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From The Editor's Desk

Research Papers

Determination of IT Strategies to Improve Bank's Performance-Indian Public Banks Experience

Poolad Daneshvar, Dr. H.N.Ramesh

Currently, with the growing demands of profitability and efficiency, especially with the emergence of the new information technology (IT), it is essential to know the impact of new technologies on bank's performances. Consequently, an empirical analysis was conducted from a panel data of two public banks for the period 1998-2009 to examine impact of IT investments on profitability and productivity of Indian public sector banks. For this purpose, the study used two statistical tools in terms of correlation and regression analysis. The results indicates that investments on IT contributed to increase amount of deposits and return on assets (ROA) as profitability , profit per employees as productivity indicator and decrease the Net NPA ratio and staff cost. Finally, the study showed that public banks tried to adopt cost reduction and assets quality strategies to compete in the Indian bank market.

Key Words: Profitability, Productivity, Information Technology, Competitive strategy

A Study on Borrower's Preference for Hire Purchase Scheme Offered by a Selected NBFC in Chennai

C. Babu, Dr. R. Kasilingam

Retail banking and automobile industries are two booming sectors in India. Hire purchase schemes are offered both by NBFC and Banks. The customers have wide choice to choose source of finance. It is necessary to the service providers to ascertain the preference of the customers. The present study is attempting to find out most preferred NBFC and criteria considered by the borrowers and their

satisfaction level on the service provided by the hire purchase scheme providers. The study finds that the borrowers prefer to get loan from NBFC to buy heavy vehicles. Easy documentation is the important criteria considered to choose NBFC. Higher income people prefer private financiers. The most preferred NBFC is Sundaram Finance. Sundaram Finance continues to enjoy good reputation among all income, age and occupation category people.

Key Words: NBFCs, Hire Purchase Scheme, Sundaram Finance, Monthly Income, Customer Satisfaction.

Impact of Working Capital Management Practices of Pharmaceutical firms on their Profitability: An Example of Ranbaxy Laboratories Ltd

Dr. Manish Sitlani, Navneet Kaur Bhatia

Corporate Finance has always been an area of interest for researchers of related discipline. Though, as compared to long-term investing and financing decisions, less work is done in the area of working capital management, this does not under notes the importance of this dimension of corporate financial policies and decisions. Various studies have explored that profitability of pharmaceutical firms is determined by major factors including investment in research and development and nature of drugs generated. But being corporate entities, basic finance theories including those relating to working capital management, have their own role to play in profitability of these firms. Exemplifying Ranbaxy Laboratories Limited and applying Correlation and Regression Analysis, this research work attempted to explore the impact of working capital management on profitability of firms in pharmaceutical industry. The findings suggest that working capital management affects the profitability and Inventory Turnover Ratio has emerged as the best predictor.

Key Words: Current Assets, Current Liabilities, Profitability, Working Capital

A Study on Growth of Automobile Industry and Determinants of Demand and Preference Pattern of Automobile Ownership

Aditi Abhyankar

Indian automobile market is second fastest growing market in the

world with all the leading global brands making their entry to have their own share in this large pie. China and India are still at the early stage of car ownership. Over the long run, auto sales are positively correlated to household income, future income expectations, stronger economic growth and availability of finance at relatively low rate of interest. The global motor vehicle industry (four-wheelers) contributes 5 per cent directly to the total manufacturing employment, 12.9 per cent to the total manufacturing production value and 8.3 per cent to the total industrial investment. It also contributes US\$560 billion to the public revenue of different countries, in terms of taxes on fuel, circulation, sales and registration. The annual turnover of the global auto industry is around US\$5.09 trillion, which is equivalent to the sixth largest economy in the world. The auto industry is linked with several other sectors in the economy and it is treated as a leading economic sector due its extensive economic linkages. An attempt has been made in this paper to highlight the role played by the automobile industry in an economy and to list out the determining factors of automobile demand in general and of car ownership in particular, with help of the data collected by the author by undertaking a field survey in the city of Mumbai. Technology, fuel efficiency, travel-time to office, availability of specific requirements such as airbags and education were found to be statistically significant factors influencing the choice of a specific car model among the respondents of the field survey.

Key Words: Automobile Industry, Determinants of Automobile Ownership, MNL Model

An Empirical Study on the Relationship between SHG and Banking Programme

Dr.Suman Kalyan Chaudhury, Sanjay Kanti Das

Micro Finance is emerging as a powerful tool for poverty alleviation in the economy. In India, Micro finance scene is dominated by SHG-Bank linkage programme as a cost effective mechanism for providing financial services to the 'unreached poor'. The Programme has been successful not only in meeting financial needs of the rural poor women but also strengthening the collective self help capacities of the poor, leading to their empowerment. Rapid progress in SHG formation has now been transformed into an effective movement among women across the country. Micro

finance is necessary to overcome exploitation and create confidence in economic self reliance of the rural poor, particularly among rural women who are mostly invisible in the social structure. This study attempts to explore much debated question about the role of SHG as a financial intermediary for enhancing women empowerment. A primary sample study has been carried out to capture the realistic experiences and observations from the beneficiaries of SHG (underSGSY) of Nagaon Districts of Assam and more particularly of the Lumding Development Block and Udali Development Block .The empirical findings of the study suggest that SHG-Bank Linkage of micro finance programme has a profound influence on the economic status, decision making power, knowledge &self worthiness of women participants of SHG linkage programme in Assam. The micro finances related loan ailment and its productive utilisation found to be causing significant differences in women empowerment levels, analysed through different statistical tools(Parametric and non-parametric test) from the data so far collected from the sample study. However, it is found effective in graduating the poor and also have economic, social and psychological impact on women empowerment. Finally, it is concluded that the SHGs has a positive impact on women empowerment in the state. An effort is also made to suggest the ways to increase women empowerment.

Key Words: Micro Finance, Women Empowerment, Self Help Groups, Socio-economic Empowerment

Book Reviews

Changing Lives Changing Business-Seven Stages of Life in the 21st Century

Arti Modi