



This Journal is Indexed in
Cabell's Directory
EBSCO Database
Jawaharlal Nehru University
(New Delhi)
ProQuest
Ulrichsweb

(ISSN 0971 - 1856)

The Journal of Institute of Public Enterprise

Vol : 39

July – December, 2016

No : 3 & 4

- ★ Efficiency-Ownership-Solvency Linkage of Indian General Insurance Companies : A Bootstrap DEA Approach
Ram Pratap Sinha
- ★ From Investment to Disinvestment in a Public Sector Enterprise : The Case of Maruti Udyog Limited
R.K.Mishra, K. Trivikram & Srinivas Kolluru
- ★ Ethical Business for Sustainable Development : A New Paradigm of Corporate Social Power in Global Governance
Manosmita Mahapatra & Subhransu Panda
- ★ The Strategic Approach to Management of NPAs in Associate Banks with Special Reference to SBBJ
D.N.Sharma
- ★ Management Control Systems for Performance Measurement : A Study of Select State Level Public Sector Enterprises in Undivided State of Andhra Pradesh
S.Parabrahmaiah
- ★ A Humane Perspective in Industrial Relations Environment in a Public Sector Enterprise
Satyabrata Borgohain & G.G.Banik
- ★ For Profit Corporate with Social Conscience : Indian Context
P.K.Chaubey
- ★ Emerging Landscape of Corporate Ethics and Social Responsibility – Challenges and Options
Arun K. Rath
- ★ The Post-Economic Reforms Possibility of Corporate Social Responsibility in India
Sandeep Kumar

The Journal of Institute of Public Enterprise

Vol : 39

July – December, 2016

No : 3 & 4

Content

Research Papers

- ★ Efficiency-Ownership-Solvency Linkage of Indian General Insurance Companies : A Bootstrap DEA Approach
Ram Pratap Sinha 1
- ★ From Investment to Disinvestment in a Public Sector Enterprise : The Case of Maruti Udyog Limited
R.K.Mishra, K.Trivikram & Srinivas Kolluru..... 21
- ★ Ethical Business for Sustainable Development : A New Paradigm of Corporate Social Power in Global Governance
Manosmita Mahapatra & Subhransu Panda 45
- ★ The Strategic Approach to Management of NPAs in Associate Banks with Special Reference to SBBJ
D.N.Sharma 60
- ★ Management Control Systems for Performance Measurement : A Study of Select State Level Public Sector Enterprises in Undivided State of Andhra Pradesh
S.Parabrahmaiah..... 81
- ★ A Humane Perspective in Industrial Relations Environment in a Public Sector Enterprise
Satyabrata Borgohain & G.G.Banik..... 103

Perspectives

- ★ For Profit Corporate with Social Conscience : Indian Context
P.K.Chaubey 117
- ★ Emerging Landscape of Corporate Ethics and Social Responsibility – Challenges and Options
Arun K. Rath 137
- ★ The Post-Economic Reforms Possibility of Corporate Social Responsibility in India
Sandeep Kumar..... 155

Efficiency-Ownership-Solvency Linkage of Indian General Insurance Companies : A Bootstrap DEA Approach

*Ram Pratap Sinha**

The extant literature on efficiency of Indian general insurance companies obtained efficiency estimates of the observed companies on the basis of point estimation of data envelopment analysis. A major weakness of the point estimates in the context of a small sample of observations is that the DEA based efficiency estimates contain upward bias. In order to overcome this problem, the present study develops a robust performance indicator using a smoothed bootstrap data envelopment analysis. Further, in the second stage, the efficiency scores are regressed on ownership dummy and solvency indicators. The results indicate that, while ownership has a significant impact on efficiency, the same cannot be said about solvency.

Keywords : Bootstrap DEA, Efficiency, General Insurance Companies, Ownership, Solvency.

Introduction

In India, the general insurance industry came under government control in 1973 by nationalising the then existing private non-life insurance companies. Through nationalization, four general insurance company and one reinsurance company were established. However, with the introduction of LPG (liberalisation, privatisation and globalisation) policies in 1991, the government thought about infusing private competition in the industry the road map of which was provided by the Malhotra Committee on the Indian Insurance sector (1993). The policy changes were introduced in 1999 with the introduction of deregulation of entry and the

establishment of Insurance Regulatory Development Authority (IRDA) as the insurance market regulator.

Following deregulation of the general insurance sector, several research studies attempted to evaluate the performance of the general insurance companies by using a non-parametric approach. The important studies include (inter alia) Sinha (2007, 2009, 2016) and Mandal

* *Dr. Ram Pratap Sinha, Associate Professor of Economics, Government College of Engineering and Leather Technology, LB Block, Salt Lake, Sector-III, Kolkata-700098.*

The study was funded by UGC sponsored minor research project titled "Performance Benchmarking of Indian General Insurance Companies". However, the usual disclaimer applies.

From Investment to Disinvestment in a Public Sector Enterprise : The Case of Maruti Udyog Limited

*R.K.Mishra **, *K.Trivikram *** & *Srinivas Kolluru ****

The economic reforms in India with respect to Public Enterprises (PEs) having started in 1980s, has got consistent shape only since 1991. The Government of India adopted the policy of economic reforms and declared the policy of disinvestment in selected public sector enterprises. The present case outlines the transformation of Maruti Udyog Limited (MUL) from a state-owned company to a dominant market player and also to an effective competitor in the era of increased and intensified competition from domestic and foreign players. Beginning with its inception as Maruti Limited, the study progresses towards its market entry, growth, expansion, turnaround and disinvestment strategies to establish and strengthen its presence in the Indian passenger car market. The Case also highlights Maruti's strategies to counter intensified competition and external conditions like global economic recession, the resultant credit crunch and its impact on sales volume. Given its successful corporate transformation over the past 25 years, there arises the dilemma whether it can adopt proven strategies of the evolutionary phase to the new revolutionary phase of another 25 years or so? Further, amid challenging industrial and economic conditions, what are the growth options for Maruti Suzuki to ensure future growth sustenance and profitability?

Keywords : Investment, Disinvestment, Maruti, Suzuki, Public Sector Enterprise, Privatisation, Strategic Sale.

Introduction

In India, ownership reform and disinvestment process in selected Public Enterprises (PEs) started in 1991. However, the disinvestment process was accelerated soon after the establishment of Department of Disinvestment on December 10, 1999 with the responsibility of dealing with all matters relating to disinvestment. With the strategic sale of PEs, transfer of management control started. The Department of Disinvestment (DoD) was subsequently

elevated to the status of a full-fledged Ministry of Disinvestment on September 6, 2001. It was decided that 20 per cent of equity of such enterprises will be disinvested incrementally and they

** Dr.R.K.Mishra, Senior Professor & Director, Institute of Public Enterprise, Osmania University Campus, Hyderabad, India.*

*** Dr.K.Trivikram, Formerly Senior Faculty Member, Institute of Public Enterprise, Osmania University Campus, Hyderabad, India.*

**** Srinivas Kolluru, Formerly Assistant Professor, Institute of Public Enterprise, Osmania University Campus, Hyderabad, India.*

Ethical Business for Sustainable Development : A New Paradigm of Corporate Social Power in Global Governance

Manosmita Mahapatra & Subhansu Panda***

It is seen that Corporate Social Responsibility (CSR) as an organisational practice can be more clearly understood from a political economy approach depicting corporate social power rather than solely from economy or moral explanation. The role of business in sustainable development of society has been depicted in the paper, taking examples of companies specially operating in Eastern part of India viz., Odisha, Jharkhand and Chhattisgarh. The principles of CSR provide an institutional approach towards community development where health, education and women empowerment have been focused on. In the present paper, the corporate social performance (CSP) theory is understood through the societal impact of the initiatives undertaken by Tata Steel and SAIL for the community sustainable development through CSR. The companies efforts are found to bring about a significant positive impact on the community as stakeholder.

Keywords : Corporate Social Responsibility, Corporate Social Performance, Sustainable Development, Community Development.

Introduction

Corporates are found to play a significant role in sustainable development of society. Business role at global level has become increasingly important over the last decade as largest corporations control 25 per cent of world's economic output. Corporate social responsibility (CSR) is defined as the sustainable development efforts undertaken by corporates emphasising the social concern of society apart from it being economic and profit oriented. Being an economic

entity, corporates earlier had only a philanthropic approach for their contribution to societal development. But with the advent of globalisation, the criteria of development have been shifted from economic growth perspective to social dimension of development. The role of CSR in promoting development is recognised (Jenkins, 2005), and hence the corporates display

* *Manosmita Mahapatra, Faculty, Department of Sociology, Ravenshaw University, Cuttack.*

** *Mr. Subhansu Panda, Assistant Vice-President, Axis Bank, Kolkata.*

The Strategic Approach to Management of NPAs in Associate Banks with Special Reference to SBBJ

*D.N.Sharma**

The financial health of a bank depends on its business and financial performance and quality of assets. The Indian banks have been witnessing deterioration in assets quality significantly since the year 2010-11. In the present research paper, an attempt has been made to analyse the problem of NPAs of the associate banks of SBI with special reference to SBBJ. Analysis of data depict that NPAs of the State Bank of Hyderabad (SBH) have recorded the highest increase followed by the State Bank of Patiala (SBP) and the State Bank of Mysore (SBM). The parameters measuring quality of assets conclude that the application of multipronged strategy to manage NPAs in SBBJ has not been much successful during the recent decade period. The Indian banks should implement the integrated approach with strategic vision, planning and efforts to manage NPAs effectively. And to implement the strategic approach the banks require support of the RBI and the government.

Keywords : Non-Performing Assets, Low Cost Deposits, Multi-pronged Strategy, Capital Adequacy, Integrated Approach, Strategic Approach, Defaulter, Stringent Action and S4A.

In the Union Budget 2016-17, Finance Minister, Shri Arun Jaitley announced that the Bank Board Bureau will become operationalised in the financial year 2017. The Bureau will spell out a roadmap for consolidation of the public sector banks. He has further stated that consolidation is essential to make these banks more strong and competitive. The public sector banks include nationalized banks and the banks of State Bank Group (SB-Group). The SB-Group comprises of State Bank of India (SBI) and its following five associate banks :

1. The State Bank of Bikaner and Jaipur (SBBJ)
2. The State Bank of Hyderabad (SBH)
3. The State Bank of Mysore (SBM)
4. The State Bank of Patiala (SBP)
5. The State Bank of Travancore (SBT)

The State Bank of Saurashtra was merged with SBI with effect from

** Dr.D.N.Sharma, Assistant Professor, Department of A.B.S.T, Mahaveer College of Commerce, Jaipur (Rajasthan).*

Management Control Systems for Performance Measurement : A Study of Select State Level Public Sector Enterprises in Undivided State of Andhra Pradesh

*S.Parabrahmaiah**

The role played by State Level Public Sector Enterprises (SLPEs) in the undivided State of Andhra Pradesh on the economic front is to be revisited in the context of competitive environment created due to liberalized economic policies of the Government of India. The SLPEs evolve new strategies to achieve the objectives through the implementation of Management Control Systems. The objective of the study is to examine the influence of various Management Control Systems (MCS) on perceived effectiveness of organizational performance in SLPEs. The variables such as budgetary controls, financial controls, profitability analysis, human resources practices, management accounting and performance management practices, internal audit controls and competitiveness have been identified, measured and analyzed. Using the multiple regression and Anova t-Test analysis reveal that budgetary control, performance management, human resources practices have a positive and significant influence on the perceived effectiveness of the organization's performance.

Keywords : Management Control Systems, Performance Management, Perceived Effectiveness, State Level Public Enterprises.

Introduction

The economic paradigm in India has undergone a major transformation from controlled economy to market driven economy and concomitantly the government's role has transformed from producer state to a facilitator state. This paradigm shift has influenced many sectors including public sector enterprises. Even though the magnitude of investment in public sector enterprises has increased at a compounded growth rate of 15 per cent per annum, the profitability of

these enterprises was negative. During 1991-1996, the government approached global financial institutions for stabilization and structural adjustment of these enterprises. The government decided to review the portfolio of public sector investments with a view to focus on strategic, hi-tech and essential infrastructure. Accordingly, enterprises operating in the competitive sectors of the economy, where the private sector

** S.Parabrahmaiah, Research Scholar, School of Management Studies, University of Hyderabad, Gachibowli, Hyderabad.*

A Humane Perspective in Industrial Relations Environment in a Public Sector Enterprise

Satyabrata Borgohain & G.G.Banik***

The success of any business organisation depends on the dynamics of employees' relations, their active participation in raising the level of performance and productivity. What differentiates a great organisation from other ordinary organisations is its people who do great job in the organisation. The emerging challenge for any organisation is to attract and induct the right talented people. The greatest challenge is to keep them engaged in the right place and consistently inspire them to constructively and collectively contribute towards achieving the organisational objectives. Maintaining good industrial relations in today's business organisation has emerged as a challenge due to changed trade related policies, changing nature of job from manual workers to knowledge technicians and operators and their ever increasing expectation on par with executives. The Public Sector Enterprises (PSEs) play a dominant role in the industrial revolution of India and industrial relations in PSEs have special significance in enriching sustained economic growth and development. An attempt is made to understand the current scenario, challenges and changed paradigm in maintaining a humane perspective in industrial relations environment in an Indian CPSE.

Keywords : Challenges in Industrial Relations, Humane Perspective in Industrial Relations Environment, HRM Practices.

Introduction

The 21st century has witnessed a dramatic pace of advancement in the use of technologies and stiff global competition due to the impact of globalisation in the Indian industries. This, in turn, has changed substantially the nature and operation of business and how production is planned and organised in many industries. The Central Public Sector Enterprises (CPSEs)

are now being expected to innovate continuously to provide "the right product, at the right price and time". These requirements have placed considerable demands on management of CPSEs to develop and implement new strategies, structures and processes.

* *Satyabrata Borgohain, Ph.D Scholar, Don Bosco University, Assam-781017.*

* *Prof.G.G.Banik, Ph.D Guide, Guwahati Commerce College, Assam.*

For Profit Corporate with Social Conscience : Indian Context

*P.K. Chaubey**

This note proposes to clarify some of the notions in a general context as well as in Indian context so as to delineate the proper role of corporations with regard to their social responsibility. The paper first takes up evolution of CSR in India and then provides statutory provisions in nutshell with regard to CSR in the Companies Act of 2013. It then traces the background of interest in CSR by business and arguments against this seemingly a-business or anti-business activities chiefly promoted by the management rather than owners which is much more diversified than management. The paper then takes up certain prominent theories for examination. It then comes back to discuss the stand taken by the Government of India which amounts to a tax proposition without money/finance bill.

Keywords : CSR, Philanthropy, Public Sector, National Voluntary Guidelines, Public Interest, Stakeholders' Theory, Companies Act (2013).

Introduction

Businessmen, besides as individuals, have been found undertaking at times activities at institutional level, which are philanthropic in nature and are now counted within the realm of corporate social responsibility. In India, a head in traditional accounting was often called *dharmada*¹ which recorded amount collected and/or spent on charitable purposes. There exists a belief among businessmen that such expenditures bless their business too². In India, in pre-Independence eras, several initiatives were undertaken by several religious and other community-based organizations, which were in the nature of charity through institutional facilities in the areas of educational and health

and they continue to do so. But business houses as legal persons were also not far behind. India had her share of Fords and Rockefellers.

However, scholars and businessmen have argued on both the sides, for and against, of Corporate Social Responsibility (CSR). It has, therefore, remained a deeply controversial issue. Interestingly, in modern times, both sides have generally argued from business perspective. Proponents contend that CSR activities would be wealth-creating opportunity. Opponents argue that CSR is a stealth tax that starves the value-creation process of capital. The debate went on

* *Prof.P.K. Chaubey, Indian Institute of Public Administration, New Delhi.*

Emerging Landscape of Corporate Ethics and Social Responsibility – Challenges and Options

Arun K. Rath*

The purpose of business has undergone a major transformation in recent times. Profit maximization of shareholders' wealth has traditionally been regarded as the primary objective of corporate governance. However, there has been a sea change in setting the corporate agenda. It has now been accepted that profit alone cannot ensure corporate sustainability. Business enterprises need enlightened vision, social responsibility and ethical values for their survival in the long run. Social relevance of business and contribution to social causes are seen as factors for its sustainability. Profit along with business ethics, social responsibility and sustainability are emerging as major objectives of corporate strategy. A business will be considered successful only if such business becomes sustainable, respecting the needs and interests of all stakeholders including the society and environment. CSR initiatives should rise above the limited perspective of resource allocation and expenditure activity. The CSR plan needs to be integrated into business strategy of the corporation. At the same time the organizational culture in the corporation should be conducive to acceptance of social responsibility of business. This is possible by sensitizing the entire organization. The employees and executives must feel a sense of commitment to society and environment. CSR vision supported by action plan, CSR audit and public reporting would enhance the image and credibility of the company.

Keywords : Corporate Social Responsibility, Ethics, Sustainable Development, Legal Provision of CSR.

Shareholders invest in business with expectation of earning a reasonable return on their investment. Earning profit has been recognized as the *sine qua non* of a business enterprise. Traditionally, objective of corporate governance has been to maximize shareholder value. However, wealth destruction by failure of high profile business corporations has raised many concerns. Primary

concern has been the inadequacy of share value maximization as the primary objective of business strategy. Groups and institutions have emerged, who do not provide capital to the corporations, but contribute to the long term growth of business as stakeholders.

* Prof. Arun K. Rath, Chairman, Centre for Corporate Governance and Social Responsibility, International Management Institute, New Delhi.

The Post-Economic Reforms Possibility of Corporate Social Responsibility in India

Sandeep Kumar*

Modern corporations hold significant amount of power and influence in social, economic and political sphere. Increasing integration of world economies has given a kind of flip to LPG (Liberalization, Privatization and Globalization) agenda. The business environment is increasingly becoming complex and dynamic. There is growing criticism of the role of corporations in the society and their newfound interest in corporate social responsibility. India started adopting liberal policies since late 1980s and early 1990s. This has resulted in larger role for private sector to deliver goods and services based on these liberal policies, which is being seen as dilution of state's "Social Contract" with its citizens in favour of private sector. The present study has analyzed the CSR status in India and the important factors of economic, political and administrative system in Indian context to see, whether these factors encourage business community to take up CSR in its letter and spirit under rapidly changing social reality of post-modern society. It has been observed that business atmosphere in India, with respect to selected variables, is unduly complex, uncertain and ambiguous. It does not provide clear roadmap to encourage CSR voluntarily. Therefore, firstly, it is recommended that government should adopt multi-stakeholders approach to set the stage for voluntary CSR initiatives by establishing strong government-business-civil society relationship by involving all relevant stakeholders in partnership with their adequate capacity building and by promoting voluntary initiatives and tax incentives. Finally, the State has to avoid needless liberalization and privatization to fulfill its obligation under legitimate social contract with its citizens.

Keywords : Corporate Social Responsibility, Tax System, Regulation, Corporate Governance.

Introduction

The information revolution and critical social theory have certainly enhanced the understanding of the dynamics that govern economic change in response to the changing social reality of post-modern and neo-liberal capitalist society. The essential premise of critical social theory

is that contemporary society is neither democratic nor free, but that modern global capitalism creates a 'depoliticized citizenry' marked by apathy, cynicism satiated with consumer goods and forcefully made unaware of 'alternative

* Sandeep Kumar, Research Scholar, Department of Public Administration, Panjab University, Chandigarh.