Lok Sabha respectively). With the Presidential assent on September 08, 2016, GST is now a law. The government has set the target of implementing GST from April 01, 2017. GST, a comprehensive indirect tax on manufacture, sale and consumption of goods and services across India, will replace taxes levied by the central and state governments. Goods and Services Tax would be levied and collected at each stage of sale or purchase of goods or services based on the input tax credit method.

This study presents various aspects of GST addressing issues such as: What is GST? How is it better than the existing tax system? What are the expected benefits to different sectors of the Indian economy? How is GST being implemented in other countries?

Keywords: *CGST, GST, SGST, Tax, VAT*

INTRODUCTION

In the existing tax system in India, taxes are levied by the Central Government, the state Government, and the local bodies. The authority to levy tax is derived from the Constitution of India which allocates the power to levy several taxes by Centre and State.

The Central Government levies taxes on income (except the tax on agricultural income, which the State Governments can levy), customs duties, central excise and service tax. Value Added Tax (VAT), stamp duty, state excise, land revenue and profession tax are levied by the State Governments. Local bodies are empowered to levy a tax on properties, octroi and for utilities like water supply, drainage etc.

GST is India's most important and biggest indirect tax reform since independence. The main aim of GST is to replace different types of indirect taxes with a single taxation system. As the name suggests, the GST is applicable to both, Goods and Services.

GST was introduced for the first time in the budget session of 2007-08; on 17th December 2014, the then Union Cabinet approved the proposal for introduction of GST Constitutional Amendment Bill and on 19th of December 2014, the bill was presented in Lok Sabha. Given the passage of the Constitution Amendment Bill for Goods and Services Tax (GST) in the Parliament (Rajya Sabha on 3 August 2016 and Lok Sabha on 8 August 2016), the Government of India is now committed to implement GST and is working on a target date of April 1, 2017 for the roll out. The Bill before being put for President's assent needed to be ratified by more than 50 percent state legislatures, which was achieved within 23 days on September 01, 2016. On September 08, 2016 with the Presidential assent, GST is now a law.

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OBJECTIVES OF THE STUDY

The study has the following objectives:

1) To explain the concept of Goods and Services Tax;
2) To understand the evolution of GST in India;
3) To examine salient features of Goods and Services Tax; and
4) To identify the impact of GST on Indian Economy and challenges in implementing GST.

LITERATURE REVIEW

Adhana (2015) in a detailed study on GST discussed the impact of GST on Indian economy and also challenges expected after implementation. Similarly, Miller (2003) comprehensively discussed GST in Australia, Spiro (1993) in Canada and Mansor (2013) studied the impact of GST in Malaysia.

Gupta (2014) has ascertained that GST will serve the purpose of a collective gain for industry, trade, agriculture and common consumers and in addition may also support the Government, both Central and State in Tax implementation procedures.

Garg (2014) has remarked on the cost of ignorance of the law and insists on the need to understand GST voluntarily.

Vasanthagopal (2011) however emphasizes that the importance of a smooth switchover to a 'flawless' GST can never be undermined for the desired giant leap in the indirect taxation system and the anticipated impetus to India's economic change.

Sehrawat and Dhanda (2015) analyse the challenges in the implementation of GST in India and caution the potential rise of smuggling, tax evasion, and negative impact on the purchasing power of poor people due to the high revenue neutral rate (RNR). The Empowered Committee Report (2009) cites challenges in developing and proposing a taxation model that would be easily implementable and at the same time be generally acceptable to all stake holders.

RESEARCH METHODOLOGY

The research paper is an attempt at exploratory research, based on secondary data sourced from various journals, magazines, articles and media reports.

Available secondary data was extensively used for the study. The investigator also procured the required data through secondary survey.

DISCUSSIONS

How is GST applied?

Anyone providing/ supplying goods and services is liable to charge GST which is consumption-based tax/levy and is based on the "Destination principle." GST is applied on goods and services at the place of final/actual consumption and is collected on value-added basis at each stage of sale or purchase in the supply chain. GST paid on the procurement of goods and services can be set off against that payable on the supply of goods or services. The manufacturer/ wholesaler/ retailer will pay the applicable GST rate but will claim back through tax credit mechanism. The end consumer, i.e. the last person in the supply chain, has to bear this tax which will be collected at the point of sale and so, GST is similar to last point retail tax.

This is true for the present tax system for all indirect taxes but GST will streamline multiple taxes which in turn will reduce the final cost to the consumer due to the elimination of double charging in the system. The present tax structure does not allow a business entity to take tax credits and the probability of double taxation at every step of the supply chain is high which is set to change with the implementation of GST.

The Government of India has opted for Dual System GST which will have two components:

- Central Goods and Service Tax (CGST) and
- State Goods and Service Tax (SGST).

The current central taxes like the excise duty, service tax, central sales tax, customs duty etc will be merged under CGST and taxes like state sales tax, entertainment tax, VAT, professional tax and other state taxes will be included in SGST.

GST will be levied on the place of consumption of Goods and Services. It can be levied on:

- Intra-state supply and consumption of goods & services
- Inter-state movement of goods
- Import of Goods & Services

Present Tax Structure in India

Several types of taxes are levied by the Central and State Governments on Goods & Services which makes the present indirect tax structure extremely complex.

Indirect Taxation

Sales tax

Central Sales Tax (CST)

Central Sales tax is generally payable on the sale of all goods by a dealer in the course of inter-state trade or commerce or, in the course of import/ export.

Value Added Tax (VAT)

VAT is a multi-stage tax on goods that is levied across various stages of production and supply with credit given for tax paid at each stage of value addition

Excise Duty

Central Excise duty is an indirect tax levied on goods manufactured in India.

Customs Duty

Custom or import duties are levied by the Central Government of India on the goods imported into India.

Service Tax

Service tax introduced in India in 1994 was started with three basic services viz. general insurance, stock broking and telephone. Presently it covers all services except a few exempted ones.

Central Government levies taxes on the following:

- Income Tax: Direct Tax on income
- Customs duties: Duties on import and export of goods
- Central excise: Taxes on manufacturing of dutiable goods
- Service tax: Taxes on provision of services

State Governments can levy the following taxes:

- Value Added Tax (VAT): This is a tax on the sale of goods. While the intra-state sale of goods is covered by the VAT Law of that state, the inter-state sale of goods is covered by the Central Sales Tax Act. The revenue collection under Central Sales Tax Act is done by the State Governments themselves and the Central Government has no role.
- Stamp duties and Land Revenue: Land is a matter on which only State Governments can govern, thus the Stamp duties on transfer of immovable properties are levied by State Governments.
- State Excise on Liquor and certain agricultural goods.

Besides the above taxes, certain powers of taxation have been devolved in the hands of local bodies. These local governing bodies can levy taxes on water, property, shop and establishment etc.

Benefits of GST Bill implementation

- The tax structure will be made lean and simple.
- The entire Indian market will be a unified market which may translate into lower business costs. It can facilitate seamless movement of goods across states and reduce the transaction costs of business.
- It will be good for export-oriented business since being structured on the destination principle; exports will by zero rating be relieved of GST.
- In the long run, the lower tax burden could translate into lower prices.
- The Suppliers, manufacturers, wholesalers and retailers will be able to recover GST incurred on input costs as tax credits. This will reduce the cost of doing business translating into lower prices for consumers.
- It will bring more transparency and better compliance.
- The number of departments dealing with tax will reduce which in turn may lead to less corruption and reduce administration cost.
- Rise in a number of business entities under the tax system thus widening the tax base and resulting in higher tax revenue collections.
- Companies under the unorganized sector will be covered under GST.
- Reduction of black money

Challenges for implementing Goods & Services Tax system

- Implementation of GST requires huge changes at the administrative level, information technology infrastructure set up and integration is needed.
- GST, being a consumption-based tax, states with higher consumption of goods and services will have better revenues. Hence, the cooperation from state governments would be one of the key factors for the successful implementation of GST

Why does India need the GST?

France was the first country to introduce this system in 1954 and now more than 150 countries have adopted the GST due to its inherent benefits of raising revenue in the most transparent and neutral manner. All OECD countries, except the US, follow this taxation structure.

The GST will improve the tax compliance and is being introduced to get rid of the current jumble of indirect taxes that are partial and suffer from infirmities, mainly exemptions and multiple rates.

Currently, we have Value-Added Tax (VAT) systems both at the central and state levels. The central VAT or CENVAT mechanism extends tax set-offs only against central excise duty and service tax paid up to the level of production. CENVAT does not extend to value addition by the distributive trade below the stage of manufacturing; manufacturers cannot claim set-off against other central taxes such as additional excise duty and surcharge.

Likewise, state VATs cover only sales and sellers can claim the credit only against VAT paid on previous purchases. The VAT also does not subsume a host of other taxes imposed within the states such as luxury and entertainment tax, octroi, etc.

GST will ensure a complete, comprehensive and continuous mechanism of tax credits- there will be a tax only on value addition at each stage, with the producer/seller at every stage being able to set off taxes against the central/state GST paid on purchases. The end-consumer will bear only the GST charged by the last dealer in the supply chain, with set-off benefits at all the previous stages.

GST will be a game-changing reform for the Indian economy by developing a unified Indian market and reducing the escalating effect of the tax on the cost of goods and services. It will impact the Tax Structure, Tax Incidence, Tax Computation, Tax Payment, Compliance, Credit Utilization and Reporting leading to a complete overhaul of the current indirect tax regime. GST will have a far-reaching impact on almost all aspects of business operations in the country like pricing of products and services, supply chain optimization, IT, accounting, and tax compliance systems.

Central taxes that The GST will replace

Central Excise Duty
Duties of Excise (medicinal and toilet preparations)
Additional Duties of Excise (goods of special importance)
Additional Duties of Excise (textiles and textile products)
Additional Duties of Customs (commonly known as CVD)
Special Additional Duty of Customs (SAD)
Service Tax
Cess and surcharges in so far as they relate to supply of goods or services
State taxes that The GST will Subsume
State VAT
Central Sales Tax
Purchase Tax
Luxury Tax
Entry Tax / Octoroi
Entertainment Tax (not levied by local bodies)
Taxes on advertisements
Taxes on lotteries, betting and gambling
State cesses and surcharges

The GST Council

The GST Council is a joint forum of the centre and states having the union Finance Minister (Chairman) and MoS in charge of Revenue; Minister in charge of Finance or Taxation, or any other Minister, nominated by each state and decisions will be passed by three-fourths majority of votes cast; Centre shall have one-third of votes cast and states shall together have the rest two-thirds. The mechanism for resolving disputes arising out of recommendations will be decided by the Council itself. The council's decisions are pivotal to implement GST and recently it has approved five sets of draft rules on registration, payment, refund, returns and invoices and thus the GST network can initiate work and businesses can set up systems for GST payments. The council is yet to recommend a GST rate and meetings to decide rates and slabs are due to commence on Oct 18, 2016.

The GST Network

Goods and Services Tax Network (GSTN) is a private limited company set up to provide IT infrastructure and services to the Central and State Governments, taxpayers and other stakeholders for the implementation of the Goods and Services Tax (GST). It is a not for profit, non-Government, private limited company and was incorporated on March 28, 2013.In GSTN, the Government of India holds 24.5% equity and all States of the Indian Union, including NCT of Delhi and Puducherry, and the Empowered Committee of State Finance Ministers (EC), together hold another 24.5%, thus in total the governments have 49% equity while private shareholders having 51 %. Despite the private shareholders having a majority stake, the structure of the board of GSTN has safeguards to ensure that strategic control remains in the hands of the government. The GSTN board constitutes 14 directors of which the governments send seven, private financial institutions three with three independent directors and CEO being appointed by the board. Strict protocols will ensure that only people prescribed by law can access data from the system.

The levy of GST

Both the parliament and state houses will have the power to make laws on the taxation of goods and services. The parliament's law will not override a state law on GST and the center will exercise the exclusive power to collect IGST (Integrated GST) for interstate trade/ commerce/imports. A central law will decide on sharing of IGST revenue between the Centre and states, based on the decision of GST Council.

What's Out of GST

Alcohol for human consumption will be out of the purview of GST and Petroleum crude; high-speed diesel, motor spirit (petrol), natural gas and aviation turbine fuel will be subject to GST from a later date as will be decided by the GST council. Also, there will be a list of exempt items which will be free of GST levy.

Summary of key business impacts

Sourcing	• **Inter-State procurement could prove viable** • **This may open opportunities to consolidate suppliers/ vendors** • **Additional duty/CVD and Special Additional duty components of customs duty to be replaced.**
Distribution	• **Changes in tax system could warrant changes in both procurement and distribution arrangements** • **Current arrangements for distribution of finished goods may no longer be optimal with the removal of the concept of excise duty on manufacturing** • **Current network structure and product flows may need review and possible alteration**
Pricing and profitability	• **Tax savings resulting from the GST structure would require repricing of products** • **Margins or price mark-ups would also need to be re-examined**
Cash flow	• **Removal of the concept of excise duty on manufacturing can result in improvement in cash flow and inventory costs as GST would now be paid at the time of sale/supply rather than at the time or removal of goods from the factory.**
System changes and transaction management	• **Potential changes to accounting and IT systems in areas of master data, supply chain transactions, system design** • **Existing open transactions and balances as on the cut-off date need to be migrated out to ensure smooth transition to GST** • **Changes to supply chain reports (e.g., purchase register, sales register, services register), other tax reports and forms (e.g., invoices, purchase orders) need review** • **Appropriate measures such as training of employees, compliance under GST, customer education, and tracking of inventory credit are needed to ensure smooth transition to the GST regime**

(Source: https://www.quora.com/How-will-GST-Goods-and-Services-Tax-affect-wholesalers-distributors)

Present Regime and GST Regime: A Comparison

Broad scheme: There are separate laws e.g. Central Excise Act, 1944, respective State VAT laws.

There will be only one tax law because GST shall subsume various taxes specified above.

Tax rates: There are separate tax rates e.g. Excise 12.36 % and Service Tax 14%.

GST will have one CGST rate and a uniform rate of SGST across all states.

Cascading effect

This Problem arises because the credit of CST and many other taxes is not allowed and with the implementation of GST, CST concept will be eliminated with the introduction of IGST.

Tax burden: The tax burden on taxpayer is high which is expected to reduce in the long run with GST since all taxes are integrated which makes possible the burden to be split equitably between manufacturing and services.

Cost Burden on Consumers: Due to the cascading effect, certain taxes become part of the cost and the GST mechanism will avoid such anomalies by providing credit and thereby reducing the cost burden.

Concurrent Power: At present, there is no such power to either the Centre or the State on same subject tax matter. Now, both the Centre and State are vested with the power to make law on GST by virtue of proposed Article 246A of the Constitution.
Compliance: Tax compliance is complex due to multiplicity of laws and their provisions which will be simplified by GST as only one law will need to be followed.

Transparent Tax Administration

Broadly, in the present system, the tax is levied at two stages, one, when product moves out of factory and second, at the retail outlet.

GST is to be levied only at the final destination of consumption which will bring in transparency and aid corruption free tax administration.

Distribution of GST

Clause 270(1A) of the GST Bill provides that the goods and services tax levied and collected by the Government of India, except the tax apportioned to the States under clause 269A (1) shall be distributed between the Union and the States in the manner provided in clause 269A(2).

No Surcharge levy on GST

Clause 271 of the Bill which empowers the Parliament to increase any duties or taxes by surcharge for the purpose of Union has been amended in the bill by providing an exception to Goods and Services tax under Clause 246A.

SCOPE OF GST

GST shall cover all goods and services, except alcohol for human consumption which will be out of the purview of GST and Petroleum crude, high-speed diesel, motor spirit (petrol), natural gas and aviation turbine fuel will be subject to GST from a later date as will be decided by the GST council. Also, there will be a list of exempt items which will be free of GST levy.

CONCLUSION

GST, a sort of reverse Brexit for India, is not only the biggest indirect tax reform but a historic socio-economic reform, which will economically unite the country creating a nationwide common market and lowering barriers to trade and services throughout India. GST is expected to make the economy more efficient and competitive and the GDP expansion based on this development is predicted to be of 1-2 %. The proposed GST will aid in the removal of costs and compliance of paying 14-16 different taxes for inter-state trading of goods. GST will improve productivity in multiple perspectives; enabling India to go high on the path of growth, prosperity, and development.

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Impact of Public Expenditure on Education under Five Year Plans of India

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ABSTRACT

The role of education in facilitating economic and social progress is well recognized. It opens up opportunities to both individual and group entitlements. Education, in its broadest sense of the development of youth, is the most important input for empowering people with knowledge and skills and giving them access to productive employment in future. Improvements in education are not only expected to increase efficiency but also augment the overall quality of life.

After Independence, the Indian economy has been premised on the concept of economic planning. This has been carried through the five-year plans, developed, executed, and monitored by the Planning Commission (Now NITI Aayog).

The education system of the country has a determining influence on the rate at which economic progress is achieved and the benefits which can be derived from it. Economic development naturally makes increasing demands on human resources and in a democratic set-up it calls for values and attitudes in the building up of which the quality of education is an important element. The socialist pattern of society assumes widespread participation of the people in all activities and constructive leadership at various levels.

Keywords: *Five-year plans, Planning commission (NITI Aayog).*

1.1 Expenditure on Education during the Five Year Plans

In a period of intensive development, however, the resources to be allocated for education and the targets to be achieved are among the difficult issues which have to be faced in drawing up a plan of social and economic development. In recent years, there has been a great deal of re-examination of the pattern of education, and on several issues the opinion of education experts has crystallized into fairly specific proposals for change, as indicated in the recommendations of the Secondary Education Commission, the University Education Commission and a number of committees which have inquired into problems related to education. The progress achieved in different branches of education has been reviewed by the Central and State Governments with a view to formulating programmes for the second five-year plan.

1.2. Public Expenditure (as percentage of GNP) on education since 1950

The Education Commission (1964–66), the National Policies on Education (NPE), 1968 and 1986 and also the modified education policy of 1992, have all recommended that public expenditure on education should be raised to 6 percent of the national income (NI). Although the proportion of Gross National

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Exhibit 1: Expenditure on Education during the Five Year Plans (Rs. Cr.)

Five Year Plans	Elementary (%)	Secondary (%)	Higher (%)	Total Expenditure
FYP-1	85 (56)	20 (13)	14(9)	153.00
FYP-2	95 (35)	51 (19)	48(18)	273.00
FYP-3	201 (34)	103 (18)	87(15)	589.00
FYP-4	239 (30)	140 (18)	195(25)	786.00
FYP-5	317 (35)	156 (17)	205(22)	912.00
FYP-6	803 (30)	736 (25)	530(18)	2,043.00
FYP-7	2,849(34)	1,829 (22)	1,201(14)	8,500.00
FYP-8	4,006.6(47)	1,538 (18)	1,055.8(12.4)	8,521.90
FYP-9	16,364.88(65.7)	2,603.5(10.5)	2500.0(10.0)	24,908.50

Note: The figures in parenthesis indicate % to total allocation.
Source: Five-Year Plans, Annual Plans and MHRD Reports.

Product (GNP) spent on education has increased over the years, it is yet to reach this target. At the inception of planning (1950/51), joint expenditure on education by States and Centre amounted to only 0.68 percent of GNP; by 1980/81 it reached 3 percent. At the beginning of the 1990s, when it was 4.1 percent of GNP, it declined to 3.8 percent in 1995/96. It is disheartening to note that in 1999/2000, it is still only 3.8 percent more or less the same as in the mid-1980s.

After fifty-two years of independence, India spends less than 4 percent of its GNP on education and less than half of this amount on elementary education (1.8 percent). 'Lack of resources cannot be a convincing argument for failing to discharge this national duty' (GOI, 1999). If the Government can find the money to implement the Fifth Pay Commission's recommendations, that entailed additional expenditure to the extent of 3 percent of GNP, surely the need of elementary education could also be met.

What is needed is both political will and public pressure (Shariff and Ghosh, 2000). Adjusted Centre and State expenditure suggest that the share of State expenditure on education 2000 decreased from a high of 91.1 percent in 1991/92 to 88.9 percent in 1999/2000. This recommends that the national level allocations are an important source by which States currently enhance expenditure on education.

1.3 Expenditure on Education by Level of Education:

Expenditure by the level of education in our country and its percentage of Gross Domestic Product(GDP) and total Government expenditure on all sectors during the period 1990/91 to 2004/05. The expenditure on elementary education was 1.78 percent to GDP in 1990/91. The percentage expenditure on elementary education to GDP after a gradual rise and fall has remained almost same i.e. 1.89 percent in 2004/05. The percentage expenditure to GDP on secondary/higher secondary shows an irregular rise and fall and it has remained between 1.13 to 1.11 percent during 199-98 to 2004/05. The percentage expenditure to GDP on Adult Education was 0.05 percent during 1990-91 showing a gradual decrease to 0.01 percent in 2000/01. It improved slightly to 0.02 percent during 2004-2005.

The percentage expenditure on University and Higher Education to GDP, which was 0.77 percent in 1990/91, shows a gradual decrease to 0.62 percent in 1997-98 and rises to 0.66 percent in 2004-2005. The share of expenditure on Elementary Education to total expenditure on all sectors was 6.19 percent during 1990-91 and which shows irregular rise and fall and is 6.57 percent in 2004/05. The share of Secondary and Higher Secondary Education to total expenditure on all sectors was highest in 1999-2000 i.e. 4.97 percent and the lowest (3.85 percent) during 2004-2005.

The share of adult expenditure to total expenditure on all sectors was highest in 1990-91 (0.19 percent) and shows a gradually decreasing trend to 0.05 percent in 2004/05. The percentage share of higher education to total expenditure remained between 2.31 percent to 2.30 percent in the last decade.

1.4 Literacy Rate: As per RGI definition a person is considered literate if he or she can read and write with understanding, in any language. However, a person who can merely read, but cannot write, is not recorded as literate in the census.

Literacy rates in India (1951-2005):

Literacy rates for the years 1951, 1961 and 1971 censuses relate to the population aged 5 years and above while those for the 1981, 1991 and 2001 censuses relate to the population 7 years and above. The literacy rate for the country as a whole in 2001 was 64.84 % for the population aged 7 years and above. The corresponding figures for males and females were 75.26 % and 53.67 % respectively. The literacy rates in India since 1951 are given below.

Exhibit 2

LITERACY RATES (%AGE), 1951 TO 2004-05

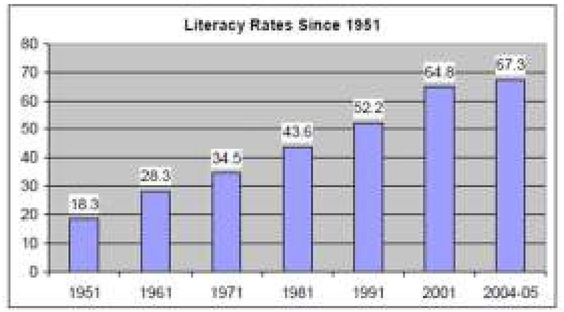
Census year	Persons	Males	Females	Male-Female gap in literacy rate
1	2	3	4	5
1951	18.33	27.16	8.86	18.30
1961	28.30	40.40	15.35	25.05
1971	34.45	45.96	21.97	23.98
1981	43.57	56.38	29.76	26.62
1991	52.21	64.13	39.29	24.84
2001	64.84	75.26	53.67	21.59
2004-05*	67.30	77.00	57.00	20.00

Source: Census of India
*- NSS 61st Round Survey Report No. 517, 2004-05 Page 24

1.5 Growth of Enrolment:

The growth of gender-wise school enrolment in different stages of school education from 1950/51 to 2004/05. The total enrolment at the Primary stage has increased seven times, from 19.2 million in 1950/51 to 130.8 million in 2004/05. In case of Upper Primary stage, it increased seventeen times, from 3.1 million in 1950/51 to 51.2 million in 2004/05. The increase in enrolment at Secondary/Senior Secondary accounted twenty-five times, from 1.5 million in 1950/51 to 37.1 million in 2004/05. The

Exhibit 3



girls' enrolment increased by eleven, forty-five and seventy-seven times respectively during the same period in the above institutions. State wise/ gender wise details of enrolment by stages and classes for the year 2004/05 are given below.

Exhibit 4: Enrolment of All Categories of Students 1950/51 to 2005/06 (Figures in millions)

Year	Primary (I -V) Upper Primary (VI-VIII)			Secondary and Senior Secondary(IX-XII)			Higher Education		
	Boys	Girls	Total	Boys	Girls	Total	Boys	Girls	Total
1950/51	13.8	5.4	19.2	2.6	0.5	3.1	1.3	0.2	1.5
1960/61	23.6	11.4	35	5.1	1.6	6.7	2.7	0.7	3.4
1970/71	35.7	21.3	57	9.4	3.9	13.3	5.7	1.9	7.6
1980/81	45.3	28.5	73.8	13.9	6.8	20.7	7.6	3.4	11
1990/91	57	40.4	97.4	21.5	12.5	34	12.8	6.3	19.1
1996/97	61.4	46.8	108.2	22.9	15.2	38.1	15.3	8.7	24
1997/98	62.3	48	110.3	23.6	15.9	39.5	16.1	9.3	25.4
1998/99	62.7	49	111.7	23.9	16.5	40.4	16.6	10.1	26.7
1999/00	63.6	50	113.6	24.3	17	41.3	17.2	10.8	28
2000/01	64	49.8	113.8	25.3	17.5	42.8	16.9	10.7	27.6
2001/02	63.6	50.3	113.9	26.1	18.7	44.8	18.4	12.1	30.5
2002/03	65.1	57.3	122.4	26.3	20.6	46.9	19.5	13.7	33.2
2003/04	68.4	59.9	128.3	27.3	21.5	48.7	20.6	14.4	35
2004/05	69.7	61.1	130.8	28.5	22.7	51.2	21.7	15.4	37.1
2005/06	70.5	61.6	132.1	28.9	23.3	52.2	22.3	16.1	38.4

The participation of girls at all stages of education has been increasing steadily over the years as may be seen from Since 1950/51 girl's participation has increased many times in Primary Middle, Secondary/Senior Secondary stages and Higher Education levels from 28.1 percent to 46.7 percent, from16.1percent to 44.4 percent, from 13.3 percent to 41.5 percent, and from 10.0 percent to 38.9 percent respectively. However, the girl's participation is still below 50 percent at all stages of education.

1.6 Educational Institutions

There has been a considerable increase in the spread of educational institutions during the period

1950/51 to 2004/05. During the period 1950/51 and 2004/05 the number of Primary Schools increased by 3.66 times, while the Upper Primary Schools and Secondary/Higher Secondary Schools increased by more than twenty times each. The number of Colleges for general education and professional education increased by about twenty-eight and fifteen times respectively while the number of Universities increased by fifteen times during the period. Since 200/02, a number of Universities/ Deemed Universities etc. has increased more rapidly as compared to other educational institutions. During this period, Primary Schools increased by 1.2 times, Upper Primary Schools by 1.3 times, Secondary/ Senior Secondary schools increased by 1.1 times. In higher education, colleges for general education increased by 1.2 times, and Colleges for professional education increased by 1.3 times while Universities/Deemed Universities etc. increased by 1.5 times. The state-wise details of all the recognized institutions in 2004/05 are given below.

Exhibit 5

India's progress in education cannot be termed as satisfactory. In terms of higher education, it has achieved tremendous success, but its unsatisfactory performance in elementary and secondary education has been a major obstacle to growth.

GROWTH OF RECOGNISED EDUCATIONAL INSTITUTIONS FROM 1950-51 TO 2004-2005

Years	Primary	Upper Primary	Sec./Sr. Sec/ Inter /Pre. Jr. Colleges	Colleges for General Education	Colleges for Professional Education Engg., Tech., Arch., Medical & Education colleges)	Universities/ Deemed Univ../ Instt. Of National Importance
1950-51	209671	13596	7416	370	208	27
1955-56	278135	21730	10838	466	218	31
1960-61	330399	49663	17329	967	852	45
1965-66	391064	75798	27614	1536	770	64
1970-71	408378	90621	37051	2285	992	82
1975-76	454270	106571	43054	3667	3276**	101
1980-81	494503	118555	51573	3421	3542**	110
1985-86	528872	134846	65837	4067	1533**	126
1990-91	560935	151456	79796	4862	886	184
1991-92	566744	155926	82576	5058	950	196
1992-93	571248	158498	84608	5334	989	207
1993-94	570455	162804	89226	5639	1125	213
1994-95	586810	168772	94946	6089	1230	219
1995-96	593410	174145	99274	6569	1354	226
1996-97	603646	180293	103241	6759	1770	228
1997-98	619222	185961	107140	7199	2075	229
1998-99	628994	193093	112050	7494	2113	237
1999-00*	641695	198004	116820	7782	2124	244
2000-01*	638738	206269	126047	7929	2223	254
2001-02*	664041	219626	133492	8737	2409	272
2002-03*	651382	245274	137207	9166	2610	304
2003-04*	712239	262286	145962	9427	2751	304
2004-05*	767520	274731	152049	10377	3201	407

•Provisional
*** Includes institutions for Post-Matric courses.*

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Effect of Merger and Acquisition on Shareholder's Wealth- A Case Study

Pushpa Yadav*

ABSTRACT

The financial and economic reform in the 1990s has increased the competition, technological innovations and advancements leading towards merger and acquisition. Banking sector being the most responsive sector has experienced almost dozens of M&A since reform. But these M&A are financially viable only when it adds value to its shareholder's wealth. The present study examines the effect of M&A on the shareholder's wealth. One of the prominent private sector banks in India, ICICI Bank Ltd and its merger with Bank of Rajasthan has been considered for the purpose of the study. The post-merger period i.e. 2009-10 to 2014-15 has been used to analyze the value added to the ICICI Banks Ltd shareholder's wealth. The results suggest that though the profitability of ICICI Bank Ltd. has improved during the post-merger period, but no significant effect is observed on its shareholder's wealth creation.

Keywords: *Merger and Acquisition, Shareholder's Value creation, Economic Value Added*

INTRODUCTION

The last few years has witnessed a trend of merger and acquisitions not only in the industrial but also in the financial Sector. Merger and acquisition in banks are mainly tempted by globalization or deregulation. Globalization and deregulation unleashed the gate to new national and international players with an aim to improve performance by inducing competition in this sector. In the current scenario, small banks are finding it hard to face the competition and provide the facilities of the large banks. They are intended to combine with a strategic motive to reduce competition, increase market size and improve credit creation capacity of the banks. It is also preferred, to gain synergy, improve efficiency and obtain both economic and non-economic benefits of scale. Consolidating the business also makes the bank robust enough to sustain in the ever-changing business environment. They find it easier to adapt themselves quickly and grow in the domestic and international financial markets[1]. It also assists in shaping up and maximizing shareholder's value.

The Indian banking sector has witnessed nearly dozens of Mergers and Acquisitions during 1990-2000, which were mainly, forced mergers between strong banks and weak lenders, to seek survival. Besides this, more than 15 mergers have taken place among healthy banks for commercial purposes[2]. The biggest merger in domestic banking took place in 2008 between Bank of Punjab and HDFC Bank.

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Shareholders of the bank are the owner's of the bank, who employ agents (directors) to manage their banking business. As the shareholder's agents, management is charged with the responsibility of creating wealth for the shareholders. All the actions and strategies of the management are guided towards Shareholder's Value Creation (SVC). SVC is the excess of market value over the invested capital. Merger and Acquisition have emerged as a popular strategic method to gain external growth by enhancing the production and marketing operations. The bank's management will opt for the merger only if it adds to the wealth of the shareholders; otherwise, merger will not be a financially viable proposition.

LITERATURE REVIEW

Jaikisan and Shilka (2011)[3] examined the effect of the merger in Indian Banking Sector during 2005-2010 and concluded no significant short-term impact on the change in relation and stock prices. But the long term synergic impact is observed. They supported the idea of M&A in the banking sector and argued that a right investment can generate strategic and financial benefits to the merged bank.

Anam charan raul (2012)[4] investigated the motives of M&A and value added to shareholder's wealth during the post-merger. The study concluded that performance of the commercial banks has declined during the post-merger period and it does not add value to the shareholder's wealth.

Nalwaya and Vyas (2012)[5] in their paper have tried to evaluate the financial performance of ICICI Bank Ltd. before and after the merger with Bank of Rajasthan. The study concluded that the operating profit of the bank has declined after the merger, but an improvement is noted in the net profit of the bank. Improvement in EPS and Dividend payout ratio is also noted during the post-merger period which clearly implies the value addition to the shareholder's wealth.

Shivappa and jyoti[6] conducted a comparative study on value added by M&A in public and private sector banks in India.

Kasturi Rangan (2013)[7] evaluated the performance of HDFC Bank Ltd after the merger with Centurian Bank of Punjab. It observed a cyclical trend in the EVA, where shareholder's wealth depleted in the initial year of the merger but it was improved in the following years.

NEED FOR THE STUDY

In the present scenario corporate restructuring i.e. Merger and Acquisition (M&A) have grown at a very fast pace especially in the Indian banking sector which draws the attention of the researcher in this area. Due to the fast growing pace, it opens the door and tremendous scope for research. The impact of such corporate restructuring on the Shareholder's wealth has always been in the spotlight of the study. Generally, M&A are undertaken with objectives like to gain synergy, better customer relation, market expansion, etc. but ultimately the shareholder's are concerned with the short-term return and long-term growth in their investment. The present study aims to analyze the impact of the merger on the shareholder's wealth of the host bank. Among the recent mergers in Indian banking sector of ICICI Bank Ltd with Bank of Rajasthan being one of the most popular mergers has been chosen as a case for this study.

OBJECTIVE OF THE STUDY

The main objectives of the study are:

- To calculate the value of beta and analyze the risk of shares of ICICI Bank Ltd.
- To analyze the value added to shareholder's wealth of ICICI Bank Ltd as a result of its merger with Bank of Rajasthan Ltd.

METHODOLOGY

PERIOD OF THE STUDY

The study examines the post-merger financial performance of the ICICI Bank with Bank of Rajasthan. For this, the period of 6 years from the merger i.e. 2009-10 to 2014-15 has been considered in the study.

DATA COLLECTION

The study is based on secondary data. The data is collected from annual reports of ICICI Bank Ltd., publications by RBI, stock prices of ICICI Bank Ltd. and the market is taken from BSE SENSEX. Further, the data is also collected from Journal and newspaper articles related to the mergers.

TOOL AND TECHNIQUES

To analyze the financial performance equity approach of Economic Value Added (EVA) analysis is used. EVA is the surplus left after making an appropriate charge for the capital employed in the business8. Entity and Equity are the two approaches for calculation of EVA of a business entity. Thampy and Baheti have suggested Equity approach of EVA be suitable for the banks over Entity approach, as the banking is the business of liability management. They are engaged in raising deposits at a lower cost and mobilizing them to earn a profit. Computation of cost of capital is complex for the banking concerns. Deposit is the prominent component of bank's debt constituting 80%-85% of it. The cost associated with deposits like cheque, ATM, Debit Card is difficult to calculate, ignoring this cost component in the computation of WACC magnifies the error[9].

Entity Approach of EVA= NOPAT-(WACC*Capital Employed)

And

Equity Approach of EVA= NOPAT- (Equity*Cost of Equity)

The calculation of EVA in Equity Approach involves calculation NOPAT and Cost of Equity. Markowitz's Market Model is used to calculate the Cost of Equity (Ke). Covariance of daily returns to market is used to calculate the value of Beta (.) using MS Excel.

Net Operating Profit after Tax (NOPAT): - Net operating Profit is the profit derived from the day to day business activity. Adjustments are done to exclude the non-recurring expenses and non-operating profits and costs from total Income. NOPAT is used in place of Net Profit after Tax to find the actual value created from the Bank's operation.

NOPAT=NOPBT- Corporate Tax paid

NOPBT =Total Income- (Interest Income + Operating Expenses)

Cost of Equity (Ke): - The cost of equity is the expected rate of return to the investors for their investment in the company. The cost of equity of a company represents the compensation that the market demands in exchange for owning the asset and bearing the risk of ownership10. Markowitz's Market Model is used for calculation of Cost of Equity.

Ke= Rf+β*Rm

Where,

Ke= Cost of Equity, Rf= Risk Free Rate of Return, β= Beta, Rm= Rate of Market Return

Risk-free Rate of Return (Rf)- Rf is the minimum return expected by the investor with zero risk. It is basically return on the Government bonds and Securities. The monthly rate of return from 10year government bond has been taken and then the average annual rate of return is calculated.

Market Beta (β)- market beta is the coefficient that measure of the volatility of the company's share with that of the market volatility. It measures the impact of general market movement on the individual company's share prices. A daily closing price of the ICICI Bank Ltd. and closing index of BSE SENSEX has been collected from the official website of BSE for 6 financial years. The value of • is calculated by the covariance formula:

$$\beta = \frac{Covariance\ (X,Y)}{Variance\ (Y)}$$

Where, X= daily closing rate return on ICICI Bank Ltd stock prices

Y= daily closing rate of return on BSE SENSEX

And

$$\text{Daily closing rate of return} = \frac{\text{today's closing price-yesterday's closing price}}{\text{yesterday's closing price}}$$

Returns to Market (Rm): is the rate of return on investment prevailing in general market. It generally represents the growth rate of the market. The value of Rm is calculated by taking log natural of the fraction between the closing index at the end of the period and closing index in the beginning of the period. The index of BSE SENSEX being the most popular index has been taken as the general market Index for the study.

Rm=log (D2/D1)

Where, D1= closing index of SENSEX at the beginning of the period D2 = closing index of SENSEX at the end of the period

RESULTS AND DISCUSSION

Net Operating Profit: Table 1 clearly shows that an increase in absolute Operating profit and NOPAT in the post-merger period. Decrease by 8.56% in 2011-12, is noticed in the NOPAT the year following the merger, which is due to the increased operating cost resulting from the merger. But it improved and increased in the following years.

shareholder's wealth depleted by 41687 crores. The financial health of ICICI Bank Ltd improved a little in the year following the merger as the EVA depletion reduced by almost 77% during this year. The year 2011-12 marked was the most profitable year for the Company it added 6302 crores to the shareholder's wealth, but it was again followed by depletion in the wealth at an increasing rate.

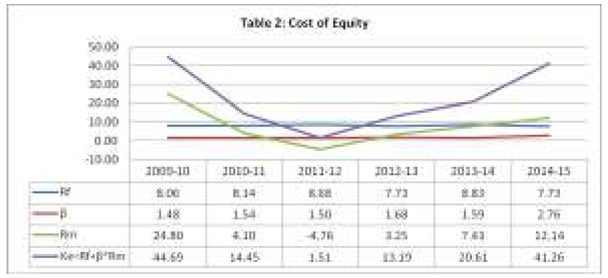
Table1: Adjusted Net Profit

(In Rs. '000)

Year	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Total Income	331845831	326219453	410454120	484212981	546060249	612672704
Interest Expenses	175925704	169571515	228084964	262091848	277025886	300515294
Operating Expenses	58598327	66172492	78504433	90128837	103088614	114958307
Operating Profit	**97321800**	**90475446**	**103864723**	**131992296**	**165945749**	**197199103**
Corporate Tax	15,977,789	16,093,200	23,381,700	30,712,200	41,576,900	46,445,700
Adjusted Net Profit After Tax	**81344011**	**74382246**	**80483023**	**101,280,096**	**124368849**	**150753403**
Growth as compared to previous year (%)	**14.06**	**-8.56**	**8.20**	**25.84**	**22.80**	**21.21**

Cost of Equity (Ke):-

It is the expected rate of return to the investors for their investment in the company.



A random fluctuation in both Risk-free market and the general capital market has been observed from the table 2 presenting an uncertainty prevailing in both the markets. The responsiveness of ICICI Bank Ltd with BSE SENSEX gradually increased by 1.31% from 0.48% in 2009-10 to 1.79% in 2014-15. As a result, large variation in Ke of ICICI Bank Ltd. is observed during the period of the study. It was least during the year 2011-12 at 1.51% when the expected market return was -4.76% and maximum during the year of merger i.e. 2009-10 at 44.69%.

Table 3 shows the total shareholder's wealth created by ICICI Bank during post-merger with Bank of Rajasthan. EVA of ICICI Bank Ltd has shown that the bank has destroyed its value due to the high cost of equity except in the year 2011-12 when the cost of equity was least at 1.51%. 2009-10 being the year of the merger the cost of equity was 44.69% and the

Table 3: Economic Value Added

Year	NOPAT ('000)	Equity ('000)	Cost of Equity (%)	EVA ('000)
2009-10	81344011	11148453	44.69	**-416872740**
2010-11	74382246	11517723	14.45	**-92019350**
2011-12	80483023	11527144	1.51	**63022980**
2012-13	101280096	11535817	13.19	**-50865360**
2013-14	124368849	11535817	20.61	**-113404625**
2014-15	150753403	11548327	41.26	**-325737009**

CONCLUSION

The growing competition imposed by Globalization has tempted Merger and Acquisition in every sector, especially the Banking Sector. M&A has now become a prominent strategic tool to reduce cost, competition and improve efficiency. The study examined the effect of the merger on the shareholder's wealth of ICICI Bank Ltd. From the above analysis and finding, it can be concluded that the profitability of ICICI Bank Ltd. improved during the post- merger years. But no significant effect is observed on the shareholder's wealth creation. ICICI Bank Ltd. post merger with Bank of Rajasthan earned a positive return in only one year. This means that the returns to capital from the capital employed by ICICI bank, in rest of the years, was less than the Cost of Capital. In nutshell, it could be said that the Shareholder's wealth diluted in most of the years due to the lower return on their investment than the opportunity cost. Most of the banks rely on capital market for capital base for their capital adequacy requirement. Inadequate return to investment could make it difficult for the ICICI Bank to access the market. And the fluctuating level of cost of equity of the bank clearly describes the picture.

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Clashes of Leadership styles the Mysterious Exit of Cyrus Mistry!

Parul Marwah Gupta*

ABSTRACT

Leadership is the key to success; this phenomenal statement has marked its presence in the global business world and with the passage of time, big industrial houses and business organizations have accepted the power of leadership style. The correct style of leadership can take the business to new heights and antagonistic can ruin settled one in short duration of time. Currently, Tata Group decision to remove its Chairman has caught the eyes of all business houses and public at large. Talks have been made all over the media and in general, about the mistakes and gaps nut inside the matter leadership style have also played a major role; which has forced the management of Tata Group to come up with an action which was drastically surprising to the whole world.

The paper is designed to create an insight of the following:

a. *To understand the causes of clashes between the parties which have lead to disturbing the functioning of the group.*
b. *To reveal the underlying reasons emerged due to different leadership styles practiced by two leaders.*
c. *To create an understanding of the key issue of determination in the whole situation of disruption.*

Key Words: *Leadership Styles, Cyrus Mistry, Tata Group*

INTRODUCTION

A Leader is the one who initiates the activity or venture and creates a path to fulfill goals for mutual development. The style in which the activities are planned, executed and progressed is known as the leadership style. The style of leadership varies from one person to another and on the basis of the type of leadership style been chosen by the leader; the future blueprint of the system will be derived. In Business Organizations, Leaders Competence and conceptual abilities together frame the type of leadership style that would be considered under any business venture. Success and Failure of any venture largely depends on the style of leadership been followed as among the various factors of production including land, labor, material and money; it's the labor (employees i.e. human resource) which nailed the major differential status of the organization in the market.

Traditionally, leadership styles can be categorized into four major divisions namely authoritarian (Centralized approach), Paternalistic (Father Figure Approach), Democratic (De-Centralized Approach) and Laissez Faire (Free, Open & Split Decision

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Making Approach). In modern world; two more Styles have been added to the list including Transactional Leadership Style (Focus on Motivating followers through a chain of rewards and punishment) and Transformational Leadership Style (Focus on transforming followers by redirecting their thinking pattern).

Leader(s) can opt for any of the leadership styles of choice but if erroneous decisions regarding leadership style are taken then highly competitive and assuring venture can be ruined completely. Business Venture being old or new or being in progressive stage needs strong and accurate leadership styles which will not only develop the business but also leads to nurture the future.

About Tata

Tata Group is one of the oldest and most respected business house of the country. The group has been initiated by the efforts of Sh. Jamsetji Nusserwanji Tata in 1868. The horizon of Tata's Business has been spread over to seven business sectors. In 1874, The Central India Spinning, Weaving and manufacturing company has been set under its umbrella. In 1902, Indian Hotel Company had been incorporated which has blessed India with its first luxury hotel experience.

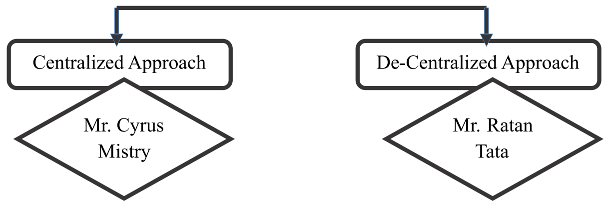
Tata added new genre of business named Tata Iron and Steel Company (Currently known as Tata Steels) in 1907 and also opened its first office overseas in London (U.K.). In 1910, Tata sets its first Tata Hydro-Electric Power Supply company, a year later in 1911; Tata entered in Learning and educational sector by opening its first institute named Indian Institute of Science. In 1917, Tata Group entered in a new sphere of FMCG where they had nailed their presence with Tata Oil Mills Company.

In 1932, Tata entered in a yet new diversified area of Airlines (As Mr. JRD Tata had in-depth knowledge of its operations) and seven years later in 1939, Tata Chemicals was formed. In 1945, Tata Engineering and Locomotive Company was established. In 1952, Tata registered its presence in Cosmetic Industry with brand 'Lakme'; within the span of two years the brand of 'Voltas' was established and in 1962, Tata entered the zone of Tea segment. In 1968, Tata made a revolution with the inauguration of TCS (Tata Consultancy Services) which has the honor of being the first software service company of India. In 1971, Tata Precision Industries was established. From 1990 onwards, the introduction of Liberalization has further boosted the vast circle of Tata Group and since then Tata is showing prominent presence in existing as well as in new sectors and segments of national and international markets.

Background of Cyrus Mistry

Cyrus Mistry belongs to a 'Parsi' Family following a Zoroastrian religion where his father is an Indian and mother belongs to Irish Culture. Cyrus Mistry has one elder brother and two sisters named Laila and Aloo from which Aloo is married to Mr. Noel Tata (Half Brother of Ratan Tata). Mistry himself is an Indian and Irish Citizen and believes in global citizenship. He is a proud member of an industrialist family which is headed by his Father Mr. Shapoorji Pallonji, a diversified conglomerate which has begun with the construction business and was started by Cyrus's grandfather in the 19th Century. Pallonji Family acquires 18.5% stake in Tata Business which holds the largest block of shares by any single party. Prior to joining Tata Group, Mistry was working actively in his family business of Shapoorji Pallonji & Company on the post of Managing Director. In the year 2006, he joined the board of Tata Sons; in 2011 Mistry was appointed as Deputy Chairman of the group and then promoted to the post of Chairman in 2012.

Figure 1
Leadership Styles



There is a vast difference between the leadership styles of both the leaders. Mr. Tata moves on a contributive approach aligned with trust on group members whereas Mr. Mistry believes in microfinance where a decentralized approach was followed and non-customary patterns were implemented. The leadership style of Mr. Mistry has not lead to settle with old approach of Tata group including focus on values and ethics, handful decisions of Mistry have adversely affected the situation by giving up trust of the members and the employees and coming in the limelight for other reasons which are not conventional with Tata Group (For Instance: Vacancy of crucial post of CFO for three consecutive years after the retirement of Ishaat Hussain).

DIFFERENCE OF LEADERSHIP STYLES BETWEEN TATA AND CYRUS

a. Mr. Ratan Tata has always believed in taking human values and human ethics at the priority, whereas Mr. Cyrus Mistry believes in Micro Management where profit ad revenue generation are majorly focused on all administrative operations.
b. Mr. Tata believes in group participation and teamwork in decision-making procedures whereas Mr. Mistry believes in individually handling the decision-making issues to such an extent that he does not let the leaders of other Tata companies to take decisions on their own.
c. Mr. Ratan Tata believes in collaborated efforts to be set as a model of efficient working whereas Mr. Mistry believes that one man show can lead to better management and enhancement of competence of employees.
d. Mr. Tata always trusts on operational experience of the strategic decision-making partners whereas Mr. Mistry trusts on creating a team of experts with rationally lesser operational experience in hand.
e. The main area of focus of Mr. Ratan Tata is Social Responsibility and benchmarked human ethics implementation in the group whereas Mr. Mistry is oriented towards making balance sheet and revenue generation sheets stronger and more viable.
f. Ratan Tata believes in Expansion mode (Strategy) for the group where under his leadership umbrella many renowned and multi-dollar agreements have taken place including merger with NTT Docomo (Japan) & Acquisition with Land Rover (United Kingdom) and Jaguar (United Kingdom), whereas Mr. Mistry believes in Non Expansionary mode (strategy) with no joint venture, merger or acquisition in his tenure has taken place.
g. Mr. Tata believes in Visionary Style of leadership where he acts as change catalyst with clear decision-making standards whereas, Mr. Mistry believes in commanding leadership style where decisions taken have an instant response which led to strong leadership with negative influence on the overall climate of the group.
h. Mr. Tata believes in focusing equally on all corners of business whether they are ahead in making revenue or are slow and picking in the race whereas Mr. Mistry focuses on high revenue yielding businesses and many a times overlook business with weaker profit generation. This approach has a mixed influence on Tata Group as many businesses have been adversely affected whereas the total profit of the group has shown a marginal increase due to high impact and return received from focused sectors.

The leadership style of both the leaders have witnessed huge difference but on deeper look it is very hard to say that which leadership style is more appropriate as Ratan Tata have taken Tata Group successfully from Child to Adolescent age with long tenure of expertise handling of group, whereas Cyrus Mistry have shown good show in shorter period of time but have taken certain decisions which have adversely affected the image of the group (Including Tata – NTT Docomo contract closure with high, Sale of Tata Steel Business in Europe & Acquiring assets of Welpsun Group).

KEY ISSUES OF DETERMINATION

a. Cyrus Mistry has sacked Mr. Raymond Bickson in 2014 (Managing Director & Chief Executive – Indian Hotels) and replace him with Mr. Rakesh Sarna (Three decades experience with Hotel Hyatt). Mr. Sarna was continued on job besides having complains against him.
b. Ratan Tata has started signaling the changes to be done in near future by appointing Mr. Ajay Piramal (Chairman – Piramal Enterprise) and Mr. Venu Srinivasan (Chairman – TVS Motors) for expansion of board (On August 26' 2016), which surprisingly Cyrus Mistry was not even consulted for the decisions.
c. Tata was not happy with the decision to close down or sell Tata Steel business in Europe (done by Cyrus Mistry) as they have the strong vision of running the business even in losses rather than shut it off completely.
d. The whooping penalty decision by International Arbitration (in Tata – NTT

Docomo issue) drawn on Tata Group was also a crucial factor of distances between Cyrus Mistry and Tata Trust, as this has not only put financial burden on the group but above that has adversely affected the image of the group which is of foremost importance to the group from last 148 years.

e. Ratan Tata believes that decisions taken by Cyrus Mistry were not satisfactory on many grounds and it is essential for sustainable growth of Tata group that Mr. Mistry exit from Tata group. Mr. Tata has dismantled the GEC (Group Executive Council) formed by Cyrus Mistry and focused on ethics and values as before.

CONCLUSIVE REMARKS

Cyrus Mistry has started his innings as Chairman from 2012. Cyrus Mistry in respect to the board decision has moved from his position in Tata Group in 2016. Cyrus was advocating some prime decisions to be taken in Tata group which unfortunately were not supported on an open platform. Cyrus Mistry has made many changes due to which the increase in the capital expenditure and decrease in the shareholders' returns are prominent. His proposed decision of sale of Tata Steel port plant in the United Kingdom has lead to adversely affect the image of the group in the international market.

Few business ventures of Tata's which have been closed or are taken into consideration for review to get closed are practically sound decisions including Business Venture of Europe (Steel Segment) or Tata Nano (Automobile Segment). One of the major reasons behind the curtain was over focusing on cash cows and micro management done at an open platform. Tata Group under the four-year leadership of Cyrus Mistry have witnessed an increase in market capitalization from 4.5 Lakh Crores (2012) to 8.6 Lakh Crores (2016).The philosophy of Tata Group has always been to focus on ethics and emotional support but the new leadership style has changed the working pattern and management style to a large extent.

The working style of Cyrus Mistry has always been different from Rata Tata and it was Ratan Tata who initiated the innings of Cyrus Mistry in Tata Group with confidence and trust. The leadership style derived by Cyrus Mistry has changed overall operative systems of the group, under which one reason of failure lies under difference of philosophies and other lies under difference of working approaches (Underlying leadership styles clashes). Moreover, the overall scenario has once again proved that vision and technical know-how are essential for the success of any group but the real essence lies under the leadership philosophies blended with a proper understanding of human behavior and ethical code of conduct.

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