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From the Editor ..... !

The XBRL is very essential in the present era of globalisation. It plays the crucial role between the trade and trader at the level of world trade. With the help of it, the formal accounts can be maintained easily. As a result he can make the comparision candidature as a trader with the other competitive traders. India is the member of World Trade Organisation (WTO) has increased its capacity of import and export. As a result, we are getting the benefit of labour division. A change can be noticed in the business accounting in the present time. But this temporary development can not survive in the present environment. The compensation of this negative effect has been mentioned in the present business accounting.

Since the last 8 years the Indian Assets Management Industry growth rate is 16.4%. In the assets management of industry while during this time the global growth rate is 13%. In this reference, Indian progress is satisfactory. The annual growth rate is 10 - 12% by Foreign Direct Investment (FDI). In the retail sector while the estimated annual growth rate of our country is 6%. It is certain that Indian Economy and Consumers are getting the direct benefit by the Foreign Direct Investment (FDI).

Editor

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EXTENSIBLE BUSINESS REPORTING LANGUAGE- FUTURE OF CORPORATE FINANCIAL REPORTING: AN INDIAN PANORAMA

Prof. Pramod Kumar*

ABSTRACT

XBRL stands for Extensible Business Reporting Language, is an electronic format for communication of business and financial data which is modernize business reporting around the world. The paper is divided into two sections. First section is based on the conceptual part of the XBRL and second section focuses on the adoption and progress of XBRL in India. The secondary data was used for collecting the data for preparing this paper with different websites and literature available.

Online filing of a conventional financial report is not new concept it is concerned with a soft copy of the paper version of such report. On the other hand, XBRL reporting is not just replacement of the existing reporting system, it is a paradigm shift from readable information to usable information because it is not just content but also context that is being transmitted. The progress of XBRL reporting and awareness in India is at infancy stage and hope day by day the purview of compliance will enhance to get the real benefits of such system for which it was invented.

INTRODUCTION

XBRL stands for Extensible Business Reporting Language, is an electronic format for communication of business and financial data which is modernize business reporting around the world. The standardization in-built in the XBRL documents provides significant benefits in the preparation, analysis & communication of business information. XBRL provides cost savings, greater efficiency and improved accuracy and reliability to all those involved in supplying or using financial data. XBRL improve the usability and transparency of financial information reported under existing accounting standards or accounting system, simplifies disclosure, and allows users to communicate financial information more readily and accurately.

The paper is divided into two sections. First section is based on the conceptual part of the XBRL and second section focuses on the adoption and progress of XBRL in India. The secondary data was used for collecting the data for preparing this paper with different websites and literature available. The review of literature shows that almost all the studies on XBRL covers the qualitative aspects of the concept.

SECTION-I

CONCEPT OF RELATED TERMINOLOGIES

The objective of XBRL is to render business reports with an XML-compatible code so that all users in the business reporting supply chain can have a more efficient means of report preparation, and provide for the reliable extraction of financial data across all formats. With XBRL, financial data has to be entered only one time, reducing the

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risk of data-entry error and eliminating the need to manually key information for various formats. Thus, investors and financial analysts are able to lower the cost of preparation and get quick access to information.

An XBRL document comprises the taxonomy and the instance document. Taxonomy contains description and classification of business & financial terms, while the instance document is made up of the actual facts and figures. Taxonomy and Instance document together make up the XBRL documents. Details of these two documents are as follows :

XBRL TAXONOMIES

Taxonomy can be referred as an electronic dictionary of the reporting concepts in the form of financial and non-financial requirements. Taxonomy consists of all the data definitions, the basic XBRL properties and the interrelationships amongst the concepts. It includes terms such as net income, EPS, cash, etc. Each term has specific attributes that help define it, including label and definition and potentially references. Taxonomies may represent hundreds or even thousands of individual business reporting concepts, mathematical and definitional relationships among them, along with text labels in multiple languages, references to authoritative literature, and information about how to display each concept to a user. Taxonomies are based on the regulatory requirements and standards which are to be followed by the companies. Accordingly, depending on the requirements of every country, there can be country-specific taxonomies . An XBRL instance document is a business report in an electronic format created according to the rules of XBRL. It contains facts that are defined by the elements in the taxonomy it refers to, together with their values and an explanation of the context in which they are placed. XBRL Instances contain the reported data with their values and "contexts".

USES OF XBRL

XBRL can be applied to a very wide range of business and financial data. Among other things, it can handle :

- ✦ Company internal and external financial reporting.
- ✦ Business reporting to all types of regulators, including tax and financial authorities, central banks and governments.
- ✦ Filling of loan reports and applications; credit risk assessments.
- ✦ Exchange of information between government departments or between other institutions, such as central banks.
- ✦ Authoritative accounting literature - providing a standard way of describing accounting documents provided by authoritative bodies.
- ✦ A wide range of other financial and statistical data which needs to be stored exchanged and analyzed.

BENEFITS OF XBRL

XBRL offers major benefits at all stages of business reporting and analysis. The benefits are seen in automation, cost saving, faster, more reliable and more accurate handling of data, improved analysis and in better quality of information and decision-making. All types of organizations can use XBRL to save costs and improve efficiency in handling business and financial information. Because XBRL is extensible and flexible, it can be adopted to a wide variety of different requirements. All participants in the financial information supply chain can benefit, whether they are preparers, transmitters or users of business data.

XBRL enables producers and consumers of financial data to switch resources away from costly manual processes, typically involving time-consuming comparison, assembly and re-entry of data. They are able to concentrate effort on analysis, aided by software which can validate and manipulate XBRL information.

By using XBRL, companies and other producers of financial data and business reports can automate the processes of data collection. For example, data from different company divisions with different accounting systems can be assembled quickly, cheaply and efficiently if the sources of information have been upgraded to using XBRL. Once data is gathered in XBRL, different types of reports using varying subsets of the data can be produced with minimum effort. A company finance division, for example, could quickly and reliably generate internal management reports, financial statements for publication, tax and other regulatory filings, as well as credit reports for lenders. Not only can data handling be automated, removing time-consuming, error-prone processes, but the data can be checked by software for accuracy.

Users of data which is received electronically in XBRL can automate its handling, cutting out time-consuming and costly collation and re-entry of information. Software can also immediately validate the data, highlighting errors and gaps which can immediately be addressed. It can also help in analyzing, selecting, and processing the data for re-use. Human effort can switch to higher, more value-added aspects of analysis, review, reporting and decision-making. In this way, investment analysts can save effort, greatly simplify the selection and comparison of data, and deepen their company analysis. Lenders can save costs and speed up their dealings with borrowers. Regulators and government departments can assemble, validate and review data much more efficiently and usefully than they have hitherto been able to do.

IMPACT OF XBRL ON FINANCIAL REPORTING ON THE INTERNET

XBRL affects financial reporting on the Internet in the following ways :

It permits the automatic exchange and reliable extraction of financial information across all software formats and technologies, including the Internet. It eliminates manual work for preparing reports like copy-paste consolidation and reporting and also eliminates proprietary accounting system dump formats. It lowers a company's cost to prepare and distribute its financial statements, e.g., printed financial statements or other specialized reporting formats such as credit reports and loan documents. Companies that prepare business reports and financial statements can increase efficiency and accuracy in the preparation of reports and statements as they are created one time and published as printed reports or on web sites, or submitted as regulatory filings many times. It allows for more efficient data collection and lowers operating costs associated with custom data feeds and reduced errors. It leverages efficiencies of the Internet as today's primary source of financial information. Analysts, investors and regulators, who excessively rely on business reports, benefit from new possibilities in automated analysis and more frequent release of information.

SECTION-II

INDIAN PANORAMA: A SNAPSHOT

Ministry of Corporate Affairs (MCA) mandates XBRL

The mandatory use of XBRL is thus also an opportunity for Indian companies to determine how XBRL can be optimally used for internal business reporting and analysis. Through this approach, companies can use this regulatory change as a trigger for automating collation and analysis of identified internal data. This can result in benefits including cost savings, improvement in the speed of collating and analyzing data, improvement in the reliability and accuracy of data, and an overall improvement in the quality of information for decision making purposes.

On 31 March 2011, the MCA issued a Circular mandating all listed companies and certain unlisted companies, to file their balance sheet and profit and loss account (financial statements) for the year ended 31 March 2011 onward using an XBRL format. This Circular marks an important step in ensuring XBRL compliance for financial statements filed by Indian companies, and is part of a series of XBRL initiatives by various regulators.

In the initial phase, the MCA mandate applies to :

- All companies listed in India and their subsidiaries, including overseas subsidiaries.
- All companies having a paid up capital of INR 5 crores or above, or a turnover of INR 100 crores or above.
- The financial statements required to be filed in the XBRL format would be based on the existing Schedule VI of the Indian Companies Act, and the currently prevailing Indian Accounting Standards. Accordingly, XBRL implementation does not change any requirements relating to preparation of the financial statements, but merely reflects a change in the manner in which the financial statements will be transmitted to the regulators.
- Banking Companies, Power Companies, Insurance Companies and NBFCs were kept outside the purview of XBRL filings owing to their specific requirements.

Reserve Bank of India

Reserve Bank of India has introduced XBRL platform by which scheduled Indian banks are required to submit their returns. As a part of regulatory and supervisory functions bestowed on it, the RBI collects various fixed format data from Commercial banks, financial institutions, authorized dealers and NBFCs, such data is known as Returns. As a online reporting requirements of the Banking Sector are completely different, a separate industry specific taxonomy has been developed. The Banking Taxonomy is based on Indian Accounting Standards, Clause 41 of Listing Agreements, Banking Regulation Act, 1949 and other RBI circulars.

Securities & Exchange Board of India (SEBI)

SEBI is developing an XBRL filing platform which is known as SEBI unified platform for electronic reporting-dissemination (SUPER-D) that can be used by the companies to file their reports. They will use Institute of Chartered Accountants of India taxonomy for the purpose of filing their financial statements. The SEBI is also planning to introduce XBRL in mutual funds filing.

XBRL and ICAI Initiatives

In India XBRL Jurisdiction is with ICAI. It has formed XBRL India. XBRL India is a Company registered under Section 25 of Companies Act, 1956, incorporated for managing the affairs of Indian Jurisdiction of XBRL International. XBRL International is comprised of Jurisdictions which represent countries, region or international bodies and focus of XBRL in their area. XBRL Indian Jurisdiction is an established Jurisdiction of XBRL International. Its objectives are :

- To promote and encourage the adoption of XBRL in India as the standard for electronic business reporting in India.
- To facilitate education and marketing of XBRL.
- To develop and manage XBRL taxonomies.
- To keep the developed XBRL taxonomies updated with regard to international developments.
- To represent Indian interests within XBRL International.

Development of XBRL

As per the data reported by the Ministry of

Corporate Affairs, around 29,039 and 25,786 companies have filed their annual financial statement using XBRL format which is almost 91% compliance with the requirements. MCA has also brought a General circular 33/2012 dated 16th October, 2012 in which MCA has mentioned several instances of incorrect and misleading XBRL filings. It was also pointed out that such XBRL filings are inaccurate and not enough to demonstrate true and fair picture of the state of affairs of the company as per the requirements of Section 211 of the Companies Act, 1956. MCA is concerned with the usage of data filed with them and accordingly, impressing upon the quality of such filings. However, filer cannot create an element in the taxonomy as per their specific requirements.

XBRL Taxonomy US GAAP developed in 2008 based, IFRS based and MCA based in 2002 and 2011 respectively. In US GAAP (2013) around 18,000 elements, IFRS (2013) 3,805 elements while [Indian GAAP (MCA)-2012] 3,140 elements were included in the taxonomy. The extension taxonomy is allowed in first two taxonomies but it is not allowed in MCA. The taxonomy extensions help us to make a complete representation of its financial statements.

XBRL documents filed by companies should include the following information reported as per the existing provisions of law-Balance Sheet, Profit & Loss Statement, Cash Flow Statement, Schedules related to Balance Sheet, Profit & Loss Statement Notes to Accounts Statement pursuant to Section 212 of The Companies Act, 1956 relating to subsidiary companies Disclosure specific to MCA require-ments: Director's Report Auditor's Report Signatories to the Balance Sheet General information about the company, etc. In addition to these a Separate instant documents are too created with respect to the Balance Sheet and Profit & Loss A/c, as well as for standalone and consolidated financials. No extension to the core taxonomy is allowed. A validation tool is provided on the MCA portal for validating the XBRL instance (this is a pre-requisite for filling)

Conclusion

Online filing of a conventional financial report is not new concept it is concerned with a soft copy of the paper version of such report. On the other hand, XBRL reporting is not just replacement of the existing reporting system, it is a paradigm shift from readable information to usable information because it is not just content but also context that is being transmitted. The major drawback of XBRL is non-availability of XBRL software easily. However, MCA provides the names of 27 vendors on its website for the convenience of the users with a disclaimer of not recommendation of any vendor. The progress of XBRL reporting and awareness in India is at infancy stage and hope day by day the purview of compliance will enhance to get the real benefits of such system for which it was invented.

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WTO REGIME VIS-À-VIS INDIAN TRADE

Dr. Mohd. Asif Khan* ● Girish Kumar Gupta**

ABSTRACT

The Aim of this paper is to analyze the Growth and Trends of Different Sectors of the Economy During Pre and Post WTO regime. India has a long Experience With WTO and has been a founder member of the WTO and GATT. Accordingly, India Removed all its Quantitative restrictions and almost bound all tariff lines. But Some Contentious issues in Doha ministerial conference is still not resolved due to differences between Developed and Developing countries. At this stage it is necessary to judge the Performance of Different sector of the Economy during Post WTO regime. India has signed many WTO agreement like Agreement on Agriculture, GATT, GATS and TRIPs. This paper is an attempt to judge the performance of different sectors of the Economy during Pre and Post WTO period with the help of Useful statistical tools such as T-Test, Mean, Coefficient of Variation and Compound Annual Growth Rate (CAGR).

Introduction

The World Trade Organization (WTO) came into force from January 1, 1995 and India became a founder member of the WTO. The former General Agreement on Tariffs and Trade (GATT) was not really an organization, it was merely a legal arrangement but WTO is a new international organization set up as a permanent body and is designed to play the role of a watchdog in the spheres of trade in goods, trade in services, foreign investment, intellectual property rights etc. The highest decision making body is the Ministerial Conference, Which has to meet at least once every two years. Since the coming into being of WTO in January 1995, nine ministerial Conferences have been held namely Singapore (1996),Geneva(1998), Seattle (1999), Doha (2001), Cancun (2003), Hong Kong (2005), Geneva (2009),Geneva (2011) and Bali (2013). The Doha ministerial conference is still not complete due to differences between the developed and developing countries.[1]

WTO Agreements

The WTO's rules — the agreements — are the result of negotiations between the members. The current set were the outcome of the 1986–94 Uruguay Round negotiations which included a major revision of the original General Agreement on Tariffs and Trade (GATT).[2] The WTO agreements cover goods, services and intellectual property. They spell out the principles of liberalization, and the permitted exceptions. They include individual countries' commitments to lower customs tariffs and other trade barriers, and to open and keep open services markets. They set procedures for settling disputes. They prescribe special treatment for developing countries. They require governments to make their trade policies transparent by notifying the WTO about laws in force and measures adopted, and through regular reports by the secretariat on countries' trade policies.[3]

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Figure : Basic Structure of WTO Agreements

The basic structure of the WTO agreements: how the six main areas fit together — the umbrella WTO Agreement, goods, services, intellectual property, disputes and trade policy reviews.

Umbrella	AGREEMENTS ESTABLISHING WTO		
	Goods	Services	Intellectual Property
Basic Principles	GATT	GATS	TRIPS
Additional Details	Other goods agreements and annexes	Services annexes	
Market access commitments	Countries ' schedules of commitments	Countries ' schedules of commitments (and MFN exemptions)	
Dispute settlement	DISPUTE SETTLEMENT		
Transparency	TRADE POLICY REVIEWS		

Source : http://www.wto.org/english/thewto_e/whatis_e/tif_e/agrm1_e.htm retrieved on 6/6/2013

The Brief description is of WTO Agreements can be presented as below-

- GATT General Agreements on Trade in Goods (GATT) :
- GATT Includes Agreements basically on 12 main Subjects which are related to the following Subjects :
  - Agreement on Agriculture
  - Agreement on the Application of Sanitary and Phytosanitary Measures
  - Agreement on Textiles and Clothing
  - Agreement on Technical Barriers to Trade
  - Agreement on Trade-Related Investment Measures
  - Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994 (Anti Dumping)
  - Agreement on Implementation of Article VII of the General Agreement on Tariffs and Trade 1994 (Custom Valuation)
  - Agreement on Preshipment Inspection
  - Agreement on Rules of Origin
  - Agreement on Import Licensing Procedures
  - Agreement on Subsidies and Counter-vailing Measures
  - Agreement on Safeguards

Some Important Agreements have been discussed here :

Agreement on Agriculture

The WTO's Agriculture Agreement was negotiated in the 1986–94 Uruguay Round and is a significant first step towards fairer competition and a less distorted sector.[5] The WTO Agreement on Agriculture contains provisions in 3 broad areas of agriculture and trade policy: market access, domestic support and export subsidies.[6]

Market Access includes tariffication of all Non-Tariff measures. Reduction of Tariffs by 36 per cent by simple average and 15 per cent minimum reduction per tariff line over 1995-2000 (six Year) in the case of developed countries and 24 per cent simple average and 10 per cent minimum reduction per tariff line over 1995-2004 (Ten Years) by developing countries. All Domestic support were to be qualified through the mechanism of Aggregate Measurement of Support (AMS). AMS is an index of the aggregate value of domestic support of subsidy given to each category of agricultural product. Commitment made insisted on a 20 per cent reduction in total AMS for developed countries over six years. For developing countries this percentage was fixed as 13 per cent and no reduction was required for the least developed countries. For the Export subsidies agreement insisted on developed countries to reduce the value of export subsidies by 36 per cent and to reduce the volume of subsidized exports by 21 per cent over six years and for developing countries were to reduce the value of subsidies by 24 per cent and the volume of subsidized exports by 14 per cent over a period of 10 years.[7]

General Agreement on Trade in Services (GATS)

The General Agreement on Trade in Services has three elements : the main text containing general obligations and disciplines; annexes dealing with rules for specific sectors; and individual countries' specific commitments to provide access to their markets, including indications of where countries are temporarily not applying the "most-favoured-nation" principle of non-discrimination. The agreement covers all internationally traded services—for example, banking, telecommunications, tourism, professional services, etc. It also defines four ways (or "modes") of trading services :

Services supplied from one country to another (e.g. international telephone calls), officially known as "cross-border supply" (in WTO jargon, "mode 1")

Consumers or firms making use of a service in another country (e.g. tourism), officially "consumption abroad" ("mode 2")

A foreign company setting up subsidiaries or branches to provide services in another country (e.g. foreign banks setting up operations in a country), officially "commercial presence" ("mode 3")

Individuals travelling from their own country to supply services in another (e.g. fashion models or consultants), officially "presence of natural persons" ("mode 4")[8]

Trade related Intellectual Property Rights (TRIPs)

The Agreement on Trade related Aspects of Intellectual Property Rights of the WTO is commonly known as the TRIPS Agreement or simply TRIPS. Intellectual property rights or IPRs are rights given to people over the creations of their minds. These rights are given by society through the State as an incentive to produce and disseminate ideas and expressions that will benefit society as a whole. Unlike Fundamental Rights of citizens which are guaranteed by the Constitution of a country, IPRs are statutory rights enacted by the law making authority in a country.[9]

The TRIPs Agreement requires all WTO members to adhere to the same IPR (Intellectual Property Rights) standards. In the field of food, medicines, drugs and chemical products, the TRIPs Agreement provides for granting product patents (Whereas, earlier on, process patents were used to be granted). Such product patents will be available for 20 years. In the case of copyright and related rights, protection will be available for 50 years.[10]

Objectives

1. To Understand the WTO Regime and its Agreement, in the light of GATT.
2. To examine the growth and trends of Exports-Imports of Different sector of the economy during pre and post WTO period

Hypothesis :

H_0: There is no significant difference between Pre WTO Total Merchandise Exports-Imports and Post WTO Total Merchandise Exports-Imports.

H_1: There is significant difference between Pre WTO Total Merchandise Exports-Imports and Post WTO Total Merchandise Exports-Imports.

Research Methodology

In the light of objectives and the hypotheses formulated, an attempt has been made in the present study to analyze the growth and trends of different sector of Indian Economy such as Agriculture, Fuels and Mining, Manufactures, Services during pre WTO and post WTO period. The time period for this study is taken ranging from 1980-2012. Pre WTO period is considered from 1980 to1994 while Post WTO period is considered from 1995 to 2012. The data used for this study is based on secondary Sources. The data have been collected from Official websites such as WTO, UNCTAD Statistics, Economic Survey of India and many Journals and articles have been consulted. To describe the growth and trends Compound Annual Growth rate (CAGR), Mean, Standard Deviation (S.D.), Coefficient of variation (C.V.) and have been used. For the purpose of testing the hypotheses student's paired sample T- test has been used. Which is as follows :

$$t = \frac{\Sigma d}{\sqrt{\frac{n\left(\Sigma d^2\right)-\left(\Sigma d\right)^2}{n-1}}}$$

$$\text{CAGR}(t_0, t_n) = (V(t_n)/V(t_0))^{\frac{1}{t_n - t_0}} - 1$$

Data analysis and Hypothesis testing :

Exports

As the table 1 is indicating CAGR figure for Agricultural Products during pre WTO period stood at 3.17 per cent and it increased to11.84 per cent during post WTO period but on the same time Coefficient of Variation (C.V) has also increased from 20.44 per cent to 78.22 per cent from Pre to post WTO period which shows increased inconsistency in the exports during post WTO regime. In the case of Food also CAGR has gone up to 10.14 per cent during post WTO period from just 3.83 per cent from Pre WTO period. it shows that Exports of Food items from India rose during post WTO regime but variability in the exports during post WTO period also increased. Exports of fuels and mining rose drastically during post WTO regime from just 5.80 per cent to 24.00 per cent during post WTO regime and C.V. also increased from 33.55 per cent to 112.19 per cent from pre to post WTO period. The pace of growth in manufactures exports is very slow because it is just slightly increased during post WTO era upto 12.81 per cent from 10.35 per cent. The Exports of Commercial services has gone up significantly during post WTO period.

Imports

In case of Agricultural products imports, CAGR has increased from 5.02 per cent in pre WTO period to 13.45 per cent in post WTO period means 2.68 times increment in CAGR during post WTO period while in case of export it was 3.73 times increment in CAGR of Agricultural products. It shows positive impact of WTO policies on Indian Agricultural Trade because growth rate of exports is higher than the growth rate of Imports. In case of food CAGR increased from 2.27 per cent to 15.38 per cent on the other hand C.V. also increased from 33.24 per cent to 79.93. Here one thing is noticeable that imports of food products rose 6.77 times during post WTO period but export rose only 2.64 times, it shows heavy dependency on food import from outside. Fuels and Minings, Manufactures & Commercial services shows similar trend. In all cases CAGR has gone up during post WTO period but C.V also gone up during post WTO period which shows increased variability.

Table 1

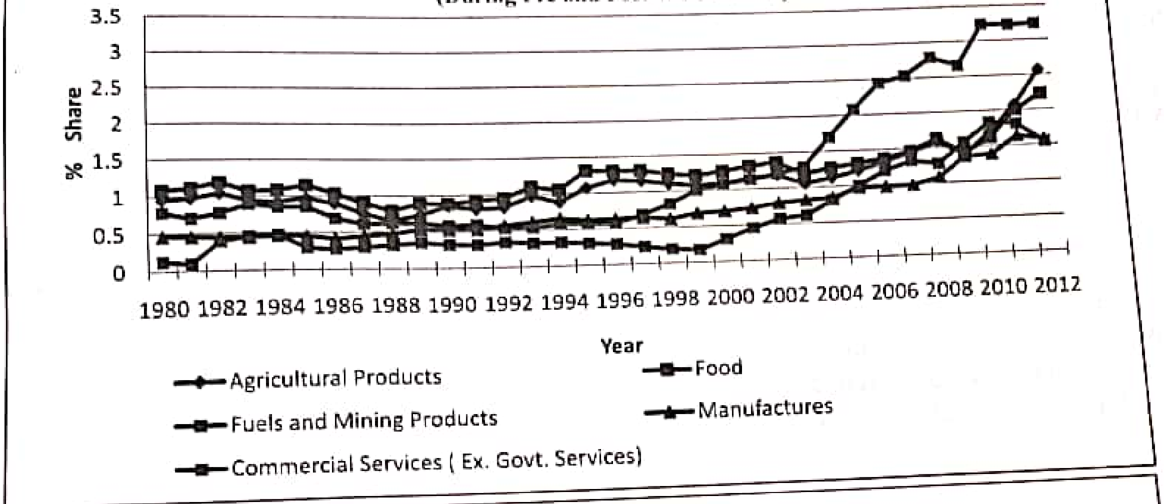
Table showing Different Sectors of Economy*

A comparative study of Pre and Post WTO Period

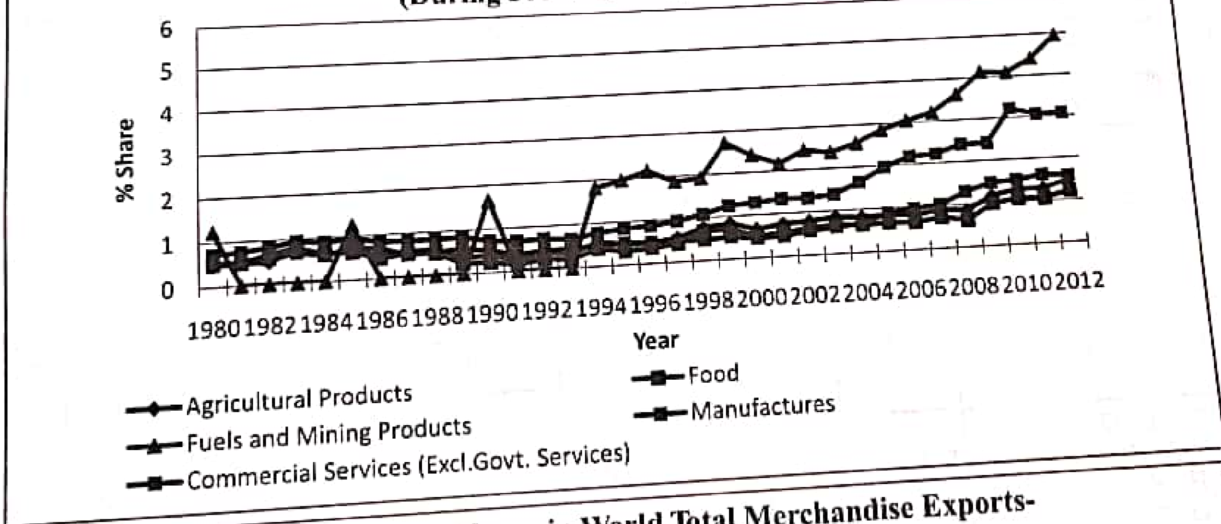
Exports	Mean (US $ million)		S. D.		C. V. %		CAGR%	
	Pre WTO	Post WTO	Pre WTO	Post WTO	Pre WTO	Post WTO	Pre WTO	Post WTO
Agricultural Products	3054.47	13554.22	624.35	10602.10	20.44	78.22	3.17	11.84
Food	2698.20	11231.17	590.11	7682.45	21.87	68.40	3.83	10.14
Fuels and Mining	1361.47	21412.89	456.84	24022.44	33.55	112.19	5.80	24.00
Manufactures	9364.07	72642.28	5015.32	53925.63	53.56	74.23	10.35	12.81
Commercial Services	3838.53	53891.39	1023.95	48463.56	26.68	89.93	5.47	19.55
Total Merchandise Export	13748.60	110732.33	5469.20	91513.33	39.78	82.64	7.94	14.23
Imports								
Agricultural Products	1840.47	9112.33	450.75	6834.74	24.49	75.01	5.02	13.45
Food	1186.71	6005.33	394.48	4799.87	33.24	79.93	2.27	15.38
Fuels and Mining	6482.80	63792.11	1626.07	62944.76	25.08	98.67	1.79	18.85
Manufactures	9652.87	72861.61	2826.05	62233.12	29.28	85.41	7.32	14.34
Commercial Services	4831.33	49696.33	1524.61	41408.87	31.56	83.32	7.51	16.11
Total Merchandise Imports	18626.53	164891.89	4083.50	152401.63	21.92	92.43	4.31	16.85

*Computed from WTO International Trade Statistics (See Appendix 1 & 2)

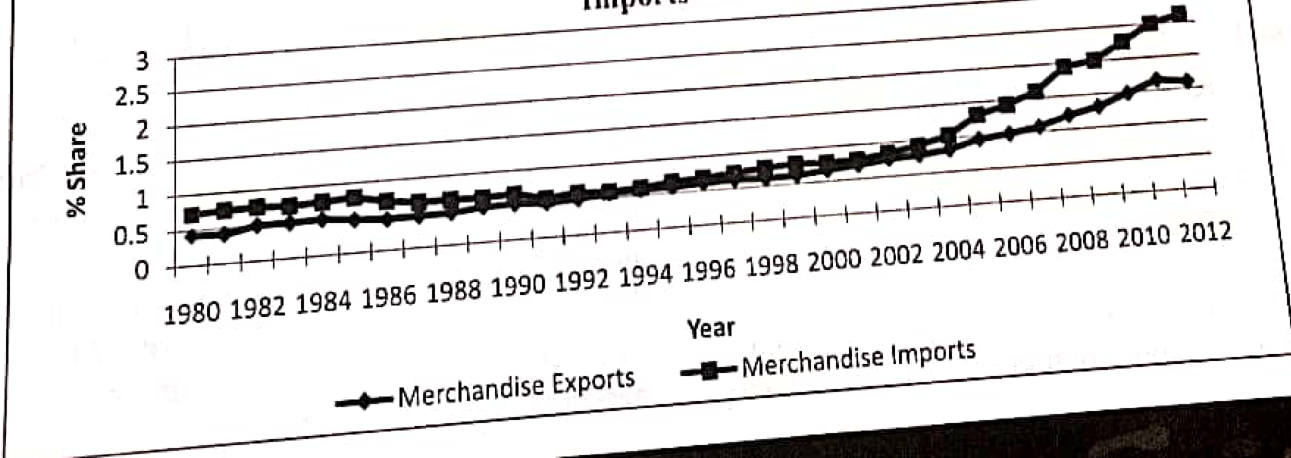
India 's Percentage Share in World Exports (During Pre and Post WTO Period)



India's Percentage Share in World Imports (During Pre and Post WTO Period)



India's Percentage Share in World Total Merchandise Exports-Imports



Hypothesis testing :

For testing the hypothesis paired sample t- test has been used and for this pre and post WTO period must be equal so pre WTO period is considered from 1980 to 1994 (15 years) and post WTO period is considered from 1995 to 2009 (15 years).

Table 3 shows the results of study, indicating t-value 4.996 is greater than t- table value 1.761 at 95% Confidence level **rejecting the null hypothesis (H_0)** and **accepting alternative hypothesis (H_1)** that there is significant difference in Pre WTO Merchandise Exports and Post WTO Merchandise Exports. Similarly, In case of Imports t- value 3.988 is greater than t- table value 1.761 at 95 % confidence level **rejecting the null hypothesis (H_0)** and **accepting alternative hypothesis (H_1)** that there is significant difference in Pre WTO Merchandise Imports and Post WTO Merchandise Imports.

On the basis of Table 1 it can be seen that CAGR for Total Merchandise Exports has increased from 7.94 per cent to 14.23 per cent from Pre to Post WTO period. It shows 1.79 times increment in CAGR during Post WTO period. In case of Total Merchandise Imports CAGR rose from 4.31 per cent to 16.85 per cent means 3.90 times increment during post WTO regime.

Table 2

Paired Samples Statistics

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	PRE WTO EXPORTS	13748.60	15	5469.19949	1412.141
	POST WTO EXPORTS	77984.60	15	54993.83783	14199.35
Pair 2	PRE WTO IMPORTS	18626.53	15	4083.49745	1054.355
	POST WTO IMPORTS	110912.6	15	93184.09210	24060.03

Table 3

Paired Samples Test

	Paired Differences					t	df	Sig. (2-tailed)
	Mean	Std. Deviaton	Std. Error Mean	95% Confidence Interval of the Difference				
				Lower	Upper			
Pair 1 PRE WTO EXPORT POST WTO EXPORT	64236.0	9799.87721	2858.27	-91814.3	-36657.7	-4.996	14	.000
Pair 2 PRE WTO IMPORT POSTWTOIMPORT	92286.1	9623.96374	23140.81	-141918	-42654.0	-3.988	14	.001

Conclusion

It Can be concluded that during post WTO era Exports and Imports both increased but Imports Growth rate is much higher than the Exports growth rate. The major cause of this heavy subsidies given by developed countries to their Farmers and Industrialist. India can also get better market opportunities for its agriculture exports in near future while maintaining its commitment under WTO. In case of market access India can maintain its agriculture tariff rates at WTO final bounds levels which is far higher than what exactly India has been applying. The new environment calls for urgent reforms in agricultural inputs, output processing, distribution, marketing and foreign trade.

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Appendix.1

Exports (US $ Millions)						
Year	Agricultural Products	Food	Fuels and Mining	Manufactures	Commercial Services	Total Merchandise Export
1980	2841	2413	681	5035	2861	8586
1981	2841	2500	496	4935	2635	8295
1982	2822	2501	1908	4608	2828	9358
1983	2509	2187	1985	4632	3167	9148
1984	2570	2303	2094	5229	3128	9916
1985	2568	2310	1245	5312	3274	9140
1986	2619	2290	876	5876	3136	9399
1987	2533	2220	1050	7497	3266	11298
1988	2474	2212	1181	9391	3719	13325
1989	2931	2593	1487	11159	4092	15846
1990	3506	2782	1553	12523	4609	17969
1991	3361	3002	1432	12828	4905	17727
1992	3676	3346	1530	15148	4893	19628
1993	4167	3729	1404	16303	5034	21572
1994	4399	4085	1500	19985	6031	25022
1995	6322	5912	1661	23205	6763	30630
1996	7040	6193	1714	24127	7179	33105
1997	6863	6168	1486	25732	8926	35008
1998	6235	5687	958	25209	11067	33437
1999	5835	5315	1011	29024	14006	35667
2000	5951	5418	2641	32923	16031	42379
2001	6329	5829	3460	32794	16799	43361
2002	6911	6379	4461	37535	19125	49250
2003	7205	6564	5893	45352	23633	58963
2004	8799	7885	10530	55678	37931	76649
2005	10274	9001	18084	70864	52199	99616
2006	12452	10370	27733	79731	69456	121808
2007	16301	13408	34928	92973	86612	150159
2008	21251	18095	44547	113148	106745	194828
2009	16384	14104	35171	113303	92222	164909
2010	23106	18199	54710	138005	123561	226350
2011	34323	27100	72096	187812	137085	302905
2012	42395	30534	64348	180146	140705	294158

Appendix.2

Imports (US $ Millions)						
Year	Agricultural Products	Food	Fuels and Mining	Manufactures	Commercial Services	Total Merchandise Imports
1980	1483	1242	6981	5353	2915	14864
1981	1600	1235	7162	5692	3178	15418
1982	1469 -		6868	6281	3399	14786
1983	2227	1783	5549	7503	3622	14061
1984	1911	1467	5445	7049	3550	15323
1985	1921	1366	5431	8829	3815	15928
1986	1676	1108	3467	10511	3828	15421
1987	2139	1449	4492	9148	4516	16675
1988	2434	1559	4781	11001	5168	19149
1989	1613	762	6184	12806	5738	20535
1990	1721	771	8433	12170	5943	23580
1991	1135	527	7087	9726	5797	20448
1992	1825	924	8863	12028	6615	23579
1993	1509	721	7548	12313	6356	22788
1994	2944	1700	8951	14383	8030	26843
1995	3003	1553	11167	19314	10062	34707
1996	3034	1811	14066	19078	11000	37942
1997	3562	2173	12542	20721	12277	41432
1998	4632	3386	10405	20085	14192	42980
1999	4862	3294	16825	22790	17045	46979
2000	3993	2283	21754	22463	18898	51523
2001	4513	2666	18411	22106	19792	50392
2002	4954	3170	20466	27586	20776	56517
2003	6167	3962	24655	35427	24679	72558
2004	6822	4265	35448	47119	35293	99775
2005	7520	4743	53100	67200	46820	142870
2006	7976	5018	72031	82643	58222	178410
2007	10659	6891	86885	101422	70388	229370
2008	12005	7375	133134	139176	87847	321032
2009	14224	10238	96167	127161	79628	257202
2010	17864	12317	127588	157433	116384	350234
2011	22564	15279	183329	191448	123749	464463
2012	25668	17672	210285	188337	127482	489668

CHANGING FACE OF BUSINESS ACCOUNTING

Dr. Sandeep Shandilya*

ABSTRACT

Accounting is one of the most vital activities of business management. Transparency in business accounting is the most sought after characteristics across the globe. Rampant incidences of business scams further reinforce this belief. Financial Accounting is often blamed for its incapability of including as well as reflecting on matters which are non-monetary in nature or which cannot be quantified. Over the years business accounting has seen sea changes which have made it far more complex but more meaningful and in tune with the need of the hour. Consider the case of environmental conservation and related issues, there were times when no one used to give a heed to it as pollution was not there and earth was passing through its happier days as far as her environment was concerned. However things have changed rapidly and now we cannot afford to neglect this vital aspect of environmental conservation in business accounting. Modern businesses have a liability to properly account for issues related to the environment. Calculation of green GDP as was done in Mexico is an attempt to properly reflect on the environmental conservation issues.

Sustainable development is being debated across the globe but without requisite changes in business accounting it will remain a distant dream. Business accounting has to learn the art of recording and reporting properly the good and bed done to environment as a result of business related activities. Economics tells about 'polluter's pays principle' but there as a limit to this principle also. We cannot allow pollution to go unabated as polluter is willingly and honestly paying for it. Developments like social responsibility of business, human resource accounting, energy accounting and corporate governance etc are further instigating the changes in business accounting known to us. Present paper is an humble effort by author to enquire into some such aspects of changing face of business accounting.

1.0 Introduction

Business Accounting is one of the most crucial aspects of modern business. Proper accounting or record of business activities is what, it aims for. Proper business accounting has a great social worth too because society has n ethical right to know about various activities of the business, after all, it is the society which gets influenced most by business activities. It is quite an interesting contrast when objectives of a firm are viewed from two different angles of finance and economics. Profit maxi-mization v/s wealth maximization objective of a firm is a well known debate in modern business literature, however, modern business management thinking supports later one. From the point of view of the economics, profit maximization suffers certain limitations because blind faith on it may lead to the promotion of black marketing and anti social and anti national activities in business.

It is often said that business cannot be earned in moral vacuum. Morality and ethics are a must to

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label an earning as profit. In present circumstances, the issue of ethics and morality has gained significant importance in corporate world because number of variables governing the function of morality and ethics in business has surpassed all limits of the past. Business accounting techniques were developed at a time when no one gave a heed to the aspects of environmental conservation as it was not as serious a concern as it is today. Today we cannot think of overlooking these issues in business accounting. Present paper is a humble effort to throw some light on some such aspects of changing phase of business accounting.

2.0 Accounting : its traditional features

Conventional system of accounting is all set to undergo sea change in coming times. In fact the business accounting has already started to experience the pressure of widening its horizons to encompass the changes of far reaching impact taking place in the way modern business is being conducted across the globe. "Virtually all commercial enterprises have some form of accounting function. Accounting has become the universally adopted system of communicating economic information relating to an organization and its activities. The notion of accounting however is far from being a new phenomenon. Accounting records dating back to ancient civilizations have been located, including building accounts for the Parthenon in Athens which have been found on marbles tablets. Similarly, ancient Greeks records exist illustrating an early form of stewardship accounting known as 'charge and discharge accounting' : charge representing the amounts received and discharge being the amount expended (de Ste Croix 1956). This system was further developed in Italy throughout the thirteenth and fourteenth centuries. The development included the practice of distinguishing between debt and credit entries and the use of two sided accounting entries. The origins of double entry book keeping system thus began to take form."[1]

Accounting is often referred to as the language of business. Various activities or actions of the business are reported to various stakeholders by means of accounting. It is further said that accounting is input for financial management. Accounting information has its own unique place in overall realm of business management as not only those directly related with business like managers, owners, suppliers, employees etc but also prospective investors view it as valuable document to base their investment decisions on. Accounting is classified into three categories namely 1) Financial Accounting, 2) Management accounting and 3) Cost accounting. Financial accounting helps in formulating financial statements on annual basis. It is historical in perspective and is mainly concerned with reporting with what has happened in the past (with business). A major disadvantage with financial accounting is often referred to as its incapability to include non monetary items or those items which cannot be quantified, in financial statements. For example, financial statements cannot reflect about the motivational level among the members of an organization. If profit is going down due to poor state of affairs as far as motivational level among employees is concerned, financial accounting information is not going reflect on it or trace it. Financial accounting predominantly serves the purpose of external environment of the business.

Management Accounting is mainly concerned with internal information of a business organization. Its main aim is to provide support to management in decision making and also performance management. Here the focus is more tilted towards future rather than the past as in case of financial accounting. Cost accounting is sometimes considered as a part of management accounting. However, in modern business literature these two have attained almost independent status. The end product of cost accounting is valuation of goods produced which requires identification and attribution of costs etc.

3.0 Business now accounts for more

Above section of the paper presents a brief account of the features of traditional business accounting. A close scrutiny of traditional business accounting reveals that accounting is an attempt to prepare a summary of actions of business. Now the question arises that external environment of the business has undergone a sea change during last one century. Not only external but internal environment of the business is also witnessing fast changes. Automation of internal operations can be cited as an example. In such circumstances when rampant changes are taking place in external environment of business, it becomes self explanatory that now business needs to account for far more than it traditional used to do few decades ago.

According to Dean Davidson, National practice leader, "some aspects of the role have not changed, but what has changed is the nature and range of the 'resource' under our management. Our world used to be primarily about tangible resource measurement and reporting practices. The range of resources under our various control have broadened to the point where many principles- environment, sustainability- are now within our purview". His concern is that profession stays ahead of the game and develops the skills, reporting and assurance mechanisms needed to maintain its leadership position as strategic resource advisor. "I think that is a real challenge that e have to keep our eyes on"[2]

Accounting is referred to as the language of business and language has lot to do with the environment. As environment of the business in which it operates is changing fast, its language-accounting also needs to be developed and modified so as to cope up with ongoing transformation in business environment across the globe.

"During the days of less population on earth, earth's environment had its happiest days but as the number of human beings on earth increased, it became almost sure that happy day of earth's environment are over. Developmental economists in the past least bothered to consider environment as a valuable input in overall decision making in relation to socio-economic development of mankind. In modern times the cost of product is not merely the cost involved in its production and supervision but also the cost of environmental degradation, it has contributed to. If an unbiased evaluation of world's balance sheet and income statement is carried out then the head of environmental degradation alone will tilt the readings towards irreparable and irreversible losses. Nature has its own tolerance limit and man has already crossed it. The presumption that nature has infinite capacity to zero in the misdeeds of human beings is based on false notions. Even if nature attempts to achieve it, the day may come when population of human beings on earth will become zero."[3] This excerpt from one of the papers of the writer is more than enough to suggest that modern business accounting now accounts for more. In other words business accounting is no more confined to debit and credit only, it encompasses much more than it. It has to report the humanity about the contribution of business units to harmful effects like global warming, ozone layer depletion and green house effect etc.

4.0 Emergence of new areas in business

Discussion in above section amply reflects that business accounting is all set to see a change in its appearance in years to come. In fact changes have already started to take place. New emerging areas like environmental accounting, responsibility accounting, social accounting & responsibility, energy accounting and human resource accounting are knocking at the doors of modern business accounting. Here author is presenting an excerpt from one of his own article- "Developments of far reaching impact are taking place in almost all walks of life. Discipline after Discipline and new areas of learning are fast emerging. There is an urgent need to study the pattern of all these developments so that future trajectory of knowledge becomes systematic and full of rhythm. In this endeavor, inter-disciplinary studies and approaches can do a wonderful job. Management as a 'Discipline of Learning' has inbuilt features which makes it a unique product of interdisciplinary approach. In this capacity of learning it draws valuable ideas from Economics, Math, Statistics, Accounting, Sociology, Psychology etc. In fact, management is an area of learning which has linkages with all other disciplines of learning that exist today. The scope of subject of management is increasing and it's intermingling with other area of learning can be felt and experienced with the changes of face of business accounting. Business accounting of future will not be restricted to number or qualitative figures. A host of factors are going to have their due say in Business accounting of tomorrow. Human and environmental issues are gaining paramount importance in business and hence in Business Accounting. Balance Sheet and profit and Loss Accounts of future will not be confined to monetary terms, as these documents will include details about human capital, environmental conservation and other vital parameters related to human welfare. Human Audit, Energy Audit and Environmental Audit etc are the new emerging areas of Business Auditing and this auditing has some meaning only if its proper accounting has been done. Business accounting of future will be more humanistic and environmental friendly in nature. Emergence of Green Accounting and calculation of Green GDP of nations are developments of far reaching impact."[4] We can thus very well see that business management by nature is interdisciplinary and business accounting also follows the imprints of it as far as interdisciplinary character is concerned.

5.0 Issue of sustainability and its linkages with changing face of business accounting

Sustainability is one of the most debated issues in business literature these days across the globe. If a business is not sustainable in nature, it is not worth calling it a business. Business Accounting will therefore have a responsibility of recording and reflecting this issue of sustainability in modern business. Last one century has seen peculiar changes in world geography. World's population has increased at an alarming rate. Moreover, this rapid increase in world population has not been uniform in all parts of the world. As a result some parts of the world are more severely hit with this phenomenal increase in world population. This stupendous increase in world population has also brought a change in the business equation of the world which now contains sustainability as one of the most important variable governing it. This phenomenal rise in world population has resulted in severe burden on environment. Environmental degradation has now emerged as assumed mammoth proportions and it it is perhaps the biggest threat which humanity is facing today. Not only humanity the linkages of this development can be easily traced with business and its accounting. Modern business accounting must learn the art of properly reporting the sustainability character of a business so that appropriate policies to promote those businesses which are sustainable in nature and check those which are not sustainable in nature can be formed. "According to world development report 2003, in the next 30 to 50 years, the world population is expected to increase by 2 billion to 3 billion and this increase will almost be exclusively (97 Percent) in developing and transition economies. Moreover, this entire increase is expected to be in urban areas. The Report estimates that as many as 2 billion people will live in two areas that are difficult to manage."[5] One can ask how we can associate these developments in world population with business accounting. However, little thinking will reveal the linkages. In fact growing world population has changed the way business is being conducted across the globe. Around 100 to 150 years back world population was dominated by nations with agriculture being their main occupation. World population was also within manageable limits. However, sweeping structural transformations in world economy has resulted in shift from agriculture to non agricultural activities. The world economy has seen a systematic move from predominantly agrarian to the one based on manufacturing activities. "The share of agricultural sector in total product declined in all developed countries except Australia. In case of Great Britain, it declined from 22 percent in 1841 to 5 percent in 1955; from 42 percent between 82 to percent in 1962 for France; from 49 percent in 1879 to 9 percent between 1939-48 for United States; and from 63 percent between 1886-87 to 14 percent in 1962 for Japan. Thus by the end of the long periods the share of this sector in total product was less than 10 percent in the case of U.K, France, Germany, Netherlands and USA, while it ranged between 10 to 26 percent in Denmark, Norway, Sweden, Italy, Canada, Australia, Japan and USSR. On the other hand, the share of industrial sector rose to more than 50 percent by the end of long periods for Great Britain (56%), France (52%), and Germany (52%) Sweden (52%), Netherlands (51%), Norway (53%), Sweden (55%), and the USSR (58%), while it ranged between 22 to 49 percent for Italy (22%), Australia (30%), United States (42%), Denmark (48%), Canada (48%) and Japan (49%)."[6]

Spectacular rise in share of manufacturing sector in the GDP of various nations replacing agriculture which used to be the leading contributor to GDP has been an across the globe phenomenon. In an effort to produce goods in tune with the demands of increasing population, business firms have resorted to rampant manufacturing activities thus resulting in sever burden on environment. Traditionally, agriculture sector has been eco friendly if we exclude ill-effects like the ones brought about by 'Green Revolution' in India due to excessive use of pesticides and chemical fertilizers. However, growing population in almost all cities of the world can be largely attributed to unplanned and uneco-friendly techniques being used. Above deliberations amply reflect that growing pollution across the globe is due to rapid population growth and a massive tilt towards manufacturing sector away from agriculture sector in world economies. All these developments have brought the issue of sustainability to the central focus. Emergence of areas like environmental accounting in business accounting is a testimony to growing emphasis on environmental conservation in business management. Environmental Accounting is true manifestation of growing significance of issue of sustainability and environmental conservation in overall functioning of modern business. Business accounting of modern times is half true and trust worthy if it fails to encompass sustainability and environmental conservation in its overall scheme of reporting business transactions.

6.0 Future of Business Accounting

Financial performance is just one aspect of business accounting but in real sense it is much more than it. Social responsibility is also an important aspect and it cannot be overlooked. As far as the measurement of financial performance is concerned, modern business accounting seems well equipped but when it comes to aspects like environmental issues and sustainability, it appears quite wanting. As far as environmental accounting is concerned "there are three basic principles which are generally regarded as underpinning to environmental accounting: 1) Sustainability 2) Accountability 3) transparency. Sustainability is concerned with the effects which actions taken in the present have upon the options available in the future. If resources are utilized in the present time then they are no longer available for use in future, and this is of particular concern if resources are finite in quantity. Accountability is concerned with an organization recognizing that its actions affect the external environment. It therefore implies the assuming of responsibility for the effect of those actions. This concept therefore implies a quantification of the effects of actions taken, both internal to the organization and externally. Transparency as a principle means that the reporting of the external impact of the actions of the organization can be ascertained from the organization's reporting and pertinent facts are not disguised within that reporting. Thus all the effect of actions of the organization, including external impacts, should be apparent to all from using the information provided by the organization's reporting mechanisms"[7]

Future of business accounting will depend on how well it accounts for the issue of sustainability in years to come. Issue of sustainability is in fact a broader term which will embodies in it plethora of overlapping areas like environmental accounting, social responsibility, human resource accounting etc. one pleasant seems quite loud and clear in the manner future business accounting will be done and it is with due importance and weightage to man and its environment. Human capital and related issues have brought to fore the relevance and significance of human resource in modern day business. It appears that the most important resource of business in future will be human being and the entire orientation of business will become global in character. Business Accounting of future has to take care of all these developments of it has to report the business activities in a transparent and pragmatic manner.

7.0 Conclusion

It is quite apparent from the ideas put forth in this paper that business accounting is all set to experience sea change in years to come. It can no longer remain confined to debt and credit only. The changes of far reaching impact are on anvil and business cannot remain isolated and aloof from these developments. Perhaps the biggest factor which has necessitated such a change in business accounting is the fact that growing dimensions of the world business has assumed so mammoth proportions that it has put the entire earth's environment on the verge of destruction. Severe damage to world's environment has emerged as the biggest threat to sustainable development. What is more painful is the fact that maximum contribution to the threat to sustainable development is coming from the numerous business units spread across the globe. World economy has seen its departure from agrarian to manufacturing and services based. The contribution of agricultural sector to world's GDP has constantly gone down whereas that of manufacturing and services has gone up quite remarkably over last one century. It has resulted in unplanned exploitation of natural resources causing severe harm to world's environment. Not only this, human resource got hidden behind the curtains in the wave of consumerism and market forces. The new found emphasis on human capital has once again given impetus to the belief that human resource is the most vital and crucial in business management. Human Resource Accounting is a valuable extension of modern business accounting which has the liability of putting human at the central focus of the business and providing him his due.

Business Management as a Discipline of learning is an excellent disposition of interdisciplinary approach towards learning. Business Accounting is also not far behind and it is also transforming into an interdisciplinary outlook. Present paper has given enough examples in support of changing business environment and accounting being the language of business, is bound to experience and embody these changes. Environmental Economics talks about 'Polluters pays principle' which says that the one who is polluting the environment must pay for it and business accounting has a liability on it to truly tell everyone who is polluting and what amount of penalty must be levied on such polluters. However, one ethical question business as well as business thinkers cannot escape- If polluters are allowed to pollute the earth under polluter's pays principle who will collect the penalty if pollution mounts to such a proportion that no one remains alive on earth to collect it? So we can see big tasks ahead of business accounting which is all poised to see a sea change in the years to come.

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ROLE OF FOREIGN DIRECT INVESTMENT (FDI) TO PROMOTING RETAIL SECTOR GLOBALLY- CHALLENGES & ISSUES

Dr. Jugendra Kumar Sharma*   Dr. Heeresh Goyal**

ABSTRACT

The retail sector in India is growing at a phenomenal pace leading to job opportunities in different segments. India's rank fifth among the top thirty emerging markets for retail. It is estimated that the retail sector would continue to grow at 10-12 % p.a. which is extremely encouraging when the country's economy is only projected to grow at 6% globally. India has continually sought to attract FDI from the major investors. FDI in retail sector is seen as a means to supplement domestic investment for achieving a higher level of economic growth and development. Its benefits for technological up gradation, access to global managerial skills and practices, optimum utilization of human resources making Indian Industry international competitive opening up exports markets providing backward and forward linkages, quality goods , services and also for

INTRODUCTION

Retailing is a set of activities or steps used to sell a product or a service to consumers for their personal use. The retail sector in India is growing at a phenomenal pace. According to the global retail Development Index 2012, India ranks fifth among the top 30 emerging markets for retail. The recent announcement by the Indian government with Foreign Direct Investment (FDI) in retail, especially allowing 100% FDI in Single brand and multi brand, FDI has created positive sentiments in the retail sector.

"There are many factors contributing to the boom in this sector, To name a few, increased consumers with a capacity to spend on luxury items and increased spending power in the hands of Indians. More Indians are travelling abroad and are exposed to different cultures and way of life and thereby more brands. India's internal consumption is also high and the consumption pattern owning to diversity in culture, religion and the family values that encourage spending on specific occasions keep the retail business well oiled. Marriages add a big dimension to the retail spends. Our cultural expects a lot of give and take for marriages, festivals and other important events of life. Hence, its, imperative for people right from rural to urban, irrespective of their caste and creed or economic status, to spend on gifts as a part and parcel of life. And that's the reason worldwide retailers eye the Indian Market."[1]

Size of India's retail Sector

"The size of India's retail sector is currently

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estimated at around $ 450 billion and organized retail accounts for around 5% of the total market share. Rating agency Fetch has assigned a stable outlook to the retail sector for 2012 as factors like expected sales, growth-driven expansion and efficient working capital management are likely to benefit retail companies. It is estimated that the retail sector would continue to grow at 10-12%p.a, annual, which is extremely encouraging when the country's economy is only projected to grow at 6%".[2]

Emerging Areas

Within retail, the emerging sectors would be food and grocery, apparel, electronics, E-commerce, fashion and life style. The upcoming areas within retail are luxury, super specialty stores/malls and renewed emphasis on high streets. Unfortunately, malls have become expensive affairs for most of the retailers. Therefore, a huge investment and emphasis has been laid down on e-tailing or online stores that has wider reach and are economically viable. Any Professional who has an experience in the retail industry or a relevant qualification in the field of retail industry like visual merchandising, marketing or has pursued a retail course can get into this field.

Skill –Sets Required

The training and the skills would be a little different for people working in Indian and international retail stores "Conceptual under-standing, analytical skills and details, under-standing customers and observation skill-project management and operating skills are required to work any retail industry whether Indian or international. Specific aspects required to work in the international retail world would be under stand of global consumer behaviors, international standards and retailing strategies, for example, retail expansion strategies One is required to develop a strategic bent of mind to be able to work in this environment,".[3] It is also important to understand local culture, know the local languages spending patterns on festival, special sessions etc. and so on. Meanwhile we have always termed retail as a semi hospitality sector, therefore the knowledge of all the front the front - end issues such as customer relationship management merchandise mix, logistics and supply chain management, ERP, and other latest real-time technological know-how is mandatory. One of the key issues is the product employees. who are not adequately trained in this area. I believe that the customer assistants are the most important link in the chain since they are the ones who are directly interacting with customers. They are the brand ambassadors and the ones who exhibit our brand values to our customers. This is the Underlining philosophy of our organization.

"We support our recruits with training throughout their employment with us, which include one month prior training at the time of store opening, Leadership skill training, customer orientation training, front desk staff training etc."

In such a scenario where the retail industry is growing at a fast pace, ready talent is needed, as many organizations would not have time to train them. We would need ready talent since we will not have time to train them. The college as the retail industry to provide real learning opportunities to students, to enhance there retail knowledge. This will help us fill and maintain our talent pipelines Generally fresher entering the retail factor can expect around Rs. 250,000 to 500,000 per annum.

Trends of FDI in India

India has continually sought to attract FDI from the major investors. Indian National government announced a number of reforms designed to encourage FDI and present a favorable scenario for investors. The trend of FDI inflow in India and rate of growth has presented in the table.

Trends of FDI in India & Growth Rate

Year	Inflow (Rs. in crores)	Growth (%age)
1999-2000	60,604	22.64
2000-01	12,646	53.11
2001-02	19,361	-29.66
2002-03	14,932	-18.85
2003-04	12,117	41.44
2004-05	17,138	43.61
2005-06	24,613	186.96
2006-07	70,630	39.69
2007-08	98,664	24.70
2008-09	1,23,025	25.80
2009-10	1,23,378	0.30
2011-12	----------	-------
2012-13	603,526	63.94
Average of 10Yrs.	54,292	36.00

It can be concluded from the above analysis that the FDI growth rate is not constant since 1991, when the indigenous market was opened to the world.

Sectorwise Inflow FDI in India

Services sector

Services sector puts the economy on a proper glide path. It is among the main drivers of sustained economic growth and development by contributing 55% to GDP. There is a continuously increasing trend of FDI inflows from 2005 onwards. Service sector received an investment of US$ 19.2 bn which is 19.34% of the total FDI inflows from 1999-2013 from FIPB/SIA, acquisition of existing shares and RBI's automatic routes only. However, this amount does not include FDI inflows received through acquisition route prior to Jan. 2000.

In India, FDI inflows in services sector are heavily concentrated around two major cities- Mumbai (33.77%) & Delhi (16.14%). Mauritius top the chart by investing 42.52% in services sector followed by U.K.(14.66%), Singapore (11.18%). The total number of approvals for service sector (financial & non financial) have been of the order of 1626 (5.78% of the total approvals) with an equity participation of US$ 8.7 bn, 10.28% of the total investment. Out of 1626 numbers of foreign collaborations, 77 are technical and 1549 are financial in nature. Indian companies which received FDI inflows in service sector are Cairn (I) Ltd., DSP Merrill Lynch Ltd., AAA Global Ventures Pvt. Ltd., Kappa Industries Citi Financial Consumer Finance (I) Ltd, Blue Dart Express Ltd., Vyasa Bank Ltd., CRISIL Ltd., Associates India Holding Co. Pvt. Ltd., Housing Development Finance Corp. Ltd.

Computer Software and Hardware Sector

Computer Software and Hardware sector received US$ 8.9 bn which constitute 11.43% of the total FDI inflows during the period Jan. 2000 to Dec. 2007. Computer Software and Hardware sector shows a continuous increasing trend of FDI

6.15% of the total inflows received through FIPB/SIA route, acquisition of existing shares and RBI's automatic route. The constriction activities sector shows a steep rise in FDI inflows from 2005 onwards. Major investment in construction activities in received from Mauritius which is accounted nearly 58.61% of total FDI inflows during 2000-2008. In India Delhi, Mumbai and Hyderabad received maximum amount of investment. As far as technology transfers are concerned, total number of 9 technical and 223 numbers of financial collaborations approved for construction activities, which accounts for 0.11% of the total collaborations are approved with France (3) and USA (2). The top five Indian Companies which received FDI inflows in this sector are W.S. Electric Ltd., Carmen Builders & Construction Pvt. Ltd., Caitlin Builders & Developers Pvt. Ltd., W.S. Electric Ltd., & PVP Ventures Pvt. Ltd.

Automobile Sector

Automobile Industry Sector comprises Passenger cars, auto ancillaries etc. FDI inflows in the automobile Industry sector, during Jan 2000 to Dec. 2013 is US$ 3.2 bn which is 4.09% of the total inflows received through FIPB/SIA route, acquisition of exciting shares and RBI, automatic route. Major investment came from Japan (27.59%), Italy (14.66%), USA (13.88%) followed by Mauritius (7.77%) and Netherlands (6.91%)

Automobile Industry sector ranks 5th in the list of sector in terms of cumulative FDI approved from August 1991 to Dec. 2013 Out of the 1611 numbers of foreign collaborations approved 734 are technical and 877 are financial in nature. Highest numbers of technical collaborations with Japan in automobile Industry. Major Indian companies which received highest percentage of FDI inflows in automobile industries are Escorts, Yamaha Motors Ltd., Yamaha Escorts Ltd., Punjab Tractors Ltd., Endurance Technologies P. Ltd., General Motors India Ltd. and Fiat India Automobile P. Ltd.

Trading Sector

Trading sector received 1.67% of the total FDI inflows from 1991-2008. Trading (wholesale cash and carry) received highest percentage (84.25%) of total FDI inflows to this sector from 2000-2013 followed by trading (for exports) with 9.04%, e-commerce with (2.38%). Trading sector shows a trailing investment pattern upto 2005 but there is an exponential rise inflows from 2006 onwards. Further, major investment inflows came from Mauritius (24.69%), Japan (14.81%), and Cayman Island (14.60%) respectively from 2000-2008. As far as technology transfers are concerned maximum numbers of technology transfers are approved from USA (5), Japan (3) and Netherlands. The top five Indian Companies which received FDI inflows are multi Commodity Exchange of India Ltd, Anchor Electricals, Multi Commodity Exchanges of India Ltd, Metro Cash and Carry India Pvt. Ltd, Essilor India Pvt. Ltd.

Infrastructure Sector

The Infrastructure sector constitutes Power, Non-conventional energy, Petroleum and natural gas, Telecommunication, Air Transport, Ports, Construction activities (including roads and highways) and real estate. The Infrastructure sector accounted for 28.62% of total FDI inflows from 2000 to 2008. Initially the inflows were low but there is a sharp rise in investment flow from 2005 Onwards. Infrastructure sector received 2528 numbers of foreign collaborations with an equity participation of US$ 111.0 bn, 41.15% of the total investment. Out of 2528 foreign collaborations 633 were technical and 2795 are financial collaborations during 1999-2013. The top Indian companies which received FDI inflows in Infrastructure sector during sector during 2000 to 2008 are IDEA, Cellule Ltd, Bhaik Infotel P. Ltd, Dabhol Power Company Ltd., Aircel Ltd., Relogistics Infrastructure P. Ltd.

Education Sector

FDI up to 100% is allowed in education sector under the automatic route. Education sector received US$ 308.28 million of FDI inflows from 2004-2008. Education sector shows a step rise in FDI inflows from 2005 Onwards. Heavy investment in education sector came from Mauritius with 87.95%, followed by Netherlands (3.76%), USA (2.93%) respectively (6.45%). As far as technology transfer and financial collaborations are concerned, total number of 2 technical and 112 financial collaboration are approved for education sector. Out of 2 technical collaborations, USA and Japan begged one each during 1991-2008. Further, India is endowed with a large pool of skilled people with secondary and tertiary level of education. India with this level of education attracts foreign firms in science, R & D, and high technology and services.

Consultancy Sector

Consultancy sector received US$ 1.1bn which is 1.14% of total inflows received from 2000-2008 through FIPB / SIA route, acquisition of exciting shares and RBI's automatic route. Major share of investment in consultancy services comes from Mauritius with 37.2%, USA (25.47%) and Netherlands 6.63% respectively. FDI inflows in consultancy sector registered a continues increasing trend of FDI Inflows from 2005 onwards. Total numbers of technology transfer in consultancy service are 125, out of which 40 technical collaborations are approved with USA, 21 with U.K. and 14 with Germany from 1999-2013.

Conclusion

FDI is seen as a means to supplement domestic investment for achieving a higher level of economic growth and development. FDI benefits domestic industry as well as the Indian consumers by providing opportunities for technological up gradations, access to global managerial skills and practices, optimum utilization of human resources making Indian industry internationally competitive, opening up export markets providing backward and forward linkages and access to internationally quality goods and services. Most importantly, FDI is central for Indian integration into global production chain, which involves production by Multinational Corporation spread all over the world.

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ASSET MANAGEMENT INDUSTRY IN INDIA- A COMPARATIVE STUDY OF GROSS DOMESTIC SAVING WITH ASSET UNDER MANAGEMENT

DHANRAJ SHARMA*

ABSTRACT

The Indian asset management industry has witnessed significant growth in the past few years driven by several favourable economic and demographic factors such as rising income and saving levels and the increasing reach of Asset Management Companies (AMCs). This paper seeks to provide brief introduction of Indian financial market outline the growth prospects and current state of the asset management industry, with its growth drivers and continuing challenges in the financial market. The statistical tool "Correlation Analysis" is conducted to evaluate the relationship between asset under management (AUM) and gross domestic savings (GDS) and data is collected from various secondary sources for the period 2000-01 to 2009-10.

INTRODUCTION

FINANCIAL MARKET IN INDIA

Financial markets are constantly becoming more efficient by providing more promising solutions to the investors. Being a part of financial markets although Asset management industry is responding very fast by understanding the dynamics of investor's perception towards rewards, still they are continuously following this race in their endeavour to differentiate their products responding to sudden changes in the economy. Financial markets are becoming more exhaustive with financial products seeking new innovations and to some extent innovations are also visible in designing mutual funds portfolio but these changes need alignment in accordance with investor's expectations. Thus, it has become imperative to study mutual funds from a different angle, i.e., to focus on investor's expectations and uncover the unidentified parameters that account for their dissatisfaction *(Sarkar, A.K. 1992)*[1]. India has a financial system that is regulated by independent regulators in the sectors of banking, insurance, capital markets, competition and various services sectors. In a number of sectors Government plays the role of regulator. Ministry of Finance, Government of India looks after financial sector in India. Reserve bank of India (RBI) established in 1935 is the Central bank. RBI is regulator for financial and banking system, formulates monetary policy and prescribes exchange control norms. The Banking Regulation Act, 1949 and the Reserve Bank of India Act, 1934 authorize the RBI to regulate the banking sector in India. India has commercial

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banks, co-operative banks and regional rural banks. The commercial banking sector comprises of public sector banks, private banks and foreign banks. The public sector banks comprise the 'State Bank of India' and its seven associate banks and nineteen other banks owned by the government and account for almost three fourth of the banking sector. The Government of India has majority shares in these public sector banks. India has a two-tier structure of financial institutions with thirteen all India financial institutions and forty-six institutions at the state level. All India financial institutions comprise term-lending institutions, specialized institutions and investment institutions, including in insurance. State level institutions comprise of State Financial Institutions and State Industrial Development Corporations providing project finance, equipment leasing, corporate loans, short-term loans and bill discounting facilities to corporate. Government holds majority shares in these financial institutions. Non-banking Financial Institutions provide loans and hire-purchase finance, mostly for retail assets and are regulated by RBI. Insurance sector in India has been traditionally dominated by state owned Life Insurance Corporation and General Insurance Corporation and its four subsidiaries. Government of India has now allowed FDI in insurance sector up to 26%. Since then, a number of new joint venture private companies have entered into life and general insurance sectors and their share in the insurance market in rising. Insurance Development and Regulatory Authority (IRDA) is the regulatory authority in the insurance sector under the Insurance Development and Regulatory Authority Act, 1999 *(Firth, M., 1977)*[2]. RBI also regulates foreign exchange under the Foreign Exchange Management Act (FERA). India has liberalized its foreign exchange controls. Rupee is freely convertible on current account. Rupee is also almost fully convertible on capital account for non-residents. Profits earned, dividends and proceeds out of the sale of investments are fully repatriable for FDI. There are restrictions on capital account for resident Indians for incomes earned in India. Securities and Exchange Board of India (SEBI) established under the Securities and Exchange Board of India Act, 1992 is the regulatory authority for capital markets in India. India has 23 recognized stock exchanges that operate under government approved rules, bylaws and regulations. These exchanges constitute an organized market for securities issued by the central and state governments, public sector companies and public limited companies. The Stock Exchange, Mumbai and National Stock Exchange are the premier stock exchanges. Under the process of de-mutualisation, these stock exchanges have been converted into companies now, in which brokers only hold minority share holding. In addition to the SEBI Act, the Securities Contracts (Regulation) Act, 1956 and the Companies Act, 1956 regulates the stock markets.

ASSET MANAGEMENT INDUSTRY- AN OVERVIEW

The Indian asset management industry has seen a steady asset growth over the past few years, though there certainly have been some rough patches. After the setback due to the recent recession, the mutual fund industry in India is recovering slowly. The industry is dominated by the institutional investors. Like hundreds of mutual funds, there are a number of asset management companies in India as well. Among those, there are some Indian companies as well as some foreign/joint venture companies. However, Indian players are outperforming the foreign counterparts in every area, viz. revenues, assets, and profitability. *(Bikram Pattanaik, n.d.)*[3].

According to the latest report, asset management business in India is going to increase at least 33% annually. And without wasting any time, Indian asset management companies are getting prepared to cash in the scenario. The main growth is expected in the retail segment (an estimated growth of 36%). According to the Mc Kinsye study, this growth will lead AUM (Assets Under Management) corpus to 7 lakh crore. India's asset management industry is expected to record a compound annual growth rate of more than 20% from 2007 to 2013. Due to the economic crisis, assets under management in India fell to about US$83bn at the end of March 2009 from more than US$92bn a year earlier. The Boston Consulting Group now forecasts that assets under management could grow to US$520bn by 2015. More than 20 foreign asset management companies are considering entering the Indian funds market *(India Financial Institutions Practice. (n.d.)*[4] There are 44 asset management companies actively working in this sector.

TABLE 1 ASSET MANAGEMENT COMPANIES AND THEIR MARKET SHARE IN CORPUS

(Figures in crore)

	ASSET MANAGEMENT COMPANY	ASSET UNDER MANAGEMENT	SHARE IN AUM (%)
1.	AIG Global Asset Management co. Pvt. Ltd. AEGON.	718.07	0.11
2.	AXIS Asset Management Co. Ltd.	8598.14	1.26
3.	Baroda Pioneer Asset Management Company Limited	4581.68	0.67
4.	Bharti AXA Investment Manager Private Ltd.	161.20	0.02
5.	Birla Sun Life Asset Management Company Limited	60377.27	8.86
6.	Canara Robeco Asset Management Company Ltd.	4805.24	0.70
7.	Deutsche Asset Management (India) Pvt. Ltd.	7356.03	1.08
8.	Daiwa Asset Management (India) Private Limited	858.17	0.13
9.	DSP BlackRock Investment Managers Private Limited	13314.35	1.95
10.	Edelweiss Asset Management Limited	30564.90	4.48
11.	Escorts Asset Management Limited	575.56	0.08
12.	Fidelity Fund Management Private Limited	204.80	0.03
13.	Franklin Templeton Asset Management (India) Pvt. Ltd.	8796.87	1.29
14.	Fortis Investment Management (India) Pvt. Ltd.	35641.63	5.23
15.	Goldman Sachs	4349.19	0.64
16.	HDFC Asset Management Company Limited	88628.03	13.00

17.	HSBC Asset Management (India) Private Ltd.	4897.22	0.72
18.	ICICI Prudential Asset Management Company Ltd.	69367.79	10.18
19.	IDBI Asset Management Limited.	6101.89	0.90
20.	IDFC Asset Management Company Ltd.	26475.93	3.88
21.	INDBULLS Asset Management Company Limited.	25.77	0.00
22.	ING Investment Management (India) Pvt. Ltd.	1307.87	0.19
23.	India Infoline Asset Management Company Limited	1069.30	0.16
24.	JM Financial Asset Management Private Limited	6915.35	1.01
25.	J P Morgan Mutual Fund	6758.72	0.99
26.	Kotak Mahindra Asset Management Company Limited	29738.06	4.36
27.	L&T Investment Management Limited	4616.09	0.68
28.	LIC Nomura Mutual Fund Asset Management Company Limited	6222.57	0.91
29.	Mirae Asset Global Investment Management (India) Pvt.Ltd.	422.47	0.06
30.	Morgan Stanley Investment Management Pvt Ltd	2086.07	0.31
31.	Motilal Oswal Asset Management Company Limited	232.13	0.03
32.	Peerless Funds Management Co.Ltd.	4390.44	0.64
33.	Pramerica Asset Managers Private Limited	2084.41	0.31
34.	Principal Pnb Asset Management Co. Pvt. Ltd.	3941.59	0.58
35.	Quantum Asset Management Co. Private Ltd.	173.30	0.03
36.	Reliance Capital Asset Management Ltd.	82305.81	12.07
37.	Religare Asset Management Co. Private Ltd.	11814.00	1.73
38.	Sahara Asset Management Company Private Limited	472.95	0.07
39.	SBI Funds Management Private Limited	41551.51	6.10
40.	Sundaram BNP Paribas Asset Management Company Limited	14774.78	2.17
41.	Tata Asset Management Limited	21473.31	3.15
42.	Taurus Asset Management Company Limited	4599.76	0.67
43.	Union KBC Asset Management Co Pvt Limited	540.15	0.08
44.	UTI Asset Management Company Limited	57817.34	8.48
	Grand Total	**681707.72**	**100.00**

Source- AMFI Report.

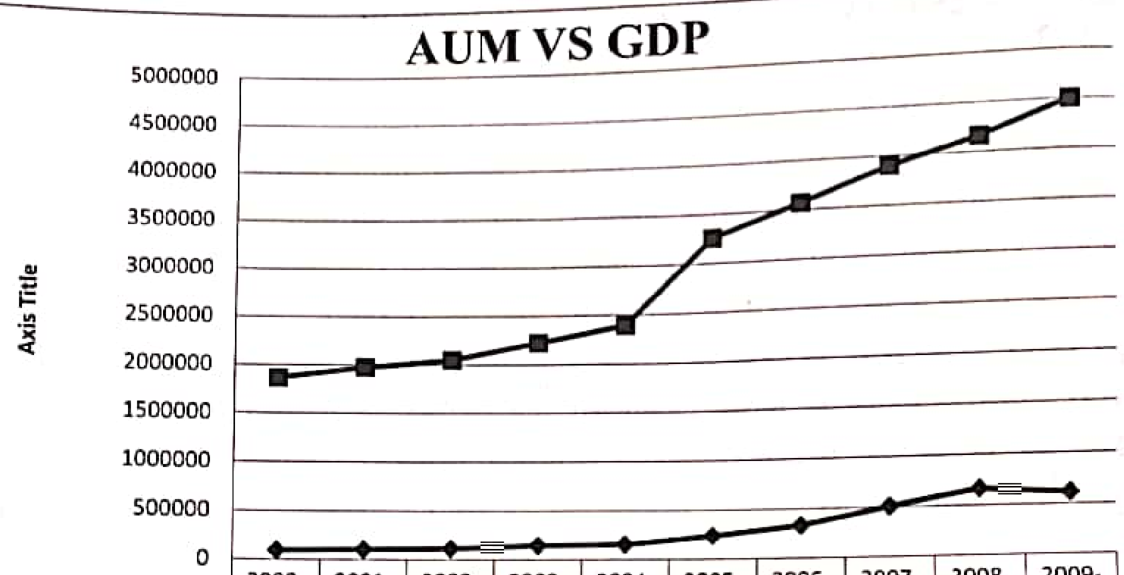
TRENDS OF ASSET MANAGEMENT INDUSTRY

The Indian mutual fund industry is undergoing a metamorphosis, which inadvertently marks a point of inflection for the market participants. *(Yadav, R.A., 1992)*[5]. However, even amidst volatile market conditions, average assets under management indicated vibrant growth levels posting a y-o-y growth of 47% in 2009-10, and the total AUM stood at Rs. 613,979 crore, as of March 31, 2010. Aggregate funds mobilized during the year also grew 84%, supplemented by around 174 new schemes launched during April 2009 to March 2010. The investor base has also steadily expanded between November 2009 to March 2010. There was an addition of 60,834 investors. These statistics testify that the Indian mutual fund industry has weathered the financial crisis, but it cannot be denied that the industry still continues to deal with challenges of low retail participation and penetration levels. Inspite of India offering an exciting retail environment, with abundant growth opportunities, participation from the segment of retail investors continues to remain at deplorably low levels. As of March 31, 2010, the participation from the retail segment was 26.6%, a marginal increase from 21.3% as on March 31, 2009. Dependence on the corporate sector is till pretty pronounced at 51%, which is not much of a change from last year. Volatile market conditions sound a note of caution for the industry, as high dependence on the corporate sector may result in the fund houses being prone to unexpected redemption pressures. The rationale behind institutional sales claiming such a large chunk of the AUM pie is the benefit of tax arbitrage and lack of short term investment options. When compared with economies like US and China, investments channelized through corporate, comprise only around 15% and 30% of the assets under management (AUM), respectively. Overall, the assets under management recorded an impressive growth of 47%, as of March 2010 which was predominantly driven by the corporate sector, posting the same level of growth. In the same period, the retail sector also managed to report a strong growth of 84% in its assets under management, followed by the HNI segment growing 24%. Assets under management as a percentage of GDP works out to only 13% in India, compared with 79% in the US. Following table represent the AUM and GDP of the India.

TABLE-2 AUM TO GDP RATIO FOR THE PERIOD 2000-01 TO 2009-10

YEAR	AUM (in crore)	GDP at FC(in crore)	AUM to GDP Ratio
2000-01	90586	1864301	4.85
2001-02	100594	1972606	5.09
2002-03	109299	2048286	5.33
2003-04	139616	2222758	6.28
2004-05	149600	2388768	6.26
2005-06	231862	3254216	7.12
2006-07	326292	3566011	9.15
2007-08	505152	3898958	12.95
2008-09	664450	4162509	15.96
2009-10	613979	4493743	13.66

Source-SEBI Fact sheet



	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
AUM(In crore)	90586	100594	109299	139616	149600	231862	326292	505152	664450	613979
GDP (at FC)	186430	197260	204828	222275	238876	325421	356601	389895	416250	449374

Key Points of the Asset Management Industry :

- Despite the ban on entry load from August 2009, the consolidated profit of all fund houses in India rose by a strong 300% in FY09-10, when compared to the previous fiscal.
- The profitability of the fund industry (measured by dividing the consolidated industry profit by the industry average assets) rose to 13 bps in FY09-10 from just 4 bps in FY08-09.
- The ten largest AMCs in terms of assets in India, which accounted for almost 80% of the fund industry's gross income, saw their consolidated profit rise by about 83% and the consolidated gross income rise by 41% in FY 2009-10.
- HDFC was the most profitable fund house in the industry during the fiscal, with the AMC recording a PAT of about Rs. 208 crores in FY 09-10.
- Other larger fund houses that recorded a strong growth in profits in FY09-10 were ICICI Prudential, Birla Sunlife, Kotak, LIC and DWS. Some smaller players like Quantum, Edelweiss, AIG and Mirae saw a good improvement in their profitability during the fiscal.
- The fund houses which registered a drop in profits during the fiscal include Benchmark, Shinsei, Morgan Stanley, IDFC, Sahara and Baroda Pioneer.
- Out of the 38 fund houses in India at the end of FY 09-10, 15 fund houses were in still in losses for the fiscal, although several of them registered a reduction in their losses, when compared to the previous fiscal year.

- The penetration of mutual fund in India has been improving over the years, but average assets of the fund industry took a hit in 2010, and shrunk by about 10% till the end of September 2010.

RELATIONSHIP BETWEEN ASSET UNDER MANAGEMENT AND GROSS DOMESTIC SAVINGS

Domestic saving plays an important role in the corpus of asset management companies. The impressive growth in the Indian Asset Management industry in recent years can largely be attributed to various factors such as rising household savings, comprehensive regulatory framework, favourable tax policies, and introduction of several new products, investor education campaign and role of distributors. In the last few years, household's income levels have grown significantly, leading to commensurate increase in household's savings. Following table depicts the saving pattern of the economy as follows. :

	Financial Savings	Physical Savings	Total (2+3)	Corporate Sector	Sector	Domestic Savings (4+5+6)	Domestic Savings
1	2	3	4	5	6	7	8
(Base Year : 1999-2000)							
2000-01	215219	239634	454853	81062	-36882	**499033**	297215
2001-02	247476	256689	504165	76906	-46186	**534885**	306588
2002-03	253255	309985	563240	99217	-15936	**646521**	396014
2003-04	313260	350804	664064	127100	29521	**820685**	540637
2004-05	317546	399328	716874	212048	68951	**997873**	668832
(Base Year: 2004-05)							
2004-05	327956	435729	763685	212519	74499	**1050703**	730812
2005-06	438331	430845	869176	277157	88955	**1235288**	871575
2006-07	484303	510328	994631	338484	152929	**1486044**	1067433
2007-08	581935	537894	1119829	468707	248962	**1837498**	1352940
2008-09	600141	730892	1331033	438376	28938	**1798347**	1235057
2009-10	771527	764544	1536071	531403	139949	**2207423**	1551750

Source- RBI Handbook

Gross domestic saving magnifies the capital formation the private as well as public sector of the economy. The Gross domestic savings (% of GDP) in India was last reported at 31.53 in 2010, according to a World Bank report released in 2011. The Gross domestic savings (% of GDP) in India was 31.26 in 2009, according to a World Bank report, published in 2010. The Gross domestic savings (% of GDP) in India was reported at 29.41 in 2008, according to the World

Bank. Gross domestic savings are calculated as GDP less final consumption expenditure (total consumption). This page includes a historical data chart, news and forecast for Gross domestic savings (% of GDP) in India.

METHODOLOGY

In order to examine the relationship between AUM and GDS, data is collected for ten years from 2000-01 to 2009-10 from SEBI and RBI handbook. AUM is taken as s dependent variable and GDS as independent variable. Karl Pearson's coefficient of correlation, R^2 and Student-t test is conducted to determine the relationship between AUM and GDS. Formula is used as-

$$r = \frac{\sum dxdy}{\sqrt{d^2x}.\sqrt{d^2y}}$$

TESTING OF HYPOTHESIS

H_0 (Null Hypothesis) = There is no impact of Gross Domestic Saving on AUM in India.

H_A (Alternative Hypothesis) = There is impact of Gross Domestic Saving on AUM in India.

TABLE-4 CORRELATION RELATIONSHIP BETWEEN ASSET UNDER MANAGEMENT (AUM) AND GROSS DOMESTIC SAVINGS (GDS

YEAR	AUM (in crore)		GDS (in crore)	
2000-01	90586		499033	
2001-02	100594		534885	
2002-03	109299		646521	
2003-04	139616		820685	
2004-05	149600		997873	
2005-06	231862		1235288	
2006-07	326292		1486044	
2007-08	505152		1837498	
2008-09	664450		1798347	
2009-10	613979		2207423	
Karl pearson of Correlation (r)				.946
Coefficient of determination (R^2)				.896
Coefficient of Non- Determination ($1-R^2$)				.104
Coefficient of Alienation $\sqrt{(1-R^2)}$				.322
T value ($r/\sqrt{(1-R^2)}$)				2.934
Probable Error [$.6745/(1-R^2)$]				.0701
	MEAN	SD	MAXIMUM	MINIMUM
GDS	1206360	604317	2207423	499033
AUM	293143	222782	644450	90586

Source- Data is collected from SEBI and RBI handbook and statistics are researcher's own compliance.

Scanned by CamScanner

These statistics shows that there is highly positive relationship between asset under management and gross domestic savings. Major part of the national saving contributes for the asset management corpus. Coefficient of determination (R^2) shows the explained variance that 89.6% of change in dependent variable (AUM) is caused by independent variable (GDS). Coefficient of Non- Determination ($1-R^2$) is unexplained variable shows that 10.4% of the change in AUM caused by the factors which is different from GDS. Calculated value of 't' at 95% level of significance is more than the tabular value 1.89 stands for rejection of null hypotheses and signify that there is impact of GDS on AUM in India *(Kun, et al, 1978)*[6].

CONCLUSION

During last few years, India's position as a market having potential for long-term growth has really been noteworthy as the Indian economy is being ranked among the top 10 globally (in terms of GDP). Another good thing to note about Indian asset management industry is that it has grown at a rapid pace of 16.4% during the last 8 years as compared to global growth rate of 13% during the same period. Assets under management (AUM) of the global mutual fund (MF) industry, India's ranks are 25th which is not very satisfactory, rather dismal *(Benjamin et al., n.d.)*[7]. There are few other threats which Indian asset management industry is currently facing. Mutual funds must realize that there are some small saving schemes like NSC and PPF which are still offering high return than debt and income funds. Too much focus is being given to equity and any downswing in equity market would severely dent investor's confidence. Again, there is a lack of investor education which results in risk-return mismatch for investors investing in mutual funds. *(Mohanan, S. 2006)*[8].

The Indian equity market has seen unbelievable rise in the last couple of years. The prices of gold and real estate have reached to sky high levels not only in India but also throughout the world. And both these traditional investment avenues have been extremely popular with Indian investors. Regulations have also favoured these two classes of investments with the Securities and Exchange Board of India introducing norms for gold-traded funds and the government relaxing norms for foreign direct investments in real estate ventures *(Jaydev, M., 1996)*[9]. Retail investors have largely participated through asset management and this is clearly evident from the number of equity funds that have been launched in the last couple of years and the record collections they have witnessed. Without doubt, the opportunity is huge and the best is yet to come for the asset management industry in India. The key to success will be finding the best people and developing high-quality leaders who have the vision to take the industry to new heights.

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Format For Research Paper

Nine Steps for Writing a Research Paper in Science. To actually writing the paper, you need to develop a strong topic idea, find relevant research organize your information. You can simplify the process by following some very simple steps.

1. **Choose a topic :** The first step in researching your paper is to choose a topic.

2. **Confirmation of Topic :** Find intriguing references for further exploration and to get a general overview of your chosen topic.

3. **Reference Collection :** Some articles are available in full-text online, while others will need to be accessed in your Library's academic journal collection.

4. **Reference List :** Make a preliminary list of all of the articles, online information, books and other primary sources that you might possibly use in your final paper. At this point, include every single source that you might possibly use. As you begin honing in on your topic and narrowing the focus of your paper, you can start eliminating some of the resources that do not quite fit in with your thesis or supporting information.

5. **Write the Outline of research paper:** Writing a good outline can make the writing process much easier, so do not skip this important step. Start by creating a rough outline that includes the following steps :

   i. **Abstract :** Difference between summary and Abstract: Abstract is the brief of summary. The abstract needs to be set up in a special way, starting with an introduction, a short part about what you are writing about in Journal, then the general information (What you have discovered in your analysis), and then you finish off with a short conclusion to your subject. A summary is just a short version of whatever is written above in your article. Abstract is written in the beginning of the article whereas summary is written at the end of the article.

   ii. **Introduction :** Here the basic concept of all the independent and dependent variables listed in the title of the project is discussed with the help of references collected so far. Then the lacuna in the concerned previous studies is written on the basis of which statement of the problem is cited. Statement of the problem is followed by the Objectives and Hypothesis framed and Limitations of the present Study.

   iii. **Methodology :** Methodology includes the subjects selected for the study, their inclusion in the Experimental Design, the tools used for measuring the dependent variables and the process of administering the tools for collecting data.

P. T. O.

iv. **Result :** Presentation of results in the form of figures (polygon/histograms)

a. Summarization of results in the form of central tendencies, variance etc.

b. Analysis of results in the form of analysis of variance, t-tests and coefficient of correlations.

v. Discussion of Results in the light of other studies by including sub-sections related to each argument, idea or category.

vi. Conclusion of results in the form of possible answers for the postulates derived from each hypotheses.

6. **Write a First Draft :** Once you've drafted a well-organized and through outline, it is time to write the first draft of your paper. Before drafting, keep other research articles with you to assimilate their draft. In your mind before writing your first draft. Include all of your references. It is always easier to include your references first rather that to search and hunt for each individual reference after the paper is completed.

7. **Proof Reading :** Your draft for spelling, grammar, structure and quality of ideas. Basic spelling and grammar issues are easy to fix, but it may take longer to revise major problems with writing structure or poor arguments. Take careful notes as you read through your paper so you will know which areas to concentrate on during the revision process.

8. **Revise, Review and Prepare a Final Draft :** The next step is to revise and edit your paper. Fix the spelling and grammar errors you noted during your proofreading, and make and major fixes to organization. If necessary, rewrite problem areas or draft new sections to supplement your existing arguments.

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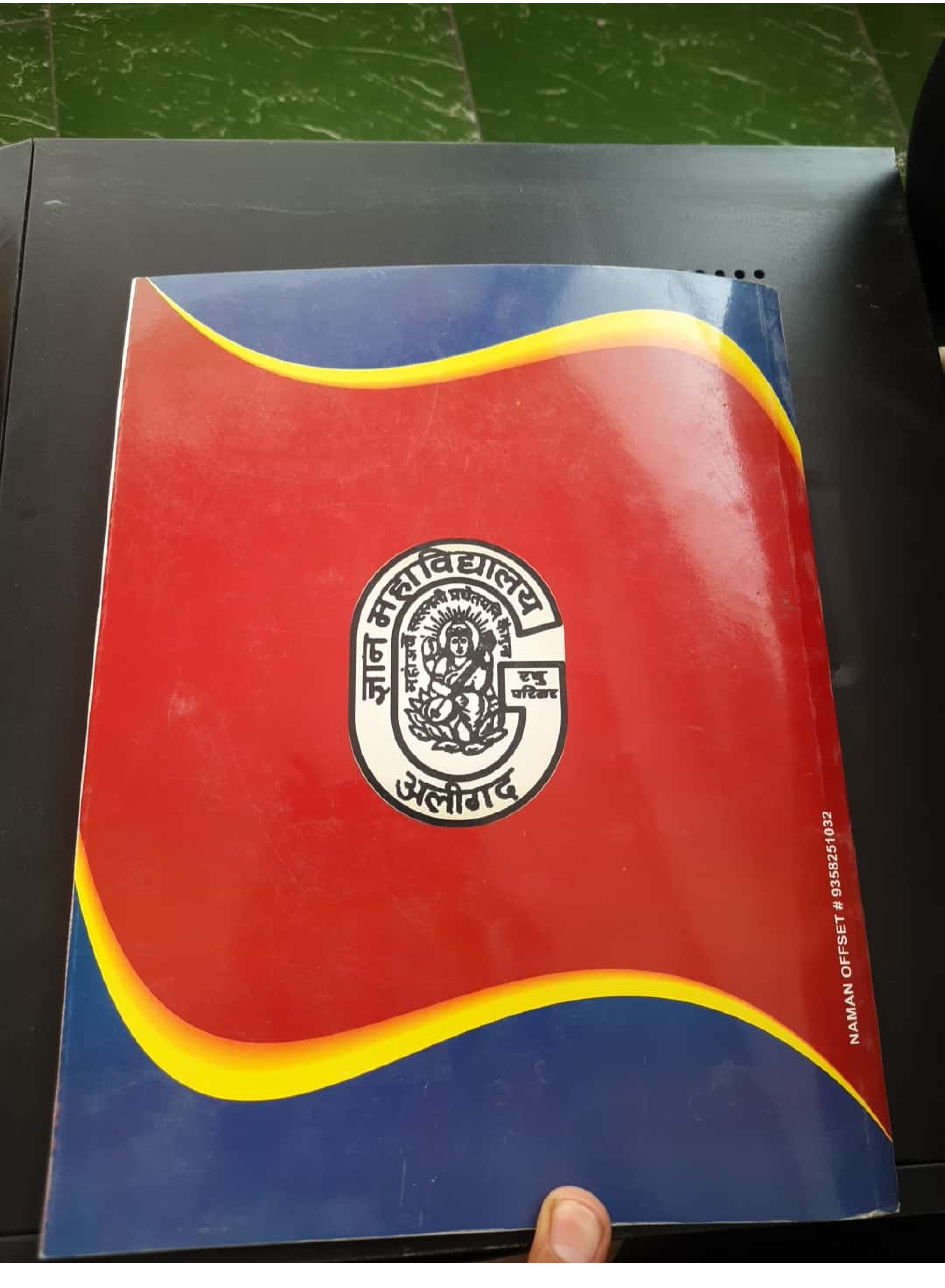
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