



श्रद्धावान् लभते ज्ञानम्

PURSUIITS

Academic Journal

Volume VI

ISSN 2322 – 0643

Peer Reviewed

Edited by

Prof. (Dr.) Sukanti Dutta

City College of Commerce & Business Administration

www.cccba.ac.in

"You don't have to burn books to destroy a culture. Just get people to stop reading them."

– Ray Bradbury

"Culture does not make people. People make culture."

– Chimamanda Ngozi Adichie

"A nation's culture resides in the hearts and in the soul of its people"

– Mahatma Gandhi

"When a tradition gathers enough strength to go on for centuries, you don't just turn it off one day."

– Chinua Achebe

"Everything is arranged so that it be this way, this is what is called culture."

– Jacques Derrida

"Culture: the cry of men in face of their destiny."

– Albert Camus

"If we were cultured, we would not be conscious of lacking culture. We would regard it as something natural and would not make so much fuss about it."

– Pablo Picasso

"One ought, every day at least, to hear a little song, read a good poem, see a fine picture, and, if it were possible, to speak a few reasonable words"

– Johann Wolfgang von Goethe

"In the room women come and go talking about Michelangelo."

– T. S. Eliot

"All objects, all phases of culture are alive. They have voices. They speak of their history and interrelatedness. And they are all talking at once!" -

– Camille Pagila

"Culture is the arts elevated to a set of beliefs."

– Thomas Wolfe

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A c a d e m i c J o u r n a l

December 2017, Volume VI, ISSN : 2322 0643

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13 Surya Sen Street, Kolkata - 700 012

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PURSUITS
Academic Journal
December 2017, Volume VI, ISSN - 2322 0643

Edited by : Prof. (Dr.) Sukanti Dutta
Associate Professor of English
City College of Commerce & Business Administration

Published by: Prof. (Dr.) Sandip Kumar Paul
Principal
City College of Commerce & Business Administration

Printed at: Rohini Nandan
19/2, Radhanath Mallick Lane, Kolkata – 700 012
Mail to: rohininandanpub@gmail.com

All articles and papers published in the journals are original
contributions and have never been published
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PRINCIPAL'S ADDRESS

Ultimately the VI the volume of *Pursuits* has seen the light of the day, but it has far surpassed the parturition time. I know no explanation is sufficient; hence I started with the apologetic little word we often use as an excuse to precarious predicaments.

Constant and consistent efforts are always being made to enrich *Pursuits* – the research journal of our college. The last year *Pursuits* was ennobled to the status of a “Peer Reviewed Journal”. In this context I take the opportunity to convey our sincere thanks and gratitude to all peer members who have spared some moments from their ever-busy schedule for our Journal.

Of late a lot of emphasis is being laid on “research” even at the undergraduate level of studies. Project papers have been incorporated in the syllabus. However, after working in this domain for more than three decades what really perturbs me are the quality and utility of a number of ‘forced’ research activities.

First, research work cannot be made compulsory for all students since they all do not possess the same level of cognition, interest, zeal and efficiency. Etymologically, ‘research’ means continuous search for new knowledge. The undergraduate colleges virtually have no chance for curriculum improvement. They are to follow the syllabus bestowed on them by the University. Often such syllabus as well as the examination and evaluation systems are not conducive to acquiring and imparting knowledge. Instead too much emphasis is laid on short questions, multiple choice questions, disciplinary marks (marks on attendance etc.), preference for short answers, replacement of text books by ‘Made Easy’ help books, which are ostentatiously aimed at maximum scoring with minimum knowledge and effort! While the entire emphasis is on acquiring marks and enhancing scores and that too in the simplest and easiest possible way, knowledge and enrichment thereof slip out through the backdoor. As a result, most of the research project papers of the mandatory research works are either facsimile copies of their senior counterparts with some twist in the title or the content or arrangements. They often turn out to be poor collections and random assortment from internet browsing.

Even when the teachers embark upon research activities, in a majority of cases the main objective appears to be professional development and positional upliftment and obviously not enrichment of knowledge.

Seldom do we see students gaining from such research. The topic and contents thereof are far beyond their reach. Nor are they encouraged by the investigating teachers to participate in such research activities in some way or the other. The same is the situation even with regard to minor or major research programmes conducted by the teachers. In a nutshell, the fruits of all such research activities of the teachers do seldom reach the students.

Again closely related to research is development. ‘Development’ is concerned with putting the results of research on a commercial basis. Development starts where research ends. Here we find that research ends with the research work itself with practically no development work thereafter. And this is one main reason for which students are not being interested in academic researches.

The problem is really grave. However, it does not mean that there are no solutions to it. In order to popularise research it is not sufficient just to incorporate it in the syllabus and allot some marks to it. Instead one has to look beyond the boundaries or peripheries of syllabus and marks. Further a close correlation between research and development needs to be ensured. All these require concerted efforts of the academicians, industrialists and social scientists. Let us look forward and look beyond!

Dr. Sandip Kumar Paul

EDITORS' DESK

The Desk begins with an apology to all those directly or indirectly associated with *Pursuits*: for the first time in six years the Research Journal is going to see daylight after a delay of almost 6 months. A host of difficulties coupled with some major changes in the administrative structure of the college have been chiefly responsible for this delay. However, we believe in the cliché, 'Better late than never'! So, the 6th edition is finally going to be brought out, though a little late than usual.

At the outset, we have to admit that the present edition is going to be a truncated one, but within that ambit the college has tried to put its best foot forward by organising a rich panel of reviewers of high pedigree and academic excellence. Needless to say, they have been extremely cooperative in finding out time from their busy schedule to check the articles. Thus we had to leave out a number of papers from a pool of contributions which, in spite of their otherwise excellence, the reviewers felt covered kindred areas without offering anything specifically innovative. Over the last few years, *Pursuits* is making honest efforts to broaden its range of disciplines. Thus apart from commerce-related themes, topics related to social science and literature have been included, and some of them relate to research projects which are either completed or underway. It has all along been the motto of the journal to accommodate papers which look to problematise some topic or theme to keep open possibilities of debate. That is why, some of the articles may well be polemical or open-ended, and there is nothing wrong in it provided the thrust area is perspicuously brought under focus.

The academic world is extremely competitive, and a lot of young scholars are venturing into the scene. They are coming up with innovative and laudable projects which prompt us to think and, if needs be, allow us to modify the deeply entrenched ideas and beliefs that may have lost some of their topical relevance. The onus is thus on us to help these scholars find a foothold in the academic world and express themselves. A research journal like *Pursuits*, in spite of all its limitations, humbly seeks to help the cause of such scholars. It does not claim to be a major presence in the academic scenario; its sole purpose is to encourage researchers and scholars to manifest their consummate ability to go for greater things to come.

This Desk does not know how far *Pursuits* will travel, but it assures the researchers and scholars of every possible exposure of their talents through its pages. It is grateful to all those who have stood by it to extend all possible help. It owes to the unquestioned academic expertise of Dr. Arabindo Bhattacharya, Dr. R.P.Banerjee, Dr. U.K.Neogi, Prof. Debaprasad Banerjee, Dr. Soumitra Sarkar, Dr. Bharat Dalal, Dr. S.A.H.Mainuddin and Dr. Radhanath Pyne for their invaluable advice and guidance in making this venture possible in the face of some awkward circumstances. The Desk can only request them to stand by the journal and propel it in the right direction.

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Shadows of Monopoly Theorem on Takeover of Corporate Control: A case of HLL and TOMCO

Aditya Das

Abstract

A survey of the real world phenomena of the last few decades reveals that the largest investment decisions by the corporations are committed to takeover of the control of other entities. This paper is an attempt to bridge a gap between Monopoly theory of takeover and its applications in reality. Moreover, it is an attempt to unveil the hidden motive i.e the Monopoly theorem of takeover with the help of a case study.

Introduction

According to FASB (Financial Accounting Standard Board) Control is “the power of one entity to direct or cause the direction of the management and operating and financing policies of another entity”. Moreover in the 1991 discussion of memorandum on consolidation policy and procedures, the FASB addressed the issue regarding the concept whether corporate control and level of ownership are synonymous to each other. The Board posed the question which stated whether consolidation should be extended to the situations where the parent company has control, but its ownership is less than majority ownership. Subsequently, the FASB issued an exposure draft on “Consolidated Financial Statement: Policy and Procedures,” in which corporate control over an entity was defined as “power over its assets.”

According to the classical economic theory of monopolization, companies agree to horizontal mergers in order to achieve market strength, limit the competitor’s power and make access to the market more difficult for them. The positive effects of a monopolistic market position can be obtained by:

Cross-subsidisation of acquired business lines: In the cross-subsidisation of single business lines, profit originating from the strong position of a product in a particular market can be utilised to finance entry into other markets.

Restriction of competitions in market: In case of restrictive competitions in market where a company becomes a participant through acquisitions a simultaneous restriction of competition in several markets can result from introducing two competing companies in the most important market of the other company through takeover.

Implementation or augmentation of entry barriers in specific markets: Construction of market entry barriers aim at deterring potential competitors from entering the respective market, and this can be accomplished through acquisitions in adjacent markets.

Theoretical Framework

Whenever the media flashes news of various firms seeking merger, the management explains to the stakeholders the reasons for the merger, their future prospects and benefits to the stakeholders. But there are

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always a few questions which remain unanswered.

In order to eliminate the ambiguities, experts framed certain theories which explain the logic behind the takeovers:

1. The Monopoly Theory
2. The Efficiency Theory
3. The Valuation Theory
4. The Process Theory
5. The Disturbance Theory

The monopoly theory views mergers as being planned and executed to achieve market power. Conglomerate acquisitions may allow a firm to embark on the following activities:

1. The firm can cross-subsidize products. Profits from the position in one market are used, for example, to sustain a fight for market share in another market. Philip Morris allegedly did this after acquiring Miller.
2. The firm can aim at simultaneously limiting competition in more than one market. One way to do so is tacit collusion with competitors it meets in more than one market. This theory of mutual forbearance was developed by Edwards (1955). A practical example is building a foothold in a competitor's main market who in turn possesses such a foothold position in the firm's main market (Porter, 1985). Other possible ways of limiting competition in more than one market are reciprocal dealing and combining business functions such as purchasing. The two latter phenomena are hard to evaluate since they can be synergistic as well as anti-competitive.
3. The firm can aim at deterring potential entrants from its markets. One possible way of achieving this is concentric acquisition by a market leader. Deterrence of potential competition is even harder to evaluate than the activities mentioned in the previous paragraph. The elusive character of potential competition seems to be the reason for its ever-changing fate in antitrust (Steiner, 1975). These kinds of advantages have been referred to as collusive synergies (Chatterjee, 1986) or competitor interrelationships (Porter, 1985). These labels illustrate that from the firm's point of view these advantages are as beneficial as the synergy types discussed above. But there is a clear difference at the level of the economy. Collusive synergies represent no efficiency gains, but wealth transfers from the firm's customers. The efficiency gains sometimes accruing to monopolistic competition do not occur in nonhorizontal mergers (Scherer, 1980). It is not too surprising to find no claims that a merger is made to achieve monopoly power. Even mergers that are widely perceived to follow this aim, like the merger wave around the turn of the century (Rhoades, 1983) can be 'sold' on efficiency grounds or by arguing that the relevant market is broader. There is some indirect evidence on the monopoly consequences of mergers. Jensen (1984) summarizes a number of event studies that deal with the effects of merger announcements, FTC investigations, and merger cancellations on competitors' stocks. Under the monopoly theory competitors' stocks should rise upon an announcement and drop if the merger is challenged or cancelled. Since competitors' stocks do not fall on the two latter events Jensen rejects the monopoly theory. Two other recent studies directly examine the role multimarket contacts play. Scott (1982) found that they were only associated with high profits if seller concentration was high, too. Contrary to that, Feinberg (1985) found a generally positive relationship, although it was much weaker on the industry level compared to the company level. Finally, the above-mentioned performance results from the studies by Ravenscraft and Scherer, and by Porter, apply here, too. They clearly contradict the picture of successful extortion of monopoly profits through non-horizontal mergers. In sum, the monopoly theory's record appears to be even weaker than that of the efficiency theory. The results on companies' performance are mixed while the event studies are unfavorable. However, the results are not as

devastating as Jensen (1984) and Ravenscraft and Scherer (1987) claims.

TOMCO-HILL Merger: A Case Study

The Economic Times of January 6, 1995 reported the following advertisement:

Notice is hereby given that pursuant to the order passed by the Hon'ble High Court at Bombay, The Tata Oil Mills Company (TOMCO) has been amalgamated with Hindustan Lever Limited (HLL) on December 28, 1994 with retrospective effect April 1, 1993 . . . The shareholders of TOMCO whose names would appear in its Register of Members as on a Record Date, to be fixed by the Board of Directors of HLL, would be eligible for 2 equity shares of Rs.10 each credited as fully paid up in HLL, for every 15 ordinary shares of Rs. 10 each held by them in TOMCO.

HLL's chairman informed the shareholders on June 15, 1993 about the management's proposal to merge TOMCO into HLL. He started:

In the light of recent changes in the economic environment, which are designed to prepare Indian business to face up to global competition, your management has been considering avenues for faster and more profitable growth. Business imperatives demand that the focus on core business in which we have competitive strength derived from our core competence. We have come to the conclusion that 'core areas' of business for your company are:

- Soaps and detergents
- Personal care products
- Chemicals including speciality chemicals
- Agri-inputs including fertilisers and seeds
- Exports

We believe that these businesses continue to offer considerable growth potential, even in the forecastable future and therefore, unless there are strong and compelling reasons, we will continue to focus all our energies on these business. We aim to achieve our objective through organic growth to our existing/new locations while, at the same time, actively pursuing growth opportunities through mergers/acquisitions which are strategically appropriate and financially attractive, and where we can add value better than others.

One such proposal which your management considers in the best long-term interest of the Company and, therefore, of the shareholders is being put up for your consideration at the ensuing Extraordinary General Meeting on June 30, 1993. While the notice, explanatory statement and other relevant papers have been sent to you separately, I propose to explain the relevance of the proposal in some detail.

Subject to the requisite approvals and permission from the shareholders of the two companies and the Hon'ble High Court of Judicature at Bombay, it is proposed to merge The Tata Oil Mills Company Limited with your company with effect from April , 1993.

Earlier in March 1993, the Rs, 2,086 crore HLL proudly announced that it had just conquered its oldest rival- the Rs. 350 crore TOMCO. If HLL made this move with a view to dominating the market, it would have to use all its skills to turn TOMCO around as it recorded an operating loss, after sales dropped from Rs. 428 crore in 1991-92 to Rs. 312 crore in 1992-93.

Background of Merging Companies

Hindustan Lever Limited

HLL was incorporated as a private limited company on October 17, 1933 and was converted into a public limited company on October 27, 1956. It is a subsidiary of the Anglo-Dutch international giant Unilever. HLL is engaged in the manufacturing and marketing of soaps, detergents, toilet preparations, basic chemicals, fertilizers, and other agricultural inputs. HLL is also a recognized export trading house. HLL's presence in the Indian soaps and detergents market is truly dominant: some of its brands such as 'Lifeboy', 'Sunlight',

‘Lux’, ‘Rin’ and ‘Surf’ are household names in India. These brands are also Unilever’s international brands. It was generally opined that HLL’s brands did leave gaps in the product line. In fact, Nirma exploited this weakness of HLL fully in the 80s.

Various manufacturing and export unit (29 units) are located in the states of Maharashtra, Jammu & Kashmir, Madhya Pradesh, Karnataka, Punjab, Gujarat, Uttar Pradesh, Andhra Pradesh, Tamil Nadu, New Delhi and the Union Territory of Pondicherry. HLL has six subsidiaries in India (Indexport Ltd.; Levers Associated Trust Ltd.; Levindra Trust Ltd; Stepan Chemicals Ltd.; Shekar Engineering Industries Ltd.; Hindustan Trust Ltd.)

In the recent years, many well-known Indian companies (Brooke Bond India Limited; Lipton India Ltd.; Ponds India Ltd.) were brought in as affiliates/associate companies of HLL. All these companies are subsidiaries of Unilever.

The share capital of HLL as on December 31, 1992 was Rs. 140 crore. The shareholding pattern as on April 22, 1993 was:

Foreign shareholding	51.16%
FIs	16.79%
Public	32.05%
<i>Total</i>	100.00%

The HLL equity shares are listed on stock exchanges at Ahmedabad, Mumbai, Kolkata, Kochi, Delhi and Madras. Financial data for HLL for the three years of 1990, 1991 and 1992 are given in Exhibits I-III.

Between 1984 and 1992, HLL’s gross turnover grew at 16 per cent, the profit before tax grew at 18 per cent per annum, and the profit after tax showed an annual growth rate of about 21 per cent per annum. During 1956-1992, a period of 37 years, HLL earned profits and declared dividend in every year.

The Tata Oil Mills Company Limited

TOMCO was incorporated as a public limited company on December 10, 1917. It was engaged in the manufacture and marketing of soaps, detergents, glycerines, vanaspati, edible oils, toilet preparations, cattle and poultry feeds, oil cakes, deoiled meals, fish and fish products.

Manufacturing units of TOMCO were established in Maharashtra, West Bengal, Kerala, Bihar, Gujarat, Uttar Pradesh, and Tamil Nadu. International Fisheries Ltd. and Aftab Investment Company were the two subsidiaries of TOMCO. In addition, TOMCO had the following affiliates/associate companies:

- Industrial Perfumes Ltd.
- Tata Vashisti Detergents Ltd.
- Kalyani Soap Industries Ltd.
- Tata Oil Company Ltd.

TOMCO’s financial data are given in Exhibits IV-VI. TOMCO’s shares were listed at Mumbai, Kochi and Chennai. In 1991-92, TOMCO’s turnover was Rs. 425 crore, it employed about 5700 people and sold 166000 tons of soaps and detergents from its eight manufacturing locations.

During 1991-92, Tata Sons (a holding company for other Tata companies) decided to review their business strategy. It was decided to concentrate on few core areas of competence. TOMCO was seen as poor in marketing and distribution. The raw material cost and wage bill were also excessive. The company continued to make losses and in 1992-93, the dividend was skipped. One analyst wrote: ‘Tatas simply lost interest in TOMCO; they decided to quit TOMCO gracefully’.

The Unilever Interests

The merger of TOMCO with HLL seemed to match the various moves made by Unilever in India (and abroad) over the last few years. Unilever acquired Brooke Bond and Lipton. It is claimed by analysts that for all practical purposes, HLL oversees the combined entity named BBLIL. Vijay Mallya's Kissan was also purchased by Unilever around the same time. This made Unilever the largest and dominant player in the Indian food and beverage sector. Several acquisition moves have been initiated in the ice cream sector as well. Unilever had also acquired the cash rich Pond's.

In the international scenario, Unilever had to constantly fight two other giants – Proctor & Gamble (P&G) and Nestle. In the recent past, P&G had drubbed Unilever in a price war in the USA. P&G has also established a commanding position in Europe. Unilever's stock price had been tumbling and the profits were slipping. In India, a survey conducted in August 1993 showed that in the fast moving consumer goods (FMCG) sector, the most admired company was HLL, but P&G was placed not very far away at the third position.

P&G acquired Richardson Hindustan Limited in the late 80s, but took active interest in it in early 90s. Its name was changed to Proctor & Gamble (India) Limited. It quickly entered into a strategic alliance with Godrej whereby the soaps manufactured by Godrej Soaps Limited would be marketed and distributed by P&G. Godrej had some very popular brands such as 'Cinthol', 'Marvel' and 'Crowning Glory'. International brands such as 'Evita' and 'Camay' were soon introduced in India by the two strategic partners. In the meanwhile, Nestle had also announced plans to consolidate its position in Indian food and beverage sector.

Rationale for Merger

Though TOMCO was a company with a rich 75-years heritage, the performance in the late 80s and early 90s was clearly slipping. The desire on the part of Tatas to quit and look for a good management to sell TOMCO proved handy for HLL. From HLL's point of view, TOMCO would bring in, as a part of the merger proposal, valuable brands ('Hamam', '501', 'Moti', 'Jai', 'OK',) which enjoyed enormous goodwill among Indian consumers. These are ethnic Indian brands, which fill gaps in and strongly supplement HLL's portfolio of international brands. The merger would also enable HLL to access manufacturing capacities for soaps and soap intermediates, particularly fatty acids and detergents, thus enabling HLL to save on capital expenditure and optimize on both transportation and distribution costs.

However, there were some problem areas such as: under-utilized TOMCO workforce, with relatively lower productivity; needs for substantial investments to upgrade the plant and machinery to achieve quality standards on par with those of HLL's existing factories; and need to train TOMCO people, upgrade their skills, and integrate them into the HLL work culture. The chairman of HLL further informed the shareholders as follows:

Your management is confident that it can deal with these issues successfully. Some reorganization and rationalization may be inevitable in the process of making the TOMCO operations viable and suitable; we believe this can be done through an open dialogue with the employees and their representatives in a spirit of mutual understanding, and most importantly, in a human manner.

Be that as it may, your company is committed to adequately protecting the interest of the TOMCO employees. The merger scheme envisages that all TOMCO employees will become HLL employees, and their terms and conditions of service will be no less favorable than what is currently applicable to them in TOMCO.

Terms of the Merger

HLL's terms of the merger stated by its chairman are reported below:

One of the most crucial issues in a merger proposal is the swap ratio, which must safeguard the interests of both sets of shareholders. One set of shareholders should not gain at the expense of the other set of shareholders. Conscious of this responsibility, your management, in consultation with the TOMCO management, entrusted this share valuation exercise to Mr. Y H Malegam, senior partner of S B Billimoria and Company, Chartered Accountants, who in his professional capacity acted on behalf of both the companies. Mr. Malegam has

recommended a swap ratio of two HLL shares for 15 shares of TOMCO based on a comprehensive valuation exercise. This has been shared with the public financial institutions - Unit Trust of India, General Insurance Corporation, and Life Insurance Corporation, who have approved the swap ratio after discussion among themselves. The public financial institutions together have about 17 per cent shareholding in HLL and 40 per cent in TOMCO.

The management of your company feels that the swap ratio is fair, reasonable, and equitable to both sets of shareholders. We believe your company will, post-merger, emerge stronger and more successful, so that both sets of shareholders will participate in the gain from the prosperity arising from the merger. This represents a unique 'win-win' situation for the shareholders of both companies.

Your company will, apart from issuing shares to TOMCO shareholders as a part of the merger proposal (which will necessitate the issue of 28,67,314 shares of HLL), accept responsibility for the outstanding debt of about Rs. 180 crore and other contingent liabilities of about Rs. 30 crore, besides redeeming preferential shares of Rs. 1.15 crore. Your company proposes to invest a sum of Rs. 50 crore in technology upgradation at the manufacturing facilities as the total cost of integrating the TOMCO business, and get it to make a healthy contribution to the operations of the merged company in a relatively short span of time. Therefore, at the cost of repetition, it is worth restating that both sets of shareholders will participate and gain in the enhanced prosperity emanating from the proposed merger.

As an established Tata company with 75 years of history, TOMCO holds several investments. Most of these are directly relevant to its own business, while some are of relevance to Tatas generally. It has been agreed that trade investments related to TOMCO's own business, namely, International Perfumes Limited, International Fisheries Limited, Tata Vashisthi Detergents Limited, and Kalayani Soaps Limited will get transferred to your company as a part of the merger proposal. However, investments held by TOMCO in areas of relevance to the Tata group will be moved out to other Tata companies in consideration of which TOMCO, the merged company will receive their full market value. These investments include Tata Ceramics Kerala Limited, Tata Exports Limited, the proposed joint venture of zirconium sponge and titanium and titanium dioxide, and Aftab Investments Limited (which in turn holds investments in several Tata companies). In the case of unlisted securities, the fair value will be determined by the experts in accordance with accepted accounting/valuation principles.

We believe these arrangements are both suitable and appropriate to both the companies. Your company will, post-merger, neither have the core competence to pursue such projects, nor does it wish to enter these areas of business. The Tatas, who were and continue to be committed to these projects, can take off these projects from their present investment stage in TOMCO. The release of these investments will generate cash which will be gainfully used to further the core business of TOMCO - the merged company. I would like to assure you that these investments will be transferred at full commercial value. There is no hidden subsidy whatsoever, as alleged in uniformed and motivated reports.

Similarly, it has been agreed to make certain arrangements in respect of specified properties of TOMCO. These can be divided in two parts:

- Premises occupied by TOMCO in Bombay House, Bombay
- Premises occupied by the central accounts office of TOMCO in Army and Navy Building, Bombay
- On residential flat in Harbour Height, Colaba, Bombay

These properties are owned by the other Tata companies, which had allowed TOMCO the use and occupation thereof by virtue of TOMCO being a Tata company. Since TOMCO, post-merger with your company, will no more be a Tata company, it has been agreed to release these tenancies. Consequently, no rent or other charges will be due or payable in respect of these properties.

The second set of properties, which comprise certain residential flats (most of them in the exclusive Tata colony), and certain lands and buildings earmarked for specific projects (e.g.; Ceramics, Zirconium sponge, Titanium) owned by TOMCO, can be released to other Tata companies without impacting TOMCO operations. It has, therefore, been agreed that the merged company will make available these assets to other

Tata companies should they so desire, at a fair market value which will be assessed by independent valuers. From this it will be clear that there will be no loss to your company or to the shareholders since all these transactions will be at the full market price.

The provision with regard to the sale of trade investments and release of certain properties need not have formed part of the merger scheme since, under applicable legal provisions; the managements could have on their own, without formal approval or consent of the shareholders, released/transferred/sold the assets in question. However, it was the express wish of both companies to ensure total transparency that led us to include these in the scheme so that vested interest do not, at a later date, allege suppression of material facts.

This takes me to the last important issue, namely, preferential allotment of 2984347 shares to Unilever Plc. This is being done to restore Unilever's 51 per cent shareholding (which currently has in Hindustan Lever) in the merged company.

Being a Unilever subsidiary has been a source of major strength for your company and has been responsible in several ways for its phenomenal growth and prosperity. This status has enabled your company to access from Unilever, free of cost, R&D, technology know-how, marketing support (both domestic and international, including brand names), management systems, training facilities, and other resources in the normal course of business. Your management, therefore, considers it important that Unilever Plc. retains its 51 percent shareholding in the merged company.

Some of you may recall that Unilever Plc., which held 100 per cent equity in your company, voluntarily diluted its shareholding to 84.6 per cent in two stages, in 1956 and 1966. The shares were offered to the Indian public at a price worked out by reference to the Controller of Capital Issues (CCI) formula. Unilever Plc. further diluted its holdings in your company from 84.6 per cent to 51 per cent, partly by a public issue and partly by a divestment on rights basis in 1977 and 1978. Here again, the issue prices were based on CCI formula. These prices were substantially lower than the ruling market price of your company's shares.

If the same CCI formula (followed at the time of dilution) is now used to allot shares to Unilever Plc. to raise its equity to 51 per cent, Unilever would be entitled to receive the shares at a price of about Rs. 43 (face value is Rs. 10). However, your Board is not proposing to do this.

The apex chambers of commerce at the national level and the public financial institutions (LIC, GIC, UTI, IDBI, and ICICI, among others) have, after discussions, evolved a revised formula for enabling the parent company to raise the shareholding in an Indian company through a preferential allotment. This formula envisages preferential allotment at a price earnings multiple of 15, based on the last published audited annual results of the company. This also ensures a measure of equity between the price at which a foreign shareholder is expected to dilute and the price at which it can increase its shareholding, if it wishes to do so.

We have followed this formula for recommending the preferential allotment. Your company's earnings per share for the accounting year ended on December 1992 were Rs. 7. At a multiple of 15, the price is Rs. 105. This is equal to the face value of Rs. 10 and a premium of Rs. 95. The merchant banking division of ICICI has confirmed that the price of Rs. 105 per share for preferential allotment to Unilever Plc. to restore its shareholding in the merged company to 51 per cent (which exist premerger) is fair and reasonable.

Your board has, however, proposed two conditions for the preferential allotment to Unilever Plc. First, the shares in question shall be non-transferable for a period of seven years from the date of allotment. Secondly, should Unilever decide to divest these shares within 12 years from the date of allotment, it shall do so in favor of other shareholders on a fair and equitable basis at a price worked out by reference to P/E of 15, based on the latest published audited results. Your board considers the proposed preferential allotment at the aforesaid price and conditions fair and reasonable.

After the merger, the stake of Unilever would reduce to 49 per cent. In order to raise into 51 per cent, a preferential allotment in favor of Unilever was proposed. When HLL approached the RBI for clearance, it did not grant approval for a long time. Instead RBI issued new guidelines stating that pricing of every preferential allotment, including allotment to foreign shareholders, would be determined on the basis of the

average price of the share during the preceding six months at the main listing center. If these guidelines were to be obeyed, then Unilever would be forced to shell out Rs. 358 per share (Rs. 253 more per share than what the board proposed). The total would amount to Rs. 106.80 crore instead of Rs. 31.50 Crore as the board's proposal. HLL challenged RBI guidelines in the Bombay High Court in July 1994,

Review of Merger Decision by Hll

Even before HLL approached the court, it unilaterally announced that it would be forced to comprehensively review the merger. HLL said the financial institution did not oppose the proposal at any stage and it was strange that RBI opposed it towards the end. HLL pointed out that many other companies such as Castrol, Colgate, Peico, Coates, and Hoechst were permitted by RBI to issue preferential allotment to their foreign parents at heavy discount to market prices. It was also a fact that HLL's application was made several months before the new RBI guidelines on preferential allotments were issued.

The announcement that HLL may review the merger was received, by the analysts, with some skepticism. One analyst noted:

In my view, Hindustan Lever cannot demand that the parent be given shares at 1/7th the market price. True, when the application was made to the government the rules were different. But Hindustan Lever has been in the country long enough to know that several times the government has amended the rules when the need arose. Hindustan Lever, as a corporate citizen, should obey the law. The people of this country will continue to regard it with the high respect it has always commanded.

Offers by Nirma and Godrej

In June 1993, Nirma's Karsanbhai Patel made an attempt to put a spoke in the wheel. He was planning to put in a counter bid of Rs. 75 per share, a price more attractive than the valuation of Rs. 52 implied in the exchange ratio of 2:15. Patel claimed that his move was altruistic to ensure that TOMCO shareholders got the right deal. Some observers pointed out that Patel's main consideration was perhaps his own market share. Patel later wrote to TOMCO Chairman, H N Sethna, expressing that he would be willing to pay 50 per cent higher than HLL for acquiring Tata Son's 20 per cent stake in TOMCO. HLL's spokesmen said that Nirma's bid was a delaying tactic that had come too late. Already the two boards as well as the Bombay High Court had cleared the merger. The financial institutions, which held 42 per cent stake in TOMCO, had also approved the merger.

Highly placed sources at TOMCO confirmed in June 1994 that Godrej Soaps had also made a bid to take-over TOMCO although no concrete terms had been discussed. Godrej Soaps had already made a move to merge with the Gujrat Godrej Innovative Chemicals.

Tomco's Turnaround by Hll

HLL's personnel had moved into TOMCO as advisors well before the merger was legalized. The turnaround strategy bears the classic Lever stamp-tight fund management, strong pull factor for the brands backed by heavy advertisement and promotion, an emphasis on mass market products.

Even as the TOMCO-HLL merger was ratified by the shareholders of TOMCO, HLL formed a crisis management team to restore TOMCO back on the rails. At this stage, the emphasis was not on profits, but on creating new a management system at TOMCO. Three phases were identified for tackling TOMCO's problems.

The first phase began in mid-March, 1993 and continued till June, 1993; that is, about 100 days. The main focus was on costs.

Production shifted from the Sewree plant to the new cost efficient Tata Vashisti plant at Chiplun near Delhi and its two factories in Kerala. Several low unit cost, low margin product lines, like '501' bar soap, 'OK' bath soap were given off to third party manufacturers.

Reducing the company and stockist inventory from three months to 15 days. To push pipeline stocks, HLL asked TOMCO to cut down production by about 30 per cent from March, 1993 to June, 1993.

The TOMCO oils and facts purchases were connected to the Lever's purchase pool. Raw material costs

are said to be reduced by about 40 per cent. TOMCO is said to have gained about Rs. 1500 per tone on the purchase of oils and fats through HLL sources.

The second phase started in July, 1993 and ended in September, 1993. During this period, TOMCO's brand portfolio was analyzed in order to identify those brands that could eventually generate profits.

HLL asked TOMCO to concentrate on creating brand pull for select products. 'Hamam' and 'Moti' which served as strategic defenders for Lever's own popular segment brands and the premium priced 'Le Sancy' were given advertisement support. These brands were advertised on television for the first time in years.

The TOMCO management began looking for niches, like hair oils and perfumes, to generate profits. The production of Eau de Cologne at Bombay has been stepped up. The Madras factory began making hair oils again after a gap of about years. The third party manufacturing system was strengthened by adding three more manufacturers to raise the strength to six. Production is said to be up to 4000 tons from 1500 tons from about a year ago. The Tata coconut hair oil brands have also been advertised on television for the first time in about a decade.

The third phase began in October, 1993. It was aimed at better factory and production management. This phase had to be dealt with very carefully because it was not feasible to deal with the 5500 strong TOMCO workers legally until the merger was legally through.

Every product was being evaluated from a production point of view and parameters were developed based on the unit cost of production and the quality of the product. The parameters were designed to match production facilities with

TOMCO's product quality has to be on par with HLL's own quality norms and product costs, as close to those of HLL's as possible. Plans include changing factory layouts, modernizing operations and rationalizing manpower utilization.

TOMCO's production personnel have been reshuffled. About six manufacturing people from TOMCO are now said to be managing the show under the guidance from one Lever man at each factory. Most of these are not erstwhile factory managers.

Commenting on the HLL efforts to change TOMCO's management systems, one always noted:

All through the program, there has been one implicit, unwritten message. By changing systems and management styles, HLL was out to change the way in which TOMCO had worked. From being a manager who was merely interested in selling all he made, the TOMCO executive had to become a livewire who would push the market with everything he had.

Critical Reflections & Analysis

From the above case, it is amply clear that in International market Unilever constantly fought with two of its rivals (Proctor& Gamble, Nestle) in a same industry. In U.S.A and in Europe Proctor & Gamble dominated the entire FMCG industry and Unilever faces a drastic slip in its stock prices. Interestingly, a survey conducted in August 1993 showed that in the FMCG industry though the most admired company was HLL(subsidiary of Unilever), Proctor & Gamble was no less esteemed and was placed at third position. So, it may be said that in order to establish a dominant position in India and establish a monopoly in FMCG market HLL took a radical step i.e the takeover of TOMCO despite all the obstacles they had faced in the process.

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Distress Prediction and Performance Analysis of Pharmaceutical Companies in India

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Abstract

The Indian pharmaceuticals market is the third largest in terms of volume and thirteenth largest in terms of value, and it accounts for 20 per cent in the volume terms and 1.4 per cent in value terms of the Global Pharmaceutical Industry as per a report by Equity Master. Apart from this growth in volume and value in pharmaceutical industries some companies are facing financial distress. This paper purports to examine the financial health of the selected Indian companies in pharmaceutical sector by using Altman's Z-score model. Randomly ten pharmaceutical companies trading in India were selected and secondary data has been used for the study. The results of the study indicates that profitability and market value of shares are important variable to predict distress. Atman z score model is one of the best model to predict distress but it is not totally reliable model to predict distress.

Introduction

The Indian pharmaceutical industry, which is expected to grow over 15 per cent per annum between 2015 and 2020, will outperform the global pharmaceutical industry, which is set to grow at an annual rate of 5 per cent between the same period. The market is expected to grow to US\$ 55 billion by 2020, thereby emerging as the sixth largest pharmaceutical market globally by absolute size, as stated by Mr Arun Singh, Indian Ambassador to the US (Source :IBEF).

India enjoys an important position in the global pharmaceuticals sector. The country also has a large pool of scientists and engineers who have the potential to steer the industry ahead to an even higher level. Presently over 80 per cent of the antiretroviral drugs used globally to combat AIDS (Acquired Immuno Deficiency Syndrome) are supplied by Indian pharmaceutical firms.

Government Initiatives

The implementation of the Goods and Services Tax (GST) is expected to be a game-changer for the Indian Pharmaceuticals industry. It will lead to tax-neutral inter-state transactions between two dealers, thereby reducing the dependency on multiple states and increasing the focus on regional hubs. It is expected to result in an efficient supply chain management, which is expected to reduce its cost considerably. The cost of technology and investment is expected to reduce on account of tax credit which can be availed now on the duties levied on import of costly machinery and equipment.

Some of the initiatives taken by the government to promote the pharmaceutical sector in India are as follows:

- **Finance:** In the Union Budget 2017-18, the Department of Biotechnology (DBT) received Rs 2,222.11crore (US\$ 333.31 million), an increase of 22 per cent, to continue implementing the department's national biotech strategy.

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- **Custom duty:** In an attempt to revive the active pharmaceutical ingredient (API) and bulk drug market in India, the Government of India has proposed peak customs duty on the import of APIs and also plans to set up mega drug parks to give a boost to domestic production.
- **Approval time:** The Government of India unveiled 'Pharma Vision 2020' aimed at making India a global leader in end-to-end drug manufacture. Approval time for new facilities has been reduced to boost investments.
- **Affordability:** The government introduced mechanisms such as the Drug Price Control Order and the National Pharmaceutical Pricing Authority to deal with the issue of affordability and availability of medicines.

Although these initiatives have been taken by the government to safeguard the interest of all the stakeholder a few companies are still facing financial distress. These financially distressed companies are still surviving in the economy and measures have been taken to overcome and predict distress, but there is no one definite model which can be suggested or used to predict financial distress, but commonly used model for distress prediction is Altman's Z score model developed by Edward I Altman.

This model takes financial ratios as a tool to predict the company's ability to survive in challenging environment. Financially strong companies indicate operational and managerial efficiency with optimal capital structure. Financial ratios indicate the financial health of the company.

The objectives of the study are:

- To examine the performance of Indian companies in pharmaceutical sector.
- To examine the financial health of the selected Indian companies in pharmaceutical sector by using Altman's Z-score model.
- To find out the Anomalies of Altman's Z-score model of distress prediction.

The methodology of the research is as follows:

- **Sample design:** The sample for the study has been selected from pharmaceutical sector. Randomly 10 pharmaceutical companies trading in India were selected.
- **Data collection:** The study is mainly based on secondary data which are collected from moneycontrol.com and annual reports of the company.
- **Time period:** The study covers the data from 2011-12 to 2015-16 i.e., 5 years data is being collected to analyse the status of the companies.
- **Research Tools:** The available data have been analysed by using various financial ratios as a managerial tool as well as Altman Z Score Model has been used to check the health of the companies in the Indian pharmaceutical sector.

Literature review

Ritu C. (2002) made an attempt to assess the financial performance and financial health of public sector units in India by applying Altman's Z-Score. The researcher found that some PSU were in very healthy zone, some in healthy zone and some in bankruptcy zone and keeping in view the PSU's, which would be designated as bankrupt and in financial distress zone and certain to fail, thus these units need to be privatized.

Patil et al.(2012) made a study to examine the financial solvency of Indian Airline Companies with reference to Z-Score. For carrying out the research Secondary data is used. The data was collected from past annual, BSE, money control website and from various Reports, books, Journals, Magazines, News Papers etc. and analysed on the basis of five ratios and Z-Score is used. The study showed that Kingfisher Airlines Ltd. The Jet Airways Ltd. are in a Gray Zone and Spicejet Ltd. is in safe zone.

Rao et al. (2013) conducted a study to identify a suitable model for bankruptcy prediction in the Indian

context by applying them to companies in the Indian Manufacturing Sector, which have been declared sick. Altman Z-score and KMV Merton Distance to Default were the two bankruptcy prediction models which were used to check the health of companies in the Indian Manufacturing sector. The study has concluded that a logit model such as the Z-score model is more appropriate in the Indian context than the KMV Merton model.

Pardeshi et al.(2014) made an attempt to analyze the financial performance and efficiency of selected CPSEs engaged in manufacturing activities. The data were collected from the financial statements of the CPSEs submitted to the Department of Public Enterprise, Government of India. The data was analyzed by using financial tools like ratio analysis and Altman's Z score formula. The study shows that ONGC, BEL and RCF are in gray zone where the solvency level is medium. SAIL and NTPC are in distress zone.

Jyoti Nair (2015) conducted a study to examine the extent of financial distress in Indian sugar sector as it will enable the companies to review the business operations and policies and develop strategies to combat financial distress. 58 listed companies in sugar sector were studied for the period 2011-12 to 2013-14. Ohlson (1980) model for bankruptcy prediction using logistic regression was applied to the selected companies to identify distress and probability of bankruptcy. The results of the study indicates that there is widespread financial distress in sugar sector.

Data collection and analysis

Edward Altman, Z Score explained an important issue of the time. For this, he used a weighting system combined with a set of four or five financial ratios to predict a company's probability of failure. Altman created three different Z Score Models that each serve unique purposes. The original Z Score Model was developed in 1968. It was made from the basis of statistical data from public manufacturing companies and eliminated all companies with assets less than \$1 million. However, this original model was not intended for small, non-manufacturing, or private companies. Later, Dr. Altman developed two additional models to the original Z Score Model. In 1983, the Model "A" Z-Score was developed for use with private manufacturing companies. Model "B" was developed for non-public traded general firms and included the service sector. Different models have different variables, weighting and overall predictability scoring systems.

The purpose of the Z Score Model is to measure a company's financial health and to predict the probability that a company will collapse within 2 years. It is proven to be very accurate to forecast bankruptcy in a wide variety of contexts and markets. Studies show that the model has 72% – 80% reliability of predicting bankruptcy. However, the Z-Score does not apply to every situation. It can only be used for forecasting if a company being analyzed can be compared to the database. In general analysis, the lower the Z-Score, the higher risk of bankruptcy a company has, and vice versa. Different models have different overall predictability scoring. Probabilities of bankruptcy in the above ranges are 95% for one year and 70% within two years.

Original Z-Score formula for public manufacturing companies:

$$Z = 1.2(X1) + 1.4(X2) + 3.3(X3) + 0.6(X4) + 0.999(X5)$$

Model A Z-Score for private manufacturing companies:

$$A \text{ Z-Score} = 0.717(X1) + 0.847(X2) + 3.107(X3) + 0.420(X4) + 0.998 (X5)$$

Model B Z-Score for private general companies:

$$\text{Model B Z-Score} = 6.56(X1) + 3.26(X2) + 6.72(X3) + 1.05X4$$

Where,

X1 = Working capital/Total assets

X2 = Retained earnings/Total assets

X3 = Earnings before interest and taxes/Total assets

X4 = Market value of equity/Book value of total debt

X5 = Sales/Total assets

X1, Working Capital/Total Assets

This ratio is a measure of the net liquid assets of the firm relative to the total assets of the company. A company which experiences repeated operating losses generally suffers a reduction in the working capital relative to total assets.

X2, Retained Earnings/Total Assets

This component of Z score provides information on the extent to which a company has been able to reinvest its earnings in the business. In addition it measures the leverage of a company. Those companies with high retained earnings relative to total assets have financed their assets through retention of profits and have not utilized as much debt. An older company has time to accumulate earnings and the measurement creates a positive bias towards older companies.

X3, Earnings Before Interest and Taxes/Total Assets

This ratio measures the true productivity of the firm's assets, independent of any tax or leverage factors. Since a company's existence is based on the earning power of its assets. This information allows measuring the effectiveness of company in utilization of its assets. This ratio focuses on the corporate failure.

X4, Market Value of Equity/Book Value of Total Debt (liabilities)

This ratio gives an indication of how much a company's assets can decline in value before debts may exceed assets and the company become insolvent.

X5, Sales/Total Assets

This ratio measures the ability of the company's assets to generate sales. It measures the management's capacity in dealing with competitive conditions.

Original Z-Score for public manufacturing companies:

Z-Score Forecast

Above 3.0 Safe zone

1.8 to 3.0 Gray zone

Below 1.8 Distressed

Model A Z-Score for private manufacturing companies:

Z-Score Forecast

Above 2.9 Safe zone

1.23 to 2.9 Gray zone

Below 1.23 Distressed

Model B Z-Score for private general companies

Z-Score Forecast

Above 2.60 Safe zone

1.10 to 2.60 Gray zone

Below 1.10 Distressed

In this research sample of 10 private manufacturing companies is taken into consideration so model A Z-Score is used. As per this model Z score is measured as under:

$$A Z = 0.1717(X1) + 0.847 (X2) + 3.107 (X3) + 0.420(X4) + 0.998(X5)$$

Altman has described that firms with scores between 1.23 to 2.9 should be thought of as remaining a grey area. Firms, with AZ scores within this range, are considered uncertain about credit risk and considered marginal cases to be watched with attention. Altman described the grey area as the "zone of ignorance". This area is where firms share distress and non-distress financial characteristics and should be carefully observed before it is too late for any remedial or recovery action. Firms with Z scores below 1.23 indicate failed firm, Z score above 2.9 indicates non-bankruptcy.

The independent ratios in the discriminant function were determined for the period 2011-12 to 2015-16. Table 1 gives the value of X1, X2, X3, X4, X5 and z score for the above period.

Table-1

Name of the company	YEAR	X1	X2	X3	X4	X5	Z-score	status
AJANTA PHARMA LTD	2015-16	0.332388	0.779227	0.369508	40.16264	1.176512	19.90761	SAFE ZONE
	2014-15	0.334819	0.718288	0.397793	36.60409	1.295599	18.56855	SAFE ZONE
	2013-14	0.257682	0.606352	0.347448	3.93614	0.227514	3.517583	SAFE ZONE
	2012-13	0.159954	0.510054	0.242101	1.290625	1.251503	3.002749	SAFE ZONE
	2011-12	0.103263	0.421349	0.129221	0.21644	0.992239	1.857262	GREY ZONE
HIKAL LTD	2015-16	0.072784	0.429795	0.041773	1.50833	0.719888	1.858268	GREY ZONE
	2014-15	-0.013103	0.399895	0.045986	1.579172	0.665312	1.806572	GREY ZONE
	2013-14	0.021952	0.384565	0.077285	0.202548	0.657325	1.310701	DISTRESSED
	2012-13	-0.078594	0.364835	0.027961	0.177805	0.557976	1.013933	DISTRESSED
	2011-12	-0.081668	0.388794	0.052676	0.132038	0.621653	1.154815	DISTRESSED
AARTI DRUGS LTD	2015-16	0.061581	0.309187	0.12906	5.364329	1.015199	3.939632	SAFE ZONE
	2014-15	0.043788	0.289049	0.143692	8.650313	1.12157	5.451252	SAFE ZONE
	2013-14	-0.025808	0.281027	0.13916	1.390517	1.141431	2.389136	GREY ZONE
	2012-13	0.023912	0.271633	0.130495	1.05136	1.159951	2.23883	GREY ZONE
	2011-12	-0.016519	0.268307	0.089599	0.947231	1.076132	1.97462	GREY ZONE
SUN PHARMA LTD	2015-16	-0.102225	0.062136	0.015733	15.24422	0.2086	6.596949	SAFE ZONE
	2014-15	-0.01496	0.060108	0.026912	16.08198	0.206458	6.925204	SAFE ZONE
	2013-14	-0.404842	0.520399	0.201106	18.55927	0.196886	7.737813	SAFE ZONE
	2012-13	0.295484	0.831161	0.071754	29.63104	0.242622	13.66484	SAFE ZONE
	2011-12	0.323324	0.851428	0.189051	23.5896	0.262635	11.53379	SAFE ZONE
PFIZER LTD	2015-16	0.337273	0.167985	0.163067	0.996262	0.7173	1.841138	GREY ZONE
	2014-15	0.279547	0.097899	0.093885	16.27312	0.718631	7.974526	SAFE ZONE
	2013-14	0.391711	0.311127	0.348066	14.90979	1.028249	8.700526	SAFE ZONE
	2012-13	0.705741	0.661309	0.336977	8.647193	0.460296	5.819489	SAFE ZONE
	2011-12	-0.073803	0.646552	0.175851	13.00948	0.643238	7.187257	SAFE ZONE
IND SWIFT LAB. LTD	2015-16	-0.018256	0.085458	0.010533	0.110047	0.289	0.436615	DISTRESSED
	2014-15	0.121907	0.10877	0.012164	0.083776	0.301992	0.41184	DISTRESSED
	2013-14	0.144435	0.145027	0.011416	0.102464	0.40372	0.558114	DISTRESSED
	2012-13	0.151003	0.191639	0.008333	0.119897	0.457958	0.721534	DISTRESSED
	2011-12	0.166344	0.254642	0.075978	0.252762	0.59888	1.184148	GREY ZONE
PANACEA BIOTEC	2015-16	-0.074797	0.286373	0.064401	0.456529	0.34284	0.963706	DISTRESSED
	2014-15	-0.205153	0.275432	0.015874	0.60061	0.034174	0.533746	DISTRESSED
	2013-14	-0.286786	0.294817	0.049166	0.463832	0.247628	0.79517	DISTRESSED
	2012-13	-0.107809	0.33047	0.086253	0.726509	0.31576	1.149649	DISTRESSED
	2011-12	-0.037482	0.43495	0.087345	0.477015	0.371519	1.20447	DISTRESSED
PARABOLIC DRUG LTD	2015-16	-0.605078	1.333016	0.654367	0.026365	0.128648	-3.126611	DISTRESSED
	2014-15	-0.525449	0.298861	0.295356	0.065606	0.240786	-0.993169	DISTRESSED
	2013-14	0.052986	0.198295	0.070185	0.036846	0.383716	0.793542	DISTRESSED
	2012-13	0.073674	0.189629	0.058521	0.049831	0.63669	0.647786	DISTRESSED
	2011-12	0.035477	0.278854	0.099347	0.210447	0.697165	1.335111	GREY ZONE

Name of the company	YEAR	X1	X2	X3	X4	X5	Z-score	status
FDC LTD	2015-16	0.269193	0.836891	0.180383	18.08062	0.796274	9.704062	SAFE ZONE
	2014-15	0.274176	0.800068	0.1949	13.18259	0.766658	7.632101	SAFE ZONE
	2013-14	0.246042	0.785132	0.209971	12.06538	0.792976	7.218482	SAFE ZONE
	2012-13	0.269678	0.794442	0.211321	9.315416	0.79763	6.08428	SAFE ZONE
	2011-12	0.359466	0.786812	0.201183	8.796775	0.817833	5.864068	SAFE ZONE
INDOCO REMEDIES LTD	2015-16	0.181017	0.587154	0.104364	6.724113	1.051927	4.726609	SAFE ZONE
	2014-15	0.145741	0.591752	0.129553	11.06147	1.026722	6.599246	SAFE ZONE
	2013-14	0.138897	0.60147	0.099143	4.814756	1.021843	3.883329	SAFE ZONE
	2012-13	0.110435	0.571988	0.070173	2.046414	0.927991	2.507093	GREY ZONE
	2011-12	0.12238	0.564286	0.078682	0.244688	0.884375	1.728803	GREY ZONE

NAME OF THE COMPANY	No. of years for which company lies in safe zone.	No. of years for which company lies in grey zone.	No. of years for which company lies in distress zone.
AJANTA PHARMA LTD.	4	1	0
HIKAL LTD.	0	2	3
AARTI DRUGS LTD.	2	3	0
*SUN PHARMA LTD.	5	0	0
PFIZER LTD	4	1	0
**IND SWIFT LAB. LTD.	0	0	5
**PANACEA BIOTIC	0	0	5
PARABOLIC DRUGS LTD	0	1	4
*FDC LTD.	5	0	0
INDOCO REMEDIES LTD.	3	2	0

**= companies remain safe for 5 consecutive years.*

***=companies remain distressed for 5 consecutive years.*

Remaining companies are showing a mixed trend.

Observations

1. Companies like Sun pharma Ltd.and FDC Ltd. lie in the safe zone for all the 5 consecutive years where as companies like Ind Swift Ltd and Panacea Ltd are distressed for all the 5 years.
2. It is also identified that some companies which are supposed to be bankrupt are still in existence. As per Atman model the company is supposed to be bankrupt if z score is below 1.23 for 2 consecutive years which is proved to be wrong as we can see that companies like Hikal ltd, Ind swift lab. ltd.,Panacea biotic and Parabolic drugs ltd remains distressed, but still these companies are in existence.
3. In terms of performance AZ score is increasing with the passage of time for all the companies except Pfizer Ltd which shows fall in the z score in the year 2016 and Sun pharma Ltd which shows a decreasing trend in z score.
4. One cannot totally rely on the AZ score model to predict financial distress.
5. X1 of the maximum companies in the negative means the companies have a negative working capital.

6. Performance of parabolic ltd is showing a downward trend in AZ score which remains sick from the period 2012-13 to 2015-16.
7. AZ is a dependent variable and X1,X2,X3,X4,X5 are independent variable, the most dominant variable in determining the Z score is X3 which means the market value of equity effects the most in determining the AZ score.
8. The weight given to X3 is maximum, which means one can increase the AZ score by increasing the EBIT, and profitability plays a vital role for determining the performance of the company.

Conclusion

Financial ratios can be used to predict financial health of the companies. AZ score model can identify the company's distress. Earnings before interest and tax, Market price of shares and sales are the most significant variables affecting the z score. Study of financial ratios will help the management in performance evaluation of the company and the management can take initiate action to avoid the bankruptcy. Altman model does not give accurate results every time.

The study is based on only 10 companies and performance of only last 5 years is taken into consideration. Only 5 financial ratios have been considered to identify the financial health of companies. Research has not shown that other variables can also be used to predict financial distress.

Study can be done to evaluate the performance of the company by taking other financial ratios and their effectiveness to predict financial distress. The model can be applied to the companies other than Pharmaceutical companies.

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Customer Relationship Management Practices In Selected Retail Outlets In Kolkata -An Exploratory Study

Sukanta Kundu*

Abstract

Our world is a global homestead which exploits valuable resources and seeks sound efficiency for the attainment of customer satisfaction and also building up of a dynamic relationship with them. Both retention strategy and survival strategy of CRM plays an important role to gain customer confidence. Customer Relationship Management (CRM) is one of those magnificent concepts that swept the business world in the 1990's with the promise of forever changing the way businesses small and large interacted with their customer bases. In the last several years, however, newer software systems and advanced tracking features have vastly improved CRM capabilities to retain customers and the real promise of CRM is becoming a reality. As the price of newer, more customizable Internet solutions have hit the marketplace; competition has driven the prices down so that even relatively small businesses are reaping the benefits of some custom CRM programs. CRM practices can be made much easier in retail sectors as this sector encompasses all the channels of distribution. In retail, one of the major factors playing a role is income—: increase in disposable incomes of customers across various sectors. The simple answer to effective CRM is a way of separation between customers to provide greater value to more valuable customers since the customer today is far more discerning than he was earlier. Every retailer today is aiming at an attempt to make a normal customer into a prospective customer. This paper focuses on the role of Customer Relationship Management (CRM) in the retail sectors of Kolkata and on how to enhance the Customer Lifetime Value (CLV). A successful and effective CRM programme results in increase of Customers' Lifetime Value for the store. The importance of the various material and the incorporeal offerings is also discussed.

Key Words: Customer Relationship Management (CRM); Customer Lifetime Value (CLV); Channels of Distribution; Retention Strategy; Survival Strategy.

Introduction

“The purpose of business is to create and keep a customer.”-Peter Drucker.

The ever-increasing demand of goods and services poses to be a serious challenges across the globe. To cope with these the business strategies is becoming more customer centric and dynamic. From resource seeking concept now it is transformed to efficiency seeking, where customer satisfaction is in prime focus. Instead of feeding information into a static database for future reference, CRM became a way to continuously update understanding of customer needs and behavior. Today, CRM is still utilized in almost every company that relies heavily on two distinct features: customer service and technology. Though nowadays the level of customer loyalty decreases at a considerable rate (as per the survey) on the other hand, there is seeming growth in the demand curve of the customer, and this forces the companies to adopt more dynamic customer oriented strategies. Hence, it can be said that earlier MNE's are resource-seeking, but now it is efficiency-seeking. The three sectors of business that rely most heavily on CRM -- and use it to great advantage are

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financial services, a variety of high tech corporations and the telecommunications industry.

Review of Literature

According to Gronroos (1994), modern marketers are rediscovering the ancient mantras for success in corporate world and blending them with contemporary marketing practices. Long term survival and competitive advantage can only be attained by establishing an emotional bond with customers. A shift is taking place from marketing to anonymous masses of customers to developing and managing relationships with more or less well known or at least some identified customers.

Ramanakumar, KPV (2008) writes about the Customer Relationship Management or Relationship Marketing. He refers to all marketing activities directed towards establishing, developing and maintaining relational exchanges successfully.

According to V.Ramanathan (2008), Customer Relationship Management is an emerging tool that enables retail marketers to maintain their presence in the dynamic market environment.

Pahuja, Anurag (2008) state that customer relationship management encompasses certain characteristic aspects. He speaks of business necessity regardless of whether one sells to end-consumer or to enterprise customers.

According to Sreekumar, P (2009), for implementing any CRM initiative or special loyalty offers, Lifetime Customer Value is the most important criterion.

Objectives of the Study

- To analyse the Retailing Scenario in Kolkata,
- To identify the Role of Customers in Corporate Renaissance,
- To identify & examine the challenges and to draw a roadmap of CRM to make the retail world more dynamic in Kolkata.

Research Methodology

For the study of understanding the CRM practices on some retail outlets, a sample size of 395 people were selected randomly. To collect the entire research work both primary and secondary data have been collected. To collect the required data a structured survey method has been used where the respondents were directly approached with a formal list of questions.

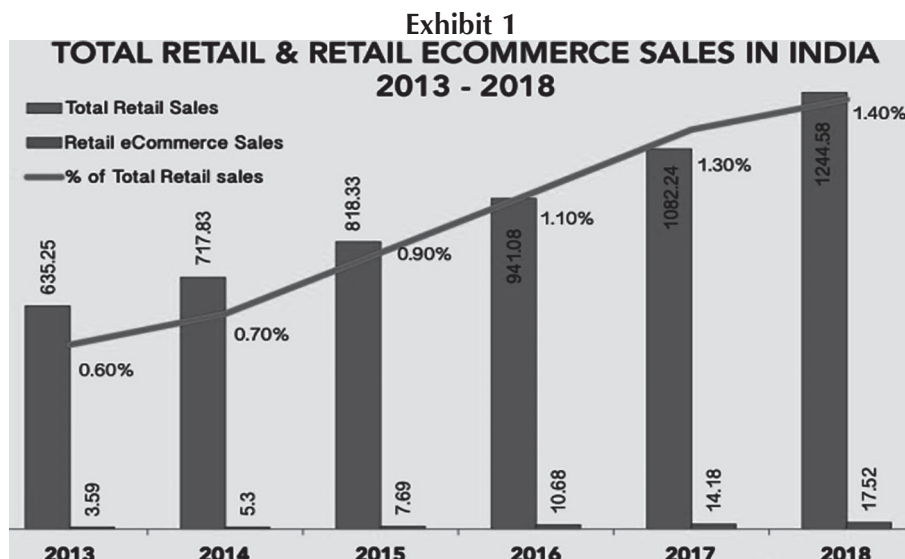
Research Design

- **Nature of the study:** This entire research work was based on descriptive study.
- **Method of data collection:** Personal Interview
- **Research instrument:** Questionnaire
- **Sampling area:** Big Bazar, Spencer's Retail, Pantaloons, Metro Cash & Carry, Reliance Fresh, Max Fashion.
- **Sample size:** 395 (as per the progress of the research)
- **Sampling techniques:** Convenience Sampling.

Retail World: A New Avenue To Study Customer Periphery

The word "retail" derived from the term retailing which involves transactions of goods or services to the customers for their personal use. Various stores are coming under the umbrella of retail stores like departmental stores, malls, markets, specialty stores, discount stores (South City Mall, Pantaloons, Lake Mall, Tanisq: Product of Titan India, Big Bazar, Reliance Fresh, Max Fashion and many more). P.C.Chandra Group one commenced courses on retailing for the uplift and flourish of their business as well as the retail world will get new faces to innovate new ideas. Many renowned Management Institutes and B-Schools in India and all over the world keep Retail Management in their courses for the upgradation of the subject.

Again, looking at the growing need of efficient and specialized employees in Retail Operations, Shoppers Stop has aligned with Centre for Retail, IIM (Ahmadabad) to develop an appropriate & feisty course content on Retail Management and is trussing up with many colleges/institutions of repute in pan India to deliver the said certificate course of 18 months tenure.



The increasing participation from foreign and private players to boost retail infrastructure also plays a key role in Indian retail industry. Every retail industry in all over India is in boom. The Indian retail industry has materialised as one of the most vibrant and fast-paced industries due to the entry of several new troupes. It accounts for over 10 per cent of the country's Gross Domestic Product (GDP) and around 8 per cent of the employment. India is the world's fifth-largest global destination in the retail space.

As the paper title suggests, the CRM practices in retail outlets indicate the importance of customers in the retail world. Every business strategy, whether primitive or modern (barter system to financial transaction), requires customers. A customer is the key asset of every business. Without customers no business can stand, and without customer satisfaction no business can gain brand image or can come to limelight. And this process of maintaining customers, effective synchronisation with the customers, assessing customer behaviour, identifying customer emotion is known as Customer Relationship Management. Basically CRM helps to evaluate the SWOT Analysis (Strength, Weakness, Opportunity and Threats) of the customers.

'Customer Relationship Management' is a phrase which defines the software that benefits businesses and provides marketing, sales and customer service succor. Data collected includes information about customers' purchasing history, demographics, details of purchases and returns, and anything that will support salespeople to assist the customer for future communications. CRM systems are also extracted to recognize new sales leads and latent new product or service areas. CRM can benefit two types of business like:

- Professional Service Firm
- Manufacturing Company

"Companies must instill a customer-centric sense throughout the entire organization to find success with a CRM practice," says John Freeland, then global managing partner of Accenture's CRM Services (now president of worldwide operations at Salesforce.com), which suggests that companies must not only focus on cutting costs and improving productivity, they must also enrich experiences across all customer touch points. To achieve a 360-degree view of customers, CRM project leaders need to gain a 360-degree view of their own business first.

Reasons to Implement Crm

- Intense Customer Satisfaction Levels,
- Increase Customer Retention Rates,
- Provide Improved Tracking of Key Metrics,
- Lower TCO (Total Cost of Ownership) per Customer,
- Higher Net Profitability per Customer,
- Better Lead Management by Reps & More Efficient Sales Management.

Customer Life time Value

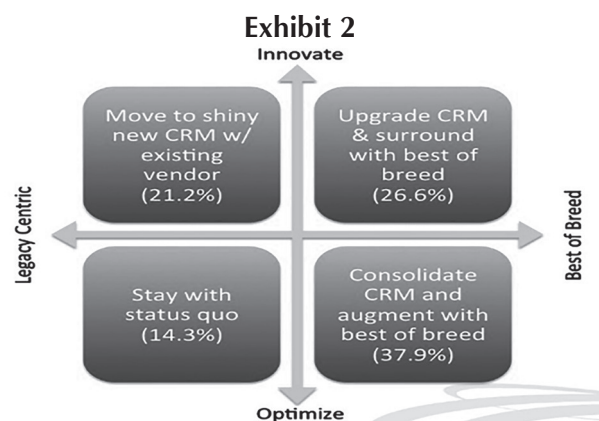
It is a device that help to evaluate the score of each consumer in a retail sector. CRM is purely customer centric.

According to Pareto Principle, 20 percent of customers are responsible for 80 percent of revenue or 10percent are responsible for 90 percent of profits which is the starting point of CRM. This assigns a healthy synchronization between the retailers and the consumers whose contribution helps to gain profits at a considerable amount.

Lifetime Value (LTV), study is a noted practice to predict the future prospective of customers, in order to aim only the most prospective customers (Pradhan, Swapana, 2004.). In both academics and practice CLV is gaining importance day by day as marketing metrics. There are several causes for growing awareness in this concept. First, there is aggregate pressure on the companies to make marketing accountable. Recent studies have found that not all the customers are equally profitable. Hence, it is necessary to let off some customer or give some different resources to different groups of customers In contrast, CLV is a disaggregate metric that can be used to identify profitable customers and allocate resources accordingly (Sugandhi, R.K.2003).

This paper focuses on the role of Customer Relationship Management (CRM) in the retail sectors of Kolkata and how to enhance the Customer Lifetime Value (CLV). A successful and effective CRM programmed results in increase of Customers Lifetime Value for the store. After proper survey and getting the customer feedback, the following vital measures are applicable to increase the customer centricity and revenue of the retail sector.

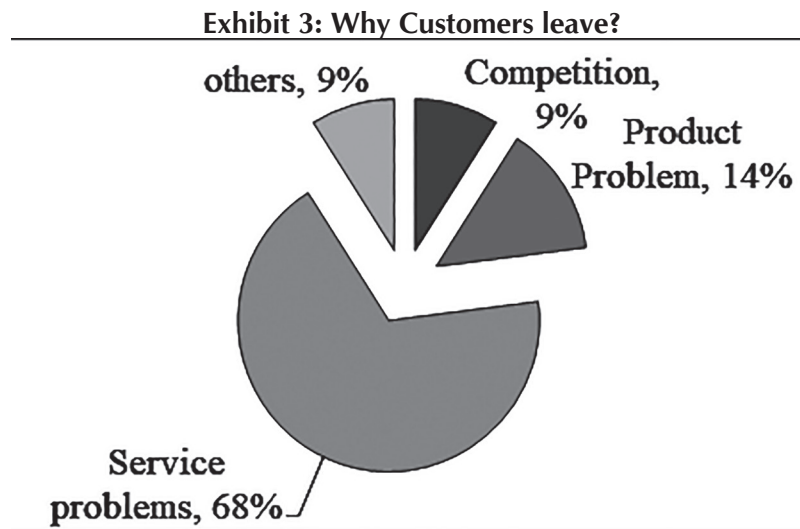
- Build long-term relationships
- Create brand loyalty
- Always upsell and cross-sell
- Choose the right rewards and incentives
- Use multiple touch points to deliver superior customer service



Challenges in Crm Implementation

“The customer experience is the next competitive battleground.” – Jerry Gregoire, Dell

Factual Objectives: The organization should have a clear set of objectives which it would like to achieve through the CRM. They need to be listed and defined as measurable metrics. Without doing so, the company can't assess the benefits or the ROI of the CRM system.



Assigning a Core CRM Team: A core CRM team should be formed in addition to the participation from Top Management, Senior Executives, Customer Service, IT and end-users. Only after the requirements are clear should they be passed over to IT for implementation.

Sound Processes: It is important for the processes to be clearly defined and enforced in order to set up the CRM project for success. One good practice is to create a central repository, accessible to all, which stores all the process definitions. This allows the document to be available for referencing by anyone using the system.

Handling the Application: Once the CRM has been rolled-out, it is important to re-align the work culture of the teams around it. The business operation should properly map with the CRM application. This also means that end users should perform day-to-day operations through the CRM application by default and not optionally.

Right Solution Partner: The rate of CRM success considerably goes up with the right solution partner. Ideally select a partner who can do both, strategy & implementation. It is important that your partner shares the risks of your CRM implementation. Working with a vendor who understands local work culture, technology limitations and listens to the employees, is ideal.

Opportunities

The growing opportunities of CRM can be categorized into two halves like more innovative business strategies and classic goals. In framing up of any business strategy the primary focus should be on the customer only fulfilling their demand and expectations. Top-Line initiative and expansion of organization are leading opportunities to cope with the initial barriers. If the loyalty and buying behavior fluctuate would hamper the entire commercial position of the concern. (Vibhuti, Tyagi, Pandey 2014). It is very obvious to study the following traits for understanding the likes and dislikes of the customers.

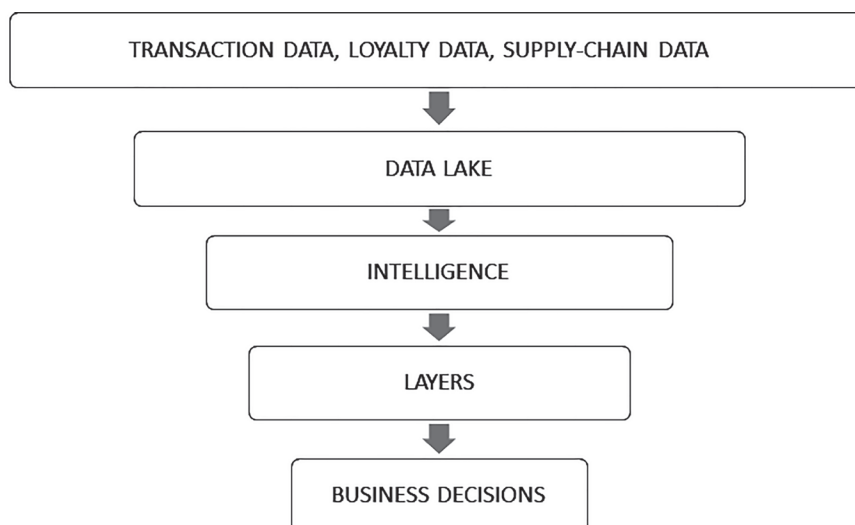
- What does the consumer think of the company's products and those of its competitors?
- How can the product be improved in their opinion?
- How do the customers use the product?

- What is the customer's attitude towards the product and its advertising?
- What is the role of the customer in his family?

Moreover, focus should also be on the customer loyalty and buying behavior. Secondly, the classic goals tend towards customer centricity. Maintaining a healthy relation with the customers, designing a good framework to focus on customers buying behavior, providing delightful experiences and tailoring offerings. For aged customer and children special facility should be there by which both the prospective and casual customers can have a hassle-free and flexible buying. In doing so, the retailer must be conscious of emerging capabilities such as interaction orientation and Technological, methodological upgradation to manage customer relationships (Panda, 2003).

Roadmap of CRM

Exhibit 4: Connecting Customers



Findings & Analysis of the Study

Table 1: Distribution of Sample Respondents (Customers)

Sl.No	Name Of Outlets	Male Customers	Female Customers	Total Number of Customer Respondents
1	Big Bazar	40	30	70
2	Spencer's Retail	35	30	65
3	Pantaloons	35	35	70
4	Metro Cash & Carry	25	35	60
5	Reliance Fresh	40	25	65
6	Max Fashion	45	20	65
TOTAL		220	175	395

Table 2: Distribution of Sample Size by Age Group & Sex (Customers)

Types	Age (Yrs) 10-25	Age (Yrs) 26-40	Age (Yrs) 41-60	Age (Yrs) 61+	Total
Male	80	75	45	20	220
Female	75	50	25	25	175
Total	155	125	70	45	395

Table 3: Distribution of Sample Size by Income Level (Customers)

Types	5,000-35,000	35,001-50,000	50,001-2,00,000	Above 2,00,000	Total
Male	50	75	55	40	220
Female	25	75	50	25	175
Total	75	150	105	65	395

Table 4 : Percentage of Retail Sales

NAME OF OUTLETS	Percentage of Sales (2015 & 2016)	Revenue(%) (2015 & 2016)
Big Bazar	75	80
Spencer's Retail	55	45
Pantaloons	65	55
Metro Cash & Carry	70	70
Reliance Fresh	40	40
Max Fashion	55	55

Table 5: Comparative Market Analysis(%)

NAME OF OUTLETS	2016	2017
Big Bazar	65	80
Spencer's Retail	65	45
Pantaloons	70	65
Metro Cash & Carry	70	70
Reliance Fresh	45	50
Max Fashion	65	80

Table 6: Adoption of Smart Marketing

NAME OF OUTLETS	2017
Big Bazar	80%
Spencer's Retail	65%
Pantaloons	65%
Metro Cash & Carry	70%
Reliance Fresh	50%
Max Fashion	80%

Table 7: Revenue from Online-Retail

Big Bazar	80 %
Spencer's Retail	65 %
Pantaloons	70 %
Metro Cash & Carry	70 %
Reliance Fresh	55 %
Max Fashion	80 %

Table 8: Emotion Drive Decision

(% of respondents who experienced moments of truth during past 24 months)	
Positive = 75% (297 heads)	
Traits	Respondents (Both Male & Female)
Purchased New Products	45 %
Increased value of products purchased	30 %
Negative = 25% (98 heads)	
Traits	Respondents (Both Male & Female)
Purchased New Products	15 %
Increased value of products purchased	10 %

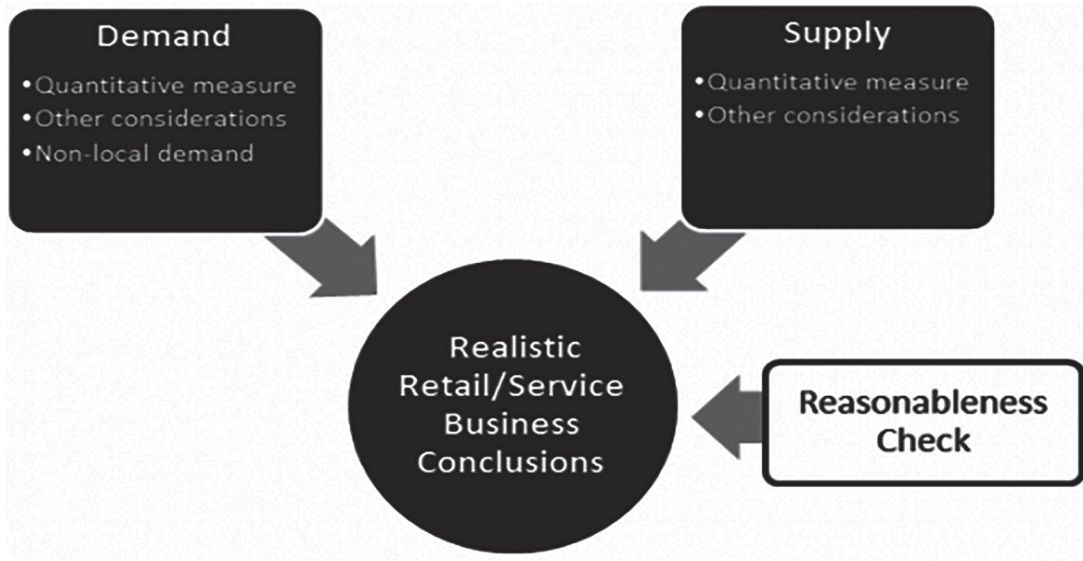
Table 9: Behaviour of Employees towards Customers

Big Bazar	Pleaser
Spencer's Retail	Drifter, Pleaser
Pantaloons	Pleaser, Drifter
Metro Cash & Carry	Pleaser
Reliance Fresh	Pleaser, Attacker
Max Fashion	Pleaser

Table 10: Analysing Demand & Supply

	Demand	Supply
Big Bazar	80 %	80 %
Spencer's Retail	80 %	60 %
Pantaloons	75 %	60 %
Metro Cash & Carry	65 %	65 %
Reliance Fresh	55 %	25 %
Max Fashion	55 %	55 %

Exhibit 5



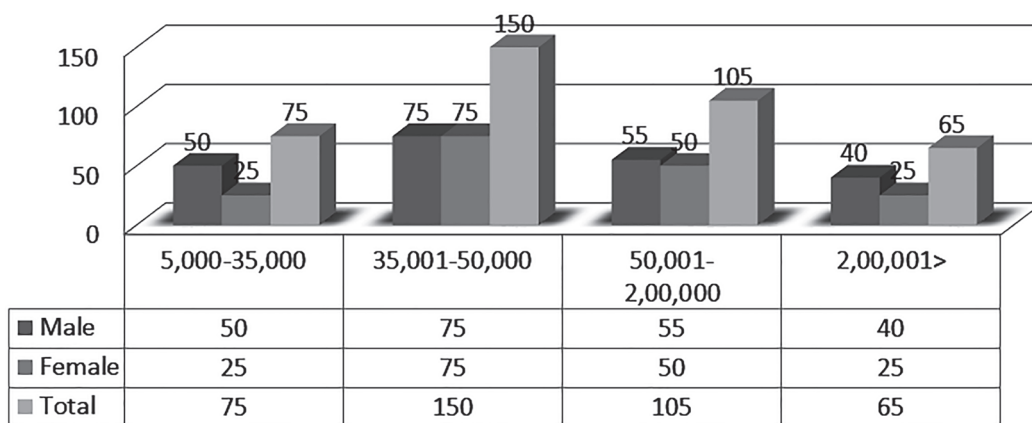
Analysis

- In the survey samples are selected from different age group and sex (**Table 1 & 2**). This diversification was to measure the different choice and preferences prevailing in customers demographically different. After the collection of primary data questionnaire were scrutinized and tabulated manually. The collected data is analyzed through the Tables and Graphs with the helped of computer based statistical software /tools.
- From **Table 3** it is seen that the income level of the customer vary as per the gender discrimination.

Chart 1

Distribution of Sample Size by Income Level (Customers)

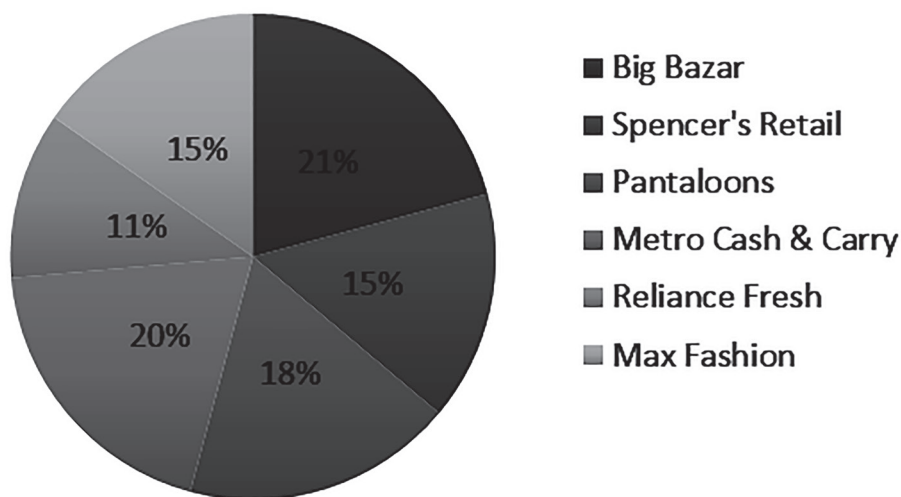
■ Male ■ Female ■ Total



- For determining the percentage of retail sales among the six noted retail outlets in Kolkata a comparative structure is shown of 2016 & 2017. Among the six outlets Big Bazar along with Metro Cash & Carry is in the top position in respect of Sales (%), 75 % & 70 % respectively (**Table 4**).

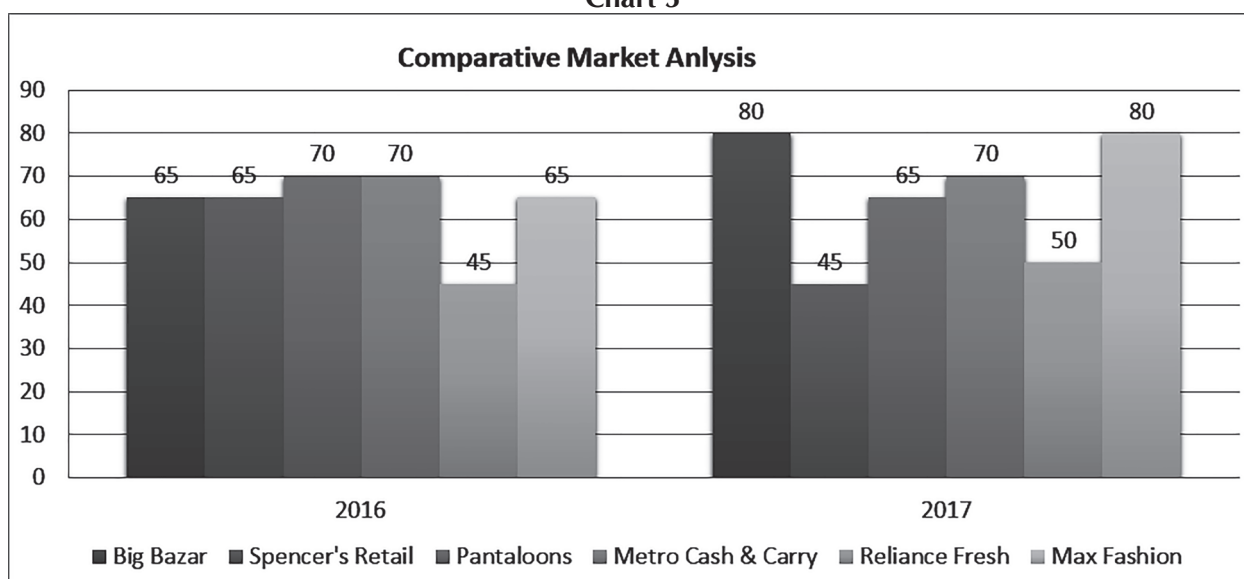
Chart 2

Percentage of Retail Sales



- The market analysis in 2017, Big Bazar contributed 80%, Max Fashion 80%, followed by next outlets Metro Cash & Carry, Pantaloons and Reliance Fresh. So the contribution received is of a considerable amount where Big Bazar and Max is in top position (**Table 5**).

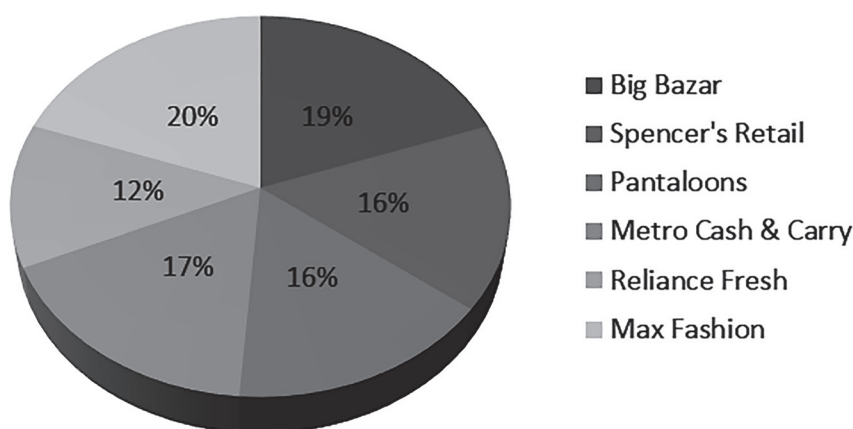
Chart 3



- In adoption of smart marketing practices Big Bazar and Max are again in the highest position, with 80% in its contribution aspect followed by Metro Cash & Carry, Spencer's Retail, Pantaloons & Reliance fresh. Here except Big Bazar, all the outlets contribute an average high percentage, which indicates they are very much aware about the dynamic market trends, in this era of digital marketing and micro-chip marketing (**Table: 6**). Unless proper smart marketing is not adopted their production will suffer a great loss which will affect their brand name also.

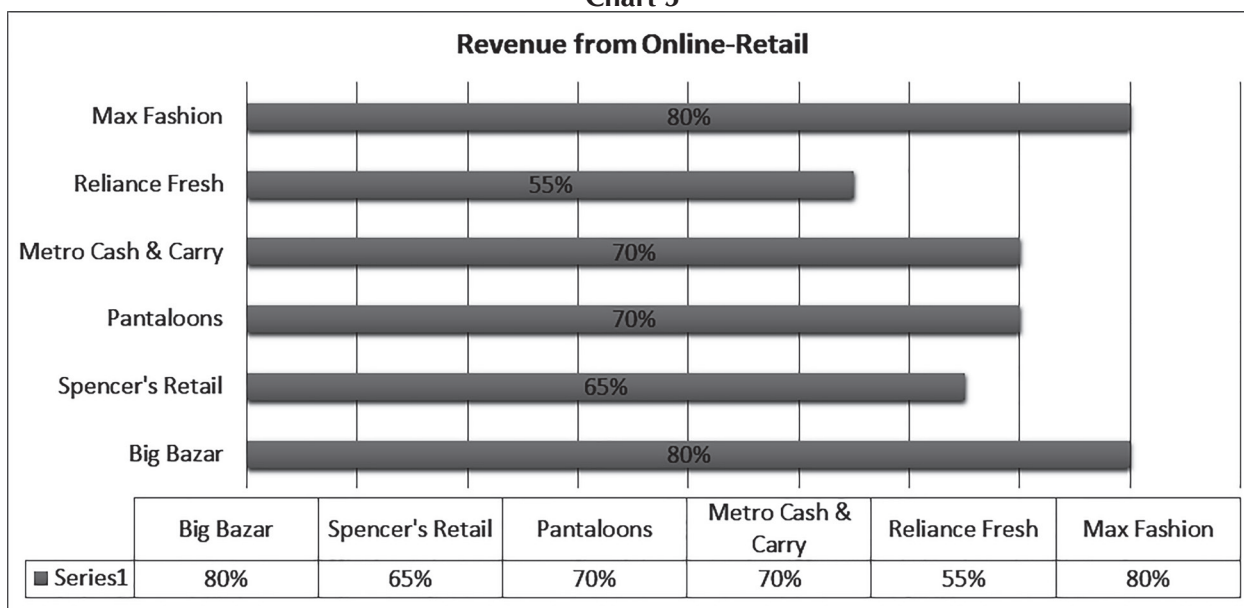
Chart 4

Adoption of Smart Marketing



- The revenue from online earned from the outlets is also quite high in case of Big Bazar and Max Fashion about 80%. The other outlets showed a notable outstanding result which proves that all the retail outlets are quite capable to cope with the initial barriers or challenges by adopting innovative means of purchasing and selling (**Table:7**). Moreover, **Exhibit 1** shows that revenue generated from online retail is projected to grow to US \$ 60 billion by 2020. (source: *indiaretailing.com*)

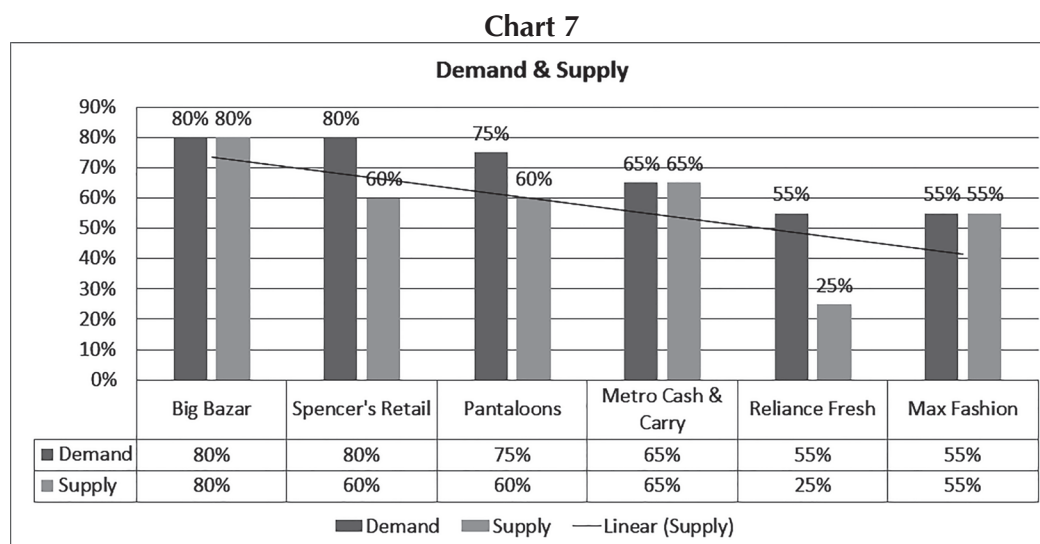
Chart 5



- Moreover, India's positive outlook is driven by a promising foreign investment environment, robust economic growth, and a prosperous consumption, factors that are predictable to double organized retail and expand online retail by 30 percent a year to reach \$48 billion by 2020. In *Global Retail Development Index 2017*, India is in number '1'st position. Again in Consumer Confidence Index Report (*Neilsen Survey 2017*), India is ranked 1st. India's rank topped in Global Competitiveness Index Report (2016-2017).
- Among all the respondents 75% respond positively and the rest 25 % negatively. They could not report more than 5 instances when their perception changed positively or negatively (**Table 8**)
- In retaining customer and evaluation of Customer Life time Value, behavior of the employees or sales

people is a very crucial aspect. A pleasing personality and good manners are very important which help to gain customer confidence and also a sound synchronization with the customer, the key asset of all enterprises (Table 9).

- **Table 10** gives us a view that for measuring the demand and supply of the customer, about all the outlets give a comparatively good output. If demand is high supply should be at par with the demand. Here we see that Big Bazar in a higher position. So all the outlets are quite aware about the consumer demand which indicates that in future India will be in a good position. Exhibit 5 shows the relational aspects of demand and supply, the output bears the realistic retail/service business conclusions.



Conclusion

It can be concluded that the above study signifies that there are various scope of improvement in the CRM strategies of India. The retail outlets should be more alert and upgraded to retain customers. In order to create a sound Customer-Retailer synchronization, customer satisfaction and loyalty will lead to customer lifetime value and retention in the enduring relationship with each other. This indicates a profitable and sustainable achievement at the end of the day.

Future Research Possibilities

The future research possibilities can be outlined by building up of a conceptual framework of retail marketing in connection with CRM.

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Transformational Changes in Indian Mutual Fund Industry

Debashis Kundu* & Madhusree Kundu (Banerjee)**

Abstract

Indian mutual fund industry has seen explosive growth during the past few years. This has made the Indian capital market more stable, broad-based and one of the best performing worldwide. However, this growth is still not balanced. The present article analyses data from the last seven years to highlight the anomalies that are still present in the mutual fund industry by simple comparative analysis of investor and investment profiles, geographical spread, returns generated and the holding period of investments. The findings are expected to help the investors and Regulator to take informed decision about the future market potential.

1. Introduction

Mutual Funds offer a dynamic form of savings and investment to the twenty-first century generation. Though the concept in its modern form originated in the United States in 1924 as the Massachusetts Investors Trust, the journey began in India in 1963 with the establishment of Unit Trust of India (UTI) by the Union Government and Reserve Bank of India. The mutual fund industry in India started with the launch of Unit Scheme 64 in 1964 by UTI. The history of mutual funds in India can be broadly divided into four distinct phases:

- **First Phase (1964-1987)** where UTI was the sole mutual fund company with Unit Scheme 1964 as the flagship scheme. At the end of 1988 UTI had Rs. 6,700 crores of assets under management.
- **Second Phase (1987-1993)** saw the entry of Public Sector funds led by Life Insurance Corporation of India (LIC), General Insurance Corporation of India (GIC) and SBI Mutual Fund. At the end of 1993, the mutual fund industry had assets under management of Rs. 47,004 crores.
- **Third Phase (1993-2003)** started a new era with the entry of Private Sector funds after the first Mutual Fund Regulations came into being. Kothari Pioneer (now merged with Franklin Templeton) was the first private sector mutual fund registered in July 1993. The 1993 Regulations were substituted by a more comprehensive and revised SEBI (Mutual Fund) Regulations 1996. As at the end of January 2003, there were 33 mutual funds with total assets of Rs. 1,21,805 crores.
- **Fourth Phase (since February 2003)** started with the repeal of the Unit Trust of India Act 1963 and the setting up of a UTI Mutual Fund, conforming to the SEBI Mutual Fund Regulations. With the recent mergers taking place among different private sector funds, the industry has entered its current phase of consolidation and growth.

Mutual funds offer quite a number of advantages that have resulted in its growing popularity. The key advantages include –

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- Wide choice of investment avenues
- Tax advantages
- Professional advice
- Strong regulatory backbone (SEBI)
- Better returns than Banks, Post Office and most NBFCs
- Doorstep service and online support, etc.

All this and many more advantages have resulted in an explosive growth of the Indian mutual fund industry over the last decade. The next figure clearly shows the increasing trend of resources mobilised through mutual funds since 2010-11. The same growth is also thus reflected through the value of assets under management by the various mutual fund houses over the last seven years.

Table 1: Resources mobilised and AUM of Mutual Funds

Financial Year	Net Inflow			Cumulative AUM
	Private Sector	Public Sector	Total	
2010-11	-19,215	-30,191	-49,406	5,92,250
2011-12	-15,446	-6,578	-22,024	5,87,217
2012-13	67,911	8,629	76,539	7,01,443
2013-14	48,838	4,944	53,783	8,25,240
2014-15	1,03,700	-413	1,03,287	10,82,757
2015-16	91,394	42,787	1,34,181	12,32,824
2016-17	279,388	63,661	3,43,049	1,789,047
			CAGR(%)	20%
(in Rs. Cr.)				

Source: SEBI

The above table (**Table 1**) clearly demonstrates the picture where we can see that net inflows (Gross inflows - Redemptions) during the last three financial years have been over Rs. 1 lakh crore every year, with the latest financial year clocking over Rs. 3 lakh crore!. This phenomenal accumulation of mutual fund resources has increased cumulative AUM over the seven year period by about 20% compounded annually.

This trend is not only evident in India but also across the world. However, the growth in India has been quite sharp due to a number of factors – falling interest rate, ever increasing capital market indices, better regulatory environment, improving investor awareness among the masses etc. The following table gives a clear representation of the global upsurge.

Table 2: Changes in Total Net Assets in Top Global MF markets (USD Billion)

Rank_Country	2010	2011	2012	2013	2014	2015	2016	CAGR (%)
1. United States	11,831	11,626	13,044	15,018	15,558	17,235	18,740	8%
2. Luxembourg	2,513	2,277	2,642	3,031	3,225	3,526	4,042	8%
3. Ireland	1,014	1,061	1,277	1,440	1,552	1,994	2,170	14%
4. Germany	334	293	328	383	369	1,794	1,989	35%
5. France	1,617	1,382	1,473	1,532	1,456	1,857	1,930	3%
6. Australia	1,456	1,440	1,667	1,624	1,682	1,427	1,673	2%
7. Japan	786	745	738	774	1,194	1,250	1,564	12%
8. United Kingdom	854	817	986	1,167	1,203	1,544	1,548	10%

Rank_Country	2010	2011	2012	2013	2014	2015	2016	CAGR (%)
9. China	365	339	437	460	612	1,028	1,259	23 %
10. Brazil	980	1,009	1,071	1,019	1,064	731	1,015	1 %
17. India	90	89	106	125	164	187	271	20 %

*[Note: Information from Russia is only available upto 2011. Hence excluded]
[Source: ICI and SEBI]*

The second table (**Table 2**) demonstrates that despite being the third fastest growing MF industry in the world, India still lags far behind its peer economies in the world. In fact as on March-end 2017, it had the seventeenth position in terms of industry size in US billion dollars. The table indicates the future potential that the industry has under favourable regulatory supervision.

2. Current Industry Scenario

The Indian mutual fund industry is now among the world's top markets where there are about forty-two Mutual Fund houses (or specifically, Asset Management Companies) offering more than two thousand variety of schemes under various categories and sub-categories. The complete list of Fund Houses as on 31st March, 2017 is given below:

A. Bank Sponsored Mutual Funds

1. Joint Ventures - Predominantly Indian

- BOI AXA Investment Managers Private Limited
- Canara Robeco Asset Management Company Limited
- SBI Funds Management Private Limited

2. Joint Ventures - Predominantly Foreign

- Baroda Pioneer Asset Management Company Limited

3. Others

- IDBI Asset Management Ltd.
- Union Asset Management Company Private Limited
- UTI Asset Management Company Ltd

B. Institutions Sponsored Mutual Funds

1. Indian Public Sector

- IIFCL Asset Management Co. Ltd.
- LIC Mutual Fund Asset Management Limited

C. Private Sector

1. Indian

- Edelweiss Asset Management Limited
- Escorts Asset Management Limited
- Essel Finance AMC Limited
- IDFC Asset Management Company Limited
- IIFL Asset Management Ltd.

- IL&FS Infra Asset Management Limited
- Indiabulls Asset Management Company Ltd.
- JM Financial Asset Management Limited
- Kotak Mahindra Asset Management Company Limited
- L&T Investment Management Limited
- Mahindra Asset Management Company Pvt. Ltd.
- Motilal Oswal Asset Management Company Limited
- PPFAS Asset Management Pvt. Ltd.
- Quantum Asset Management Company Private Limited
- Sahara Asset Management Company Private Limited
- Shriram Asset Management Co. Ltd.
- SREI Mutual Fund Asset Management Pvt. Ltd.
- Sundaram Asset Management Company Limited
- Tata Asset Management Limited
- Taurus Asset Management Company Limited

2. Foreign

- BNP Paribas Asset Management India Private Limited
- Franklin Templeton Asset Management (India) Private Limited
- Invesco Asset Management (India) Private Limited
- Mirae Asset Global Investments (India) Pvt. Ltd.

3. Joint Ventures - Predominantly Indian

- Aditya Birla Sun Life AMC Limited
- Axis Asset Management Company Ltd.
- DSP BlackRock Investment Managers Private Limited
- HDFC Asset Management Company Limited
- ICICI Prudential Asset Mgmt. Company Limited
- Reliance Nippon Life Asset Management Limited

4. Joint Ventures - Predominantly Foreign

- HSBC Asset Management (India) Private Ltd.
- Principal PNB Asset Management Co. Pvt. Ltd.

5. Joint Ventures - Others

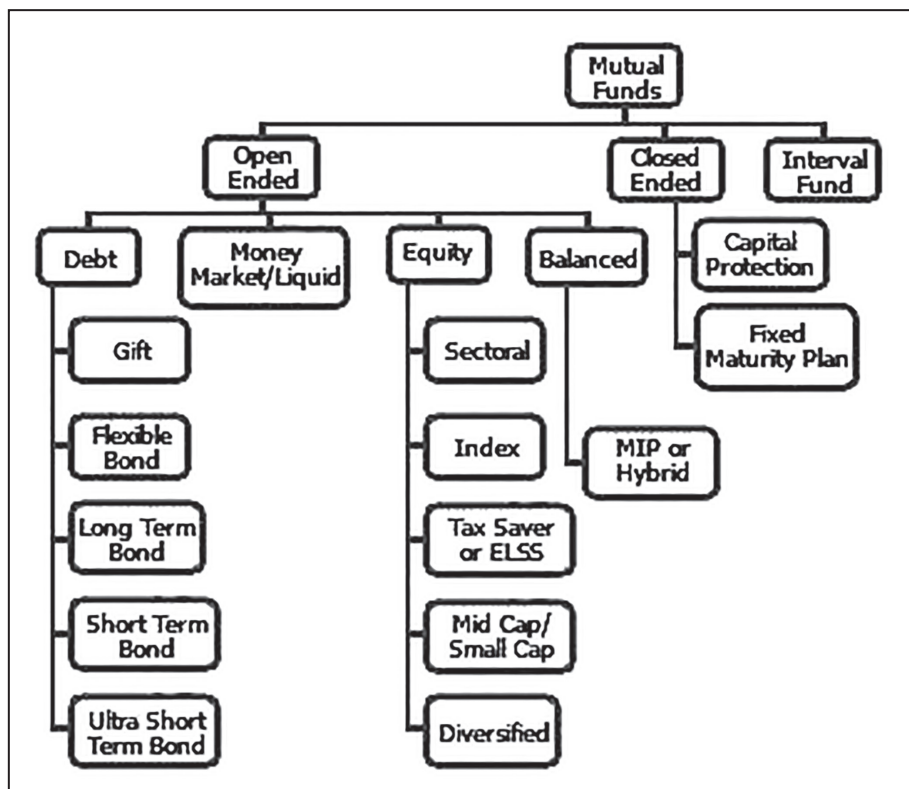
- DHFL Pramerica Asset Managers Private Limited

3. Sebi Classification

The SEBI broadly recognizes schemes under the following eight categories - Liquid/Money Market, Gilt, Debt Oriented, Equity Oriented, Balanced, Gold ETF, ETFs (other than Gold) and Fund of Funds investing Overseas.

Let us now have a brief understanding of the various types of schemes offered. A Primary scheme implies the main scheme like ICICI Prudential Discovery Fund. The variants of this scheme as (e.g., Dividend, Growth etc.) options might also exist.

Figure 1: Broad Classification of Mutual Fund Schemes



Source: Times of India, Feb 5_2015

A. Open-Ended - This scheme allows investors to buy or sell units at any point of time. This scheme does not have a fixed maturity date. The main variants are -

1. **Debt/ Income** - In a debt/income scheme, a major part of the investable fund are put into debentures, government securities, and other debt instruments. Although capital appreciation is low, this is a relatively low risk investment avenue which is ideal for investors seeking a steady income.
2. **Money Market/ Liquid** - This is ideal for investors looking to utilize their surplus funds in short term instruments while awaiting better options. These schemes provide reasonable returns for the investors which are slightly better than bank returns.
3. **Equity/ Growth** - Equities are a popular mutual fund category amongst retail investors because of capital appreciation in the long run. However, risk is very high, and returns can be negative. There are variants of this category like **Index Scheme** (replicating investments only in benchmark indices like Nifty, Sensex, etc.), **Sectoral Scheme** (investing in specific sectors like infrastructure, IT, pharmaceuticals, etc. or in segments like large caps, mid caps, etc.), **Tax Saving** (to save tax with a 3-year lock-in period). They are also called Equity Linked Savings Schemes.
4. **Balanced** - This scheme invests in both equities and fixed income securities in pre-designated proportions. It is ideal for the cautiously aggressive investors.

B. Closed-Ended - In India, this type of scheme has a fixed maturity period and investors can invest only during the initial launch period known as the NFO (New Fund Offer) period. Its variants are -

1. **Capital Protection** – This scheme invests in high-quality fixed income securities with marginal exposure to equities providing capital safety with reasonable returns.
2. **Fixed Maturity Plans (FMPs)** – FMPs have a defined maturity period. These schemes normally comprise debt instruments which mature in line with the maturity of the scheme. FMPs are normally passively managed with no active trading of debt instruments. This reduces costs than actively managed schemes.

C. Interval Schemes – They operate as a combination of open and closed ended schemes and allow investors to trade units at pre-defined intervals.

D. Exchange-traded Fund - An ETF is a marketable security that tracks an index, a commodity, bonds, or a basket of assets like an index fund. Unlike mutual funds, an ETF trades like a common stock on a stock exchange. ETFs experience price changes throughout the day as they are bought and sold. ETFs typically have higher daily liquidity and lower fees than mutual fund units, making them an attractive alternative for individual investors. Because it trades like a stock, an ETF does not have its net asset value (NAV) like that of a mutual fund.

ETF shareholders get a proportion of the profits, such as earned interest or dividends paid, and they may get a residual value in case the fund is liquidated. The ownership of the fund can easily be bought, sold or transferred in much the same way as shares of stock, since ETF shares are traded on public stock exchanges.

However, with multiple schemes being launched under the same category by various Fund houses creating duplicacy and confusion among the investors, SEBI has recently reviewed its classification under the following broad categories - Equity Schemes, Debt Schemes, Hybrid Schemes, Solution Oriented Schemes, and Other Schemes. This was published in October 2017 by a circular titled ‘Categorization and Rationalization of Mutual Fund Schemes’.

As our period of study is concentrated over the period 2011 to 2017, we are going to stick to the earlier classification for analysis.

The next table shows the amount of money that has been garnered so far by various mutual fund houses as on March 31st, 2017. The table also depicts the compounded annual growth rate in invested assets over the seven-year period from 2011 to 2017.

Table 2: Scheme-wise Resources deployed by Mutual Funds (as at end Mar-17)

Type of Scheme	AUM (in Rs. Cr)	CAGR (%)
Liquid/Money Market	314,086	23%
Gilt	14,875	23%
Debt Oriented	745,691	13%
Equity Oriented	543,541	15%
Balanced	84,763	27%
Gold ETF	5,480	19%
ETFs (other than Gold)	44,436	73%
Fund of Funds investing Overseas	1,748	-7%

Source: SEBI

The table shows that debt-oriented, equity-oriented and liquid schemes are the three main avenues of investment, in that order. But in terms of growth rate, various types of ETFs, Balanced and the Liquid funds log the best three rates. ETFs, as already mentioned, is not a mutual fund, but comes under the supervision of SEBI.

4. Literature Review

A sample study of available literature on Indian mutual fund industry is given next.

Bansal, Kumar and Gupta (2012) found out that predominance of negative results indicates that selected mutual funds were not able to forecast future security prices and even not enough to recover their research expenses, management fees and commission expenses. On the basis of the study it can be safely concluded that most of the selected mutual fund schemes during the study period are underperforming.

Sharma, Gaur and Arora (2014) got results that were significantly different from the empirical studies conducted in the past on the similar topic in other markets. The empirical studies suggested that the fund managers are unable to beat the market portfolio.

India being a developing economy, is likely to witness a huge growth going forward. So it is expected that the Indian fund scenario would follow suit, sooner or later. Though to reach that stage it may take another 10-15 years for the Indian economy. The reason being that in the US, percentage of households investing in mutual funds has risen from 6% in 1980 to more than 50% currently. In India, it is still a negligible percentage.

Sharma (2015) did a study on sector-specific Indian mutual funds. In terms of past five year returns, UTI Transportation and Logistics Fund, SBI FMCG, SBI Pharma and Birla Sun Life MNC Fund were best performing funds. Whereas UTI Transportation and Logistics Fund was the most risky sector fund and ICICI Prudential Banking and Financial Services Fund had least risk. The risk-return analysis with the help of Sharpe index indicates that all the top 10 performing sector funds provide higher return for the risk taken. Reliance Pharma Fund had the strongest correlation between portfolio's return and benchmark return, while Birla Sun Life MNC fund had the least.

Soni, Bankapue and Bhutada (2015) have compared schemes available at Kotak Mutual Fund & HDFC Mutual Fund. They concluded that both the companies provided similar returns with minimum fluctuation. Kotak Mutual Fund schemes are more aggressive in Large Cap Equity schemes while HDFC Mutual Fund schemes are more aggressive in Mid Cap Equity schemes where as both the companies schemes are very well managed in debt market. Election result, Financial crisis, Inflation, Budget and any such big events (factors) affect on the performance of Mutual Fund Schemes.

Radhika and Devi (2017) aimed at testing the investment strategies and performance of HDFC mutual funds. Findings indicate that majority of schemes which have made high percentage of investment in equity and has bigger portfolio size generated higher returns. The result shows that majority of selected schemes are superior to the relevant benchmark portfolio.

Based on the above review, it can be said that a basic chronological study of the changes in the Indian mutual fund industry during the period 2011 to 2017 has not been so far encountered. The present study thus serves to fill the gap and provide useful insights regarding the emerging scenario to the investing public.

5. Data Analysis and Interpretation

This section analyses the Indian mutual industry from various angles over the study period.

5.1 Investment analysis

As discussed above, SEBI broadly recognises eight different categories of primary mutual fund schemes. The next table elaborates the amount of money that has been put into those categories over the period of study with their compounded annual growth rates.

Table 3: Investments in Recognised Category of MF schemesn (in Rs. cr.)

Types of Schemes	Mar-10	Mar-11	Mar-12	Mar-13	Mar-14	Mar-15	Mar-16	Mar-17	CAGR (%)
Liquid	75753	74700	80049	93173	133280	162562	199404	314,086	23%
Gilt	3461	3507	3660	8074	6115	14614	16306	14,875	23%

Types of Schemes	Mar-10	Mar-11	Mar-12	Mar-13	Mar-14	Mar-15	Mar-16	Mar-17	CAGR (%)
Debt	314330	294217	291068	396788	460975	516951	567190	745,691	13%
Equity	199811	197563	182403	172652	191684	345139	386403	543,541	15%
Balanced	15783	17552	16456	16629	16793	26368	39146	84,763	27%
Gold ETF	1591	4400	9886	11648	8676	6655	6346	5,480	19%
ETFs (except Gold)	957	2516	1607	1477	4528	8060	16063	44,436	73%
FOFs investing Overseas	2861	2520	2531	2053	3192	2408	1967	1,747	-7%

Source: SEBI

The above table gives proof that debt-oriented, equity-oriented and balanced schemes garner about seventy percent of the invested funds in the industry. However, in terms of growth rates, ETFs are exhibiting very high growth rates because of in-built advantages. Balanced and liquid funds are following in the next two positions.

5.2 Duration of Investment

The next table highlights an interesting fact by analysing the time period for which investment is held by the different classes of investors in both equity-oriented and non-equity oriented schemes.

Table 4: Average Duration of Investments by Investors

Investor Classification	0 - 1 Month	1-3 Month	3-6 Month	6 - 12 Month	12 - 24 Month	> 24 Month
EQUITY Schemes						
Corporates	28.65	11.98	14.32	13.45	16.04	15.56
Banks/FIs	6.02	9.66	48.76	2.61	28.96	3.99
FIIIs	9.62	8.92	1.34	0.7	5.02	74.41
HNIIs	7.35	10.47	12.64	18.36	20.98	30.2
Retail	4.43	5.93	7.98	11.09	18.81	51.75
Total	9.98	8.59	10.88	13.81	18.98	37.77
NON-EQUITY Schemes						
Corporates	37.29	9.14	9.9	11.5	12.72	19.45
Banks/FIs	62.53	13.29	5.67	4.56	5.83	8.12
FIIIs	2.99	9.92	8.56	16.29	13.98	48.25
HNIIs	11.76	9.34	10.91	17.03	17.24	33.72
Retail	5.28	6.51	10.87	16.49	17.31	43.54
Total	29.19	9.09	10.11	13.06	13.99	24.55

High Networth Individuals (HNI) are defined as individuals investing Rs. 5 lakhs and above

Source: SEBI

The table shows that Banks do not refer to lock onto mutual funds for the long term. But the individual investors (retail and HNIIs) mostly prefer to invest for the long term. However, the foreign investors show the maximum tendency to hold their investment for the longest possible period thus indicating their faith in the future potential of Indian companies. Corporates keep a balanced approach in both equity and non-equity schemes.

5.3 Investor profile

The next table looks at the types of investors present in the three categories of schemes that garner the highest

investments – Debt, Liquid and Equity-oriented schemes.

Table 5: Investments by Recognised Category of Investors (in Rs. cr.)

Types of Schemes	Investor Classification	Mar-17	2010-17
		AUM (Rs. Cr)	CAGR (%)
Liquid/Money Market	Corporates	270599	24%
	Banks/FIs	11797	9%
	FIIs	53	-43%
	HNIs	25837	27%
	Retail	5799	23%
	Total	314,089	23%
Debt Oriented	Corporates	434467	10%
	Banks/FIs	10687	2%
	FIIs	8674	35%
	HNIs	224631	20%
	Retail	67233	21%
	Total	745,691	13%
Equity Oriented	Corporates	78564	19%
	Banks/FIs	896	-13%
	FIIs	3329	13%
	HNIs	174322	23%
	Retail	286428	12%
	Total	543,541	15%

[High Networth Individuals (HNI) are defined as individuals investing Rs. 5 lakhs and above]

The above table presents an interesting outcome. The individual investors comprising small retail investors and HNIs invest about 45-50% of their investible funds in the three selected type of schemes. Foreign investors (FIIs) have greatly increased their exposure in Indian debt instruments over the study period while reducing their play in the liquid schemes. Corporate investors mainly prefer liquid and equity schemes, while banks have a marginal role in all the categories.

5.4 Geographical distribution

The next table shows the main states or Union Territories (UT) that invest in the Indian MF industry. The first three columns just indicate the name of the State, while the last one gives the actual amount being invested by the top ten States/UTs in the financial year 2016-17.

Table 6: Cumulative Investments by Top ten Indian States (in Rs. cr.)

Rank	2014	2015	2016	2017	
1	Maharashtra	Maharashtra	Maharashtra	Maharashtra	806,135.11
2	New Delhi	New Delhi	New Delhi	New Delhi	181,824.76
3	Karnataka	Karnataka	Karnataka	Karnataka	133,327.42
4	West Bengal	Gujarat	Gujarat	Gujarat	107,952.84
5	Gujarat	West Bengal	West Bengal	Haryana	103,344.00
6	Others	Others	Haryana	West Bengal	94,413.76
7	Haryana	Tamil Nadu	Tamil Nadu	Tamil Nadu	82,274.44
8	Tamil Nadu	Haryana	Uttar Pradesh	Uttar Pradesh	62,967.26

Rank	2014	2015	2016	2017	
9	Uttar Pradesh	Uttar Pradesh	Rajasthan	Others	55,378.15
10	Rajasthan	Rajasthan	Others	Rajasthan	44,036.28
			TOTAL (Rs. cr.)		1857,806.15

Source: SEBI

The above table shows the skewed nature of the Indian investment market. Just five States - Maharashtra, New Delhi, Karnataka, Gujarat, Haryana provide over rupees one lakh crores of investment each during the FY 2016-17 in the Indian MF industry. The number one State of Maharashtra alone contributes 43% of the total investment. The main reason may be the presence of all large corporates and banks in that State.

5.5 Returns Generated

The following schemes are billed to be the best performing among the Indian mutual fund schemes in terms of the returns generated by them during the past one year. In this section we have compared the performance of these schemes over one, two and three years. The table provides a simple comparison among the various schemes and tries to understand the best of the best schemes. A further comparison is also done among the selected schemes and the Bank and P.O. returns to understand the comparable advantage available to the retail investor.

Table 7: Latest NAV of Selected Schemes from Different Categories (NAV in Rs.)

	AUM (Rs. Cr.)	NAV	1 YR	2 YR *	3 YR *
			Returns in %		
LARGE CAP FUND					
Kotak Select Focus Fund - Regular (G)	9,867	33.14	33.2	21.5	15.3
SMALL & MID CAP FUND					
L&T Emerging Businesses Fund-RP (G)	1,244	27.84	59.2	34.7	27.6
DIVERSIFIED EQUITY FUND					
Motilal Focused Multicap 35 -RP (G)	4,971	26.85	40.8	24.9	21.5
ELSS FUND					
IDFC Tax Advantage (ELSS)-RP (G)	623	57.73	48.2	23.5	18.2
INDEX FUND					
Kotak Nifty ETF	526	105.09	27.6	35	20.1
BALANCED FUND					
Reliance RSF - Balanced (G)	6,015	54.81	27.9	16.5	13.8
DEBT LONG TERM FUND					
UTI Dynamic Bond Fund (G)	1,214	19.87	5	9.8	9
DEBT SHORT TERM FUND					
HDFC Medium Term Opport. (G)	2,630	19.02	6.9	8.8	8.8
ULTRA SHORT TERM DEBT FUND					
DHFL Pramerica STFR-IP-RP (G)	59	18.87	7	7.7	7.9
GILT LONG TERM FUND					
UTI Gilt Advantage - LTP (G)	348	37.99	5.3	10.2	8.9

	AUM (Rs. Cr.)	NAV	1 YR	2 YR *	3 YR *
			Returns in %		
LIQUID FUND					
Indiabulls Liquid Fund (G)	734	1,657.3	6.7	7.3	7.7
SBI Fixed Deposit rate (General)			6.5	6.25	6.25
SBI Fixed Deposit rate (Senior Citizens)			7.0	6.75	6.75
Post Office Fixed Deposit rate			6.8	6.9	7.1
Senior Citizens Savings Scheme			8.4	8.4	8.4

[Returns over 1 year are Annualised. Returns are as on October 2017]*

[Source: AMFI, sbi.co.in, indiapost.gov.in]

The above comparison has been made among the best performing mutual funds under various categories with the prevailing interest rates being offered by State Bank of India (SBI) and the Post Office Savings bank. A general impression is given in the media that investing in mutual funds always provides superior returns to guaranteed income avenues like Bank FD, Post Office FD and special schemes like SCSS.

At one year level, the bank and P.O. FD rates comfortably beat the returns offered by Liquid, Gilt, and long term debt funds. The return almost matches the short-term debt fund returns.

However the returns given by the equity, balanced and sector funds are far superior to the bank and P.O. rates. This is the main reason behind the huge surge in mutual funds investments during the last two years. But this return is only applicable to the investor who has invested more than two years back and not in the current market scenario. Investments made through SIPs have become quite popular among the public lately. But return SIPs which are like recurring deposit schemes with variable returns are highly volatile and uncertain. There is no guarantee that SIP investments currently being made by the investors shall provide market-beating returns.

6. Conclusion

- The present study analyses in details the transformation that has occurred in the Indian mutual fund industry. The analysis has thrown up interesting facts that lie hidden behind the enormous growth in the funds mobilised and the assets under management.
- In spite of huge growth, the Indian market is still at an emerging stage as compared to the other peer markets with even the Chinese and Brazilian markets being more than four times the Indian size. This indicates the huge future potential that lie ahead.
- Debt, equity and Liquid funds still garner the lion's share of investor contribution. However, ETFs are growing at a faster clip.
- In terms of investor profile, banks and Corporates are marginal investors. Individual investors including high net worth persons and the Foreign investors (FIIs) are the most active investors. But while FIIs prefer the debt market more, the Indian retail players prefer the short-term debt and equity investments.
- Surprisingly, foreign investors are the most bullish long-term investors in equity and debt segments, while banks are very short-term investors. Retail investors hold their investments at least for two years.
- As expected, the investors from the northern and the western Indian States are the largest investors, while Eastern and Southern States lag far behind.
- Finally, the returns generated by the top performing equity, debt and balanced funds are far superior to that offered by traditional and post office schemes. But the very high risk associated with such style of investing must not be overlooked. The returns offered through SIPs are highly uncertain.

- At the end, it can be safely concluded that the Indian mutual fund industry has a bright and safe future. However, investments that are being made in equity schemes at the current level of market may not be able to provide decent returns and may give negative surprises to many investors. Hence the individual investors must be very cautious in their current approach, but can take a long term view of their investments in a balanced way.

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Backdrop of Goods and Services Tax and its impact on Construction Industry; Small & Medium Enterprises and the Economy

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Abstract

The Goods and Services Tax has been in effect in India for around 7 months but this reform has taken more than 17 years of legislative efforts to bring it into effect. The Goods and Services Tax has accrued several positive impacts on the business world providing impetus for growth. However, the Construction industry has been affected adversely in the immediate period with severe slowdown in the industry growth. The Small and Medium Enterprises have been provided with several relaxations and incentives for their convenience of operation, but the government suspects there is a leakage of revenue. The Government revenue from Indirect taxes, on the other hand, has been constantly falling along with slow down of the Economic growth and significant part of these impacts are attributed to GST.

Introduction

Dr. Manmohan Singh once said, “Reform is not an event, it is a process. We will continue to push forward the cause of reform.” Thus the next big reform in our economy since the Liberalisation, Globalisation and Integration of 1990-91 is the launch of Goods and Service Tax in 2017. India being a developing country faces a lot of hurdles in its business environment, one such hurdle was the complicated indirect taxation system prevalent in the country. This problem to a great extent is solved with this new regime of indirect tax. This major step can be mightily seen as a revolutionary change in the *History of Indian Business*. Goods and Services Tax can be defined as a comprehensive, multi-stage, destination-based tax that will be levied on every value addition. For the purpose of better understanding the definition of GST it can be segregated into three main parts – Multi-stage, Destination based tax, and tax on value addition.

'Multi-Staged' implies that there are multiple steps an item goes through from manufacture or production to the final sale. Destination based tax means Goods and Services Tax will be levied at every point of sale. GST will be levied on all transactions happening during the entire manufacturing chain. Tax on Value Addition means that GST will be levied on these value additions – the monetary worth added at each stage to achieve the final sale to the end customer.

The Goods and Services Tax has been implemented by more than 160 countries around the world. India is the 161st country in the global map to adapt the new system. The pioneer of Goods and Services tax in the world is France which introduced GST in the year 1954. There are around 19 countries in Asia to have implemented GST ever since its inception. It is particularly interesting to note that Europe has the most number of countries to implement GST at 53 countries and only 2 countries are left to catch up. However,

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United States of America is one of the major countries to have not applied the Goods and Services Tax.

History of GST in India

It took almost 17 long years for GST to finally rollout in India amidst all the political turmoil and the slow and inefficient functioning of legislature. There have broadly been three phases in the process of development of GST in India starting way back in the year 2000. This is particularly ironic to observe that most of European and Far East Asian countries had already started GST preparation by the end of 1970s and by now around 160 countries have also implemented GST. Despite being aware of the benefits of GST, Indian Legislature faced several hiccups in bringing about this reformation in indirect taxation.

In between the years 2000-2004 Prime Minister Atal Bihari Vajpayee introduced the concept of GST under advice of the then RBI Governor Mr. Bimal Jalan, and had set up a committee headed by the then West Bengal Finance Minister Asim Dasgupta to design a GST model. The Vajpayee government formed a task force under Vijay Kelkar to recommend tax reforms. Vijay Kelkar, then advisor to the Finance Ministry, recommended GST to replace the existing tax regime.

On February 28, 2006, GST appeared in the Budget speech for the first time; Finance Minister P Chidambaram had ambitiously set April 1, 2010 as deadline for GST implementation. He had said that the Empowered Committee of finance ministers will prepare a road map for GST. Further in 2008, the Empowered Committee of State Finance Ministers was constituted. The Empowered Committee then submitted a report titled '*A Model and Roadmap Goods and Services Tax (GST) in India*' to the government. The then Finance Minister Pranab Mukherjee in the year 2009 had announced the basic structure of GST as designed by Dasgupta committee. However BJP opposed the GST basic structure.

On February 2010, the Finance Ministry started the mission-mode computerisation of commercial taxes in states, to lay the foundation for GST rollout. On March 22, 2011, UPA-II tabled the 115th Constitution Amendment Bill in the Lok Sabha for bringing GST, further the GST Bill was referred to Parliamentary Standing Committee on Finance led by Yashwant Sinha. Then in 2012, the Finance Minister P Chidambaram held meetings with state finance ministers; and he decided to resolve all issues by December 31, 2012 for GST rollout. In the next year the UPA government resolved to introduce GST, Chidambaram in his Budget speech made provisions for Rs. 90 Billion to compensate states for losses incurred because of GST. However, Gujarat's Chief Minister Narendra Modi opposed GST Bill saying that the state would incur losses worth Rs. 140 Billion every year due to GST.

In the year 2014, the GST Bill cleared by Standing Committee lapsed as Lok Sabha dissolved; and the BJP-led NDA government came into power. Finance Minister Arun Jaitley freshly introduced the Constitution (122nd) Amendment Bill in the Lok Sabha; and later next year Lok Sabha & Rajya Sabha passed the GST Constitutional Amendment Bill. The GST Bill was thereafter forwarded to joint committee of Rajya Sabha and Lok Sabha. On August 2015, the Government failed to win the support of Opposition to pass the bill in the Rajya Sabha where it lacked sufficient numbers. Fast forward to August 2016, all parties agreed to pass the Constitution Amendment Bill. On August 3, 2016, Rajya Sabha finally passed the Constitution Amendment Bill by two-thirds majority. It is by September 2, 2016, that 16 states ratified GST Bill; President Pranab Mukherjee gave assent to the Bill. Union Cabinet cleared formation of GST Council.

On January 16, 2017, Jaitley announced 1st July, as GST rollout deadline. Later next month the GST Council finalised draft compensation bill providing to make good any revenue loss to states in first five years of GST rollout. Over the next few months the Government decided on the rate slabs, goods to be taxed in various slabs, compensation laws. More than 80 per cent of goods of mass consumption are either exempted or taxed in the 5 per cent slab. Further, the GST Council fixed cess on luxury and sin goods to create kitty for compensating states.

Finally, GST rolled out on 1st July with the following rate slabs 0%, 0.25%, 3%, 5%, 12%, 18% and 28%, and these rates further stand to be revised by GST Council as and when needed. The last update was on 20th January, 2018 by the GST Council and the slabs have been now revised to 0%, 0.25%, 1%, 5%,

12%, 18% and 28%.

Comparison of GST and VAT

In a 2006 position paper, “International VAT/GST Guidelines,” the International Organisation for Economic Cooperation and Development began by noting that the VAT is “also called the Goods and Services tax.” Other countries’ finance ministries, such as Malaysia’s and Botswana’s, make similar assertions. No country has both a VAT and GST.

Value Added Tax (VAT) is an indirect value added tax which was introduced into Indian taxation system on April 1, 2005. As a taxation concept, VAT replaced Sales Tax. VAT was introduced to make India a single integrated market. On June 2, 2014, VAT was implemented in all states and union territories of India, except Andaman and Nicobar Islands and Lakshadweep Islands. However, VAT was state level tax and therefore it was plagued with all the disadvantages of indirect taxes as will be discussed.

The Cascading Effect of Tax or more commonly referred to Tax on Tax was one of the primary disadvantages of VAT. Under the previous federal structure with a plethora of a number of Indirect Taxes consumers eventually had to pay tax on the amount of tax already paid on the goods, this was due to the non-availability of Input Tax Credit between the taxes levied by Central/State Government against another tax levied by State/Central Government. This is called the Cascading Effect of Tax. The most significant benefit of GST is the elimination of the Cascading effect through the availability of Input Tax Credit on taxes charged by the Central and State.

Input Tax Credit means reducing the taxes paid on inputs from taxes to be paid on output. When services or goods are supplied to a taxable person, the tax charged is known as Input Tax. If the tax paid on inputs is higher than the tax on the output, the excess can be claimed as a refund. Thus all the taxes paid on input can be fully set off against the Output tax liability of the Manufacturer/ Wholesaler/ Retailer under the GST regime. This is especially noteworthy in case of services; earlier under the VAT regime the Input tax paid by the service provider couldn’t be set off against its output tax liability thus eventually the end consumer had to shell out more money.

Earlier, it was not possible to claim input tax credit for Central Sales Tax, Entry Tax, Luxury Tax and other taxes. In addition, manufacturers and service providers could not claim the Central Excise duty. During pre-GST era, cross-credit of VAT against service tax/excise or vice versa was not allowed. But under GST, since these taxes are subsumed into one tax, there is no restriction of setting off this input tax. The conditions to claim Input Tax Credit under GST is a very critical point for every business to settle the tax liability. Input Tax Credit can’t be applied to all type of inputs, each state or a country can have different rules and regulations. Input Tax Credit is also available to a dealer who has purchased goods for resale. Tax Credit is the backbone of GST and for registered persons it is a major matter of concern. This is majorly in line with the pre-GST regime. These rules are quite stringent and particular in their approach.

The other difference between the GST and VAT regimes are the rates of taxes and laws. Under the VAT system tax rates and laws varied from one State to another since the VAT was a federal system state level tax which was designed based on the White Papers issued by the Central Government, thus even though the basic structure of VAT in every state in India remained the same, the State Government was at liberty to amend the laws and the rates of taxes as per their agenda and requirements. Thus there was no uniformity in the indirect taxation system in the country, and this proved to be a big hurdle for medium and large corporations doing business across several states. But with the GST ushering in the problem of uniformity has been greatly addressed since the GST is administered centrally by GST Council under the guidance of the Central Government. Thus there is a uniform law throughout the country and the rates of taxes do not vary from one state to another.

Mechanism of GST

The Input Tax Credit mechanism under GST is as follows:

- Input IGST can be set off against Output IGST, if any excess remains can be used to set off Output

CGST and then SGST respectively.

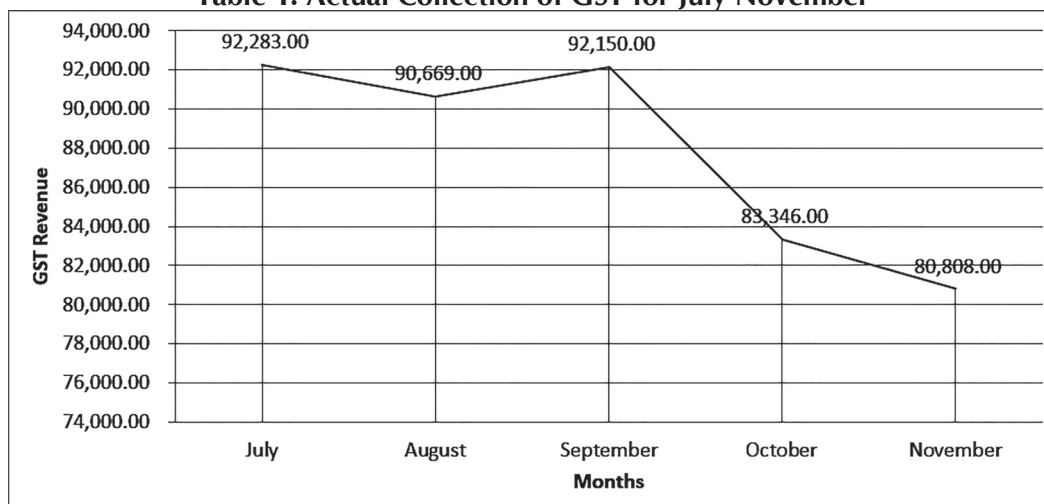
- Input CGST can be set off against Output CGST, if any excess remains can be used to set off Output IGST.
- Input SGST can be set off against Output SGST, if any excess remains can be used to set off Output IGST.

However, CSGT and SGST cannot be mutually set off against each other.

Impact of GST on Government Revenue and the economy

The Central government budgeted total GST revenue of Rs. 92,000 crores; however, to the surprise of the Government the collections for the first month of July exceeded the budgeted figures standing at Rs. 92,283 crores. The collection for the month of August stood at Rs. 90,669 crores, for the month of September it was Rs. 92,150 crores. The collections from GST slipped further for the months of October and November at Rs. 83,346 crores and Rs. 80,808 crores respectively. The Table 1 shows the actual collection of the GST.

Table 1: Actual Collection of GST for July-November



(Figures in Crore Rupees, Source: Government Announcement)

The revenue of the Central Government from Indirect taxes from Central Excise Duty and Services Tax for the fiscal year 2016-17 stood at Rs. 637,000 crores and that for the fiscal year 2015-16 was Rs. 497,000 crores. The GST collection from luxury and sin goods amounted to Rs. 38,073 crores for the period of July to November, 2017.

The West Bengal Government's revenue collection under SGST for July has grown by more than 14 per cent, over the same period last year. As on August 30, the State collected Rs. 1,112 crores under the SGST and Rs. 747 crores under the CGST. According to a senior CGST official, the State's total collection for July stands at Rs. 2,997 crores, three per cent of the national total of Rs. 92,283 crores. The IGST collection was Rs. 858 crores. The IGST will be shared between the Centre and the States where West Bengal has supplied goods or services. Likewise, the state will also get its share of IGST for imports from other States as well as from overseas. Hence, the net collection is likely to exceed Rs. 2,997 crores.

Table 2: Actual Compensation received by State Government from the Central Government

State	Budgeted Compensation	Actual Compensation	Percentage Received
West Bengal	35,126.00	10,225.00	29.11 %
Gujarat	15,671.00	9278.00	59.20 %
Uttar Pradesh	68,052.00	21,190.00	31.14 %
Andra Pradesh	37,548.00	9491.00	25.28 %

Maharashtra	32,739.00	13,716.00	41.90 %
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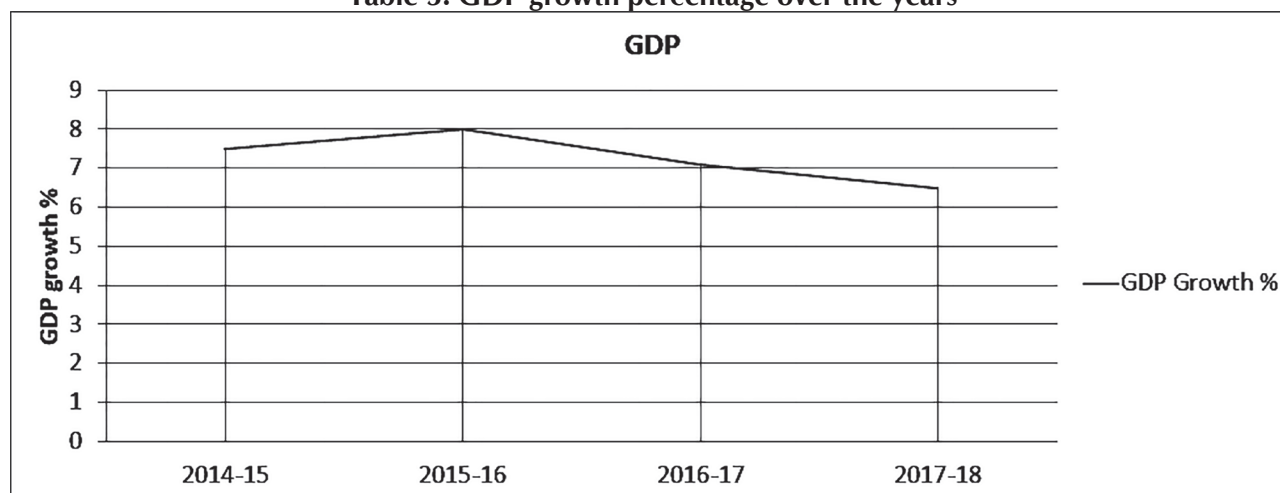
(Figures in Crore Rupees, for F.Y. 17-18 up to November 2017, Source: ABP Newspaper)

The Central Government under the GST Act made provisions for making good of any loss incurred by the State Governments due to the GST implementation for a period of 5 years. The projected revenue of the State Governments is calculated based on the standard assumption of growth in revenue of 14% per annum. But with every successive month the revenue of the Central Government is dropping and they are now forced to cut down on the compensation payment. In fact the revenue from cess is not enough to finance the compensation, on an average the cess collection for a month is Rs. 7000 crores. During the month of November, the Government earned the cess of Rs. 7848 crores and the budgeted amount of compensation was Rs. 8894 crores. The State Governments consequently are receiving lower amount of compensation which is directly impacting Development primarily in the rural sector. Table 2 shows the actual compensation received by states as against budgeted figures under the GST compensation provisions.

The difficulty faced by the State Governments under the GST regime is that the share of IGST for each state is paid on 15th of each month by the Central Government. This becomes a major issue for the states as the expenses of the State Governments are required to be paid off by the 1st week of the month and to meet those expenses they have to borrow at the beginning of the month. The State Governments are unwilling to bear the burden of extra interest due to this delayed payment. Finance ministers of States of Gujarat and West Bengal have already voiced their opposition in this regard and wanted payment by 1st day of each month. However, the problem arises with Central Government receiving the total GST amount by 20th of the month and thus meeting this demand of the states becomes impractical.

The Finance ministry had projected that the post demonetisation slow down of the growth of economy would increase back to 7.5 % and this would be positively aided by the influence of GST, but the results are contrary to claims. The immediate impacts of GST have impacted the GDP of our country and the momentum that our economy was enjoying is witnessing severe blows with GDP growth rate dropping to 6.5%. The reasons for such retardation are the aftermaths of Demonetisation along with the initial shockwaves of GST and the Government is finally acknowledging such negative impact. Table 3 shows the GDP growth rate of our country over the past few years and how it has changed with demonetisation and GST implementation.

Table 3: GDP growth percentage over the years



(Note: GDP for 2017-18 is projected figures, Source: ABP Newspaper)

Impact of GST on Construction Industry

Under the pre GST era the Construction Industry faced a lot of ambiguity and confusion. This was primarily because of the multiplicity of taxes and dual administration mechanism, thereby exposing it to the conundrums of both Central and State levies making this Industry riddled with litigations. In fact certain activities in this

sector commanded a cumulative tax levy on effectively 140% of the actual transaction value owing to its cascading effect. Thus covering the entire industry under the jurisdiction of a single Tax regime makes sense. Under the older regime the contractor service charge covered taxable action of three types- supply of goods, service and manufacture. The supply of goods was chargeable under the VAT, whereas the service was taxable under Service Tax and manufacture was subject to Central Excise duty and VAT.

First and foremost, unlike the previous laws where the construction work was treated as services or partly goods and partly services, under the GST law the works contract has been clearly defined as a Service thus doing away with the primary ambiguity of definition and scope. This implies that now the Construction industry will not be encumbered with the multiplicity of taxes and further it would not be necessary to segregate the contract into material portion and service portion. Secondly, under the GST system, the tax will be charged only on the value added at each stage by the sub-contractors, main contractors and developers or builders. Further, it is a single tax collected at multiple value additions with full set-off for taxes paid earlier in the value chain by subcontractors and main contractors. Hence, input tax credit which was restricted and disallowed in many cases is now allowed removing the cascading effect and accruing benefit to the end customers. The rate of GST on various Construction Materials has been given in Table 4; the bills issued by construction works contractor are now covered under SAC code no 9954. The Harmonised System Nomenclature or HSN Code decides the rate of GST on various construction materials. The rate of tax on almost all construction inputs has significantly reduced.

Table 4: Rates of GST various Construction material

5%	12%	18%	28%	12-18%	18-28%
River sand	AAC Blocks	Steel	Cement	Marble	Tiles
Crush sand	Fly Ash Bricks	GI Fittings	Glass Wires and Cables	Granite	CP fittings
Red Bricks		Cement Block	Paint and Varnishes		A l u m i n i u m windows
Stone		Key Locks	Sanitary fittings		
Shahabad			Wallpapers		
			Wooden doors and windows		

(Rates as on 28th November, 2017, Source: GST tariff schedule at <http://www.cbec.gov.in>)

A significant part of the construction industry operates in an unorganised manner with cash dominating the industry. The industry is characterised with the lack of maintenance of proper billing system. This indeed has a negative impact since the contractors have a tendency to manipulate bills to evade tax liabilities causing a serious leakage of Government revenue. But with GST in place the contractors are now more stressed towards maintaining an organised billing system in order to avail the input tax credit benefit. The initial cost will be heavy to formalise the same, but in the long run this formalisation will improve accountability and transparency, thus benefitting the stakeholders. The compliance procedure in the long run is going to be seamlessly smooth and simple.

The demonetisation was a step to curb *black money* in the country and this measure by the government has been a big shake down on the Real Estate business and the Construction industry, and the growth in this industry has slowed down to a great extent. This was due to the significant investment of black money in the industry through cash transactions. However, GST here brings its own set of impact on the industry, positive as well as negative; the clear demarcation of the impact of GST is yet to be determined since the aftermaths of demonetisations are fresh. The cumulative impact on the Construction Industry is evidenced from the piling of unsold units of Real Estate Properties. The unsold flats in Kolkata city as per the current records stand at 39,000 units i.e. 5% more than that of last FY. All over India there has been drop in sale mainly in 9 major cities. The sales in Kolkata have reduced by 17%, that in Mumbai by 19% and that in

Bangalore by 34%. Along with that in the current year launch of new projects has also dropped by 17% as compared to last FY pan India.

It can be said that in the short run growth in this industry is going to be less attractive compared to the past booms considering that the real estate buyers are hesitant to put their money into new properties in fear of legal consequences; and on the other end, the sellers and builders are having a difficult time to keep pace with the changes in the industry. But in the long run, there is going to be a positive impact with all the advantages and cost benefits realising, the builders are going to enjoy increased margins a part of which will also be passed on to the consumers.

Impact of GST on Small and Medium Enterprises

The GST has been designed keeping in mind that the small and medium enterprises should not face any difficulty in operating under the new tax regime. This is particularly because the SME(s) comprise the larger majority of Indian Economic growth generator, source of employment and consist of a large section of the market. Thus the measure of Composition Scheme has been implemented. The Composition Scheme primarily focuses on SME where the aggregate turnover of the business is not exceeding Rs. 1 crore, and they can avail a flat tax rate of 1-5 per cent of turnover and they are not required to maintain detailed records or follow the elaborate mechanisms as required for large entities. They are just required to update their turnover in the return and pay the tax. However, on availing the Composition Scheme the enterprise cannot avail the Input Tax Credit of the tax paid on inputs (However, as per GST Council meeting on January 20, 2018, Composition Dealers can avail Input tax credit).

The implementation of GST has witnessed a lot of positive impact in this section of the economy. The primary issue which has been addressed is the issue of compliance and registration. In the previous regime each Enterprise operating in more than one state had to obtain several registrations having different rules, and pay taxes at various rates from place to place and file several returns for various laws and locations. However, with GST the registration process has been simplified and less time consuming; here the Enterprise needs to register under GST only once for each state of operation through the GST Portal and obtain a GST Identification Number. The uniformity of rules is prevalent and standard across all states, registration under GST is required when turnover exceeds Rs. 20 lakhs (Rs. 10 lakhs for North Eastern States) and further with the applicability of Composite Scheme the Enterprise can avail the benefit of the same. There has been significant benefit in terms of convenience with uniformity of definition and scope removing most ambiguities. The cascading effect has also been addressed; thus the long run tax liability of the traders is also going to be reduced.

The logistic cost of enterprises having business activities spread across more than one state has also reduced. Under the older regime the interstate transportation of goods involved a lot of hassle and complication involving lot of documentation and various tax payments causing delays and increasing costs. The old Central Sale Tax would be now replaced by IGST and under GST most of these issues have been addressed.

However, for pan India businesses, they have to individually register for each state where they have their operations. Further due to the transition process the SME(s) are facing difficulty of complying with the old system for half year and then entirely change to a new system for the remaining period. The compliance under GST is also huge with several online returns and poor internet connectivity. The initial and the recurring implementation costs are high for small businesses. The inconvenience continues with e-commerce suppliers requiring compulsory registration.

The Government and GST Council previously were planning to gradually increase the threshold limit for Composition Scheme and they proposed an increase from Rs. 1 crore to Rs. 1.5 crore and in the future they were eying the Rs. 2 crore mark. However, over the first few months of implementation of GST it was observed that for July to September around 10 lakh businesses opted for the Composition scheme filing an average turnover of Rs. 2 lakhs per quarter. According to the Government press release, out of these 10 lakh businesses opting for Composition Scheme, 6 lakh had filed their return till 25th December. The total

amount collected from these businesses for the period of three months amounted to *Rs. 231 crores*, which effectively means an average of *Rs. 8 lakh turnover per annum*. The Government suspects under-reporting of turnover leading to Leakage of Revenue through the Composition Scheme and was keen to review the threshold limit for the same.

Conclusion

According to Minister Alphons Kannanthanam for the month of October, 2017 the total number of online transactions was *153 crores* and value of those transactions amounted to *Rs. 143.1 lakh crores*. The figures show a dramatic improvement considering the previous year October results of *91 crores* online transaction. Thus this is certain that GST is helping in creating a better Digital India which is more accountable.

The Government revenue from GST is dropping every month and this can be primarily attributed to technical faults and lack of clarity of rules among businessmen; further a significant section of the business community are yet to pay their taxes and file return for the later months. Another issue is that the correction window for Revision of returns has not been provided at the GST portal; thus incorrect returns cannot be altered further widening the gap between Budgeted and Actual Revenue figures. This may directly affect the State Government spending due to insufficient funds and further affecting development in key sectors mainly rural sectors. The delayed payment of IGST share to States is yet another issue which is not only increasing agitation among State heads, but also increasing their operating costs as now they have to borrow funds right at the beginning of the month. On the other hand, the Central Government in itself cannot do much as they receive GST by 20th of each month thus payment of share of IGST on the 1st of each month might not be feasible.

The unorganised markets are getting formalised, which again will yield good dividend in the long run. The absolute switch over to a new system by the government is considered to be a little abrupt and is disrupting the economy, a phased out implementation would have been better suited for a large economy like India. This makes it cumbersome for the small entities. In respect to the real estate market the slump in demand has been caused by a variety of factors resulting in poor performance. But it can be said that GST is the future of Indirect Taxation. With so many countries yielding the benefit, India will also benefit over the long term which will overshadow the short run negative impacts.

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The Role of Financial Literacy in Financial inclusion- An Evaluation

Srabani Dey*

Abstract

Financial Literacy is of greatest importance for any country's economic growth. The RBI has considered 'Financial inclusion' is one of the key pillars in Economic Development reforms and taken imitative to achieve the goal of financial inclusion in effective manner. In the present scenario, there is the gap in achieving the objective of financial inclusion because of Consumer Protection and Consumer literacy. In achieving the goal of Financial Inclusion, the Compatible formal financial system is required to build up a strong supply response. The approach of the study is to access the present position of financial literacy in India and World. Efforts are also being made by the authorities and the policy making institutions in terms of suitable Regulations and guidelines for strengthening financial literacy to achieve financial inclusion. Further, some suggestions have been made to strengthen up the financial literacy which will lead to the overall financial prosperity and growth of the economy.

Key Words: *Financial Literacy, Financial Inclusion, Financial prosperity*

Introduction

In today's World, we carry around a wealth of financial knowledge in our pockets. Our smart phones ensure that we are never more than a few screen taps away from the answers to all of our questions. Taken as its basic definition, literacy is the ability to read and write whereas Financial Capability is the set of knowledge, attitude, habits and confidence in one's ability to control one's finances that a consumer needs to build his or her financial well being. In other words, it is not just a matter of being literate about your financial options- it is having the capability to use that literacy to make good decisions.

Empirical evidence shows that digital efforts on financial education have had a greater impact on us than the traditional media. India is home to 17.5% of the world's population, but nearly 76% of its adult population does not understand even the basic financial concepts. The topic of financial literacy itself would have sound alien though it is now one of the top priorities for most nations. It is even more critical for developing nations like India, where the majority find financial literacy beyond their comprehension. According to its literal meaning, financial literacy is the ability to use skills and knowledge to take effective and informed money management decisions. For a country like India, this plays a bigger role as it is considered an important adjunct to the promotion of financial inclusion and ultimately financial stability. As per global survey by Standard and Poor Financial Services, less than 25% of adults are financially literate in South Asian countries. For an average Indian financial literacy is yet to become a priority.

Literature Review

Anees and Kumar (2013) review the different dimensions of financial literacy and education in India with its relevance, determinants and also the role of regulatory authorities in India in spreading financial literacy.

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Subha and Shanmugha (2014) examine the importance of financial literacy in financial planning and the various opportunities for research in this area. **Samriti Kamboj (2014)** aims to explore the current scenario of financial literacy in India. **Haque and Zulfiquor (2016)** highlight the influence of the key constructs included in financial literacy, financial attitude and financial wellbeing on the economic empowerment of women. The study is based on 300 working women from the non- financial sector. **Bhargava (2016)** highlights the requirement and significance of financial literacy in today's world. They also analyse suitable measures to enhance financial literacy. **Baluja (2016)** reviews how Indian women are facing several barriers in the cultural, financial, psychological and physical fields in their journey to become a financially literate person. They also highlight the issue that government should develop more and more programmes to enhance women financial literacy.

Awais et.al (2016), explain the impact of financial literacy and investment experience on risk tolerance and investment decisions with the help of a specific model with reference to Pakistan. **Singh and Kumar(2017)** review the financial literacy position among women in developing country like India. **Fernandes (2017)** analyses the relevance of financial education for empowering women.

Objectives of the Study

The objectives of the paper are as follows:

- To show an in-depth relationship between financial literacy and financial inclusion
- To present the scenario of Financial Literacy in India, as well as in the world
- To show several initiatives or steps taken to improve financial literacy by the regulatory bodies
- To critically examine why financial inclusion is not yet a success story in our country
- To offer suggestions to improve financial literacy
- The data used is secondary, i.e. the data collected from various sources such as magazines, journals, research papers, news papers, etc. Different websites are also being studied to collect the required data.

Financial Inclusion and Financial Literacy

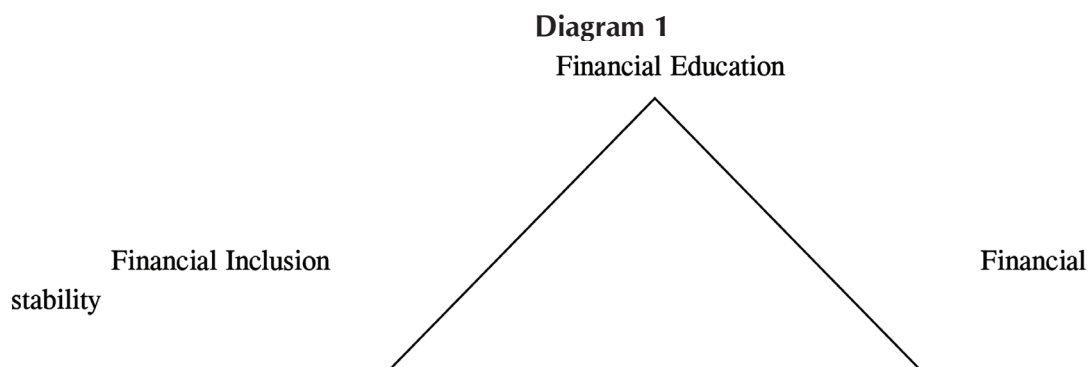
Financial Inclusion is a lofty ideal, but Financial Literacy is the first step towards achieving Financial Inclusion. Financial Literacy can be seen as the demand side of Financial Inclusion. It is considered an important adjunct for promoting financial inclusion. It has assumed greater importance in recent years, especially from 2002 as financial markets have become increasingly complex and the common man finds it very difficult to make informed decisions.

Financial literacy refers to the ability to make knowledgeable judgments and take fruitful decisions regarding the utilization and management of money. It is considered a predominant requirement for operating effectively in modern society. It empowers a person to understand the importance of savings. Financial literacy is increasingly becoming important for the decisions of households about how to invest wealth and how much to borrow in financial markets. Mounting evidence shows that those who are less financially literate are more likely to have problems with debts, are less likely to save, are more likely to engage in high-cost credit, and are less likely to plan for the future.

Financial literacy is a stepping-stone toward financial inclusion. Moreover, as financial markets are becoming increasingly complex with serious problems of information asymmetry, the need for financial literacy has become even more acute. By emphasizing practical skills to plan for the future, financial literacy can play an important role in promoting a 'future orientation' (Hallman et al, 2003).

Financial Inclusion and Financial Literacy are twin pillars: -

- Financial Literacy stimulates the demand side - making people aware of what they can demand.
- Financial Inclusion acts from the supply side providing the financial market/services that people demand.



On the asset side, financial literacy is important because financial products have become extremely complex. Several empirical studies have found that lack of financial literacy is associated with poor risk diversification, inefficient portfolio allocations and low levels of savings.

Importance of Financial Literacy in Financial inclusion

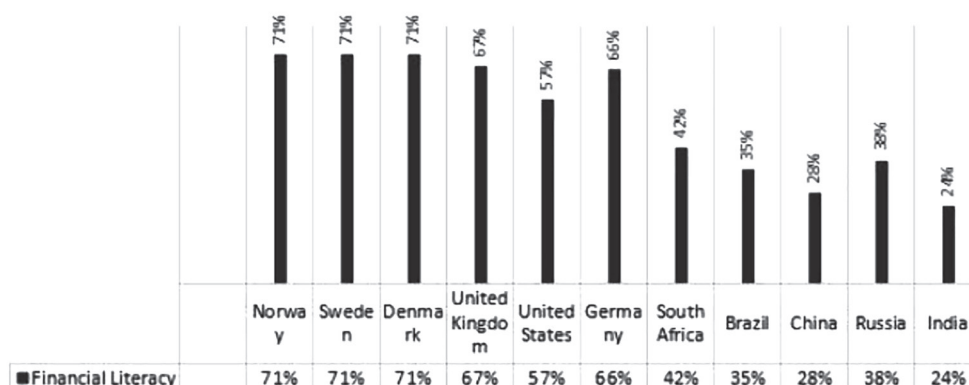
Everyone who earns is a potential saver; every saver is a potential investor and every investor ought to be financially literate. Financial literacy is a primary step towards financial inclusion since introspection changes behaviour which in turn makes people seek and receive financial services and products. Financial literacy goes beyond the provision of financial information and advice. It is the ability to know, monitor, and effectively use financial resources to enhance the well-being and economic security of oneself, one's family, and one's business. It can make a difference not only in the quality of life that individuals can afford, but also the integrity and quality of markets. It can provide individuals with basic tools for budgeting, help them to acquire the discipline to save and thus ensure that they can enjoy a dignified life after retirement. A financially literate population means a country that makes more efficient uses of its financial resources. A financially capable population means a society that is more empowered and in control of the financial lives. Financial education is especially important among low-income people, as well as those without bank accounts, who use financial services. Limited resources and often an outright lack of fluidity before the next pay check, in conjunction with limited access to the financial sector, mean that low-income people are more likely to have recourse to illegal money-lenders or fall victim to predatory lending practices by formal financial institutions.

India's Present Position in Financial Literacy Compared with International Scenario

In India, the need for financial literacy is even greater considering the low levels of literacy and the large section of the population which still remains out of the formal financial set-up especially in the rural areas. In reality, it is a fact that even graduates in India are not actually financially literate. Wealth creation for the investor and the economy will remain a distant dream, unless the common man becomes a wiser investor and is protected from wrong doings. We require to convert a country of savers into a nation of investors. Financially educated consumers, in turn, can benefit the economy by encouraging genuine competition, forcing the service providers to innovate and improve their levels of efficiency.

Financial Literacy rates vary widely across the world. In northern Europe the perception on financial concepts is the highest whereas, on an average 52% of adults are financially literate. Denmark, Germany, Netherlands and Sweden have the highest literacy rates in the European Union; at least 65% of their adults are financially literate. Rates are much lower in southern Europe. In Greece and Spain, literacy rates are 45% and 49% respectively. Italy and Portugal have some of the lowest literacy rates in the south. Financial literacy rates are also low among the countries which joined the European Union in 2004 and after. In Bulgaria and Cyprus, 35% of adults are financially literate. Romania with 22% financial literacy has the lowest rate in the European Union. Not surprisingly, financial literacy rates differ enormously between the major advanced and emerging economies in the world. On an average, 55% of adults in the major advanced economies- Canada, France, Germany, Italy, Japan, UK and US are financially literate.

Diagram: 2

FINANCIAL LITERACY LEVEL ACROSS GLOBE

Source: S & P Global Financial Report, 2015

In contrast, in the major emerging economies like the so-called BRICS (Brazil, Russian Federation, India, China and South Africa) an average number of 28% adults are financially literate. Disparities exist among these countries, with rates ranging from 24% in India to 42% in South Africa. (Source: Financial Literacy Report, 2015)

The state wise level of financial literacy in India in the year 2015 is shown in Table 1 and Table 2

Table.1 State Wise Financial Literacy Level India

Name of State	General Literacy Level (%)	Level of Financial Literacy (%)
Andhra Pradesh	60	23
Arunachal Pradesh	55	10
Assam	61	20
Bihar	50	8
Chattishgarh	60	4
Goa	80	50
Gujrat	68	33
Haryana	65	21
Himachal	73	16
Jammu & Kashmir	NA	NA
Jharkhand	56	15
Karnataka	67	25
Kerala	84	36
Madhya Pradesh	59	23
Maharashtra	73	17
Manipur	69	36
Meghalay	60	24
Mizoram	77	6
Nagaland	68	8
Odisha	64	9
Punjab	67	13
Rajasthan	56	20
Sikkim	73	8

Name of State	General Literacy Level (%)	Level of Financial Literacy (%)
Tamilnadu	72	22
Tripura	67	21
Uttarpradesh	57	10
Uttarakhand	68	23
West Bengal	67	21

Source: National Centre for Financial Education Report, 2015

The table above shows that Kerala, being a highly literate state in India, has the second highest level of financial literacy, that is, 36%. Goa, Manipur and Gujarat stand the highest level of financial literacy at 50%, 36%, 33% respectively, which is still considered very low. Whereas states like Chhattisgarh, Mizoram, Bihar, Nagaland, Sikkim, Odisha, Arunachal Pradesh, Uttar Pradesh, Punjab, Jharkhand, Himachal Pradesh, Maharashtra have the lowest level of financial literacy i.e. below 20 percent.

Table.2 Union Territory wise level of Financial Literacy in India, 2015

Name of the Union Territory	General Literacy Level (%)	Level of Financial Literacy (%)
Andaman and Nicobar Island	82.43	14
Chandigarh	81.19	38
Daman and Dui	79.55	29
Dadra and Nagar Haveli	64.32	31
Delhi	80.76	32
Puducherry	80.67	21
Lakshadeep	87.95	22

Source: National Centre for Financial Education Report, 2015

Table 2 shows the level of financial literacy among Union-Territories in India. Chandigarh has the highest level of financial literacy (38%) followed by Delhi, Dadra and Nagar Haveli with 32 % and 31 % respectively whereas Andaman and Nicobar Islands show the lowest level of financial literacy.

Efforts made in the field of Financial Literacy by the Regulatory bodies

RBI's initiatives on Financial Education: Reserve Bank of India has undertaken a project titled "Project Financial Literacy". The objective of this project is to disseminate information regarding the central bank and general banking concepts to various target groups, including school and college students, women, rural and urban poor, defence personnel and senior citizens. The project has been designed to be implemented in two modules, one module focusing on the economy, RBI and its activities, and the other module on general banking. It is disseminated to the target audience with the help of banks, local government machinery, schools and colleges through presentations, pamphlets, brochures, films and also through RBI's website.

SEBI's Initiatives on Financial Education: Securities Exchange Board of India has embarked on financial education on a nationwide campaign. To undertake financial education to various target segments viz. school students, college students, working executives, middle income group, home makers, retired personnel, self help groups etc., SEBI has empanelled Resource Persons throughout India. The Resource Persons are given training on various aspects of finance and equipped with the knowledge about the financial markets. These SEBI Certified Resource Persons organize workshops to these target segments on various aspects viz. savings, investment, financial planning, banking, insurance, retirement planning etc.

IRDA'S Initiatives on Financial Education: Insurance Regulatory and Development Authority has taken various initiatives in the area of financial literacy. Awareness programmes have been conducted on television and radio and simple messages about the rights and duties of policyholders, channels available for dispute redressal etc have been disseminated through television and radio as well as the print media through sustained campaigns in English, Hindi and 11 other Indian languages. IRDA conducts an annual seminar on

policy holder protection and welfare and also partially sponsors seminars on insurance by consumer bodies.

PFRDA Initiatives on Financial Education: The Pension Fund Regulatory and Development Authority, India's youngest regulator has been engaged in spreading social security messages to the public. PFRDA has developed FAQ on pension related topics on its Web, and has been associated with various non-government organizations in India in taking the pension services to the disadvantaged community. PFRDA's initiatives have become more broad-based with direct mass publicity on NPS – both as individual model through POPs and group models through Aggregators. PFRDA has issued advertisements in print media and electronic media through radio and television. PFRDA appointed intermediaries are called Aggregators who are directly responsible for pension awareness mostly in vernacular languages and in line with socio-economic sensibilities

Market players Initiatives on Financial Education: Commercial banks are increasingly realizing that they are missing out on large segments of financially illiterate and excluded segments of prospective customers. Also, in view of the national emphasis on electronic benefit transfer the commercial banks have initiated various measures for creating awareness through Financial Literacy and Counseling Centre and Rural Self Employment Training Institutes on financial literacy. The objective of this centre is to advise people on gaining access to the financial system including banks, creating awareness among the public about financial management, counselling people who are struggling to meet their repayment obligations and help them resolve their problems of indebtedness, helping in the rehabilitation of borrowers in distress etc. Even the top management of commercial banks is undertaking Outreach visits to villages with a view to spreading financial literacy. Similarly, many Stock Exchanges, Broking Houses and Mutual Funds have initiatives in the field of financial education that spawns conducting seminars, issuance of do's and don'ts, and newspaper campaigns. Insurance companies too carry out campaigns and other educational activities for generic education in insurance.

Why did we fail?

Financial literacy is first and foremost about empowering and educating consumers so that they are knowledgeable about finance in a way that is relevant to their lives and enables them to use this knowledge to evaluate products and make informed decisions. From a regulatory perspective, financial literacy empowers the common person and thus reduces the burden of protecting the common person from the elements of market failure, attributable to, de facto, information asymmetries. Financial literacy is also an integral component of customer protection.

The main reason why we have failed in spite of full backing from the government is we have not really addressed the root of the problem.

Problems behind the failure

Not serious in our approach: We have been looking at solutions at the surface level. Financial inclusion should not begin and end with opening of bank non frill accounts. Our approach has been more of a lip service and is fundamental with our way of education itself. The reason is what we teach in our schools and colleges have no relevance with what happens in reality.

Lack of priorities: Our priorities need urgent correction. How do we explain our preference to purchase a mobile phone over having a clean toilet? We need to understand that financial literacy is a necessary skill, like reading and writing.

Lack of standardization: We Indians cannot standardize anything, whether it is the ATM or a simple loan form. We want to show our originality. But this results in confusion even for the so called educated. We remain blind to the fate of the illiterate masses.

Absence of reach and coverage: Many of the schemes that are useful to the poor never reach them and neither our government nor media is able to give full coverage for them.

Delivery Mechanism: We do not have a proper mechanism to deliver. We have grand ideas, but do not

have the discipline or will to deliver.

Absence of Technology: We do not have the right technology that will reach the masses. Of course in the recent years there have been some improvements in this direction, but we have a long way to go.

Not having a Business model: We do not have a proper business model for implementing the essential steps.

Lack of transparency: Most of the time transparency is completely absent. First, information about the terms and conditions given to the customer should be transparent. Financial service providers should disclose key information clearly, at appropriate points before, during, and after a transaction is completed.

Rich have no compassion for poor: Finally our rich people have no compassion for the plight of the poor. Improving the effectiveness of financial literacy programs will require better integration of new insights from behavioural economics and social research.

The problems of Financial Literacy for Financial Inclusion can be looked into in the following manner:

Demand side Problem	Supply Side challenges
❖ Literacy level very low	❖ Distance from banks
❖ Located mostly in rural / remote areas. Disadvantaged social group	❖ Appropriate product
❖ Dependent mainly on informal sources of credit from money lenders on exploitative credit from moneylenders on exploitative terms.	❖ Convenient Timing,
❖ Financial exclusion more severe with high credit gap in 256 districts identified by Rangrajan committee.	❖ Attitude of staff
	❖ Proof of identity
	❖ Large number
	❖ Low value
	❖ High transaction cost, etc.

A Few suggestions to improve the level of Financial Literacy

Financial literacy is a way by which individuals can enhance their understanding about the financial concepts, markets, and products to take effective action to improve overall well-being and avoid distress in financial matters thus improve their financial status. Various initiatives have been undertaken by the government (Reserve Bank of India, Securities and Exchange Board of India, Insurance Regulatory and Development Authority) to improve the level of financial literacy in India. However, the level of financial literacy is very poor in India. This level of literacy cannot accelerate the pace of financial inclusion which will further hamper the economic growth and financial prosperity of the Indian economy. More capital infusion towards financial literacy should be made through workshops, seminars at schools, colleges, workplaces and residential areas so as to boost up its effectiveness in the usage of financial products and services and thereby enrich the financial system of the nation. It is also suggested that the awareness of all seminars, programmes, schemes, workshops and projects should be made among the target groups to give the maximum benefit. Small activities on types and importance of the investment avenues should be undertaken at various schools, colleges, offices and the local level to increase the practical knowledge of the financial aspects. Another need of the hour is to analyze the impact of such programmes from time to time through feedback.

Conclusion

Financial literacy is a component of financial inclusion and a necessary condition for bringing a large proportion of the excluded population into the field of the financial sector. It enables people to make better financial decisions, to appreciate their rights and responsibilities as consumers of financial products, and to understand and manage risks. For the poor and the rich alike, financial literacy provides greater control of one's financial future, more effective use of financial products and services, and reduced vulnerability

to overzealous retailers or fraudulent schemes. Financial education enables individuals to improve their understanding of financial products and concepts, and develop the skills necessary to improve their financial literacy. Financial capability encompasses financial literacy, financial education, financial knowledge and skills, and household money management skills. A financially capable person has the knowledge, skills, attitude and behaviour to be aware of financial opportunities, make informed choices to suit their circumstances, and take effective action to improve their financial wellbeing. Financially capable consumers have the knowledge, skills, attitude and behaviour to be aware of financial opportunities, make informed choices to suit their circumstances, and take effective action to improve their financial wellbeing. Financial education can thus address topics ranging from the practical, such as operating a bank account, to the more conceptual, such as understanding income/expenditure and long-term planning, and the more general, such as the principles of consumer protection and ethical consumption. Financial education is important not only for individuals, but also for the whole society and economy. Empowered consumers will make better choices for their individual well-being, which in turn will increase welfare overall. They will tend to be more active users of financial services, which will support development of the financial industry and thus contribute to higher economic growth.

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An Edifice of Epistemology: A Review through the prism of Eurocentric philosophy

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Abstract

Justification of an assertion needs proof and to confirm it, research is a necessity. The term research is associated with the systematic study and analysis of materials and facts to establish a statement related to a specific field of study. Epistemology is a type of research approach and it is that branch of philosophy which deals with the subject of Knowledge-its nature, sources and possibilities. This paper is an attempt to explore and comprehend the structure of Epistemology with a philosophical approach.

Keywords: *knowledge, truth, philosophy, epistemology.*

Introduction:

The term “Epistemology”, originated from the Greek word “episteme” which simply means ‘knowledge’ and the suffix “logy” means logical discourse. The Scottish philosopher James Frederick Ferrier first used the term “Epistemology” in 1854.

The study of epistemology deals with the nature and scope of understanding, validation and rationality of belief. Most of the people are acquainted with the study of logic, but few realize that it is a branch or subdivision of “Epistemology”. The study of epistemology embraces a wider area of learning than the study of logic since the scope of logic is defined as the study of correct thinking, whereas epistemology focuses on the study of knowledge. Typical questions which epistemologists seek to resolve are: What are the nature, extent, and scope of knowledge? If knowledge is possible, what should be the quantum of knowledge which is achievable by a human being? What is the source of knowledge?

Criteria of truth

In epistemology, the criteria of truth are the principles which are used to judge the precision of the statements or any claims. In all disciplines, but particularly in philosophy, it is necessary to explain each and every statement truthfully and lucidly. The quest for the truth should be free from presuppositions, bias or prejudice.

The philosophical adventure is successful when it assumes that an arrangement is adequate enough to detect the truth. Actually, many criteria of truth are employed by philosophers and others, but not all are of equal value or validity.

Jonathan Doelhenty states that there are three effectual tests of truth such as correspondence, coherence and pragmatism theories. The criteria of truth listed under represent those which are frequently used by the scholars and the common public. Some standards are sufficient while others are debatable. ⁽⁴⁾

- (1) Naive Realism, (2) Feeling, (3) Custom and Tradition, (4) Time, (5) Intuition, (6) Revelation,

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(7) Instinct, (8) Majority, Plurality and Consensus gentium (unanimous opinion), (9) Authority, (10) Correspondence, (11) Pragmatism, (12) Consistency, (13) Coherence.

Naïve Realism

Those who stick to this criterion of truth, namely James McCosh, Thomas Reid, and other Scottish philosophers, believe that the reality is something as it appears to the senses. The Naïve Realist simplifies the reality by renouncing the claims of philosophers and scientists who complicate it with their disputation that reality is formed of unseen atoms, matter, ideals, etc. The trees, sky, flowers etc. are exactly as the senses depict them to be. The philosophy of Naïve Realism sprang up as a reaction to the complex philosophies which were in existence during the last couple of centuries. Philosophies which treat metaphysics (the study of ultimate reality) are usually most complicated and at times unfathomable.

Naïve Realism is the most vulnerable test to criticism. One can willingly find serious objections and oppositions to the philosophy of Naïve Realism. When one looks at the horizon, the sky appears to mix with the sea i.e. it seems as if they are touching each other, but this is not the case as when one moves further ahead, he soon learns that they are conspicuously separated from each other. The qualities which are perceived by the senses are usually not ultimately real, since reality is invisible. For example, reality is composed of atoms, but atomic substance is unobservable by the senses, nor are sound waves, electricity, light waves, infra-red and ultra-violet waves, x-rays, etc.

According to this philosophy, sound frequencies above or below the level of human hearing would have to be denied any reality whatever. Thus there are a number of cases where sense experiments show a disconnection between perceived sensation and the reality

Feeling

Many intelligent individuals accidentally, and even deliberately, consider feeling as a test of truth despite the fact that they are fully aware of its inadequacy. Many individuals use feeling while spending huge sums of money in the selection and purchase of the securities in the stock market while others use feeling as the critical test while choosing a marriage partner. Although feeling appears to be a weak test of truth, its use is widespread even among the scientists and the philosophers. Feeling is an inadequate criterion of truth on a number of serious occasions.

Feelings are usually vague and ill-defined and often one never really knows how he feels. Again feelings often conflict with a number of subjects. For example, a mother, who at her son's or daughter's wedding, is tearful or joyful, is yet not at all certain about her feelings. Thus feeling is quite useless in almost every example of scientific and philosophical research.

Custom and Tradition

Custom is used by many as a criterion of truth, particularly in matters pertaining to morals, politics, dress, etc. The average person does not dress purely for functional or aesthetic reasons, for these are of secondary value to fashion which is dictated by custom. It is embarrassing to wear evening dress in day time while shopping for groceries regardless of the fact that evening dress is beautiful and functional. Unlike philosophers generally, the majority of persons do not rationally arrive at the moral principles to which they adhere; usually they merely follow the injunction: 'when in Rome, do as the Romans do.'

Tradition, which is similar to custom, differs principally in respect to chronological priority, that is, traditions are customs which have been preserved for generations. Traditions and customs are not regarded as the convincing criteria of truth.

Time

This criterion states that over the time flawed beliefs and logical errors will be discovered. However, if the conviction or the faith is true, mere passage of time cannot negatively affect its validity. If time were a reliable test of truth, many false superstitions would be validated since a number of them have been practised for thousands of years. One major reason invalidating time as a good test of truth is the fact that erroneous ideas can be proliferated for hundreds of years, as is evidenced by belief in superstitions, magic, occult, etc.

Intuition

The term intuition carries different implications for different persons; some persons equate it with feeling, while certain philosophers understand it to be a type of energetic and vibrant thinking which infiltrates deeper than logic. The philosopher Borden Parker Bowne says that life is deeper than logic, implying that there is more to understanding life than logic alone. The psychiatrist Carl Jung defines intuition as a dynamic process of thought which penetrates the static limitations of logic. Intuition is a decision which is not reliant on rational examination of facts. It is the belief that truth comes from a source which is not known to us. A scientist may wake up in the middle of the night with the solution to his problem which has perplexed him for months. Assuming the above to be true, one is nevertheless not in a position to claim that intuition is a decisive test of truth or even qualifies as any test whatever because if intuition were a test of truth, little progress would be made since by the time mankind stood around waiting for intuitions, disastrous results such as famine, disease, etc. could overtake him.

Revelation

This criterion resembles intuition, but differs only as to the nature of the source. Intuition is the belief that truth comes from a source which is not known to us and revelation is the belief that 'truth comes from God.' Revelation may be regarded as an authorized reference of truth for an individual, but it is insufficient for providing a rational proof of knowledge to others.

Instinct

The existence of instinct has long been debated. It is believed that what is instinctive must be due to the fact that exists. For example, if an organism has an instinctive thirst for water, water must exist. A searching evaluation of instinct as a test of truth would reveal a number of difficulties. The notion of instinct is vague, ill-defined, and scientifically difficult to support. Psychologists and others encounter a wide range of discrepancies concerning the number and kind of instincts. Even if the validity of instincts is granted, scientific and philosophical enterprise would be limited to the point of virtual stagnation since the acquisition of human knowledge acquired by man lies beyond the boundaries of instinct.

Majority, Plurality and Consensus Gentium

The rule of majority is a practice of accepting statements and proposals. In democratic systems, majority rule is used to determine group decisions especially those relating to personal morality and social behaviour. Democratic organizations may summon the advice of experts, such as scientists and other authorities before taking any vote, but in the last analysis the issue is determined on the basis of majority decision. Again, majority is often proved wrong because a majority renders a decision, but does not essentially follow which is true.

A consensus gentium is a unanimous majority opinion.

For example, during the middle Ages it was universally accepted that the sun revolved around the earth, but with the appearance of the heliocentric theory of the universe, it became apparent that the opposite was true, namely, that the earth rotated around the sun. Approximately during the same period, it was equally believed that the earth was flat, but as is known today, it is global or even 'egg - shaped.'

Authority

The great personalities such as St. Thomas Aquinas etc. have long regarded authorities as excellent criteria of truth and currently authorities are still used widely to prove a point or resolve an issue whether it be a religious, scientific or legal one. For example, Biblical truth, since it rests principally on the inspiration of the Bible, is mainly supported on the basis of religious authority or a court case in which a lawyer seeks to prove the injury of his client by taking a confirmation certificate from an authority in medicine. In both of these cases the voice of authority is respected as strong supporting evidence.

Although authorities are acknowledged as good structures of proof, they cannot be considered final, since authorities often conflict with and contradict each other.

Correspondence

Bertrand Russell, in his *An Inquiry into Meaning and Truth* (1941), supports the correspondence theory of truth. Correspondence as a theory of truth may be defined as the belief that when an idea agrees (corresponds) with its object, the idea is said to be true. For example, the claim that the Agra Fort is in India is true if the Agra Fort is actually located in India.

An idea which matches up with its subject is true, but additional tests of truth are required to make the idea perfect.

Pragmatism

As a criterion of truth in its simplest and primitive form, Pragmatism may be defined as follows: 'if an idea works, then it is true.' The consequences which follow from an idea serve to verify it. On the other hand, if an idea is insignificant, that is, if no results evolve from it, it is considered a meaningless one. According to *William James*, ideas should have 'cash value,' that is, they should produce effective results; otherwise they are meaningless.

A critical evaluation of simple pragmatism would indicate that certain ideas may appear to work, but are not necessarily true; for example, a man persistently distressed with stomach pain gets cure from a vanilla-flavoured medicine prescribed by his doctor. As with each dose of medicine, his pain is relieved, he assumes that the medicine has been the reason behind his cure. However, if a new doctor takes over, exposes his ailment to be psychic and proves this by omitting the main ingredient of the prescription which has so long produced equally favorable result, it becomes evident that although an idea might appear to be working, it is not necessarily true.

There is a phase of Pragmatism which *William Ernest Hocking* has termed 'negative Pragmatism' which states that 'If an idea does not work, then it is not true.' This conclusion is principled on the opinion that: 'The truth always works,' but the converse, 'What always works is true,' does not maintain.

For example although 'All Bostonians are Americans,' it does not follow that 'All Americans are Bostonians.'

Mere Consistency and Strict Consistency

Mere or loose consistency exists when there is an absence of any contradiction. For example, following statements are consistent with one another because of the lack of any contradiction: 'Rabbits are like carrots.' 'The sun is bright.' Thus an individual is consistent if he or she does not contradict himself or herself.

Since loose or mere consistency simply means the elimination of contradictions, it is hardly considered a very worthwhile criterion of truth.

Another form of consistency is known as 'rigorous consistency' where statements or propositions must follow necessarily from one another. It is the method of symbolic logic. This may be illustrated by a syllogism: "All living beings breathe; Tigers are living beings, therefore tigers breathe." The conclusion follows automatically from the origin.

Rigorous consistency is the most effective criterion of truth, but once the system is disrupted by the introduction of new and incompatible data, it breaks down.

Coherence:

Coherence refers to a methodical and consistent explanation of all the facts of experience. In order to be coherent a person must arrange all the significant facts in a consistent and cohesive manner so that they are in an appropriate relationship with one another as parts of an integrated whole. Of all the tests discussed above, coherence is regarded as a test which fulfills the standard of verification most sufficiently. It includes reason, facts, system, integration, relationship, consistency. The main drawback lies not in the standard, but in the human incapacity to accomplish all the rudiments of coherence. It is beyond the power of a normal human being to be aware of all the relevant information; only an omniscient brain can do so. It is hard to denigrate coherence as a criterion of truth because arguing against coherence means corroborating incoherence, which

is illogical and inconsistent.

Conclusion:

Epistemology may be stated as an exploration into the nature of knowledge. The study focuses on the process of acquiring knowledge and the manner by which truth and falsehood can be differentiated. This paper is an attempt to understand the study of epistemology through the tests of truth discussed above. Moreover, this is an attempt to garner various ideas prevailing in the paradigm of European philosophy which will further help the researchers engaged in the arena of social science to construct their line of action accordingly.

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Designing a Knowledge Portal of Open Access Resources

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Abstract

Information Technology has put library and information professionals into a competitive and compelling situation wherein they require to fulfill the ever-increasing information needs of users in the most effective and efficient manner. A lot of Open Access (OA) resources are available over the Internet, but when we are trying to find a particular topic, we have to sift through huge amounts of related information as well. This information is, again, unstructured and we have to spend much time to find a particular piece of information. So there is a need for a gateway of knowledge which, on one hand, would hive in resources and services scattered all over and, on the other hand, disseminate the same to the potential users through a single point. This work has designed as an experimental prototype Knowledge Portal model of OA resources. The model can be applied on a particular subject to consolidate OA resources to serve its users. The work also tried to show how Knowledge Management processes and SECI Model designed by Nonaka and Takeuchi are applicable in that particular portal.

Keywords: Knowledge Management, Knowledge Portal, Library, Open Access resources,

Introduction

Value of information is now well recognized at various levels of information based society. Information is continuously being generated at an unbelievable rate. To denote the phenomenon, the term “Information Explosion” is used. It has created serious problems of communication and is getting more complex and difficult to manage by the day. The Library and Information profession is one of the most challenging professions in the Information Society, combining expertise in Information Management with Information Communication Technology (ICT) competencies. ICT has a tremendous impact on Library operations, resources, services, staffs and users. Library professionals are demanding extensive and effective utilization of ICT in order to survive and meet the changing complex information needs of the user community. ICT is a driving force for change in libraries and information centres. It has changed the role of library and information professionals who are responsible for delivering online information service as per actual user needs. Due to technology advancement and the wide dissemination of information, users suffer from information overload and expect their organization to select the best, organize it well and pass on to them for effective use. So there is a need for a Knowledge Portal as the gateway of knowledge which, on one hand would hive in resources and services scattered all over and, on the other hand, disseminate the same to the potential users through a single point. There is a thin line of difference between a website and knowledge portal. Websites generally provide the content, while it will provide links to the content. This work is an attempt to create a model of a gateway on a particular subject.

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Objectives of the Work

The objectives of this study are:

- to discuss the importance of Open Access (OA) Resources;
- to present an overview of Knowledge Portal and the necessity of Knowledge Portal in Library ;
- to design an Experimental prototype Knowledge processing system of Open Access Resources; and
- to find out the applicability of Knowledge Management processes and Nonaka's Knowledge Conversion processes on this Knowledge processing system.

Scope and Coverage

This work has designed an experimental prototype model on OA resources. The model can be applied in any subject. The primary target users of the portal are undergraduate and postgraduate level students or students who have just completed their studies and want to enter research or job field. It will also help those teachers who taught in undergraduate and postgraduate level. To meet their need, the contents of the portal mainly focus on OA Learning resources, Publication Information and Career options. The work also tries to show how the concept of knowledge management works in a particular subject. Since the SECI model (Nonaka and Takeuchi, 1997) is widely accepted and used as a role model in the knowledge management process an attempt has also been taken to check whether this work confirms the theory propounded in the model.

Methodology

The Internet can be used to look-up and collects information and information sources for the purpose of this work. Several search engines are available on the Internet. The eBizMBA Inc. rank (2017) and Alexa (2017) show that Google is the most popular search engine throughout the world. Sullivan (2013) too, ranks Google as the world's most popular search engine. For the purpose of this work, Google can be used as the search engine to collect information over the Internet. The portal can be designed using open content management tool.

The model of the portal of this work has been designed using the concept of the IBKH model. Indian Biotechnology Knowledge Hub (IBKH) has been developed as an 'Experimental prototype Knowledge Hub' on Biotechnology in India. The hub has been designed by hyper linking explicit knowledge of different databases and by trying to transform tacit and implicit knowledge to explicit knowledge. The hub has been designed as a knowledge processing system and the stages of knowledge management cycle is applicable through this hub (Banerjee, 2014)

The concept of Knowledge Portal

There is no single definition for a portal, it can be defined as a door or gate hence a way of entrance or exit, especially one that is grand and imposing. Verma (1998) tried to define the term more specifically as:

"A website that aims to be an entry point to the World Wide Web, typically offering search engine and/ or links to useful pages and possibly news or other services. These services are usually provided for free in the hope that users will make the site their default home page or at least visit it often." (p.156).

The objectives to designing Knowledge portals are:

- To support working, learning, teaching, research and development,
- To provide entry point to the web resources as well as local resources with special services,
- To integrate internal and external resources that allows interoperability or cross search or federated search,
- To provide internal and external knowledge through a single plate form with the elimination of various interface and password,
- To store and retrieve tacit and explicit knowledge of individuals,

- To assist to sort out any problems occurred in the future as occurred in earlier,
- To optimise utilization of resources (Sonker and Mahawar, (n.d.).

Need of Knowledge Portal in Library

The advancement of information technology and the information explosion has effected a sea change in the characteristics and services of the library. We are now engaged in transforming the library to a Digital Library. The Internet and the World-Wide Web (WWW) are now trying to be substitutes of the library. The target of all this, however, is Information rather than Knowledge. The distinction between the two is often not clear to all. The concepts of the Digital Library and WWW also give rise to some issues.

Today, anyone can post a message in an online discussion group. In such an environment, information appears on one day and can get altered or disappear on the next. Such information is usually not structured; no rules or codes are followed to store them. In this situation, how do we give a citation? How do we organize the information? (Rao and Suma, 1996)

When we are trying to find a particular topic, we have to sift through huge amounts of related information as well. This information is, again, unstructured and we have to spend much time to find a particular piece of information—which is totally against the fourth law of Library and Information Science: save the time of the user.

In general, knowledge-based assets fall into one of two categories: explicit or tacit. Included among the former are assets such as reports, patents, scholarly articles, trademarks, business plans, marketing research and customer lists. As a general rule of thumb, explicit knowledge consists of anything that can be documented, archived or codified but tacit knowledge is the know-how contained in people's head. So the information we got from the Digital Library and WWW is only explicit in nature. Then, how do we recognize, generate, share and manage tacit knowledge? (Levinson, 2008)

These questions have provided a good point of departure for library development. We need a gateway of online knowledge which will be act as a single point of access to all available online information, as well as a gateway of resources. Any user will be able to search and find all relevant information on Biotechnology in a single window. The hub will help users to avoid duplicate work before starting a new work. These characteristics of the portal will fulfill the criteria of the Fourth Law of Library Science: 'Save the time of the user' (Banerjee and Chakraborty, 2013).

Importance of OA resources

There is no one or standard definition of OA Resources. Open Access (OA) refers to online research outputs that are free of all restrictions of access and free of many restrictions on use. Budapest Open Access initiative (February, 2002) puts it: "By Open Access to this literature we mean, it's free availability on the public internet, permitting any users to read, download, copy, distribute, print, search, or link to the full text of these articles, crawl them for indexing, pass them as data to software, or use them for many other lawful purposes, without financial, legal, or technical barriers other than those inseparable from gaining access to the internet itself. The only constraint on reproduction and distribution, and the only role for copyright in this domain, should be to give authors control over the integrity of their work and the right to be properly acknowledged and cited."

The benefits of OA resources:

- **Accelerated discovery:** With OA, researchers can read and build on the findings of others without any or very few restrictions.
- **Access without pay:** Most publishers own the rights to the articles in their journals. Researchers publish their work without any fees only in the interest of advancing human knowledge but anyone who wants to read the articles must pay either personally or through Institution to access them. Huge cost of printed as well as e-journals force libraries to cut off their number of journal subscription. So it became difficult for a research scholar to access required information from a journal. But in case of

OA, anyone can use resources without paying any fees.

- **Public enrichment:** Most scientific and academic research is paid through public money. Subscription to see the result means double use of public money for the single work. OA break this barrier. Furthermore, it also allows taxpayers to see the results of their investment. (PLOS, n.d.)
- **Greater citation and impact:** OA increased citation and usage – No. of research papers have shown that OA articles are viewed more often than articles that are only available to subscribers, and are cited more often. Its impact factors are also high than printed counterpart. (Lawrence, 2001)

Furthermore, it also improved our education environment also. Education is essential to an advancing society. Our educational systems are built to provide every person the opportunity to build a better life—by turning children into citizens, learners into teachers, laborers into skilled workers. Today internet makes it possible to expand educational opportunities more than it has ever been before. Through the Internet, learners can find information instantly on virtually any topic, teachers can share their knowledge with students on another continent almost as easily as in their own classroom, and educational materials can be disseminated to a worldwide audience at virtually no marginal cost but systems for sharing information in education have not caught up with the potential of 21st century technology. Instead, the educational material's market is held captive by legacy publishing models that actively restrict the dissemination and innovative use of resources in a world that craves educational opportunities. Textbook prices have continued to rise rapidly, leaving too many students without access to their required materials. Digital offerings from traditional publishers come laced with access restrictions and expiration dates with little savings in return, and print editions are too often out of date by the time they hit the shelves. OA will help us to fight against those problems this:

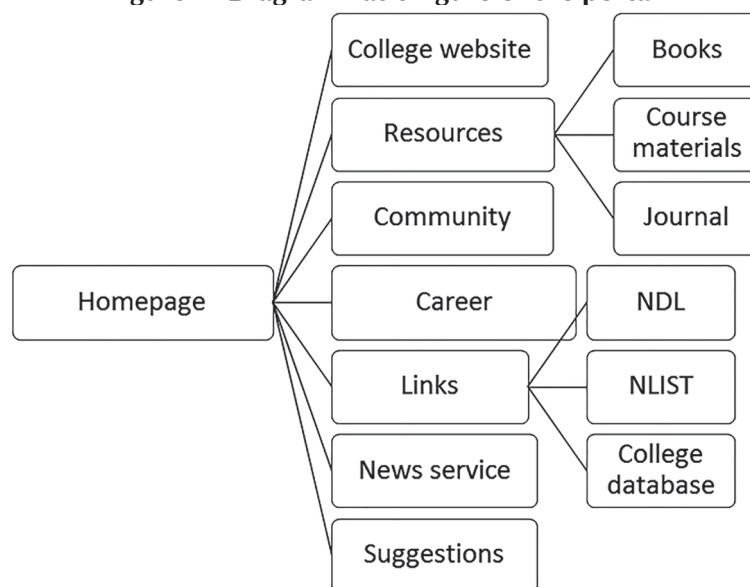
- Textbook costs should not be a barrier to education.
- Students learn more when they have access to quality materials.
- Technology holds boundless potential to improve teaching and learning.
- Better education means a better future: by increasing access to education and creating a platform for more effective teaching and learning, Open Education benefits us all. (Open Education, n.d.)

Technological architecture of the prototype Portal model

The model can be designed by hyperlinking explicit knowledge of different online sources and by trying to transform tacit and implicit knowledge to explicit knowledge. The different parts of the portal will be as follows:

- **Homepage:** The homepage will show the various components of the user interface. It will feature a standardized, clear navigation bar and direct links to all relevant components. In the central point of the home page, there will be a note on objectives of the portal.
- **College website Home:** It will hyperlink the portal with the College website.

Figure 1: Diagrammatic figure of the portal



- **Resources:** Under Resources category, learning resource links on a particular subject will be available. It will cover the following areas:
 - i) **Books:** This portion will contain links to books which are Open access in nature and have been published, and licensed to be freely used, adapted, and distributed.
 - ii) **Course materials:** Links to course materials available in MIT Courseware, ePathshala or any other will be available.
 - iii) **Online Journal:** English Language, Peer reviewed Journals indexed in the Directory of Open Access Journal (DOAJ) will be listed here.
- **Community:** The Community will be a communication component. Therefore, most of the content under this section will be user-generated. This will be the most important area of the hub, since it will enable users to get in touch with other members of the community in a much more personal way and share their knowledge with each other. The IBKH Community consists of the following areas:
 - i) **Ask your teacher:** Users will be able to send a query to an expert who is also the member of this portal.
 - ii) **Discussion Board:** Users will be able to post and reply to messages on a particular topic.
 - iii) **Career:** Job related information and career counselling resources will be available through this part.
 - iv) **Links:** Classified subject related areas of NLIST and NDL will be available through this part. College may upload their web OPAC &/or Institutional repository also.
 - v) **News service:** The news services will guarantee daily up-to-date information, according to the area of specialization of a particular user. The periodical news will be a push system connected with the news service. This system will send by e-mail (to individuals who will explicitly indicate their own interest in a particular content area) all the news collected in the current week and related to the specific issue.
 - vi) **Suggestions:** Users will be able to submit their suggestions.

Application of Knowledge Management (KM) processes in the portal

The model of the portal has been designed as a Knowledge Processing System to give a single point access to OA Commerce related information. The basic structure of the portal has a similarity with websites. It acts as

an entry point or gateway to an array of online services and resources. Obviously, all web sites can do this to some degree, but typically the portal like all other Knowledge Processing Systems have a wider range of resources, including a search facility, Directory of other relevant sites, News services, e-mail, etc. Websites generally provide the content, while it will provide links to the content.

The portal will be act as a Knowledge Processing System. So two questions may arise in this regard:

First, whether the Knowledge Management processes applicable on portal subsystems?

The homepage will provide an overview of the various contents of the portal rather than containing Knowledge itself. It will guide users to the other important sections. In this way it is the area to Store Knowledge.

Resources, Links will mainly provide links to learning resources or databases available in mother organization on a particular subject. Thus, the function of these areas is to Store Knowledge.

Community is a communication component. Most contents inside this section are user generated. It will distribute knowledge from expert to new user. Therefore, it supports three Knowledge management processes: Knowledge Origination, Knowledge Storage and Knowledge Distribution.

Career cell is mainly an area related to jobs. Users will be able to get news related to job opportunities and career counseling processes. Hence, this is also a Knowledge Storage process.

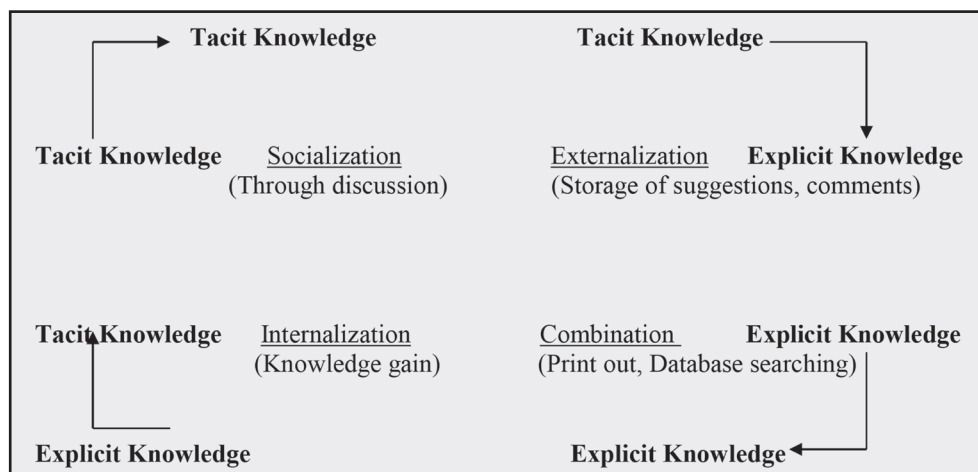
The second question is whether the Nonaka's Knowledge Conversion Process is applicable on the portal:

Nonaka's Knowledge Conversion Process is also applicable in portal. In the portal, knowledge will be stored in two ways:

- i. Links to different types of resources, databases will keep explicit knowledge;
- ii. Features like Ask your teacher, Discussion board, suggestions will transform tacit knowledge into explicit knowledge

The discussion board will give chance to users of this portal to discuss with another user on different aspects of a particular subject. Thus, tacit knowledge can transform into another tacit knowledge and Socialization can take place. Suggestions, comments on different new aspects of a subject, comments of experts can transform tacit knowledge into explicit knowledge. Thus, Externalization can take place. Searching or taking printouts of relevant information can transform explicit knowledge into another explicit knowledge and then Combination can take place. After a user gains some knowledge from this portal, whenever he or she writes something new using that knowledge – explicit knowledge transforms into tacit knowledge. We can call this process: Internalization.

Figure 2: Nonaka's Knowledge Conversion Process through the portal



Conclusion

The portal is designed keeping in mind the following purposes:

- It will act as an access tool for information resources : There are many useful online sources are available on a particular topic. In reality, the majority of users are unaware of the rich and up-to-date information available for their work. It will thus act as a single point of access to all available online information, as well as a gateway of resources.
- It will act as a communication tool : It will enable users of a particular topic to share and discuss ideas and knowledge with other users of the same interest.
- Using modern tools and techniques, such as video conferencing, Satellite Interactive Terminal Process and the Internet, the hub can serve as a place of direct teaching and consulting.

Information Technology has put library and information professionals into a competitive and compelling situation wherein they require to fulfill the ever-increasing information needs of users in the most effective and efficient manner. The portal is a ray of hope to them! It can certainly help them to overcome the situation.

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Gender Politics in Bapsi Sidhwa's the Pakistani Bride

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Abstract

Gender refers to socially constructed roles attributed to men and women. From time immemorial women have been considered inferior to men and have been stereotyped and commodified. Male dominance has been considered natural in all spheres- family, society and government. Patriarchy has been the dominant social system where women have been repressed, denied rights such as right to vote, property rights etc. and subjected to violence. However, it is to be noted that patriarchy is not only perpetuated by men but also by women. From a young age, women are conditioned to accept the codes of a patriarchal society, abide by them and inculcate the same in their progeny. With the rise of feminism there has been alleviation in the situation, but not a complete eradication of gender inequalities. The article focuses on the representation of women as a marginalised class in Pakistan and seeks to set off two groups of women to problematise the issue not simply in the context of a particular country, but also in the greater perspective of the world at large. Bapsi Sidhwa's novel *The Pakistani Bride* portrays the miserable lives of women who are subjected to untold atrocities and explores the possibility of amelioration of such conditions.

Keywords: Gender, Women, Patriarchy, Marginalisation, Inequalities, Commodification, Repression.

Gender plays an undeniably significant role to justify inequities in all patriarchal societies testifying to Simone de Beauvoir's statement in *The Second Sex* about men being considered essential subjects and women contingent beings, inferior to men and often treated as the 'Other'. Gender is one of the organising principles of Pakistani society. Pakistan ranks 121 out of 157 in the Gender Inequality Index and 143 out of 144 in the Global Gender Gap Index. It is an extremely patriarchal society where men are the figures of ultimate power and authority and women are considered subordinate to men. Patriarchal values embedded in local traditions, religion and culture predetermine the social value of gender. Pakistani women lack social value and status due to negation of their roles as producers and providers in all social roles. Men are imparted education so that they can become the breadwinners while women are imparted domestic skills so that they can become 'good' wives and mothers. From a very early age they are taught to endure and are expected to provide a male heir to the family. They have no role in decision-making, nor do they have much choice in selecting husbands. They lead oppressed lives, mostly at the mercy of the male members, sacrificing their desires and catering to the various needs of their families.

The Pakistani Bride is the first novel that Bapsi Sidhwa wrote, though *The Crow Eaters* is her first 'published' novel. Her attempts to get *The Pakistani Bride* published were rejected for seven years before it was finally published in 1983. In an interview to Fawzia Afzal Khan in 1988, Sidhwa said, "I was told that Pakistan was too remote in time and place for Americans or the British to identify with." While explaining to Feroza Jussawalla why *The Crow Eaters* was published first, Sidhwa says, "Yes, there were

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certain political reasons for that. They said that if Parsis get angry, they won't shoot you at least." Though her comment sounds humorous, it hints at how rigid and prejudiced the Pakistani society is. Sidhwa's apprehensions are the consequence of the issue that she deals with in the novel: repression of women in a patriarchal Pakistani society. The novel is based on true events that were narrated to her when she visited the Karakoram Mountains. In another interview, *A Novelist's Perspective on Pakistan- A Conversation with Bapsi Sidhwa (Changing Up Pakistan)*, Sidhwa says, " When I went on my honeymoon to the Karakoram Highway, I heard this story of this little girl from the Punjab, who was taken across the Indus river into the unadministered territory. I was living in a little remote army camp at the time and they told me the story of how, after she'd been taken there, she had run away. And I realised in that area, she was obviously bought. And a runaway bride who is bought and then runs away is like stealing- the village chased her and killed her at the Indus. When I came back to Lahore, I wanted to tell her story because I thought it reflected the lives of so many young girls in the Third World who have no control over their lives at all." In *Why Do I Write*, Sidhwa says, "The girl's story haunted me: it reflected the **hall** condition of many women not only in Pakistan, but in the Indian subcontinent. Telling it became an obsession." (Dhawan 28) Sidhwa, however, fictionalises this story, adds various characters, introduces a sub-plot and the tribal code of honour. Sidhwa portrays a patriarchal society that is decadent and regressive, a society where women are mere objects that can be traded with. As Novy Kapadia and R.K. Dhawan observe in *Entree: The Fiction of Bapsi Sidhwa*: "It is the most contentious of Sidhwa's novels, the most critical towards unjust traditions that undermine the structure of community." (Dhawan 16)

The protagonist, Munni, who is orphaned during the Partition, is adopted by Qasim, a Kohistani and is named Zaitoon after Qasim's dead daughter whom she resembles. Qasim brings up the child with the help of Nikka and Miriam, a couple he meets in a refugee camp in Lahore. Miriam, who has no children of her own, rears Zaitoon as her daughter, preparing her for the role that is destined for her, that of a bride. When Zaitoon starts menstruating, she is told, " You are now a woman. Don't play with boys..." (Sidhwa 55) Her schooling is stopped and she learns "to cook, sew, shop and keep her room tidy" (Sidhwa 55) which are far more essential than education to qualify as a model bride. Zaitoon spends much of her time accompanying Miriam to various 'zenannas' (women's quarters) – " the fecund, fetid world of mothers and babies." (Sidhwa 55) From a very young age the children are initiated into stereotypical role-playing: " In the winter they (the children) rushed up the steep, spiral steps winding to earth-packed roof-tops, the boys to fly kites and the girls to play at house-keeping with their dolls and miniature earthenware pots and ladles." (Sidhwa 57) During spring "... the young men and boys allowed the girls to hold the manja..." (Sidhwa 57) This apparently trivial observation points to the fact that from a very early age children are made conscious of gender roles- the girls get a chance to fly a kite only if the boys allow them to and usually play house-keeping which they have to do in future, and are taught to passively accept their subordinate status.

When Zaitoon turns sixteen, Qasim decides to take her to his ancestral home and fixes her marriage with Sakhi, the son of his cousin. Ralph J. Crane writes: "This allows Sidhwa to contrast the often brutal ways of Qasim's people with the gentler life Zaitoon has known in Lahore and sets the scene for an exploration of the cultural divisions Sidhwa sees within independent Pakistan." (Dhawan 51) Miriam who knows that the tribals are different from those residing in the plains, objects: "...how can a girl, brought up in Lahore, educated-how can she be happy in the mountains? Tribal ways are different... They are savages. Brutish, uncouth, and ignorant! She will be miserable among them...they don't know how to treat women! I tell you, she'll be a slave, you watch, and she'll have no one to turn to. No one!" (Sidhwa 94) Miriam's pleas fall on deaf ears. Qasim, who follows the tribal code, will not break a promise even if it involves putting his daughter in danger- "I have given my word!" (Sidhwa 94) After all, going against one's word is dishonourable! Furrugh Khan in *Women, Identity and Dislocation in The Bride* writes that Qasim's purpose of returning to his roots along with his daughter is to reunite with his "own" people" and Zaitoon is a "gift", "an atonement for his long absence and to show his commitment in desiring a renewal of his ties." (Dhawan 145) Zaitoon, too, is enchanted by "the visions of the glorious home of her father's forefathers and of the lover her fancies envisaged" (Sidhwa 98) and fails to realise the implications of Miriam's warnings. She is too young to

realise the significance of the cultural differences and the idea of love and marriage fills her with a “blind excitement” and so she fails to realise how difficult it would be for her to adjust in the mountains where exists a society that is savage, ruthless, bloodthirsty and abides by no laws except the primitive, tribal ones.

Zaitoon’s romantic illusions are shattered on her wedding night. The consummation of the marriage is anything but ‘romantic’, almost bordering on rape. Sakhi, filled with “proprietary lust” and “corroding jealousy” pants “inarticulate hatred” into Zaitoon’s face. (Sidhwa159,160) He had watched Zaitoon and Qasim earlier, descending the cliff, on their way to Kohistan, accompanied by Ashiq, the young mechanic working in the army. When Zaitoon loses her balance and Ashiq holds her hand to prevent her from falling, Sakhi is infuriated: “Hawk-eyed, he followed each movement with growing feelings of humiliation and jealousy. Hatred and fury burned within him...” (Sidhwa 148) He soon starts torturing her, beating her on the slightest pretext. One day, when Zaitoon tries to stop Sakhi from beating his mother, she gets beaten mercilessly: “Sakhi struck her on her thighs, on her head shouting, ‘You are my woman! I’ll teach you to obey me!’” (Sidhwa173) She gets severely beaten when she visits the river against her husband’s command and waves at an army jeep passing by: “Sakhi seized her. He dragged her along the crag. ‘You whore’, he hissed...He aimed a swift kick between her legs...Sakhi kicked her again and again...” (Sidhwa185) Zaitoon realises that running away from this hell is the only means of ensuring her survival.

Zaitoon’s running away is not only an insult to Sakhi, but to the entire tribe and any such disgrace to the tribe must be avenged: “The crowd of the tribals dispersed in a hushed understanding, each to get his gun and prepare for the hunt...They identified with the man’s disgrace, taking the burden on themselves. Collectively, they meant to salvage the honour of the clan...There was only one punishment for a runaway wife.” (Sidhwa190) If prior to her marriage, Zaitoon was a “gift”, a sacrificial animal to be slaughtered at the altar of the tribal code of honour, she is now an animal that has escaped from its cage and needs to be hunted down for the sake of honour. The tribal code of honour is preposterous and hypocritical as it pays no attention to the circumstances under which Zaitoon is forced to flee. As Makarand N. Paranjape observes: “the entire code of honour of the tribe rests on notions of sexual superiority and possessiveness.” (Dhawan99) Women are simply possessions to be acquired and “protected” from other men. It is ironical that men who follow such strict codes of honour, do not think twice before raping a woman. Zaitoon is raped by another group of Kohistani men who follow a similar code of honour. Zaitoon though battered and bruised, does not lose hope. She represents a strong woman whom no amount of torture can break. Her indomitable spirit helps her escape from a hostile environment. Fawzia Afzal Khan in her essay *Women in History* interprets Zaitoon’s escape as a challenge to “the patriarchal culture and values” (Dhawan 17) of Pakistani society.

Sidhwa introduces another woman character in the novel, another bride- Carol- as a foil to Zaitoon. The Carol-Farukh-Mushtaq sub-plot runs parallel to the main plot. Carol, an American, working in a store, marries Farukh, a Pakistani, and moves from America to Pakistan. To Carol, Pakistan is an exotic land of romance and adventure. Though she does not complete her education, she is better educated than Zaitoon and has had a more liberal upbringing. With the passage of time she too becomes disillusioned as she becomes aware of the repression of women, of the possessiveness of her husband stemming from jealousy and suspicion and of his desire to make her conform to the norms of a patriarchal society. Ralph J. Crane in “*A Passion for History and for Truth Telling*”: *The Early Novels of Bapsi Sidhwa* writes that Carol’s “presence in the novel does not emphasize the cross-cultural differences between East and West so much as the cross-gender differences that exist within Pakistani society.” (Dhawan 51) Carol realises that unlike the society she has been brought up in, in Pakistani society, women constitute the marginalised and repressed section and are not allowed to have a voice. They are deprived of their individual identity and are confined within the ‘zenannas’- women’s quarters. She feels claustrophobic in her marriage and gets attracted to Major Mushtaq, Farukh’s friend. She has a clandestine affair with him and even offers to divorce Farukh and marry Mushtaq. Being a liberal woman, she does not flinch at the idea of divorce as Mushtaq does. Both Farukh and Mushtaq, like Sakhi, follow the norms set by a patriarchal society that is in reality, hypocritical and hollow. Mushtaq can have an affair with Carol but not marry her. To him, she is simply an object for sexual gratification. Farukh is possessive, jealous and constantly suspicious of Carol. Carol’s affair is an act

of retaliation against Farukh's unjust suspicions. When she sees a severed head of a tribal woman floating in the river and is shocked, Farukh remarks casually, "Probably asked for it" (Sidhwa 225) as if women are responsible for the miserable lives they lead in a male-dominated society. When Carol and Zaitoon meet, Carol realises that in spite of being different, they are somehow similar in their suffering- "For an intuitive instant Carol felt herself submerged in the helpless drift of Zaitoon's life... This girl had no more control over her destiny than a caged animal... perhaps neither had she..." (Sidhwa 136) Her position is clear to her when she hears about Zaitoon's flight and that the tribesmen are going to hunt her down, and asks Mushtaq, "Do you think Farukh would kill me?" Mushtaq's reply, "Who knows? I might, if you were my wife", (Sidhwa 224) clarifies her position and "Suddenly a great deal became clear to her." (Sidhwa 224) She realises that she is like Zaitoon, she does not matter to Farukh or to Mushtaq any more than Zaitoon did to Sakhi.

Sidhwa gives a realistic picture of Pakistani society and exposes its hypocrisy through the minor women characters as well. The novel begins with Qasim's marriage to Afshan, five years elder to him, in order to settle a loan. Sidhwa introduces a key issue in the very first chapter- the commodification of women. It is out of generosity that Qasim's father gives the girl to Qasim: "To begin with, he had thought of marrying the girl himself... but in a twinge of paternal conscience, he decided to bestow the girl on Qasim." (Sidhwa 8) Miriam represents the 'good' wife who passively accepts the rules laid down by a patriarchal society: "Miriam, reflecting her husband's rising status and respectability took to observing strict purdah. She seldom ventured out without her veil." (Sidhwa 51) Ironically, the men who are concerned about their women "observing strict purdah" are free to visit the brothels of Hira Mandi and get entertained by prostitutes. While expensive courtesans are paid for a strip-tease, a deformed, retarded woman is a free source of entertainment: "A woman, bells tied to one twisted ankle, was hobbling around in the small enclosure. Her short, thick-waisted body jerked grotesquely. Now and again, a man standing with her in the enclosure shouted, 'Naach, pagli!'.... The woman continued her monotonous, mechanical spasms, one hip jerking higher, jaws dribbling spittle." (Sidhwa 65) There was laughter as they mocked her. Interestingly, it is Hamida, Zaitoon's mother-in-law who sympathises with her and realises how hollow and meaningless the tribal code of honour is. Though she lacks the courage to rebel against the atrocities heaped upon her or upon Zaitoon by Sakhi, she is concerned about Zaitoon unlike her sons and other members of tribe: "'Honour!'", she thought bitterly, 'Everything for honour- and another life lost!' Her loved ones were dead and now the girl she was beginning to hold so dear sacrificed." (Sidhwa 190)

The Pakistani Bride is a scathing attack on a society that is not only patriarchal and oppressive, but also regressive. Through her characters Sidhwa exposes the hypocrisy that prevails in such a society in the name of honour. Though a work of fiction, it is steeped in realism portraying marginalization, commodification and subjugation of women. But the novel also works at another level of intricate understanding beyond the stratified terrain of gender politics. It lies beyond a mere objective presentation of women as marginalised creatures in a potentially patriarchal society, and beyond the class tensions and communal polemics that lie in the heart of many feminist narratives. The parallel narratives of Zaitoon and Carol both take off from a point of wistful longing only to converge on a point of complete subversion of the same. If Zaitoon's yearning has an element of budding romanticism, Carol's leaving America for Pakistan has an element of exotic longing, and ironically both end up on the same level plain of oppressive reality. Sidhwa weaves the Mushtaq narrative into the narrative texture to point up the sham that underscores the Carol-Mushtaq relationship. This is a tour de force to expose the double-facedness and unspeakable double standards of patriarchy that rule the roost in much of the oriental world. Sidhwa is questioning the stringency and starkness of the taboos existing in society and its inability to rewrite the laws. If Zaitoon's escape can be termed an attempt to escape from this thralldom, Carol's extramarital affair is her own way of breaking away from such taboos. Sidhwa places Miriam as the submissive face of the woman who has got used to such norms, which, she has been taught since childhood, she cannot violate. In the face of it, the uneducated Zaitoon is the face of revolt, and a silent crusader of the principle that a concerted rebellion is what is needed if some changes could be brought about.

The positive ending of the novel shows that there is a possibility of the scenario changing in near future.

As Makarand N. Paranjape observes: “Zaitoon is a symbol not only of woman fighting oppression in Pakistan, but of the human spirit struggling against all physical odds to survive and maintain its integrity. Zaitoon represents khudi or the mental and spiritual strength of humankind, indefatigable, indomitable, and irrepressible.” (Dhawan 105) .Zaitoon’s indomitable spirit and triumph is a precedent for all oppressed women, not in Pakistan alone, but all over the world.

What is needed is a minute study of the writing on the wall and rewriting history to accommodate women in all walks of life.

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From the Girl Child to the Bou: Tracing the Female in Ashapurna Devi's Satyabati Trilogy

Nivedita Paul*

The onset of the twentieth century marked for India a period of turmoil: the British handed over independence to India after a war of attrition and in the teeth of bitter animosity from the Indians. The country being fatally divided, there came a volte-face in the political scenario which left a deep and silent impact on the social platform. Nationalism, which had been the catchword for the previous era, had already initiated the polemics regarding the women's question which was further boosted by hegemony-related questions. However, this contestation regarding the "myth of Indian womanhood" (Bagchi, Introduction) renewed the concept of strisiksha which had established the new patriarchy and incited the women towards emancipation. Throughout the nineteenth century stupendous work had been carried out in the upper, middle and lower classes to enable proliferation of education. Those who were privileged enough got enlightened from abroad and helped in the scholastic works of Bengal, later challenging the traditional roles within which women's lives were circumscribed.

Regional writing is a harbinger of the region's long and proud history which documents the writer's social, political and cultural engagements which created the milieu within which the artists articulated their contentions. The women writers of the twentieth century questioned the psychodynamics of women's life within the Hindu conjugal order challenging patriarchy and suggesting alternatives for women. Through Ashapurna Devi's trilogy, *Prothom Pratishruti* (The First Promise), *Subarnalata* and *Bakul Katha* (Bakul's Story) this paper traces three generations – grandmother, mother and granddaughter in three successive timelines in Bengal starting from the eighteenth century, to locate the women's question in the broad light of women's emancipation through education. Being the chroniclers of a particular historical period, the three texts effectively develop the tension between the rural and urban ways of life and the conflict between tradition and modernity which becomes the fabric to highlight the in-cultural contentions. The paper has been divided into sub-sections to bring out the thematic conflict more poignantly, and in line with the title women have been analysed chronologically and sequentially. In this process, it seeks to bring under its purview other concerns like inter-relationships and reforms, which form the crux of the framework.

The methodology for the paper is based on thematic and content analysis where arguments have been substantiated through theoretical, historical and sociological readings.

L'écriture Feminine

Pramatha Chaudhuri, a prolific Bengali writer, had once said that with the advent of the British rhyme gave way to reason (Mukherjee *Realism & Reality*, 16) and prose developed more promptly with the missionaries' initiative to develop the press as a medium of communication. Ashapurna's trilogy was seen as a blueprint of what can be called the conscious feminine style of writing which did not restrict the writer's space to the

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kitchen nor did it voice the women's preoccupation with domestic chores and values; rather it showed the collective consciousness of women in the urge to fulfil their aspirations in the traditional set-up of society. The literature produced by the women, which helped them bring out the anxieties of their sex later came under the French emblem of "Écriture féminine", which specified the space for women writers. Initially the trilogy was meant to be a long *itihaas* or history of the *antahpur* (the interior of a household). However, it came to be an alternative history which saw to the needs of how women's lives had to be documented and ameliorated as it was the women who were at the site of contestation between the traditional norms and modernity. This gets underscored with Satya's leaving her in-laws for Kashi, an act which closely resembles that of Ibsen's Nora. Like Nora she harbours the aspiration of making her life fruitful. Again, Subarnalata's urge to express herself and her surroundings in the diary she maintains also manifests her desire to establish her identity as a woman who has the ability to set her own terms. Helene Cixous stresses this point when she points out in her essay how women must write about themselves to re-enforce their place in history and make a similar one in the world at some future date. (Cixous 'Laugh of Medusa', 880)

Till the mid-nineteenth century all that was written for women was by men and they generally hovered along the borders of advice, rules and instructions. A minuscule number of notable women writers also followed in the footsteps of the men and provided ways in which women could be obedient to the patriarchy. A very limited education was to be acquired by a woman to find a husband and enable her to read the guide books and adhere to the norms and ways of the colonial society. The other genre of prose was apprehensive about the union between man and woman and concerned the readers with the women's failed attempts at love: the female character was confined to the domestic realm and was given no chance of any intellectual maturation. Ashapura Devi's attempt was to re-construct the domestic sphere as a space which would record the changing time, society and transformation of the women's identity.

The Satyabati trilogy is a running commentary which provides an account of women's nameless intellectual struggle against their society to attain an "autonomous bourgeois self" (Chakravarty 'Difference-Deferal', 277). Ashapura was not much of a rebel in her real life as a result of which she presents Satyabati and Subarnalata as intellectually dazzling portraits who strike out as misfits in the society. With their razor sharp logicity and reasoning they question the dogmas and counter challenge the existing norms, and caring little about others' consent they chart out their life to advocate gender discrimination and emancipate women toiling under the yoke of oppression. Satya might seem like a poor shadow of Kamalmani from Saratchandra Chattopadhyay's *Sesh Prashno* (The Last Question) published in 1931. Yet, Satya is more domesticated and familiar than the former. Language too betrays Kamalmani who is under the authorial compassion of Saratchandra while Satya's language brings out her authenticity and radiance in terms of being a shrewd critic of the age which would neither withstand the dictates of the age nor conform to her conservative upbringing. (Chattopadhyay 'Ashapura Devi's 'Women', 80)

The Girl Child in Bengal

The girl child was entrusted with the burden of maintaining the patriarchal family structure in the Hindu household. Her upbringing was to be such that she could fit into and participate in retaining the "patrilineal, patrilocal" family setup. (Bagchi 'Socializing', 2216) Being a *bhadramahila* was the main motif of the girl's family who must be docile, adhere to the customs and render service to her in-laws. She was warned against venturing into uncharted territories or showing any adventurous zeal to do something on her own or exerting herself into in any form of physical activity. In short, hers was a magnified version of the life of the girl child of the time, securely placed in a taut and stratified world of dos and don'ts. *Prothom Protishruti* is set at the end of eighteenth century against the backdrop of a rich household in rural Bengal, tracing the life of the child bride Satya. A personification of frustration and anger, Satya is a rebel whom other girls of her age could only dream of being, but could never achieve. She has inherited her fearless spontaneity from her father Ramkali Chatterjee who, in spite of being a Brahmin, had gone ahead to question the un-mindful Brahminical practices. He had an awe inspiring personality which made him hold the whole village under his spell and transformed him into a role model for Satya. Being a renowned physician in the village he often got his way through the anger and condemnation of the society but he never used his strength to

set right the evils against women. Bagchi in the Foreward of the novel observes that Ramkali “remained straight as a ramrod in performing what he considered to be his duty, but this did not prevent him from being an unflinching patriarch.” (Devi The First, 3) It is when Satya questions domestic violence that Ramkali realises how intelligent his daughter is and how competent she would have been had she been educated. He has an unflinching patriarchal stance which fails to understand how tears are an emotion which is beyond the definition of jealousy and possessiveness. So, on many occasions he neglects his wife and makes rash decisions. Satya is self-educated and has herself learned to see the society critically: hidden from the eyes of the elders she spends hours reading and writing, at times painstakingly manufacturing ink from the herb *puimetuli* (Malabar spinach fruits) which grew in the countryside.

Satya’s self-learning efforts are later criticised as defiance of the societal setup since from an early age she had continuously resisted protests against education. When she reveals the secret of her education to her playmate Punyi, the latter denigrates her for following something which is considered a taboo for women. Satya retaliates by saying that all the rules are tilted against *meyemanush* (womenfolk) as if the menfolk are not from the womb, but have come by the tide. Women’s education during the time of Satya was supposed to be derived from the knowledge of the epics, embedded in the oral tradition, as well as from experience in their work which was confined to the household. The incisiveness of Satya’s vision enables her to see women’s life as a long imprisonment in the *antahpur*, as a tool for reproduction and performing family chores traditionally stamped ‘feminine’. A woman’s life was divided into childhood and womanhood as after puberty she was given up to her in-laws thus denying any form of mental or physical adjustments that were needed in adolescence.

Being equally feared and looked upon by the young, Satya once asks her brother Neru if the goddess of learning is a female. It is ironic as well as painful to witness the gendered segregation which subjugated those women who wanted to have a fair share of intellectual and economic freedom. With the reign of old patriarchy, characterised by the mother-in-law at the helm of the family, good women were denied education so as to prevent early widowhood and from going blind. Staying oblivious to the fact that goddess Saraswati is herself a female, the women were relegated to an innate emotional and domestic life where they were valued for their body - blamed and praised as per the need. Exercise of intellect was seen as a public activity and women who dared to take up literary pursuits were seen as transgressing their role and encroaching upon the realm of reason. Even when enclosed in the inner quarters of the house, women with books in their hands were feared of escaping into their imaginative faraway places which would bridge the gap between mind and the body and the much preserved public and the private. Thus, women seeking knowledge became fugitives to their old, familiar world by first secretly and later defiantly moving into the public to seek formal education.

Subarnalata’s story is set in the time of Ashapurna and it is in her that the author finds an apt spokesperson for her cause. Being secretly married off at the age of eight following the customs of *gouridan* Suborno unknowingly upsets her mother who in a fit of anger leaves for Kashi vowing never to return. Suborno’s education was initiated by her mother who wanted her to be educated to be a human being rather than a woman. Being married off at an early age and separated from her mother, she does not let the zeal for knowledge burn out in her heart, rather she is inspired by the writings of Tagore and later documents her life in her journal. Each day she rises to the expectation of adding a new world to her diary, frustrated at her attempts to preserve her literary world, and at one point in the novel her husband Probodh blames it on Tagore for making Suborno and women like her audacious.

Jaya didi, their neighbour, supplies Suborno with books and magazines through the small hole in the wall. However, her small space of intellectual liberty gets usurped by her husband as she has to frequent the labour room. Nonetheless she follows in the footsteps of her mother and starts to educate the children of her family while the others mock her for her efforts while her sister-in-law modestly conforms to the patriarchal order of living fearful of Suborno’s audacious actions. Unlike Satya, Suborno and Bakul share a small space in childhood and Ashapurna brings them to light prominently in their late adolescent years.

Bakul narrates the story of her mother and grandmother to the writer, Anamika Devi and it is the latter who pens down the trilogy with amalgamations of fiction. Suborno maintains a journal which gets published in cheap newspapers accompanied by caricatures and printing mistakes. She gets laughed at by her in-laws and her own children and to save the dignity of her expression she burns the papers away and shows how the patriarchal academia cannot grant a woman's work a decent publication. Suborno leaves no sign of her creativity, but sows it in the heart of her daughter who would carry it as a "matrilineal inheritance" and write her mother and grandmother's story before writing her own. (Chowdhury 'The Bengali')

Bakul is reticent by nature and her mental constitution is sketched by a more pronounced intellectuality. Resistance in her is not as loud as was in her grandmother or mother; rather she finds refuge in silence. She lost her mother when she was seventeen and later on grows up among her siblings. For her intellectual turn of mind she is a regular piece of mockery to the male members of her family and is also denied any form of formal education, more so because for her family female intellectuality is a dubious affair. She had learnt from her mother to empathise with the oppressed and preach the ethics of non-conformism that she practises dearly. While recounting the life stories she finds a vantage point from where she can observe and understand life better and escape the daily mayhem which her equals are subjected to.

Mother-Daughter Dyad

Mythical stories like that of Demeter and Persephone speak of women's bonding foregrounding the sacred mother-daughter relationship which fosters the development of female consciousness. Adrienne Rich is of the opinion that motherhood as an institution was founded on the assumptions of the patriarchy which trivialised the female experiences and overlooked the delicate nuances binding the duo. Ashapura was aware of this individual and collective dichotomy which, though inclusive, forbade the fracturing of female identity and individuation. In the Bengali family setup mothering was not a biological system because the elder female members became surrogate mothers to the child, more so as they shared the same space of the antahpuram. With the onset of the nuclear family in the twentieth century the space became segregated, but the grandmother or aunt continued to have the same maternal relation to the child.

Satya's mother Bhuvaneshwari is the submissive, conforming 'good mother' whose relation with her daughter was fraught with polarities. Nonetheless one cannot deflate the fact that it is the fragile and powerless Bhuvaneshwari who had motivated her daughter's rebellious thought processes. For Satya's mother it is fear which had dominated her belief system: she was the symbol of the silenced and unawakened consciousness, seen outside the male canon. While she was afraid to question or suggest or to take any liberty with her indifferent radical thinking husband, she remained anxious of her defiant daughter's ways. When her marriage and later her mother's death completely alienated her from her unassuming mother, she embarked on the quest to unchain women from this unknown fear and guilt. Throughout her life she had respected her father for being scholarly and looked down upon her mother, but before leaving she told her husband that if her sons grew up like human beings then they should establish a school named, 'Bhubaneshwari Vidyalaya'. Satya later realises how through the opportunity of education women like her mother could have had a different life and it is in this earnestness that she aspires to immortalise her mother's name.

Satya's mothering is courageous and different from those of her time as she refuses to be a victim and declines to educate her daughter on the terms of society. Satya does not taint Suborno with sympathy for her future plight; rather she wrestles to change the cycle of repetition in which the lives of women were entwined. Julia Kristeva is of the opinion that motherhood is not an ethical duty or role and Satya fits perfectly to this dictum as she is not the loving and suffering mother of the patriarchal society (Kelly 'Julia', 5). If seen in the context of the physicality of her existence, Satya is present for only nine years and leaves the house when Suborno's marriage is settled, not adhering to the conventional system of mothering. Satya feels she would rather find meaning in her life by teaching women and herald change by uplifting their consciousness. She, however, continues to dwell in the mind of Suborno who finds her mother living and alive in her own thought process and reasoning. This voice of cognition has educated and empowered her to look beyond the domestic chores which were essentially confined between the duty of reproduction and

the responsibility of the housework. Need for widening the mental horizon finds an extension in the physical world with Suborno's demand of the *dakhiner baranda* (south-facing balcony) which would facilitate her urge of being abreast of the happenings of the outside world.

When Suborno reads the letter that her mother had written to her she is thrilled as her mother's voice substantiates the life long struggle that she had embarked upon. The letter stays true to the image of Satya that Suborno had borne all along, it becomes reminiscent of what Adrienne Rich says, "I wanted her to mother me again" (Rich, Motherhood). The words of the letter prove to be like elixir, empathising with and healing the deep gashes she had suffered in her daily battle with conformity. She then understands how both of their thoughts have combined together to create the identical issue in their mind and unknowingly they are fighting the same cause. Acknowledging this Suborno finds strength and zeal in her heart which also assuages her past wounds as she had blamed herself for being the cause for which her mother left home.

Bakul, represents the third generation of the family and belongs to the post-independence period, and she knows that the battles and bitterness of the women are responsible for creating a liveable space for women like her. Earlier Bakul felt embarrassed at the emotional outbursts of her mother, but later she understands that she must be like a detached observer and must perceive everything with an intelligent perception. Bakul understands Suborno's yearning for self-expression as she too had a desire for creative expression, but was late in her maturation because the manuscripts of *Smriti Katha* penned by her mother were already destroyed. There was thus the deliberate need to bring Anamika Devi, who was the transformed Bakul, so that the three generation saga could be replenished with fiction wherever needed. Her father and brothers forget about her marriage which acts as a boon in disguise and as the binding chains of tradition slowly slip away, Bakul immerses into the role of Anamika Devi. However, Bakul wins where Suborno had failed as she does not raise her voice or argue; rather she smiles sarcastically and stands erect with calm dignity to establish her right to do what she thinks is correct.

Apart from the mother-daughter bond there are the grandmother, aunt and sister-in-law who fill the generation gap and make the womanly bond more strong and special. Anamika Devi acknowledges in the beginning of the novel that she has taken the text from Bakul's notebook, who had resolved to pen down her grandmother and mother's story and pay her debt to the women who had struggled to create the space of openness and freedom which her generation can savour. In writing about her grandmother Bakul has to toil as she has to painstakingly collect each and every detail of her grandmother's life and has to peruse the history of women's struggle. After all the effort, the Satyabati she sketches speaks of a deep bond and reverence that Bakul bears in her heart. Satya was never spoken about by Suborno as her name was a taboo in their house, but she was very much alive within Suborno till her death. Thus Bakul's experience of Satya is through a psychic rendition which is later transformed into a bond. This tie which the protagonists experience with their ancestors on a psychic level creates a niche for them in their 'collective' struggle against the old notion of disharmony that existed between women. This is a unique way of establishing psychic proximity among three women of three different generations just as it deconstructs and explodes the myth of patriarchal dominance rife over the previous generations. The upsurge of a silent revolution can be sensed against generations of male hegemonisation.

Non-biological mothering which was prevalent in the Bengali joint family structure, also finds its voice in the novels highlighting the aunt-niece relations which cultivated from the role of mere nurturance to a bond of enlightening and empowering. In *Prothom Pratishruti*, Mokshada and Satya share a relation based on contrariety: Mokshada as the champion of the patriarchal and Brahmanical order and Satya as the seeker of truth, who sees through the follies of the system and leaves no stones unturned to interrogate its infallibility. Being young, she fails to see the root of the problem which could adopt women as a victim and a weapon. From a relation filled with bickering Satya grows up to fathom the denial in Mokshada's life which had apparently cheated her of happiness. As a child widow she had never known or seen her husband and as a result her disposition has turned vitriolic permeating every living action and thought. Satya realises how she deserved sympathy, not hatred and she initiates the attitudinal change in Mokshada who goes to see her

niece off who is going to start a new life in the city. Mokshada of the past would have been angry with her niece's rebellious and audacious nature, but Satya's influence transforms her to show how it was a right of Satya to want to carve out her niche in the face of patriarchy.

In *Bakul Katha* it is a similar space of sensitive unity which is shared by Shampa and Bakul. The restrained Bakul and the frivolous Shampa have great dissimilarities in their nature, yet they develop a bond of admiration and respect. Bakul's creative faculties work more efficiently in the boisterous company of Shampa who was also the only person in the family who dared to barge into her private domain unannounced. At times Bakul gets exasperated with Shampa's indolent comment on daily affairs; yet their mutual relation stays strong where Shampa respects Bakul's quiet dignity and intellectualism and Bakul admires the fearless and bold nature of Shampa which signifies the 'new womanhood'.

Of Bonding & Complications: Other Women

In a patriarchal society female relations are un-recognised, more so if they are between the co-wives or sisters-in-law as on a dominant level these relations are perceived as being fraught with jealousy and power which arise out of economic and financial security. The relation with the mother or grandmother brings the question of blood kinship which is absent in the relation with the sister-in-law; yet one cannot look past those vital moments where both share the same vision or find in the other the imprint of the long lost sister. Satya and Saudamini in the first book share a relationship which is under scrutiny. They are of different temperaments: Satya challenges the existing system and Sadu (as she is called in the novel) does almost everything possible to retrieve her long lost conjugal bond. Their expectations, experiences and responses to and from life are different: Satya dreams of liberation from the folds of social and familial hierarchy while Sadu wants safety and shelter within the bindings of patriarchy. Being a rejected wife she is seen as an appendage to the family where her mother, Elokeshi taunts her caustically which she bears with a resolute and firm temperament.

Sadu becomes the confidant of Satya from the time she had come to live in Navakumar's family and later she understands how Sadu like others wants to be loved and cared for. Being an unlettered, ignorant village girl, Sadu does not fathom the existing social changes and Satya's fight in it, but she realises that Satya is of an extraordinary personality whom Navakumar's family does not deserve. Ashapurna is skilful enough to make the camaraderie between the two strong which is reflected at the fag end of the novel: when Satya leaves, Sadu says how she wants to seek blessings from her, boldly refusing to acknowledge the ideology espoused by the patriarchal order gagging women's freedom in society. She is sensitive enough to understand the tough decision of Satya's renouncing the family, but at the same time she also extends solidarity with the women who had for so long been defying the long born shackles of societal norms.

Suborno and Subala in the second book form another pair, proving one to be an extension of the other. Muktakeshi's children are moulded by her ideology and those which dominate the then circumstances, but Subala thinks differently and in her is present the sight to look beyond her caste. So, she marries her daughters to young men of different castes and establishes herself as another woman on the road to emancipation. Subala turns out to be endearing to Suborno as she values individuality and sees others for what they are. Before Suborno's death Subala tells her that if the former were a man, she would have left the fetters of home and had set out to see the world much like Ambika, hearing which Suborno is choked with love as no one before Subala had tried to understand her.

Ashapurna has also intervened into the polemics of co-wives which the patriarchy saw as an impossible site for harmonious relation. Co-wives look upon their husband as the provider and master which frequently led to situations of jealousy, but what is usually overlooked is the fact that their relation could also have solidarity and friendship. The first book has two pairs of co-wives: Sarada and Patli forming one pair with Saudamini and Mukund's second wife forming the other. One of the practices which was prevalent at that time was the *sejuti* ritual which was performed to obliterate any form of co-wife. The songs chanted in the ceremony were abuses hurled at the co-wife, but if she had a co-wife, the woman would have to swallow her anger and make amends with the system. Sarada being part of the domestic order cannot accept the presence

of Patli. However, she continues to be the *boro bou* or elder wife and performs her duties meticulously. Ashapurna through this situation of the co-wife tries to show that education is the determinant for one's freedom. Sarada due to her inability depends upon the provider and accepts her fate even though her mind remains fragmented. Satya though in a different situation, has the ability to break free from the family as she trusts her capabilities for being able to provide for herself, thus becoming an example for other women in the community.

Saudamini and Mukund's second wife share a harmonious relation transcending all forms of denial, thus leading one to help the other. Saudamini showers love on her co-wife almost like a daughter and laughs when the co-wife teases her by saying that she might have been her mother in some other life. Being able to understand and love each other, both stay at peace in each other's company making their relationship a talisman against the daily misery and oppression they have to face. This complete absence of rivalry between co-wives is not an imaginative preoccupation of the female writer; rather it re-inscribes woman-bonding and cross examines the socio-cultural context which acts better to highlight the sexism of women.

Lacing the novels is a gamut of various types of women and innumerable social ills that plague the community of the female sex. Ashapurna through selected characters shows how Shankari of *Pratham Pratishruti* and Namita of *Bakul Katha* brave through their living situations despite being shunned from the joys and colours of their life. The former, Shankari, is an eighteen year old widow, caged in the frosted world of dejection and societal norms. She being young and beautiful, the patriarchal brahminical society becomes apprehensive of her moral strength and thus keeps a close eye on her which makes it humiliating for her. A series of disgraceful situations lead her to escape so that she could seek emotional and mental refuge elsewhere. However, Shankari's tale is a dismal tale of a widow whose desertion of society leads her to fall prey to seduction, deception and suicide. Though short-lived, she yet leaves a deep impact on society because of the way she participates in the emancipation league through her first act of denial to accept the cloistered life of the Hindu widow.

Renouncing the world for Rishikesh, Namita's husband leaves her at the mercy of her uncle entitling her to the status of a rejected wife. The overflow of good food, ornaments, rich clothes hurts her sensitive temperament which cannot forget the abandonment which ultimately provokes her to take to flesh trade and then try her fate at the celluloid, finally resulting in her suicide. Like Shankari, Namita also commences work on identity and representation of the individual, but they blur out before fruition. Saudamini of *Pratham Pratishruti* is Satya's sister-in-law who is first rejected by her husband for his sexual jealousy and then accepted back to satiate his ceaseless lust. Being of a tender disposition Sadu goes back to live with her husband to escape being an adjunct member in her paternal home. Education and economic freedom are unknown to Sadu as a result of which she remains mute to her husband's perverse ways which ultimately turns her to be a cynic. However, there is an innate knowledge of the need for education and financial independence in her which makes her admire women like Satya who tirelessly fought against all atrocities and odds.

Uma Sashi of *Suvarnalata* is Muktokeshi's eldest daughter-in-law who remains unaware of the true meaning of life, and giving priority to others' needs she pushes herself to a corner whereby she becomes a demure, frightened person afraid to think for herself. Being a conventional Hindu woman she harbours qualities of "modesty, humility, softness, patience and self sacrifice" (Borthwick Changing Roles, 55) and lives with the idea of living for others in the "non-secular parochial principle of dharma" (Chakravarty 'Difference-Deferral', 250). She is a contrast to Suborno's resolute and obstinate self and shudders before her sister-in law's audacious nature. Uma Sashi lacks self-worth and self-respect. This trait is so pronounced in her nature that she feels deeply hurt when Suborno appoints a cook. Maintaining concordance in the household is her only way of proving her presence. The most interesting feature of Uma's nature is that in spite of living amidst changes she prefers to remain static and cringes in fear when she witnesses Suborno trying to transcend the disciplinary law. In this polarised world of gender-power play some women attempted at crystallising their identity and actualising their dormant strength while the majority of the community

remained ignorant, in self-denial and in a sorrowful state where they had no other choice but to oblige.

Reforms from the *Antahpur*

Not having a formal education or the ability to raise a voice in protest, Ashapura challenged patriarchy through her work of art, and she claimed *Suvarnalata* to be her favourite though by nature she could connect to Bakul's temperament where silence was their tool of protest. In the aspiration to locate the woman within the family and later within the society the narrative must converge on the bifurcation of the private and the public, a binary which emphasises over and again the duties and responsibilities of women, who are essentially enclosed within the private, but are more diverse in nature than their male counterparts. However, this ramification has been deconstructed by Ashapura and writers like her to show that the *ghor* and the *bahir* are two spaces which are interdependent on each other. Thus, one affects the other in their understanding of the subject and also asserts in an amalgamation of the personal and the political. Women's question was a much debated topic which started to gain ground from the end of the eighteenth century; the nationalists and the colonial masters focused their attention more on this matter as status of women was seen as an indicator for the society's progress.

The ideological urge to uplift women differed for both the government and the reformists; the latter assumed a position of sympathy for the oppressed women which helped transform the picture of women as a tradition bound and of culturally backward race in the eyes of the colonisers. Forbes in her work has said that the British saw the domination of their hegemony as a proof of their moral superiority and when discussions were initiated regarding the best way to rule, all arguments would steer towards man woman relationship. (Forbes Women, 13) Bagchi looks at the reformist attitude of the colonial masters with scepticism as the collective theme was to make Indian women symbols of the "downtrodden society of the subcontinent" (Bagchi Myth and Reality, 3) The reformers, on the other hand, intended to re-establish their lost status of power and glory which was jeopardised in the public realm. Home was the only place where the men could still have an upper hand and be the head of the clan whereas outside he had to bow down to the wishes of the foreign master. The focus that fell on women was fictive in nature and it is this decentring of the female which is another aspect of Ashapura's trilogy.

Resistance is placed on a parallel ground where men rebelled against the Raj and women in spite of aiding men in it also simultaneously challenged their oppressive state in the patriarchal order. Ashapura focuses on the effective way in which the three protagonists relate to and communicate with the community, yet she does not sideline the then on-going process of liberation from the Britishers which is made stronger by the presence of Bhavatosh master from *Pratham Pratishruti* and Ambika Kumar in *Subarnalata*. Since it is a story of women, they are invested with power and an agency through which they can fulfil their role for their community. Satya in the first book asserts her existence like the proud Eve in Kabita Sinha's poem (Sinha 'Ishwar', 2014) who is the first to rebel, to gain knowledge and awaken others' consciousness. She was much ahead of her time – a thinking, rational and logical girl born in the age amidst unthinking masses who saw these qualities in a woman as sinful. Her mental cognition is strong enough to make her take note on the then prevailing conditions of conjugality, religion, caste, financial independence and education in regard to women.

Satya's transgression takes place on a dual level, one which is within the familiar space and the other which concerns society. She fathoms the grievous state of women to arise from their lack of knowledge and ignorance which could be eradicated by education as a result of which she wages the war for literary scholarship which continues with Bakul. Being of just nine years she makes a rhyme to be sung loudly at Jatada who practises domestic violence on his wife, staging perhaps the first of such revolt in the village. The blessing of education as a tool comes when Satya in her middle ages writes a letter to the government demanding them to interrogate the murder of Puti, her young sister. Puti was a nine year old child bride who was murdered by her husband on refusing his conjugal rights, very much reflecting a similar case in 1889 which created uproar in Calcutta when Phulmoni, a bride of ten, died due to marital rape committed by her husband of twenty nine years. (Sarkar 'Hindu Conjugality', 100) The Sarvamangala Vidyalaya gives Satya a more definite meaning to life where she starts teaching the women of the village. The event of witnessing

the historic meeting between the Brahmo leader Keshubchandra Sen and Ramkrishna Paramahansa with her students breaks the notions of conformity on double grounds – that of travelling to the city without any male company and of entering the house of a Brahmo.

Stridhan was the only wealth that a woman could possess and it consisted of the jewellery that were given to her during her wedding. Accumulation of such wealth was also a way of exhibiting, but Satya refuses to be a mannequin and gives a gold chain to a poor boy she meets in the city, sells her bangles to treat Navakumar and refuses to take any landholdings from her father. Her friendship with the reformist, Bhavatosh master, redefines the male-female relationship which was restricted to the family. Satya through her friendship marks the beginning of a healthy relation built on mutual love and respect. Moving to Calcutta and teaching Suhashini the orphaned girl to study are the other changes she ushers in which finally culminate in re-ordering the conjugality norm where she is valiant enough to break out of the system in order to make something of her life.

Suborno is a subject in process whose life is more stifling than Satya's. Yet, she refuses to be an object forever and strives to create her identity and a space for herself. She transgresses the domestic setup and creates effective changes in her affinal home which undergo repercussions in the immediate society. Satya's act of abandoning conjugality portrays Suborno as a daughter of a woman who had committed unpardonable sin. Her in-laws are orthodox and traditional minded while the male members harbour a chauvinistic attitude to life. In spite of these hardships Suborno ushers in changes to purge the mustiness of her family. In the household child-birth was unmentionable in the public or amidst the presence of men. Suborno gets angry when her husband mentions child-birth to be a woman's business. She retorts to Muktokeshi when she is given dirty rags during child-birth in the untidy and dingy labour room. The fight was to establish the worth of the female body and to deconstruct the hypocrisy regarding the dirty birthing chambers and the glorification of motherhood. The claim for space and need for expression in Suborno are synonymous as in her new house she can manage to find time for herself to admire the starlit sky and escape from the obligations of being a mother and a wife. *Smriti Katha* is not her testimony of emotional outpouring, but also contains her thoughts regarding the situation of women and the society, becoming a manifesto of a time in future. In the eyes of old patriarchy where Muktakeshi is the head of the domestic affairs, Suborno, her *mejo-bou*, would have been termed as *mukhara* or sharp-tongued as Suborno through speech and action brings in changes which might seem like a sign of impertinence to her mother-in-law.

Suborno's daughters Parul and Bakul also lead forward the battle of their grandmother as they are concerned about issues of subjectification and individuation and continue to transgress their prescriptive system. Parul is different from Suborno and does not share her mother's fearless disposition. However, Suborno is resurrected in her when she chooses to live on her own in a house near the Ganga, turning down the possibility to stay with her sons. She challenges the age-old notion of widowed mothers being cared for by their elder sons and even counter passes the contemptuous remarks of the neighbours who scorn her for neglecting her responsibilities as a mother and a grandmother.

Bakul in the third book emphasises a self control in her space which has restricted her world to a few; being reticent to the vitriolic comments of her family members she survives through her erudite world. The posterior side of the house stretches into her room giving her a wider space, her private space is sacred which no one dares to violate. She carves out a physical space for herself which was denied before to women. She is a well known writer and her quiet nature carries an authoritarian attitude which keeps disruptive people at bay. Situated in the twentieth century the social scenarios have undergone a transformation as education for women has been actualised and 'new women' have stepped out in the public to gain economic independence. Under her influence, Shampa and Ramla transform Muktakeshi's conservative house giving way to a marriage of love than that of convenience, in a way obliterating the inhibitions of class and caste. There is thus perceived a slow, but gradual and inevitable metamorphosis in the mindset and ethos of the society at a crossroads.

The mid and the late colonial periods brought about the Bengali middle class whose women were positioned as servile homemakers. Even though there were a few exceptions, there was a constant effort

at pushing the limits: women like Kadmbini Ganguly and Chandramukhi Bose who were the first women graduates in 1886 (Chatterjee 'The Nation', 253), became role-models for their community. In America and England feminist movements were in full swing. Yet, reverberations of those voices took a while to create a ripple effect in the cloistered and dingy homes of the colonies. The trilogy is not a story of the three protagonists alone, but also of those women whose consciousness awakened for liberation and those who unfortunately failed to see the light of emancipation. Lucidly enumerating, Ashapurna shows the transcendence of women from deadlock conditions at cultural spaces to personhood whereby they gain the mental strength and mettle to confront the grossly parochial and ego-centric attitude of the patriarchal society and thus assert an autonomous self. The novels, if taken collectively as a continuation of a thesis, reflect a fascinating study of a growth of consciousness which is as much an inner process as an indirect offshoot of a narrative of sustained suppression diachronically carried on over a span of time. In this process, they point out the fact that nothing is sacrosanct in society, and that at a given point of time social taboos are likely to be uprooted to bring about greater synthesis and balance. Through the trilogy Ashapurna had dared to create a world where women would be the sole presider of their body and be able to translate their vision into reality which would alter and sustain human existence. The transition from juvenile 'girlhood' to 'womanhood' is not simply a temporal development; it parallels a development afoot in the external society. The passage from the interior to the exterior is a symbolic play of 'signifiers' directed to the search for a 'signified', and it involves a dismantling of set conventions and practices.

The trilogy is microcosmic space which opens up the greater macrocosmic world in a process of definite transition at the real and psychic levels.

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