INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE, ECONOMICS AND MANAGEMENT

CONTENTS

Sr. No.	TITLE & NAME OF THE AUTHOR (S)	Page No.
1.	IMPACT OF CUSTOMER DEMOGRAPHICS ON THE CRM AWARENESS AND EFFICIENCY: AN EXPLORATORY STUDY OF THE FIVE SELECT PUBLIC SECTOR BANKS IN INDIA *VUTLA PADMAJA RANI, DR. MOHAMMED ABBAS ALI & DR. VIJAYA KUMAR GUDEP*	1
2.	A FRAMEWORK FOR LEADERSHIP DEVELOPMENT IN PUBLIC SECTOR BANKS *K. V. S. RAJU, DR. S. SUMAN BABU & DR. D. MASTHAN*	5
3.	THE EFFECTIVENESS OF LIQUIDITY MANAGEMENT ON THE NIGERIAN ECONOMY *OLOWE, OLUSEGUN*	11
4.	MICROFINANCE IN CAPE COAST METROPOLIS: A BASELINE SURVEY *JAMES ATTA PEPRAH*	15
5.	CORPORATE SOLVENCY MANAGEMENT: HOW EFFECTIVE ARE CONTEMPORARY TOOLS? *DR. ENYI PATRICK ENYI*	20
6.	DEPOSITORY SYSTEM IN INDIA - A COMPARATIVE STUDY OF NSDL AND CDSL *DR. SULTAN SINGH*	26
7.	THE IMPACT OF INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) ON CUSTOMER SATISFACTION IN HDFC BANK OF INDIA *VAHID RANGRIZ & DR. M. G. BASAVARAJA*	34
8.	TESTING THE CAPITAL ASSET PRICING MODEL (CAPM) – A STUDY OF INDIAN STOCK MARKET *DR. G. SUDARSANA REDDY*	40
9.	PANCHAYATS AND EMPOWERING THE RURAL POOR SPECIALLY THE WOMEN: THE WEST BENGAL EXPERIENCE *NIRANJAN MANDAL & ASIT KUMAR BANERJEE*	47
10.	MICRO-CREDIT: A STUDY OF MICRO-CREDIT USAGE BY SELF HELP GROUP MEMBERS IN GOA *DR. ELIZABETH JOEY HENRIQUES & DR. REKHA RAMESH GAONKAR*	56
11.	ROLE OF FDI IN INFRASTRUCTURE DEVELOPMENT IN INDIA *DR. JIMMY M. KAPADI & DR. (MRS.) HEMLATA AGARWAL*	61
12.	AN EMPIRICAL ANALYSIS ON BAD LOANS IN PERSONAL LOAN - WITH SPECIAL REFERENCE TO RURAL BANKS IN ODISHA *DR. B. CHANDRA MOHAN PATNAIK, DR. IPSEETA SATPATHY & AROOP KUMAR MOHAPATRA*	69
13.	MERGERS & ACQUISITIONS: AN EMPIRICAL STUDY ON THE SHORT-TERM POST- MERGER PERFORMANCE OF CORPORATE FIRMS IN INDIA *DR. RAMACHANDRAN AZHAGAIAH & T. SATHISH KUMAR*	80
14.	AN EMPIRICAL ANALYSIS OF SEMI-MONTH AND TURN OF THE MONTH EFFECTS IN INDIAN STOCK MARKET *P. NAGESWARI, DR. M. SELVAM & DR. J. GAYATHRI*	104
15.	PHYSICAL INFRASTRUCTURE FACILITIES FOR AGRICULTURAL MARKETING IN HARYANA: A CASE STUDY OF SIRSA DISTRICT *DR. ANITA DAGAR, SANDEEP KUMAR & MUKESH KUMAR*	110
16.	AN EMPIRICAL STUDY OF ENTREPRENEURSHIP DEVELOPMENT IN SUB URBAN REGIONS: A CASE STUDY *DR. S. K. SINHA & DR. JYOTI AGARWAL*	113
17.	INTRODUCTION OF ISLAMIC BANKING IN INDIA: A SUGGESTED LEGAL FRAMEWORK *A. PANDU & DR. MOHAMMED GALIB HUSSAIN*	117
18.	MEASURING CORPORATE SUCCESS: STATISTICAL ANALYSIS OF FINANCIAL PERFORMANCE INDICATORS *DR. HEMAL PANDYA & CHETANA PARMAR*	121
19.	FACTORS INFLUENCING INVESTOR BEHAVIOUR: AN EMPERICAL STUDY IN PUNJAB *GAURAV DAWAR & CHHAVI WADHWA*	125
20.	TEXTING MANIA - A SOCIAL DILEMMA *DR. SATEESHCHANDRA JOSHI & VINOD K. LALBEG*	132
21.	CLIMATE CHANGE: A MAJOR ISSUE IN THE SUSTAINABLE DEVELOPMENT OF INDIA *DR. PRERNA JAIN & DR. PRAGATI JAIN*	136
22.	ADHERENCE OF CUSTOMER NEEDS THROUGH THE REDRESSAL MECHANISM OF BANKS *DR. V. DARLING SELVI*	140
23.	MEASURING ROI: A STUDY OF HURCONOMICS ON EMPLOYEES OF THE STEEL MANUFACTURING INDUSTRY IN KARNATAKA *S. AMOLAK SINGH*	146
24.	INDIA'S RECENT ECONOMIC PERFORMANCE AND FUTURE OUTLOOK – NEED FOR CAUTIOUS OPTIMISM *C. BARATHI & S. PRAVEEN KUMAR*	150
25.	MANAGEMENT OF STONE CRUSHING INDUSTRY AND ITS IMPACT ON EMPLOYEES AND ENVIRONMENT -A CASE STUDY *DR. T. V. RAMANA & B. SRINIVASA RAO*	154
	REQUEST FOR FEEDBACK	158

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

PATRON

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

CO-ORDINATOR

DR. BHAVET
Faculty, M. M. Institute of Management, Maharishi Markandeshwar University, Mullana, Ambala, Haryana

ADVISORS

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., Haryana College of Technology & Management, Kaithal
PROF. S. L. MAHANDRU
Principal (Retd.), Maharaja Agrasen College, Jagadhri

EDITOR

PROF. R. K. SHARMA
Dean (Academics), Tecnia Institute of Advanced Studies, Delhi

CO-EDITOR

DR. SAMBHAV GARG
Faculty, M. M. Institute of Management, Maharishi Markandeshwar University, Mullana, Ambala, Haryana

EDITORIAL ADVISORY BOARD

DR. AMBIKA ZUTSHI
Faculty, School of Management & Marketing, Deakin University, Australia
DR. VIVEK NATRAJAN
Faculty, Lomar University, U.S.A.
DR. RAJESH MODI
Faculty, Yanbu Industrial College, Kingdom of Saudi Arabia
PROF. SIKANDER KUMAR
Chairman, Department of Economics, Himachal Pradesh University, Shimla, Himachal Pradesh
PROF. SANJIV MITTAL
University School of Management Studies, Guru Gobind Singh I. P. University, Delhi
PROF. RAJENDER GUPTA
Convener, Board of Studies in Economics, University of Jammu, Jammu

PROF. NAWAB ALI KHAN
Department of Commerce, Aligarh Muslim University, Aligarh, U.P.
PROF. S. P. TIWARI
Department of Economics & Rural Development, Dr. Ram Manohar Lohia Avadh University, Faizabad
DR. ASHOK KUMAR CHAUHAN
Reader, Department of Economics, Kurukshetra University, Kurukshetra
DR. SAMBHAVNA
Faculty, I.I.T.M., Delhi
DR. MOHENDER KUMAR GUPTA
Associate Professor, P. J. L. N. Government College, Faridabad
DR. VIVEK CHAWLA
Associate Professor, Kurukshetra University, Kurukshetra
DR. SHIVAKUMAR DEENE
Asst. Professor, Government F. G. College Chitguppa, Bidar, Karnataka

ASSOCIATE EDITORS

PROF. ABHAY BANSAL
Head, Department of Information Technology, Amity School of Engineering & Technology, Amity University, Noida
PARVEEN KHURANA
Associate Professor, Mukand Lal National College, Yamuna Nagar
SHASHI KHURANA
Associate Professor, S. M. S. Khalsa Lubana Girls College, Barara, Ambala
SUNIL KUMAR KARWASRA
Vice-Principal, Defence College of Education, Tohana, Fatehabad
DR. VIKAS CHOUDHARY
Asst. Professor, N.I.T. (University), Kurukshetra

TECHNICAL ADVISORS

AMITA
Faculty, E.C.C., Safidon, Jind
MOHITA
Faculty, Yamuna Institute of Engineering & Technology, Village Gadholi, P. O. Gadhola, Yamunanagar

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; Business 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; 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 addresses, infoijrcm@gmail.com or info@ijrcm.org.in.

GUIDELINES FOR SUBMISSION OF MANUSCRIPT

1. **COVERING LETTER FOR SUBMISSION:**

DATED: _____________

THE EDITOR

IJRCM

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

(e.g. Computer/IT/Finance/Marketing/HRM/General Management/other, please specify).

DEAR SIR/MADAM

Please find my submission of manuscript titled '____' for possible publication in your journal.

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 anywhere.

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

NAME OF CORRESPONDING AUTHOR:

Designation:

Affiliation with full address & Pin Code:

Residential address with Pin Code:

Mobile Number (s):

Landline Number (s):

E-mail Address:

Alternate E-mail Address:

2. **INTRODUCTION**: Manuscript must be in British English prepared on a standard A4 size paper setting. 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 the every page.
3. **MANUSCRIPT TITLE**: The title of the paper should be in a 12 point Calibri Font. It should be bold typed, centered and fully capitalised.
4. **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.
5. **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.
6. **KEYWORDS**: Abstract must be followed by 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.
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 be in a 8 point Calibri Font, single spaced and justified.
10. **FIGURES &TABLES**: These should be simple, centered, separately numbered & self explained, and titles must be above the tables/figures. 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. It must be single spaced, and at the end of the manuscript. 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 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.

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.

WEBSITE

- Garg, Bhavet (2011): Towards a New Natural Gas Policy, Economic and Political Weekly, Viewed on July 05, 2011 http://epw.in/user/viewabstract.jsp

INDIA'S RECENT ECONOMIC PERFORMANCE AND FUTURE OUTLOOK – NEED FOR CAUTIOUS OPTIMISM

C. BARATHI
RESEARCH SCHOLAR
MANIPUR INSTITUTE OF MANAGEMENT STUDIES
MANIPUR UNIVERSITY
IMPHAL

S. PRAVEEN KUMAR
ASSOCIATE PROFESSOR
DEPARTMENT OF MANAGEMENT STUDIES
PANIMALAR ENGINEERING COLLEGE
CHENNAI

ABSTRACT

The housing bubble in the US caused by unmindful lending without any modicum of financial prudence led to the financial crisis in the US which in a short time snowballed into the global economic crisis because of the integrated nature of the globalised economy. The effect of these was the steep decline in global growth, plummeting global trade, severe liquidity crunch, failure of banks both in the US and many other countries, free fall in global stock markets, rising unemployment and loss of livelihood and increase in poverty and food insecurity. Indian economy which was the second fastest growing economy in the pre-crisis era did experience the impact of the debilitating global crisis. Though the economy is driven to a large extent by domestic consumption, many sectors of the economy experienced a slow down and growth rate in the crisis year fell to 6.7 per cent from 9 per cent in the preceding year. The stimulus package implemented by the government led to the revival of the economy in 2008-09 and the economy is back in the growth path in 2009-10, and expectation are that in 2011-12 it will return to the 9 per cent plus growth rate. Though the Indian economy has staged a quick recovery, there are several challenges in the future growth path. Therefore it becomes imperative to take stock of the performance, progress made and the challenges ahead in order to ensure that adequate measures are taken to overcome the challenges and ensure sustained growth.

KEY WORDS
Global crisis, Stimulus package, Strong domestic consumption, Revival

INTRODUCTION
The housing bubble in the US caused by unmindful lending without any modicum of financial prudence led to the financial crisis in the US which in a short time snowballed into the global economic crisis because of the integrated nature of the globalised economy. Countries across the world have been severely impacted by the crisis because banks of many countries had invested in the US banking system which was on the verge of collapse. Declining consumption trends in the US which is the largest market of the world, greatly affected the export reliant economies. The cumulative effect of all these was the steep decline in global growth, plummeting global trade, severe liquidity crunch, failure of banks both in the US and many other countries, free fall in global stock markets, rising unemployment and loss of livelihood and increase in poverty and food insecurity. Though many experts such as Milton Friedman, Paul Krugman etc., had warned of the housing asset bubble and the risks that it posed to the US economy, the consistent rise in real estate prices backed by unmindful lending without any modicum of financial prudence ensured that nobody really cared or took heed of the warnings.

The crisis, which first manifested in the fall of Lehman Brothers led to failure of many banks both in the US and across the world. Government's in many of the countries came out with stimulus packages to save their banking systems from the verge of collapse and even economies without much financial exposure to the US banking system such as India also had to come out with stimulus packages in order to ensure that their economies do not slip into recession. The crisis effectively debunked the theory of de-coupling touted by certain economic experts and proved that crisis in any major economy would have a telling impact on the global economic affairs.

The emerging markets have weathered the crisis in a much better manner than most of the countries in the developed world. The Indian economy though, impacted by the crisis has been quick to recover and expectations are that in 2011-12 it will return to the 9 per cent plus growth rate which it recorded in the few years immediately preceding the crisis. This paper analyses the impact and response of the Indian economy and also the likely future trends in light of the emerging scenario in the global landscape.

RESEARCH METHODOLOGY
This paper is conceptual in approach and the authors have conducted a literature review before embarking on analyzing the present and future trends. The authors have relied on secondary data and the period considered for the study is 2006-07 to 2010-11.

NEED FOR THE STUDY
Indian economy which was the second fastest growing economy in the pre-crisis era did experience the impact of the debilitating global crisis. Though the economy is driven to a large extent by domestic consumption, many sectors of the economy experienced a slow down and growth rate in the crisis year fell to 6.7 per cent from 9 per cent in the preceding year. The stimulus package implemented by the government led to the revival of the economy in 2008-09 and the economy is back in the growth path in 2009-10. Though the Indian economy has staged a quick recovery, there are several challenges in the future growth path. Therefore it becomes imperative to take stock of the performance, progress made and the challenges ahead in order to ensure that adequate measures are taken to overcome the challenges and ensure sustained growth.

LITERATURE REVIEW
Achal Raghavan (2009) stated that with the economy showing signs of recovery, now is the time for corporate leaders to retain the gains made in operational efficiencies, and focus on emerging growth opportunities in the marketplace. Balaji CD (2009)[1] concluded that, the financial crisis not only signals the need to shift from pure market fundamentalism to a better regulated financial system but also underscores the need for robust regulatory mechanisms on a global basis. Balaji CD (2010)[2] opined that the Indian economic fundamentals are strong and the economy has the capacity to absorb capital and generate good returns. The economic slowdown and tight labour market conditions might lead to defaults in retail loans. Therefore the Indian banks would do well to take measures to expand credit without diluting lending norms. Dinesh Babu (2010) stated that the impact of the crisis rapidly developed and spread into a global shock resulting in a number of European bank failures and declines in various stock indexes, and large reductions in the market value of equities. Errol D' Souza (2009) opined

that the massive government borrowing programme has resulted in a hardening of the yield on government securities which adversely affects aggregate output. As financial markets have factored in a lack of commitment to fiscal correction, as conditions improve the intentions of the fiscal stimulus have been impeded. Krishna Reddy Chittedi, Santhosha Banthini (2009) in their paper analysed the recent trends in financial crisis emphasizing on the severity of crisis in various segments of the real economy and suggested the need for co-ordinated fiscal policies to come out of recession.

INDIAN ECONOMY – REVIVAL AFTER THE SLOW DOWN

At the onset of the crisis, a number of economic experts pointed out that since the Indian economy is not export dependent and majority of the Indian banks having very little exposure to the troubled banks in the US, the crisis would not have any significant impact on the Indian economy. This phenomenon was termed as 'decoupling' and India was pointed out to be an instance of an economy which was decoupled and therefore insulated from the problems faced by the global economy. The reality however, proved otherwise. The Indian economy was also affected by the crisis and it was proved that in today's globalised world, financial and economic integration are realities and no economy can be said to be completely decoupled.

As a result of the crisis, India's economic growth slowed down in all sectors and the GDP growth rate fell from a peak of 9.7 per cent in 2006-07 to 6.7 per cent in 2008-09. Even though the economy has quickly recovered and is expected to grow at 8.8 per cent in 2009-10 and nine per cent in 2010-11, it is an undisputed fact that the slowdown impacted the job market and increased the number of people living below the poverty line. The crisis did not spare even the technology sector with the growth rate of IT and ITes exports dropping significantly. The Indian banking sector remained largely insulated because of the cautionary policies followed by RBI and has now become a case study on prudential practices.

INCOME AND GROWTH RATES

India's per capita income at Rs 44,345 in 2009-10 was 10.5 per cent higher than the previous year. Based on 2004-05 prices, which factors inflation, per capita income grew by 5.6 per cent last fiscal. Per capita income (at 2004-05 prices) was Rs 33,588 in FY10 against Rs 31,821 in the previous year.

Corporate earnings are also on the upsurge as indicated by the increase in advance taxes. The consensus estimate among experts is that corporate earnings would grow by 20 per cent. This growth rate is achievable considering that the nominal economic growth would be upwards of 16 per cent (8 per cent GDP growth plus 8 per cent inflation). The cause for cheer is that higher advance tax payments have been made by companies across sector indicating broad based earnings growth.

The GDP growth which was averaging 9 per cent in the three years pre-crisis period declined to 6.7 per cent in the crisis year ((The 6.7 per cent growth was achieved despite a fall in exports and industrial production as a result of better performance in the first half of FY 09) and slightly improved to 7.4 per cent in the next fiscal (2009-10). The growth rate achieved in 2009-10, sustained India's position as the second fastest growing economy in the world next only to China, whose GDP grew by 9.1 per cent. Considering on a quarterly basis, the economy decelerated in the second half of 2008-09 and the weak trend continued in the first half of 2009-10. Recovery started in the second half of 2009-10 and the monetary policy focus of the government shifted from crisis management to control of inflation. The economic environment in the first six months of FY 2009 was markedly different from the scenario in the last six months. The second half was characterised by slow growth and decline in the inflation rate while both the growth rate and inflation were at a high level in the first half. During the current fiscal (2010-11), the growth rate was 8.6 per cent during the first quarter as compared to 6 per cent in the corresponding period last year. Driven by good performance of agriculture and manufacturing, the Indian economy grew by 8.9 per cent in the second quarter of the current fiscal, up from 8.7 per cent. This resulted in overall economic expansion during the first half (April-September) to 8.9 per cent, up from 7.5 per cent a year ago. The size of the economy rose to Rs 62,31,171 crore (Rs 62.3 trillion) in the last fiscal, up 11.8 per cent over Rs 55,74,449 crore (Rs 55.7 trillion) in FY09.

GOVERNMENT'S TAX REVENUES

Tax revenues are an indicator of the buoyancy or otherwise of an economy. Though substantial tax reliefs were granted to the individual and corporate assessees in a bid to increase disposable income thereby reviving demand and spiking up economic growth, tax revenues grew significantly on the back of strong performance of the corporate sector and the economy as a whole. The direct tax collections for the period April to December 15 (2010-11) rose 18% to nearly Rs.3 trillion. During the nine month period corporate tax collections grew by 21.3%, personal income tax rose by 16.2% compared with the corresponding period in the previous year.

Advance tax collections from India's top 100 companies also grew 16.3 per cent in the first three quarters of the current fiscal. The government has set a target of raising Rs.4.3 trillion through direct taxes in 2010-11, 11 per cent more than the previous year collections. Considering the collection trends upto mid December, the actual collections for the year may even exceed targets.

Indirect collections grew by 42.3 per cent to reach Rs.2.07 trillion during April – November 2010 when compared to Rs.1.45 trillion collected during the corresponding period last year. Customs duty collections were 67 per cent higher at Rs.86,844 crore as against Rs.52,011 a year ago. Customs duty, excise and service tax collected during the said period added up to 66.3 per cent of the overall target of Rs.3.13 lakh crore set for the year. While the collection target from customs duty for the entire year is Rs.1.15 trillion, the first eight months collections alone account for 75.5 per cent. Excise collections rose by 34.4 per cent to Rs.81,894 crore from Rs.61,020 crore. Service tax grew by 18.2 per cent to Rs.38,927 crore from Rs.32,297 crore.

EXTERNAL SECTOR AND THE RUPEE

THE INDIAN EXTERNAL SECTOR – ON A REVIVAL MODE: India's foreign which was growing at 20 per cent plus in the preceding three years of the pre-crisis period suffered a setback because of the crisis. Exports which were $163.13 billion in 2007-08 rose to $185.29 in 2008-09 and fell marginally to $178.74 in 2009-10. Imports which increased sharply from $251.65 billion in 2007-08 to $303.69 billion in 2008-09 fell to $288.4 billion in 2009-10. Though the US is our largest trading partner and goods exports from US having quadrupled to $17 billion in the last seven years and service exports trebling to $10 billion, other than software, India's trade with US is lagging behind in all areas and in the manufactured exports space, the gap is much wider. With the growing differences between US and China over the artificial undervaluation of the Chinese yuan, there is good scope for increased trade between the world's largest two democracies.

As a sign of revival of India's foreign trade, during April – September 2010-11 exports increased by 28 per cent to $103.64 billion and imports increased by 29.9 per cent to reach $166.4 billion compared to the corresponding period last year. At this current growth rate, exports are set to cross the target of $200 billion. Since imports have outpaced exports consistently, the trade deficit for the first six months of the current fiscal stood at $62.83 billion. New incentives and sops worth Rs.1,052 crore have been announced in the annual supplement of the Foreign Trade Policy to boost the country's external trade With these incentives, the government is hopeful of $200 billion of exports this fiscal. Duty Entitlement Pass Book Scheme has been extended for six months till June 30, 2011, zero duty EPCG has been extended for one year and more products have been added, number of additional products from leather, engineering, textiles and jute have been added to the 2 per cent interest subvention scheme, additional benefit of 2 per cent bonus for 135 products under Focus Product Scheme, one per cent Status Holder Incentive Scheme (SHIS) for technology up gradation has been extended till 2011-12 and more products have been added, benefits under Market Linked Focus Product Scheme on garment exports to EU extended from October 2010 to March 2011, Barmer for handicrafts, Bhiwandi for textiles and Agra for leather goods have been notified as towns for export excellence, steps have been announced for reducing the transaction costs of exports, leather sector allowed to re-export unsold imported raw hides and skins and semi finished leather from public bonded warehouses without export duty, list of items entitled for duty free import of gems and jewellery sector expanded, scrips issued under Served From India Scheme for service sector can be used for payment of duty on import of vehicles.

RUPEE: The rupee during mid December 2010 was around Rs.45, much better when compared to the low points reached during the peak of the crisis. The decline of the rupee commenced on September 15, 2008, when FII's commenced their selling spree as they moved from emerging markets and began to invest in the US government's paper. The rupee, fell to a two-year low of 46 against the US dollar, and the overall decline since April 2008 was nearly 15 per cent. Overnight call money rates hit 12.5 per cent, the highest in almost two-and-a-half years. In the next few weeks, the stock markets fell to four-digit levels, the rupee started hitting fresh lows on a daily basis and weakened to an all-time low of 52.13 in early March, and the call rate touched a peak of 21 per cent. As FIIs withdrew $6.42 billion (around Rs 33,000 crore) from the Indian stock markets between September 2008 and March 2009, RBI sold $29 billion (Rs 149,706 crore) to check the rupee's free fall and ensured that over Rs 600,000 crore of primary liquidity was pumped into the system. In addition, the government stepped up spending and cut tax rates to spur demand. In the year 2009-10, despite the current account deficit at 3 per cent of GDP, the rupee appreciated against all major currencies due to revival of capital flows which resulted in a surplus of $42.3 billion in the capital account. Data available up to now for 2010-11 indicate that due to the strong capital flows, the rupee has remained strong in the range of Rs.45 to Rs.46. The RBI has been quite active in the market preventing further appreciation of the rupee ostensibly to protect India's export competitiveness. Whether this move is pragmatic or not will come to light only in the next few quarters on the basis of oil prices. If oil prices cross $100, an estimate shared by some experts, the RBI move would prove counterproductive as it will make imports costlier and widen the trade deficit.

FOREIGN INVESTMENT – FDI AND FII

FDI: FDI at $25.88 billion in 2009-10 was 5 per cent lower when compared to $27.33 billion received in the previous year. During January – June 2009, the country received investment worth $13.19 billion. FDI at $25.88 billion in 2009-10 was 5 per cent lower when compared to $27.33 billion received in the previous year. The continued slow down in the Western countries and Europe is the reason for low inflows. The slowdown in FDI is definitely a cause for concern because of the huge investment planned in the infrastructure by the government. An area of hope is M&A's. Pricewaterhouse Coopers has ranked India amongst the top 3 emerging markets for the next 18 months in terms of attractiveness for deals. According to a recent Economic Intelligence Unit (EIU) study, M&A Beyond Borders: Risks and Opportunities, the developing economies of China, India and Southeast Asia are attractive destinations for M&A deals, with 57 percent of the study's global respondents stating that these countries would figure "significantly or very significantly" in their company's M&A strategies, well ahead of North America and Western Europe. Another important development is that in sharp contrast to the earlier trend, in the post recession period, Indian FDI in the US is much higher than the US FDI in India.

FII: Indian stock markets have already received FII investment of $29 billion since July till November 24 2010 with $6.11 billion being invested in October alone. FII's which had withdrawn Rs.33,000 crore between September 2008 and March 2009 from the Indian markets driving down the Sensex to four digit level from the over 20,000 mark reached in January 2008, began to invest in the Indian markets in FY 2009-10. The Satyam scandal and the rising global uncertainties resulted in increased volatility in the Indian markets in 2009-10. Strong fundamentals of the economy, rising GDP, strong corporate performance and declining trends in the developed economy made India an attractive destination for FII inflows in 2010-11.

SECTORAL ANALYSIS – AGRICULTURE, INDUSTRY AND SERVICES

AGRICULTURE SECTOR: The agriculture sector performed better than anticipated despite the deficient monsoon in 2009-10, but the cause of worry is that the average rate of agricultural production at 1.6 per cent in 2009-10 is lagging behind population growth at 1.9 per cent during the said period and unless significant corrective measures are introduced there is not much hope of increase in agricultural productivity. Despite crop losses due to heavy rains during the kharif seasons, the output of food and cash crops are expected to be much higher in 2010-11 as compared to 2009-10. The sector has revived sharply in the first two quarters of the current fiscal from the drought of the previous year. It has grown at 3.8 per cent for the period April – September 2010 when compared to the 1 per cent growth in the corresponding period last year. It is expected to further gain momentum during the third and fourth quarters on the back of good harvests during the kharif and rabi seasons.

INDUSTRIAL SECTOR: The overall growth in the core sector at 4.5 percent during April – September 2010 is higher than the 4 per cent achieved during the corresponding period last year. Among the core sector industries, crude oil grew at 10.2 per cent as compared to a decline of 1.2 per cent, petroleum and refinery products grew at 2.6 per cent as compared to a decline of 3.6 per cent, the growth rate of coal slowed down to 0.4 per cent as compared to 11.6 per cent, electricity grew at 4 per cent as compared to 6.4 per cent, cement grew at 4.7 per cent as compared to 12.3 per cent and finished steel grew at 3.9 per cent while it was 1.7 per cent in the previous year.

The industrial sector is expected to grow at 12 per cent for the year 2010-11. It had grown at 10.5 per cent for the period April – August 2010 as compared to 5.9 per cent for the corresponding period last year. The spurt in bank credit by 98 per cent this year also points out to the increasing confidence in the industrial sector.

SERVICES SECTOR: The average growth of GDP from services dropped to single digit levels in Q3: 2008-09 despite the government's stimulus package. IT and ITes also had to face tough times due to the slowdown in the US and Europe. The exchange rate depreciation in the second half of 2008-09 helped the earnings grow in Rupee terms but, this did not help bring about growth in employment and investment. The services sector recovered in 2009-10, but the pace of revival was slow. For instance software exports from India grew by just 5.5 per cent. In the first two quarters of 2010-11, the services sector has gathered momentum and has grown at over 9 per cent with most of its components improving their performance over the corresponding period in the last year and this trend is likely to be sustained. With regard to the components of the service sector, construction grew at 8.8 per cent during July – September 2010-11 as compared to the corresponding period last year. Trade, hotels, transport and communication grew at 12.1 per cent as compared to 8.2 per cent, Financing, insurance, real estate and business services grew at 8.3 per cent as compared to 11.3 per cent and community, social and personal services grew at 7.3 per cent as compared to 14 per cent.

BANKING

With regard to the banking sector, while bank credit has increased by 98 per cent (April – December 2010) there has not been corresponding increase in deposits. Incremental bank credit and investment have absorbed over 100 per cent of incremental deposits necessitating the augmentation of resources. While deposit growth in the banking system is only 15.8 per cent, credit growth is at 22.7 per cent. Therefore banks have been allowed to take recourse to the Liquidity Adjustment Facility. The RBI has reduced the Statutory Liquidity Ratio (SLR) of scheduled commercial banks from 25 per cent to 24 per cent with effect from December 2010 and would be conducting open market operations for purchase of government securities aggregating Rs.48,000 crores to ensure liquidity in the system. This is a welcome scenario when compared to the period April to August 2009 when bank credit grew 14.09 per cent, the slowest in five years and banks were regularly parking around over Rs 100,000 crore (Rs 1,000 billion) through the reverse repo window, which is used to suck out liquidity. Policymakers were greatly worried about the low credit off-take with companies deferring capital expenditure due to availability of adequate capacity. The situation improved in 2009-10 with credit off take picking up and gathered great momentum from the first quarter of 2010-11. As a sign of abundant caution and to deflate asset bubbles in the realty sector, RBI has increased the provisioning of teaser loans by 1.6 per cent. It has directed the banks to increase the provision relating to teaser loans to 2 per cent from the existing 0.4 per cent.

STOCK MARKETS

The stock markets which recorded historic highs in January 2008 (20251.09 on January 15, 2008) before the onset of the crisis, fell to four digit levels with the FII's withdrawing Rs.33,000 crore between September 2008 and March 2009. The Sensex witnessed high volatility in 2009 -10 and in 2010-11 recovered sharply due to the encouraging corporate performance and also due to the huge FII inflows. Both the Sensex and Nifty crossed 21,000 and 6,300 points in November and there has been a slight decline after the news of successive scams, but market experts point out that this is a temporary blip and the markets would recover shortly. Though the Sensex has performed well in 2010-11, the fact that needs to be remembered is that emerging markets have performed exceedingly well in

this period and the Sensex has in fact underperformed several emerging market indices. The largest IPO Coal India was oversubscribed by 15 times, and the high retail participation is an encouraging sign.

FISCAL AND CURRENT ACCOUNT DEFICIT

FISCAL DEFICIT: The fiscal deficit in 2008-09 was at 6 per cent due to the sixth pay commission implementation and the various tax concessions given by the government. In view of the buoyancy in tax collections, the huge Rs.65,000 crore received from auction of spectrum and broadband, and the disinvestment proceeds, fiscal deficit is expected to decline from 6.9 per cent in 2008-09 and the government is in a good position to meet its fiscal deficit target of 5.5 per cent for 2010-11.

CURRENT ACCOUNT DEFICIT: Though the trade deficit was lower, the decline in invisibles resulted in a higher current account deficit of 2.9 per cent in 2009-10. The current account deficit is expected to widen to $50 billion by March 31, 2011 and since foreign inflows are expected to be in the range of $70 billion, there would be a small surplus of $20 billion to be managed. Since capital flows are expected to be 4.1 per cent of GDP, taking into account the current account deficit, capital flows are not a cause for major concern. A worrying feature in this front is the growing oil prices. If oil prices increase further and cross $100 per barrel, the current account deficit is likely to shoot up further. In case oil prices remain stable and there are huge inflows as a result of the bond buying program of $600 billion announced by the US government, the Indian rupee is likely to appreciate thereby impairing Indian export competitiveness.

INFLATION: Inflation remains a cause for serious concern. During 2009-10, the estimated food inflation and non-food inflation were 14.6 per cent and 3.8 per cent respectively. In 2010-11, it was in double digits for several months till July 2010. It declined to 7.48 per cent in November from 8.58 per cent in the previous month. Food inflation, however, rose to 9.46 per cent for the week ended December 4 2010, from 8.69 per cent in the previous week. The recent price increase in vegetables has been blamed on the heavy rains in certain agricultural areas but the fact remains that prices of food items have been on a consistently increasing trend. For instance for the period between December 15, 2007 and December 11, 2007, the prices of spices and condiments have increased by 83.7 per cent, vegetables by 78.9 per cent, eggs, meat and fish by 72.5 per cent, milk by 52.6 per cent, fruits by 48.2 per cent, tea and coffee by 36.2 per cent, pulses by 32.7 per cent and cereals by 30.5 per cent.

CONCLUSION

The Indian economy has regained its position of being the second fastest growing economy in the world in the post recession period. The prudential and pragmatic policies followed by the RBI in the pre-crisis era and its calibrated measures to overcome the tight liquidity condition after the fall out of the crisis have played an important role in bringing the economy back to the growth path. The series of visits of several heads of State to India in the recent months and the various pacts that have been signed would further strengthen India's position and improve its trading prospects. The future looks bright but the continuing increase in commodity prices has the potential to escalate costs and drive down corporate profits as well as increase the prices of end products. Inflation, especially food inflation has been in double digits and shows no sign of abating. The expected oil price rise would be a set back since the oil imports have substantially increased when compared to the period when oil prices touched $105 per barrel. Such price increases would further widen the already large trade gap, increase inflationary pressures in the economy and become a hurdle in the government's move to reduce deficits.

REFERENCES

Achal Raghavan. (2009). Economic Downturn: Coping Strategies and the Way Forward, Vikalpa 34 (3), 67-71
Anand Adhikari. (2008). "When bad loans are sown in good times", Business Today, October 16, p.48
Balaji CD. (2009). "Global Financial Crisis – Causes, Impact and Lessons", Finsights, February, p.1-7
Balaji CD. (2009). "The US Sub-Prime Mortgage Crisis – Causes and Implications", Indian Journal of Finance, July, 3(7), p.1-5.
Chandrasekhar CP and Jayati Ghosh. (2007). "Lessons from the US subprime lending crisis", The Hindu Business Line, April 17, p.9
Dhinesh Babu. (2010)." Global Meltdown: US Vs. The Rest of the World", Prabhandhan, 3(6)
Divya Srivastava, Satish Srivastava. (2010)." Managing Crisis to Recovery: The Road Ahead for India", Indian Journal of Finance, 4(8)
Errol D' Souza. (2009). "The Fiscal Response to the Global Crisis", Vikalpa 34 (3) 47-51
Gurumurthy S. (2008)." Subprime crisis: Replay of Charuvaka's economics", The Hindu Business Line February 1, p.8
Jim Frederick. (2007). "Bottom Dollar", TIME, November 14, p.34
Krishna Reddy Chittedi, Santhosha Banthini. (2009)." Effects of the Global Financial Crisis", Indian Journal of Finance, 3(10).
Mythili Bhusnurmath. (2008)." Saved by the sub-prime crisis", The Economic Times, February 17, p.9
Mythili Bhusnurmath. (2007). "Myth, reality and subprime crisis", Business Today August 20, p.9
Narasimhan CRL. (2010). "Banks gear up for future with confidence", The Hindu, Nov.22, p.15
Narasimhan CRL. (2010). "Key messages from RBI Annual Report", The Hindu, September 6, p.16
Ninan T.N. (2008)." More to come", Business Standard, September 27, p.10
Paulo M. Martelli. (2008). "The subprime crisis and what it means for India", The Economic Times, May 5, p.5
Rachna Monga. (2008). "After Lehman who's next?" Business Today, September 18, p.16
Sreedevi V. (2010). "Dubai crisis and Kerala", Prabhandhan, 3(10).
Venkitaraman S. (2007). "Pains from the sub-prime fiasco", The Hindu Business Line, August 20, p.8
Verma. (2008). 'India needs strong policy as US sub-prime sins come home to roost", The Economic Times, 8

REQUEST FOR FEEDBACK

Dear Readers

At the very outset, International Journal of Research in Commerce, Economics & 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-mails i.e. **infoijrcm@gmail.com** or **info@ijrcm.org.in** 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**.

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

IJRCM