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Undesirable Output in Efficiency Evaluation : A Study of Priority Sector Lending by Public Sector Banks in India

Ram Pratap Sinha*

In the post-World War II period, most of the less developed countries adopted a policy of financial repression involving substantial government intervention in the financial markets. Directed allocation of resources and control on lending and deposit rates were essential ingredients of such policy. In the Indian context, the pattern of priority sector lending has, however, undergone major changes during the past few decades because of changes in regulatory stance. However, these developments notwithstanding, the priority sector lending in India is characterized by a relatively higher incidence of non-performing assets when compared to the other segments. In view of this, the present paper makes a comparison of public sector commercial banks operating in India for the period 2004-05 to 2009-10 in terms of priority sector lending using undesirable output model of Data Envelopment Analysis.

Keywords : Undesirable Output, Data Envelopment Analysis, Priority Sector Lending.

Introduction

In a developing country like India, directed priority lending has remained as one of the important policy tools for the development of sectors like agriculture and small scale enterprises. It has long been recognized that in the absence of regulatory support these sectors would fail to attract resources through the formal channels because of the riskiness in financing. The first two decades of directed lending led to the accumulation of Non-Performing Assets (NPAs) at an alarming rate by the commercial banks. This has led to significant quantitative and qualitative changes in the lending mechanism to the priority sector in the last two

decades which, in turn, has reasonably succeeded in containing the creation of NPA in this sector.

In spite of these developments the priority sector lending in India (comprising of lending to agriculture, small scale industry and Self-Help Groups (SHGs)) is characterized by a relatively higher incidence of NPAs when compared to the non-priority segments. For example, as on 31 March, 2007, the priority sector accounted for nearly 60 per cent of the NPAs generated by the Public Sector Banks (PSBs) operating in India. In view of this, the present paper makes a comparison of public

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The Efficiency of Fund Management and Capital Productivity : A Study on their Relationship with respect to Select Public Sectors in India

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In this paper, an attempt has been undertaken to study and examine empirically the inter-relationship between the fund management and capital productivity in terms of value additions of eight selected public sectors in India namely steel sector, power sector, coal & lignite sector, petroleum sector, heavy engineering sector, minerals & metals sector, fertilizer sector and chemicals sector respectively during the period from 1999-2000 to 2008-09. For measuring the relationship of fund management and capital productivity three important statistical analyses i.e., simple correlation, multiple correlation and multiple regression have been used with the help of some selected ratios relating to fund management and one important measure relating to capital productivity in terms of value additions. In order to examine whether the computed values of correlation co-efficients, partial regression co-efficients are statistically significant or not, t test has been used and whether the multiple correlation co-efficient (R) is statistically significant or not, F test has been used. In addition to these, to judge the reliability of this relationship the multiple co-efficient of determination (R²) has been used. This study finally claimed that the selected public sectors in India during 1999-2000 to 2008-09 have been able to register a remarkable relationship between the management of fund and capital productivity as a part of their strategic roles towards the efficient utilization of public fund for the best interests of the society and for the well-being of the common mass.

Keywords : Value Added, Capital Productivity, Fund Management.

Introduction

The efficiency of capital productivity in terms of value additions is a most crucial part for judging the overall performance of every enterprise. This is more relevant to enterprises producing goods and services and to enterprises not specifically set up for profit motive

like the Public Sector Enterprises (PSEs) in India. The capital productivity in terms of value additions of an enterprise

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Customer Retention Strategies : The Key to Success and Growth of Bharat Sanchar Nigam Ltd.

Ajitharani Unnikrishnan * & B.Johnson **

The Indian telecommunication industry is fast transitioning from a growth phase to a maturity phase of the industry lifecycle and the competition is getting tougher for the players in the field. The industry has become fragmented and highly competitive over the past years. There are many players who strive to gain competitive edge in the market. Bharat Sanchar Nigam Ltd., (BSNL) is one of the largest telecommunication companies in the world. But its position has been endangered due to the entry of private companies in the sector. It has become inevitable for the company to acquire more customers and retain them for safeguarding its position in the industry. As there is a direct link between customer retention and profitability and growth over time, a good Customer Relationship Management (CRM) strategy is indispensable. A successful CRM strategy aims at understanding the needs of the customer and integrating them with the organization's strategy, people, technology and business process. The ultimate aim is to satisfy customers and retain them. Customer retention depends to a great extent on service quality and customer satisfaction as well as the ability of the company to encourage customers to complain and then recover when things go wrong. The main purpose of the paper is to highlight the most important customer retention strategy adopted by BSNL to satisfy and retain its customers, which is, the complaint management and service recovery mechanism.

Keywords : Customer Relationship Management, Customer Retention, Adalats, BSNL.

Bharat Sanchar Nigam Ltd., (BSNL) formed in October 2000 is one of the largest telecommunication company in the world. BSNL has the largest installed quality telecom network in the country with focus on improving it, expanding the network and introducing new telecom services. The company has vast experience in planning, installation, network integration and maintenance of switching and transmission networks and also has an in-house world

class ISO 9000 certified telecom training institute. Its mission is to provide world class state-of-art technology telecom services to its customers on demand at competitive prices and also to provide world class telecom

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Regulatory Reforms in Power Sector in India : Progress and Challenges

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The main objective of power sector reforms was to improve the operational and financial performance of electricity distribution utilities. Apart from unbundling of State Electricity Boards, Electricity Regulatory Commissions (ERCs) were established to depoliticise the tariff-making process in the sector. This paper attempts to assess the progress in performance improvement in the sector as a result of regulatory reforms. Have the newly incorporated ERCs functioned in a desired manner to achieve the target outcomes? Analysis has been made taking some parameters of quality of regulation such as autonomy of regulators, financial viability of sector, tariff rationalisation, competition etc., into account. It describes the evolution of power industry over time. It examines the quality of regulation in the pre-reform period and its impact on the financial performance of the power utilities. It reveals how consumers suffered from the poor quality of service and high tariff and highlights the key steps taken in the reforms process to ensure a credible regulatory environment and reviews the institutional design of regulatory bodies in terms of functions, powers and role assigned to them. The study concludes that the interest of consumers is not protected if the quality of regulation is poor even though utility is kept under government ownership and control. The experience of various state governments in providing required support to regulatory bodies in terms of functional and financial autonomy is discussed.

Keywords : Electricity Supply, Transmission & Distribution, PAF, PLF, ERC.

Introduction

In the electricity sector, there is presence of economies of scope as well as scale. Economies of scope imply that it is cost-effective if two or more associated businesses are operated by a single entity. In the sector, economies of scope can be achieved by discharging the generation, Transmission and Distribution (T&D) functions in an integrated system. Economies of scale may be exploited by increasing the size of the

power plant(s), producing larger amount of output or service more number of consumers. Further, given the heavy fixed cost nature of the industry, the average cost of production decreases over a considerable scale of output. Hence, most of the Electricity Supply

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Promoting Universal Postal Services in Developing Countries : An Economic Perspective

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The paper first analyzes if there is a need to develop universal postal services in developing countries. Thereby, we focus on Latin American countries. Based on the findings that postal services serve vital functions in the economies now and for the foreseeable future, we discuss regulatory remedies that will foster the evolution of universal postal services in developing countries. We conclude that universal postal services are an important enabler for economic growth, social welfare and national security. Most developing countries face the opposite problem : their postal networks are incomplete and need a different approach to assure universal postal services. We highlight these differences as well as the potential economic consequences. Moreover, we provide a framework to develop universal postal services policies in less developed countries. Adapting this framework to the country specific conditions will allow for country specific recommendations.

Keywords : Universal Service Obligations, Physical Transformer, Digital Transformer, Universal Services.

Introduction

Universal Service Obligations (USO) and the concern of its financing in a liberalized market have been broadly discussed during the process of postal market opening in Europe. Thereby one implicitly agreed that virtually : (1) all member states started with a postal market where universal services were provided already (and financed)¹ and (2) that liberalization affects the financing situation of universal services in one way or the other. Supporters of the postal liberalization like the European Commission claimed that only a full market opening would enable the former postal monopolists to face the

new electronic age due to increased pressure for innovation and efficiency. On the other hand, critics of postal

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State Finances and Effectiveness of Fiscal Reforms : An Analysis of Indian States

Ratna Vadra*

More than a decade after the launch of the reform process, it seems that significant attention is still not paid to the fiscal reforms at the state level. Despite several years of fiscal consolidation effort, large and persistent fiscal deficits remain. India's states have significant developmental expenditure responsibilities. While the 'fiscal crisis' which engulfed India's states in the late nineties led to higher deficits and debt levels, it was also associated with a rapid increase in the expenditure levels. Fiscal management has been high among the reform priorities of the government both at the centre and the state levels. The proposed study attempts to bring out the deteriorating trend in state finances of India in the recent years and examine as to what extent reforms are taken by states. This paper also provides some of the recent reforms implemented by Indian states.

Keywords : Fiscal Crisis, Fiscal Deficit, Public Finance, State Governments, State Taxation, Public Finance Activities.

Introduction

Fiscal management has been high among the reform priorities of the government both at the centre and the state levels. In the recent years state governments are facing challenges of fiscal management in the face of rising deficits, rising interest burden, increased distortions in the pattern of expenditure and very slow growing tax and non-tax revenue. More than a decade after the launch of the reform process, it seems that significant attention is still not paid to the fiscal reforms at the state level. Despite several years of fiscal consolidation effort, large and persistent fiscal deficits remain.

In view of the above theoretical background the objective of the present study is to examine the background and to identify the major problem areas at the state level. The objective of the paper is to see whether fiscal reforms taken by the states for resources mobilization led to reduction in deficits. The present study level fiscal reforms in India is to test the hypothesis that : "fiscal reforms have helped the states in improving their fiscal health". The study aims to test the hypothesis on macro level.

Section-1 gives a brief outline of fiscal crisis faced by the states in India. Section-2 summarizes the key lessons

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Training and Development Facilities in Select Central Public Sector Enterprises : A Study

A.Sridhar Raj*

The emergence, role and importance of public sector enterprises in India remains unparalleled as they contributed to the overall growth and development of various sectors of the economy. They spurred not only economic growth but also hastened social and regional developments. However, economic reforms initiated in the year 1991 exposed them to the winds of globalization making it mandatory for them to reestablish themselves in a new form/avatar. They faced a do or die situation against the competitive conditions of the global environment. Against this background, the paper attempts to examine the training and development facilities of the central public sector enterprises in India. The paper analyses the perceptions of employees towards training and development programmes and the role of such programmes in enabling the employees to enhance their performance at the workplace. Survey method has been followed for the collection of data and cross tabulation has been used to organize the data collected from 199 respondents. Data has been statistically treated using appropriate measures. The results indicate that training and development programmes provide necessary inputs and skills to enhance performance and productivity.

Keywords : Human Resources, Training, Development, Public Sector, Globalization.

Introduction

The Liberalisation, Privatisation and Globalisation (LPG) era had a profound impact on the functioning of the public and private sector enterprises all over the world and the Public Sector Enterprises (PSEs) in India were no exception. The PSEs, until the adoption of liberalization policy by the Government of India (GoI), enjoyed protection from both the internal and external competition. However, the year 1991 proved to be a turning point in the economic history of India. The impact on PSEs

in India, considered as economic arm of the state, was colossal. The PSEs which hitherto enjoyed patronage and protection of the state found themselves in the thick of competition both from national and multi-national organizations. Given the nature of PSEs which boasted of repository of knowledge and expertise of their human resources had no alternative but to sharpen their skills for survival. This necessitated the development of human resources and one

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