

# INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE & MANAGEMENT

I  
J  
R  
C  
M



A Monthly Double-Blind Peer Reviewed (Refereed/Juried) Open Access International e-Journal - Included in the International Serial Directories

*Indexed & Listed at:*

Ulrich's Periodicals Directory ©, ProQuest, U.S.A., EBSCO Publishing, U.S.A., Cabell's Directories of Publishing Opportunities, U.S.A.

Open J-Gate, India [link of the same is duly available at Inlibnet of University Grants Commission (U.G.C.)].

Index Copernicus Publishers Panel, Poland with IC Value of 5.09 & number of libraries all around the world.

Circulated all over the world & Google has verified that scholars of more than 2022 Cities in 153 countries/territories are visiting our journal on regular basis.

Ground Floor, Building No. 1041-C-1, Devi Bhawan Bazar, JAGADHRI – 135 003, Yamunanagar, Haryana, INDIA

<http://ijrcm.org.in/>

**CONTENTS**

Sr. No.	TITLE & NAME OF THE AUTHOR (S)	Page No.
1.	DIFFERENCE IN THE BUSINESS STRATEGIES ADOPTED BY BANKS: A REVIEW OF BANKS IN THE UAE <i>DR. KAUP MOHAMED</i>	1
2.	CUSTOMER'S CRITERIA IN SELECTING A BANK: A CASE OF PAKISTANI BANKING INDUSTRY <i>DR. ANSAR ALI RAJPUT, SABIR HUSSAIN KALHORO &amp; SAIMA AMMAR</i>	4
3.	THE RELATIONSHIP BETWEEN THE FOREIGN DIRECT INVESTMENT AND BANKING INDUSTRY <i>MEHDI BEHNAME &amp; MOHAMMAD JAVAD RAZMI</i>	9
4.	IMPORTANCE AND IMPACT OF FOREIGN DIRECT INVESTMENTS IN GCC COUNTRIES AND ITS INWARD FLOW <i>GEEVARGHESE PHILIP MALAYIL &amp; ARINDAM BANERJEE</i>	12
5.	ISLAMIC BANKING IN INDIA: DEVELOPMENTS, PROSPECTS AND CHALLENGES <i>MANZAR ALI KHAN &amp; NAZIMAH HUSSIN</i>	24
6.	ETHICS AND JOURNALISM EDUCATION IN NIGERIA <i>DR. IFEDAYO DARAMOLA &amp; IBUKUN AKINSULI</i>	29
7.	DIVERSIFICATION AS A BUSINESS GROWTH AND SUSTAINABILITY STRATEGY IN GAINING COMPETITIVE ADVANTAGE <i>ESTHER WANJIRU MAINA</i>	34
8.	THE IMPACT OF COMPLIANCE WITH INFORMATION DISCLOSURE IN FINANCIAL STATEMENTS ON TOTAL ASSETS, PROFITABILITY AND EARNINGS PER SHARES OF QUOTED COMPANIES IN NIGERIA <i>SAMUEL IYIOLA KEHINDE OLUWATOYIN &amp; UMOGBAI, MONICA E.</i>	39
9.	FERTILITY DECISIONS OF HOUSEHOLDS IN RESPONSE TO ENVIRONMENTAL GOODS SCARCITY: THE CASE OF SEKOTA DISTRICT, WAG HIMRA ADMINSTRATE ZONE OF THE AMHARA REGION, ETHIOPIA <i>ZEWDU BERHANIE</i>	51
10.	INVESTMENT POLICY OF COMMERCIAL BANKS IN INDIA <i>DR. BHAVET, PRIYA JINDAL &amp; DR. SAMBHAV GARG</i>	62
11.	IS THERE A WAY OUT? (A CASE STUDY ON DEBT TRAP) <i>DR. K. SANTI SWARUP</i>	68
12.	ANALYSIS OF CAPITAL ADEQUACY OF PRIVATE SECTOR INDIAN BANKS <i>SULTAN SINGH, MOHINA &amp; SAHILA CHOUDHRY</i>	71
13.	CHANGING PARADIGMS OF INSURANCE COMPANIES - A STUDY <i>P.MANIVANNAN</i>	75
14.	A STUDY ON THE IMPORTANCE OF SOFT SKILLS AND POSITIVE ATTITUDE AS PERCEIVED BY INDUSTRY WITH SPECIFIC REFERENCE TO FRESH ENGINEERS <i>B R VENKATESH</i>	78
15.	PROSPECTS AND CHALLENGES OF WOMEN ENTREPRENEURSHIP WITH SPECIFIC REFERENCE TO DALITS <i>DR. ANNAPOORANI &amp; P.DEVI BHUVANESHWARI</i>	86
16.	PROBLEMS OF RURAL MSMEs: A STUDY IN THENI DISTRICT <i>DR. J.MARY SUGANTHI BAI &amp; DR. R.GUNASUNDRADEVI</i>	90
17.	THE DEFINING MOMENTS OF SOCIAL ENTREPRENEURSHIP <i>L. JIBON KUMAR SHARMA &amp; MEMCHA LOITONGBAM</i>	95
18.	DEVELOPMENT AND VALIDATION OF FINANCIAL LITERACY SCALE <i>S.SUGANYA, DR. S. SAKTHIVELRANI &amp; K.DURAI</i>	99
19.	THE ROLE OF MICROFINANCE IN THE DEVELOPMENT OF COTTAGE & SMALL SCALE INDUSTRIES IN NORTH EASTERN REGION OF INDIA <i>DR. HARSH VARDHAN JHAMB &amp; MUSHTAQ MOHMAD SOFI</i>	105
20.	EXCELLENT PRACTICES OF EXPATRIATE RELATIONSHIP MANAGEMENT (ERM) IN INFORMATION TECHNOLOGY ENABLED SERVICE SECTOR <i>RAGHAVENDRA A.N. &amp; DR. NIJAGUNA G.</i>	113
21.	THE ROLE OF MEDIA AGENCY IN ADVERTISING INDUSTRY <i>NEHA SULTANIA &amp; G.TEJASVINI</i>	119
22.	LIQUIDITY, SOLVENCY AND PROFITABILITY ANALYSIS OF MANUFACTURING INDUSTRIES: A STUDY WITH REFERENCE SELECTED MANUFACTURING INDUSTRIES IN INDIA <i>KUSHALAPPA. S &amp; REKHA SHETTY</i>	123
23.	A STUDY ON NPA MANAGEMENT IN INDIAN BANKING INDUSTRY <i>DR. SAMBHAV GARG, PRIYA JINDAL &amp; DR. BHAVET</i>	128
24.	A HUMAN RESOURCE DOWNGRADING - JOB HOPPING <i>DR. M. JANARTHANAN PILLAI &amp; R.V.NAVEENAN</i>	133
25.	WORK LIFE BALANCE: AN OVERVIEW OF INDIAN COMPANIES <i>DR. KARAMVIR SINGH SHEOKAND &amp; PRIYANKA</i>	138
26.	ORGANIZED RETAIL SECTOR IN INDIA – OPPORTUNITIES AND CHALLENGES IN PRESENT ASPECTS <i>DR. RAGHAVENDRA DWIVEDI &amp; RAM KUMAR</i>	144
27.	AN EMPIRICAL EXAMINATION OF PERFORMANCE MANAGEMENT ON EMPLOYEE RETENTION <i>L.R.K. KRISHNAN, SUDHIR WARIER &amp; KETAN KANAUIA</i>	148
28.	AN EMPIRICAL STUDY OF EFFECTIVENESS OF SALES PROMOTION ACTIVITIES IN A BANK <i>ANKITA SRIVASTAVA &amp; NIRAJ KISHORE CHIMOTE</i>	157
29.	A STUDY ON OCCUPATIONAL HEALTH HAZARDS AMONG WOMEN BEEDI-WORKERS OF MURSHIDABAD DISTRICT IN WEST BENGAL <i>CHANDRA KANTA DAS</i>	163
30.	A PERCEPTUAL STUDY ON BUYING BEHAVIOR OF CUSTOMERS TOWARDS READYMADE GARMENTS <i>IRSHAD AHMAD BHAT</i>	167
	REQUEST FOR FEEDBACK	172

**CHIEF PATRON**

**PROF. K. K. AGGARWAL**

Chancellor, Lingaya's University, Delhi  
Founder Vice-Chancellor, Guru Gobind Singh Indraprastha University, Delhi  
Ex. Pro Vice-Chancellor, Guru Jambheshwar University, Hisar

**FOUNDER PATRON**

**LATE SH. RAM BHAJAN AGGARWAL**

Former State Minister for Home & Tourism, Government of Haryana  
Former Vice-President, Dadri Education Society, Charkhi Dadri  
Former President, Chinar Syntex Ltd. (Textile Mills), Bhiwani

**CO-ORDINATOR**

**DR. SAMBHAV GARG**

Faculty, M. M. Institute of Management, MaharishiMarkandeshwarUniversity, Mullana, Ambala, Haryana

**ADVISORS**

**DR. PRIYA RANJAN TRIVEDI**

Chancellor, The Global Open University, Nagaland

**PROF. M. S. SENAM RAJU**

Director A. C. D., School of Management Studies, I.G.N.O.U., New Delhi

**PROF. M. N. SHARMA**

Chairman, M.B.A., HaryanaCollege of Technology & Management, Kaithal

**PROF. S. L. MAHANDRU**

Principal (Retd.), MaharajaAgrasenCollege, Jagadhri

**EDITOR**

**PROF. R. K. SHARMA**

Professor, Bharti Vidyapeeth University Institute of Management & Research, New Delhi

**CO-EDITOR**

**DR. BHAVET**

Faculty, M. M. Institute of Management, MaharishiMarkandeshwarUniversity, Mullana, Ambala, Haryana

**EDITORIAL ADVISORY BOARD**

**DR. RAJESH MODI**

Faculty, YanbuIndustrialCollege, Kingdom of Saudi Arabia

**PROF. SANJIV MITTAL**

UniversitySchool of Management Studies, Guru Gobind Singh I. P. University, Delhi

**PROF. ANIL K. SAINI**

Chairperson (CRC), Guru Gobind Singh I. P. University, Delhi

**DR. SAMBHAVNA**

Faculty, I.I.T.M., Delhi

**DR. MOHENDER KUMAR GUPTA**

Associate Professor, P.J.L.N.Government College, Faridabad

**DR. SHIVAKUMAR DEENE**

Asst. Professor, Dept. of Commerce, School of Business Studies, Central University of Karnataka, Gulbarga

## *ASSOCIATE EDITORS*

**PROF. NAWAB ALI KHAN**

Department of Commerce, Aligarh Muslim University, Aligarh, U.P.

**PROF. ABHAY BANSAL**

Head, Department of Information Technology, Amity School of Engineering & Technology, Amity University, Noida

**PROF. V. SELVAM**

SSL, VIT University, Vellore

**PROF. N. SUNDARAM**

VIT University, Vellore

**DR. PARDEEP AHLAWAT**

Associate Professor, Institute of Management Studies & Research, Maharshi Dayanand University, Rohtak

**DR. S. TABASSUM SULTANA**

Associate Professor, Department of Business Management, Matrusri Institute of P.G. Studies, Hyderabad

## *TECHNICAL ADVISOR*

**AMITA**

Faculty, Government M. S., Mohali

## *FINANCIAL ADVISORS*

**DICKIN GOYAL**

Advocate & Tax Adviser, Panchkula

**NEENA**

Investment Consultant, Chambaghat, Solan, Himachal Pradesh

## *LEGAL ADVISORS*

**JITENDER S. CHAHAL**

Advocate, Punjab & Haryana High Court, Chandigarh U.T.

**CHANDER BHUSHAN SHARMA**

Advocate & Consultant, District Courts, Yamunanagar at Jagadhri

## *SUPERINTENDENT*

**SURENDER KUMAR POONIA**

## CALL FOR MANUSCRIPTS

We invite unpublished novel, original, empirical and high quality research work pertaining to recent developments & practices in the area of Computer, Business, Finance, Marketing, Human Resource Management, General Management, Banking, Insurance, Corporate Governance and emerging paradigms in allied subjects like Accounting Education; Accounting Information Systems; Accounting Theory & Practice; Auditing; Behavioral Accounting; Behavioral Economics; Corporate Finance; Cost Accounting; Econometrics; Economic Development; Economic History; Financial Institutions & Markets; Financial Services; Fiscal Policy; Government & Non Profit Accounting; Industrial Organization; International Economics & Trade; International Finance; Macro Economics; Micro Economics; Monetary Policy; Portfolio & Security Analysis; Public Policy Economics; Real Estate; Regional Economics; Tax Accounting; Advertising & Promotion Management; Business Education; Management Information Systems (MIS); Business Law, Public Responsibility & Ethics; Communication; Direct Marketing; E-Commerce; Global Business; Health Care Administration; Labor Relations & Human Resource Management; Marketing Research; Marketing Theory & Applications; Non-Profit Organizations; Office Administration/Management; Operations Research/Statistics; Organizational Behavior & Theory; Organizational Development; Production/Operations; Public Administration; Purchasing/Materials Management; Retailing; Sales/Selling; Services; Small Business Entrepreneurship; Strategic Management Policy; Technology/Innovation; Tourism, Hospitality & Leisure; Transportation/Physical Distribution; Algorithms; Artificial Intelligence; Compilers & Translation; Computer Aided Design (CAD); Computer Aided Manufacturing; Computer Graphics; Computer Organization & Architecture; Database Structures & Systems; Digital Logic; Discrete Structures; Internet; Management Information Systems; Modeling & Simulation; Multimedia; Neural Systems/Neural Networks; Numerical Analysis/Scientific Computing; Object Oriented Programming; Operating Systems; Programming Languages; Robotics; Symbolic & Formal Logic and Web Design. The above mentioned tracks are only indicative, and not exhaustive.

Anybody can submit the soft copy of his/her manuscript **anytime** in M.S. Word format after preparing the same as per our submission guidelines duly available on our website under the heading guidelines for submission, at the email address: [infoijrcm@gmail.com](mailto:infoijrcm@gmail.com).

## GUIDELINES FOR SUBMISSION OF MANUSCRIPT

1. **COVERING LETTER FOR SUBMISSION:**

DATED: \_\_\_\_\_

**THE EDITOR**  
IJRCM

**Subject: SUBMISSION OF MANUSCRIPT IN THE AREA OF**

(e.g. Finance/Marketing/HRM/General Management/Economics/Psychology/Law/Computer/IT/Engineering/Mathematics/other, please specify)

**DEAR SIR/MADAM**

Please find my submission of manuscript entitled ' \_\_\_\_\_ ' for possible publication in your journals.

I hereby affirm that the contents of this manuscript are original. Furthermore, it has neither been published elsewhere in any language fully or partly, nor is it under review for publication elsewhere.

I affirm that all the author (s) have seen and agreed to the submitted version of the manuscript and their inclusion of name (s) as co-author (s).

Also, if my/our manuscript is accepted, I/We agree to comply with the formalities as given on the website of the journal & you are free to publish our contribution in any of your journals.

**NAME OF CORRESPONDING AUTHOR:**

Designation:

Affiliation with full address, contact numbers & Pin Code:

Residential address with Pin Code:

Mobile Number (s):

Landline Number (s):

E-mail Address:

Alternate E-mail Address:

**NOTES:**

- a) The whole manuscript is required to be in **ONE MS WORD FILE** only (pdf. version is liable to be rejected without any consideration), which will start from the covering letter, inside the manuscript.
- b) The sender is required to mention the following in the **SUBJECT COLUMN** of the mail:  
**New Manuscript for Review in the area of (Finance/Marketing/HRM/General Management/Economics/Psychology/Law/Computer/IT/Engineering/Mathematics/other, please specify)**
- c) There is no need to give any text in the body of mail, except the cases where the author wishes to give any specific message w.r.t. to the manuscript.
- d) The total size of the file containing the manuscript is required to be below **500 KB**.
- e) Abstract alone will not be considered for review, and the author is required to submit the complete manuscript in the first instance.
- f) The journal gives acknowledgement w.r.t. the receipt of every email and in case of non-receipt of acknowledgment from the journal, w.r.t. the submission of manuscript, within two days of submission, the corresponding author is required to demand for the same by sending separate mail to the journal.

2. **MANUSCRIPT TITLE:** The title of the paper should be in a 12 point Calibri Font. It should be bold typed, centered and fully capitalised.

3. **AUTHOR NAME (S) & AFFILIATIONS:** The author (s) **full name, designation, affiliation (s), address, mobile/landline numbers, and email/alternate email address** should be in italic & 11-point Calibri Font. It must be centered underneath the title.

4. **ABSTRACT:** Abstract should be in fully italicized text, not exceeding 250 words. The abstract must be informative and explain the background, aims, methods, results & conclusion in a single para. Abbreviations must be mentioned in full.

5. **KEYWORDS:** Abstract must be followed by a list of keywords, subject to the maximum of five. These should be arranged in alphabetic order separated by commas and full stops at the end.
6. **MANUSCRIPT:** Manuscript must be in **BRITISH ENGLISH** prepared on a standard A4 size **PORTRAIT SETTING PAPER**. It must be prepared on a single space and single column with 1" margin set for top, bottom, left and right. It should be typed in 8 point Calibri Font with page numbers at the bottom and centre of every page. It should be free from grammatical, spelling and punctuation errors and must be thoroughly edited.
7. **HEADINGS:** All the headings should be in a 10 point Calibri Font. These must be bold-faced, aligned left and fully capitalised. Leave a blank line before each heading.
8. **SUB-HEADINGS:** All the sub-headings should be in a 8 point Calibri Font. These must be bold-faced, aligned left and fully capitalised.
9. **MAIN TEXT:** The main text should follow the following sequence:

**INTRODUCTION****REVIEW OF LITERATURE****NEED/IMPORTANCE OF THE STUDY****STATEMENT OF THE PROBLEM****OBJECTIVES****HYPOTHESES****RESEARCH METHODOLOGY****RESULTS & DISCUSSION****FINDINGS****RECOMMENDATIONS/SUGGESTIONS****CONCLUSIONS****SCOPE FOR FURTHER RESEARCH****ACKNOWLEDGMENTS****REFERENCES****APPENDIX/ANNEXURE**

It should be in a 8 point Calibri Font, single spaced and justified. The manuscript should preferably not exceed **5000 WORDS**.

10. **FIGURES & TABLES:** These should be simple, crystal clear, centered, separately numbered & self explained, and **titles must be above the table/figure. Sources of data should be mentioned below the table/figure.** It should be ensured that the tables/figures are referred to from the main text.
11. **EQUATIONS:** These should be consecutively numbered in parentheses, horizontally centered with equation number placed at the right.
12. **REFERENCES:** The list of all references should be alphabetically arranged. The author (s) should mention only the actually utilised references in the preparation of manuscript and they are supposed to follow **Harvard Style of Referencing**. The author (s) are supposed to follow the references as per the following:
  - All works cited in the text (including sources for tables and figures) should be listed alphabetically.
  - Use (ed.) for one editor, and (ed.s) for multiple editors.
  - When listing two or more works by one author, use --- (20xx), such as after Kohl (1997), use --- (2001), etc, in chronologically ascending order.
  - Indicate (opening and closing) page numbers for articles in journals and for chapters in books.
  - The title of books and journals should be in italics. Double quotation marks are used for titles of journal articles, book chapters, dissertations, reports, working papers, unpublished material, etc.
  - For titles in a language other than English, provide an English translation in parentheses.
  - The location of endnotes within the text should be indicated by superscript numbers.

**PLEASE USE THE FOLLOWING FOR STYLE AND PUNCTUATION IN REFERENCES:****BOOKS**

- Bowersox, Donald J., Closs, David J., (1996), "Logistical Management." Tata McGraw, Hill, New Delhi.
- Hunker, H.L. and A.J. Wright (1963), "Factors of Industrial Location in Ohio" Ohio State University, Nigeria.

**CONTRIBUTIONS TO BOOKS**

- Sharma T., Kwatra, G. (2008) Effectiveness of Social Advertising: A Study of Selected Campaigns, Corporate Social Responsibility, Edited by David Crowther & Nicholas Capaldi, Ashgate Research Companion to Corporate Social Responsibility, Chapter 15, pp 287-303.

**JOURNAL AND OTHER ARTICLES**

- Schemenner, R.W., Huber, J.C. and Cook, R.L. (1987), "Geographic Differences and the Location of New Manufacturing Facilities," Journal of Urban Economics, Vol. 21, No. 1, pp. 83-104.

**CONFERENCE PAPERS**

- Garg, Sambhav (2011): "Business Ethics" Paper presented at the Annual International Conference for the All India Management Association, New Delhi, India, 19-22 June.

**UNPUBLISHED DISSERTATIONS AND THESES**

- Kumar S. (2011): "Customer Value: A Comparative Study of Rural and Urban Customers," Thesis, Kurukshetra University, Kurukshetra.

**ONLINE RESOURCES**

- Always indicate the date that the source was accessed, as online resources are frequently updated or removed.

**WEBSITES**

- Garg, Bhavet (2011): Towards a New Natural Gas Policy, Political Weekly, Viewed on January 01, 2012 <http://epw.in/user/viewabstract.jsp>

## LIQUIDITY, SOLVENCY AND PROFITABILITY ANALYSIS OF MANUFACTURING INDUSTRIES: A STUDY WITH REFERENCE SELECTED MANUFACTURING INDUSTRIES IN INDIA

**KUSHALAPPA. S**  
**DEPARTMENT OF MBA**  
**ALVA'S INSTITUTE OF ENGINEERING & TECHNOLOGY**  
**MIJAR**

**REKHA SHETTY**  
**ASST. PROFESSOR**  
**DEPARTMENT OF PG STUDIES IN COMMERCE**  
**ALVA'S COLLEGE**  
**MOOBDRI**

### ABSTRACT

*Manufacturing industries came into being with the occurrence of technological and socio-economic transformations in the western countries in the 18<sup>th</sup> – 19<sup>th</sup> century. Manufacturing industries are the chief wealth producing sectors of an economy. India has become one of the fastest growing economies in the world over the last two decades, undoubtedly aided in this performance by economic reforms. The liberalization of the economy has opened new windows of opportunity for manufacturing sector. Over the past few years, a manufacturing revolution has been underway in the Indian economy, driven by the increasing presence of multinational companies, increased operations by domestic companies and an expanding domestic market. The present study deals with the analysis of liquidity, solvency and profitability position of the selected manufacturing industries in India. The main objective of the study is to compare the liquidity, profitability and solvency position of companies under each industry and between various industries under study.*

### KEYWORDS

Manufacturing Industry, liquidity, solvency, profitability, leverage.

### INTRODUCTION

Manufacturing industries came into being with the occurrence of technological and socio-economic transformations in the western countries in the 18<sup>th</sup> – 19<sup>th</sup> century. Manufacturing industries are important for an economy as they employ a huge share of the labor force and produce materials required by sectors of strategic importance such as national infrastructure and defense. Manufacturing industries are the chief wealth producing sectors of an economy.

India has become one of the fastest growing economies in the world over the last two decades, undoubtedly aided in this performance by economic reforms. The liberalization of the economy has opened new windows of opportunity for manufacturing sector. Over the past few years, a manufacturing revolution has been underway in the Indian economy, driven by the increasing presence of multinational companies, increased operations by domestic companies & an expanding domestic market. The present study deals with the analysis of liquidity, solvency and profitability position of the selected manufacturing industries in India.

The liquidity characterise the financial situation of the company, its ability to convert assets into cash or to obtain cash to meet short-term obligations. Lack of liquidity may affect seriously the continuity of the company activities. Computation and analysis of the liquidity are made by a system of ratios based on the data within the financial statements. Liquidity measures Computation and analysis of the liquidity are made by a system of ratios. These liquidity ratios characterise the financial situation of the company, its capacity to generate adequate cash for payments. The fundamental source of the bankruptcy risk consists in the insolvency of the company. Solvency is represented by the capacity of the company to cover all its obligations that result either from previous contracts or from current operations. The financial leverage or debt equity ratios focus on a firm's ability to meet its long-term debt obligations. Profitability is an index of efficiency; and is regarded as a measure of efficiency and management guide to greater efficiency. The profitability ratios are just what the name implies. They focus on the firm's ability to generate a profit and an adequate return on assets and equity. They measure how efficiently the firm uses its assets and how effectively it manages its operations.

### OBJECTIVES OF THE STUDY

The core objective of this study is to evaluate the liquidity, solvency and profitability position of manufacturing industries in India. In order to achieve the main objectives, the following subsidiary objectives have been framed by the researchers:

- To find out liquidity, profitability and solvency position of selected companies under each industry
- To study the liquidity, profitability and solvency position of each manufacturing industry under study
- To compare the liquidity, profitability and solvency position of selected companies under each industry
- To compare the liquidity, profitability and solvency position of between various manufacturing industries under study

### HYPOTHESES

#### FIRST SET OF HYPOTHESES

H<sub>0</sub>: There is no significant difference in the liquidity position among different manufacturing industries.

H<sub>1</sub>: There is significant difference in the liquidity position among different manufacturing industries.

#### SECOND SET OF HYPOTHESES

H<sub>0</sub>: There is no significant difference in the solvency position among different manufacturing industries.

H<sub>1</sub>: There is significant difference in the solvency position among different manufacturing industries.

#### THIRD SET OF HYPOTHESES

H<sub>0</sub>: There is no significant difference in the profitability position among different manufacturing industries.

H<sub>1</sub>: There is significant difference in the profitability position among different manufacturing industries.

#### SCOPE OF THE STUDY

The study deals with liquidity, solvency and profitability analysis of Indian manufacturing industries. Study covers five manufacturing industries. They are; Cement Industry, FMCG Industry, Oil and Gas Industry, Automobile Industry and Pharmaceutical Industry. Under each industry five companies have been taken for the purpose of analyzing liquidity, solvency and profitability position of each industry. Since the study covers only five manufacturing industries, the scope of the study is limited to five manufacturing industries.

**ANALYSIS AND INTREPREATION**

It is understood from Table 1 that among the companies of Oil & Gas industry Cairn has highest average current ratio (5.45) and Bharath Petroleum has least (0.69) current ratio. Among the companies of automobile industry Maurti has highest average current ratio (1.16) Hero motors has lowest current ratio (0.44). Among the companies of FMCG industry ITC has highest average current ratio (1.17) and Hindustan Uniliver has lowest (0.83). Among the companies of Cement industry India Cement has highest average current ratio (1.25) and Madras Cement has lowest current ratio (0.59). Among the companies of pharmaceuticals industry Sun Pharmaceuticals has highest average current ratio (2.67) and Aurobindo has lowest average current ratio (1.1). Among the sample manufacturing companies, Oil and Gas Industry has highest current ratio and automobile industry has the lowest current ratio.

It is understood from Table 2 that under Oil and Gas Industry, ONGC has highest average return on capital employed (21.14) and Cairn has the least (-0.168). Among the companies of Automobile Industry, Bajaj has highest average return on capital employed (52.48) and Tata has lowest return on capital employed ratio (12.94). Among the companies of FMCG Industry Hindustan Uniliver has highest average return on capital employed (98.75) and ITC has lowest (28.61). Among the companies of Cement Industry, Madras Cement has highest return on capital employed (25.26) and India Cement has return on capital employed (11.72). Among the companies of Pharmaceuticals Industry, Lupin has highest average return on capital employed (27.34) and Dr.Reddy laboratories has lowest average return on capital employed (12.65). Among the sample manufacturing companies, FMCG Industry has highest return on capital employed ratio and lowest with Oil and Gas Industry.

It is understood from Table 3 that among the companies of Oil and Gas Industry, Bharath Petroleum has highest average Debt Equity ratio (1.5) and Cairn has least (0.04) Debt Equity ratio. Among the companies of Automobile Industry Tata Motors has highest average Debt Equity ratio (0.87) and Maruthi has lowest Debt Equity ratio (0.07). Among the companies of FMCG Industry Britannia has highest average Debt Equity ratio (0.45) and ITC has the lowest (0.013). Among the companies of Cement Industry Madras Cement has highest average DE ratio (1.59) and Grasim has lowest DE ratio (0.21). Among the companies of Pharmaceuticals Industry, Aurobindo has highest average DE Ratio (1.19) and Sun Pharmaceutical has lowest Debt Equity ratio (0.013). Among the sample manufacturing companies, Cement Industry has highest Debt Equity FMCG Industry has the lowest Debt Equity ratio.

**TESTING OF HYPOTHESES**

The results of the hypotheses tested are shown as follows:

**FIRST SET OF HYPOTHESES**

H<sub>0</sub>: There is no significant difference in the liquidity position among different manufacturing industries

H<sub>1</sub>: There is significant difference in the liquidity position among different manufacturing industries

As per Table 4 it is fact that the calculated F values are less than critical value of 2.87, the null hypothesis is being **accepted**.

**SECOND SET OF HYPOTHESES**

H<sub>0</sub>: There is no significant difference in the solvency position among different manufacturing industries

H<sub>1</sub>: There is significant difference in the solvency position among different manufacturing industries

It is clear from Table 5 that all the calculated F values are less than critical value, i.e., 2.87; the null hypothesis has to be **accepted**.

**THIRD SET OF HYPOTHESES**

H<sub>0</sub>: There is no significant difference in the profitability position among different manufacturing industries

H<sub>1</sub>: There is significant difference in the profitability position among different manufacturing industries

It is understood from Table 6 that the calculated F values are less than critical value of 2.87, the null hypothesis is being accepted.

**FINDINGS AND CONCLUSION**

It is found in the study that under Oil & Gas Industry, Cairn has highest average current ratio (5.45) and Bharath Petroleum has least (0.69) current ratio. Therefore Cairn has strong liquidity and Bharath Petroleum has weak liquidity position. Among the companies of Automobile Industry, Maurti is more liquid company (1.16) and Hero Motocorp is the least liquid company (0.44). Among the companies of FMCG Industry, ITC is the more liquid (1.17) and Hindustan Uniliver least liquid company (0.83). Under Cement industry, India Cement has highest average current ratio (1.25) and Madras Cement has lowest current ratio (0.59). Among the companies of Pharmaceuticals Industry, Sun Pharmaceuticals has strong liquidity (2.67) and Aurobindo has least liquidity position (1.1).

Among the sample manufacturing companies, Oil and Gas Industry has highest current ratio and Automobile Industry has the lowest current ratio and therefore Oil and Gas Industry is the most liquid industry.

The study reveals the fact that ONGC (21.14), Bajaj (52.48), HUL (98.75), Madras Cement (25.26), Lupin (27.34) have highest return on capital employed, in their respective industry.

Among the sample manufacturing companies, FMCG Industry has highest return on capital employed ratio and Oil and Gas Industry has the least and therefore FMCG Industry is the most profitable industry.

It is understood from the study that the most solvent companies under Oil and Gas Industry, Automobile Industry, FMCG Industry, Cement Industry, Pharmaceutical Industry and Cement Industry are; Cairn (0.04), Maruthi (0.07), ITC (0.013), Grasim (0.21), Sun Pharmaceutical (0.013). Among the sample manufacturing companies Cement Industry has highest Debt Equity FMCG Industry has the lowest Debt Equity ratio therefore FMCG industry is the most solvent industry

**REFERENCES**

1. Agrawal, N.K, (2003) Management of Working Capital, Sterling Publishers Pvt. Ltd., New Delhi
2. Chandra Prasanna (2010), Fundamentals of Financial Management, Tata McGraw Hill Education Pvt. Ltd., New Delhi
3. Chandra Prasanna, (2008) Financial Management, Seventh edition, Tata McGraw –Hill, New Delhi
4. Ghosh S K and Maji S G (2004), "Working Capital Management Efficiency: A Study on the Indian Cement Industry", Management Accountant, Vol. 39, No. 5, pp. 363-372.
5. Gupta. S. C., (1991), Fundamentals of Statistics, 6<sup>th</sup> revised and enlarged edition, Himalaya Publishing House, New Delhi
6. Khan M Y and Jain P K, (2010) Financial Management, Fifth edition, Tata McGraw –Hill, New Delhi
7. Khan M.Y., Jain P.K.(2002), Cost Accounting and Financial Management, Tata McGraw Hill, New Delhi.
8. Kulkarni, P.V., Sathya Prasad B.G.(1999), Financial Management, Himalaya Publishing, Bombay.
9. Madegowda. J., (2012), Accounting for Managers, Second Revised Edition, Himalaya Publishing House, New Delhi.
10. Maheshwari S N (1996), Management Accounting and Financial Control, Sultan Chand & Sons, New Delhi.
11. Pandey I. M, (2004) Financial Management, Ninth edition, Vikas Publishing House, New Delhi



TABLE 1: CURRENT RATIOS OF THE MANUFACTURING COMPANIES UNDER STUDY

COMP/YEAR	2012	2011	2010	2009	2008	AV	SD	CV
<b>OIL AND GAS INDUSTRY</b>								
RIL	1.44	1.16	1.04	1.06	0.98	1.136	0.181879	16.01048
ONGC	0.99	1.36	1.39	1.45	1.56	1.35	0.215291	15.94744
GAIL	0.95	1.11	1.16	1.29	1.4	1.182	0.17225	14.57274
CAIRN	0.4	4.38	1.85	20.48	0.16	5.454	8.565809	157.0555
BHARATH PETROL	0.76	0.72	0.72	0.5	0.74	0.688	0.106395	15.46446
<b>AVERAGE</b>	<b>0.908</b>	<b>1.746</b>	<b>1.232</b>	<b>4.956</b>	<b>0.968</b>	<b>1.962</b>	<b>1.706059</b>	<b>86.95508</b>
<b>AUTOMOBILE INDUSTRY</b>								
TATA	0.51	0.53	0.44	0.44	0.64	0.512	0.08228	16.07031
MAHINDRA&M	0.95	0.86	1.11	0.9	0.86	0.936	0.104067	11.1183
MARUTHI	1.02	1.47	0.91	1.51	0.91	1.164	0.301297	25.88464
HERO MOTARS	0.42	0.24	0.58	0.46	0.48	0.436	0.124419	28.53639
BAJAJ	0.88	0.8	0.69	0.84	0.88	0.818	0.078867	0.000964
<b>AVERAGE</b>	<b>0.756</b>	<b>0.78</b>	<b>0.746</b>	<b>0.83</b>	<b>0.754</b>	<b>0.7732</b>	<b>0.034194</b>	<b>4.422344</b>
<b>FMCG INDUSTRY</b>								
ASIAN PAINTS	1.07	0.93	0.89	1.13	0.99	1.002	0.09859	9.839327
BRITANIA	0.7	1.04	1.08	1.27	1.22	1.062	0.223652	21.05946
DABUR	1.15	0.99	0.93	1.19	0.91	1.034	0.128374	12.41532
HINDUSTAN UNILIVER	0.83	0.86	0.84	0.92	0.68	0.826	0.08876936	10.7468964
ITC	1.08	1.08	0.92	1.42	1.36	1.172	0.21052316	17.9627268
<b>AVERAGE</b>	<b>0.966</b>	<b>0.98</b>	<b>0.932</b>	<b>1.186</b>	<b>1.032</b>	<b>1.0192</b>	<b>0.099946</b>	<b>9.806317</b>
<b>CEMENT INDUSTRY</b>								
GRASIM	1.19	1.1	0.57	0.79	0.74	0.878	0.258979	29.49644
INDIA CEMENT	0.95	1.28	1.46	1.13	1.43	1.25	0.21319	17.0552
J.K.CEMENT	1.03	1.17	0.96	1.69	1.28	1.226	0.287454	23.44652
MADRAS CEMENT	0.38	0.69	0.7	0.6	0.56	0.586	0.129538	22.1054
ULTRA CEMENT	0.67	0.67	0.67	0.59	0.58	0.636	0.0466905	7.34126889
<b>AVERAGE</b>	<b>0.844</b>	<b>0.982</b>	<b>0.872</b>	<b>0.96</b>	<b>0.918</b>	<b>0.9152</b>	<b>0.057907</b>	<b>6.327231</b>
<b>PHARMASUTICALS INDUSTRY</b>								
AUROBINDO	0.76	1.21	1.05	1.12	1.35	1.098	0.21970435	20.0095034
CIPLA	3.12	1.94	2.17	1.81	2.62	2.332	0.5376523	23.0554161
LUPIN	1.17	1.09	0.96	0.83	0.97	1.004	0.13069047	13.0169795
DR REDDYS LABORATORIES	1.7	1.66	1.49	1.85	1.82	1.704	0.14363147	8.42907705
SUN PHARMACEUTICAL	3.12	3.04	2.14	2.53	2.52	2.67	0.4069398	15.241191
<b>AVERAGE</b>	<b>1.974</b>	<b>1.788</b>	<b>1.562</b>	<b>1.628</b>	<b>1.856</b>	<b>1.7616</b>	<b>0.167639</b>	<b>9.516286</b>

Source: Annual Reports of the companies under study.

TABLE 2: RETURN ON CAPITAL EMPLOYED OF THE MANUFACTURING COMPANIES UNDER STUDY

COMP/YEAR	2012	2011	2010	2009	2008	AV	SD	CV
<b>OIL AND GAS</b>								
RIL	12.18	12.6	11.35	10.96	15.68	12.554	1.864425	14.85124
ONGC	28.54	33.97	34.54	34.29	36.3	33.528	2.931053	8.742104
GAIL	21.17	24.96	25.55	27.29	27.6	25.314	2.573136	10.16487
CAIRN	0.03	-0.07	-0.05	-0.03	-0.16	-0.056	0.069138	-123.46
BHARATH PETROL	10.18	9.84	11.11	14.88	11.37	11.476	2.005525	17.47582
<b>AVERAGE</b>	<b>14.42</b>	<b>16.26</b>	<b>16.5</b>	<b>17.478</b>	<b>18.158</b>	<b>16.5632</b>	<b>1.42034123</b>	<b>8.575283</b>
<b>AUTOMOBILE</b>								
TATA	10.36	10.19	10.37	6.41	18.96	11.258	4.624918	41.08117
MAHINDRA&M	23.58	26.96	27.7	13.99	18.52	22.15	5.825504	26.30025
MARUTHI	13.52	21.69	27.89	17.37	26.18	21.33	5.986723	28.06715
HERO MOTARS	49.83	52.13	75.07	43.33	41.57	52.386	13.41789	25.61351
BAJAJ	64.24	67.57	59.01	32.8	39.71	52.666	15.48264	0.00294
<b>AVERAGE</b>	<b>32.306</b>	<b>35.708</b>	<b>40.008</b>	<b>22.78</b>	<b>28.988</b>	<b>31.958</b>	<b>6.55825221</b>	<b>20.52147</b>
<b>FMCG</b>								
ASIAN PAINTS	52.24	55.73	62.94	49.35	57.32	55.516	5.176092	9.323604
BRITANIA	51.66	24.06	24.67	25.29	26.37	30.41	11.90975	39.16393
DABUR	40.51	44.16	61.62	47.98	67.51	52.356	11.6417	22.23566
HINDUSTAN UNILIVER	93.08	102.47	106.78	118.59	138.72	111.928	17.559871	15.6885418
ITC	40.51	44.16	61.62	47.98	67.51	52.356	11.6417	22.23566
<b>AVERAGE</b>	<b>55.6</b>	<b>54.116</b>	<b>63.526</b>	<b>57.838</b>	<b>71.486</b>	<b>60.5132</b>	<b>7.10105099</b>	<b>0.117347140667404100</b>
<b>CEMENT</b>								
GRASIM	14.48	17.64	31.79	18.04	26.01	21.592	7.112199	32.93905
INDIA CEMENT	10.59	3.37	10.9	16.95	22.57	12.876	7.246819	56.2816
J.K.CEMENT	18.59	7.25	17.86	19.95	32.11	19.152	8.834439	46.12803
MADRAS CEMENT	17.44	9.6	16.53	17.64	25.8	17.402	5.749263	33.03794
ULTRA CEMENT	19.94	13.77	27.22	26.45	35.55	24.586	8.2035498	33.3667528
<b>AVERAGE</b>	<b>16.208</b>	<b>10.326</b>	<b>20.86</b>	<b>19.806</b>	<b>28.408</b>	<b>19.1216</b>	<b>6.62531711</b>	<b>34.64834</b>
<b>PHARMASUTICALS</b>								
AUROBINDO	10.04	17.48	17.54	13.53	11.76	14.07	3.37407765	23.9806514
CIPLA	18.74	16.22	22.16	22.39	18.17	19.536	2.67049246	13.669597
LUPIN	22.94	21.51	22.49	22.04	27.58	23.312	2.4441297	10.4844273
DR REDDYS LABORATORIES	19.22	14.2	15.87	13.46	10.55	14.66	3.19379868	21.7858027
SUN PHARMACEUTICAL	--	21	17.05	24.57	24.21	21.7075	3.49520028	16.1013488
<b>AVERAGE</b>	<b>17.735</b>	<b>18.082</b>	<b>19.022</b>	<b>19.198</b>	<b>18.454</b>	<b>18.6571</b>	<b>0.61679348</b>	<b>3.305945</b>

Source: Annual Reports of the companies under study

TABLE 3: DEBT EQUITY RATIOS OF MANUFACTURING COMPANIES UNDER STUDY

COMP/YEAR	2012	2011	2010	2009	2008	AV	SD	CV
<b>OIL AND GAS</b>								
RIL	0.36	0.46	0.49	0.65	0.46	0.484	0.105024	21.69913
ONGC	0.04	0.18	0.19	0.2	0.18	0.158	0.066483	42.0779
GAIL	0.25	0.12	0.09	0.08	0.1	0.128	0.069785	54.51983
CAIRN	--	0.04	0.04	--	--	0.04	0	0
BHARATH PETROL	1.42	1.35	1.7	1.75	1.29	1.502	0.209452	13.94485
<b>AVERAGE</b>	<b>0.5175</b>	<b>0.43</b>	<b>0.502</b>	<b>0.67</b>	<b>0.5075</b>	<b>0.4624</b>	<b>0.08795</b>	<b>19.02029</b>
<b>AUTOMOBILE</b>								
TATA	0.57	0.8	1.12	1.06	0.8	0.87	0.222711	25.59892
MAHINDRA&M	0.26	0.23	0.37	0.77	0.6	0.446	0.232228	52.06913
MARUTHI	0.07	0.02	0.07	0.07	0.11	0.068	0.031937	46.96682
HERO MOTARS	0.23	0.5	0.02	0.02	0.04	0.162	0.208614	128.7744
BAJAJ	0.02	0.07	0.46	0.84	0.84	0.446	0.39797	0.008923
<b>AVERAGE</b>	<b>0.23</b>	<b>0.324</b>	<b>0.408</b>	<b>0.552</b>	<b>0.478</b>	<b>0.3984</b>	<b>0.126407</b>	<b>31.72873</b>
<b>FMCG</b>								
ASIAN PAINTS	0.07	0.03	0.04	0.06	0.08	0.056	0.020736	37.02936
BRITANIA	0.05	0.96	1.08	0.03	0.14	0.452	0.521891	115.4626
DABUR	0.21	0.23	0.14	0.19	0.03	0.16	0.08	50
HINDUSTAN UNILIVER	0.21	0.23	0.14	0.19	0.03	0.16	0.08	50
ITC	--	0.01	0.01	0.01	0.02	0.0125	0.005	40
<b>AVERAGE</b>	<b>0.135</b>	<b>0.292</b>	<b>0.282</b>	<b>0.096</b>	<b>0.06</b>	<b>0.1681</b>	<b>0.107452</b>	<b>63.92166</b>
<b>CEMENT</b>								
GRASIM	0.07	0.1	0.15	0.36	0.39	0.214	0.1501	70.14017
INDIA CEMENT	0.56	0.69	0.6	0.67	0.7	0.644	0.061074	9.483498
J.K.CEMENT	0.84	1.15	0.94	0.58	0.63	0.828	0.232959	28.13517
MADRAS CEMENT	1.03	1.61	1.65	1.95	1.71	1.59	0.339706	21.36514
ULTRA CEMENT	0.3	0.39	0.35	0.59	0.65	0.456	0.1545316	33.8884978
<b>AVERAGE</b>	<b>0.56</b>	<b>0.788</b>	<b>0.738</b>	<b>0.83</b>	<b>0.816</b>	<b>0.7464</b>	<b>0.109976</b>	<b>14.73424</b>
<b>PHARMASUTICALS</b>								
AUROBINDO	0.98	0.9	1.02	1.6	1.44	1.188	0.31131977	26.205368
CIPLA	--	0.07	--	0.22	0.15	0.146667	0.07505553	51.1742284
LUPIN	0.27	0.31	0.36	0.69	0.73	0.472	0.22004545	46.6197987
DR REDDYS LABORATORIES	0.23	0.24	0.1	0.12	0.1	0.158	0.07085196	44.8430116
SUN PHARMACEUTICAL	--	0.01	0.01	--	0.02	0.013333	0.0057735	43.3012702
<b>AVERAGE</b>	<b>0.493333</b>	<b>0.306</b>	<b>0.3725</b>	<b>0.6575</b>	<b>0.488</b>	<b>0.3956</b>	<b>0.134363</b>	<b>33.96432</b>

Source: Annual Reports of the companies under study

TABLE 4: ONE WAY ANALYSIS OF VARIANCE BETWEEN SELECTED INDUSTRIES (DATA OF 5 YEARS FROM 2008 TO 2012) AND (CRITICAL VALUE OF F=2.87)

Ratio	Sources of variation	SS	df	MS	F
CURRENT RATIO	Between Sample	4.55	4	1.14	1.87
	Within Sample	12.19	20	0.61	
QUICK RATIO	Between Sample	4.61	4	1.15	1.68
	Within Sample	13.70	20	0.68	

TABLE 5: ONE WAY ANALYSIS OF VARIANCE BETWEEN SELECTED INDUSTRIES(DATA OF 5 YEARS FROM 2008 TO 2012) AND (CRITICAL VALUE OF F=2.87)

Ratio	Sources of variation	SS	df	MS	F
DEBT EQUITY RATIO	Between Sample	0.09	4	0.02	0.38
	Within Sample	1.23	20	0.06	
LTDE RATIO	Between Sample	0.0499	4	0.012	0.26
	Within Sample	0.9517	20	0.048	

TABLE 6: ONE WAY ANALYSIS OF VARIANCE BETWEEN SELECTED INDUSTRIES (DATA OF 5 YEARS FROM 2008 TO 2012) AND (CRITICAL VALUE OF F=2.87)

Ratio	Sources of variation	SS	df	MS	F
OPM RATIO	Between Sample	219219.1	4	54804.76	0.34
	Within Sample	3186008	20	159300.4	
NPM RATIO	Between Sample	871	4	219.75	1.09
	Within Sample	4019.37	20	200.97	
ROCE RATIO	Between Sample	183.48	4	45.87	0.16
	Within Sample	5754.26	20	287.71	
RONW RATIO	Between Sample	262.91	4	65.73	0.32
	Within Sample	4162.17	20	208.11	

## **REQUEST FOR FEEDBACK**

**Dear Readers**

At the very outset, International Journal of Research in Commerce and Management (IJRCM) acknowledges & appreciates your efforts in showing interest in our present issue under your kind perusal.

I would like to request you to supply your critical comments and suggestions about the material published in this issue as well as on the journal as a whole, on our E-mail i.e. [infoijrcm@gmail.com](mailto:infoijrcm@gmail.com) for further improvements in the interest of research.

If you have any queries please feel free to contact us on our E-mail [infoijrcm@gmail.com](mailto:infoijrcm@gmail.com).

I am sure that your feedback and deliberations would make future issues better – a result of our joint effort.

Looking forward an appropriate consideration.

With sincere regards

Thanking you profoundly

**Academically yours**

Sd/-

**Co-ordinator**

## ABOUT THE JOURNAL

In this age of Commerce, Economics, Computer, I.T. & Management and cut throat competition, a group of intellectuals felt the need to have some platform, where young and budding managers and academicians could express their views and discuss the problems among their peers. This journal was conceived with this noble intention in view. This journal has been introduced to give an opportunity for expressing refined and innovative ideas in this field. It is our humble endeavour to provide a springboard to the upcoming specialists and give a chance to know about the latest in the sphere of research and knowledge. We have taken a small step and we hope that with the active co-operation of like-minded scholars, we shall be able to serve the society with our humble efforts.

### *Our Other Journals*

