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Ensuring Accountability in State-owned Enterprises : Examining the Role of Annual Reports from a Middle Income Country's Perspective

Hadija N.Odainkey* & Samuel N.Y.Simpson**

State-owned Enterprises (SoEs) in developing countries have been the leading beneficiaries of several reforms in attempts to make them more accountable, thus ensuring efficiency and effectiveness in their operations. This is because SoEs have been recognized as one of the key contributors to the socio-economic development in developing economies. One of the key tools identified for ensuring accountability is their annual report. However, evidence on the role the annual report plays has been mixed. This study contributes empirically to the literature on the role of annual reports of SoEs, in the light of reforms using evidence from Ghana.

Keywords : Accountability, Annual Reports, SoEs, Ghana

Introduction

There have been increasing calls for the public sectors in many developing nations including Ghana to provide quality public services that meet the needs of its citizens, be more accountable for its decisions and actions and to manage resources more prudently, while they foster private market-led growth. These calls have been made on account of the essential role the sector plays and the contribution it brings to the development process, especially in developing countries (Hemming & Mansoor 1988). State-owned Enterprises (SoEs) which are part of the public sector, have significant impact on key economic indicators such as Gross Domestic Product (GDP), employment and others, especially in the Middle East, Asia and Africa (Kumar [n.d.]). In Singapore, SoEs account for about 21.8 per cent of GDP. In Asia, SoEs contribute 8 per cent of GDP (Sobhan 2010) whereas in Indonesia, SoEs total assets amounted to 40 per cent of GDP with contributions to the state budget amounting to 12 per cent of budget revenue (Abubakar 2010).

For developing economies in Africa, the significance of the public sector cannot be overemphasized as the sector continues to be the largest spender and employer in virtually every economy

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Optimal Portfolio Construction by Using Sharpe's Single Index Model

(An Empirical Study on Stocks of Some Selected Public Sector Enterprises in India)

Dr.Niranjan Mandal*

In this research article an attempt has been made to explore the idea embedded in SIM and to construct an optimal portfolio empirically using this model. Considering daily indices of BSE sensex as MPI along with the daily stock prices of the ten selected public sector enterprises for the period of April 2001 to March 2011, the proposed mechanism formulates a unique cut off rate and selects securities having 'excess-return to beta' ratio greater than or equals to the cut off rate. To arrive at the optimal portfolio, proportion of investment in each of the selected securities is computed on the basis of its beta value, unsystematic risk, risk free rate of return excess-return to beta ratio and cut off rate. It is found that SIM gives an easy mechanism of constructing optimal portfolio and requires lesser input than the input requirement of Markowitz's model to achieve the risk and return of the optimal portfolio. It is also observed that there is a significant difference between the total risk of the optimal portfolio under SIM and that of under Markowitz's model.

Keywords : Portfolio Construction, Sharpe's Single Index Model, Return and Risk, Risk Characteristic Line, Optimal Portfolio, Diversification, Cut off Rate.

Introduction

Harry Markowitz, in early 1950's, developed a comprehensive model in which he made a simple premise that almost all investors invest in multiple securities rather than a single security for obtaining benefits from the investment in a portfolio consisting of different stocks. In this theory, he tried to show that the variance of the rates of return is a meaningful measure of portfolio risk under a reasonable set of assumptions and also derived a formula for computing the variance of a portfolio. His work gives emphasis on the importance of the diversification of investments to reduce the risk of a portfolio and also shows how to diversify such risk effectively. Though Markowitz's model is viewed as a classic attempt to develop a comprehensive technique to incorporate first the concept of diversification of investments in a portfolio

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Public Procurement – Case Study of the Indian Railways

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Indian Railways is one of the world's largest public sector organizations. Its network, traffic, organization and extent of vertical integration are gigantic. This paper undertakes a critical examination of its procurement process to understand the procedures and institutional mechanisms which have evolved over time for safeguarding institutional interests. The paper examines issues such as organizational structure, procurement organization, source selection methodology, procurement oversight and regulation and their impact on the economy, efficiency, transparency and accountability aspects of procurement. It is found that a unique combination of internal vigil, external oversight by independent bodies and organizational characteristics contribute to robust procurement processes.

Keywords : Public Sector Organizations, Railways, Transparency, Public Procurement.

Indian Railways (IR) is one of the world's largest public sector organizations. Its network, traffic, organization and extent of vertical integration are gigantic, with annual procurements to the order of 18 billion dollars. IR has evolved a distinctive set of processes and safeguards, to ensure that procurements are done in a fair manner. A unique combination of internal vigil and external oversight by independent bodies promotes transparency and accountability of procurement. The oversight bodies, such as the CBI, CVC or C&AG, though grossly under-numbered exercise a deterrent effect through the element of uncertainty. Fair and equitable treatment to all vendors and promotion of competition through open tenders ensure economy and value for money. A dedicated procurement organization in each zone ensures efficient and swift response to user needs. Participation of the user in the technical evaluation of offers and tender evaluation process ensures quality and value for money. A decentralized procurement organization also ensures that its sensitivity to user quality requirements. While ensuring that there is strong oversight mechanism in place, IR has granted over-riding powers to the top management to apply its own judgement in meting punishments. Further the functional segregation and cadres with separate chains of command right up to the board level, ensures that each

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Economics of Barge-Based Inland Container Transportation : The Case of Southern Kerala

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The study is aimed at working out the potentiality involved in the transportation of south-based containers via waterways employing barges. It, by and large, focuses on the economic viability of using standard feasibility indicators inter alia the perception of various stakeholders who will become the key players of the proposed venture. Taking into account the quantum of containerized cargo movements sandwiched between southern Kerala and Cochin, and the titanic cost incurred in the present transportation system, it is apparent that there is immense scope and potential for the newly contemplated system. Survey data disclose a positive attitude towards the shift from road to barge-based transportation of cargo containers. The comparison between the costs of various other modes of transportation of cargo containers also stands in favour of such a shift, provided that the logistics involved are meticulously managed. The potentiality and sustainability of barge-based transportation in different trip scenarios, based on Net Present Value and Benefit Cost Ratio shows that amongst the four transportation scenarios, two scenarios between ICTT-Kollam and ICTT-Kottayam are the most feasible, taking into consideration the cost and revenue expectations.

Keywords : Containers, Cargo, Net Present Value, Benefit Cost Ratio.

Introduction

There has been a substantial increase in the movement of export/import of cargo to Cochin after the commissioning of the Vallarpadam International Container Transshipment Terminal (ICTT). Cargo such as cashew, coir and coir products, rubber and seafood exported from the ICTT comes *via* roadways from the southern districts of Kerala, *viz.,* Kollam, Alappuzha and Kottayam. The principal import items of raw cashews, news print, etc., are

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Capital Structure, Leverage and Financing Decision : An Empirical Analysis of Selected Public Sector Oil and Gas Companies in India

Chitta Ranjan Sarkar* & Aniruddha Sarkar**

In the present article an endeavour has been made to throw some light on the business risk, financial risk, financial break-even point and total risk of selected public sector oil and gas companies in India by means of assessing the degrees of associations between the selected leverage ratios and return on equity capital (RoE) during the period from 2000-01 to 2009-10. A comparative analysis has been undertaken to arrive at the decision whether the studying companies will have to change their proportion of external capital to total capital or not to withstand and sustain in the present competitive and changing environment. Statistical tool viz., correlation analysis, managerial tool viz., ratio analysis and statistical test viz., Student's 't' test have been employed to analyze and test the significance of the results of the empirical study. The study concludes with some valid recommendations which deserve the attention of the management of concerned companies under study, oil and gas sector in India and especially government.

Keywords : Capital Structure, Leverage, DOL, DFL, Financial Break-even Point, DTL & ROE.

Introduction

Leverage not only tends to magnify shareholders' return and return on investment under favourable conditions, but also exposes them to risk. Use of more and more debt capital raises the riskiness of the firm's earnings stream but it tends to provide a higher expected rate of return to shareholders'. The concept 'privatization' leads to the employment of more amounts of external funds in the capital structure of the Indian companies too. The use of debt funds requires the payment of fixed contractual commitments and as a matter of fact the concepts financial risk and financial break-even point have come into the financial decision-making process. The emphasis of the present study is to measure and analyze the operating risk, financial risk, financial

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A Comparative Study of Differences in Organisational Culture of Public and Private Sector Banks

Arunachal Khosla*

This study analyses the difference in perception of organizational culture in Indian banking industry across public and private sector banks. The study uses descriptive and t-test analysis to identify the difference in perception of organizational culture across public and private sector banks in India. The research paper studies the various dimensions of organizational culture to identify the difference in perception of organizational culture among private and public sector bank employees. It is worth noting that in twenty two out of thirty two factors, the employees of public sector banks perceived organisational culture differently from private sector banks.

Keywords : Organizational Culture, Organizational Performance, Private and Public Sector Banks.

Introduction

Since 1991, India has been engaged in banking sector reforms aimed at increasing the profitability and efficiency of the then 27 Public Sector Banks (PSBs) that controlled about 90 per cent of all deposits, assets and credit. The reforms were initiated in the middle of a 'current account' crisis that occurred in the early 1991. The crisis was caused by poor macroeconomic performance, characterized by a public deficit of 10 per cent of Gross Domestic Product (GDP), a current account deficit of 3 per cent of GDP, an inflation rate of 10 per cent and growing domestic and foreign debt and was triggered by a temporary oil price boom following the Iraqi invasion of Kuwait in 1990. Prior to the reforms, India's financial sector had long been characterized as highly regulated and financially repressed. The prevalence of reserve requirements, interest rate controls and allocation of financial resources to priority sectors increased the degree of financial repression and adversely affected the country's financial resource mobilization and allocation.

In the period prior to reforms (1969-1991), savings were successfully mobilized because relatively low inflation kept negative real interest rates at a mild level and because the number of branches was encouraged to expand rapidly.

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Requirements Analysis for Disaster Recovery Plan at Integral Coach Factory, Chennai

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There are many common risks involved in all business environments that can lead to adverse effects and hinder company growth. These risks can come from external source such as natural disaster including hurricanes, earthquakes, floods, fire, etc., as well as internal risks including hardware failure, human error or even sabotage. It is essential for a company to create and follow business policies to secure the integrity of information as well as various company assets crucial to an organizations' functionality. A data Disaster Recovery Plan (DRP) is an integral part of the business policy and ensures the integrity and functionality of stored data in case of a disaster. This paper aims to analyze and design a DRP for the organization under study. Primary data was collected through a structured interview among the employees of the organization. Failure Mode Effects Analysis was done to find out failure modes and risk priority. This research presents the feasibility analysis of a new data DRP for the organization to continue even in the case of occurrence of a disaster.

Keywords : Disaster Recovery Plan; ICF (Integral Coach Factory); FMEA.

Introduction

As Information Technology (IT) systems have become increasingly critical to the smooth operation of a company, the importance of ensuring the continued operation of those systems or the rapid recovery of the systems, has increased. It is estimated that most large companies spend between 2 per cent and 4 per cent of their IT budget on Disaster Recovery Planning (DRP), with the aim of avoiding larger losses in the event that the business cannot continue to function due to loss of IT infrastructure and data. Of companies that had a major loss of business data, 43 per cent never reopen, 51 per cent close within two years, and only 6 per cent will survive long-term. As a result, preparation for continuation or recovery of systems needs to be taken very seriously.

Disaster recovery is defined as the set of processes that go into the "recovering and continuation of technology-related infrastructure that is critical to the basic functioning of an organization in the event of disasters that are natural

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An Unfulfilled Dream Lantern to Electric Lamp

Shree Raman*

India still lives with lanterns though electricity generation started at par with New York and London in 1882. Load shedding is the rule of the day despite the government's recent mandate of power to all by 2012. Power holidays are supporting slow industrial economic growth. Free power to farmers is a distant dream battling between government and politics. Crippling irrigation system is dwindling down agricultural yields. Electrifying few metropolitan cities and leaving behind many villages deprived of basic infrastructure for growth and development speaks of disparity in electricity services. Uncertain National policies have failed to implement the expected reforms. Independent power providers fear investment and are unwilling to take risk in electrifying rural India. Rising population is undermining the minor attempts undertaken to transform the electricity services in underdeveloped regions of the country. People below the poverty line are cursing their destiny. When will lantern to electric lamp become a reality? Solar lamps are replacing kerosene lanterns. Rural India is dwelling in the dusk.

Keywords : Electricity, Load Shedding, Agricultural Yields, Population.

Electricity in India

Today, at the dawn of 21st century India's deregulating power sector is characterized with uncertainty of regulatory reforms, disparity in electricity services, widening gaps in power supply chain, de-licensed power generation, unbundling of SEBs, underdeveloped power market, infancy in power trading, emerging power and energy mix, fuel supply insecurity, load shedding, power holidays and blackouts, immature energy conservation, unethical wastage of electrical energy, government's unsupported visions and unconducive competition in the sector. The power sector over the 100 years since under British rule to the recently enacted historic Electricity Act, (2003) has experienced and journeyed through decentralization, nationalization, privatization, liberalization, deregulation and corporatization of electricity services in India. Who will switch on India's power future? How can India balance power supply and demand? Can the Government of India do justice to the power utilities and electricity consumers? Is the role of regulation

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