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## REAL ESTATE (REGULATION & DEVELOPMENT) ACT, 2016 – DELIGHT FOR THE CONSUMERS WITH REFERENCE TO THE SIVAGANGA DISTRICT, TAMIL NADU

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### ABSTRACT

*Real Estate sector in India is a capital and manpower intensive sector which contributes 5 to 6 percent of its Gross Domestic Product. It is transforming to be more organized in the recent past. The competition among the real estate players in India has been intense and the rising inventory levels have been of concern. However, the demand for housing in the affordable segment has seen an upsurge. The Government initiatives to regulate the real estate sector have been welcomed by the customers as this would reduce the undue project delays and ambiguity in the industry. The interest of the Private equity players in the Indian realty sector has gone up and is indicated by the recent capital infusions and investments made by them. The emergence of Real Estate Investment Trust in the Indian market has also opened up a new window of investment for the investors to participate the real estate growth story. The paper aims at highlighting the changing scenario of the real estate in India. The paper suggests that the customers should be aware of the newly implemented provisions of Real Estate (Regulation & Development) Act, 2016.*

### KEYWORDS

real estate, promoters, transparency.

### JEL CODES

K25, D19.



### REAL ESTATE' -MEANING

Real estate is property comprised of land and the buildings on it as well as the natural resources of the land including uncultivated flora and fauna, farmed crops and livestock, water and minerals. Although media often refers to the "real estate market" from the perspective of residential living, real estate can be grouped into three broad categories based on its use: residential, commercial and industrial. Examples of residential real estate include undeveloped land, houses, condominiums and townhomes; examples of commercial real estate are office buildings, warehouses and retail store buildings; and examples of industrial real estate are factories, mines and farms.

India falls in the 'semi-transparent' category as per the Global Real Estate Transparency Index. There is a lack of trust and confidence between the buyers and sellers in this sector. Home buyers have long been at the mercy of unscrupulous developers. The need for the reforms has been underlined by various commissions and committees in the past. The Competition Commission of India has observed that this sector has poor grievance redressal mechanism due to the absence of a single regulator for this sector. **The Real Estate (Regulation and Development) Act, 2016** now allows setting up of an apex body to regulate all Real Estate activity in the country.

### REVIEW OF LITERATURE

Dikshita Gajera<sup>1</sup>, Dr. Mohammedshakil S. Malek (2018) pointed out that purchasing a house is generally considered as the most important achievement for an individual. It is mostly the most expensive things people can buy and involves many emotional considerations as well.

Rudhran Baraasu (2019) added that the TNRERA registration has been mandated for new projects after notification of the RERA Act and the realtors could not sell their projects (flats or plots) without registering.

### STATEMENT OF THE PROBLEM

- The major problem of consumer is delay of projects perhaps due to various reasons like court intervention in land issues, finance, approval etc. The consumer had to suffer as he is paying rent where resides and paying EMI for home loan at same time due to delay of projects.
  - Further there is little or no provision for necessary compensation from side of government.
  - Fraudulent advertisement to sell product is quite popular and frequent in real estate. The main reason for flourishing fraudulent methods is absence of any regulator and standard guidelines.
  - Builders pays only 2 to 3% interest in case of default from their side but when customers default (like refuses to buy) then they have to pay around 16 to 18% which is unfair.

To handle the above issues Government of India has launched **The Real Estate (Regulation and Development) Act, 2016**. It seeks to regulate contracts between buyers and sellers in the real estate sector to ensure consumer protection, and standardisation of business practices. It establishes regulatory authorities at the state level to register residential real estate projects.

### OBJECTIVES OF THE STUDY

1. To know about the buyers' knowledge regarding the Real Estate (Regulation and Development) Act, 2016
2. To find out the real estate buyers' reaction towards the Act.

### RESEARCH METHODOLOGY

The sample for the present study was collected from the buyers of real estate properties, aged between 30 and 50 years in Sivaganga District, Tamil Nadu, through interview method. The sample size was 100 respondents. The convenience sampling method was used.

**ANALYSIS AND DISCUSSION**

**TABLE NO. 1: ENSURE PROJECT REGISTRATION UNDER RERA**

S. No	Factors	No. of respondents
1	Yes	28
2	No	72
	Total	100

Source: Primary Data

Table - 1 reveals that a majority (72 per cent) of the respondents do not check whether the proposed project is registered under RERA or not and only 28 per cent of respondents ensure the registration of housing project under RERA.

**TABLE NO. 2: COMFORTABLE WITH WELL-KNOWN BUILDERS BUT UNREGISTERED UNDER RERA**

S. No	Factors	No. of respondents
1	Yes	67
2	No	33
	Total	100

Source: Primary Data

In Sivaganga district, Tamilnadu, out of 100 respondents 67 % of respondents are comfortable with the well-known and reputed builders in their area even though not registered under RERA and 33 % of respondents don't like to go with unregistered builders.

**DISCLOSURE OF PROJECT DETAILS**

All the projects need to be registered with the regulatory authorities disclosing all the project details like the approvals, layout, project status and details of the promoters, land status, agents, contractors, structural engineers.

**TABLE NO. 3: DISCLOSURE OF PROJECT DETAILS**

S. No	Factors	No. of respondents
1	Strongly Agree	89
2	Agree	11
3	Neutral	-
4	Disagree	-
5	Strongly Disagree	-
	Total	100

Source: Primary Data

Majority of the respondents (89 per cent) strongly agree to the provisions of RERA Act regarding the disclosure of all the project details like the approvals, layout, project status and details of the promoters, land status, agents, contractors, structural engineers and 11 per cent of respondents agree to the disclosure of project details.

**DEPOSIT IN ESCROW ACCOUNT**

A minimum of 70 percent of the total receipts for the project will be deposited by the builder in a separate escrow account within 15 days for that particular project to cover the construction and the land cost.

**TABLE NO. 4: DEPOSIT IN ESCROW ACCOUNT**

S. No	Factors	No. of respondents
1	Strongly Agree	64
2	Agree	12
3	Neutral	22
4	Disagree	2
5	Strongly Disagree	-
	Total	100

Source: Primary Data

64 per cent of respondents strongly agree to the regulation of deposit of buyers' money collected in a separate account called 'Escrow Account', 12 per cent of respondents agree, 22 per cent of respondents stood in the neutral position and 2 per cent of respondents disagree to the above RERA regulation.

**PENALTY FOR PROJECT DELAY**

The builder-buyer agreement will no longer be one sided favoring the builder. Penalty put on the buyer for the delay in payments would be same as the builder will pay in case of delay in possession.

**TABLE NO. 5: PENALTY FOR PROJECT DELAY**

S. No	Factors	No. of respondents
1	Strongly Agree	94
2	Agree	6
3	Neutral	-
4	Disagree	-
5	Strongly Disagree	-
	Total	100

Source: Primary Data

Table 5 reveals that 94 per cent of respondents strongly agree that penalty should be levied for the builders in case of any delay in the completion and hand over of residential project to the buyers and six per cent of respondents agree to the above rule.

**NO ADVERTISEMENT BEFORE REGISTRATION**

Pre-Launch sales advertisements cannot be done by the builder until and unless all the necessary approvals from the local authorities are attained and project registered with the regulating authorities.

**TABLE NO. 6: NO ADVERTISEMENT BEFORE REGISTRATION**

S. No	Factors	No. of respondents
1	Strongly Agree	92
2	Agree	5
3	Neutral	3
4	Disagree	-
5	Strongly Disagree	-
	Total	100

The above table shows that 92 per cent of respondents strongly agree that no advertisement should be made before the registration of project, five per cent of respondents agree and only three per cent of respondents took the neutral position.

TABLE NO. 7: RERA IMPROVES TRANSPARENCY

S. No	Factors	No. of respondents
1	Yes	52
2	No	13
3	No idea	35
	Total	100

Source: Primary Data

52 per cent of respondents feel that the RERA Act improves transparency in the real estate transactions, 13 per cent of respondents said no and 35 per cent of respondents said that they have no idea regarding the issue.

### SUGGESTIONS

- The real estate builders and developers should adhere to the provisions and rules under RERA Act and should not superfluously boost the prices of real estate properties.
- The home buyers should be cautious and ensure the registration of proposed project before purchasing a real estate property.
- The amount deposited in 'Escrow account' should be constantly monitored by the buyers also.
- The home buyers should thoroughly go through all the project related details provided by the builders before purchasing the property.

### CONCLUSION

The RERA is a noteworthy move to ensure greater accountability of the real estate builders and agents towards customers as well as government. The RERA is committed towards the successful and effective implementation of the real estate law of the country and has taken relevant and consistent measures for the progressive development of the sector in the country.

Now, as an Act is touted as a major reform bill, it is hoped that it will transform the real estate sector. It is expected that it would work as an effective regulatory mechanism and help boost the real estate sector. It is also hoped that it would fulfill dreams of many home buyers and that of the government's plan of "housing for all".

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## AN EMPIRICAL STUDY OF THE FACTORS AFFECTING THE GEOGRAPHICAL SEGMENTATION IN FMCG COMPANIES

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### ABSTRACT

*Fast Moving Consumer Goods (FMCG), are products that are sold quickly at relatively low cost. Though the absolute profit made on FMCG products is relatively small, they generally sell in large quantities, so the cumulative profit on such products can be large. They try to achieve this by segmenting the whole market into segment markets which has a number of customers with common needs and buying motives, and then developing solutions that appealed particularly strongly to those segments. The best segments must have Potential, Lifespan, Accessibility, and Profitability. The key is identifying which segments provide value in terms of potential, lifespan, accessibility and profitability; because a sales strategy's effectiveness increases according to our capacity to size segments, identify them, and dissect them. How to segment a market is always an issue in the FMCG marketing? One of the bases of segmentation is to base segment on the geographical location of the customer. However, there are number of factors that affect the customer choice of location, that describe why the customer has chosen a particular location for his purchases. This research paper endeavour to describe the relative importance of the factors affecting the geographical segmentation in FMCGs.*

### KEYWORDS

FMCG, convenience, promotion, price, purchase location, quality.

### JEL CODE

M31

### INTRODUCTION

Even though market segmentation is one of the most established concepts in marketing, there are still some shortfalls in the body of research, which create a gap between theory and practice and lead to failure in the implementation of segmentation. One of the bases of segmentation is to segment the market based on the geographical location of the customer. However, there are number of factors that affect the customer in a particular location selection, that describe why the customer has chosen a particular location of the purchase. This research paper describes the relative importance of the various factors effecting the geographical segmentation for a particular bathing soap. That can give an Idea to the FMCG companies which factors to be stressed for the purpose of targeting the customers.

### LITERATURE REVIEW

**Charlie Nelson (2002)** in his work on Market Segmentation: The Role of Futures Research stated that "Market segmentation is important because markets are becoming increasingly diverse and it is rare for mass marketing to be a profitable strategy. Market segmentation enables more accurate and effective communication of benefits in relation to needs. It helps to identify growth opportunities."

**Michael Richarme (2007)** vice president at Dallas-Fort Worth based Decision Analyst Inc in his article, Business Segmentation: Emerging Approaches to More Meaningful Clusters quoted that, "Consumer opinion research has a well-established track record, stretching over the past five or six decades. Conducting opinion research among businesses, however, is much more problematic. This is particularly evident at the simplest level of analysis, customer segmentation. However, segmentation techniques are evolving and techniques that were common practice in the recent past are rapidly being supplanted by newer, more meaningful segmentation techniques. The underlying purpose of segmentation is to divide customers into distinct groups, such that marketing messages can be tailored to their specific needs. There are some general criteria for the establishment of these distinct groups. The groups of customers, or segments, should share more commonalities within each group than there are between groups. The segments should also be large enough for organizations to mount cost-effective campaigns, and should be reachable through most media avenues

**Leo Lingham (2008)** Describes a market segment is a subgroup of people or organizations sharing one or more characteristics that cause them to have similar product needs. Market segmentation is the process in marketing of dividing a market into distinct subsets (segments) that behave in the same way or have similar needs. Because each segment is fairly homogeneous in their needs and attitudes, they are likely to respond similarly to a given marketing strategy. That is, they are likely to have similar feelings and ideas about a marketing mix comprised of a given product or service, sold at a given price, distributed in a certain way and promoted in a certain way.

### OBJECTIVE OF THE STUDY

The main objective of this study is to study the importance of various factors like Convenience, Price, Quality, and Promotional Offers in the geographical segmentation for the FMCG particularly in case of bathing soap.

### RESEARCH METHODOLOGY

The study was descriptive in nature; a structured questionnaire was used for this research. A stratified random sampling technique was used to select 500 customers of the bathing soap and the respondents were contacted personally for the same. The study was carried out in the major cities of Punjab and Haryana. For data analysis IBM PASW 18 software was used.

**ANALYSIS**

**DEMOGRAPHICAL ANALYSIS OF THE RESPONDENTS**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	376	75.2	75.2	75.2
	Female	124	24.8	24.8	100.0
	Total	500	100.0	100.0	

It was found that out of the total respondents 75.2% were male whereas only 24.8% were female. (Table 1)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than 20 Years	13	2.6	2.6	2.6
	Between 20 to 30 Years	301	60.2	60.2	62.8
	Between 30 to 40 Years	111	22.2	22.2	85.0
	More than 40 Years	75	15.0	15.0	100.0
	Total	500	100.0	100.0	

Most of the respondents (60.2%) were in the age group of 20 to 30, 22.2% were the respondents in the age group of 30 to 40, 15% respondents were over 40 and very little (2.6%) were below 20 years. (Table 2)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No Income	163	33	33	33
	Less than 10k Rupees	75	15	15	48
	Between 10k to 20k Rupees	86	17	17	65
	More than 20k Rupees	176	35	35	100
	Total	500	100	100	

33% respondents were not having any income as most of them were the students and some of them were looking for job, where as 15% respondent were earning less than 10000 per month, 17% respondents were earning between 10000 to 20000 and a large number of the respondents (35%) were earning more than 20000 per month. That shows the high degree of income inequality between respondents. (Table 3)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Un Married	200	40.0	40.0	40.0
	Married	300	60.0	60.0	100.0
	Total	500	100.0	100.0	

60% respondents were married and 40 % of the respondents were unmarried (Table 4)

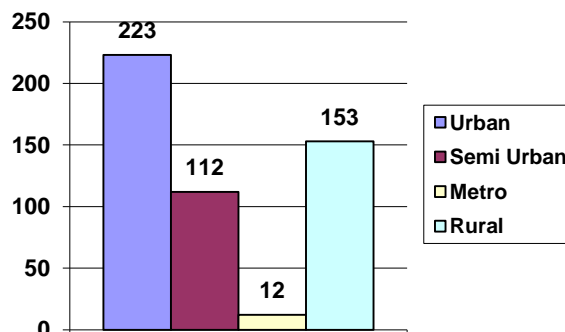
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No Education	25	5.0	5.0	5.0
	School	73	14.6	14.6	19.6
	Graduation	199	39.8	39.8	59.4
	Post Graduation	203	40.6	40.6	100.0
	Total	500	100.0	100.0	

40.6 % of the respondents were post graduate, 39.8% respondents were graduates, and 14.6% have done basic schooling only, only 5% were having no education. (Table 5) This shows the increasing number of literacy rate in Punjab and Haryana

**GEOGRAPHICAL ANALYSIS OF THE RESPONDENTS**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Urban	223	44.6	44.6	44.6
	Semi Urban	112	22.4	22.4	67.0
	Metro	12	2.4	2.4	69.4
	Rural	153	30.6	30.6	100.0
	Total	500	100.0	100.0	

**CHART 1: AREA WISE DISTRIBUTION OF THE RESPONDENTS**

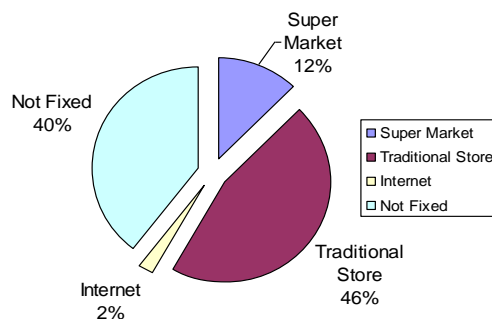


As the study was carried in non-metro cities so only 2.4% respondents were from metro, 44.6% respondents were belonging to urban area, 22.4% were belonging to semi urban area and 30.6 % were belonging to the rural area.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Super Market	62	12	12	12
	Traditional Store	228	46	46	58
	Internet	12	2	2	60
	Not Fixed	198	40	40	100.0
	Total	500	100.0	100.0	

It is very much clear from the fact that although in India super markets are in the boom still on an average 12% people go to super markets for purchase, most of the people want to purchase the products from the traditional stores with an average of 46%, only 2% purchasing is done on the internet, whereas 40% people are not fixed about the location of the purchase.

CHART 2: REPRESENTATION OF SELECTION OF A PARTICULAR LOCATION FOR PURCHASE

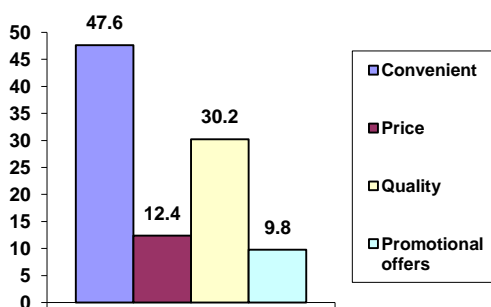


It is very much clear from the fact that although in India super markets are in the boom still on an average 12 % people go to super markets for purchase, most of the people want to purchase the products from the traditional stores with an average of 46%, on an average only 2% purchasing is done on the internet, whereas on an average 40% people are not fixed about the location of the purchase

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Convenient	238	47.6	47.6	47.6
	Price	62	12.4	12.4	60.0
	Quality	151	30.2	30.2	90.2
	Promotional offers	49	9.8	9.8	100.0
	Total	500	100.0	100.0	

Respondents prefer to purchase products from a particular location because of convenience 47.6%, 30.2% of the respondents select a particular location because of Quality, only 12.4% respondents select a particular location for Price, whereas 9.8% respondent have certain other reasons behind the selection of a particular location for purchase.

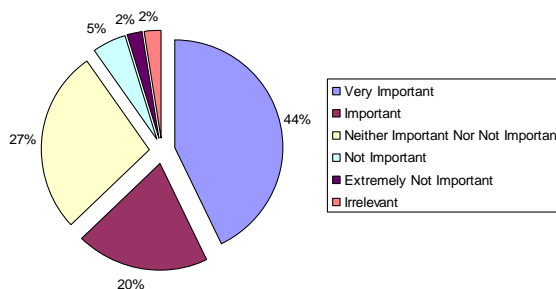
CHART 3: REPRESENTATION OF VARIOUS FACTORS AFFECTING LOCATION SELECTION



		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very Important	214	44	44	44
	Important	100	20	20	64
	Neither Important Nor Not Important	137	27	27	91
	Not Important	25	5	5	96
	Extremely Not Important	12	2	2	98
	Irrelevant	12	2	2	100
Total	500	100	100		

44% respondents feel that quality is very important in the purchase location selection, for 20 % it is just important, whereas for 27% respondents it remains neither important nor not important, for 5% it is not important, for 2% it is extremely not important and 2% feels that quality is irrelevant in the purchase location selection.

CHART 4: IMPORTANCE OF QUALITY IN THE LOCATION SELECTION FOR PURCHASE

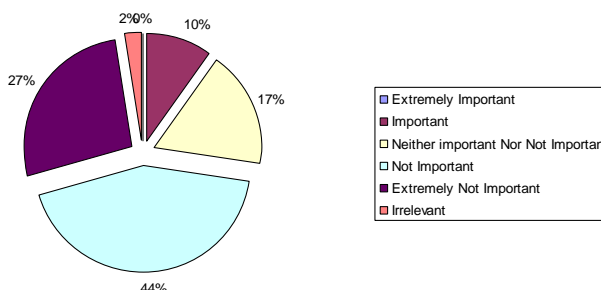


**TABLE 10: IMPORTANCE OF PROMOTION**

	Frequency	Percent	Valid Percent	Cumulative Percent
Extremely Important	0	0	0	0
Important	50	10	10	10
Neither important Nor Not Important	87	17	17	27
Not Important	216	44	44	71
Extremely Not Important	135	27	27	98
Irrelevant	12	2	2	100
Total	500	100	100	

None of the respondents feel that promotion is very important in the purchase location selection, for 10 % it is just important, whereas for 17% respondents it remains neither important nor not important, for 44% it is not important, for 27% it is extremely not important and 2% feels that promotion is irrelevant in the purchase location selection.

CHART 5: IMPORTANCE OF PROMOTION IN THE LOCATION SELECTION FOR PURCHASE



**TABLE 11: IMPORTANCE OF OFFERS**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very Important	12	2	2	2
	Important	39	8	8	10
	Neither important Nor Not Important	62	12	12	22
	Not Important	99	20	20	42
	Extremely Not Important	276	56	56	98
	Irrelevant	12	2	2	100
Total		500	100	100	

Only 2% respondents feel that offers are very important in the purchase location selection, for 8% it is just important, whereas for 12% respondents it remains neither important nor not important, for 20% it is not important, a large number of 56% respondents feels that it is extremely not important and 2% feels that offers are irrelevant in the purchase location selection.

CHART 6: IMPORTANCE OF OFFERS IN THE LOCATION SELECTION FOR PURCHASE

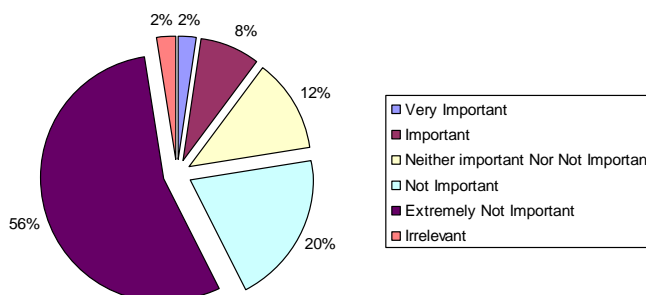


TABLE 12: IMPORTANCE OF CONVENIENCE					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very Important	162	33	33	33
	Important	150	30	30	63
	Neither important Nor Not Important	51	10	10	73
	Not Important	36	7	7	80
	Extremely Not Important	77	15	15	95
	Irrelevant	24	5	5	100.0
	Total	500	100.0	100.0	

A large number of the respondents (33% respondents) feel that Convenience is very important in the purchase location selection, for 30 % it is just important, whereas for 10% respondents it remains neither important nor not important, for 7% it is not important, for 15% it's extremely not important and 5% feels that convenience is irrelevant in the purchase location selection.

CHART 7: IMPORTANCE OF CONVENIENCE IN THE LOCATION SELECTION FOR PURCHASE

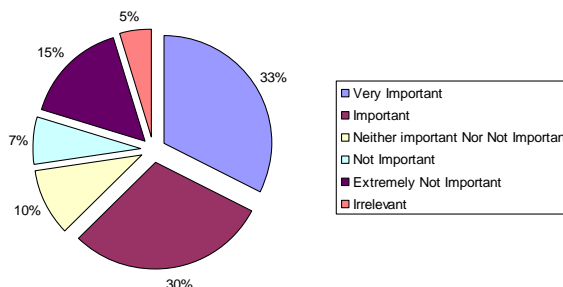
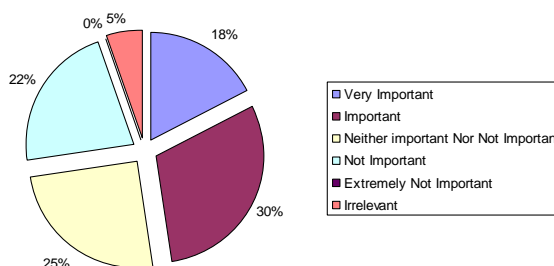


TABLE 13: IMPORTANCE OF PRICE					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very Important	88	18	18	18
	Important	149	30	30	58
	Neither important Nor Not Important	125	25	25	83
	Not Important	112	22	22	95
	Extremely not Important	0	0	0	95
	Irrelevant	26	5	5	100
	Total	500	100.0	100.0	

18% respondents feel that quality is very important in the purchase location selection, for 30% it is just important, whereas for 25% respondents it remains neither important nor not important, for 22% it is not important, and 5% feels that price is irrelevant in the purchase location selection.

CHART 8: IMPORTANCE OF PRICE IN THE LOCATION SELECTION FOR PURCHASE



**FINDINGS**

- Majority of the respondents were male (75% approx.)
- Majority of the respondents were in the age group of 20 to 30 years and 30 to 40 years (62% and 22% respectively)
- 35% respondents were earning more than 20000 per month where as 33% respondents without any earning as most of them were the students and the persons who were searching for the jobs
- 60% respondents were married and 40 % were unmarried.
- Most of the respondents were graduate or post graduate (39.8%, 40.6% respectively)
- In the booming arena of the Super Markets still all most half of the purchasing of the bathing soap is done from Traditional Indian Stores
- The main reason behind the selection of a particular location is the convenient location.
- For 64% respondents quality remains the important reason behind the selection of a particular location.
- Only 10% respondents think that promotions are important in the purchase location selection
- 75% respondents feel that offers are not important in the purchase location selection.
- For most of the respondents price remains the vital factor in the purchase location selection
- For 83% respondents other factors remain irrelevant.



**CONCLUSION**

In the booming arena of the Super Markets still most of the respondents like to purchase the bathing soaps from Traditional Indian Stores. The basic reason for selection of traditional stores is the year's long trust that those stores have made, moreover this is the location from where their elder used to purchase the products so as they have started purchasing the same. Also they think they will always get a good quality of the product from them and it will at relatively less price as compared to big super markets.

Internet is the least preferred method for purchase, the reason is that most of the people are not aware about this method and it is least trusted because most of the time no one is aware about the owner and actual product is not seen.

The basic criteria behind the selection of a particular location, is the convenient location, from where the product can be purchased with minimum of efforts. The second criterion is the quality of the product that they want to purchase. Promotions are helpful in attracting only a few of the customer. Similarly, Price and Offers have very little impact on customers as far as selection of the purchase location.

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## A COMPARISON OF FINANCING PATTERN OF HYDERABAD CENTRAL UNIVERSITY (HCU) AND OSMANIA UNIVERSITY (OU)

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### ABSTRACT

*This paper is about internal and external sources of finance pertaining to central and state university of HCU and OU. Analysis is done by using growth rates, percentage and independent sample T test for testing the hypotheses between HCU and OU. It is observed that plan grants of HCU showing very huge in compare to OU and with respect to non-plan grants of OU have shown more than the HCU and internal sources of finance of OU have been reported higher than HCU. It is found that external sources of finance of central universities are good rather than state universities, but state universities lagging behind in receiving of funds from state government. It is a pressing need to funding to state universities by the state government to develop state universities as like as central universities. A modest attempt is made to discuss central and state university financing pattern over a period of 10 years ranging from 2004-05 to 2013-14.*

### KEYWORDS

HCU, OU, internal finance, lagging.

### JEL CODES

H52, I22.

### I. INTRODUCTION

The Universities require finances to prepare knowledgeable and skilled people to the nation, who in turn are employed in various sectors of the economy, so as to place it on the path of development. This Chapter also typically denotes with raising funds from various sources available to Hyderabad Central University and Osmania University. First it devoted with sources of Central University followed by State University. Sources maintaining on components of extreme and internal funds which forms major source of finance for both the Universities. The second major source constitutes Student's fees streamline which has also been presented in this Chapter. An attempt also made to present comparative study of plan and non-plan grants. The University Grants Commission has been providing grants to central and State universities, both under plan (Development) and non-plan (Maintenance) Schemes while assistance to State Universities is being made available only under Plan Schemes Under General Plan Development assistance, the UGC assists each eligible University for the overall development covering the aspects namely, enhancing access, ensuring equity, imparting relevant education, improving quality and excellence. Making their University administration more effective, providing more Faculty Improvement Programmes, enhancing facilities for students, elevate research facilities and any other plans of University. The UGC provides grants to the Central Universities for two purpose-development (plan) and maintenance (Non-plan). The grants are thus called development grants and maintenance grants. The plan grants are provided for the improvement of the infrastructure and basic facilities. The non-plan grant provided on actual basis for meeting the recurring expenditure on salaries and non-salary items, the part of non-salary items includes maintenance of laboratories, libraries and buildings apart from the payments of taxes, electricity and telephone bills, payment of TA/DA etc.

### II. REVIEW OF LITERATURE

In this section, an attempt is made to review of literature focusing on studies related to financing the higher education in central and state universities. Review of related literature is one of the most important steps in any type of educational research work.

- Nanjundappa, D.M (1976)**, He has made a study on 'Working of University Finances', with reference to Karnataka University. He pointed out that (i) the enormous growth in aggregate expenditure that not kept pace with the growth in enrolment; (ii) there had been a marked decline in 'per pupil' expenditure reflecting a fall in the facilities for higher education; (iii) the increase in UGC grants was very meager when compared to those of the state government- the per 'pupil' grant UGC was found to be negation a constant prices; (iv) the gap between the cost of higher education and the fees charged was widening as a result of not taking into consideration of the income-earning capacity of the education and (v) therefore, there was a need for closer alignment between costs and fees, and it should be supplemented by a more liberal scheme of scholarships and free ships for the deserving students on merit and on the basis of economic status.
- M. Sulochana (1991)** studied the finances of Osmania and Andhra University and found that amongst others, in spite of increase in the student strength, there was 12 no proportionate increase in the fees income. Osmania University has been charging lower rate of fees from correspondence studies just to recover the expenditure but not to earn any margin. It was also observed that budgeting and audit control were not found to be very effective in both the universities. The share of academic expenditure in the total normal expenditure dropped to 45% in 1885-86 from 48% in 1970-71 and the ratio of teaching and non-teaching staff ratio decreased to 1:4.5 in 1980-81 from 1:3.8 in 1972-73 and rose to 1:3.3 in 1985-86.
- Panchamukhi, P.R (1996)**, in his study "University Finance in India", He observe that University finances in the form of reduced plan and Non-plan allocation and compressed budget, resulting in poor maintenance of even basic things like buildings and toilets, not to speak of library and research facilities. He finds that plan allocations to university in the total plan allocations to education rising from 9% in the first plan to 25% in the fourth plan and then declining to 72% in the seventh plan. He concludes that a long term impact of pushing the country down in terms of economic development, skilled manpower supply and R&D.

### III. NEED AND IMPORTANCE

In this context, this study assumes importance in analyzing financial resources pattern, cost and fee structure of central and state universities, and offers recommendations to both the central and state government and ton universities for improving the overall financial management of central and state universities. Financial management is not an isolated issue but is linked to the quality of education being offered and the governance of universities. Hence, there is a need to make in depth study into finance issues, systems improvement, academic and government related matters.

**IV STATEMENT OF THE PROBLEM**

Universities are suffering from dearth of funds to manage and compete with International Universities.

**V. OBJECTIVES**

1. To study the internal and external funds of the HCU and OU.
2. To examine the financing pattern of both universities.
3. To compare the financing pattern of both universities.

**VI. HYPOTHESIS**

**Null Hypothesis:** There is no significant difference between HCU and OU in terms of financing patterns of both universities.

**VII. RESEARCH METHODOLOGY**

Analysis is done using the growth rates, percentages and independent sample **t test**.

**VIII. ANALYSIS AND FINDINGS****TABLE 1: COMPONENTS OF EXTERNAL FUNDS (PLAN AND NON-PLAN GRANTS) OF HCU (Rupees in Crore)**

Year	Plan grants	% of plan grants to total Grants	Non-plan grants	% of non-plan grants to total grants	Total
2004-2005	2.20	5.74	36.11	94.26	38.31
2005-2006	12.23	26.18	34.47	73.82	46.70
2006-2007	13.66	59.94	43.32	49.06	56.99
2007-2008	22.41	30.20	51.80	69.80	74.21
2008-2009	98.20	55.06	80.15	44.94	178.36
2009-2010	130.19	52.40	118.24	47.60	248.44
2010-2011	26.16	20.99	98.46	79.01	124.62
2011-2012	90.00	39.22	116.36	60.78	229.46
2012-2013	98.44	39.97	145.69	60.03	246.28
2013-2014	44.50	23.48	145.05	76.52	189.55
Total	537.99	-	869.65	-	1432.92

**Source:** Compiled from Annual Accounts of HCU

It is depicted in the above table 1, the quantum of both plan and non-plan grants (together known as external sources) provided to HCU by the Central Government during the period 2004-2005 to 2013-2014. From the year 2004-05 the plan grant is showing huge amount, an upward movement is reported during the year (2005-06, 2008-09, 2009-10) while it was almost constant in 2011-12 and 2012-13. It is exhibited from the table that the non-plan grants were reported high for the first time in the year 2004-05 later little fluctuation in the figures but increasing in nature at finally, during study period.

Hence, it is concluded that progressively increasing in internal sources, will be resulted on decreasing on non-plan grant from the government, and subsequently disappeared the development of the university some extent. In this context, Justice Punnayya committee recommended that the UGC may provide a matching grant as an incentive to universities generating additional resources. As a sequel to the table 1 and 2 external and internal sources of finance to analyze the share of each of these sources in total sources to find out the periods in which they have been a major component in the total financing of HCU.

**TABLE 2: COMPONENTS OF INTERNAL FUNDS OF HCU (Rupees in crore)**

Year	Students fee	Receipts From publications	Interest on Bank Deposits	Others	Total
2004-2005	2.04 (42.50)	0.05 (1.04)	1.46 (30.42)	1.25 (26.04)	4.80 (100.00)
2005-2006	2.30 (51.00)	0.07 (1.55)	1.45 (32.15)	0.69 (15.30)	4.51 (100.00)
2006-2007	2.22 (63.25)	0.07 (1.99)	0.36 (10.26)	0.86 (24.50)	3.51 (100.00)
2007-2008	2.09 (51.48)	0.01 (0.25)	0.86 (21.18)	1.10 (27.09)	4.06 (100.00)
2008-2009	2.33 (43.88)	0.02 (0.38)	1.96 (36.91)	1.00 (18.83)	5.31 (100.00)
2009-2010	2.68 (57.63)	0.03 (0.65)	0.90 (19.35)	1.04 (22.37)	4.65 (100.00)
2010-2011	3.87 (41.66)	0.03 (0.32)	3.19 (34.34)	2.20 (23.68)	9.29 (100.00)
2011-2012	4.41 (40.09)	0.02 (0.18)	3.53 (32.09)	3.04 (27.64)	11.00 (100.00)
2012-2013	5.92 (54.51)	0.03 (0.28)	1.39 (12.80)	3.52 (32.41)	10.86 (100.00)
2013-2014	6.01 (39.10)	0.02 (0.13)	4.26 (27.72)	5.08 (33.05)	15.37 (100.00)

**Source:** Compiled from Annual Accounts of HCU

Note: figures in parenthesis are percentages total.

It may be seen table 2 from the internal components of finance are presented as student's fee, receipts from publications (including sale of course material and royalties received), interest on bank deposits and others the category of other includes all minor items (like income from building and other prosperities, capitalized value of pensioners benefits of employees received from parent institutions for the period of service rendered prior to joining HCU).

It is observed from the table that, throughout the period under study, fee from the students accounted for a dominant share of internal funds. Its share stood at 40 per cent and above right from the year 2004-05 to 2013-14. The share of HCU went up to 63.25 per cent, in 2006-07 indicating high performance. The remaining sources like receipts from publications interest on bank deposits and other sources had registered a fluctuating share to total internal sources over the period. It can be concluded that the fee from the students has emerged as the dominant source of internal funds to the university. It is therefore, suggested that the university should make its efforts to sustain the student enrolment so as to become increasingly.

TABLE 3: FINANCES OF HCU (Rupees in crore)

Year	External funds to total Sources	% Govt. Grants to total sources	Internal Funds	% Internal Funds to total Sources	Total
1	2	3	4	5	6
2004-2005	38.31	88.87	4.80	11.13	43.11
2005-2006	46.70	91.19	4.51	8.81	51.21
2006-2007	56.99	94.20	3.51	5.80	60.50
2007-2008	74.21	94.81	4.06	5.19	78.27
2008-2009	178.36	97.11	5.31	2.89	183.67
2009-2010	248.44	98.16	4.65	1.84	253.09
2010-2011	124.62	93.06	9.29	6.94	133.91
2011-2012	229.46	95.50	11.00	4.50	240.46
2012-2013	246.28	95.78	10.86	4.22	257.14
2013-2014	189.55	92.50	15.37	7.50	204.92
Total	1432.92 (95.13)	-	73.36 (4.87)	-	1506.28 (100.00)

Source: Compiled from Annual Accounts of HCU.

Table 3 presents the share of external funds and internally generated funds in the overall structure of finances of HCU. The grants consist of both plan and non-plan grants provided by the central government agencies and the state government. These funds may be categorized as external sources of finance to HCU. The internal sources comprise the tuition fee, eligibility test fee, fee charged for issue of various certificates, interest on bank deposits, amount realized for sale of applications and university publications, miscellaneous fee etc.

It can be seen from the table that the external sources of financing accounted for above 90 per cent in the 9 years in out of 10 years and below 90 per cent in 1 year. Thorough out the period under study the share of external funds was releasing grants to the university depending on the availability of funds rather than on set criteria in releasing the grants. The internal funds are below 10 per cent in the 9 years and above 10 per cent in the one year, that the university received in absolute terms was fluctuating between 4.80crores and 15.37crores showing a greater variability in its share. Thus, it can be concluded that OU has been strengthening its financial position by augmenting constantly its internal sources year after year.

TABLE 4: COMPONENTS SOURCES OF FUNDING OF HCU (Rupees in crore)

Year	Grants From Govt.	Students fee	Receipts From publications	Interest on Bank Deposits	Other Sources	Total
2004-2005	6.66 (58.12)	2.04 (17.80)	0.05 (0.44)	1.46 (12.73)	1.25 (10.91)	11.46 (100.00)
2005-2006	15.85 (77.85)	2.30 (11.30)	0.07 (0.35)	1.45 (7.12)	0.69 (3.38)	20.36 (100.00)
2006-2007	10.96 (75.74)	2.22 (15.34)	0.07 (0.48)	0.36 (2.49)	0.86 (5.95)	14.47 (100.00)
2007-2008	55.94 (93.24)	2.09 (3.48)	0.01 (0.02)	0.86 (1.43)	1.10 (1.83)	60.00 (100.00)
2008-2009	29.76 (84.86)	2.33 (6.64)	0.02 (0.06)	1.96 (5.59)	1.00 (2.85)	35.07 (100.00)
2009-2010	34.11 (88.00)	2.68 (6.91)	0.03 (0.08)	0.90 (2.32)	1.04 (2.68)	38.76 (100.00)
2010-2011	28.19 (75.21)	3.87 (10.33)	0.03 (0.08)	3.19 (8.51)	2.20 (5.87)	37.48 (100.00)
2011-2012	45.50 (80.52)	4.41 (7.81)	0.02 (0.04)	3.53 (6.25)	3.04 (5.38)	56.50 (100.00)
2012-2013	35.91 (76.78)	5.92 (12.66)	0.03 (0.06)	1.39 (2.97)	3.52 (7.53)	46.77 (100.00)
2013-2014	1.40 (8.35)	6.01 (35.84)	0.02 (0.12)	4.26 (25.40)	5.08 (30.29)	16.77 (100.00)

Source: Compiled from Annual Accounts of HCU

Table 4 depicts the individual components of sources of funding HCU. It may be observed from the table from the years 2003-04 to 2013-14 grants from the government of India generated for a dominant share against of total sources of HCU. The grants from Government accounted for 93.18 per cent in 2007-08. However from the year 2008-09 is started declining and by the year 2013-14. It was just 8.35 per cent to total sources; its share was also significant in the year 2007-08. 93.24 per cent in total sources. The fee from the students emerged as a major sources of financing HCU requirements. It can be seen from the table that the fee from the students was just 3.48 per cent in 2007-08 increased 6.64 per cent in 2008-09 touched to a peak level of 35.84 per cent in 2013-14 and stood ultimately at 10.33 per cent in 2010-11 against the total sources fee from student increased in the year 2012-2013, and 2013-2014.

This happened so because of increase in enrolment of various programmes offered by the university. The sources like receipts from publications registered a share of less than 0.02 per cent to total sources with loss of volatility in its share over the period under study. Likewise, the interest on bank deposits earned was 25.40 per cent in 2013-2014 as against just 1.43 per cent in 2007-08 indicating that the HCU had invested the idle funds in a more lucrative manner, All the other sources put together was less than 30.29 per cent for the period under study of course, with lots of ups and downs. It is concluded that grants received from government constituted a major share to total sources from the year 2007-2008 to 2012-2013 and then fee from the students emerged as a major sources of finance in the overall structure of financing HCU. This can be regarded as positive trend as the university is generating internal funds to a great extent in the form of student fee, thereby the burden on the government to finance the university being reduced year after year. From the foregoing analysis, it may be understood that HCU has been constantly trying to augment its internal sources especially by increasing its enrolment of students year after year and thus augurs well for the institution.

#### ENROLLMENT AND FEE RECEIPTS OF HCU

The enrolment figures are dependents on the number of programmes and the number of students getting enrolled in these programmes. The programmes offered can be classified as high tag (less technical). The fee structure reflects this classification.

TABLE 5: FEE RECEIPTS FROM STUDENTS OF HCU

Year	No of Enrolment	Fee from students (Rupees in crore)
2004-2005	2530	2.04
2005-2006	2641	2.30
2006-2007	2707	2.22
2007-2008	3067	2.09
2008-2009	3426	2.33
2009-2010	4160	2.68
2010-2011	4746	3.87
2011-2012	4875	4.41
2012-2013	4939	5.92
2013-2014	5159	6.01

Source: Vice-Chancellor's Convocation reports and annual accounts of HCU

It is evidence from the Table 5 that the HCU went on enhancing its internal resources by increasing the enrolment of students in various programmes year after year. The enrolment of the students and fee collected from them stood at 2530 and Rs.2.04 crores respectively in the year 2004-2005 rose to 3067 in enrolment generating a fee 2.09 crores in 2007-2008. It may also be observed that up to the year 2013-2014, the enrolment as well as the fee from the students had been on rise steadily, though the enrolment in computer programmes across the institutions due to fluctuating demand in the industry. The fee charged for these programmes were very high when compared to other conventional programmes, owing to this the increase in enrolment has not resulted in an increase in total fee paid by the students.

#### RESOURCES OF OSMANIA UNIVERSITY

Osmania University was Established in 1918, Osmania University is the third oldest University in South India and the seventh oldest in the entire country. Its territorial jurisdiction for affiliation extends to three districts of Telangana viz. Hyderabad, Ranga Reddy and Medak. However, it fulfills the higher education aspirations of about 60 million people in the entire 10 districts of Telangana State covering un-served and under-served areas. Osmania University is a multi-campus (8 campus colleges, 5 constituent colleges and 5 district PG colleges), multi-faculty (12 faculties), and affiliating University with 750 colleges.

TABLE 6: EXTERNAL FUNDS (PLAN AND NON-PLAN GRANTS) OF OU (Rupees in Crore)

Year	Plan Grants	% of Plan Grants To Total Grants	Non-Plan Grants	% of Non-Plan Grants To Total Grants	Total Grants
2004-2005	2.31	3.32	67.32	96.68	69.63
2005-2006	6.50	8.31	71.69	91.68	78.19
2006-2007	1.05	1.13	92.99	98.87	94.05
2007-2008	5.09	5.20	92.99	94.80	98.09
2008-2009	2.78	5.35	49.21	94.63	52.00
2009-2010	2.23	2.89	75.00	97.11	77.23
2010-2011	47.14	26.53	130.52	73.46	177.67
2011-2012	72.29	37.23	121.90	62.77	194.19
2012-2013	182.89	52.40	166.14	47.60	349.03
2013-2014	55.81	24.70	170.14	75.30	225.95
Total	378.09	-	1037.9	-	1416.03

Source: Compiled from Annual Accounts of OU

It is seen from the table 6 the plan grants divided by central statutory bodies, UGC, etc. The plan grant was a very low 1.05 per cent in the year 2006-2007. It is increasing relatively for the years 2010-11 to 2013-2014. It can thus be concluded that both the State Government and Central Government are providing grants to the university purely on ad hoc basis. In Absolute figures accrued for not even one fourth of the total grants of the university expect in the years 2006-2007 and 2007-08 where it stood at 98.87 per cent and 94.80 per cent of the total grants received by the university further, in the year 2012-2013 non-plan grants was very low. It is observed from the table that a lot of fluctuations in the share of non-plan grants taking place the over the years. It was found that the total grants of the OU are fluctuating over a period under the study ranging from 69.63crores to 1416.03crores. The amount of plan grants is comparatively very low all the years. However, in the year 2010-11, 2011-12 and 2012-13, the amounts of plan grant a lot of variations. In all the remaining years there was no significant change in the amount of plan grants in relation to non-plan grants. It is to be noted that a progressive increase in the share of non-plan grants would enable the university to complete with institutions higher learning not only at the national level but also at the international level as it would be helpful to develop sound infrastructure and also to keep itself abreast of the contemporary developments

TABLE 7: COMPONENTS OF INTERNAL FUNDS OF OU (Rupees in crore)

Year	Student fee	Receipts From publications	Interest on Bank Deposits	Other Sources of Income	Total
2004-2005	35.59 (82.75)	0.39 (0.90)	1.25 (2.91)	5.78 (13.44)	43.01 (100.00)
2005-2006	42.86 (84.15)	0.45 (0.88)	1.44 (2.83)	6.18 (12.14)	50.93 (100.00)
2006-2007	50.46 (90.46)	0.49 (0.88)	0.37 (0.66)	4.46 (7.99)	55.78 (100.00)
2007-2008	58.66 (89.91)	0.54 (0.83)	0.25 (0.38)	5.80 (8.88)	65.25 (100.00)
2008-2009	76.34 (93.32)	0.54 (0.66)	0.18 (0.22)	4.75 (5.80)	81.81 (100.00)
2009-2010	74.23 (92.56)	0.51 (0.63)	0.48 (0.60)	4.98 (6.21)	80.20 (100.00)
2010-2011	94.03 (94.08)	0.59 (0.59)	0.32 (0.32)	5.01 (5.01)	99.95 (100.00)
2011-2012	89.20 (93.67)	0.60 (0.63)	0.26 (0.27)	5.17 (5.43)	95.23 (100.00)
2012-2013	93.71 (93.56)	0.42 (0.42)	0.44 (0.44)	5.59 (5.58)	100.16 (100.00)
2013-2014	103.03 (93.66)	0.18 (0.16)	0.22 (0.20)	6.58 (5.98)	110.01 (100.00)

Source: Compiled from Annual Accounts of OU

Note: student fee include Tuition fee/Admission fee, Contribution from Self-financing courses and Academic Income.

It is seen table 7 from the internal components of finance are presented as students fee, receipts from publications (including sale of course material and royalties received), interest on bank deposits and others the category of other includes all minor items (like income from building and other prosperities, capitalized value of pensioners benefits of employees received from parent institutions for the period of service rendered prior to joining OU. It is observed from the table that, throughout the period under study, fee from the students accounted for a dominant share of internal funds. Its share stood at 80 per cent and above right from the year 2004-05 to 2013-14. At one stage its share went up to 94.08 per cent, in 2010-11 indicating that HCU has done a good job on this front. The remaining sources like receipts from publications interest on bank deposits and other sources had registered a fluctuating share to total internal sources over the period. It can be concluded that the fee from the students has emerged as the dominant source of internal funds to the university. It is therefore, suggested that the university should make its efforts to sustain the student enrolment so as to become increasingly. Internal sources accounted for more than two-thirds of the total sources of the study period. Thus, it can be concluded that OU has been strengthening its financial position by augmenting constantly its internal sources year after year. A similar trend was visible in the case of HCU also.

**TABLE 8: FINANCES OF OU (Rupees in crore)**

Year	External funds	% of External funds To Total Sources	Internal funds	% of Internal Funds to total sources	Total sources
2004-2005	69.63	61.82	43.01	38.18	112.64
2005-2006	78.19	60.51	50.93	39.49	129.12
2006-2007	94.05	62.77	55.78	37.23	149.83
2007-2008	98.09	60.05	65.25	39.95	163.34
2008-2009	52.00	38.86	81.81	48.00	133.81
2009-2010	77.23	49.06	80.20	50.94	157.43
2010-2011	177.67	64.00	99.95	36.00	277.62
2011-2012	194.19	67.10	95.23	32.90	289.42
2012-2013	349.03	77.70	100.16	22.30	449.19
2013-2014	225.95	67.26	110.01	32.74	335.96
Total	1416.03 (64.41)		782.33 (35.59)		2198.36 (100.00)

Source: Compiled from Annual Accounts of OU

Table 8 presents the share of government grants and internally generated funds in the overall structure of finances of O.U. the grants consist of both plan and non-plan grants provided by the central government agencies and the state government. These funds may be categorized as external sources of finance to O.U. the internal sources comprise the tuition fee, eligibility test fee, fee charged for issue of various certificates, interest on bank deposits, amount realized for sale of applications and university publications, miscellaneous fee etc.

It can be seen from the table that the external sources of financing accounted for above 70 per cent in the 1 year in out of 10 years and below 70 per cent in 9 years. Thorough out the period under study the share of external funds was releasing grants to the university depending on the availability of funds rather than on set criteria in releasing the grants. The internal funds are above 20 per cent in the all years, that the university received in absolute terms was fluctuating between 43.01crores and 110.01crores showing a greater variability in its share. Thus, it can be concluded that OU has been strengthening its financial position by augmenting constantly its internal sources year after year.

**TABLE 9: COMPONENTS SOURCES OF FUNDING OF OU (Rupees in crore)**

Year	Grants from Government	Students fee	Receipts From publications	Interest on Bank Deposits	Other Sources of Income	Total
2004-2005	-	35.59 (82.75)	0.39 (0.91)	1.25 (2.91)	5.78 (13.44)	43.01 (100)
2005-2006	-	42.86 (84.15)	0.45 (0.89)	1.44 (2.83)	6.18 (12.13)	50.93 (100)
2006-2007	0.20 (0.36)	50.46 (90.14)	0.49 (0.87)	0.37 (0.66)	4.46 (7.97)	55.98 (100)
2007-2008	0.25 (0.38)	58.66 (89.56)	0.54 (0.82)	0.25 (0.38)	5.80 (8.86)	65.50 (100)
2008-2009	0.38 (0.46)	76.34 (92.88)	0.54 (0.66)	0.18 (0.22)	4.75 (5.78)	82.19 (100)
2009-2010	0.10 (0.12)	74.23 (92.44)	0.51 (0.64)	0.48 (0.60)	4.98 (6.20)	80.30 (100)
2010-2011	0.03 (0.03)	94.03 (94.05)	0.59 (0.59)	0.32 (0.32)	5.01 (5.01)	99.98 (100)
2011-2012	0.03 (0.03)	89.20 (93.64)	0.60 (0.63)	0.26 (0.27)	5.17 (5.43)	95.26 (100)
2012-2013	50.26 (33.41)	93.71 (62.30)	0.42 (0.28)	0.44 (0.29)	5.59 (3.72)	150.42 (100)
2013-2014	-	103.03 (93.66)	0.18 (0.16)	0.22 (0.20)	6.58 (5.98)	110.01 (100)

Source: Compiled from Annual Accounts of OU

Table 9 depicts the individual components of sources of funding OU. It may be observed from the table from the years 2003-04 to 2013-14 grants from the government of India generated for a dominant share against of total sources of OU. The grants from Government accounted for 33.41 per cent in 2012-13. It was just 0.03 per cent to total sources; its share was also significant in the year 2010-2011 and 2011-12. The fee from the students emerged as a major sources of financing OU requirements. It can be seen from the table that the fee from the students increased 2004-05 to 2011-12 and it was just 62.30 per cent in 2012-13. 2013-14 was not received grants from government. This happened so because of increase in enrolment of various programmes offered by the university. The interest on bank deposits earned was 2.91 per cent in 2004-2005 as against just 0.20 per cent in 2013-2014 indicating that the OU had invested the idle funds in a more lucrative manner, All the other sources put together was less than 13.44 per cent for the period under study of course, with lots of ups and downs. It is concluded that grants received from government constituted a major share to total sources from the year 2012-2013 and then fee from the students emerged as a major sources of finance in the overall structure of financing OU. This can be regarded as positive trend as the university is generating internal funds to a great extent in the form of student fee, thereby the burden on the government to finance the university being reduced year after year.

From the foregoing analysis, it may be understood that OU has been constantly trying to augment its internal sources especially by increasing its enrolment of students year after year and thus augurs well for the institution.

#### ENROLLMENT AND FEE RECEIPTS OF OU

Having analyzed the financing structure of the university, it is now proposed to study the relationship between the total enrolment and the fee income from the students.

TABLE 10: ENROLMENT AND FEE INCOME OF OU

Year	No of Enrolment	Fee from Students (Rupees in crore)
2004-2005	10948	35.59
2005-2006	11633	42.86
2006-2007	11648	50.46
2007-2008	11200	58.66
2008-2009	10250	76.34
2009-2010	12694	74.23
2010-2011	12021	94.03
2011-2012	11226	89.20
2012-2013	11976	93.71
2013-2014	11453	103.03

Source: Compiled from Annual Accounts of O.U.

Table 10 shows the enrollment of students and the fee collected from them in the study period. The figures of enrollment present the students registered for various programmes. The fee collected from students comprise tuition fee, examination fee, eligibility test fee, fee reimbursement received from government for the SC and ST category students and other miscellaneous fee.

It may be seen from the Table 3.8 that the HCU went on enhancing its internal resources by increasing the enrolment of students in various programmes year after year. The enrolment of the students and fee collected from them stood at 10948 students and Rs.35.59 crores in the year 2004-2005 rose to 11453 in enrolment generating a fee 103.03 crores in 2013-14. The enrolment as well as the fee from the students had been on rise steadily, though the enrolment in computer programmes across the institutions due to fluctuating demand in the industry. The fee charged for these programmes were very high when compared to other conventional programmes, owing to this the increase in enrolment has not resulted in an increase in total fee paid by the students. Therefore, it is concluded that increase in enrolment may not always results in enhancement of total fee income as the programmes carrying low fee tag may make insignificant effect on total fee. Further, programmes carrying high fee tag, though the enrolment stands low, may produce significant effect on total fee income.

#### COMPARATIVE ANALYSIS OF SOURCES OF FINANCES OF HCU AND OU

The sources of funding the state university i.e., O.U., as pointed out earlier, are more or less similar to those of national university. However, in relative terms, the share of each component may not be the same for these two universities. It is now proposed to compare the grants position of HCU and O.U over the period of time.

TABLE 11: COMPARISON OF PLAN AND NON-PLAN GRANTS RECEIVED BY HCU AND OU (Figures in percentages)

Year	Plan Grants		Non-plan Grants	
	HCU	O.U	HCU	O.U
2004-2005	5.74	96.68	94.26	3.32
2005-2006	26.18	91.68	73.82	8.31
2006-2007	59.94	98.87	49.06	1.13
2007-2008	30.20	94.80	69.80	5.20
2008-2009	55.06	94.63	44.94	5.35
2009-2010	52.40	97.11	47.60	2.89
2010-2011	20.99	73.46	79.01	26.53
2011-2012	39.22	62.77	60.78	37.23
2012-2013	39.97	47.60	60.03	52.40
2013-2014	23.48	75.30	76.52	24.70

Source: Compiled from Annual Accounts of O.U

It is observed from the above table that the share of the plan grants the total grants was very meager i.e., 5.74 per cent for the year 2004-05, whereas it was as high as 59.94 percentages in the year 2006-07. The plan grants percentage of OU stands highest ranging over 90 percentages during the period 2004-05 to 2009-10. With regard to non-plan grants receive by HCU, it was maximum during 2004-05, i.e. 94.26 per cent of total grants received by HCU. However, its share started declining year after year with small variations. Contrary to this, OU was receiving substantial grants from Government of Telangana in the form of non-plan grants in almost all the years from 2004-05 to 2013-14 with minor variations. Thus, it is concluded that in respect of non-plan grants also, there are dissimilarities in the funding policies of the government.

Having studied the relative share of plan and non-plan grants received by HCU and OU, it is proposed to examine the relative share of grants (external funds) and internal funds to know their relative importance in the overall financing of the institutions.

TABLE 12: COMPARISON OF INTERNAL AND EXTERNAL FUNDS IN FINANCING OF HCU AND OU (Figures in percentages)

Year	External funds		Internal funds	
	HCU	O.U	HCU	O.U
2004-2005	88.87	61.82	11.13	38.18
2005-2006	91.19	60.51	8.81	39.49
2006-2007	94.20	62.77	5.80	37.23
2007-2008	94.81	60.05	5.19	39.95
2008-2009	97.11	38.86	2.89	48.00
2009-2010	98.16	49.06	1.84	50.94
2010-2011	93.06	64.00	6.94	36.00
2011-2012	95.50	67.10	4.50	32.90
2012-2013	95.78	77.70	4.22	22.30
2013-2014	92.50	67.26	7.50	32.74

Source: Compiled from Annual Accounts of HCU

A comparison of the outlay Table 12 presents the relative share of funds in the overall financing of HCU and O.U during the study period. The external funds of HCU is accounted for a major share of total sources above 90 per cent in all years except in the year 2004-05 and it started declining with a fluctuating trend indicating that the government funds received by HCU, its funds is compare with more than that of OU. In respect of internal funds of OU is accounted above 20 per cent in the all years and HCU is below 20 per cent in the all years. Internal funds is OU compare with more than that of HCU, is not in consonance with its developmental activities i.e. increase in enrollment, number of programmes, etc. Thus, it is concluded that there are dissimilarities in the funding policies adopted by Central/State government in respect of External funds.

Having studied share of internal and external funds in the overall financing of HCU and OU, it is proposed to take up the aspect of fee income of both these universities to arrive at the trend of fee income over a period of time by chain base method considered every current year as a base year for the subsequent year in a sequential order, to the extent of available data.

TABLE 13: TRENDS IN FEE INCOME RECEIVED FROM STUDENTS AT HCU AND OU

Year	HCU		O.U	
	Fee Income (Rs, in crore)	Per cent change over the previous year	Fee Income (Rs, in crore)	Per cent change over the previous year
2004-2005	2.04	100.00	35.59	100.00
2005-2006	2.30	112.75	42.86	120.43
2006-2007	2.22	96.52	50.46	117.73
2007-2008	2.09	94.14	58.66	116.25
2008-2009	2.33	111.48	76.34	130.14
2009-2010	2.68	115.02	74.23	97.24
2010-2011	3.87	144.40	94.03	126.67
2011-2012	4.41	113.95	89.20	94.86
2012-2013	5.92	134.24	93.71	105.06
2013-2014	6.01	101.52	103.03	109.95

Source: Compiled from Annual Accounts of HCU

Table 13 represents the fee income of HCU and O.U. In respect of HCU column No.3 of the table shows that the fee income right from 2008-09 to 2013-14 was showing an increasing trend (except in the years 2006-07 and 2007-08). This could be due to multiple causes like fall enrollment in high fee tag programmes i.e., Computer, low enrollment in other programmes etc. A consistent rise in fee income reveals that HCU would be better able to withstand any possible deduction in governmental support. With regard to OU the fee income over the previous years for the period observed in the table manifests that except in the years 2010-11, 2012-13, wherein the enrollment in post graduate programmes had drastically fallen and with marginal fall in other three years i.e., 2010-11 to 2012-13, the percentage of the trend for the remaining years, it implies that the state level university is also attempting to consolidate its finances position by generating more and more funds internally on the same lines of HCU at the national level.

Thus, it is concluded that, through the percentage of fee income over the previous year was increasing in most of the years in both the cases, the rate of increase at HCU was more when compared to that in OU. By and large, the trends in both in HCU and OU are similar except in the case of plan and non-plan grants.

**A COMPARATIVE ANALYSIS IN SOURCES OF FINANCE OF HCU AND OU**

**t-Test Statistic**

TABLE 14: TESTING THE DIFFERENCE BETWEEN HCU AND OU IN TERMS OF THEIR PLAN GRANTS

Group	Mean	Std. Deviation	CV	Mean Difference	t-test statistic	Degrees of Freedom	'p' value
1.HCU	53.60	45.848	85.537	50.200	-2.558	18	.020
2.OU	103.80	41.838	40.306				

Source: Computed Based on data Collected from Annual Accounts

**Null Hypothesis:** There is no significant difference between HCU and OU in terms of their Plan Grants

**Alternative Hypothesis:** There is a significant difference between HCU and OU in terms of their Plan Grants

As shown in table 14, the mean value of plan grants of HCU are Rs. 53.60crores, and that of OU is Rs. 103.80 showing a difference of Rs. 50.200crores. The standard Deviation in the Plan Grants during the period is Rs. 45.848 for HCU and Rs. 41.838 for OU. Comparatively higher value of Coefficient of Variation (CV) indicates that the deviations are more in plan grants from year to year in case of HCU compared to OU.

The results of independent sample t-test produce a t-statistic value of -2.558. The 'p' value is 0.020 at the degrees of freedom of 18. As the 'p' value is less than 0.05, null hypothesis is rejected and alternative hypothesis is accepted at 5% level of significance inferring that there is a significant difference between HCU and OU in terms of their Plan Grants.

TABLE 15: TESTING THE DIFFERENCE BETWEEN HCU AND OU IN TERMS OF THEIR NON-PAN GRANTS

Group	Mean	Std. Deviation	CV	Mean Difference	t-test statistic	Degrees of Freedom	'p' value
1.HCU	86.80	43.954	50.638	49100	2.142	18	.046
2.OU	37.70	57.623	152.847				

Source: Computed Based on data Collected from Annual Accounts

**Null Hypothesis:** There is no significant difference between HCU and OU in terms of their Non-Plan Grants

**Alternative Hypothesis:** There is a significant difference between HCU and OU in terms of their Non-Plan Grants

It is observed from table 15, the mean value of Non-plan grants of HCU are Rs. 86.80 Crores, and that of OU is Rs. 37.70 showing a difference of Rs. 49100 crores. The standard Deviation in the Non-Plan Grants during the period is Rs. 43.954 for HCU and Rs. 57.623 for OU. Comparatively higher value of Coefficient of Variation (CV) indicates that the deviations are more in Non-plan grants from year to year in case of OU compared to HCU.

The result of independent sample t-test produces a t-statistic value of 2.142. The 'p' value is 0.046 at the degrees of freedom of 18. As the 'p' value is less than 0.05, null hypothesis is rejected and alternative hypothesis is accepted at 5% level of significance inferring that there is a significant difference between HCU and OU in terms of their Non-Plan Grants.

TABLE 16: TESTING THE DIFFERENCE BETWEEN HCU AND OU IN TERMS OF THEIR STUDENTS FEE

Group	Mean	Std. Deviation	CV	Mean Difference	t-test statistic	Degrees of Freedom	'p' value
1.HCU	3.30	1.636	49.588	-68500	-9.143	18	.000
2.OU	71.80	23.635	32.918				

Source: Computed Based on data Collected from Annual Accounts

**Null Hypothesis:** There is no significant difference between HCU and OU in terms of their Students fee

**Alternative Hypothesis:** There is a significant difference between HCU and OU in terms of their Students fee

It is seen from Table 16, the mean value of Students fee of HCU are Rs. 3.30 crores, and that of OU is Rs. 71.80 showing a difference of Rs.-68500crores. The standard Deviation in the Students fee during the period is Rs. 1.636 for HCU and Rs. 23.635 for OU. Comparatively higher value of Coefficient of Variation (CV) indicates that the deviations are more in Students fee from year to year in case of HCU compared to OU.

The result of independent sample t-test produces a t-statistic value of -9.143. The 'p' value is 0.000 at the degrees of freedom of 18. As the 'p' value is less than 0.05, null hypothesis is rejected and alternative hypothesis is accepted at 5% level of significance inferring that there is a significant difference between HCU and OU in terms of their Students fee.

TABLE 17: TESTING THE DIFFERENCE BETWEEN HCU AND OU IN TERMS OF THEIR RECEIPTS FROM PUBLICATIONS

Group	Mean	Std. Deviation	CV	Mean Difference	t-test statistic	Degrees of Freedom	'p' value
1.HCU	0.00	.000	000.000	-.500	3000	18	.008
2.OU	0.50	.527	105.409				

Source: Computed Based on data Collected from Annual Accounts

**Null Hypothesis:** There is no significant difference between HCU and OU in terms of their Receipts from Publications

**Alternative Hypothesis:** There is a significant difference between HCU and OU in terms of their Receipts from Publications



As shown in table 17, the mean value of Receipts from Publications of HCU are Rs. 0.00 crores, and that of OU is Rs. 0.50 showing a difference of Rs.-.500 crores. The standard Deviation in the Receipts from Publications during the period is Rs. 000 form HCU and Rs. 527 form OU. Comparatively higher value of Coefficient of Variation (CV) indicates that the deviations are more in Receipts from Publications from year to year in case of OU compared to HCU.

The result of independent sample t-test produces a t-statistic value of 3000. The 'p' value is 0.008 at the degrees of freedom of 18. As the 'p' value is Above 0.05, null hypothesis is Rejected and alternative hypothesis is Accepted at 5% level of significance inferring that there is a significant difference between HCU and OU in terms of their Receipts from Publications.

TABLE 18: TESTING THE DIFFERENCE BETWEEN HCU AND OU IN TERMS OF THEIR INTEREST ON BANK DEPOSITS

Group	Mean	Std. Deviation	CV	Mean Difference	t-test statistic	Degrees of Freedom	'p' value
1.HCU	1.80	1.398	77.690	1.600	3.464	18	.003
2.OU	.20	.422	210.819				

Source: Computed Based on data Collected from Annual Accounts

**Null Hypothesis:** There is no significant difference between HCU and OU in terms of their Interest on Bank Deposits

**Alternative Hypothesis:** There is a significant difference between HCU and OU in terms of their Interest on Bank Deposits

As shown in table 18, the mean value of Interest on Bank Deposits of HCU are Rs. 1.80 Crores, and that of OU is Rs. 20 showing a difference of Rs. 1.60crores. The standard Deviation in the Interest on Bank Deposits during the period is Rs. 1.398 for HCU and Rs. 422 for OU. Comparatively higher value of Coefficient of Variation (CV) indicates that the deviations are more in Interest on Bank Deposits from year to year in case of OU compared to HCU.

The results of independent sample t-test produces a t-statistic value of 3464. The 'p' value is 0.003 at the degrees of freedom of 18. As the 'p' value is less than 0.05, null hypothesis is rejected and alternative hypothesis is accepted at 5% level of significance inferring that there is a significant difference between HCU and OU in terms of their Interest on Bank Deposits.

TABLE 19: TESTING THE DIFFERENCE BETWEEN HCU AND OU IN TERMS OF THEIR OTHER SOURCE OF INCOME

Group	Mean	Std. Deviation	CV	Mean Difference	t-test statistic	Degrees of Freedom	'p' value
1.HCU	2.00	1.491	74.536	-3.500	-6.450	18	.000
2.OU	5.50	.850	15.452				

Source: Computed Based on data Collected from Annual Accounts

**Null Hypothesis:** There is no significant difference between HCU and OU in terms of their Other Source of Income

**Alternative Hypothesis:** There is a significant difference between HCU and OU in terms of their Other Source of Income

As shown in table 19, the mean value of Other Source of Income of HCU are Rs. 2.00 Crores, and that of OU is Rs. 5.50 showing a difference of Rs.-3.500crores. The standard Deviation in the Other Source of Income during the period is Rs. 1.491 for HCU and Rs. 850 for OU. Comparatively higher value of Coefficient of Variation(CV) indicates that the deviations are more in Other Source of Income from year to year in case of HCU compared to OU.

The results of independent sample t-test produces a t-statistic value of -6.450. The 'p' value is 0.000 at the degrees of freedom of 18. As the 'p' value is less than 0.05, null hypothesis is rejected and alternative hypothesis is accepted at 5% level of significance inferring that there is a significant difference between HCU and OU in terms of their Other Source of Income.

TABLE 20: TESTING THE DIFFERENCE BETWEEN HCU AND OU IN TERMS OF THEIR GRANTS FROM GOVERNMENT

Group	Mean	Std. Deviation	CV	Mean Difference	t-test statistic	Degrees of Freedom	'p' value
1.HCU	26.50	17.615	66.471	19.357	2.165	15	.047
2.OU	7.14	18.898	264.575				

Source: Computed Based on data Collected from Annual Accounts

**Null Hypothesis:** There is no significant difference between HCU and OU in terms of their Grants from Government

**Alternative Hypothesis:** There is a significant difference between HCU and OU in terms of their Grants from Government

It indicates table 20, the mean value of Grants from Government of HCU are Rs. 26.50Crores, and that of OU is Rs. 7.14 showing a difference of Rs.19.357crores. The standard Deviation in the Grants from Government during the period is Rs. 17.615 for HCU and Rs. 18.898 for OU. Comparatively higher value of Coefficient of Variation (CV) indicates that the deviations are more in Grants from Government from year to year in case of OU compared to HCU.

The result of independent sample t-test produces a t-statistic value of 2.165. The 'p' value is 0.047 at the degrees of freedom of 18. As the 'p' value is less than 0.05, null hypothesis is rejected and alternative hypothesis is accepted at 5% level of significance inferring that there is a significant difference between HCU and OU in terms of their Grants from Government.

TABLE 21: TESTING THE DIFFERENCE BETWEEN HCU AND OU IN TERMS OF THEIR NO OF ENROLMENT

Group	Mean	Std. Deviation	CV	Mean Difference	t-test statistic	Degrees of Freedom	'p' value
1.HCU	3825.00	1061.764	27.759	-7679.900	-19.373	18	.000
2.OU	11504.90	666.458	5.793				

Source: Computed Based on data Collected from Annual Accounts

**Null Hypothesis:** There is no significant difference between HCU and OU in terms of their no of enrolment

**Alternative Hypothesis:** There is a significant difference between HCU and OU in terms of their no of enrolment

As shown in table 21, the mean value of No of Enrolment of HCU are Rs. 3825.00 Crores, and that of OU is Rs. 11504.90 showing a difference of Rs -7679.900crores. The standard Deviation in the Receipts from Publications during the period is Rs. 1061.764 for HCU and Rs. 666.458 for OU. Comparatively higher value of Coefficient of Variation (CV) indicates that the deviations are more in No of Enrolment from year to year in case of HCU compared to OU.

The results of independent sample t-test produces a t-statistic value of -7679.900. The 'p' value is.000 at the degrees of freedom of 18. As the 'p' value is less than 0.05, null hypothesis is rejected and alternative hypothesis is accepted at 5% level of significance inferring that there is a significant difference between HCU and OU in terms of their No of Enrolment.

**IX. CONCLUSION**

It is concluded that the plan grants of HCU showing very huge in compare to OU and with respect to non-plan grants of OU had shown more than the HCU. With respect to internal sources of finance OU reported higher than HCU. External sources of finance of central universities are good rather than state universities, but state universities lagging behind to receiving of funds from state government. It is a pressing need to funding to state universities by the government to develop state universities as like as central universities in order to compete with the international universities.

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## EMPLOYEE ENGAGEMENT: A TOOL FOR TALENT MANAGEMENT, RETENTION AND EMPLOYEE SATISFACTION IN THE IT/ITES COMPANIES IN INDIA

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### ABSTRACT

*Successful organisations are aware about the importance of employee engagement as a tool for talent management, employee satisfaction and the consequent reduction in attrition. This study was conducted to understand the theoretical underpinnings of the concept of employee engagement. The study started by looking at how talent shortage is shaping the HR discourse around the world and the role played by employee engagement in the process of talent management. Thereafter, to understand the current work going on in the discipline of employee engagement, literature review was conducted where studies from both the academic as well as the practitioner's perspective were looked at. A conceptual framework with respect to employee engagement was thereafter explored which demonstrated that it is a multidimensional construct where employees can be engaged physically, cognitively or emotionally. The study ends by providing a set of suggestions for HR managers for increasing employee engagement in organisations.*

### KEYWORDS

employee engagement, talent management, employee satisfaction, attrition.

### JEL CODES

J28, J29.

### 1. INTRODUCTION

Talent management is quickly gaining traction in organisations around the globe. War for talent, talent raids, various trends with respect to talent management, talent shortage, various concerns for talent strategy and the talent metrics retention have been a subject of study across the developed as well as developing countries like UK, USA, Australia, China, Japan, Indian and various other nations across Asia (Dunn, 2006; Chugh and Bhatnagar, 2006; Yeung, 2006; Branham, 2005; Lewis and Heckman, 2006; Ruppe, 2006). Talent management was designed initially to make the process of recruitment better and also to develop people with the appropriate skills and knowledge to meet the current organisational needs. The different aspects of talent management include selection, on-boarding, recruitment, performance management, leadership development, career planning, replacement planning and reward and recognition system (Heinen & O'Neill, 2004). Lack of availability of talent and skill among employees make finding and retaining such people has become a major priority for organisations (Fegley, 2006). In order to be able to attract and retain the best people which exist anywhere in the world, an organisation needs to have a positive and strong employer brand (Brewster et al., 2005). Recent research has indicated that talent management is one of the key agenda on the minds of HR executives post 2007 (HR Focus 2006; HR Focus 2007). A key differentiator between organisations currently which is difficult to replicate is the talent which exists and which further acts as a source of sustainable competitive advantage. One of the key roles which HRM is currently playing in firms today is talent management thus changing the role of HR from just being a functional department to one playing a more strategic role in the organisations (Bhatnagar, 2004). Contemporary research has indicated that the intense war for talent is happening primarily because of labour market shortages (Boudreau and Ramstad, 2005; Sparrow, 2004; Branham, 2005). Sutton & Pfeffer (2006) have identified the fact that the old HRM way of looking at performance as a way to evaluate ability leads to lower performance and consequently unhappy staff who are not able to fulfill the potential and thus thereby reflect lower engagement of talent.

Employee engagement is a critical dimension in the process of retention of talent (Glen, 2006). This is an area where the lead in the research process has been taken over by the practitioners (Baumruk et al., 2006; Parsley, 2006) with academicians lacking behind (Joo and Mclean, 2006; Cartwright and Holmes, 2006). It is an extremely important variable where there are barely studies that have been conducted in the Indian context. Fegley (2006) has outlined some trends in the advanced economies which even the HR community in India needs to go through. Given the relevance of the concept in the contemporary work environment, the concept demands attention in terms of academic research and hence this study has been undertaken.

After the process of liberalisation that was undertaken in early 1990s, there has been an opening of the economy in terms of trade, competition and finance. There are very few barriers for any foreign organisation to set up their operations in the country and this has led to immense pressure on the domestic enterprises. The companies which were not efficient in their operations had to close down while the others had to reinvent their processes to compete. All the functional departments of the organisation have to reorient their processes in order to survive the competitive onslaught (Budhwar et al., 2006; Bhatnagar, 2007). There has been ample indication that competencies, strategies and capabilities need to be built among the managerial cadre which can happen through proper employee engagement activities (Bhatnagar & Sharma, 2005). There has been an attempt made in this paper to look into employee engagement as a tool for management of talent, employee retention and employee satisfaction in IT/ITES companies in India.

### 2. OBJECTIVES OF THE STUDY

There were two broad objectives of this study:

1. To understand the present status of ITES sector in India.
2. To understand the concept of employee engagement.

### 3. RESEARCH METHODOLOGY

The methodology of this study involved using secondary sources of data namely research reports and published papers in the area of the study. A literature search was undertaken to identify the research papers which would be relevant for this study.

#### 4. THE CURRENT STATUS OF ITES SECTOR IN INDIA

There have been some studies which have been conducted in the West focusing on the ITES sector/BPO (Mehta et al., 2006; Venkatraman, 2004). The competitive advantage offered by India has made it an attractive destination for setting up back end operations. The huge number of engineering graduates that come out of the colleges in the country acts as a source of abundant skilled manpower. Lot of these engineers get employed in the call centres for providing services such as technical support and troubleshooting (A.T. Kerney, 2007). India also boasts of one of the largest English speaking pool of talent in the world. Close of sixty percent of the technical workforce in the country has work experience greater than 4 years (Pandeya & Bali, 2006). An A.T. Kerney Report (2007) in their Global Services Location Index has claimed that among all the countries which are considered to be the hubs of the BPO activity, India occupies the first position followed by countries like China and Malaysia. To create this Index, the company conducted a survey in over 50 countries for various aspects related to outsourced services like financial attractiveness, people skills and business environment. India maintains a comfortable lead over China. Although the industry has seen rise in compensation costs due to the high economic growth which the country has observed, this rise has been suitably matched by increase in the workforce supply levels and other quality indicators. Although India ranks high due to its superior quality of manpower, there are two dimensions namely business environment and financial attractiveness where the country lags behind.

McMillan (2006) has pointed out that U.S accounts for the majority of the total investment which takes place in the ITES/BPO industry in India accounting for 59% of the total global investment with major areas being logistics, legal and customer care. Europe accounts for the second place in terms of overseas investment in areas such as finance, purchasing, accounting and HR. The third place is occupied by Asia/Pacific region with the revenue share being at 15% typically including areas such as accounting, purchasing and finance. A report by ICRA has pointed out that the fears of backlash are by developed countries is overstated and in the longer term, this trend of outsourcing the non-core jobs will lead to newer jobs being created in the developing countries like India which will however require higher level of skills and increase in real wages. According to a report by NASSCOM (NASSCOM, 2006), if wants to appropriately utilise the growing set of opportunities in ITES space, it will have to direct its attention on skill development of the graduates that are coming out of colleges.

While recruitment is becoming a point of concern in the BPO industry, employee attrition in the sector is creating problems relating to employee engagement. Although has a huge pool of talent, but majority of them are not equipped with the necessary practical skills to be able to get directly absorbed in the industries. Thus although there is large swathe of population for entry level processes like voice but there is a clear dearth of talent at the middle and top level of management. This has led to a talent crunch at these levels with demand clearly outnumbering the supply which had led to rising levels of attrition with attrition levels being close to around 30-35% (Phukan, 2007).

Over the course of last few years, there have been number of studies related to human resource management in the outsourcing industry. However, the majority of the studies relate to developed countries (Holtgreve et al., 2002; Deery and Kinnie, 2004). They provide the theoretical background for analysis of employee engagement in the context of HR practices. A framework for engagement of employee in the BPO sector can provide the practitioners to plan their training interventions in such a manner that can help in increasing the employee engagement with the organisation improve employee satisfaction and consequently increase employee retention. The next sections look at the conceptual framework and literature survey in this area.

#### 5. LITERATURE SURVEY ON EMPLOYEE ENGAGEMENT

As discussed earlier, the discipline of employee engagement is dominated by practitioners and there are very few academic studies (Schaufeli & Bakker, 2004; May et al., 2004; Rothbard, 2001). This paper looks at studies in both the domains starting first with practitioner driven studies and followed by academic research in this area. According to the Hewitt Best Employers Survey (2004), the biggest challenge that is faced by the CEOs with respect to people management is to build very strong employer brand equity and one of the most important ways to do so is to retain employees. This would however be possible only if the organisations are able to provide them with a passionate work culture and environment where they can show the best of their abilities and thereby creating a sustainable competitive advantage which is difficult to replicate. Managers form an important party in this situation (Lockwood, 2006; Baumruk et al., 2006). Also, a good employer always recruits talent and engages with them through the use of practices which address both the tangibles as well as the intangibles in any organisation focusing on short term as well as long term are tailor made with respect to the needs of that organisation (Branham, 2005). A survey conducted among the HR professionals in the Western countries has found that the most important issues in the time to come would be employee satisfaction and employee retention (HR Focus, 2006). A presence of effective talent management practices reflects commitment of the organisation towards developing human capital which results in employees being more engaged with the organisation and consequently lower employee turnover. As a consequence, we can observe that in organisations with more employee engagement policies, there are higher levels of employee satisfaction which can further lead to the growth and development of the organisation or bring down the organisation (Lockwood, 2006). Martel (2003) has opined that in order to get high performance and intangible work that needs speed, innovation and flexibility, there is a need for employers to engage their employees. Engagement of employees through provision of participation, trust and freedom will have them achieve the levels of self-actualization and self realisation.

The data on performance across the biggest of companies in the United States show that the targets are met in functional areas where employee engagement is high while it is likely not to be achieved where the engagement falls short. To measure employee engagement, number of studies has been conducted (Coleman, 2005). SHRM conference (2006) has highlighted the results of a global engagement study which shows that there is a huge difference in the bottom line of those companies where the employees are highly engaged as compared to those organisations where the employee engagement is low. Employee engagement as a process starts with on-boarding programme and is a component of the talent pipeline.

A study conducted by White (2011) in India found that around 37% of employees were engaged. These numbers varied across job functions, gender, size and structure of the organisations. Older employees along with the employees who were married were found to be more engaged as compared to the younger ones. An association between the industry in which people work and their engagement was also observed. People in chemical and healthcare industry were found to be more engaged as compared to banking. According to the study, three factors which lead to the highest levels of employee engagement included: Training and career development activities, more opportunities for doing the kind of work which one does best to his abilities and more challenging work environment.

It has been further observed that when employees are satisfied, it becomes beneficial for the management of the organisation to improve employee engagement through the introduction of a new programme. Organisational commitment has also been found to have an impact on the employee engagement. With the increase in the commitment, the employee engagement also correspondingly increases (Schaufeli & Salanova, 2007). This leads to overall job satisfaction, better performance and lower attrition levels for the organisation. According to Konrad (2006), engaged employees are the employees who are a part of the creation of workplace processes and change. He also found that employee engagement led to lower employee turnover (Konrad, 2006). There are number of other factors like proper employee selection and training, sharing of information, power sharing and appropriate reward systems (Vance & Mathieu, 1999).

#### 6. EMPLOYEE ENGAGEMENT: A CONCEPTUAL FRAMEWORK

Employee engagement acts as a source of competitive advantage for the firm as described by the resource based view of the firm (Joo & Mclean, 2006) and hence there is a need for constant employee engagement programmes. The resource based view postulates that organisational and human resources as compared to financial, physical or technical resources are able to create sustainable competitive advantage for the firm as they are difficult to copy (Wright & McMahan, 1992; Lado & Wilson, 1994). The resource based view of the firm provides that organisations can create sustainable competitive advantage only through the creation of resources in a manner that is not easy for the competitors to replicate (Grant, 1991). The requirement of this approach, however, is that a firm should not be seen as a merely through the activities which it performs in the product market but also as a unique combination of resources that are dynamic and intangible (De Saa'-Pe' rez & Garcí'a-Falco'n, 2002). Joo and Mclean (2006) argue that employees who are engaged with an organisation act as a source of sustained competitive advantage and also a strategic asset. It is difficult to imitate these employees and is a unique proposition for the organisation.

Employee engagement as a construct is multidimensional in nature. Employees can get engaged physically, cognitively or emotionally. Kahn (1990) proposed that employees need not be engaged on all the dimensions together. They can be engaged on one dimension and not on the other. However, the more the employee engagement on each of the dimensions, the more is his/her total personal engagement. On the other side, Rothbard (2001) posits that engagement may look at

enrichment or depletion in multiple roles. Schaufeli & Bakker (2004) has looked at engagement from positive state of mind which is work related and is characterised by absorption, vigor and dedication. They have further highlighted that engagement is not a temporary state but it is a more pervasive state which is not focused upon any specific event, individual or behaviour (Schaufeli & Bakker, 2004).

Kahn (1990) has suggested that employees go through the dimensions of engagement or disengagement during the daily performance of their task. Yet Kahn (1990) has noted that disengagement is dependent upon cognitive and social withdrawal and is a reflection of deficient role performance.

## 7. CONCLUSION

Employee engagement and a better strategy for management of talent, their satisfaction and retention provide a certain set interventions which can be used in the BPO/ITES industry in India. The first involves identification of workforce at all the levels in the organisation which has high levels of engagement and is passionate about learning new things and facing challenges. The second draws from the first to design suitable set of interventions which can keep these employees engaged with the organisation. The third is to work upon creating a strong psychological relationship with the employee rather than one which is based only upon transactions. The fourth would be to create mentors in the organisations for such employees who can take care of their needs especially at an emotional level. These measures will increase the engagement of the employees with the organisation which will help in retaining the best of talent through higher employee satisfaction and consequently reducing the attrition rate.

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## IMPACT OF CORPORATE GOVERNANCE PRACTICES ON SHAREHOLDER VALUE OF SELECTED INDIAN COMPANIES

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### ABSTRACT

*Corporate governance is the system of rules, practices, and processes by which a firm is directed and controlled. Corporate governance essentially involves balancing the interests of a company's many stakeholders, such as shareholders, senior management executives, customers, suppliers, financiers, the government, and the community. Since corporate governance also provides the framework for attaining a company's objectives, it encompasses practically every sphere of management, from action plans and internal controls to performance measurement and corporate disclosure. Shareholder value on the other hand is that value delivered to shareholders of a corporation because of management's ability to increase sales, earnings, and free cash flow over time, leading to the ability for companies to increase dividends and encourage capital gains for its equity owners. The aim of this paper is to reflect the impact of Corporate governance practices on the shareholder value of the selected Indian companies.*

### KEYWORDS

corporate governance, framework, performance, shareholder value.

### JEL CODE

G34

### INTRODUCTION

Best Corporate Governance Practices incorporate many different aspects of Board work. They entail taking a critical look at the qualities and characteristics of board of directors, who they are as people, and the way they approach governing an organization. Governance can incorporate many different practices. The primary best practices include: Building a competent board, Aligning strategies with goals, Being accountable, Having a high level of ethics and integrity, Defining roles and responsibilities, and Managing risk effectively. In today's world the corporate bodies are putting all their efforts for good governance of their entities. The need of best management practices or good governance emerged as a result of this quest. In this direction Corporate Governance provides corporate bodies with certain guidelines, principles and best practices in managing the corporate. The present study focuses on Impact of Corporate Governance Practices on Shareholder Value of selected Companies with the help of key ratios.

### MEANING OF CORPORATE GOVERNANCE

Corporate Governance refers to the way a corporation is governed. It is the technique by which companies are directed and managed. It means carrying the business as per the stakeholders' desires. It is actually conducted by the board of Directors and the concerned committees for the company's stakeholder's benefit. It is all about balancing individual and societal goals, as well as, economic and social goals. Corporate Governance is the interaction between various participants (shareholders, board of directors, and company's management) in shaping corporation's performance and the way it is proceeding towards. The relationship between the owners and the managers in an organization must be healthy and there should be no conflict between the two. The owners must see that individual's actual performance is according to the standard performance. These dimensions of corporate governance should not be overlooked.

### NORMS OF CORPORATE GOVERNANCE

Most listed companies and large corporate groups in India were born as family-owned businesses, with family members occupying managerial positions and making all the key business decisions. This also meant very little distinction between the company's finances and that of the family owners. With the evolution of the equity markets though, many of these family-owned businesses listed themselves on the exchanges. However, the traditional (mis) governance practices continued. Promoters, though no longer the sole owners, continued to wield disproportionate influence over decisions. Companies freely extended loans to group entities, folks from the family secured berths on the Board with generous pay packets and companies entered into cozy business deals with family and friends. The rights of public shareholders were freely trampled upon.

SEBI implemented following norms with respect to improvement in Corporate Governance : Reduction in the maximum number of listed entity directorships, Expanding the eligibility criteria for independent directors, Disclosure of expertise / skill of directors, Permission for related parties to vote against related party transactions (RPTs), Enhanced obligations in relation to subsidiaries, Enhanced role of audit committee (AC), nomination and remuneration committee (NRC) and risk management committee (RMC) and Increase in disclosure requirements. Separation of MD / CEO and Chairperson, At least one woman independent director, and Royalty / brand payments to related parties. Other procedural changes

- By April 1, 2019, the top 1000 listed entities (by market capitalization) and by April 1, 2020, the top 2000 listed entities (by market capitalization) are required to have a minimum number of 6 directors on its board. While this is a welcome reform, the rationale for the change is unclear considering, it is an even number and this may lead to situations of dead lock amidst the board members. Further, it remains to be seen whether this would impact the governance standards of a listed entity directly.
- By April 1, 2019, the top 1000 listed entities (by market capitalization) and by April 1, 2020, the top 2000 listed entities (by market capitalization) are required to maintain a quorum requirement of 1/3<sup>rd</sup> of the size of the board of the listed entity or 3 members, whichever is higher.
- Top 100 listed entities will be required to hold annual general meetings within 5 months after the end of financial year 2018-19 by August 31, 2019.
- With effect from financial year 2018-19, the top 100 listed entities (by market capitalization) will be mandatorily required to provide a webcast of their annual general meetings.

SEBI also decided to refer certain recommendations such as strengthening the role of the ICAI, internal financial controls, adoption of Ind-AS, treasury stock, etc. to various governing agencies that are involved in managing such functions.

The recent incidents in the industry have formed a compelling case to redefine the standards of corporate governance and the committee formed under the chairmanship of Shri Uday Kotak has attempted to propose changes to improve the situation. While prima facie these changes seem promising, the real test lies in the implementation of these changes and its after effects remains to be seen. For the time being however, 'good corporate governance' continues to remain subjective.

**BENEFITS OF CORPORATE GOVERNANCE**

Corporate Governance leads to several advantages to the Corporate in the form of higher shareholder satisfaction, increased transparency, accountability and responsibility among management. Following benefits accrue to corporations due to better corporate governance:

1. Good corporate governance ensures corporate success and economic growth.
2. Strong corporate governance maintains investors' confidence, as a result of which, company can raise capital efficiently and effectively.
3. It lowers the capital cost.
4. There is a positive impact on the share price.
5. It provides proper inducement to the owners as well as managers to achieve objectives that are in interests of the shareholders and the organization.
6. Good corporate governance also minimizes wastages, corruption, risks and mismanagement.
7. It helps in brand formation and development.
8. It ensures organization in managed in a manner that fits the best interests of all.

**REVIEW OF LITERATURE**

Review of literature is an important dimension which helps a researcher to evaluate the work done by researchers and find out the research gap in relation to study undertaken by them. In this paper extensive literature is reviewed and the summary of the same is presented below:

**Aggarwal, Priyanka. (2013)**<sup>1</sup> concluded that, Firstly, Corporate governance has positive but not significant impact on corporate profitability. Secondly, Corporate profitability has no significant impact on governance rating of company.

**Bebchuk, Lucian A. & Weisbach, Michael S. (2009)**<sup>2</sup> provided predictions to relating differences in investor protection to the structure of political structures dominant in the economy, in addition to scandal waves and stock market crashes, legal decision-making, the developmental stage of the economy and the corporate.

**Carnicer, Pilar de Luis., Martí nez-Sa´nchez, A´ngel. & Pe´rez-Pe´rez, Manuela. (2008)**<sup>3</sup> found a curvilinear relationship between the number of women in the board room and performance showing that moderate number of employees is preferable to ensure good corporate governance.

**Garg, A.K. (2007)**<sup>4</sup> study brought out the fact that board size and performance as also board independence and performance were inversely related. A bad performance leads to increase in board size, which in turn hampers the performance of the Corporate.

**Malla, Bhasa Praveen. (2004)**<sup>5</sup> assimilated the different Corporate Governance practices and thereby empirically studied their total affect on the current business environment of India, with the ultimate objective to draw best Corporate Governance practices for the Indian Corporate.

**NEED/IMPORTANCE OF THE STUDY**

It has been considered essential to take up the study of Impact of Corporate Governance Practices on Shareholder Value of selected Companies, as it plays an important role in knowing the Corporate Governance practices prevailing in corporate, in order to compare and select the best practices which would be impacting Shareholder Value.

**OBJECTIVE OF THE STUDY**

To analyze the Impact of Corporate Governance Practices on Shareholder Value of selected Companies.

**RESEARCH METHODOLOGY**

The study is based on the secondary data. Published and unpublished article, ongoing academic working paper and internet are used extensively as a source of information.

**FINANCIAL PERFORMANCE OF SELECTED COMPANIES OF INDIAN OIL & GAS SECTOR**

In this paper, Financial performance of 14 selected companies of Indian Oil and Gas Sector has been observed to see the impact of Good Corporate Governance Practices. The Companies include: Bharat Petroleum Corporation Limited, Gas Authority of India Limited, Gujarat Gas Limited, Hindustan Petroleum Corporation Limited, Indian Oil Corporation Limited, Mangalore Refinery and Petrochemicals Limited, Oil and Natural Gas Corporation, Oil India Limited, Cairn India Limited/Vedanta, Essar Oil Limited, Indraprastha Gas Limited, Mahanagar Gas Limited, Petronet LNG Limited and Reliance Industries Limited. Their analysis has been done for a period of ten years from 2008-09 to 2017-18. And, the ratio analysis is done by taking 4 ratios viz.- Dividend Per Share, Earnings Per Share, Return On Equity and Return On Capital Employed.

**ANALYSIS****ANALYSIS OF DIVIDEND PER SHARE**

Dividend per share is one of the parameters which shows that shareholder value is being received on yearly basis by shareholders out of Profits distributable among the shareholders on Going concern basis by the Corporate.

**TABLE 1: DIVIDEND PER SHARE (IN RS) OF FOURTEEN COMPANIES FOR TEN YEARS PERIOD ON STANDALONE BASIS**

	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
BPCL	4.00	7.00	14.00	14.00	11.00	11.00	17.00	22.50	31.00	32.50
GAIL	10.00	7.00	7.50	7.50	9.00	10.00	10.00	6.00	5.50	9.00
GGL	3.00	6.00	3.00	9.00	26.00	22.00	5.00	0.00	6.00	3.00
HPCL	14.00	4.00	6.00	14.00	16.00	10.00	10.00	18.00	52.00	41.00
IOCL	15.00	7.00	5.00	15.00	11.00	3.00	3.00	3.00	3.30	4.80
MRPL	1.00	1.50	1.50	1.40	1.40	1.20	0.00	0.00	0.00	6.00
ONGC	32.00	3.00	33.00	32.75	9.75	9.50	9.50	9.50	8.50	7.55
OIL	20.00	30.00	32.00	15.00	54.00	28.00	32.00	10.50	22.00	19.00
CIL	0.00	0.00	0.00	0.00	0.00	11.50	12.50	9.00	3.60	0.00
EOL	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
IGL	4.00	4.00	4.50	5.00	5.00	5.50	5.50	6.00	6.00	8.50
MGL	6.00	9.00	8.50	7.00	8.00	12.00	12.00	14.00	17.50	19.00
PLNGL	1.25	1.50	1.75	2.00	2.50	3.00	3.00	2.50	2.50	3.00
RIL	0.00	12.00	7.00	8.00	8.50	9.00	9.50	10.00	10.50	12.00

Source: Annual Reports of Companies from 2008-19 to 2017-18

In 2008-09, ONGC gave highest dividend to its shareholders (Rs.32 per share); in 2009-10, OIL gave highest dividend to its shareholders (Rs.30 per share); in 2010-11, ONGC gave highest dividend to its shareholders (Rs.33 per share); in 2011-12, ONGC gave highest dividend to its shareholders (Rs.32.75 per share); in 2012-13, OIL gave highest dividend to its shareholders (Rs.54 per share); in 2013-14, OIL gave highest dividend to its shareholders (Rs.28 per share); in 2014-15, OIL gave highest dividend to its shareholders (Rs.32 per share); in 2015-16, HPCL gave highest dividend to its shareholders (Rs.18 per share); in 2016-17, HPCL gave highest dividend to its shareholders (Rs.52 per share); and in 2017-18, HPCL gave highest dividend to its shareholders (Rs.41 per share).



On the other hand, no dividends have been given by CIL, EOL & RIL in 2008-09; CIL & EOL in 2009-10; CIL & EOL in 2010-11; CIL & EOL in 2011-12; CIL & EOL in 2012-13; EOL in 2013-14; MRPL & EOL in 2014-15; GGL, MRPL & EOL in 2015-16; MRPL & EOL in 2016-17; and CIL & EOL in 2017-18.

**ANALYSIS OF EARNINGS PER SHARE**

Earnings per share is one of the parameters which shows that shareholder value is being received back on yearly basis by Corporate by its Performance throughout the year.

**TABLE 2: EARNINGS PER SHARE (IN RS) OF FOURTEEN COMPANIES FOR TEN YEARS PERIOD ON STANDALONE BASIS**

	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
BPCL	43.73	12.06	25.28	42.79	36.27	36.55	56.16	70.32	93.78	56.51
GAIL	30.76	22.10	24.75	28.07	28.80	31.71	34.49	23.96	17.55	20.71
GGL	24.80	41.87	31.02	21.45	22.54	-0.31	2.18	32.24	11.18	12.85
HPCL	33.52	16.98	38.42	45.45	26.90	26.70	51.21	80.71	110.04	61.09
IOCL	29.20	12.15	42.10	30.67	16.29	20.61	28.91	21.72	42.83	40.31
MRPL	72.58	68.03	63.47	67.13	51.84	-43.19	34.30	-97.69	65.44	207.90
ONGC	19.52	18.85	19.60	14.75	19.58	16.31	17.22	13.82	12.58	13.95
OIL	29.20	12.15	42.10	30.67	57.34	59.71	49.59	41.76	28.72	19.32
CIL	-0.36	0.29	5.52	-1.12	41.61	33.90	38.95	7.01	4.54	0.00
EOL	-0.36	-13.85	-7.76	-1.91	-9.41	-8.64	0.87	10.48	8.87	-7.70
IGL	12.43	12.32	15.39	18.55	21.89	25.29	25.73	31.27	29.93	40.79
MGL	26.85	28.25	30.75	31.55	32.05	33.41	30.15	30.54	31.47	39.83
PLNGL	6.33	6.91	5.39	8.36	14.10	15.32	9.49	11.77	12.18	22.74
RIL	50390	49.70	49.70	64.80	66.20	70.70	76.50	80.10	85.40	101.30

In 2008-09, MRPL gave highest earnings to its shareholders (Rs.72.58 per share); in 2009-10, MRPL gave highest earnings to its shareholders (Rs.68.03 per share); in 2010-11, MRPL gave highest earnings to its shareholders (Rs.63.47 per share); in 2011-12, MRPL gave highest earnings to its shareholders (Rs.67.13 per share); in 2012-13, RIL gave highest earnings to its shareholders (Rs.66.20 per share); in 2013-14, RIL gave highest earnings to its shareholders (Rs.70.70 per share); in 2014-15, RIL gave highest earnings to its shareholders (Rs.76.50 per share); in 2015-16, HPCL gave highest earnings to its shareholders (Rs.80.71 per share); in 2016-17, HPCL gave highest earnings to its shareholders (Rs.110.04 per share); and in 2017-18, MRPL gave highest earnings to its shareholders (Rs.207.90 per share).

On the other hand least earnings have been given by CIL, EOL in 2008-09; EOL in 2009-10; EOL in 2010-11; EOL in 2011-12; EOL in 2012-13; MRPL in 2013-14; EOL in 2014-15; MRPL in 2015-16; CIL in 2016-17; and EOL in 2017-18.

**ANALYSIS OF RETURN ON EQUITY**

Return on equity is one of the parameters which shows that shareholder value is being steadily enhanced on yearly basis by the Corporate.

**TABLE 3: RETURN ON EQUITY (IN %) OF FOURTEEN COMPANIES FOR TEN YEARS PERIOD ON STANDALONE BASIS**

	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
BPCL	13.54	3.59	6.98	11.00	8.79	13.58	18.08	21.48	24.82	27.54
GAIL	20.00	18.98	18.69	18.50	16.90	16.60	16.16	8.53	6.34	9.83
GGL	22.78	23.18	31.02	34.25	29.95	-1.16	1.71	30.88	10.21	10.76
HPCL	10.75	5.36	11.26	12.36	6.94	6.59	11.55	16.75	20.73	30.52
IOCL	16.92	6.70	20.22	13.46	6.83	8.19	10.64	6.02	11.80	19.16
MRPL	33.63	25.21	19.88	18.02	12.57	11.70	8.50	32.40	17.83	36.18
ONGC	23.65	20.48	19.21	19.41	22.24	16.81	16.16	11.44	9.74	9.65
OIL	22.55	23.17	18.97	18.51	19.45	18.68	14.40	10.47	9.24	5.32
CIL	-0.27	0.17	-0.22	-0.67	0.14	19.50	19.22	3.56	2.29	0.00
EOL	-1.18	-41.80	-23.16	-7.13	-58.92	106.59	5.18	39.30	7.04	-5.88
IGL	25.48	25.18	26.06	25.90	24.90	23.71	20.42	19.92	16.65	19.51
MGL	21.71	21.98	22.57	24.94	24.09	25.27	22.90	18.77	17.94	21.36
PLNGL	29.32	26.14	18.10	23.12	30.04	25.83	14.28	15.00	13.81	21.07
RIL	10.09	12.11	11.84	12.73	11.87	11.60	11.41	10.12	9.91	10.35

Source: Annual Reports of Companies from 2008-19 to 2017-18

In 2008-09, MRPL gave highest return on equity to its shareholders (33.63%); in 2009-10, PLNGL gave highest return on equity to its shareholders (26.14%); in 2010-11, GGL gave highest return on equity to its shareholders (31.02%); in 2011-12, GGL gave highest return on equity to its shareholders (34.25%); in 2012-13, PLNGL gave highest return on equity to its shareholders (30.04%); in 2013-14, EOL gave highest return on equity to its shareholders (106.59%); in 2014-15, MGL gave highest return on equity to its shareholders (22.90%); in 2015-16, EOL gave highest return on equity to its shareholders (39.30%); in 2016-17, BPCL gave highest return on equity to its shareholders (24.82%); and in 2017-18, MRPL gave highest return on equity to its shareholders (36.18%).

On the other hand, least return on equity have been given by EOL in 2008-09; EOL in 2009-10; EOL in 2010-11; EOL in 2011-12; EOL in 2012-13; GGL in 2013-14; GGL in 2014-15; CIL in 2015-16; CIL in 2016-17; and EOL in 2017-18.

**ANALYSIS OF RETURN ON CAPITAL EMPLOYED**

Return on Capital employed is one of the parameters which shows that shareholder value is being steadily enhanced on yearly basis by the Corporate.

**TABLE 4: RETURN ON CAPITAL EMPLOYED (IN %) OF FOURTEEN COMPANIES FOR TEN YEARS PERIOD ON STANDALONE BASIS**

	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
BPCL	5.61	1.26	2.53	2.77	2.00	3.95	5.63	7.34	9.00	8.88
GAIL	16.68	16.21	15.96	15.35	12.71	11.30	8.78	5.22	3.99	6.23
GGL	18.09	18.04	23.25	17.48	18.29	-0.22	0.42	6.41	2.55	2.79
HPCL	4.15	1.72	3.96	6.84	3.66	3.13	4.59	6.97	9.84	16.50
IOCL	8.48	3.12	10.23	4.29	1.88	2.19	2.79	2.36	4.72	7.37
MRPL	19.97	16.37	13.99	6.36	3.47	-2.83	1.52	-4.99	3.08	13.80
ONGC	18.46	15.72	14.89	15.14	14.63	11.75	11.09	9.37	7.27	7.24
OIL	22.06	23.03	18.92	17.37	19.45	18.68	13.41	7.79	6.76	4.06
CIL	-0.27	0.17	-0.21	-0.64	0.14	19.05	19.22	3.56	2.29	0.00
EOL	-0.31	-11.97	-6.48	-1.17	-6.70	-6.61	0.74	7.73	3.37	-3.36
IGL	18.55	18.14	26.06	19.15	17.40	19.71	17.55	18.69	16.65	19.51
MGL	20.96	21.34	22.08	24.52	23.79	25.06	22.74	18.67	17.89	21.32
PLNGL	14.85	12.15	8.92	11.29	16.38	16.03	8.97	9.44	8.91	15.60
RIL	12.94	7.64	8.13	9.52	9.21	9.36	8.66	7.63	7.58	8.16

In 2008-09, OIL gave highest return on equity to its shareholders (22.06%); in 2009-10, OIL gave highest return on equity to its shareholders (23.03%); in 2010-11, IGL gave highest return on equity to its shareholders (26.06%); in 2011-12, MGL gave highest return on equity to its shareholders (24.52%); in 2012-13, MGL gave highest return on equity to its shareholders (23.79%); in 2013-14, MGL gave highest return on equity to its shareholders (25.06%); in 2014-15, MGL gave highest return on equity to its shareholders (22.74%); in 2015-16, IGL gave highest return on equity to its shareholders (18.69%); in 2016-17, MGL gave highest return on equity to its shareholders (17.89%); and in 2017-18, MGL gave highest return on equity to its shareholders (21.32%).

On the other hand, least return on equity have been given by EOL in 2008-09; EOL in 2009-10; EOL in 2010-11; EOL in 2011-12; EOL in 2012-13; GGL in 2013-14; GGL in 2014-15; MRPL in 2015-16; CIL in 2016-17; and EOL in 2017-18.

### SUGGESTIONS

1. Corporate Governance Code need be more corporate representative rather than imposed from above.
2. Independent Directors need to be given periodic training for better working of Board.
3. Auditors need to be more careful while reporting the performance of the company.
4. Strict implementation of Accounting standards and Secretarial Standards need to be ensured.
5. A Corporate Governance Report need to be published every quarter and not just after close of financial/accounting year alone.
6. Gender and minority should be given proper representation in the Board of directors.

### CONCLUSIONS

Corporate Governance Practices are being followed in true letter and spirit in majority of these fourteen selected companies as is being clearly reflected by their financial ratio analysis. But, there is a scope of improvement in the functioning of these Corporate Governance Mechanisms of these companies. The Corporate Governance Norms need to be further strengthened and the same can be taken to new heights and can become benchmark for the entire industry and the economy. These companies are frequent recipients of Corporate excellence awards which is the testimony of the above derived conclusion, which is clearly reflected in their financial analysis as well.

### LIMITATIONS

The present study suffers from the inherent limitations of the secondary data which includes the representative nature of the data, authenticity in disclosing true and correct information and bias of the people working for the corporate sometimes tend to hide crucial piece of information.

### SCOPE FOR FURTHER RESEARCH

While going through the literature review, it has been observed that no specific study has been conducted so far as regards to specific sector from the perspective of Impact of Corporate Governance Practices which should be specific to the Oil and Gas sector.

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