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**FINANCIAL PERFORMANCE OF SELECTED CEMENT COMPANIES IN INDIA**

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**ABSTRACT**

*India is the second major manufacturer of cement in the world. No marvel, India's cement production is an essential part of its economy, given that employment to more than a million people, directly and indirectly. India has a lot of options for development in the transportation and infrastructure sector and the cement sector is expected to largely benefit from it. The objectives of the study are to find the short term financial performance of the sample cement companies and analyze the profitability condition of the chosen cement companies. It is based on the convenience sampling method. The information used in this study is secondary in nature. Profit earning is measured necessary for endurance of the industry. The Profitability ratios show the capability of the select companies. The financial positions of the selected cement companies are reasonable. But both the companies must improve their short term solvency position. The profitability ratio of two cement companies is satisfactory and the two selected companies short term liquidity position is not satisfactory because the selected company's current ratio and Quick ratio level is below one and two selected companies are quickly maintained their inventory, investment and Debtors. Ultra Tech Cement Limited correlation between the Investment Turnover Ratio and Inventory Turnover Ratio is 1 which is very strongest. The correlation between Debtor Turnover Ratio and the Net Profit Ratio is -0.912 which is very weak. Shree cement Limited correlation between the Investment Turnover Ratio and Debtor Turnover Ratio is 1 is very strong. The Investment Turnover Ratio and the Debt Equity Ratio is - 0.720 which is very weak. The competence of a compact depends ahead the functioning operations of the anxiety.*

**KEYWORDS**

cement industries, financial performance.

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**INTRODUCTION**

India is the second major manufacturer of cement in the world. India's cement production is an essential part of its economy, given that employment to more than a million people, directly and indirectly. India has a lot of possibilities for development in the transportation and infrastructure sector and the cement sector is expected to largely benefit from it. Indian cement Industry has played a predominant role in the growth of Indian Economy after the independence. The housing and real estate division is the largest claim driver of cement, bookkeeping for about 65 per cent of the total use in India. The other major consumers of cement include public connections at 20 per cent and industrial growth at 15 per cent. Cement production ability stood at 502 million tonnes per year (mtpy) in 2018. Cement utilization is estimated to grow by 4.5 per cent in FY19 supported by pick-up in the housing segment and higher carrying spending. The industry is now producing 280 MT for meetings its home demand and 5 MT for exports constraint. The Indian cement industry is conquered by a few companies. A whole of 210 bulky cement plants account for a collective installed ability of over 350 million tonnes, with 350 tiny plants accounting for the relax. Of these 210 large cement vegetation, 77 are situated in the states of Andhra Pradesh, Rajasthan and Tamil Nadu. There is no substitute for the cement has been discovered and industry is growing day to day. After from the construction of houses, dams, bridges the cement is widely used for the railway sleep bags, sanitary purposes, roof sheets in the form of asbetos. Enormous production of cement is the precondition for intensifying construction activity in major sectors of Economy.

**IMPORTANCE OF THE STUDY**

Finance is one of the important factors for manufacturing and trading of goods and service of any enterprise. Every investment of finance in the business is to earn an optimum return in the form of profit. The business to earn a profit is one of the important factors for measuring the efficiency of the enterprises. The business to earn the profit, how for fund should be used in the business efficiently and effectively.

**SCOPE OF THE STUDY**

This present study is concerned with the financial performance of selected cement companies in India. In order to examine the financial position of the individual cement manufacturing company the correlation is calculated and also to analyze the Company's financial position for the period of five years. The researcher has chosen this study to know- how the present study will examine the liquidity position of the selected companies. The present study will also examine the relationship between the ratios like Current Ratio, Quick Ratio, and the other selected Ratios.

**OBJECTIVES OF THE STUDY**

The following are the objectives of the study:

1. To find out the short-term financial performance of the sample cement companies.
2. To Examine the profitability condition of the chosen cement companies.

**METHODOLOGY OF THE STUDY**

Analysis for this research was completed using the correlation method. The analytical tools such as Mean, Standard Deviation and Co efficient of narration and Pearson's correlation to find out the Short Term Financial Performance and see the differences. The study is based on the convenience sampling method. The information used in this study is secondary in nature.

**PERIOD OF THE STUDY**

The present has been carried out for the period of five years from 2013-14 to 2017-18. The researcher has gathered the data from the annual reports.



**Interpretation**

The table no 2 shows the above data analysis it has been found that, Shree Cement from 2013-2014 to 2017-2018. The profitability ratio is satisfactory and short term liquidity position is not satisfactory because current ratio and Quick ratio level is below 1 in shree Cement Company. It shows the company are promptly maintained their inventory, investment and Debtors. The coefficient of variation evaluates how the mean variables of two variables move together. We may infer that the coefficient of variation of Debt Ratio stood at 54.61 this shows the company for positive level of Debt rate. coefficient of variation of from profit stood at 40.65 which also shows the positive growth of gross profit during the study period 2013-2018 the coefficient of variation of Net Profit stood at 32.16 which shows the positive impact during the study period. During the steady period the coefficient of variation of debtor turnover ratio of Ultra Tech cement stood at 27.86 which shows the positive trend during the given no of years. The coefficient of variation of the Operating profit stood at 23.74 which indicates the company has minimal no of debt at particular years. The coefficient of variation for the Inventory Turn Over Ratio and Investment Turn Over Ratio stood at 8.20 which is the optimal relationship between each other. The coefficient of variation for the Current Ratio and Quick Ratio stood at 15.55 and 11.19 which is the minimal relationship and optimal growth.

**PEARSON'S CORRELATION**

**TABLE 3: CORRELATIONS OF ULTRA TECH CEMENT LIMITED DURING THE YEAR FROM 2013-14 TO 2017 -18**

|       |                     | CR    | QR   | DR    | OP     | GP    | NP     | INVTR   | DTR   | INTR |
|-------|---------------------|-------|------|-------|--------|-------|--------|---------|-------|------|
| CR    | Pearson Correlation | 1     |      |       |        |       |        |         |       |      |
|       | Sig. (2-Tailed)     |       |      |       |        |       |        |         |       |      |
|       | N                   | 5     |      |       |        |       |        |         |       |      |
| QR    | Pearson Correlation | .791  | 1    |       |        |       |        |         |       |      |
|       | Sig. (2-Tailed)     | .111  |      |       |        |       |        |         |       |      |
|       | N                   | 5     | 5    |       |        |       |        |         |       |      |
| DR    | Pearson Correlation | .050  | .099 | 1     |        |       |        |         |       |      |
|       | Sig. (2-Tailed)     | .936  | .874 |       |        |       |        |         |       |      |
|       | N                   | 5     | 5    | 5     |        |       |        |         |       |      |
| OP    | Pearson Correlation | -.161 | .443 | -.109 | 1      |       |        |         |       |      |
|       | Sig. (2-Tailed)     | .796  | .455 | .862  |        |       |        |         |       |      |
|       | N                   | 5     | 5    | 5     | 5      |       |        |         |       |      |
| GP    | Pearson Correlation | -.206 | .391 | -.167 | .997** | 1     |        |         |       |      |
|       | Sig. (2-Tailed)     | .739  | .515 | .789  | .000   |       |        |         |       |      |
|       | N                   | 5     | 5    | 5     | 5      | 5     |        |         |       |      |
| NP    | Pearson Correlation | .465  | .154 | -.819 | -.249  | -.218 |        |         |       |      |
|       | Sig. (2-Tailed)     | .430  | .805 | .090  | .687   | .725  |        |         |       |      |
|       | N                   | 5     | 5    | 5     | 5      | 5     |        |         |       |      |
| INVTR | Pearson Correlation | .288  | .657 | -.481 | .631   | .626  | .358   | 1       |       |      |
|       | Sig. (2-Tailed)     | .638  | .229 | .412  | .254   | .259  | .554   |         |       |      |
|       | N                   | 5     | 5    | 5     | 5      | 5     | 5      | 5       | 5     |      |
| DTR   | Pearson Correlation | -.394 | .057 | .666  | .578   | .551  | -.912* | -.146   | 1     |      |
|       | Sig. (2-Tailed)     | .512  | .928 | .220  | .307   | .336  | .031   | .815    |       |      |
|       | N                   | 5     | 5    | 5     | 5      | 5     | 5      | 5       | 5     |      |
| INTR  | Pearson Correlation | .288  | .657 | -.481 | .631   | .626  | .358   | 1.000** | -.146 | 1    |
|       | Sig. (2-Tailed)     | .638  | .229 | .412  | .254   | .259  | .554   | 0.000   | .815  |      |
|       | N                   | 5     | 5    | 5     | 5      | 5     | 5      | 5       | 5     | 5    |

\*\* . Correlation Is Significant At The 0.01 Level (2-Tailed).

\* . Correlation Is Significant At The 0.05 Level (2-Tailed).

Source: Analysis Using SPSS.

**Interpretation**

The above table 3 shows the Pearson's correlation of Ultra Tech Cement. we may infer that Pearson's correlation of Current Ratio and Current Ratio stood at '1' which is considered to be the strongest and N is 5. The Pearson's correlation for Quick Ratio and Current Ratio is 0.791 which is strongest and correlation between the Quick Ratio and Quick Ratio is '1' which is also said to be strongest, and this shows the positive trend.

The Pearson's correlation between the Debt Equity Ratio and Current Ratio is 0.50, which is said to be the positive trend but not the strongest but the correlation of Debt Equity Ratio and the Quick Ratio is 0.99 which is strongest and even the correlation between the Debt Equity Ratio and Debt Equity Ratio is '1' which is strongest and its in positive trend.

The Pearson's correlation of Operating Profit Ratio and Current Ratio is -0.161 which is weak, the correlation between Operating Profit Ratio and Quick Ratio is 0.443 which is also quite strong but the correlation between the Operating Profit Ratio and Debt Equity Ratio is -0.109 which is weak and its in declining position. The correlation between the Operating Profit Ratio and Operating Profit Ratio is '1' which is strongest among the all.

The Pearson's correlation between the Gross Profit Ratio and the Current Ratio is -0.206 which is weak, the correlation between the Gross Profit Ratio and Quick Ratio is 0.391 which is moderate the correlation between the Gross Profit Ratio and Debt Equity Ratio is -0.167 which is also weaker and the difference between the Gross Profit Ratio is 0.997 which is strongest and it is in positive direction.

The Pearson's correlation between the Net Profit Ratio and the Current Ratio is 0.465 which is moderate, the correlation between the Net Profit Ratio and Quick Ratio is 0.154 which is weak the correlation between the Net Profit Ratio and the Debt Equity Ratio is -0.819 which is most weakest, the correlation between the Net Profit Ratio and the Operating Profit Ratio is -0.249 which is also the weakest the correlation between the Net Profit Ratio and Gross Profit Ratio is -0.218 which is also weaker. Hence the correlation between the Net Profit Ratio among the all other Ratio is declining.

The Pearson's correlation between the Inventory Turnover Ratio and Current Ratio is 0.288 which is weak, the correlation between the Inventory Turnover Ratio and Quick Ratio is 0.657 which is consistently strong. the Inventory Turnover Ratio and the Debt Equity Ratio is -0.481 which is very weak, the correlation between Inventory Turnover Ratio and the operating profit ratio is 0.631 is strong. the correlation between the Inventory Turnover Ratio and Gross Profit ratio is 0.626 consistently strong. Hence the correlation between the Inventory Turnover Ratio and the Gross Profit Ratio is 0.358 consistently strong which is strongest and correlation between the Inventory Turnover Ratio and Inventory Turnover Ratio is '1' which is said to be strongest, and this shows the positive trend.

The Pearson's correlation between Debtor Turnover Ratio and Current Ratio is -0.394 is very weak. The correlation between the Debtor Turnover Ratio and Quick Ratio is 0.057 which is consistently strong. The Debtor Turnover Ratio and the Debt Equity Ratio is 0.666 which is consistently strong, the correlation between Debtor Turnover Ratio and the Operating Profit Ratio is 0.578 which is consistently strong. The correlation between the Debtor Turnover Ratio and Gross Profit Ratio is 0.551 which is consistently strong. Hence the correlation between Debtor Turnover Ratio and the Net Profit Ratio is -0.912 which is very weak. And correlation between the Debtor Turnover Ratio and Inventory Turnover Ratio is -0.146 which is very weak, and correlation between the Debtor Turnover Ratio and Debtor Turnover Ratio is '1' which is said to be strongest, and this shows the positive trend.

The Pearson's correlation between Investment Turnover Ratio and Current Ratio is 0.288 which is consistently strong. The correlation between the Investment Turnover Ratio and Quick Ratio is 0.657 which is consistently strong. The Investment Turnover Ratio and the Debt Equity Ratio is 0.481 which is consistently strong, the correlation between Investment Turnover Ratio and the Operating Profit Ratio is 0.631 which is consistently strong. The correlation between the Investment Turnover Ratio and Gross Profit Ratio is 0.626 which is consistently strong. Hence the correlation between Investment Turnover Ratio and the Net Profit Ratio is 0.358 which is consistently strong. And correlation between the Investment Turnover Ratio and Inventory Turnover Ratio is 1 which is very strongest, correlation between the Investment Turnover Ratio and Debtor Turnover Ratio is -0.146 is very weak. Investment Turnover Ratio and Investment Turnover Ratio correlation between the '1' which is said to be strongest, and this shows the positive trend.

TABLE 4: CORRELATIONS OF ULTRA TECH CEMENT LIMITED DURING THE YEAR FROM 2013-14 TO 2017 -18

|       |                     | CR    | QR    | DR    | OP    | GP    | NP    | INVTR   | DTR   | INTR |
|-------|---------------------|-------|-------|-------|-------|-------|-------|---------|-------|------|
| CR    | Pearson Correlation | 1     |       |       |       |       |       |         |       |      |
|       | Sig. (2-Tailed)     |       |       |       |       |       |       |         |       |      |
|       | N                   | 5     |       |       |       |       |       |         |       |      |
| QR    | Pearson Correlation | .924* | 1     |       |       |       |       |         |       |      |
|       | Sig. (2-Tailed)     | .025  |       |       |       |       |       |         |       |      |
|       | N                   | 5     | 5     |       |       |       |       |         |       |      |
| DR    | Pearson Correlation | -.424 | -.100 | 1     |       |       |       |         |       |      |
|       | Sig. (2-Tailed)     | .477  | .873  |       |       |       |       |         |       |      |
|       | N                   | 5     | 5     | 5     |       |       |       |         |       |      |
| Op    | Pearson Correlation | .702  | .780  | -.142 | 1     |       |       |         |       |      |
|       | Sig. (2-Tailed)     | .186  | .119  | .820  |       |       |       |         |       |      |
|       | N                   | 5     | 5     | 5     | 5     |       |       |         |       |      |
| GP    | Pearson Correlation | .484  | .687  | .180  | .935* | 1     |       |         |       |      |
|       | Sig. (2-Tailed)     | .409  | .200  | .772  | .020  |       |       |         |       |      |
|       | N                   | 5     | 5     | 5     | 5     | 5     |       |         |       |      |
| NP    | Pearson Correlation | .501  | .726  | .062  | .715  | .790  | 1     |         |       |      |
|       | Sig. (2-Tailed)     | .390  | .165  | .921  | .175  | .112  |       |         |       |      |
|       | N                   | 5     | 5     | 5     | 5     | 5     | 5     |         |       |      |
| INVTR | Pearson Correlation | -.266 | -.486 | -.720 | -.306 | -.444 | -.193 | 1       |       |      |
|       | Sig. (2-Tailed)     | .666  | .406  | .171  | .617  | .454  | .755  |         |       |      |
|       | N                   | 5     | 5     | 5     | 5     | 5     | 5     | 5       |       |      |
| DTR   | Pearson Correlation | -.073 | .087  | .528  | .485  | .619  | .057  | -.602   | 1     |      |
|       | Sig. (2-Tailed)     | .907  | .889  | .360  | .408  | .266  | .927  | .283    |       |      |
|       | N                   | 5     | 5     | 5     | 5     | 5     | 5     | 5       | 5     |      |
| INTR  | Pearson Correlation | -.266 | -.486 | -.720 | -.306 | -.444 | -.193 | 1.000** | -.602 | 1    |
|       | Sig. (2-Tailed)     | .666  | .406  | .171  | .617  | .454  | .755  | 0.000   | .283  |      |
|       | N                   | 5     | 5     | 5     | 5     | 5     | 5     | 5       | 5     | 5    |

\*. Correlation Is Significant At The 0.05 Level (2-Tailed).

\*\*. Correlation Is Significant At The 0.01 Level (2-Tailed).

Source: Analysis Using SPSS.

**Interpretation**

The above table 4 shows the Pearson's correlation of Shree Cement. From the above table: we may infer that Pearson's correlation of Current Ratio and Current Ratio stood at '1' which is considered to be the strongest and N is 5. The Pearson's correlation for Quick Ratio and Current Ratio is 0.924 which is strongest and correlation between the Quick Ratio and Quick Ratio is '1' which is also said to be strongest, and this shows the positive trend.

The Pearson's correlation between the Debt Equity Ratio and Current Ratio is -0.424, which is weak. but the correlation of Debt Equity Ratio and the Quick Ratio is -0.100 which is weak and even the correlation between the Debt Equity Ratio and Debt Equity Ratio is '1' which is strongest and its in positive trend.

The Pearson's correlation of Operating Profit Ratio and Current Ratio is -0.102 which is weak, the correlation between Operating Profit Ratio and Quick Ratio is 0.180 which is also strong but the correlation between the Operating Profit Ratio and Debt Equity Ratio is -0.142 which is weak and its in declining position. The correlation between the Operating Profit Ratio and Operating Profit Ratio is '1' which is strongest among the all.

The Pearson's correlation between the Gross Profit Ratio and the Current Ratio is 0.484 which is strong, the correlation between the Gross Profit Ratio and Quick Ratio is 0.687 which is strong the correlation between the Gross Profit Ratio and Debt Equity Ratio is 0.180 which is also strong and the difference between the Gross Profit Ratio is 0.935 which is strongest and it is in positive direction.

The Pearson's correlation between the Net Profit Ratio and the Current Ratio is 0.501 which is moderate, the correlation between the Net Profit Ratio and Quick Ratio is 0.726 which is strong the correlation between the Net Profit Ratio and the Debt Equity Ratio is 0.062 which is most strong, the correlation between the Net Profit Ratio and the Operating Profit Ratio is 0.715 which is also the strong the correlation between the Net Profit Ratio and Gross Profit Ratio is 0.790 which is also strong. Hence the correlation between the Net Profit Ratio among the all other Ratio is declining.

The Pearson's correlation between the Inventory Turnover Ratio and Current Ratio is -0.266 which is weak, the correlation between the Inventory Turnover Ratio and Quick Ratio is -0.486 which is weak. The Inventory Turnover Ratio and the Debt Equity Ratio is -0.720 which is very weak, the correlation between Inventory Turnover Ratio and the operating profit ratio is -0.306 which is weak. The correlation between the Inventory Turnover Ratio and Gross Profit ratio is 0.444 consistently weak. Hence the correlation between the Inventory Turnover Ratio and the Gross Profit Ratio is -0.193 consistently strong which is weak and correlation between the Inventory Turnover Ratio and Inventory Turnover Ratio is '1' which is said to be strongest, and this shows the positive trend.

The Pearson's correlation between Debtor Turnover Ratio and Current Ratio is -0.073 is very weak. The correlation between the Debtor Turnover Ratio and Quick Ratio is 0.087 which is consistently strong. The Debtor Turnover Ratio and the Debt Equity Ratio is 0.528 which is consistently strong, the correlation between Debtor Turnover Ratio and the Operating Profit Ratio is 0.485 which is consistently strong. The correlation between the Debtor Turnover Ratio and Gross Profit Ratio is 0.619 which is consistently strong. Hence the correlation between Debtor Turnover Ratio and the Net Profit Ratio is 0.057 which is very weak. And correlation between the Debtor Turnover Ratio and Inventory Turnover Ratio is -0.602 which is very weak, and correlation between the Debtor Turnover Ratio and Debtor Turnover Ratio is '1' which is said to be strongest, and this shows the positive trend.

The Pearson's correlation between Investment Turnover Ratio and Current Ratio is -0.266 which is consistently weak. The correlation between the Investment Turnover Ratio and Quick Ratio is -0.486 which is weak. The Investment Turnover Ratio and the Debt Equity Ratio is -0.720 which is weak, the correlation between Investment Turnover Ratio and the Operating Profit Ratio is -0.306 which is weak. The correlation between the Investment Turnover Ratio and Gross Profit Ratio is -0.444 which is weak. Hence the correlation between Investment Turnover Ratio and the Net Profit Ratio is -0.193 which is weak. And correlation between the Investment Turnover Ratio and Inventory Turnover Ratio is 1 which is very strongest, correlation between the Investment Turnover Ratio and Debtor Turnover Ratio is 1 is very strong. Investment Turnover Ratio and Investment Turnover Ratio correlation between the '1' which is said to be strongest, and this shows the positive trend.

**CONCLUSION**

Since the Real Estate Companies, housing and Building agencies wholly depend on the Cement Industry there is a vital contribution by the Cement Industry to the Indian Economy. The Current paper analyses the financial performance of two major Cement companies via., UltraTech Cement Limited and Shree Cement Limited. From the above analysis we may come to the conclusion that, it has been establish that, the profitability ratio of two selected companies are satisfactory and the liquidity position of two selected companies viz., UltraTech Cement Limited and Shree Cement Limited not satisfactory because the selected companies current ratio and Quick ratio level are less than 1 and two selected companies are effectively maintained their inventory, investment and Debtors. The competence of a compact depends ahead the functioning operations of the anxiety. Profit earning is measured necessary for endurance of the industry. The Profitability ratios show the capability of the select companies. The financial positions of the selected cement companies are reasonable. But both the companies must improve their short term solvency position.

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## AN EMPIRICAL ANALYSIS OF IMPLEMENTATION OF NORMS OF CORPORATE GOVERNANCE IN SELECTED COMPANIES

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### ABSTRACT

*Corporate governance is the system by which companies are directed and controlled. Boards of directors are responsible for the governance of their companies. The shareholders' role in governance is to appoint the directors and the auditors and to satisfy themselves that an appropriate governance structure is in place. The norms of corporate governance include strict adherence to efficiency and effectiveness, separating governance from management, fixing accountability and ensuring disclosure and transparency, among other norms. For a company it is essential to follow the norms of corporate governance failing which it can lead to disaster for the corporate and the same is true for any corporate which have been badly hit due to its non-compliance in the past. The aim of this paper is to reflect on the implementation of norms of corporate governance by selected companies.*

### KEYWORDS

accountability, corporate governance, efficiency, effectiveness, transparency.

### JEL CODE

G34

### INTRODUCTION

The norms of corporate governance are critical for the success of any corporate. In India norms of corporate governance are generally regulated by Securities and Exchange Board of India (SEBI), the capital market regulator. The Uday Kotak Committee formed recently gave certain recommendations to improve the corporate governance scenario. And, the SEBI has implemented its recommendations both with and without modifications on the prescribed companies in India. Corporate governance norms include the fundamental guiding principles which need to be followed by every corporate to ensure their existence and dominance. The purpose of corporate governance norms is to facilitate effective, entrepreneurial and prudent management that can deliver the long-term success of the company.

### MEANING OF CORPORATE GOVERNANCE

Corporate governance refers to the way in which a corporation is directed, administered, and controlled. Corporate governance also concerns the relationships among the various internal and external stakeholders involved as well as the governance processes designed to help a corporation achieve its goals. Of prime importance are those mechanisms and controls that are designed to reduce or eliminate the principal-agent problem. Corporate governance is concerned with the responsibilities of the board which include setting the company's strategic aims, providing the leadership to put them into effect, supervising the management of the business and reporting to shareholders on their stewardship. Corporate governance is therefore about what the board of a company does and how it sets the values of the company, and it is to be distinguished from the day to day operational management of the company by full-time executives.

### OBJECTIVES OF CORPORATE GOVERNANCE

The objectives of corporate governance include: creating social responsibility, creating a transparent working system, creating a management which is accountable for corporate functioning, protecting and promoting the interest of the shareholders, developing an efficient organization culture, aiding the management in achieving social and economic goals, improving social cohesion and minimizing wastages, corruption and red-tapism in the functioning of the corporate (specifically PSUs).

### PILLARS OF GOOD CORPORATE GOVERNANCE

Good Corporate Governance leads to several benefits to the Corporate in the form of higher shareholder satisfaction, increased transparency, accountability and responsibility among management. Following are the pillars of good corporate governance:

1. Transparency in operations.
2. Accountability towards stakeholders.
3. Fairness in its dealings.
4. Integrity of the employees.
5. Keeping the personnel away from insider trading and like illegal activities.
6. Not holding material information away from stakeholders.

### 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:

**Chi-Keung, Man. (2012)**<sup>1</sup> opined in his research paper titled "Corporate Governance and Earnings Management: A Survey of Literature", that, corporate governance can reduce or even migrate the extent of earnings management. Institutional environment and better legal protection can control certain extent of managers' self-interest. Female directors can develop trust leadership which requires managers to share information and they are risk averse for opportunistic earnings

management and frauds. Directors with financial expertise should provide incremental control effect on earnings management, especially firms with weak at corporate governance.

**Estrin, Saul. and Prevezer, Martha. (2010)<sup>2</sup>** found in their study on "The Role of Informal Institutions in Corporate Governance: Brazil, Russia, India and China Compared", that in BRIC countries relatively concentrated ownership structures exist and not much protection exist for minority shareholders. In practice, ownership structures function fairly well in China due to the compensating ways. In India, control by business groups replaces to some extent for the weak formal arrangements. In contrast, in Russia, in spite of formal legal protection for all shareholders, including minority ones, in practice there is poor law compliance, arbitrary corruption and eroding minority rights in particular by leading shareholders and managers and an unclear relationship between large corporate owners and the government. Brazil, with largely effective formal institutions have an accommodating informal framework that works in parallel, but with incompatible goals, to the formal institutions and acts to destabilize the nature of regulation as upheld by the formal rules.

**Dr. Hothi, B. S., Gupta, Dr. S. L., Gupta, Abhishek. (2011)<sup>3</sup>** opined that there should be a clear Charter of the role of the Government Director, the Government director should be allowed to function freely and use his own judgment on matters coming up before the Board, without any formal system of briefing by the Ministry, before the meeting or of reporting to the Ministry after the meeting in their research on "Corporate Governance in India". The Board holding comprehensive power, should perform the following functions of decision making and management supervision; Supervising management and supervising management performance; Mediating the conflicting interests among directors, management and shareholders; Ensuring integrity of the accounting and financial reporting systems; Replacing the management and also reviewing remuneration Monitoring major capital expenditures and corporate take avers; Supervision risk management and financial control; Setting business goals and strategies, Approving business plans and budgets; Supervising the compliance of statutes and ethics related regulations; Monitoring effectiveness of governance practices.

**Morck, Randall., Wolfenzon, Daniel. & Yeung, Bernard. (2005)<sup>4</sup>** during their research on "Corporate Governance, Economic Entrenchment and Growth", made the following conclusions *first*, the archetypal corporate governance problem in the modern United States economy, a conflict between atomistic shareholders and professional managers does not generalize to most other countries of the world. Further, large firms in most countries are typically organized into pyramidal groups controlled by a few wealthy families. *Second*, the distribution of control over the corporate sector affects economic development of the country. Such highly concentrated control over corporate assets reasonably leads to a range of market power distortions, especially in capital markets. It may reduce investment in innovation and augment rent-seeking. *Third*, public policy regarding key issues like property rights, the development of financial markets and institutions, and economic openness, is usefully thought of as a political economy outcome. Thus, empirical and theoretical evidence that clarifies such issues are likely to be of first order importance.

**Vijay, Geetika. (2014)<sup>5</sup>** suggested that Corporate Governance is composed of three core ingredient i.e. accountability, transparency and responsibility which are essential for every company in her work on "Corporate Governance under the Companies Act 2013: A More Responsive System of Governance". The term Independent Directors was first introduced and has been incorporated in the Companies Act, 2013. The concept of Corporate Social Responsibility holds an important position in the Act. Thus, with the incorporation of new provisions in the Act with respect to corporate governance the stakeholders can expect better accountability, transparency and responsibility from the Board and the company.

## NEED/IMPORTANCE OF THE STUDY

It has been considered essential to take up the study of empirical analysis of implementation of norms of corporate governance in selected companies, as it plays an important role in knowing the level of compliance with applicable regulations and norms relating to corporate entities.

## OBJECTIVE OF THE STUDY

To analyze the implementation of norms of corporate governance in selected companies.

## RESEARCH METHODOLOGY

The study is based on the Primary data; Published and unpublished articles, ongoing academic working papers and internet are used extensively as a source of information.

## EMPIRICAL ANALYSIS OF IMPLEMENTATION OF NORMS OF CORPORATE GOVERNANCE IN SELECTED COMPANIES

While considering the extent of implementation of the norms of Corporate Governance following eleven core points have been considered – (i) It is about companies being run Efficiently and Effectively, (ii) it is about Separating Governance from Management, (iii) it is about fixing Accountability, (iv) it is about ensuring Disclosure and Transparency. Further, the analysis has been done on the responses received from 280 respondents of 14 companies viz. Bharat Petroleum Corporation Limited (BPCL), Gas Authority of India Limited (GAIL), Gujarat Gas Limited (GGL), Hindustan Petroleum Corporation Limited (HPCL), Indian Oil Corporation Limited (IOCL), Mangalore Refinery and Petrochemicals Limited (MRPL), Oil and Natural Gas Corporation Limited (ONGC), Oil India Limited (OIL), Cairn India Limited (CIL), Essar Oil Limited (EOL), Indraprastha Gas Limited (IGL), Mahanagar Gas Limited (MGL), Petronet LNG Limited (PLNGL) and Reliance Industries Limited (RIL) on the basis of demographic profile viz. Company wise distribution, Age wise distribution, Educational Qualification wise distribution, Designation wise distribution and Experience wise distribution.

**1.1. Analysis of Efficiency and Effectiveness with which companies are governed:** Efficiency is concerned with the speed with which the issues are taken up and resolved in qualitative manner; on the other hand, effectiveness is associated with the degree of satisfaction being achieved by the personnel due to the solution provided by the management. Under this variable, analysis has been done on the basis of five demographic units' viz. Company, Age, Educational Qualification, Designation and Experience.

**1.1.1 Company-Wise analysis of responses with respect to Efficiency and Effectiveness with which companies are governed:** The company wise analysis is based on the fourteen selected companies taken in this present study. The Table 1.1 shows company wise responses of 280 respondents on the core point of efficiency and effectiveness with which companies are governed.

TABLE 1.1: RESPONSES OF RESPONDENTS WITH RESPECT TO EFFICIENCY AND EFFECTIVENESS WITH WHICH COMPANIES ARE GOVERNED: COMPANY-WISE DISTRIBUTION

| NAME OF COMPANY | Not at all | To some extent | To moderate extent | To high extent | To very high extent | Total      |
|-----------------|------------|----------------|--------------------|----------------|---------------------|------------|
| BPCL            | 0 (0%)     | 0 (0%)         | 9 (45.00%)         | 8 (40.00%)     | 3 (15.00%)          | 20 (100%)  |
| GAIL            | 0 (0%)     | 0 (0%)         | 2 (10.00%)         | 15 (75.00%)    | 3 (15.00%)          | 20 (100%)  |
| GGL             | 0 (0%)     | 0 (0%)         | 12 (60.00%)        | 5 (25.00%)     | 3 (15.00%)          | 20 (100%)  |
| HPCL            | 0 (0%)     | 0 (0%)         | 2 (10.00%)         | 8 (40.00%)     | 10 (50.00%)         | 20 (100%)  |
| IOCL            | 0 (0%)     | 0 (0%)         | 2 (10.00%)         | 8 (40.00%)     | 10 (50.00%)         | 20 (100%)  |
| MRPL            | 0 (0%)     | 0 (0%)         | 9 (45.00%)         | 8 (40.00%)     | 3 (15.00%)          | 20 (100%)  |
| ONGC            | 0 (0%)     | 0 (0%)         | 4 (20.00%)         | 13 (65.00%)    | 3 (15.00%)          | 20 (100%)  |
| OIL             | 0 (0%)     | 0 (0%)         | 0 (0%)             | 18 (90.00%)    | 2 (10.00%)          | 20 (100%)  |
| CIL             | 0 (0%)     | 0 (0%)         | 11 (55.00%)        | 7 (35.00%)     | 2 (10.00%)          | 20 (100%)  |
| EOL             | 0 (0%)     | 0 (0%)         | 0 (0%)             | 13 (65.00%)    | 7 (35.00%)          | 20 (100%)  |
| IGL             | 0 (0%)     | 0 (0%)         | 0 (0%)             | 11 (55.00%)    | 9 (45.00%)          | 20 (100%)  |
| MGL             | 0 (0%)     | 0 (0%)         | 11 (55.00%)        | 9 (45.00%)     | 0 (0%)              | 20 (100%)  |
| PLNGL           | 0 (0%)     | 0 (0%)         | 1 (5.00%)          | 14 (70.00%)    | 5 (25.00%)          | 20 (100%)  |
| RIL             | 0 (0%)     | 0 (0%)         | 0 (0%)             | 12 (60.00%)    | 8 (40.00%)          | 20 (100%)  |
| TOTAL           | 0 (0%)     | 0 (0%)         | 63 (22.50%)        | 149 (53.20%)   | 68 (24.30%)         | 280 (100%) |

Source: Data collected through questionnaire

$$\chi^2 = 110.674 \text{ p}=0.000$$

Note: Figures in parentheses depict percentages

$\chi^2$  test has been employed and the table 1.1 shows that the calculated value of  $\chi^2$  (110.674), which is significant at 1 percent level of significance and hence it has been concluded that there is significant difference in opinion of respondents of the companies with respect to Efficiency and Effectiveness with which companies are governed.

After having discussed the Company wise responses of the respondents, now it is proposed to highlight the views of respondents on the basis of their Age wise distribution.

**1.1.2. Age-Wise analysis of responses with respect to Efficiency and Effectiveness with which companies are governed:** The Age wise analysis is based on the four age groups taken in the present study. The respondents Age groups (in years) have been classified into 21-30, 31-40, 41-50 and 51-60 years and above. The Table1.2 shows age-wise responses of 280 respondents on the core point of efficiency and effectiveness with which companies are governed.

TABLE 1.2: RESPONSES OF RESPONDENTS WITH RESPECT TO EFFICIENCY AND EFFECTIVENESS WITH WHICH COMPANIES ARE GOVERNED: AGE-WISE DISTRIBUTION

| Age of Respondents (in Years) | Not at all | To some extent | To moderate extent | To high extent | To very high extent | Total      |
|-------------------------------|------------|----------------|--------------------|----------------|---------------------|------------|
| 21-30                         | 0 (0%)     | 0 (0%)         | 8 (21.60%)         | 22 (59.50%)    | 7 (18.90%)          | 37 (100%)  |
| 31-40                         | 0 (0%)     | 0 (0%)         | 27 (26.50%)        | 55 (53.90%)    | 20 (19.60%)         | 102 (100%) |
| 41-50                         | 0 (0%)     | 0 (0%)         | 16 (21.30%)        | 39 (52.00%)    | 20 (26.70%)         | 75 (100%)  |
| 51-60 And Above               | 0 (0%)     | 0 (0%)         | 12 (18.20%)        | 33 (50.00%)    | 21 (31.80%)         | 66 (100%)  |
| Total                         | 0 (0%)     | 0 (0%)         | 63 (22.50%)        | 149 (53.20%)   | 68 (24.30%)         | 280 (100%) |

Source: Data collected through questionnaire

$$\chi^2 = 4.824 \text{ p}=0.567$$

Note: Figures in parentheses depict percentages

$\chi^2$  test has been employed and the table 1.2 shows that the calculated value of  $\chi^2$  (4.824), which is not significant and hence it has been concluded that there is no significant difference in opinion of respondents (Age wise) of the companies regarding Efficiency and Effectiveness with which companies are governed. After having discussed the Age wise responses of the respondents, now it is proposed to highlight the views of respondents on the basis of their Educational Qualification wise distribution.

**1.1.3. Educational Qualification-Wise analysis of responses with respect to Efficiency and Effectiveness with which companies are governed:** The Educational Qualification wise analysis is based on the four groups taken in the present study. The respondents Educational Qualification have been classified into Professional Degree, Masters' Degree, Bachelors' Degree and Other Degree and Diploma holders. The Table 1.3 shows Educational Qualification-wise responses of 280 respondents on the core point of efficiency and effectiveness with which companies are governed.

TABLE-1.3: RESPONSES OF RESPONDENTS WITH RESPECT TO EFFICIENCY AND EFFECTIVENESS WITH WHICH COMPANIES ARE GOVERNED: EDUCATIONAL QUALIFICATION-WISE DISTRIBUTION

| Educational Qualification | Not at all | To some extent | To moderate extent | To high extent | To very high extent | Total      |
|---------------------------|------------|----------------|--------------------|----------------|---------------------|------------|
| Professional Degree       | 0 (0%)     | 0 (0%)         | 22 (22.0%)         | 53 (53.00%)    | 25 (25.00%)         | 100 (100%) |
| Masters' Degree           | 0 (0%)     | 0 (0%)         | 10 (23.80%)        | 25 (59.50%)    | 7 (16.70%)          | 42 (100%)  |
| Bachelors' Degree         | 0 (0%)     | 0 (0%)         | 16 (25.80%)        | 29 (46.80%)    | 17 (27.40%)         | 62 (100%)  |
| Others                    | 0 (0%)     | 0 (0%)         | 15 (19.70%)        | 42 (55.30%)    | 19 (25.00%)         | 76 (100%)  |
| Total                     | 0 (0%)     | 0 (0%)         | 63 (22.50%)        | 149 (53.20%)   | 68 (24.30%)         | 280 (100%) |

Source: Data collected through questionnaire

$$\chi^2 = 2.752 \text{ p}=0.839$$

Note: Figures in parentheses depict percentages

$\chi^2$  test has been used and the table 1.3 shows that the calculated value of  $\chi^2$  (2.752), which is not significant and hence it has been concluded that there is no significant difference in opinion of respondents (Educational Qualification wise) of the companies with respect to Efficiency and Effectiveness with which companies are governed under study.



After having discussed the Educational Qualification wise responses of the respondents, now it is proposed to highlight the views of respondents on the basis of their Designation wise distribution.

**1.1.4. Designation-Wise analysis of responses with respect to Efficiency and Effectiveness with which companies are governed:** The Designation wise analysis is based on the five groups taken in the present study. The respondents Designation have been classified into Company Secretary, Executive Director, Non-Executive Director, Independent Director and Management Staff. The Table 1.4 shows Designation-wise responses of 280 respondents on the core point of efficiency and effectiveness with which companies are governed.

**TABLE 1.4: RESPONSES OF RESPONDENTS WITH RESPECT TO EFFICIENCY AND EFFECTIVENESS WITH WHICH COMPANIES ARE GOVERNED: DESIGNATION-WISE DISTRIBUTION**

| Designation            | Not at all | To some extent | To moderate extent | To high extent | To very high extent | Total      |
|------------------------|------------|----------------|--------------------|----------------|---------------------|------------|
| Company Secretary      | 0 (0%)     | 0 (0%)         | 0 (0%)             | 5 (35.70%)     | 9 (64.30%)          | 14 (100%)  |
| Executive Director     | 0 (0%)     | 0 (0%)         | 0 (0%)             | 7 (50.00%)     | 7 (50.00%)          | 14 (100%)  |
| Non-Executive Director | 0 (0%)     | 0 (0%)         | 8 (28.60%)         | 20 (71.40%)    | 0 (0%)              | 28 (100%)  |
| Independent Director   | 0 (0%)     | 0 (0%)         | 0 (0%)             | 3 (21.40%)     | 11 (78.60%)         | 14 (100%)  |
| Management Staff       | 0 (0%)     | 0 (0%)         | 55 (26.20%)        | 114 (54.30%)   | 41 (19.50%)         | 210 (100%) |
| Total                  | 0 (0%)     | 0 (0%)         | 63 (22.50%)        | 149 (53.20%)   | 68 (24.30%)         | 280 (100%) |

Source: Data collected through questionnaire

$$\chi^2 = 55.246 \text{ p}=0.000$$

Note: Figures in parentheses depict percentages

$\chi^2$  test has been employed and the table 1.4 shows that the calculated value of  $\chi^2$  (55.246), which is significant at 1 percent level of significance and hence it has been concluded that there is significant difference in opinion of respondents (Designation wise) of the companies with respect to Efficiency and Effectiveness with which companies are governed.

After having discussed the Designation wise responses of the respondents, now it is proposed to highlight the views of respondents on the basis of their Experience wise distribution.

**1.1.5. Experience-Wise analysis of responses with respect to Efficiency and Effectiveness with which companies are governed:** The Experience wise analysis is based on the four way classification in the present study. The respondents Experience (in years) have been classified into 0-5, 6-10, 11-15 and 16 years & above. The Table 1.5 shows Experience-wise responses of 280 respondents on the core point of efficiency and effectiveness with which companies are governed.

**TABLE 1.5: RESPONSES OF RESPONDENTS WITH RESPECT TO EFFICIENCY AND EFFECTIVENESS WITH WHICH COMPANIES ARE GOVERNED: EXPERIENCE-WISE DISTRIBUTION**

| Experience (in Years) | Not at all | To some extent | To moderate extent | To high extent | To very high extent | Total     |
|-----------------------|------------|----------------|--------------------|----------------|---------------------|-----------|
| 0-5 Years             | 0 (0%)     | 0 (0%)         | 10(23.30%)         | 23(53.50%)     | 10(23.30%)          | 43(100%)  |
| 6-10 Years            | 0 (0%)     | 0 (0%)         | 29(26.90%)         | 63(58.30%)     | 16(14.80%)          | 108(100%) |
| 11-15 Years           | 0 (0%)     | 0 (0%)         | 20(20.00%)         | 49(49.00%)     | 31(31.00%)          | 100(100%) |
| 16 And Above          | 0 (0%)     | 0 (0%)         | 4(13.80%)          | 14(48.30%)     | 11(37.90%)          | 29(100%)  |
| Total                 | 0 (0%)     | 0 (0%)         | 63(22.50%)         | 149(53.20%)    | 68(24.30%)          | 280(100%) |

Source: Data collected through questionnaire

$$\chi^2 = 11.261 \text{ p}=0.081$$

Note: Figures in parentheses depict percentages

$\chi^2$  test has been employed and the table 1.5 shows that the calculated value of  $\chi^2$  (11.261), which is significant at ten percent level of significance and hence it has been concluded that there is significant difference in opinion of respondents (Experience wise) of the companies with respect to Efficiency and Effectiveness with which companies are governed, at ten percent level of significance.

**1.2. Analysis of Separating Governance from Management:** Governance ensures that stakeholder needs, conditions and options are evaluated to determine balanced, agreed-on enterprise objectives to be achieved; setting direction through prioritization and decision making; monitoring performance and compliance against agreed-on direction and objectives. In most enterprises, governance is the responsibility of the Board of Directors under the leadership of the chairperson. Whereas, management plans, builds, runs, and monitors activities in alignment with the direction set by the governance body to achieve the enterprise objectives. In most enterprises, management is the responsibility of the executive management under the leadership of the CEO. Under this variable, analysis has been done on the basis of five demographic units' viz. Company, Age, Educational Qualification, Designation and Experience.

**1.2.1. Company-Wise analysis of responses with respect to Separating Governance from Management:** The company wise analysis is based on the fourteen selected companies taken in this present study. The Table 1.6 shows company wise responses of 280 respondents on the core point of Separating Governance from Management.

TABLE 1.6: RESPONSES OF RESPONDENTS WITH RESPECT TO SEPARATING GOVERNANCE FROM MANAGEMENT: COMPANY-WISE DISTRIBUTION

| NAME OF COMPANY | Not at all | To some extent | To moderate extent | To high extent | To very high extent | Total      |
|-----------------|------------|----------------|--------------------|----------------|---------------------|------------|
| BPCL            | 0 (0%)     | 0 (0%)         | 7 (35.00%)         | 12 (60.00%)    | 1 (5.00%)           | 20 (100%)  |
| GAIL            | 0 (0%)     | 0 (0%)         | 5 (25.00%)         | 14 (70.00%)    | 1 (5.00%)           | 20 (100%)  |
| GGL             | 0 (0%)     | 0 (0%)         | 1 (5.00%)          | 12 (60.00%)    | 7 (35.00%)          | 20 (100%)  |
| HPCL            | 0 (0%)     | 0 (0%)         | 0 (0%)             | 11 (55.00%)    | 9 (45.00%)          | 20 (100%)  |
| IOCL            | 0 (0%)     | 0 (0%)         | 2 (10.00%)         | 17 (85.00%)    | 1 (5.00%)           | 20 (100%)  |
| MRPL            | 0 (0%)     | 7 (35.00%)     | 8 (40.00%)         | 3 (15.00%)     | 2 (10.00%)          | 20 (100%)  |
| ONGC            | 0 (0%)     | 2 (10.00%)     | 13 (65.00%)        | 2 (10.00%)     | 3 (15.00%)          | 20 (100%)  |
| OIL             | 0 (0%)     | 0 (0%)         | 6 (30.00%)         | 11 (55.00%)    | 3 (15.00%)          | 20 (100%)  |
| CIL             | 0 (0%)     | 0 (0%)         | 5 (25.00%)         | 12 (60.00%)    | 3 (15.0%)           | 20 (100%)  |
| EOL             | 0 (0%)     | 0 (0%)         | 0 (0%)             | 3 (15.00%)     | 17 (85.00%)         | 20 (100%)  |
| IGL             | 0 (0%)     | 0 (0%)         | 1 (5.00%)          | 3 (15.00%)     | 16 (80.00%)         | 20 (100%)  |
| MGL             | 0 (0%)     | 0 (0%)         | 2 (10.00%)         | 16 (80.00%)    | 2 (10.00%)          | 20 (100%)  |
| PLNGL           | 0 (0%)     | 0 (0%)         | 2 (10.00%)         | 15 (75.00%)    | 3 (15.00%)          | 20 (100%)  |
| RIL             | 0 (0%)     | 0 (0%)         | 2 (10.00%)         | 3 (1.00%)      | 15 (75.00%)         | 20 (100%)  |
| TOTAL           | 0 (0%)     | 9 (3.20%)      | 54 (19.30%)        | 134 (47.90%)   | 83 (29.60%)         | 280 (100%) |

Source: Data collected through questionnaire

$$\chi^2 = 237.776 \text{ p}=0.000$$

Note: Figures in parentheses depict percentages

To test the independence of attributes,  $\chi^2$  test has been used. The calculated value of  $\chi^2$  has been found to be 237.776 which is significant at 1 percent level of significance, which rejects the null hypothesis and leads to conclude that there exist significant difference in the opinion of respondents (Company-Wise) of different companies as far as Separating Governance from Management is concerned.

After having discussed the Company wise responses of the respondents, now it is proposed to highlight the views of respondents on the basis of their Age wise distribution.

**1.2.2 Age-Wise analysis of responses with respect to Separating Governance from Management:** The Age wise analysis is based on the four age groups taken in the present study. The respondents Age groups (in years) have been classified into 21-30, 31-40, 41-50 and 51-60 years and above. The Table 1.7 shows age-wise responses of 280 respondents on the core point of Separating Governance from Management.

TABLE 1.7: RESPONSES OF RESPONDENTS WITH RESPECT TO SEPARATING GOVERNANCE FROM MANAGEMENT: AGE-WISE DISTRIBUTION

| Age of Respondents (in Years) | Not at all | To some extent | To moderate extent | To high extent | To very high extent | Total      |
|-------------------------------|------------|----------------|--------------------|----------------|---------------------|------------|
| 20-30                         | 0 (0%)     | 3 (8.10%)      | 10 (27.00%)        | 13 (35.10%)    | 11 (29.70%)         | 37 (100%)  |
| 31-40                         | 0 (0%)     | 3 (2.90%)      | 20 (19.60%)        | 56 (54.90%)    | 23 (22.50%)         | 102 (100%) |
| 41-50                         | 0 (0%)     | 1 (1.30%)      | 12 (16.00%)        | 37 (49.30%)    | 25 (33.33%)         | 75 (100%)  |
| 51-60 And Above               | 0 (0%)     | 2 (3.00%)      | 12 (18.20%)        | 28 (42.40%)    | 24 (36.40%)         | 66 (100%)  |
| Total                         | 0 (0%)     | 9 (3.20%)      | 54 (19.30%)        | 134 (47.90%)   | 83 (29.60%)         | 280 (100%) |

Source: Data collected through questionnaire

$$\chi^2 = 11.062 \text{ p}=0.271$$

Note: Figures in parentheses depict percentages

$\chi^2$  -test has been used and its value has been worked out to be 11.062 as per Table-1.7, which is quite low and thus null hypothesis is accepted. Thus, it can be concluded that Separating Governance from Management has been considered similarly by the respondents (Age wise) to ensure better corporate governance. Hence, it also supports the above analysis.

After having discussed the Age wise responses of the respondents, now it is proposed to highlight the views of respondents on the basis of their Educational Qualification wise distribution.

**1.2.3 Educational Qualification-Wise analysis of responses with respect to Separating Governance from Management:** The Educational Qualification wise analysis is based on the four groups taken in the present study. The respondents Educational Qualification have been classified into Professional Degree, Masters' Degree, Bachelors' Degree and Other Degree and Diploma holders. The Table 1.8 shows Educational Qualification-wise responses of 280 respondents on the core point of Separating Governance from Management.

TABLE 1.8: RESPONSES OF RESPONDENTS WITH RESPECT TO SEPARATING GOVERNANCE FROM MANAGEMENT: EDUCATIONAL QUALIFICATION-WISE DISTRIBUTION

| Educational Qualification | Not at all | To some extent | To moderate extent | To high extent | To very high extent | Total      |
|---------------------------|------------|----------------|--------------------|----------------|---------------------|------------|
| Professional Degree       | 0 (0%)     | 5 (5.00%)      | 19 (19.00%)        | 45 (45.00%)    | 31 (31.00%)         | 100 (100%) |
| Masters' Degree           | 0 (0%)     | 1 (2.40%)      | 12 (28.60%)        | 17 (40.50%)    | 12 (28.60%)         | 42 (100%)  |
| Bachelors' Degree         | 0 (0%)     | 1 (1.60%)      | 8 (12.9%)          | 35 (55.0%)     | 18 (29.00%)         | 62 (100%)  |
| Others                    | 0 (0%)     | 2 (2.60%)      | 15 (19.70%)        | 37 (48.70%)    | 22 (28.90%)         | 76 (100%)  |
| Total                     | 0 (0%)     | 9 (3.20%)      | 54 (19.30%)        | 134 (47.90%)   | 83 (29.60%)         | 280 (100%) |

Source: Data collected through questionnaire

$$\chi^2 = 6.572 \text{ p}=0.682$$

Note: Figures in parentheses depict percentages

To test the independence of attributes,  $\chi^2$  test has been used. The calculated value of  $\chi^2$  has been found to be 6.572, as per Table-1.8, which is not significant, the null hypothesis is accepted which leads to conclude that there does not exist significant difference in the opinion of respondents (Educational Qualification wise) of different companies as far as Separating Governance from Management is concerned.

After having discussed the Educational Qualification wise responses of the respondents, now it is proposed to highlight the views of respondents on the basis of their Designation wise distribution.

**1.2.4 Designation-Wise analysis of responses with respect to Separating Governance from Management:** The Designation wise analysis is based on the five groups taken in the present study. The respondents Designation have been classified into Company Secretary, Executive Director, Non-Executive Director, Independent Director and Management Staff. The Table 1.9 shows Designation-wise responses of 280 respondents on the core point of Separating Governance from Management.

**TABLE 1.9: RESPONSES OF RESPONDENTS WITH RESPECT TO SEPARATING GOVERNANCE FROM MANAGEMENT: DESIGNATION-WISE DISTRIBUTION**

| Designation            | Not at all | To some extent | To moderate extent | To high extent | To very high extent | Total      |
|------------------------|------------|----------------|--------------------|----------------|---------------------|------------|
| Company Secretary      | 0 (0%)     | 0 (0%)         | 0 (0%)             | 4 (28.60%)     | 10 (71.40%)         | 14 (100%)  |
| Executive Director     | 0 (0%)     | 0 (0%)         | 4 (28.60%)         | 10 (71.40%)    | 0 (%)               | 14 (100%)  |
| Non-Executive Director | 0 (0%)     | 0 (0%)         | 5 (17.90%)         | 8 (28.60%)     | 15 (53.60%)         | 28 (100%)  |
| Independent Director   | 0 (0%)     | 0 (0%)         | 3 (21.40%)         | 11 (78.60%)    | 0 (0%)              | 14 (100%)  |
| Management Staff       | 0 (0%)     | 9 (4.30%)      | 42 (20.00%)        | 101 (48.10%)   | 58 (27.60%)         | 210 (100%) |
| Total                  | 0 (0%)     | 9 (3.20%)      | 54 (19.30%)        | 134 (47.90%)   | 83 (29.60%)         | 280 (100%) |

Source: Data collected through questionnaire

$$\chi^2 = 36.341 \text{ p}=0.000$$

Note: Figures in parentheses depict percentages

$\chi^2$ -test has been used and its value has been worked out to be 36.341, as per Table-1.9, which is high and rejects the null hypothesis at 1 percent level of significance. Thus, it can be concluded that Separating Governance from Management has been considered differently to ensure better corporate governance by the respondents (Designation wise) of different companies. Hence, it also supports the above analysis.

After having discussed the Designation wise responses of the respondents, now it is proposed to highlight the views of respondents on the basis of their Experience wise distribution.

**1.2.5 Experience-Wise analysis of responses with respect to Separating Governance from Management:** The Experience wise analysis is based on the four way classification in the present study. The respondents Experience (in years) have been classified into 0-5, 6-10, 11-15 and 16 years & above. The Table 1.10 shows Experience-wise responses of 280 respondents on the core point of Separating Governance from Management.

**TABLE 1.10: RESPONSES OF RESPONDENTS WITH RESPECT TO SEPARATING GOVERNANCE FROM MANAGEMENT: EXPERIENCE-WISE DISTRIBUTION**

| Experience (in Years) | Not at all | To some extent | To moderate extent | To high extent | To very high extent | Total      |
|-----------------------|------------|----------------|--------------------|----------------|---------------------|------------|
| 0-5                   | 0 (0%)     | 3 (7.00%)      | 10 (23.30%)        | 19 (44.20%)    | 11 (25.60%)         | 43 (100%)  |
| 6-10                  | 0 (0%)     | 3 (2.80%)      | 21 (19.40%)        | 57 (52.80%)    | 27 (25.00%)         | 108 (100%) |
| 11-15                 | 0 (0%)     | 3 (3.00%)      | 18 (18.00%)        | 45 (45.00%)    | 34 (34.00%)         | 100 (100%) |
| 16 And Above          | 0 (0%)     | 0 (0%)         | 5 (17.20%)         | 13 (44.80%)    | 11 (37.90%)         | 29 (100%)  |
| Total                 | 0 (0%)     | 9 (320%)       | 54 (19.30%)        | 134 (47.90%)   | 83 (29.60%)         | 280 (100%) |

Source: Data collected through questionnaire

$$\chi^2 = 6.636 \text{ p}=0.675$$

Note: Figures in parentheses depict percentages

To test the independence of attributes,  $\chi^2$  test has been used. The calculated value of  $\chi^2$  has been found to be 6.636 as per Table-1.10, which is not significant. Thus, it accepts the null hypothesis and leads to conclude that there is no significant difference in the opinion of respondents (Experience wise) of different companies as far as Separating Governance from Management is concerned.

**1.3. Analysis of Fixation of Accountability:** Board's accountability is about taking responsibility for all of company's activities and presenting a fair, balanced and understandable assessment of an organization's position and prospects to stakeholders. Under this variable, analysis has been done on the basis of five demographic units' viz. Company, Age, Educational Qualification, Designation and Experience.

**1.3.1. Company-Wise analysis of responses with respect to Fixation of Accountability:** The company wise analysis is based on the fourteen selected companies taken in this present study. The Table 1.11 shows company wise responses of 280 respondents on the core point of Fixation of Accountability.

**TABLE 1.11: RESPONSES OF RESPONDENTS WITH RESPECT TO FIXATION OF ACCOUNTABILITY: COMPANY-WISE DISTRIBUTION**

| Name of company | Not at all | To some extent | To moderate extent | To high extent | To very high extent | Total      |
|-----------------|------------|----------------|--------------------|----------------|---------------------|------------|
| BPCL            | 0 (0%)     | 0 (0%)         | 0 (0%)             | 4 (20.00%)     | 16 (80.00%)         | 20 (100%)  |
| GAIL            | 0 (0%)     | 0 (0%)         | 1 (5.00%)          | 17 (85.00%)    | 2 (10.00%)          | 20 (100%)  |
| GGL             | 0 (0%)     | 0 (0%)         | 15 (75.00%)        | 4 (20.00%)     | 1 (5.00%)           | 20 (100%)  |
| HPCL            | 0 (0%)     | 0 (0%)         | 8 (40.00%)         | 11 (55.00%)    | 1 (5.00%)           | 20 (100%)  |
| IOCL            | 0 (0%)     | 0 (0%)         | 12 (60.00%)        | 7 (35.00%)     | 1 (5.00%)           | 20 (100%)  |
| MRPL            | 0 (0%)     | 0 (0%)         | 7 (35.00%)         | 12 (60.00%)    | 1 (5.00%)           | 20 (100%)  |
| ONGC            | 0 (0%)     | 0 (0%)         | 3 (15.00%)         | 16 (80.00%)    | 1 (5.00%)           | 20 (100%)  |
| OIL             | 0 (0%)     | 8 (40.00%)     | 7 (35.00%)         | 3 (15.00%)     | 2 (10.00%)          | 20 (100%)  |
| CIL             | 0 (0%)     | 0 (0%)         | 7 (35.00%)         | 11 (55.00%)    | 2 (10.00%)          | 20 (100%)  |
| EOL             | 0 (0%)     | 0 (0%)         | 0 (0%)             | 8 (40.00%)     | 12 (60.0%)          | 20 (100%)  |
| IGL             | 0 (0%)     | 0 (0%)         | 0 (0%)             | 12 (60.00%)    | 8 (40.00%)          | 20 (100%)  |
| MGL             | 0 (0%)     | 0 (0%)         | 0 (0%)             | 6 (30.00%)     | 14 (70.00%)         | 20 (100%)  |
| PLNGL           | 0 (0%)     | 0 (0%)         | 6 (30.00%)         | 13 (65.00%)    | 1 (5.00%)           | 20 (100%)  |
| RIL             | 0 (0%)     | 0 (0%)         | 1 (5.00%)          | 9 (45.00%)     | 10 (50.00%)         | 20 (100%)  |
| TOTAL           | 0 (0%)     | 8 (2.90%)      | 67 (23.90%)        | 133 (47.50%)   | 72 (25.70%)         | 280 (100%) |

Source: Data collected through questionnaire

$$\chi^2 = 273.766 \text{ p}=0.000$$

Note: Figures in parentheses depict percentages

$\chi^2$  test has been employed and the table 1.11 shows that the calculated value of  $\chi^2$  (273.766), which is significant at 1 percent level of significance and hence it has been concluded that there is significant difference in opinion of respondents (Company wise) of the companies regarding Fixation of Accountability.

After having discussed the Company wise responses of the respondents, now it is proposed to highlight the views of respondents on the basis of their Age wise distribution.

**1.3.2 Age-Wise analysis of responses with respect to Fixation of Accountability:** The Age wise analysis is based on the four age groups taken in the present study. The respondents Age groups (in years) have been classified into 21-30, 31-40, 41-50 and 51-60 years and above. The Table 1.12 shows Age-wise responses of 280 respondents on the core point of Fixation of Accountability.

**TABLE 1.12: RESPONSES OF RESPONDENTS WITH RESPECT TO FIXATION OF ACCOUNTABILITY: AGE-WISE DISTRIBUTION**

| Age of Respondents (in Years) | Not at all | To some extent | To moderate extent | To high extent | To very high extent | Total      |
|-------------------------------|------------|----------------|--------------------|----------------|---------------------|------------|
| 20-30                         | 0 (0%)     | 2 (5.40%)      | 10 (27.00%)        | 17 (45.90%)    | 8 (21.60%)          | 37 (100%)  |
| 31-40                         | 0 (0%)     | 5 (4.90%)      | 23 (22.50%)        | 48 (47.10%)    | 26 (25.50%)         | 102 (100%) |
| 41-50                         | 0 (0%)     | 0 (0%)         | 18 (24.00%)        | 36 (48.00%)    | 21 (28.00%)         | 75 (100%)  |
| 51-60 And Above               | 0 (0%)     | 1 (1.50%)      | 16 (24.20%)        | 32 (48.50%)    | 17 (25.80%)         | 66 (100%)  |
| Total                         | 0 (0%)     | 8 (2.90%)      | 67 (23.90%)        | 133 (47.50%)   | 72 (25.70%)         | 280 (100%) |

Source: Data collected through questionnaire

$$\chi^2 = 5.561 \text{ p}=0.783$$

Note: Figures in parentheses depict percentages

$\chi^2$  test has been employed and the table 1.12 shows that the calculated value of  $\chi^2$  (5.561), which is not significant and hence it has been concluded that there is no significant difference in opinion of respondents (Age wise) of the companies regarding Fixation of Accountability.

After having discussed the Age wise responses of the respondents, now it is proposed to highlight the views of respondents on the basis of their Educational Qualification wise distribution.

**1.3.3 Educational Qualification-Wise analysis of responses with respect to Fixation of Accountability:** The Educational Qualification wise analysis is based on the four groups taken in the present study. The respondents Educational Qualification have been classified into Professional Degree, Masters' Degree, Bachelors' Degree and Other Degree and Diploma holders. The Table 1.13 shows Educational Qualification-wise responses of 280 respondents on the core point of Fixation of Accountability.

**TABLE 1.13: RESPONSES OF RESPONDENTS WITH RESPECT TO FIXATION OF ACCOUNTABILITY: EDUCATIONAL QUALIFICATION-WISE DISTRIBUTION**

| Educational Qualification | Not at all | To some extent | To moderate extent | To high extent | To very high extent | Total      |
|---------------------------|------------|----------------|--------------------|----------------|---------------------|------------|
| Professional Degree       | 0 (0%)     | 4 (4.00%)      | 14 (14.00%)        | 51 (51.00%)    | 31 (31.00%)         | 100 (100%) |
| Masters' Degree           | 0 (0%)     | 0 (0%)         | 10 (23.80%)        | 24 (57.10%)    | 8 (19.00%)          | 42 (100%)  |
| Bachelors' Degree         | 0 (0%)     | 2 (3.20%)      | 22 (35.50%)        | 20 (32.30%)    | 18 (29.00%)         | 62 (100%)  |
| Others                    | 0 (0%)     | 2 (2.60%)      | 21 (27.60%)        | 38 (50.00%)    | 15 (19.70%)         | 76 (100%)  |
| Total                     | 0 (0%)     | 8 (2.90%)      | 67 (23.90%)        | 133 (47.50%)   | 72 (25.70%)         | 280 (100%) |

Source: Data collected through questionnaire

$$\chi^2 = 17.062 \text{ p}=0.048$$

Note: Figures in parentheses depict percentages

$\chi^2$  test has been employed and the table 1.13 shows that the calculated value of  $\chi^2$  (17.062), which is significant at five percent level of significance and hence it has been concluded that there is significant difference in opinion of respondents (Educational Qualification wise) of the companies regarding Fixation of Accountability, at five percent level of significance.

After having discussed the Educational Qualification wise responses of the respondents, now it is proposed to highlight the views of respondents on the basis of their Designation wise distribution.

**1.3.4 Designation-Wise analysis of responses with respect to Fixation of Accountability:** The Designation wise analysis is based on the five groups taken in the present study. The respondents Designation have been classified into Company Secretary, Executive Director, Non-Executive Director, Independent Director and Management Staff. The Table 1.14 shows Designation-wise responses of 280 respondents on the core point of Fixation of Accountability.

**TABLE 1.14: RESPONSES OF RESPONDENTS WITH RESPECT TO FIXATION OF ACCOUNTABILITY: DESIGNATION-WISE DISTRIBUTION**

| Designation            | Not at all | To some extent | To moderate extent | To high extent | To very high extent | Total      |
|------------------------|------------|----------------|--------------------|----------------|---------------------|------------|
| Company Secretary      | 0 (0%)     | 0 (0%)         | 0 (0%)             | 3 (21.40%)     | 11 (78.60%)         | 14 (100%)  |
| Executive Director     | 0 (0%)     | 0 (0%)         | 0 (0%)             | 14 (100.00%)   | 0 (0%)              | 14 (100%)  |
| Non-Executive Director | 0 (0%)     | 0 (0%)         | 10 (35.70%)        | 18 (64.30%)    | 0 (0%)              | 28 (100%)  |
| Independent Director   | 0 (0%)     | 0 (0%)         | 0 (0%)             | 7 (50.00%)     | 7 (50.00%)          | 14 (100%)  |
| Management Staff       | 0 (0%)     | 8 (3.80%)      | 57 (27.10%)        | 91 (43.30%)    | 54 (25.70%)         | 210 (100%) |
| Total                  | 0 (0%)     | 8 (2.90%)      | 67 (23.90%)        | 133 (47.50%)   | 72 (25.70%)         | 280 (100%) |

Source: Data collected through questionnaire

$$\chi^2 = 57.045 \text{ p}=0.000$$

Note: Figures in parentheses depict percentages

$\chi^2$  test has been employed and the table 1.14 shows that the calculated value of  $\chi^2$  (57.045), which is significant at 1 percent level of significance and hence it has been concluded that there is significant difference in opinion of respondents (Designation wise) of the companies regarding Fixation of Accountability. After having discussed the Designation wise responses of the respondents, now it is proposed to highlight the views of respondents on the basis of their Experience wise distribution.

**1.3.5 Experience-Wise analysis of responses with respect to Fixation of Accountability:** The Experience wise analysis is based on the four-way classification in the present study. The respondents Experience (in years) have been classified into 0-5, 6-10, 11-15 and 16 years & above. The Table 1.15 shows Experience-wise responses of 280 respondents on the core point of Fixation of Accountability.

TABLE-1.15: RESPONSES OF RESPONDENTS WITH RESPECT TO FIXATION OF ACCOUNTABILITY: EXPERIENCE-WISE DISTRIBUTION

| Experience   | Not at all | To some extent | To moderate extent | To high extent | To very high extent | Total      |
|--------------|------------|----------------|--------------------|----------------|---------------------|------------|
| 0-5 Years    | 0 (0%)     | 2 (4.70%)      | 12 (27.90%)        | 19 (44.20%)    | 10 (23.30%)         | 43 (100%)  |
| 6-10 Years   | 0 (0%)     | 5 (4.60%)      | 28 (25.90%)        | 50 (46.30%)    | 25 (23.10%)         | 108 (100%) |
| 11-15 Years  | 0 (0%)     | 1 (1.00%)      | 20 (20.00%)        | 48 (48.00%)    | 31 (31.00%)         | 100 (100%) |
| 16 And Above | 0 (0%)     | 0 (0%)         | 7 (24.1%)          | 16 (55.20%)    | 6 (20.70%)          | 29 (100%)  |
| Total        | 0 (0%)     | 8 (2.90%)      | 67 (23.90%)        | 133 (47.50%)   | 72 (25.70%)         | 280 (100%) |

Source: Data collected through questionnaire

$$\chi^2 = 7.064 \text{ p}=0.631$$

Note: Figures in parentheses depict percentages

$\chi^2$  test has been employed and the table 1.15 shows that the calculated value of  $\chi^2$  (7.064), which is not significant and hence it has been concluded that there is no significant difference in opinion of respondents (Experience wise) of the companies regarding Fixation of Accountability.

**1.4. Analysis of Ensuring Disclosure and Transparency:** The corporate governance framework should ensure that timely and accurate disclosure is made on all material matters regarding the corporation, including the financial situation, performance, ownership, and governance of the company. Under this variable, analysis has been done on the basis of five demographic units viz. Company, Age, Educational Qualification, Designation and Experience.

**1.4.1 Company-Wise analysis of responses with respect to Ensuring Disclosure and Transparency:** The company wise analysis is based on the fourteen selected companies taken in this present study. The Table 1.16 shows company wise responses of 280 respondents on the core point of Ensuring Disclosure and Transparency.

TABLE 1.16: RESPONSES OF RESPONDENTS WITH RESPECT TO ENSURING DISCLOSURE AND TRANSPARENCY: COMPANY-WISE DISTRIBUTION

| NAME OF COMPANY | Not at all | To some extent | To moderate extent | To high extent | To very high extent | Total      |
|-----------------|------------|----------------|--------------------|----------------|---------------------|------------|
| BPCL            | 0 (0%)     | 0 (0%)         | 2 (10.00%)         | 6 (30.00%)     | 12 (60.00%)         | 20 (100%)  |
| GAIL            | 0 (0%)     | 0 (0%)         | 7 (35.00%)         | 7 (35.00%)     | 6 (30.00%)          | 20 (100%)  |
| GGL             | 0 (0%)     | 0 (0%)         | 12 (60.00%)        | 3 (15.00%)     | 5 (25.00%)          | 20 (100%)  |
| HPCL            | 0 (0%)     | 0 (0%)         | 2 (10.00%)         | 15 (75.00%)    | 3 (15.00%)          | 20 (100%)  |
| IOCL            | 0 (0%)     | 0 (0%)         | 10 (50.00%)        | 10 (50.00%)    | 0 (0%)              | 20 (100%)  |
| MRPL            | 0 (0%)     | 0 (0%)         | 2 (10.00%)         | 12 (60.00%)    | 6 (30.00%)          | 20 (100%)  |
| ONGC            | 0 (0%)     | 0 (0%)         | 2 (10.00%)         | 18 (90.00%)    | 0 (0%)              | 20 (100%)  |
| OIL             | 0 (0%)     | 6 (30.00%)     | 9 (45.0%)          | 5 (25.00%)     | 0 (0%)              | 20 (100%)  |
| CIL             | 0 (0%)     | 2 (10.00%)     | 15 (75.00%)        | 3 (15.00%)     | 0 (0%)              | 20 (100%)  |
| EOL             | 0 (0%)     | 0 (0%)         | 3 (15.00%)         | 8 (40.00%)     | 9 (45.00%)          | 20 (100%)  |
| IGL             | 0 (0%)     | 0 (0%)         | 4 (20.00%)         | 16 (80.00%)    | 0 (0%)              | 20 (100%)  |
| MGL             | 0 (0%)     | 0 (0%)         | 9 (45.00%)         | 10 (50.00%)    | 1 (5.00%)           | 20 (100%)  |
| PLNGL           | 0 (0%)     | 0 (0%)         | 17 (85.00%)        | 2 (10.00%)     | 1 (5.00%)           | 20 (100%)  |
| RIL             | 0 (0%)     | 0 (0%)         | 6 (30.00%)         | 13 (65.00%)    | 1 (5.00%)           | 20 (100%)  |
| TOTAL           | 0 (0%)     | 8 (2.90%)      | 100 (35.70%)       | 128 (45.70%)   | 44 (15.70%)         | 280 (100%) |

Source: Data collected through questionnaire

$$\chi^2 = 208.306 \text{ p}=0.000$$

Note: Figures in parentheses depict percentages

To test the independence of attributes,  $\chi^2$  test has been used. The calculated value of  $\chi^2$  has been found to be 208.306, as per Table-1.16, which is significant at 1 percent level of significance, which rejects the null hypothesis and leads to conclude that there exist significant difference in the opinion of respondents (Company wise) of different companies as far as Ensuring Disclosure and Transparency is concerned.

After having discussed the Company wise responses of the respondents, now it is proposed to highlight the views of respondents on the basis of their Age wise distribution.

**1.4.2 Age-Wise analysis of responses with respect to Ensuring Disclosure and Transparency:** The Age wise analysis is based on the four age groups taken in the present study. The respondents Age groups (in years) have been classified into 21-30, 31-40, 41-50 and 51-60 years and above. The Table 1.17 shows Age-wise responses of 280 respondents on the core point of Ensuring Disclosure and Transparency.

TABLE 1.17: RESPONSES OF RESPONDENTS WITH RESPECT TO ENSURING DISCLOSURE AND TRANSPARENCY: AGE-WISE DISTRIBUTION

| Age of Respondents (in Years) | Not at all | To some extent | To moderate extent | To high extent | To very high extent | Total      |
|-------------------------------|------------|----------------|--------------------|----------------|---------------------|------------|
| 20-30                         | 0 (0%)     | 2 (5.40%)      | 11 (29.70%)        | 20 (54.10%)    | 4 (10.80%)          | 37 (100%)  |
| 31-40                         | 0 (0%)     | 3 (2.90%)      | 35 (34.30%)        | 44 (43.10%)    | 20 (19.60%)         | 102 (100%) |
| 41-50                         | 0 (0%)     | 1 (1.30%)      | 26 (34.70%)        | 40 (53.30%)    | 8 (10.70%)          | 75 (100%)  |
| 51-60 And Above               | 0 (0%)     | 2 (3.0%)       | 28 (42.40%)        | 24 (36.40%)    | 12 (18.20%)         | 66 (100%)  |
| Total                         | 0 (0%)     | 8 (2.90%)      | 100 (35.70%)       | 128 (45.70%)   | 44 (15.70%)         | 280 (100%) |

Source: Data collected through questionnaire

$$\chi^2 = 8.690 \text{ p}=0.466$$

Note: Figures in parentheses depict percentages

To test the independence of attributes,  $\chi^2$  test has been used. The calculated value of  $\chi^2$  has been found to be 8.690, as per Table-1.17, which is not significant, thus null hypothesis is accepted and it leads to conclude that there exist no significant difference in the opinion of respondents (Age wise) of different companies as far as Ensuring Disclosure and Transparency is concerned.

After having discussed the Age wise responses of the respondents, now it is proposed to highlight the views of respondents on the basis of their Educational Qualification wise distribution.

**1.4.3 Educational Qualification-Wise analysis of responses with respect to Ensuring Disclosure and Transparency:** The Educational Qualification wise analysis is based on the four groups taken in the present study. The respondents Educational Qualification have been classified into Professional Degree, Masters' Degree, Bachelors' Degree and Other Degree and Diploma holders. The Table 1.18 shows Educational Qualification-wise responses of 280 respondents on the core point of Ensuring Disclosure and Transparency.

TABLE 1.18: RESPONSES OF RESPONDENTS WITH RESPECT TO ENSURING DISCLOSURE AND TRANSPARENCY: EDUCATIONAL QUALIFICATION-WISE DISTRIBUTION

| Educational Qualification | Not at all | To some extent | To moderate extent | To high extent | To very high extent | Total      |
|---------------------------|------------|----------------|--------------------|----------------|---------------------|------------|
| Professional Degree       | 0 (0%)     | 5 (5.00%)      | 38 (38.00%)        | 46 (46.00%)    | 10 (10.00%)         | 100 (100%) |
| Masters' Degree           | 0 (0%)     | 0 (0%)         | 11 (26.20%)        | 24 (57.10%)    | 7 (16.70%)          | 42 (100%)  |
| Bachelors' Degree         | 0 (0%)     | 1 (1.60%)      | 23 (37.10%)        | 23 (37.10%)    | 15 (24.20%)         | 62 (100%)  |
| Others                    | 0 (0%)     | 2 (2.60%)      | 27 (35.50%)        | 3 (4.61%)      | 12 (15.80%)         | 76 (100%)  |
| Total                     | 0 (0%)     | 8 (2.90%)      | 100 (35.70%)       | 128 (45.70%)   | 44 (15.70%)         | 280 (100%) |

Source: Data collected through questionnaire

$$\chi^2 = 11.710 \text{ p}=0.230$$

Note: Figures in parentheses depict percentages

To test the independence of attributes,  $\chi^2$  test has been used. The calculated value of  $\chi^2$  has been found to be 11.710, as per Table-1.18, which is not significant, and thus null hypothesis is accepted which leads to conclude that there exist no significant difference in the opinion of respondents (Educational Qualification wise) of different companies as far as Ensuring Disclosure and Transparency is concerned.

After having discussed the Educational Qualification wise responses of the respondents, now it is proposed to highlight the views of respondents on the basis of their Designation wise distribution.

**1.4.4 Designation-Wise analysis of responses with respect to Ensuring Disclosure and Transparency:** The Designation wise analysis is based on the five groups taken in the present study. The respondents Designation have been classified into Company Secretary, Executive Director, Non-Executive Director, Independent Director and Management Staff. The Table 1.19 shows Designation-wise responses of 280 respondents on the core point of Ensuring Disclosure and Transparency.

TABLE 1.19: RESPONSES OF RESPONDENTS WITH RESPECT TO ENSURING DISCLOSURE AND TRANSPARENCY: DESIGNATION-WISE DISTRIBUTION

| Designation            | Not at all | To some extent | To moderate extent | To high extent | To very high extent | Total      |
|------------------------|------------|----------------|--------------------|----------------|---------------------|------------|
| Company Secretary      | 0 (0%)     | 0 (0%)         | 14 (100.00%)       | 0 (0%)         | 0 (0%)              | 14 (100%)  |
| Executive Director     | 0 (0%)     | 0 (0%)         | 0 (0%)             | 11 (78.60%)    | 3 (21.40%)          | 14 (100%)  |
| Non-Executive Director | 0 (0%)     | 0 (0%)         | 11 (39.30%)        | 13 (46.40%)    | 4 (14.30%)          | 28 (100%)  |
| Independent Director   | 0 (0%)     | 0 (0%)         | 7 (50.00%)         | 7 (50.00%)     | 0 (0%)              | 14 (100%)  |
| Management Staff       | 0 (0%)     | 8 (3.80%)      | 68 (32.40%)        | 97 (46.20%)    | 37 (17.60%)         | 210 (100%) |
| Total                  | 0 (0%)     | 8 (2.90%)      | 100 (35.70%)       | 128 (45.70%)   | 44 (15.70%)         | 280 (100%) |

Source: Data collected through questionnaire

$$\chi^2 = 40.408 \text{ p}=0.000$$

Note: Figures in parentheses depict percentages

To test the independence of attributes,  $\chi^2$  test has been used. The calculated value of  $\chi^2$  has been found to be 40.408, as per Table-1.19, which is significant at 1 percent level of significance, which rejects the null hypothesis and leads to conclude that there exist significant difference in the opinion of respondents (Designation wise) of different companies as far as Ensuring Disclosure and Transparency is concerned.

After having discussed the Designation wise responses of the respondents, now it is proposed to highlight the views of respondents on the basis of their Experience wise distribution.

**1.4.5 Experience-Wise analysis of responses with respect to Ensuring Disclosure and Transparency:** The Experience wise analysis is based on the four way classification in the present study. The respondents Experience (in years) have been classified into 0-5, 6-10, 11-15 and 16 years & above. The Table 1.20 shows Experience-wise responses of 280 respondents on the core point of Ensuring Disclosure and Transparency.

TABLE 1.20: RESPONSES OF RESPONDENTS WITH RESPECT TO ENSURING DISCLOSURE AND TRANSPARENCY: EXPERIENCE-WISE DISTRIBUTION

| Experience (in Years) | Not at all | To some extent | To moderate extent | To high extent | To very high extent | Total      |
|-----------------------|------------|----------------|--------------------|----------------|---------------------|------------|
| 0-5                   | 0 (0%)     | 2 (4.70%)      | 14 (32.80%)        | 21 (48.80%)    | 6 (14.00%)          | 43 (100%)  |
| 6-10                  | 0 (0%)     | 3 (2.80%)      | 38 (35.20%)        | 50 (46.30%)    | 17 (15.70%)         | 108 (100%) |
| 11-15                 | 0 (0%)     | 3 (3.00%)      | 34 (34.00%)        | 46 (46.00%)    | 17 (17.00%)         | 100 (100%) |
| 16 And Above          | 0 (0%)     | 0 (0%)         | 14 (48.30%)        | 11 (37.90%)    | 4 (13.80%)          | 29 (100%)  |
| Total                 | 0 (0%)     | 8 (2.90%)      | 100 (35.70%)       | 128 (45.70%)   | 44 (15.70%)         | 280 (100%) |

Source: Data collected through questionnaire

$$\chi^2 = 3.558 \text{ p}=0.938$$

Note: Figures in parentheses depict percentages

To test the independence of attributes,  $\chi^2$  test has been used. The calculated value of  $\chi^2$  has been found to be 3.558, as per Table- 1.20, which is not significant, and thus null hypothesis is accepted and this leads to conclude that there exist no significant difference in the opinion of respondents (Experience wise) of different companies as far as Ensuring Disclosure and Transparency is concerned.

**SUGGESTIONS**

1. Efficiency and effectiveness should be achieved by the corporate.
2. Every attempt should be made to separate governance from management.
3. Accountability should be fixed at every level of management.
4. Disclosure should be according to applicable norms and transparency needs to be promoted.
5. Corporate should make every possible attempt to maintain investors' confidence.
6. Investors' Grievances should be settled within a shortest possible time.

**LIMITATIONS**

The present study suffers from the inherent limitations of the bias of respondents, and 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, there has been a lack of specific study which has been conducted so far with regard to implementation of norms of corporate governance especially with respect to companies of Oil and Gas Sector.

**CONCLUSIONS**

Board of directors should make every effort to implement the basic and advanced norms of corporate governance. Currently, the focus seems to be on the implementation of mandatory norms which are being made applicable by SEBI with respect to Indian companies. The corporate should try to learn from the Corporate Governance norms of the peers and the Global corporations who have proven track record in the field of vibrant Corporate Governance Culture. Executive working at the management level seem to have lack of understanding with respect to corporate governance norms and they seem to be imposed from above that is to say that Board is following the same as it is mandatory duty but there is clearly a lack of awareness in the management with respect to Corporate Governance Norms.

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**WOMEN EMPLOYMENT IN INDIA'S MANUFACTURING SECTOR: AN EMPIRICAL ANALYSIS**

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**ABSTRACT**

*In this era of digitalization and automation where technology has been developing an appetite for jobs otherwise requiring human labour, our understanding of what can be done to sustain and eventually accelerate the process of job growth poses a question that is hard to answer yet and has serious consequences if chosen to avoid. With increased competitiveness, continuous technological progress and rising capital intensities in production being the driving force of growth in manufacturing the extent to which this sector can contribute towards higher job creation becomes questionable. Moreover, we find that women often succumb to challenges posed by our technologically advancing economy owing to the abysmal state we find them in, with respect to education, skill, access to resources etc. Outflows of labour from agriculture and concerns raised about the employment prospects of low skilled women quickly prompt labour intensive sectors such as apparel, leather and footwear etc. as the next resort. In light of the above, this paper focuses on analyzing some general trends of employment in the India's organized manufacturing sector and study the impact of increasing capital intensity in production on the employability of India's women workforce.*

**KEYWORDS**

economic growth, employment, gender, industrial sector, labour intensive sector.

**JEL CODE**

J16

**INTRODUCTION**

As India approaches its demographic dividend, with its working age population forecasted to peak in 2030, this poses both an opportunity as well as a challenge for our policy makers. The opportunity lies in forcing into action the tremendous potential that agents in their prime working age possess, spurring production activity and discovering new horizons for growth. The challenge, on the other hand, entails keeping up with required structural changes such as investments in infrastructure, education and not compromising on environmental concerns etc., which are a must whilst attempting to tap potential growth and make it sustainable. Further with half of our workforce being dominated by women, generation of adequate employment for them is the need of the hour. Given the huge amount of disguised labour in our agricultural sector and a huge pool of unskilled labour force; the manufacturing sector appears to be next resort for generating required employment opportunities. But the growth in the Indian manufacturing sector has not always been accompanied by a rise in the employment. Various reasons such as stringent labour laws, rising labour costs etc. have been cited as important factors explaining the jobless growth in this sector. In light of the above this paper seeks to identify the sectors that would help in promoting the employment of women and assess the impact of growth in this sector on their employability.

**REVIEW OF LITERATURE**

There has been an ambiguous relationship between growth in the Manufacturing sector and the employment generation by the same. Employment in the Manufacturing sector remained virtually stagnant in the 1980's after which during the 1990's the growth in the Indian Manufacturing sectors was also accompanied by greater job creation. Various reasons such as stringent labour reforms, higher real wages, increase in productivity, a shift away from labour intensive industries etc. were stated as the major factors responsible for the sluggish growth in employment in the registered manufacturing sector. The slowdown in the 1980's followed by rising employment in the 1990's may partly be explained by changes in the size structure in favor of small and medium-size factories and declining real wages in the 1990's (Goldar, 2000). However, this view has been contested and the fall in growth of manufacturing sector in the 1980's followed by a rise subsequently is considered to be the reason for the reversal in this trend (Nagaraj, 2000). From 2003-04 to 2008 the employment growth in the manufacturing sector increased at 7.5% reversing the previous trend of jobless growth, which was partly attributed to the labour reforms (Goldar, 2011). However, the stringency of labour reforms in influencing the growth of jobs in the manufacturing sector is often criticized on the grounds of considerable evasion of law etc. In the midst of this ongoing debate explaining low employment creation in the registered manufacturing sector, the manufacturing sector has witness rising capital intensities. The 2000's marked a sustained increase in capital intensity that has resulted in substitution of capital for labour as well as technological up gradation for organized manufacturing as a whole (Kannan, 2009). Kapoor (2016) points out to the fact that the entire decade 2000's onwards was accompanied by rising capital intensities in production. The rising capital intensities in manufacturing are expected to replace labour. The employment scenario for women has been much worse than the male counterparts. There exists a huge disparity in the employment statistics between male and female work force participation rates. Himashu (2011) and Abraham (2009) have pointed out that employment of women in India is concentrated mainly in low paid jobs and is characterized by the prevalence of 'distress employment'. Distress employment implies that women in India choose to seek work only in a situation of distress such as a loss in husband's income and other economic constraints. Most of the liberalizing countries that have stressed on an export led growth witnessed a change in the gender composition of their workforce to include more women however in case of India even in the post industrialization period the female work force participation rates continued to decline. This has been attributed to a large proportion of women being employed in unpaid jobs (Indrani et al, 2011). "Making a dent in the employment situation will only be possible by a concerted effort to move into supplying large volume markets, which the small-scale units, with or without cluster support, cannot do. Such a move is also likely to be accompanied by the increasing entry of women into the formal sector labour force, as is visible in labour intensive manufacturing centres like Dhaka, Bangkok and other cities in Asia." (Gurushri, 2004)

**IMPORTANCE OF STUDY**

The trends in economic growth and employment in India have been puzzling. Even when the economy grew at a rate of almost 8.6% between 2004-05 and 2011-12 there was a significant decline in the workforce (Rangarajan, Kaul, & Seema, 2011). Himanshu (2011) has pointed out that this dip in the labor force can be attributed to the withdrawal of women, children and elderly from the labor force during this period. Abraham (2009) asserts that the nature of employment for women in India is largely distress driven and most women who are employed in the Indian workforce come from very poor economic backgrounds. In light of the above the motivation of this study is to identify the sectors that could help in promoting the employment of women in long run.

**STATEMENT OF THE PROBLEM**

The paper seeks to identify the industries within the industrial sector that would promote employment generation for women. Moreover, in the recent decades the industrial sector has been facing challenges in the form of technological changes etc. which is leading to an increase in the use of capital and fall in the use of



labour. This is also leading to an increase in the need for skilled labor and decline in the opportunities for unskilled workers. This paper seeks to evaluate the impact of all these changes on the employment for women in the Indian manufacturing sector.

**OBJECTIVES**

In light of the above the key objectives of the paper are:

1. Identifying the trends in growth of employment in India’s registered Manufacturing Sector
2. Analyzing the role of labour intensive industries in employment creation
3. To explore the industries which not only generate employment but also employ a large proportion of women.
4. To identify the impact of rising capital intensities and technological progress on the industries which are critical to the employment generation for women.

**HYPOTHESIS**

The paper discusses the importance of the labour intensive sector in promoting the employment for women across Indian manufacturing. Following this, the key hypotheses tested in the paper are:

1. Whether the increasing capital intensity of Indian manufacturing firms has a negative impact on the employment of women
2. Whether the increase in ratio of cost of labour to the cost of capital results in the displacement of women from the manufacturing workforce
3. Whether the growth in the Indian manufacturing sector is leading to significant increase in the employment for women

**RESEARCH METHODOLOGY**

The analysis has been done for industries following the NIC 2008 Classification at the two digit level using data from the Annual Survey of Industries. Some general trends across manufacturing across the last decade have been studied using the EPRWF concordance series. The industries have been categorized into capital and labour intensive based upon their capital to labour ratio<sup>1</sup>, the median capital ratio across all industries was calculated for the last decade from 2004-04 to 2014-15 and the industries that had a capital to labour ratio higher than the median through the entire decade were classified as capital intensive and rest as labour intensive. For a few industries, where the capital to labour ratio was not higher or lower than the median value across the entire decade, they have been classified as capital intensive if their ratio was higher than the median for majority of the years. The paper then attempts to identify the most labour intensive industries based upon their labour intensities<sup>2</sup> and the industries employing maximum number of women. Further as rising capital intensities are associated with a displacement of unskilled labour and women constitute a large part of this unskilled workforce, an attempt has been made to understand the impact of capital intensification on employment of women across industries.

The paper uses an econometric framework to analyze this impact. The following regression equation has been estimated:

$$(Percentage\ of\ women\ employed)_{it} = \beta_0 + \beta_1 Dummy\ for\ capital\ intensive\ industries_{it} + \beta_2(log\ of\ capital\ to\ labour\ ratio\ across\ all\ industries)_{it} + \beta_3(rate\ of\ growth\ of\ manufacturing\ industries)_{it} + \beta_4(ratio\ of\ cost\ of\ labour\ to\ the\ cost\ of\ capital)_{it} + \beta_5(ratio\ of\ skilled\ to\ total\ workers)_{it} + \epsilon_{it} (1)$$

The description of all variables has been listed in Table 1. A panel data was constructed from the time period 2008 to 2014-15 and based upon the Hausman Specification test, random effects model was used for the estimation of coefficients.

**TABLE 1: DESCRIPTION OF VARIABLES USED IN THE CONSTRUCTED ECONOMETRIC FRAMEWORK**

| Variable                                   | Description  |
|--|--|
| Percentage of Women employed               | Ratio of the total number of women directly employed to the number of all directly employed workers. |
| Dummy for capital Intensive Industries     | Takes the value 1 if the industry has been classified as capital intensive and zero otherwise        |
| Log of Capital to labour ratio             | The log the ratio of real fixed capital to that of the total persons engaged in that industry        |
| Rate of growth of Manufacturing            | Rate of growth in the gross value added by the sector as a whole                                     |
| Ratio of cost of labour to cost of capital | The ratio of the total wage bill paid out by an industry to the total interest payments to be made   |
| Ratio of skilled workers                   | Ratio of the supervisory and managerial staff to the total persons engaged                           |

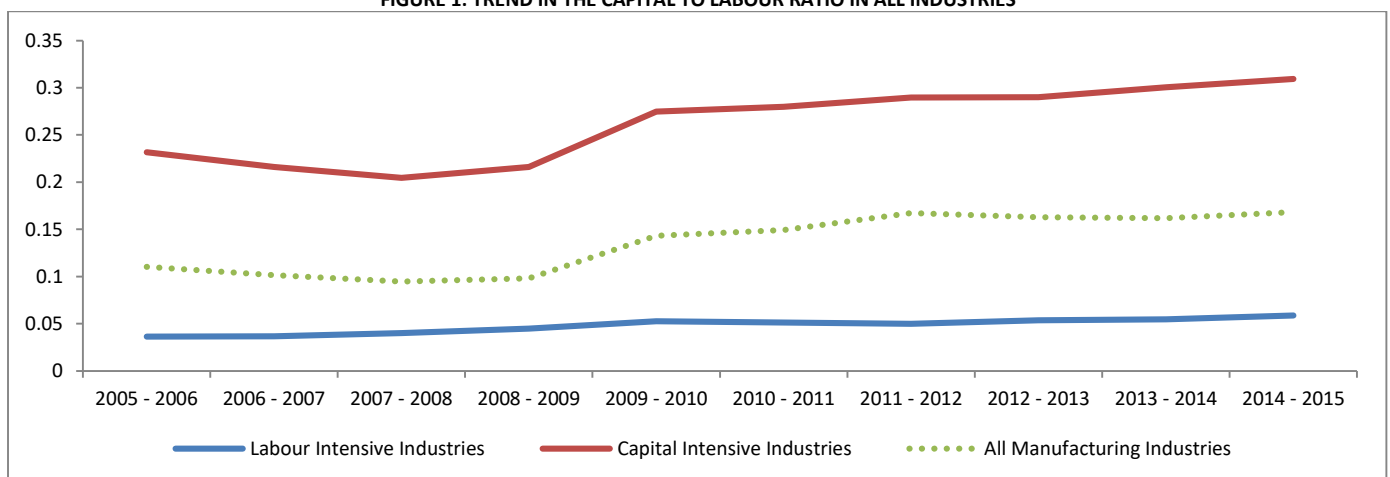
Source: Constructed by the author

**RESULTS AND DISCUSSION**

**A) EXPLORING THE TRENDS IN EMPLOYMENT IN THE INDIAN MANUFACTURING SECTOR**

With increased competitiveness and adoption of new technology, there seems to be a change in the very structure of the manufacturing industries in India. One can observe that over the last decade the capital intensity of all registered manufacturing industries seems to be on an upswing. Figure 1 depicts the capital to labour ratio<sup>3</sup> of all manufacturing industries in the Annual Survey of Industries has been increasing continuously specially after 2008. Even though the capital to labour intensity has been roughly the same in the last three years of the survey the level is comparatively higher than before.

**FIGURE 1: TREND IN THE CAPITAL TO LABOUR RATIO IN ALL INDUSTRIES**



Source: Constructed by the author based upon the data available on fixed capital and total labour engaged in the Annual Survey of Industries.

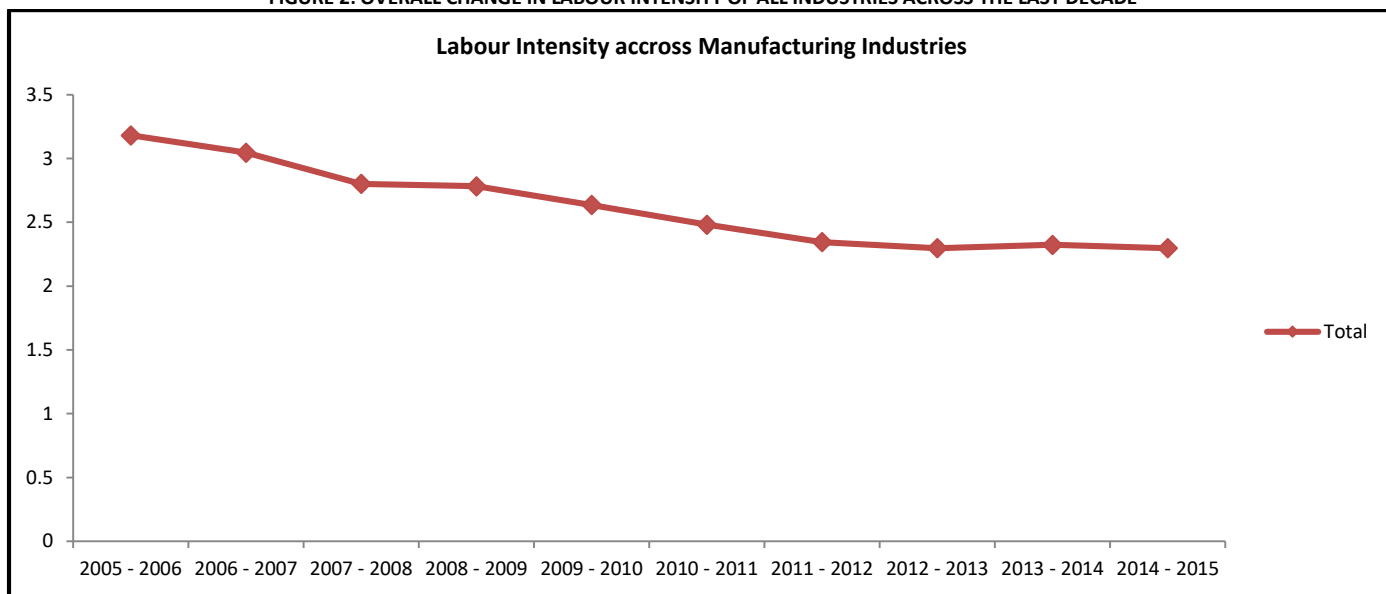
<sup>1</sup> Capital to labour ratio has been calculated as the ratio of real fixed capital to the total workers engaged.

<sup>2</sup> Measured by the ratio of total persons engaged to the Gross value added.

<sup>3</sup> The capital to labour ratio has been calculated using the ratio of the real fixed capital to the total persons engaged using ASI dataset. As the dataset provides fixed capital in nominal terms it was deflated using the wholesale price index for machinery and equipment.

The growth in the Manufacturing sector has not always been accompanied by a comparable growth in employment and a number of reasons such as rising costs of labour, stringent labour laws etc. have been cited for the same. Figure 2 depicts the labour intensity and points out that the labour intensity as measured by the total number of people employed to the gross value of output has seen a decline across all the industries. The decline in the labour intensity can be attributed to rising productivity of workers or fewer workers being needed to produce the same output. However, this productivity aspect has not been studied in the paper currently. Given falling labour intensities in production, stagnation in the growth of the manufacturing sector could lead to the displacement of production workers with lower levels of skill from the manufacturing sector.

FIGURE 2: OVERALL CHANGE IN LABOUR INTENSITY OF ALL INDUSTRIES ACROSS THE LAST DECADE



Source: Constructed by the author based upon EPRWF concordance series using the ratio of total workers engaged to the real value of total output. LE and KE represent the labour to output ratio of the labour intensive and capital intensive industries respectively.

Analyzing the data from the World Bank database indicates that the percentage of workforce employed in manufacturing increased from 18% to 24% between 2004-05 and 2011-12 and has remained around that level with marginal increases and dips in the last couple of years. Even though there has been an increase in the share of manufacturing sector’s employment in the total employed workforce, the share looks much lower when compared to the other developing economies. Given the large pool of unskilled workforce available in our country, the labour intensive sector with a relatively less increase in the capital intensity becomes a crucial player in generating adequate jobs in the country.

**B) ANALYZING THE TRENDS IN GROWTH OF LABOUR INTENSIVE INDUSTRIES**

After classifying industries on the basis of being labour intensive and capital intensive, the following are the top six manufacturing industries (listed in Table 2) with the highest employment of labour per unit of output. While these industries in Table 2 constitute the labour intensive industries with the highest labour intensity in production, if one looks at the total share of labour<sup>4</sup> employed in these industries together, it was only 24%. Also the total share of labour employed in these industries has fallen by 4 percentage points over the last decade. Hence a greater share of the total labour force is employed in the industries that were classified as capital intensive. Thus the fact that labour intensive industries (that require more labour per unit of output) are employing a lower share of the total labour force than the capital intensive one’s (which will require less labour for every unit of output) implies that on the whole the labour intensive industries must be producing a lower share of the total output. This is substantiated in Table 3. After classifying industries on the basis of their capital to labour ratio, we observe that over the last five years the percentage share of the capital intensive industries in the gross value added has been always higher than that of the labour intensive industries. Table 3 depicts the shares of the two types of industries in the total gross value added by all industries. The capital industries have contributed a greater percentage of the total gross value added over the entire decade.

TABLE 2: PERCENTAGE SHARE OF CAPITAL AND LABOUR INTENSIVE INDUSTRIES IN THE GROSS VALUE ADDED

| Industry          | 2010 – 2011 | 2011 - 2012 | 2012-13 | 2013-14 | 2014-15 |
|-------------------|-------------|-------------|---------|---------|---------|
| Capital Intensive | 64.83       | 64.81       | 65.06   | 66.53   | 66.65   |
| Labour Intensive  | 35.17       | 35.19       | 34.94   | 33.47   | 33.35   |

Source: Annual Survey of Industries dataset. The industries have been first classified on the basis of their capital to labour ratio into capital and labour intensive, after which their shares in the overall gross value added have been computed.

Moreover, even as the percentage share of capital industries increased by over two percentage points over the last five years that of the labour intensive industries shows a decline. All these observations point out to the fact that even as the manufacturing sector has registered a slowdown, the capital intensive industries have been better performers as compared to the labour intensive one’s. This poses to be a problem in terms of the manufacturing sector being able to generate ample job avenues. That is, with a higher share of output being produced by the capital intensive industries with relatively lower employment elasticities the potential for job creation appears to be an issue.

**C) WOMEN EMPLOYMENT ACROSS MANUFACTURING INDUSTRIES**

Women form about half of the total workforce but given that women in India have traditionally had much less access to resources than men (like lower levels of education etc.) they contribute to a large proportion of our unskilled workforce.

<sup>4</sup> Total share of labour is the number of total persons engaged in that industry to the total persons engaged across all industries

TABLE 3: INDUSTRIES WITH HIGHEST LABOUR TO OUTPUT RATIOS

|  |
|--|
| Industry codes & Industries <sup>5</sup>   |
| 16 Manufacture of Tobacco Products   |
| 18 Manufacture of Wearing Apparel Dressing and Dyeing of Fur   |
| 19 Tanning and Dressing of Leather Manufacture of Luggage, Handbags, Saddlery, Harness and Footwear              |
| 14 Other Mining and Quarrying  |
| 17 Manufacture of Textiles   |
| 20 Manufacture of wood products and cork except furniture, manufacture of articles of straw and plating products |

Source: Constructed by the author using data from the Annual Survey of Industries

Table 4 depicts the unemployment rate has been much greater for females both across the rural and urban areas as compared to males. The percentage share of women employed in the manufacturing sector from urban households has been significant and varies across time periods with policy changes such as trade liberalization but the assessment of women actually employed remains vague due to the large number of women belonging to the self-employed category (Mitra, 2006). Within the organized manufacturing sector, it is the labour intensive industries employ about 60% of the all the women employees. But even though females form about half of our workforce the employment of women in manufacturing in India seems to be much less than that of men. As per the data of the Annual Survey of Industries 2014-15, out of the total workers that were directly employed only about 19% were women. Out of this small percentage about 75% of the women (in 2014-15) are concentrated just in five industries which are: Manufacture of Wearing Apparel, Manufacture of food products, Manufacture of textiles, Manufacture of leather and related products and Manufacture of Tobacco products with the highest proportion of women being employed in the Apparel sector. Figure 3 depicts the share of women employment in these industries, while the apparel sector alone contributes to the highest proportion of women employed, all other industries apart from these one's mentioned above contribute to only 26% of the total industrial female workforce.

TABLE 4: UNEMPLOYMENT RATE (2015-16)

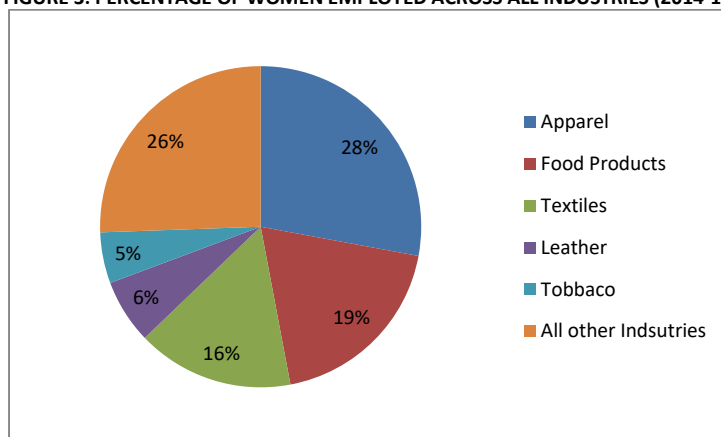
| Unemployment rate 2015-16 |      |        |        |
|---------------------------|------|--------|--------|
| Sector                    | Male | Female | Person |
| Rural                     | 4.2  | 7.8    | 5.1    |
| Urban                     | 3.3  | 12.1   | 4.9    |
| Combined                  | 4    | 8.7    | 5      |

Source: Labour Bureau's Employment Unemployment report for the year 2015-16.

**D) LABOUR INTENSIVE INDUSTRIES AND WOMEN EMPLOYMENT**

In order to generate adequate employment in the manufacturing sector it is important that we boost growth in our labour intensive sectors. The data depicts that it has not been our labour intensive sector and rather the capital intensive one that is responsible for production of more output, depicting the fact that the manufacturing growth in our country has not been tilted enough towards the labour intensive manufacturing sector. The data from Figure 3 indicates that industries such as Manufacture of Wearing Apparel and textiles, Manufacture of Leather Products and Manufacture of Tobacco are not only the most labour intensive industries but also promote the maximum engagement of women. Thus a focus on these industries is likely to contribute significantly towards creation of employment while also promoting the employment of women across the country.

FIGURE 3: PERCENTAGE OF WOMEN EMPLOYED ACROSS ALL INDUSTRIES (2014-15)



Source: Constructed by the author using data from the Annual Survey of Industries, 2014-15

In order to substantiate this argument Figure 4 is constructed to depict an overlap between the most labour intensive and women intensive industries in our registered manufacturing sector, it points out that industries for manufacture of apparel, manufacture of textiles and the manufacture of leather and related products are not only amongst the top labour intensive industries but also have the highest contribution in providing jobs to women in the country<sup>6</sup>. Out of these industries the Tobacco industry has witnessed a decline of 11% in the last decade in the labour intensity. It is to be noted that women in India constitute about half of the total workforce, however, their total share in manufacturing is only about 20%. This clearly entails that not only we need to focus upon generating more employment in the manufacturing sector but also ensure that in order to tap the full benefit of demographic dividend we do not leave our women workforce behind. In light of the above it becomes important to assess the contribution of these identified industries in the Indian manufacturing sector today and find if we will be able to tap the full potential of these industries or we severely lack the potential of productive jobs in these sectors. Further, it must also be noted that the rising capital intensity and technological up-gradation (which is consequently leading to a demand for a more skilled labour force) across both labour intensive and capita intensive industries poses another challenge in promoting the employment in these sectors.

<sup>5</sup> The industry codes and industry names correspond to the EPRWF concordance series. The top six labour industries (on the basis of lower capital to labour ratio) with the highest labour intensities have been reported

<sup>6</sup> The food processing industries despite of being labour intensive and women intensive has not been included in the overlap as the labour intensity of this industry is much less than that of the apparel and other labour intensive industries.

FIGURE 4: LABOUR INTENSIVE AND WOMEN INTENSIVE INDUSTRIES

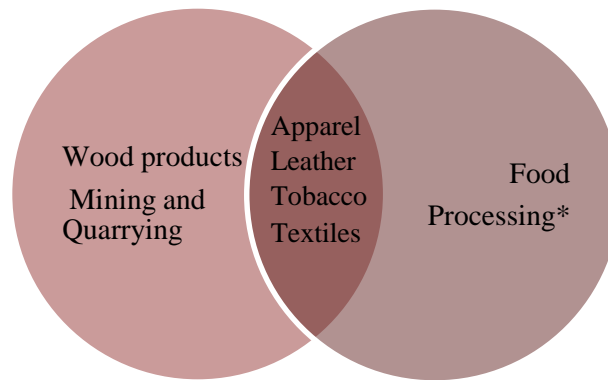


Table 5 depicts the estimation from the panel data regression results aimed at assessing the impact of rising capital intensity etc. on the percentage of women employed across industries. The dummy variable introduced for capital intensive industries indicates that the capital intensive industries employ a significantly lower percentage of female and as the capital intensity<sup>7</sup> increases across the industries it has a negative impact on employment of women. This is further substantiated by the coefficient of ratio of cost of labour to the cost of capital<sup>8</sup> having a significant negative relationship with the percentage of women employed. The increase in cost of labour to the cost of labour implies a reduction in the relative cost of capital thus leading to shift away from labour to capital. Rising capital intensification leads to a fall in the employability of unskilled labour force, with labour becoming more expensive perhaps the women are first to get displaced. After controlling for the capital intensive industries, the rise in rate of growth of manufacturing sector is found to be positively related to the percentage of women employed across industries and time however the coefficient is found to be small. An analysis of the data reveals that across this time period there has been an improvement in the ratio of females to the total directly employed workers but the increase has been marginal and not very substantial for most industries except for a few industries like the manufacture of leather and related products where the percentage of women increased from 33% to 40%. The above results indicate that a growth in labour intensive manufacturing does have a significant and positive impact on the percentage of women employed across industries. However, increasing capital intensification is leading to a displacement of women labour. Since capital intensive industries having a larger contribution in the total gross value added across industries, the potential for generating adequate employment for women becomes somewhat restricted.

TABLE 5: ESTIMATION RESULTS FROM A RANDOM EFFECTS MODEL ACROSS INDUSTRIES

| Dependent Variable : Proportion of Women Employed across industries |                    |                    |                   |
|---|--------------------|--------------------|-------------------|
|   | Model 1            | Model 2            | Model 3           |
| Dummy for Capital Intensive industries                              | -9.10**<br>(4.59)  | -8.70**<br>(4.51)  | -7.53**<br>(4.51) |
| Log of capital to labour ratio                                      | -1.65*<br>(0.90)   | -1.76**<br>(-0.84) | -1.74*<br>(0.87)  |
| Rate of growth of industries  | 0.02*<br>(0.14)    | 0.02*<br>(0.13)    | 0.02*<br>(1.50)   |
| Cost of Labour/ Cost of capital                                     | -                  | -3.02**<br>(1.28)  | -3.59**<br>(1.34) |
| Ratio of skilled to total labour                                    | -                  | -                  | 0.01<br>(0.008)   |
| Constant  | 15.24***<br>(4.35) | 10.7**<br>(4.50)   | 8.59**<br>(4.96)  |
| R square  |                    |                    |                   |
| Within  | 0.23               | 0.36               | 0.41              |
| Between   | 0.25               | 0.29               | 0.29              |
| Overall   | 0.25               | 0.29               | 0.29              |
| Prob > chi2   | 0.002              | 0.000              | 0.00              |

Source: Panel data results using data from the Annual Survey of Industries database

**E) TRADE PERFORMANCE OF LABOUR INTENSIVE INDUSTRIES**

Export demand and growth plays an important role in determining the performance of the Indian manufacturing sector. Hence, this last section focuses on the impact of trade on our labour intensive industries that are crucial for employment generation. Trade has been positively linked to generation of employment for women in many developing economies (Swamy, 2006). The Make in India initiative launched by the government in 2014 listed industries like textiles and garments, leather and footwear, gems and jewellery, food processing industries, capital goods industries like machine tools, heavy electrical equipment, heavy transport, earthmoving & mining equipment, Industries with strategic significance like aerospace, shipping, IT hardware & electronics, telecommunication equipment, defense equipment, solar etc. as its focus sectors. Since not much time has elapsed since the launch of the scheme, it would not be correct to make any critical judgments about the same. The two focus areas of the Make in India program look at promoting Foreign Direct Investment into the country and boosting a export oriented growth. While the initiative has been quite successful in boosting the overall Foreign Direct Investment (FDI) inflows into the country in a short span of time, it becomes important to have a look at the sectors benefitting the most out of it. The figures released by the Reserve Bank of India indicate that if we have a look at the most recent figures of 2017, sectors such as services sector, computer hardware and software, construction, telecommunications, automobiles, drugs and pharmaceuticals etc. most of which are capital intensive attracted the highest FDI inflows. The share of FDI to the textile and leather products divisions was only 0.71% and 0.05% respectively of the total inflows of FDI. The Food Processing segment attracted about 2% of the total FDI inflows. Thus the data indicates that FDI that has grown after the launch of Make in India program in India has been concentrated towards the capital intensive sector and the labour intensive industries are not its major recipients till date. Another important aspect has been the change in exports after the launch of the initiative, as Table 6 shows the share of exports from the manufacturing as whole has increased throughout with about a 6% increase after 2014 but within the manufacturing sector goods the largest increase is in the electronic and engineering goods together and the gems and Jewellery sector (which even though labour intensive employed much less percentage of women in comparison to the other labour intensive sectors). The export share of leather and apparel sectors registers a decline both as percentage of the total and manufacturing exports from 2015-16 to 2016-17. Thus even after the launch of Make in India the share of exports of these sectors has more or less remained the same. Apart from the Make in India initiative the government also launched a lot of other schemes for promoting our labour intensive industries

<sup>7</sup> As measured by a higher capital to labour ratio

<sup>8</sup> The ratio has been calculated by the total wage bill to all workers in the industry to the interest rate paid out by the industry. The regression results were obtained subject to the treatment of few outliers.

such as reducing the tariffs, providing subsidies; labour reforms etc. Since most of the steps are much recent is difficult to evaluate their contribution in boosting the growth in these sectors although one of the recently launched initiatives has been evaluated in the Economic Survey 2017-18.

TABLE 6: PERCENTAGE SHARE OF EXPORTS OF SELECTED INDUSTRIES

|   | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 |
|---|---------|---------|---------|---------|---------|---------|
| Total Manufacturing Exports                     | 57.5    | 57.2    | 57.7    | 61.9    | 67.3    | 68.2    |
| <i>As a percentage of Total Exports</i>         |         |         |         |         |         |         |
| Leather   | 1.5     | 1.6     | 1.8     | 1.9     | 2.1     | 1.9     |
| Apparel   | 9.9     | 9.9     | 10.9    | 11.6    | 13.4    | 12.9    |
| Electronic and Engineering Goods                | 22.6    | 22.4    | 22.8    | 25.6    | 25.3    | 26.4    |
| Gems & Jewellery                                | 26.4    | 25.0    | 22.8    | 21.5    | 22.3    | 23.1    |
| <i>As a percentage of Manufacturing Exports</i> |         |         |         |         |         |         |
| Leather   | 2.7     | 2.8     | 3.1     | 3.1     | 3.1     | 2.7     |
| Apparel   | 17.2    | 17.2    | 18.9    | 18.7    | 19.9    | 18.9    |
| Electronic and Engineering Goods                | 39.3    | 39.2    | 39.6    | 41.3    | 37.6    | 38.8    |
| Gems & Jewellery                                | 15.1    | 14.3    | 13.1    | 13.3    | 15.0    | 15.7    |

Source: Calculated using data on exports from RBI handbook of statistics on Indian Economy.

The government had announced a Rs. Six thousand crores package for the textiles and apparel industries in 2016 which was implemented in November 2016, the survey using an economic analysis proves that even though this boost did have a significant positive impact on the increasing the exports of the ready-made garments, such an impact was not seen on the other commodities in this sector. Both leather exports and the exports of textiles and apparel have witnessed a positive trend in the exports but the leather and footwear industry for which the percentage of women employed increased from 33% to 40% over 2008 to 2014-15 has not witnessed any substantial increase in its exports probably due the reason that the world demand is biased towards non leather footwear while India specialized in the production of leather articles (Economic Survey of India, 2016-17). On the contrary even though the exports of apparel and textiles improved significantly, the proportion of women employed in these sectors shows only a marginal increase and has remained around 50% throughout for apparel and 19% around textiles.

## RECOMMENDATIONS AND SUGGESTIONS

Women form about 50% of the total work force in India; hence, promoting the sectors that employ women's labour intensively is crucial. Further given the large pool of unskilled women labour in the country, the labour intensive industries would play a crucial role in providing employment opportunities to the less skilled or uneducated women who cannot be absorbed in the services sector. The availability of jobs in the manufacturing industries would also lead to a transfer of women from low paid jobs in construction and agriculture. Thus, the need of the hour is that the policy makers adopt policies that promote the growth in labour intensive manufacturing and Small and Medium enterprises which can increase the absorption of women in the workforce.

## CONCLUSION

The labour intensive industries such as Apparel & Textiles and Leather & Footwear employ largest proportion of the female labour force. Promoting growth in these sectors might help change the gender composition of our industrial workforce by including more women. In the Indian context the growth of organized manufacturing has not been dominated by the growth in our labour intensive sector. The labour intensive industries have consistently had a lower share in the total gross value added with its share accounting only about 33% of the gross value added in 2014-15 as compared to 66% for the capital intensive industries. Due to the lower total output being produced by this sector it employed only 24% of the total workforce in spite of the fact that they require a higher level of labour for every unit of output produced. In terms of employment of women, for most of the industries the percentage of women in the workforce increased but the percentage increase was not very substantial. As rising capital intensities in production develop an appetite for jobs otherwise requiring human labour, this would not only lead to a fall in the potential for the Indian manufacturing sector to create jobs but also bias the growth process away from industries requiring women labour. Further, even though the exports for labour intensive sectors follow a positive trend still there exist a huge scope for boosting the growth in these industries and increasing the exports manifolds.

## LIMITATIONS AND SCOPE OF FURTHER RESEARCH

One of the major limitations of the study is that this paper focuses only on the Organized Manufacturing in sector in India while a large proportion of people in India (including women) continue to be employed in the Informal sector. About 80% of the total workforce still continues to be employed in this sector; however, no proper (or reliable) data is available. Thus one could further analyze the policies that help India to draw labour from this large pool of the informal sector and place them into better jobs in the organized sectors of the economy.

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