

# INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE & MANAGEMENT

I  
J  
R  
C  
M



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

*Indexed & Listed at:*

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

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

The American Economic Association's electronic bibliography, EconLit, U.S.A.,

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

Circulated all over the world & Google has verified that scholars of more than 3412 Cities in 173 countries/territories are visiting our journal on regular basis.

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

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

# CONTENTS

Sr. No.	TITLE & NAME OF THE AUTHOR (S)	Page No.
1.	<b>CONCEPTUAL UNDERSTANDING OF THE ROLE OF HUMAN RESOURCE DEVELOPMENT IN ROAD SAFETY</b> <i>RICHARD VINCENT D'SOUZA &amp; K JANARDHANAM</i>	1
2.	<b>COSMETIC CONSUMPTION PATTERN AMONG MALE COLLEGE STUDENTS: A CLUSTER ANALYTIC SEGMENTATION APPROACH</b> <i>K.G.SANKARANARAYANAN &amp; NANDAKUMAR MEKOTH</i>	5
3.	<b>ASSESSMENT OF PAYMENT SYSTEMS ON THE PROPOSITION THAT COSTS AND RISKS OUTWEIGH BENEFITS TO USERS, BANKS AND SOCIETY</b> <i>CLEMENT IKENNA OKEKE</i>	11
4.	<b>DETERMINANTS OF DOMESTIC PRIVATE INVESTMENT FIRM GROWTH IN ETHIOPIA: A CASE STUDY IN MEKELLE CITY, TIGRAY</b> <i>ABRAHA TEKLEBIRHAN NEGA &amp; DR. TEFATSION SAHLU DESTA</i>	16
5.	<b>ASSESSING THE STATUS, CHALLENGES, AND OPPORTUNITIES OF PUBLIC-PRIVATE PARTNERSHIP (PPP) IN SOLID WASTE MANAGEMENT (SWM) IN ETHIOPIA: A CASE STUDY ON MEKELLE CITY, TIGRAY</b> <i>DR. TEFATSION SAHLU DESTA, ARSEMA GIRMAY GEBRESELESSIE &amp; ARAYA HAGOS GEBREEGZIABHER</i>	29
6.	<b>IMPACT OF INCENTIVES ON JOB-SATISFACTION IN CHENNAI-BASED SMALL MANUFACTURING UNITS</b> <i>T.S.RAVI</i>	37
7.	<b>SERVICE QUALITY AND SERVICE STRATEGIES AS ANTECEDENTS OF CUSTOMER SATISFACTION IN SERVICE INDUSTRY</b> <i>DR. BEENISH SHAMEEM</i>	43
8.	<b>THE PRIMACY EFFECT: IMPACT OF INFORMATION'S ORDER ON INVESTORS' PERCEPTION</b> <i>DIVYANG J. JOSHI</i>	46
9.	<b>FINANCIAL SYNERGIC IMPACT ON ICICI AND HDFC BANK AFTER MERGER WITH EVA &amp; MVA APPROACH</b> <i>ASHIMA</i>	50
10.	<b>ROLE OF REGIONAL HEAD OF STATE'S ATTITUDES IN IMPLEMENTATION OF FINANCE POLICY ABOUT THE GOVERNMENT ACCOUNTING STANDARDS IN INDONESIA</b> <i>HADIYATI MUNAWAROH, HADIYATI MUNAWAROH, DR. SRI SUWITRI, Y. WARELLA &amp; DR. KISMARTINI</i>	53
11.	<b>HUMAN RESOURCE (HR) ANALYTICS: EMERGING TREND IN HRM (HRM)</b> <i>DIMPY HANDA &amp; GARIMA</i>	59
12.	<b>SUSTAINABLE FINANCIAL INCLUSION: A CASE STUDY OF RANCHI DISTRICT</b> <i>NAZIA ABBAS ABIDI</i>	63
13.	<b>ANALYSIS OF WORK STRESS AMONG TEACHERS OF SELF FINANCING COLLEGES IN KOTTAYAM DISTRICT, KERALA</b> <i>LIGI JOLLY</i>	68
14.	<b>IMPACT OF FOREIGN INSTITUTIONAL INVESTMENT ON INDIAN STOCK MARKET WITH SPECIAL REFERENCE TO BSE</b> <i>SHRI KRISHAN DUHAN</i>	71
15.	<b>A DISCOURSE ON CLASS ACTION SUITS</b> <i>SHASTA GUPTA</i>	76
	<b>REQUEST FOR FEEDBACK &amp; DISCLAIMER</b>	79

## CHIEF PATRON

**PROF. K. K. AGGARWAL**

Chairman, Malaviya National Institute of Technology, Jaipur  
(An institute of National Importance & fully funded by Ministry of Human Resource Development, Government of India)  
Chancellor, K. R. Mangalam University, Gurgaon  
Chancellor, Lingaya's University, Faridabad  
Founder Vice-Chancellor (1998-2008), Guru Gobind Singh Indraprastha University, Delhi  
Ex. Pro Vice-Chancellor, Guru Jambheshwar University, Hisar

## FOUNDER PATRON

**LATE SH. RAM BHAJAN AGGARWAL**

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

## CO-ORDINATOR

**DR. SAMBHAV GARG**

Faculty, Shree Ram Institute of Business & Management, Urjani

## ADVISORS

**DR. PRIYA RANJAN TRIVEDI**

Chancellor, The Global Open University, Nagaland

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

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

**PROF. M. N. SHARMA**

Chairman, M.B.A., Haryana College of Technology & Management, Kaithal

**PROF. S. L. MAHANDRU**

Principal (Retd.), Maharaja Agrasen College, Jagadhri

## EDITOR

**PROF. R. K. SHARMA**

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

## CO-EDITOR

**DR. BHAVET**

Faculty, Shree Ram Institute of Business & Management, Urjani

## EDITORIAL ADVISORY BOARD

**DR. RAJESH MODI**

Faculty, Yanbu Industrial College, Kingdom of Saudi Arabia

**PROF. SANJIV MITTAL**

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

**PROF. ANIL K. SAINI**

Chairperson (CRC), GuruGobindSinghI. P. University, Delhi

**DR. SAMBHAVNA**

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

**DR. MOHENDER KUMAR GUPTA**

Associate Professor, P.J.L.N.GovernmentCollege, Faridabad

**DR. SHIVAKUMAR DEENE**

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

***ASSOCIATE EDITORS***

**PROF. NAWAB ALI KHAN**

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

**PROF. ABHAY BANSAL**

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

**PROF. V. SELVAM**

SSL, VIT University, Vellore

**PROF. N. SUNDARAM**

VITUniversity, Vellore

**DR. PARDEEP AHLAWAT**

Associate Professor, Institute of Management Studies & Research, MaharshiDayanandUniversity, Rohtak

**DR. S. TABASSUM SULTANA**

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

***TECHNICAL ADVISOR***

**AMITA**

Faculty, Government M. S., Mohali

***FINANCIAL ADVISORS***

**DICKIN GOYAL**

Advocate & Tax Adviser, Panchkula

**NEENA**

Investment Consultant, Chambaghat, Solan, Himachal Pradesh

***LEGAL ADVISORS***

**JITENDER S. CHAHAL**

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

**CHANDER BHUSHAN SHARMA**

Advocate & Consultant, District Courts, Yamunanagar at Jagadhri

***SUPERINTENDENT***

**SURENDER KUMAR POONIA**

## CALL FOR MANUSCRIPTS

We invite unpublished novel, original, empirical and high quality research work pertaining to recent developments & practices in the areas of Computer Science & Applications; Commerce; Business; Finance; Marketing; Human Resource Management; General Management; Banking; Economics; Tourism Administration & Management; Education; Law; Library & Information Science; Defence & Strategic Studies; Electronic Science; Corporate Governance; Industrial Relations; and emerging paradigms in allied subjects like Accounting; Accounting Information Systems; Accounting Theory & Practice; Auditing; Behavioral Accounting; Behavioral Economics; Corporate Finance; Cost Accounting; Econometrics; Economic Development; Economic History; Financial Institutions & Markets; Financial Services; Fiscal Policy; Government & Non Profit Accounting; Industrial Organization; International Economics & Trade; International Finance; Macro Economics; Micro Economics; Rural Economics; Co-operation; Demography; Development Planning; Development Studies; Applied Economics; Development Economics; Business Economics; Monetary Policy; Public Policy Economics; Real Estate; Regional Economics; Political Science; Continuing Education; Labour Welfare; Philosophy; Psychology; Sociology; Tax Accounting; Advertising & Promotion Management; Management Information Systems (MIS); Business Law; Public Responsibility & Ethics; Communication; Direct Marketing; E-Commerce; Global Business; Health Care Administration; Labour Relations & Human Resource Management; Marketing Research; Marketing Theory & Applications; Non-Profit Organizations; Office Administration/Management; Operations Research/Statistics; Organizational Behavior & Theory; Organizational Development; Production/Operations; International Relations; Human Rights & Duties; Public Administration; Population Studies; Purchasing/Materials Management; Retailing; Sales/Selling; Services; Small Business Entrepreneurship; Strategic Management Policy; Technology/Innovation; Tourism & Hospitality; Transportation Distribution; Algorithms; Artificial Intelligence; Compilers & Translation; Computer Aided Design (CAD); Computer Aided Manufacturing; Computer Graphics; Computer Organization & Architecture; Database Structures & Systems; Discrete Structures; Internet; Management Information Systems; Modeling & Simulation; Neural Systems/Neural Networks; Numerical Analysis/Scientific Computing; Object Oriented Programming; Operating Systems; Programming Languages; Robotics; Symbolic & Formal Logic; Web Design and emerging paradigms in allied subjects.

Anybody can submit the **soft copy** of unpublished novel; original; empirical and high quality **research work/manuscript** **anytime** in **M.S. Word format** after preparing the same as per our **GUIDELINES FOR SUBMISSION**; at our email address i.e. [infoijrcm@gmail.com](mailto:infoijrcm@gmail.com) or online by clicking the link **online submission** as given on our website ([FOR ONLINE SUBMISSION, CLICK HERE](#)).

## GUIDELINES FOR SUBMISSION OF MANUSCRIPT

### 1. **COVERING LETTER FOR SUBMISSION:**

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

**THE EDITOR**  
IJRCM

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

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

**DEAR SIR/MADAM**

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

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

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

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

**NAME OF CORRESPONDING AUTHOR:**

Designation:  
Affiliation with full address, contact numbers & Pin Code:  
Residential address with Pin Code:  
Mobile Number (s):  
Landline Number (s):  
E-mail Address:  
Alternate E-mail Address:

**NOTES:**

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

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

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

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

## INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE & MANAGEMENT

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

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

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

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

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

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

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

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

**CONTRIBUTIONS TO BOOKS**

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

**JOURNAL AND OTHER ARTICLES**

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

**CONFERENCE PAPERS**

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

**UNPUBLISHED DISSERTATIONS AND THESES**

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

**ONLINE RESOURCES**

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

**WEBSITES**

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



## A DISCOURSE ON CLASS ACTION SUITS

**SHASTA GUPTA**  
**RESEARCH SCHOLAR**  
**DEPARTMENT OF COMMERCE**  
**DELHI SCHOOL OF ECONOMICS**  
**UNIVERSITY OF DELHI**  
**DELHI**

**ABSTRACT**

*The term "class action suit" is self explanatory. It is a lawsuit brought in action by a class of members. It reinforces the concept of 'unity in diversity'. The saga of class action suits originated in United States of America in 1938 and its discourse is still predominantly associated with United States. In India, such suits have somehow been provided for, under Consumer Protection Act' 1986; but have recently been included in Companies Act' 2013 to govern corporate sector. This new practice is welcomed wholeheartedly but it has its own issues, which need to be addressed. In this paper, an attempt is made to draw readers' attention to various such issues, merits and demerits associated with class action suits and provisions thereon.*

**KEYWORDS**

call action suit, companies act.

**1. INTRODUCTION**

**A** class action suit is a suit wherein a group of persons sues another person; a group of persons sues another group of persons; or a person sues a group of persons. Class Action Suits were earlier undertaken in the name of group litigation. It originally started for consumers of goods and services, but we will try and focus our attention on corporate sector. The saga of class action suits originated in United States of America in 1938 and its discourse is still predominantly associated with United States. In India, such suits have somehow been provided for, under Consumer Protection Act' 1986; but have recently been included in Companies Act' 2013 to govern corporate sector. Firstly, let us discuss the provisions so provided under Companies Act' 2013 on class action suits, and then we will explain the merits, demerits and issues associated with class action suits.

**1.1 SECTION 245 OF COMPANIES ACT' 2013****1.1.1 CLASS ACTION SUITS CAN BE FILED TO**

245. (1) Such number of member or members, depositor or depositors or any class of them, as the case may be, as are indicated in sub-section (3) may, if they are of the opinion that the management or conduct of the affairs of the company are being conducted in a manner prejudicial to the interests of the company or its members or depositors, file an application before the Tribunal on behalf of the members or depositors for seeking all or any of the following orders, namely:—

- (a) to restrain the company from committing an act which is ultra vires the articles or memorandum of the company;
- (b) to restrain the company from committing breach of any provision of the company's memorandum or articles;
- (c) to declare a resolution altering the memorandum or articles of the company as void if the resolution was passed by suppression of material facts or obtained by mis-statement to the members or depositors;
- (d) to restrain the company and its directors from acting on such resolution;
- (e) to restrain the company from doing an act which is contrary to the provisions of this Act or any other law for the time being in force;
- (f) to restrain the company from taking action contrary to any resolution passed by the members;
- (g) to claim damages or compensation or demand any other suitable action from or against—
- (i) the company or its directors for any fraudulent, unlawful or wrongful act or omission or conduct or any likely act or omission or conduct on its or their part;
- (ii) the auditor including audit firm of the company for any improper or misleading statement of particulars made in his audit report or for any fraudulent, unlawful or wrongful act or conduct; or
- (iii) any expert or advisor or consultant or any other person for any incorrect or misleading statement made to the company or for any fraudulent, unlawful or wrongful act or conduct or any likely act or conduct on his part;
- (h) to seek any other remedy as the Tribunal may deem fit.

(2) Where the members or depositors seek any damages or compensation or demand any other suitable action from or against an audit firm, the liability shall be of the firm as well as of each partner who was involved in making any improper or misleading statement of particulars in the audit report or who acted in a fraudulent, unlawful or wrongful manner.

**1.1.2 MINIMUM NUMBER OF CLASS MEMBERS**

(3) (i) The requisite number of members provided in sub-section (1) shall be as under:—

- (a) in the case of a company having a share capital, not less than one hundred members of the company or not less than such percentage of the total number of its members as may be prescribed, whichever is less, or any member or members holding not less than such percentage of the issued share capital of the company as may be prescribed, subject to the condition that the applicant or applicants has or have paid all calls and other sums due on his or their shares;
- (b) in the case of a company not having a share capital, not less than one-fifth of the total number of its members.

(ii) The requisite number of depositors provided in sub-section (1) shall not be less than one hundred depositors or not less than such percentage of the total number of depositors as may be prescribed, whichever is less, or any depositor or depositors to whom the company owes such percentage of total deposits of the company as may be prescribed.

**1.1.3 JUDGING THE AUTHENTICITY AND VALIDITY OF SUIT**

(4) In considering an application under sub-section (1), the Tribunal shall take into account, in particular—

- (a) Whether the member or depositor is acting in good faith in making the application for seeking an order;
- (b) any evidence before it as to the involvement of any person other than directors or officers of the company on any of the matters provided in clauses (a) to (f) of subsection (1);
- (c) whether the cause of action is one which the member or depositor could pursue in his own right rather than through an order under this section;
- (d) any evidence before it as to the views of the members or depositors of the company who have no personal interest, direct or indirect, in the matter being proceeded under this section;
- (e) where the cause of action is an act or omission, that is yet to occur, whether the act or omission could be, and in the circumstances would be likely to be —
  - Authorised by the company before it occurs; or
  - Ratified by the company after it occurs
- (f) where the cause of action is an act or omission that has already occurred, whether the act or omission could be, and in the circumstances would be likely to be, ratified by the company.

**1.1.4 OTHER RELATED FUNCTIONS OF TRIBUNAL**

(5) If an application filed under sub-section (1) is admitted, then the Tribunal shall have regard to the following, namely:—

- (a) public notice shall be served on admission of the application to all the members or depositors of the class in such manner as may be prescribed;
- (b) all similar applications prevalent in any jurisdiction should be consolidated into a single application and the class members or depositors should be allowed to choose the lead applicant and in the event the members or depositors of the class are unable to come to a consensus, the Tribunal shall have the power to appoint a lead applicant, who shall be in charge of the proceedings from the applicant's side;
- (c) two class action applications for the same cause of action shall not be allowed;
- (d) the cost or expenses connected with the application for class action shall be defrayed by the company or any other person responsible for any oppressive act.
- (6) Any order passed by the Tribunal shall be binding on the company and all its members, depositors and auditor including audit firm or expert or consultant or advisor or any other person associated with the company.

**1.1.5 CONSEQUENCES FOR NON COMPLIANCE**

(7) Any company which fails to comply with an order passed by the Tribunal under this section shall be punishable with fine which shall not be less than five lakh rupees but which may extend to twenty-five lakh rupees and every officer of the company who is in default shall be punishable with imprisonment for a term which may extend to three years and with fine which shall not be less than twenty-five thousand rupees but which may extend to one lakh rupees.

(8) Where any application filed before the Tribunal is found to be frivolous or vexatious, it shall, for reasons to be recorded in writing, reject the application and make an order that the applicant shall pay to the opposite party such cost, not exceeding one lakh rupees, as may be specified in the order.

(9) Nothing contained in this section shall apply to a banking company.

(10) Subject to the compliance of this section, an application may be filed or any other action may be taken under this section by any person, group of persons or any association of persons representing the persons affected by any act or omission, specified in sub-section (1).<sup>1</sup>

**2. ARGUMENTS IN FAVOUR OF CLASS ACTION SUITS**

The law and constitution of various countries guarantee various kinds of rights to their respective citizens. But these rights won't help until and unless citizens exercise them. It is well accepted that majority of persons hesitate (because of time, effort and money required in legislative procedure coupled with a conventional mindset that loss to the aggrieved would get larger than the final benefits and the perception that initial suffering is too petty to be a cause for driving a lawsuit) in filing the cases against any sort of injustice. But, if they can sue a party while in a group then the individual petty losses lump into a big amount, becoming a sufficient cause to drive the lawsuit against the wrongdoer and cost of litigation could be shared (economies of scale), and then the task gets enthusiastic and challenging (Alexander).

Similarly for companies, in case a public company collapses, loss to each individual shareholder might be too small to be worthy of a suit, but shareholders can form a class and sue the wrongdoer in a class, leading to justified worthiness.

Other less confident and sort of afraid class members can inconspicuously sit behind representative class members, thereby boosting former's confidence and willingness to fight for their rights.

In a class action suit, suit is filed by a class and compensation granted for damages accrues to all the class members. It becomes the duty of court to ensure that all the plaintiffs are equitably compensated. Also, it would lead to consistency in judgements for all the members, which one cannot guarantee, had the members filed the cases individually.

Also, it saves the time of judiciary by avoiding the necessity of repeating the same witnesses and issues (as the number of cases plummets).

Class action suits can be used for social policy reforms against tobacco companies, gun manufacturers, etc (Hensler). It can force product manufacturers to take into account the externalities. Externalities refer to the effects borne by the persons (society) other than parties directly associated with the product (buyer and seller). For example: Cigarettes; it is well known that lungs of persons around smokers deteriorate at the faster speed than of the smokers themselves.

Having discussed the arguments in favour of class action suits, now we come to the arguments against class action suits.

**3. ARGUMENTS AGAINST CLASS ACTION SUITS**

Sometimes it might get difficult to bring together more members into the class and even if so is achieved, total amount may still not be large enough to culminate into a satisfying decision to file a suit.

Often transaction costs exceed the benefits to class and society. Assessing the benefits and costs is also difficult (Hensler). Also, there may be clashes among the class members, undermining the effectiveness of the provision.

It is said that class action suits provide a platform to aggrieved persons to reimburse the vent of their grievances; it is believed that the whole class which has filed the suit benefits as a whole. But, this study of 2009 (LLP) showed:

- A. in the number of cases, only lawyers enriched themselves in the process.
- B. 14% of cases remained pending for four years.
- C. Funds were delivered to miniscule percentages of the class like 0.000006%.
- D. Some class action suits instead of providing payment to class members, settled on an agreement to pay to a charity. (LLP)

As per this study in Australia, on an average only 14 cases are filed every year, thereby not meeting the expected outbreak of lawsuits after the enactment of the supporting provision. (CLASS ACTIONS IN AUSTRALIA, THE YEAR IN REVIEW, 2011)

**4. CONCLUSION**

Provision on Class Action Suit is a welcome move. Companies Act' 2013 has adequately provided for it. It not only includes basic provisions describing as to in which cases class action suit might be filed and consequences for non compliance, but it also has laid down the ways by which Tribunal can ensure that suit is not filed to serve vested interests.

There are various advantages associated with class action suits: they encourage the aggrieved individuals to register a lawsuit, which they might not file in isolation; they save the time of judiciary as the number of cases plummets; class action suits can even initiate social policy reforms, etc.

There are various limitations as well: it might not be possible to collect large number of members; benefits to class might exceed the costs incurred in terms of time, money and effort for electricity; there may be clashes among the members themselves; in number of cases, lawyers themselves at the expense of class members; a large number of cases remain pending; funds for compensation might remain restricted to few dominant members, etc.

Having concluded about the provisions, merits and demerits on class action suits, it can be said that it is a tool to be used ethically and with caution. Lot of literature will come up on this move, by researchers around the world, once Section 245 of Companies Act' 2013 gets implemented after Central Government's notification. Till then, government needs to make proper procedures through which class action suits could be filed and solved and also need to build up support programs for encouraging citizens to exercise their right, so as to have better governance throughout the country.

**REFERENCES**

1. Alexander, J. C. (n.d.). An Introduction to Class Action Procedure in the United States.
2. CLASS ACTIONS IN AUSTRALIA, THE YEAR IN REVIEW. (2011).

<sup>1</sup> Companies Act' 2013, available on website of Ministry of Corporate Affairs, through <http://www.mca.gov.in/Ministry/pdf/CompaniesAct2013.pdf>



3. Hensler, D. R. REVISITING THE MONSTER: NEW MYTHS AND REALITIES OF CLASS ACTION AND OTHER LARGE SCALE LITIGATION. *Duke Journal of Comparative and International Law* , 11.
4. LLP, M. B. Do class actions benefit class members? An empirical analysis of Class Actions.
5. Narang, M., & Jain, G. (2013). Class Action Suits: a Measure of Progressive Activism in India. *Indian Journal of Research* , 2 (12).

**WEBSITE**

6. <http://encyclo.findlaw.com/7600book.pdf>



## **REQUEST FOR FEEDBACK**

**Dear Readers**

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

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

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

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

Looking forward an appropriate consideration.

With sincere regards

Thanking you profoundly

**Academically yours**

Sd/-  
**Co-ordinator**

## **DISCLAIMER**

The information and opinions presented in the Journal reflect the views of the authors and not of the Journal or its Editorial Board or the Publishers/Editors. Publication does not constitute endorsement by the journal. Neither the Journal nor its publishers/Editors/Editorial Board nor anyone else involved in creating, producing or delivering the journal or the materials contained therein, assumes any liability or responsibility for the accuracy, completeness, or usefulness of any information provided in the journal, nor shall they be liable for any direct, indirect, incidental, special, consequential or punitive damages arising out of the use of information/material contained in the journal. The journal, nor its publishers/Editors/Editorial Board, nor any other party involved in the preparation of material contained in the journal represents or warrants that the information contained herein is in every respect accurate or complete, and they are not responsible for any errors or omissions or for the results obtained from the use of such material. Readers are encouraged to confirm the information contained herein with other sources. The responsibility of the contents and the opinions expressed in this journal is exclusively of the author (s) concerned.

## ABOUT THE JOURNAL

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

### *Our Other Journals*

