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EDITORIAL

The burning desire to acquire, assimilate and utilize knowledge creates an intellectual. It is this unquenchable desire for knowledge that makes the environment dynamic in nature. You start craving for knowledge and do not leave any source unturned to acquire it. However acquiring knowledge should be channelized, focused and directional. Such knowledge should serve a purpose, it should have a objective. Research is such a dynamic medium.

Through Parivartan - Journal of Management Research we are trying to present new aspects of research in different spheres of management. We are bringing before you the second issue for the year 2015. The present issue of Parivartan comprise of six quality papers by the researchers covering the aspects of Finance, Marketing HRM & General Management.

Parivartan- Journal of management congratulates all the contributor for their quality research articles.

Hope you all will appreciate the research articles.

Ms. Shakti Awasthi
Editor

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A Comparitive Study on Segment Reporting Under As-17 And Ifrs -8: Empirical Evidence From India

*** Kshema Shrivastava**

ABSTRACT

This paper is aimed at examining the benefits of adopting IFRS by the Indian entities and further examines the effect of adoption of IFRS on Companies Segment Reportingas compared to Segment Reporting under IGAAP. The paper studies the impact of adoption of IFRS -8 by taking a case of M/s Sify Technologies Ltd., an Indian Listed entity gives a detailed analysis of difference in segment disclosures data under the new standard IFRS- 8 vis-à-vis the Indian Accounting Standard; AS-17.It has been found from the study that there are certain marked deviation in the Segment profit and loss as disclosed by financial statement of M/s Sify Technologies Ltd. as reported under Indian GAAP and those reported under IFRS. The reason for the same are further elaborated in the study. Further, under IFRS 8 the disclosure requirements related to geographical segments is significantly reduced or in most of the cases completely lost, which is a major concern to stakeholders. Further there will be lack comparability of segment information between companies as IFRS provides discretion to the 'Chief Operating Decision Maker' to choose what to disclose and manner in which the information can be disclosed.

Keywords: Segment Reporting, IFRS 8, GAAP, AS-17, Convergence, Sify Technologies Ltd.

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INTRODUCTION TO IFRS

The era of 'Globalization' has not left the capital markets and the financial markets around the world untouched and therefore comparison between firms is crucial for investors and stakeholders around the world to make vital and necessary decisions. The common tool used by them to take such decision is accounting or financial information. The investors make use of this information as one of the most important input or sometimes the sole input in their decision making process to decide whether to invest or not in the securities of a particular firm. The differences in financial reporting requirements and frameworks across nations create complications and inconsistent treatment for the Companies that are globally active in preparing consolidating and auditing the financial statements. This heterogeneity also render it impossible to compare financial information of companies from different countries. The differences in accounting standards creates confusion for users of financial statements which leads to inefficiency in capital markets across the world. It also increases the cost of providing supplementary information so as to make the financial statements comparable. This globalization of capital markets and increasing complexity of business transactions call for a single set of high quality accounting standards. Throughout the world, the bodies responsible for setting Accounting Standards in different nations are exploring ways to eliminate differences in accounting information thereby creating uniform standards for preparation of the accounting information so that the financial statements from anywhere in the world can be easily read and understood by the business and financial communities. **International Financial Reporting Standards (IFRS)are accounting rules which are applied while preparing the Balance Sheet and Income Statement of a Company and are issued by the International Accounting Standard Board (IASB).** IFRS is becoming the global standard for the preparation of public company financial statements. Convergence with IFRS, has gained momentum in recent years and the accounting bodies all over the world have realized that the adoption of the IFRS would enable the world to speak the accounting language understood by all.

In this scenario of globalization, India cannot insulate itself from the developments taking place worldwide. *In India, the Institute of Chartered Accountants of India (ICAI) has originally decided to fully converge with IFRS issued by the*

International Accounting Standards Board for accounting periods commencing on or after April 1, 2011 which will help India to join the league of IFRS adopting countries. However this mandatory enforcement of IFRS has been deferred on account of unresolved legal and taxation issues brought up by the Corporates.

The Institute has recommended a new roadmap for adopting IFRS by Indian Companies which is subject to the approval given by Corporate Affairs Ministry which is as follows:

Phase	**Companies Covered**	**Opening Balance Sheet**	**Financial Statements**
Phase I	Companies both listed as well as unlisted, but other than banking and insurance companies and having net worth of over Rs 1,000 crore.	April 1, 2015	31st March, 2015
Phase II	Companies both listed as well as unlisted, but other than banking and insurance companies and with a net worth of over Rs 500 crore but less than Rs 1,000 crore	April 1, 2016	31st March, 2016
Phase III	All Other Companies (including listed entities) except Banking and Insurance Companies.	April 1, 2017	31st March, 2017

It is expected that once IFRS is implemented, it will have an impact on the financial statements of Indian companies as there are major differences between IFRS and Indian GAAP. IFRS require fuller disclosure than the Indian GAAP. As against Indian GAAP which is based on Historical Cost method of asset valuation, IFRS promotes a fair value presentation in order to facilitate decision making for investors that was exclusively used by managers or preparators of Financial Information of the Company earlier.

BENEFITS OF IFRS

The Benefits of convergence to IFRS are can be seen from two prospects:

A. The Macroeconomic Prospect i.e Benefits to the Indian Economy as a whole.

B. The Microeconomic Prospect ie. benefits to the Indian Industries, Investors and other Accounting Professionals.

A. MACROECONOMIC PROSPECT - TO THE INDIAN ECONOMY AS A WHOLE

- The convergence to IFRS will aid and assist in maintaining well organized and efficient capital market where the cost of capital is lower which facilitate business environment to become more conducive to investment. This will inturn give a boost to the international business thereby increasing the Foreign Direct Investments (FDI) and inflow of foreign capital and international investment into the Indian Economy.

- The use of IFRS by Indian Entities would increase the quality, transparency, comparability and reliability of their financial statements and information. The adoption of these standards will facilitate Indian Companies to communicate with other countries in a more cost efficient and productive manner. It would also reduce the cost of understanding and evaluating the financial information of any potential acquisition by international investors as the information will be in identical and recognized format and confirm to globally accepted accounting standards, thereby considering investment in Indian Entities more lucrative in the eyes of potential International Investors.

- The majority of Stock Exchange across the world require their listed entities to prepare the financial information using IFRS. The convergence to IFRS will eliminate the cost of conversion of financial statements prepared by using Indian GAAP for international stock markets. It will strengthen the position, credibility and recognition of Indian Entities in the international capital markets which will help them to get access to number of capital markets across the globe and raise capital across borders potentially at a lower cost of capital. This will in turn fuel up and flourish their business expansion or significant acquisitions in the global arena.

B. MICROECONOMIC PROSPECT

At the Microeconomic level the beneficiaries of convergence with IFRS are the industry, investors, regulators and accounting professionals. The benefits to each of these are summarized as follows:

I. TO THE INDUSTRY

II. TO THE INVESTORS

III. TO THE SERVICE SECTOR

I. TO THE INDIAN INDUSTRIES

The convergence with IFRS will bring following advantages to the Indian Industries and Companies:

- Standardization and uniformity of Accounting Information which will enhance the quality of the Accounting Information presented by the Indian Entities.

- Facilitate the Indian Companies to come forth and develop uniform and orderly practices in harmony with the global practices to resolve the accounting and financial issues faced by them.

- Converging to IFRS will ease the burden of multiple financial reporting faced by the Indian MNCs as they will no more be required to prepare separate reports and make significant accounting adjustments in their consolidated financial statements to convert their financial statements from Indian GAAP for international stock markets for filing the same in different stock exchanges where they are listed.

- The adoption of these uniform and internationally accepted standards will also improve internal communications and lead to greater certainty and consistency in interpreting accounting information. This will lead to betterment of the quality of management reporting and group decision-making.

- This escape from multiple reporting will in turn lead to reduction of waste of time and cost incurred by Indian Companies or the subsidiaries or associates of Indian Companies listed with international stock exchanges in preparing the financial statements using different sets of accounting standards based on the requirement of the particular exchange with which the entity is listed.

- Migration to IFRS will remove the risk premium from Indian entities which was associated with them while reporting under Indian GAAP. This will enhance their credibility and brand value in the international marketplace and help them to gain easy access to the various stock exchange across the globe.

- When the financial statements prepared by Indian Companies comply with IFRS which are internationally accepted accounting standards it will create a trust and confidence in the mind of global stakeholders that the financial statements prepared by using IFRS present a 'True and Fair' financial performance and position of the entity. This will enhance their finance-raising capability and enable them to raise capital from foreign markets at a lower cost which will fuel the capital requirement of the Indian entities desirous of expanding or making significant acquisitions in the global arena.

Key Differences between Indian AS-17 and IFRS 8

	Segment Reporting under IGAAP	Segment Reporting under IFRS
Standard Applicable	The Reporting of various Operating Segments of the Company under IGAAP is done under AS 17- Segment Reporting	The Reporting of various Operating Segments of the Company under IFRS is done under IFRS 8- Operating Segments.
On which entities the Standard is applicable.	(a) Entities whose equity or debt securities are listed or are in the process of listing on any stock exchange, whether in India or outside India. (b) Banks (including co-operative banks), financial institutions or entities carrying on insurance business. (c) All commercial, industrial and business reporting entities, whose turnover (excluding other income) exceeds rupees fifty crore in the immediately preceding accounting year. (d) All commercial, industrial and business reporting entities having borrowings (including public deposits) in excess of rupees ten crore at any time during the immediately preceding accounting year. Holding and subsidiary entities of any one of the above.	Entities whose equity or debt securitiesare publicly traded or that issue equityor debt securities in a public market,or file (or are in the process of filing)financial statements with a regulatoryorganization for purposes of issuingsecurities in a public market.
Concept of CDOM	No such concept of CDOM or 'Chief Operating Decision Maker" is defined in Indian AS- 17.	IFRS-8 requires identification of CDOM. The term 'Chief Operating Decision Maker' is a function and not an individual with a specific title. The function of the CODM is to allocate resources to and assess the operating results of the segments of an entity.

	Segment Reporting under IGAAP	Segment Reporting under IFRS
		The CODM could be an individual, such as the chief executive officer or the chief operating officer, or it could be a group of executives, like the board of directors or a management committee.
What are the Operating Segments	Business- or Geography-based components that are subject to risks and returns that are different from those of other components. Accordingly there are two kinds of segments identified under AS-17: i. Business Segment Geographical Segments.	IFRS 8 does impose requirement to report Segment Information on Product or Geographical basis. It does not define segments as Business or Geographical Segment rather it defines Operating Segments as Business activities that may earn revenues or incur expenses, whose operating results are regularly reviewed by the chief operating decision maker and for which discrete financial information is available.
Requirement of Primary and Secondary Segment	Indian AS - 17 requires the determination of Primary Segment and Secondary Segment and the dominant source and nature of risks and returns of the entity governs whether the primary segment reporting format will be Business Segment or Geographical Segment.	IFRS 8 does not require the entity to determine any 'primary' and a 'secondary' basis of segment reporting.
On what factor is measurement of segment disclosure based on?	Segment information to be prepared in conformity with the accounting policies adopted for preparing and presenting the entity's financial statements	Segment disclosures are based on Management information reported to the chief operating decision maker. This may result in differences between the amounts reported in segment information and those reported in the entity's primary financial statements.
Definition of terms	The terms Segment Revenue, Segment Expense, Segment Result, Segment Assets and Segment Liabilities are clearly defined.	IFRS 8 does not define terms Segment Revenue, Segment Expense, Segment Result, Segment Assets and Segment Liabilities. On the other the standard requires increased disclosure regarding the basis on which the information regarding

	Segment Reporting under IGAAP	Segment Reporting under IFRS
		segment profit or loss, segment assets and segment liabilities for each reportable segment has been prepared.
Disclosures Required	Indian AS-17 specifies the financial parameters that must be disclosed for each reportable segment such as Segment Revenue, Segment Result, etc.	On the other hand IFRS-8 requires the measure of profit or loss and assets to be dislosed for each segment. Additional items, such as revenue from external customer, depreciation & amortization, interest revenue and interest expense etc. are required to be disclosed if the specified amounts are included in the measure of segment profit or loss reviewed by the chief operating decision maker, or are otherwise regularly provided to the chief operating decision maker, even if not included in that measure of segment profit or loss.
Aggregation Criteria	The aggregation criteria under AS-17 is comparatively liberal.	On the other hand aggregation criteria (para 12) under IFRS 8 is restrictive and more rule based in nature, which will lead to increase in the number of reported segments. For example, the nature of products & services may be similar, however, aggregation of such segments is not possible under IFRS 8 in case the type / class of customers differs
Comparability of Information	Segment Information provided under AS-17 is easily comparable across companies as specific financial parameters are required to be disclosed under AS-17.	On the other hand IFRS 8 does not specify any financial parameters. Rather the segment parameters are based on only internal reporting then the same would be very open-ended and hence comparability across companies would not be possible. The basic reason for this are: • CDOM could choose what to disclose, and CDOM can opt to disclose similar information in many different ways.

Source of Information:
1. Indian Accounting standard 17 issued by Institute of Chartered Accountants of India.
2. IFRS – 8 issued by International Accounting Standards Board (IASB)

CASE STUDY

The differences as quoted above are analyzed with the help of case study on Sify Technologies Ltd.) . The data on segment reporting was sourced from the published annual report of M/s Sify Technologies Pvt. Ltd. as per IGAAP and from Form 20-F (i.e Annual Report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934) for the Financial Year ended 31st March, 2013.The data is further interpreted and conclusion are drawn which are mentioned below.

SEGMENT INFORMATION

AS PER AS-17
Business segment

The Company's operating segment information for the year ended March 31, 2013 is presented below:

Particulars	**Enterprise services**	**Software services**	**Total**
	(A)	**(B)**	**(C)=(A)+(B)**
Revenue from operations	78,707	3,418	82,125
Allocable expenses	(64,380)	(3,085)	(67,465)
Segment operating income / (loss)	14,327	333	14,660
Unallocable expenses			(5,562)
Operating income			9,098
Other income			783
Foreign exchange gain / (loss), net			165
Profit / (loss) before interest, depreciation, tax and exceptional items			10,046
Interest income / (expenses), net			(1,323)
Depreciation, amortisation and impairment			(8,408)
Profit/(loss) before exceptional items and taxation			315
Exceptional item			3,943
Net profit/(loss) after taxes			4,258

The Company's operating segment information for the year ended March 31, 2012 is presented below:			
Revenue from operations	65,590	4,118	69,708
Allocable expenses	(55,214)	(3,844)	(59,058)
Segment operating income / (loss)	10,376	274	10,650
Unallocable expenses			(5,477)
Operating income			5,173
Other income			1,214
Foreign exchange gain / (loss), net			249
Profit / (loss) before interest, depreciation, tax and exceptional items			6,636
Interest income / (expenses), net			(2,206)
Depreciation, amortisation and impairment			(6,867)
Income Taxes			37
Net profit/(loss) after taxes			(2,400)

Geographical segment

The Company's geographical segment information for the year ended March 31, 2013 is presented below:

Description	India	Rest of the world	Total
Sales- External Revenue	51,502	30,623	82,125
Net carrying amount of segment fixed assets by location of assets	31,455	-	31,455
Net carrying amount of other segment assets by location of customers	51,805	6,879	58,684
Cost to acquire tangible and intangible assets by location of customers	10,490	-	10,490

Source : Seventeenth Annual Report together with the audited financials of the Company for the financial year 2012-2013. (taken from official website of Sify Technologies Ltd.)

SEGMENT REPORTING
AS PER IFRS – 8

The Group's operating segment information for the years ended March 31, 2013 and 2012 as in Form 20F:
Year ended March 31, 2013

	Enterprise services	Software services	Total
Segment revenue	7,869,647	700,669	8,570,316
Allocated segment expenses	(6,486,556)	(717,919)	(7,204,475)
Segment operating income / (loss)	1,383,091	(17,250)	1,365,841
Unallocated expenses:			
Selling, general and administrative expenses			(587,909)
Depreciation and amortization			(848,210)
Other income / (expense), net			50,858
Finance income			73,853
Finance expenses			(260,441)
Gain on sale of equity accounted investee			657,577
Profit / (loss) before tax			**451,569**
Income tax (expense) / benefit			-
Profit / (loss) for the year			451,569

Year ended March 31, 2012 (As adjusted)

	Enterprise services	Software services	Total
Segment revenue	6,949,872	749,077	7,698,949
Allocated segment expenses	(5,906,845)	(729,587)	(6,636,432)
Segment operating income / (loss)	1,043,027	19,490	1,062,517
Unallocated expenses:			
Selling, general and administrative expenses			(571,550)
Depreciation and amortization			(691,560)
Other income / (expense), net			37,377
Finance income			59,313
Finance expenses			(306,732)
Gain on sale of equity accounted investee			27,298
Profit / (loss) before tax			**(383,337)**
Income tax (expense) / benefit			-
Profit / (loss) for the year			**(383,337)**

Year Reconciliations

	Cost of goods sold	general and admini-strative expenses	Selling, Finance expenses	Total
Year ended March 31, 2013				
Allocated segment expenses	4,750,879	2,453,596	-	**7,204,475**
Unallocated segment expenses	-	587,909	260,441	848,350
Total as per income statement	4,750,879	3,041,505	260,441	8,052,825
Year ended March 31, 2012				
Allocated segment expenses	4,660,773	1,975,659	-	**6,636,432**
Unallocated segment expenses	-	571,550	306,732	878,282
Total as per income statement	4,660,773	2,547,209	306,732	7,514,714

Cost of Goods Sold and Services (COGS) rendered:
Fiscal 2013Fiscal 2012Change%Change

Enterprise Services	4,242	4,126	116	3%
Software Services	509	535	(26)	-5%
Total	**4,751**	**4,661**	**90**	**2%**

Source : Form 20-F i.e Annual Report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934) for the Fiscal Year ended March 31, 2013. of the Company (taken from official website of Sify Technologies Ltd.)

ANALYSIS AND INTERPRETATION

• As stated above as per Accounting Standard - 17, in the segment information of M/s Sify Technologies Pvt. Ltd. as given in the Financial Statement prepared as per IGAAP, two kind of segments have been identified.

1) Business Segments being the Primary Segment – Accordingly two Business Segments i.e **(a) Enterprises Service Segment** and **(b) Software Services Segment** has been recognized.

2) Geographical Segments being the Secondary Segment – Accordingly two segments i.e**(a) India** and **(b) Rest** of the World are recognized.

Since the overall risk and return of M/s Sify Technologies Pvt. Ltd. are affected predominantly by differences in the Products i.e Software and Hardware it produces and Services i.e Network and IT Services, the group render to its clients, its primary format for reporting segment information has been Business Segments, with secondary information reported Geographically.

• In the Segment Reporting as per IFRS – 8, given in Form 20-F of M/s Sify Technologies Pvt. Ltd. prepared as per IFRS, Business Activities i.e. **a) Enterprises Service Segment** and **(b) Software Services Segment** that earn revenues or incur expenses, whose operating results are regularly reviewed by the chief operating decision maker and for which discrete financial information is available are identified as Operating Segments.

- As per IFRS- 8, Chief Operating Decision Maker ("CODM") have been identified in the Segment reporting of the Company. The CDOM i.e, The Board of Directors and the senior management, evaluate the Group's performance and allocate resources to various strategic business units that are identified based on the products and services that they offer and on the basis of the market served.The measure of profit / loss reviewed by the CODM is "Earnings/loss before interest, taxes, depreciation and amortization" also referred to as **"segment operating income / loss".** The financial information is required to be reported on the basis that it is used by management internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

· Whereas in the Segment Information as per IGAAP, no Chief Operating Decision Maker has been identified and the Segment Operating Income and Loss is calculated as per the requirement of AS-17 and not on the basis of information reviewed by CDOM. The Segment Information has been prepared in conformity with the accounting policies adopted for preparing and presenting the entity's financial statements.

- Accordingly this has resulted in differences between the amounts reported in segment information as per IFRS-8 and and those reported under AS-17. The tabular difference between the two reporting is stated below:

(a) <u>Enterprises Service Segment</u>

All amount in Indian Rupees in lakhs

Particulars	Amount Reported as per IGAAP (A)	Amount Reported as per IFRS (B)	Difference (B-A)	% change over IGAAP
Revenue from operations/ Segment Revenue	78,707	78,696.47	**-10.53**	-0.01%
Allocable expenses/ Allocated segment expenses	-64,380	-64,865.56	485.56	0.75%
Segment operating income / (loss)	14,327	13,830.91	-496.09	-3.46%

The probable reason why these differences have occurred are further elaborated as follows:

1. Under **AS-17**, revenue recognized is at the nominal amount of or cash equivalents received or receivable. It is the gross inflow of cash, receivables or other consideration arising in the course of the ordinary activities of an enterprise from the rendering of services.
   Under IFRS, revenue measured at the fair value of the consideration received or receivable which may be less than the nominal amount of cash received or receivable when inflow of cash or cash equivalents is deferred. **The fair value of revenue recognized is determined by discounting all future receipts using an imputed rate of interest to their present value**. The difference between the fair value and the nominal amount of the consideration is recognized as interest revenue.

2. Another reason is that the under IGAAP revenue recognized from services related to sale of products for example Installation service revenue related to Sale of Product or Initial Franchise Fee is given under Enterprise Service Segment whereas under IFRS the information pertaining to same is given under Software Service Segment till the extent it is related to sale of products.

Therefore revenue recognized under IFRS is lower by 10.53 Lacsi.e approximately by 0.01% over IGAAP.

(a) Software Service Segment

All amount in Indian Rupees in lakhs

Particulars	Amount Reported as per IGAAP (A)	Amount Reported as per IFRS (B)	Difference (B- A)	% change over IGAAP
Revenue from operations/ Segment Revenue	3,418	7006.69	3,589	104.99 %
Allocable expenses/ Allocated segment expenses	-3,085	-7179.19	-4,094	132.71%
Segment operating income / (loss)	333	-172.5	-505.5	-151.80%

The reason why these differences have occurred are further elaborated as follows:

1. Under AS-17 the segment reporting as previously stated has been prepared in conformity with the accounting policies adopted for preparing and presenting the entity's financial statements. Therefore in the Software Service Segment, the information as per AS-17 consist only Revenue generated from sale of product i.e Software and Hardware and expenses related to the same. The revenue related to installation or related services are recognized under Enterprise Service Segment. But under IFRS, Revenue for Software Service Segment includes Sale of Products, Initial franchise fee and Installation service revenue and the expenses relating to the same.

2. Under IFRS revenue from sale of goods shall be recognized even if there is the probability that economic benefits associated with the transaction will flow to the entity and the ability to reliably measure the revenue in question is there, including any contingent revenue. Whereas revenue under IGAAP is based on fixed or determinable pricing criterion. It does not accept probability of economic benefits associated with the transaction which results in contingent amounts generally not being recorded as revenue until the contingency is resolved. This could lead to differences in the timing of revenue recognition, with revenue potentially being recognized earlier under IFRS and therefore the revenue recognized under IFRS is higher by approximately 3.58 Crore than revenue recognized under IGAAP.

3. Under IGAAP the Installation fee or Installation Service Revenue are other than incidental to the sale of a product, then they are recognized as revenue only when the equipment is installed and accepted by the customer since these are considered to be incidental / ancillary to product delivery and the cost of installation services is also accrued upon delivery of the product. But under IFRS revenue relating to product installation services is recognized as and when the installation services are performed and expenses related to performing those services are also recognized when the installation services are performed. Now in this case sale of product under IFRS is recognized earlier than IGAAP therefore the services incidental / ancillary to product will also be recognized earlier under IFRS than IGAAP. Therefor the revenue recognition as well as cost/ expenses associated with the Installation service is higher under IFRS.

4. Under IGAAP, the Initial Franchise Fees is recognized when

the cash instalments are received or to the extent the initial services have been substantially completed. And if they relate to Supplies of equipment and other tangible assets, it is recognized as revenue when the items are delivered or title passes. On the other hand IFRS looks to the probability of economic benefits associated with the transaction flowing to the entity and the ability to reliably measure the transaction, therefore even when cash installment is accrued but not received but it is probable that the benefit will flow to the entity, then revenue pertaining to Initial Franchise Fees is recognized under IFRS. Further if under IFRS revenue related to supplies of equipment and other tangible assets is recognized earlier than IFRS then, Initial Franchise Fees incidental to that will accrue earlier under IFRS.

As a result Installation service revenue and Initial Franchise Fees as recognized under IFRS is higher than IGAAP.

- Another major difference between the two reporting is the information given and presentation requirement. The information given under IFRS is detailed than that under IGAAP. IFRS requires the bifurcation of Allocated segment expenses and Unallocated segment expenses and further detail out the Cost of Goods Sold and Services (COGS) rendered related to each segment which a user who does not have any access to internal reporting is not able to analyze under IGAAP.

CONCLUSION

The IFRS adopts the management approach to segment reporting and therefore it provides an opportunity to the users of financial statements to examine the performance from the senior management perspective. It facilitate the users of financial statements so as to inquire and examine how the entity is controlled by its senior decision makers.

Reporting under IFRS 8 also reduces cost of preparing the information on reportable segments because the information is already to be used internally by management and readily available on a timely basis.

The basic idea behind IFRS 8 is that the entity should disclose information so as to enable the users of its financial statements to assess the nature and financial effects of the types of the business activities of the entity and the economic environments in which it operates. AS-17 on the other hand is not based on this principle, but it is congruous with the objectives and principles of the Indian Accounting Standards.

But on the other hand if we look to the drawback of IFRS 8, we assess that it allows the preparers of the segment information more discretion to define segments and segment information as they desire, and does not impose any mandatory need for geographical disclosures. The companies basically are reluctant to provide geographical disclosure especially when they are of politically sensitive nature as they help to assess risks, especially those linked to country or regional factors. IFRS-8 allows the management a discretion whether to provide such data or not. In such case mostly the information is not provided as it is not mandatory as it could be seen from the case study as well.

IFRS 8 removes the risk and reward criteria determining the reportable segment or for deciding the adequacy of information that is presented (or not presented) to stakeholders and public at large, which is there under AS-17. The menace associated with IFRS-8 is not about whether the quality of information is enhanced over that reported under AS-17 or not. The risk is related to the management who is preparing the information. The basic risk under IFRS-8 is that it provides discretion to management who do not want to deliver any information, or have something to hide, which could then be passively assented to by non-executives and auditors due to the prescription of the standard allowing it.

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War: The longest running business for United States of America

* Dr. Kaustubh Sontakke
** Prathamesh Gosavi

This consideration is motivated by Realism, and, according to Daniel Lieberfeld's explanatory perspectives on the Iraq Invasion, was meant to "maintain unipolarity, maintain hegemony and avoid post-9/11 decline by demonstrating U.S. willingness to use force" (Lieberfeld, 2005)

These words marked one of the most significant events in the World history and the dawn of an extra-ordinary path chosen by the strongest democracy in the world, towards upholding its hegemony. They were meant to send out a staunch warning to its rivals, a bold move to express its will to travel great lengths to preserve its position in the world politics. These words marked the beginning of the Iraq war.

INTRODUCTION

Throughout late 2001, 2002, and early 2003, the Bush Administration worked to build a case for invading Iraq, culminating in then Secretary of State Collin Powell's address to the Security Council in February 2003. And what followed was more than $2 trillion of taxpayer's money pumped into the war funds; an amount equalling the GDP of India, world's largest democracy. This in addition to $4 Trillion already spent on Afghanistan war.[1] Defence and related sectors have always had a high share in the U.S. GDP, the levels reaching as high as 5.7% of GDP during the period from 2003-2013.[2] The alarming question that arises that needs to be asked is "why" would a nation be ready to spend such a huge amount of taxpayer's money, if it does not expect greater benefits in return?

The answers to this question are of course, not simple.

Let us begin with the traditional theories and motives suggested to justify the rationale behind this war. But it is very important to not look at the Iraq war as an isolated event in the history. It was the beginning of a meticulously designed foreign policy, which has directly shaped the

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unipolar world order as we see today. The U.S. government invested inconceivable amount of taxpayer's money, and the benefits they reap are huge and strategically significant. Following the money trail assists in finding clues to the real motives behind such policies, which are characterised by multiple layers of smokescreens and false motives being planted in the minds of people.

Objectives

The present study is highly exploratory in nature. It aims at exploring international war like situations and terrorism scenario with special reference to engagement of U.S. government on continuous basis.

Research Methodology

The present study is highly exploratory in nature, and it is based on secondary information and data, its analysis and interpretation and conclusion. The information and data is processed on piece meal basis and made amenable for presentation, analysis and interpretation.

Limitations

The present study covers international war like situations and terrorism scenario to the extent of engagement of the U.S. government, for the last two decades. Thus, other global war like situations and engagement of other countries in such situations is not considered as the subject matter of this study.

The Rise of Global Terrorism ~ Expanding Business

The immediate considerations behind the invasion of Iraq were characterized by concerns brought to the forefront by the events of September 11th 2001, namely global terrorism, and more importantly, the weapons at its disposal in a new era of transnational asymmetrical war waged by non-state actors. As President George W. Bush made it clear in his State of the Union on January 29th 2002, "*in meeting this challenge, the U.S. would not differentiate between terrorist groups and nations which harbour or arm them*" (Bush, 2002). This policy led to the invasion of Afghanistan, motivated by the need to remove al-Qaeda's safe haven and training ground.[1]

Iraq did not specifically harbour al-Qaeda, but it had provided training camps and other support to terrorist groups fighting the government of Turkey and Iran, as well as hard-line Palestinian groups. In fact, "*the question of Iraq's link to terrorism grew more urgent with Saddam's suspected determination to* *develop weapons of mass destruction (WMD), which Bush administration officials feared he might share with terrorists who could launch devastating attacks against the United States*” (Council on Foreign Relations, 2005). Anti-US stance, readiness to develop and use chemical and biological weapons, and providing a breeding ground for terrorism were the official reasons cited by the U.S government for the invasion. [2]

According to Henry Michaels, “purely military considerations cannot explain such savagery. Bush’s war plans are driven by political aims—to terrorize and demoralize the Iraqi people and the Arab masses and send a message of violence and intimidation to the entire world”

But, a direct blow to these theories comes from the very fact that no such weapons of mass destruction (WMD) were ever found in the country, in the multiple investigations carried out neither by weapons investigations nor after the invasion. Also, al-Qaeda has been proven to be the direct result of U.S. policy towards Afghanistan, when it provided arms support to the country to fight the invasion by the Soviet. Studies reveal that U.S. still is the main supplier of arms and ammunition to the rebels and the terrorist organisations; but more on that in the later sections.

The Iraq war and the subsequent activities were an effort made by the U.S. government to retain its market, and hegemony. Peace halts the demand for weapons. And for a nation whose business is dependent on war, artificial simulation of war-like situations becomes necessary to keep up the demand. For situations to be created, you need to conjure enemies. Sometimes things just fall into the place naturally, sometimes you force them too. An investment of $2 Trillion is a meagre amount when you are changing the entire face of the World Order.

According to Henry Michaels, “purely military considerations cannot explain such savagery. Bush’s war plans are driven by political aims—to terrorize and demoralize the Iraqi people and the Arab masses and send a message of violence and intimidation to the entire world”

Vested interests in Oil, Reconstruction Contracts ~ Revenue Model

Interesting Fact!

Both the President and Vice President were formerly CEOs of oil and oil-related companies such as Arbusto, Harken Energy, Spectrum 7, Exon Mobile and Halliburton.

Iraq holds the world's fifth-largest proven oil reserves at 141 billion barrels (2.24×10^{10} m^3) with increasing exploration expected to enlarge them beyond 200 billion barrels (3.2×10^{10} m^3) For comparison, Venezuela—the largest proven source of oil in the world—has 298 billion barrels (4.74×10^{10} m^3) of proven oil reserves. With the rising dominance of Russia in the Middle East, and the United States rapidly losing control, drastic measures were indeed necessary. The Bush administration hoped that removing Saddam Hussein would result in a domino effect, where all regimes in the greater Middle East hostile to the U.S. and its interests in the region would be intimidated into cooperation, or toppled by their populations following the example the U.S. had set freeing the Iraqi people (Gauss III, 2009).[1]

Understanding the role of "ministry-industry-legislative complex" in the arms build up before the invasion gives tremendous insights. An incentive stemmed from the Iraq invasion not only from the interests of U.S. Energy corporations, but also from multiple billion dollars that the government pumped into military and reconstruction efforts. Huge contracts were doled out to corporations that were successful in lobbying the Bush government for the Iraq invasion.

Saddam Hussein's gruesome wars against Iran and Kuwait in the late 20th century, which witnessed rampant use of chemical and biological weapons, do add relevance to the War-for-Oil theory. United States had been an ally to the Saddam government in these wars, providing them strategic and military support. Yet, this theory alone still proves insufficient to explain the rationale behind investing 2 Trillion U.S.D.

America did make some tangible, high returns on the investments she made. The contracts that were offered post the invasion would let oil companies make billions of dollars over the coming decades. They gave a strategic hold over the huge amounts of reserves in the Middle East. Another series of contracts saw billions of dollars diverted to Construction companies, in the reconstruction efforts made in Iraq post invasion.

A study co-authored by the Centre for Public Integrity, found that in the two years after September 11, 2001 the president and top administration officials had made 935 false statements, in an orchestrated public relations campaign to galvanize public opinion for the war, and that the press was largely complicit in its uncritical coverage of the reasons adduced for going to war.

Also, with gaining control over the oil market in Iraq, America was able to deliver a major blow to Russian economy. Russia sources oil majorly from the arctic region, with high excavation and production costs. Oil trading had reached $110 a barrel, with the Russian economy flourishing. This price was drastically brought down by 55% to $48 a barrel. This reduction in price has made a huge dent in the Russian economy, which works well in favour of the U.S. government.

Yet, all these theories fail to completely justify these tremendous investments, and the investments that followed. And these theories fail, because we are still looking at Iraq war as an isolated incident. To completely understand any business strategy, it becomes necessary to look at philosophy that resides at the heart of the strategy, and the future roadmap too. Foreign policies of governments are usually dynamic and subject to change with the change in ruling party. They are characterised by false propagandas deliberately being promoted, half truths being spread and fed to the communities in large, and using the public and private machinery as pawns in the game of chess.

Manifest Destiny ~ Business Philosophy

An American writer John L. O'Sullivan coined a term "Manifest Destiny" in the year 1845. This term describes what most 19th-Century Americans believed was their God-given mission to expand westward, occupy a continental nation, and extend U.S. constitutional government to unenlightened people. While the term sounds like it is strictly historical, it also more subtly applies to the tendency of U.S. foreign policy to push democratic nation-building around the globe.

This philosophy, though subtly, still governs the policies designed by the U.S. government. Quoting the example of then President George W. Bush, when he began the war in March 2003, his overt reason was to find "weapons of mass destruction." In reality, he was bent on deposing Iraqi dictator Saddam Hussein and installing in his place a system of American democracy. The ensuing insurrection against American occupiers proved how difficult it would be for the United States to continue pushing its brand of Manifest Destiny.

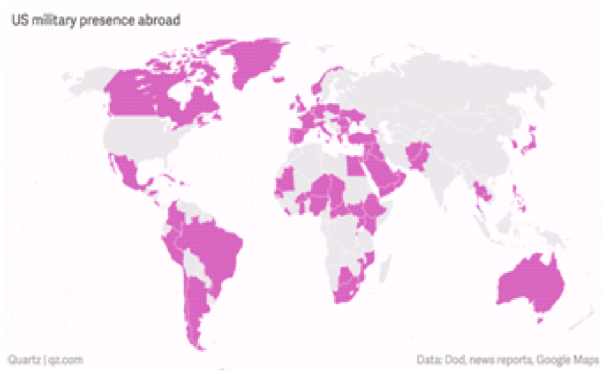
Though the Bush government faced huge uproar from the world community post the invasion, after its failure, this government had smartly invested to sustain its frontline business, war. Where the communities perceive wars as drastic efforts taken by nations to defeat their enemies, the elite look at it as a powerful tool. It's the machinery set up to maintain and sustain its stronghold, its position as a superpower. It's arrogant, it's bold, and it's highly effective.

Post World War I, the U.S. has been the largest supplier to the World's arms and ammunitions market. This, combined with almost no internal conflicts over border disputes, was a major driver of it becoming a superpower in the coming years. With the philosophy of "Manifest Destiny" at its heart, and the massive military strength, the U.S. took no time in establishing its hegemony in the world. War became their source of business. Every time a war was fought around the world, the profits went to U.S. Every time a war was waged, the demand for weapons surged. When countries became weary of its rivals gaining strategic advantages, the demand of newer and better weaponry increased. The world saw a huge escalation in the weapons demand, and the U.S. was always present to cater the demand. Business was flourishing.

But what happens when the world starts moving towards achieving peace? What if there are other players who question your monopoly? How does America react when Russia and China disrupt her business? How does America react when the demand reduces? How does America react when she starts losing her strategic foothold in the world politics?

The answers can be found in steps taken by the U.S. government, the foreign policies designed, beginning with the Iraq war.

As mentioned earlier, war is the main business of America. And it cannot afford to lose its ground. Russia rapidly gaining ground in the Middle East, together with Saddam Hussein's aggressive policies, made America uncomfortable. They needed a comprehensive policy to maintain its position in the world order. They had to increase their military presence in Europe and Asia, together with soft power diplomacy with the governments.



But strategically placing your military around the world without spooking the nations is definitely not straight forward. Also, to sustain the business it started almost a century ago, the demand had to be positively influenced, enemies had to be created.

Al-Qaeda and the rising terrorism all over the world became the enemy that America wanted. And quite contrary to the beliefs, it was a brain-child of America itself. The roots of al-Qaeda have been traced back to the rebels that successfully fought the Soviet invasion with the support from U.S.

Interesting Fact!
Both the President and Vice President were formerly CEOs of oil and oil-related companies such as Arbusto, Harken Energy, Spectrum 7, Exon Mobile and Halliburton.

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The same Al-Qaeda was used as a main reason of invading Iraq. It was established over multiple reports published over the period of 3 years (2001-03), that Iraq had been harbouring terrorists on its soil, providing them training and arms support (*sounds similar to our neighbour's story eh?*), though no such proofs ever came forward. The reports of Weapons of Mass Destruction (WMD) were established, yet never proved. America invaded Iraq successfully. And she got its entry into Middle East Asia.

Iraq, due to its strategic position gave America a very strong position in one bold move. The multi-trillion dollars invested into this move gives more intangible, than a few tangible returns like oil and construction contracts. The U.S. government set up a huge military camp in the heart of the Middle East. The troops stationed were meant to stay forever. But the reason of reconstruction and setting up democratic government in Iraq had a time limit.

When the current President Barack Obama announced the recall of the U.S. soldiers, from Iraq, the world applauded and looked up to him with pride. But again, this was just a small move in a broader plan. Very interestingly, a new enemy was simultaneously emerging in the Middle East. They had immensely strong management, with tremendous man force and high arms stockpile, and shook the world by its feats. They were called "Islamic State of Iraq and Syria".

Iraq now again was at the centre of the axis of terrorism. Due to the suspicious emergence of this new terrible threat, America now again had a reason to retain its troops in its Iraqi establishments. It thus got a chance to maintain its image of being a saviour to the world, and extend its military foothold deeper into Syria. This move takes it one more step closer to its arch enemy, Russia.

A new cold war has been suspected of brewing between America on one side, and Russia and China on the other. Interestingly, all these nations have been investing large sums of money into expanding their strategic reach. All the nations have been approaching their expansionist strategies in all together different directions. While China's expansionist policies are perceived to be highly overt and aggressive, Russia has been living up to its legacy of playing its cards close to its chest. America on the other hand, has been involving itself into a much softer expansionist path, doing what it does the best. Playing the game of war.

Conclusion:

Experts all around the world are talking about this new type of war. The 21st century has already been termed as the age of wars. But the nature of this modern war is drastically different from what our ancestors witnessed. This is the age of "Limited War", where there are limited resources targeted towards achieving limited destruction (*supposedly*).

Whilst the world is busy talking about rising terrorism, and how the world is heading towards destruction, America is busy counting the tings on the cash counter. Their cash counters are flooding. Very intelligently, she has created the demand in the market for war, and she has been supplying war. Business is booming. Profits are on a all time high. It has invested about $6 Trillion overtly, and many more covertly. And the investments have paid. Oil markets are under her control, governments are under her control, her position in the world order remains unfazed, and American corporations in support of the government have been regularly awarded with multi-billion contracts for weaponry and nation building.

What started as an all out invasion of Iraq 12 years ago, has now transformed into a beautifully crafted foreign policy for the United States of America, carrying its philosophy of "Manifest Destiny" ahead. The beauty of the policy lies in the fact that enemies will be created and destroyed by America, but no one in the world will ever challenge its authority. That's what truly makes her the superpower.

May God Bless the United States of America!!

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Organizations Taking Care of Intellectual Capital

*** Raghavendra Suresh Bendigeri**

INTRODUCTION

"Intellectual capital is the knowledge, applied experience, enterprise processes and technology customer relationships and professional skills which are valuable intangible assets to an organization."

In fact in our knowledge based service orientated economy, intangible assets are becoming as important as tangible ones. Intellectual Capital is probably the primary creator of value in your business. This has presented companies with a new challenge - how to manage and develop intellectual capital.

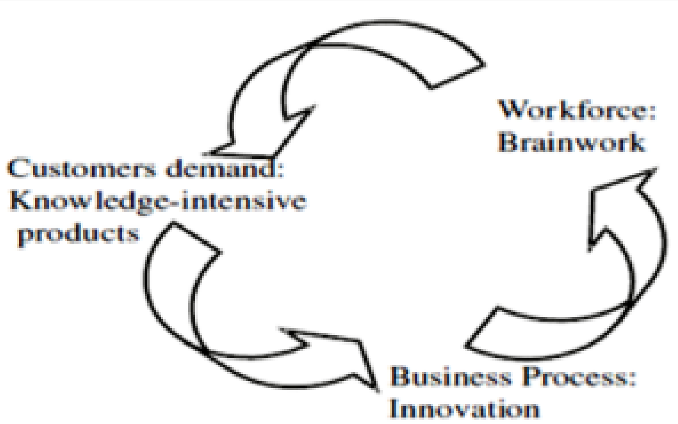
Objective

- This study aims to investigate the role of organization in perpetuation and development of intellectual capital (IC).

Findings

The only way to create value in the knowledge economy is by adopting innovation as the core business process. An organization's ability to create value depends on its innovation process, its intellectual resources, and the creativity of its workforce—its intellectual assets.

The value most companies receive from their intellectual capital is the result of a well-planned and well-executed set of management initiatives.



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The findings suggest that the following competencies are vital and play a significant role in management of Intellectual Capital for Organizations.

Knowledge Management

Knowledge management is the first competency that an organization needs to develop for the management of IC. Knowledge management constitutes the ability of an organization to learn, to remember what it learned, and to leverage what it learned internally and externally.

British Petroleum (BP) is a pioneer in knowledge management. BP professed that collaboration between employees to transform personal into organizational knowledge is what makes "the bigger brain that is BP." BP innovated and implemented a number of programs on the operational level designed to make knowledge sharing the job of every employee and division, realizing great profits.

Innovation Management

Innovation management is a key core competency in an economy where cycles of change are more recurrent. As a core competency, it involves the ability to embrace and create change, take risks, accept failure as part of the experimentation process, and get from product concept to market in the shortest time.

Consider the experience of **Encyclopedia Britannica.** Britannica continued producing their leather-bound encyclopedia volumes after the market was ready to purchase the same data in other medium— compact discs. Microsoft seized the opportunity and produced their own encyclopedic CDs, Encarta, for less than a tenth of the price. The market, preferring the fractional price and the added convenience of digital, searchable encyclopedic CDs, forced Britannica into bankruptcy.

Intellectual Property (IP) Management

To protect ideas, expressions, and other intellectual capital, organizations have to manage their IP, because until protected, ideas and expressions are the property of no one. The speed and comprehensibility with which an organization moves to protect a good idea sometimes can be critical. **IBM** is a company that developed IP management as a core competency. IBM first adopted a very aggressive patenting strategy, where inventions are patented regardless of whether they fall in a core technological area or not.

Organisational Culture

The previously mentioned competencies cannot be developed without the support of the right organizational culture. Organizational culture is the set of shared unspoken values that stem from the organizational philosophy and history, and affect its behavioral patterns. Being deeply entrenched in the organization, a positive culture and philosophy is a core competency that can hardly be replicated by the competition. Every organization needs to develop culture as a core competency, but the same is not true for the other mentioned competencies.

Conclusion

Efficient and Effective Management of Intellectual Capital is a primary prerequisite of every organization to develop **sustainable competitive advantage** and create a **unique identity.**

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Post Merger Financial Appraisal of Royal Bank of Scotland & ABN AMRO Bank

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****Piyuesh Pandey**

Abstract

The focus of this study is to estimate the profitability (or loss) of the Royal Bank of Scotland (RBS) after it acquired the ABN AMRO during the financial crisis of 2008. Also, some qualitative data have been utilized to analyze the competitive advantage and management techniques of the RBS PLc. This particular merger has by and large improved the competitive edge of the RBS PLc that they might need to broaden their presence in the untouched markets. RBS Plc should provide enabling financial environment to ABN AMRO in order to regain its lost profitability. The EPS and P/E ratio are better after the merger which is giving a clear indication good financial health and better operational performance of banks involved. The bank's cost of capital is significantly higher than other competitors in the market and therefore bank must take action to reduce its cost of capital like capital restructuring, considering dividend decision. In order to match with the accounting practices being followed by the ABN AMRO bank, RBS should adopt the IFRS practices. Overall, this merger & acquisition has been accepted happily by a large section of employees and its future prospects also seem to be promising.

Keywords: Royal Bank of Scotland, ABN AMRO Bank, Bank Merger & Acquisition

A. Introduction

In present day globalize economy, business cannot be thought of in isolation and also every business is interdependent and therefore mergers and acquisition are being used world over for improved competitive efficiency through access to larger market share, reducing market risk by distribution of portfolio, entering into new market in terms of geography, demography etc, and it also helps in capitalizing on economies of scale, economies of scope, it helps in getting

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taxation benefits too. Recently the Indian financial sector and economy or for that matter the global economy is facing severe challenges especially after the 2008 recession and the euro zone crisis. In order to overcome these financial challenges, besides regulatory measures, there are lot of merger and acquisitions have taken place. This increase in merger and acquisition are playing an important role in changing the entire structure of financial industry with an objective of strengthening and decreasing the default risk which is attached to financial sector.

Royal Bank of Scotland in India

The Royal Bank of Scotland has more than 700 branches across Scotland. The RBS Group always supported different enterprises and companies. In India, RBS group has its footprints in various cities such as Kolkata, Mumbai, New Delhi, Chennai, Pune, Baroda, Hyderabad, Bengaluru, Noida, Gurgaon etc. Group provides retail and business banking services including the recent concept of transaction banking, investment banking, private privilege banking and asset and wealth management. There are total of 28 branches throughout the country with 1.3 million customers.

Royal Bank of Scotland Consortium Takeover of ABN AMRO

Interesting aspects to discuss at interview Background to the RBS Consortium acquisition of ABN AMRO. In April 2007, the European Commission ordered Dutch regulators to allow the takeover of ABN AMRO (ABN). Soon after, ABN received a •66bn takeover bid from Barclays Bank. Two days later a consortium (the RBS Consortium), led by Royal Bank of Scotland (RBS) and including Fortis Bank and Banco Santander, made an even bigger offer of •72bn, •50bn of which would be cash and the remainder of which would be made up of shares in RBS.

The takeover is unrivalled in terms of size and complexity and is hugely significant as it is the world’s biggest banking transaction to date and the first cross-border takeover of a European bank. No European bank had ever succumbed to a cross-border hostile bid and it is interesting that the acquisition was for a perfectly solvent conglomerate. It is commonplace for acquisitions like that of ABN to happen in circumstances where there is a disparity between two organisations or where one organisation is in financial crisis. An example of this is the Virgin Group’s proposed acquisition of Northern Rock following the effect of the credit crunch, where share prices tumbled to an all-time low. In the case of ABN, you have a bank with a significant presence in the European banking market and its performance certainly did not suggest that it was in any financial difficulties. Although takeovers are often triggered by the weakness of the target, ABN is a huge organisation with offices in 53 countries and its reputation was never that of a desperate operation.

B. Review of the literature

The main objective of this Research article is to study the performance and operations of well established banks, how they cope up with the changing environment and the financial health of the country due to the global financial dynamics (crisis), Several previous related studies were reviewed focussing especially on the diversifiable effect of merger and acquisition on the operations and profitability of the two or more merged banks. For this purpose RBS was chosen as sample company because it is a foreign bank which has its operations in India as well, and the causes of 2008 crisis was mainly rooted in the downfall of American and European financial structure, so the critical study of RBS would be helpful in making a connect with the objective of this study report.

Andrea Resti (1998) talked about the outcomes of mergers on the banks conceiving the target market, he found out in the study and aptly said that when the two banks which are operating in the similar market and at the equivalent operational levels merge, the efficiency of the firms increases, but in this particular paper he did not talk about the alteration in profitability and the liquidity of the banks which are involved and also failed to talked about the mergers of two foreign banks or which is usually referred to as cross border mergers.

Scott, Hviid and B. Lyons, 2005, that Merger control in the United Kingdom has recently entered a new phase in its development. The advent of the pertinent aspects of merger and acquisition has been welcomed as a ‘depoliticisation’ of the government. He talked about the less hindrance of the politics would result in fairer and quick process of recovery of the banks being acquired.

Fridolfsson & Stennek (2006) clearly said that there is rise in share price but it subsequently falls, the earnings of the firms being merged, they stated that the study gives a possible account of a universal puzzle whether mergers improves or degrades the profits of the company.

Mingo, Caruthers (1975) provides a strong basis to admit that the mergers have very little affect on the profitability of the firms being acquired and merged, in their study they found that over a course of time the ratio factors becomes stable and neutral.

Talking about the other aspect of this research paper that is the managerial practices of the RBS, **Sarah Robinson** University of Leicester School of Management ("Rivalry among banking leaders and heads for genuineness within the field activated by behaviour which is irrational, which contributed to the financial recession and crisis" 2008) explores that the guidelines and polices followed by the RBS PLc managers lately in which they periled the employees with redundancies and to meet the target aggressively by any means adopted and she used a term economic violence to describe this particular style of management.

Ron Kerr said: "Past management executives at RBS PLc had gained power by banking on 'symbolic violence'. This particular expression, termed by the French sociologist Pierre Bourdieu, it means the upbringing leaders of the belief among those they guide and lead, that the lower position held in corporation is just and natural.

Delloitte (2009) mentions in its report on merger of RBS PLc and ABN AMRO that the Economist explicates that merger decision by consortia rather than single banks is the way forward. In this way, banks can share the costs and the risks affiliated with any merger. It also means that they will not be pushed to sell off parts of the aimed business that do not fit in with their own framework, as these can be assembled off and distributed to the RBS Consortium member that is best placed to take hold of those assets. There may be more banking deals in Europe which take the form of uncongenial acquisitions. Analysts are anticipating the inevitability of Barclays engaging a larger merger or itself become a bid target. Following the ABN merge there have been rustles that Unicredit are having talks with Société Générale in France regarding a prospect merger.

The Guardian (2008) gave Two major suggestions which are clearly worth adopting. First, the regulator should have the potency to block M&A's, would not have had the courageousness to stop the ABN deal but it's better that regulators are given the power to say 'no'. Secondly, directors of broken banks should face legal actions (fines or bans) or non-legal penalties (bans or the forfeit of pay) given the grandness of banks the bigger economy. A few people might be stopped from accepting directorships at banks. But volunteers would be promoted to engage their brain when presented with a mega-deal that smelled bad at the time.

C. Study

In order to rationally study the case of Royal Bank Of Scotland (RBS), accounting ratios have been used to analyze the functioning of Royal Bank Of Scotland Public Limited Corporation (RBS PLC). Financial statements of RBS PLC for 4 years (2008-2013) have been used to perform ratio analysis by making use of 21 vital ratios. Although there are certain shortcomings of accounting ratios but still they are considered to be one of the most reliable and convenient tools of analyzing the financial statements of a company and thereby estimating the performance of the firm.

The study clearly indicates that the bank's ability to pay interest over its debts have dropped after the merger with ABN AMRO and probable rationale behind this could be that the merging firm may have bought a significant number of long term debts. So in order to fix this problem RBS PLc should go for capital restructuring by raising more capital through equity rather than debt source of financing. The work culture prevailing in the RBS PLc is very satisfactory because the perception of their employees towards the issue of merger is more towards positivity as discussed above in the analysis of primary data.

Methodology

This research study is broadly quantitative in nature and a **case study and descriptive research design** has been formulated to get an answer, whether the policy of merger and acquisition followed by many banking institutions throughout the world, really helped improve their functioning and profitability. And for this very purpose, the case of merger of ABN AMRO and RBS PLc have been used and chosen it as sample company for this research study. Data from several previous studies, research papers have been referred to gain basic knowledge about the profitability and managerial practices of RBS PLc. Few interviews with RBS PLc employees have been conducted in order to get data about prevailing managerial practices in the bank and operational efficiency.

For the purpose of financial data analysis figures from P&L a/c and balance sheet and CFS have been used to calculate various ratios in order to compare the post and pre merger performance of the RBS. Also various review data have been used for critical comments on the managerial functioning of the bank. For the purpose following broad categories of ratios have been calculated:

1. Profitability

2. Liquidity

3. Leverage

4. Activity Ratios

Hypothesis

In order to prove the rationale of this research study, I have developed following hypothesis:

Null Hypothesis Ho - The profitability of the Royal Bank Of Scotland **does not improve** after the merger.

Alternative Hypothesis H1 - The profitability of RBS PLC improve after the merger.

In order to authenticate the outcome of the data analysis a one sample **t-test** has been conducted. This t test was finalised because the sample size in the study is small i.e. below 30 and which is apt for t test hypothesis testing.

Gearing ratios, liquidity ratios and profitability ratios have been calculated and the profitability of the company was checked at large. These accounting ratio can be a convenient and reliable tool for the stakeholders in not only analyzing the present condition of the company but also it provides basis for the analysis of the future prospects of the company and rational decision making and this feature of ratio analysis would prove to be a great help for me to conduct a comparative study of the financial statement of RBS, before and after the acquisition of ABN AMRO during the 2008 financial crisis. For the purpose of qualitative study of management techniques and the competitive advantage of RBS, it is necessary to study the management practices and basic operational practices of RBS especially in the Indian market.

D. Data Analysis

(based on secondary data**)**

Following is the general information about the Royal bank of Scotland (table 1) :

Table 1	
Type	Public Company
Industry	Finance and insurance
Founded	1727
Headquarters	Edinburgh, Scotland
CEO	Ross McEwen
Key Products	Consumer banking, corporate banking, financing and insurance
Employees	1,41,000
Net worth	£37,090 million
Current P/E ratio	16.64
Current EPS	-0.81
Shares outstanding	6,204 million
Price / Sales ratio	1.38

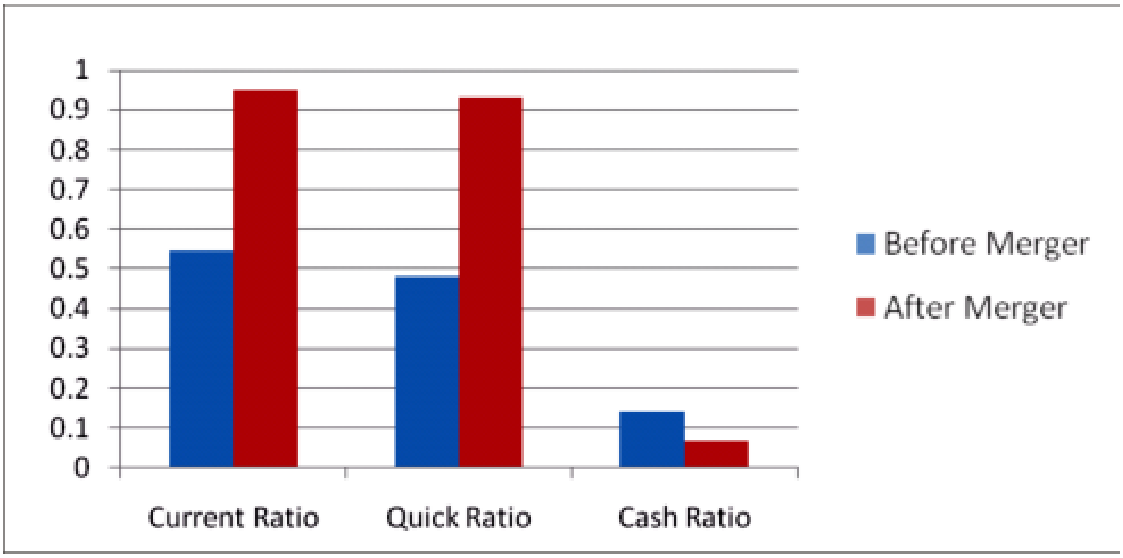
As per the consolidated Income statements and balance sheet of the RBS PLc (see annexure) which has been collected from different sources. These are the income and position statement of the RBS PLc two years before M&A i.e. 2005 and 2006 and two years after M&A i.e. 2007 & 2008.

Liquidity Ratios Comparison

Table 2

Liquidity Ratio	Before Merger	After Merger	Status
Current Ratio	0.545	0.95	Better
Quick Ratio	0.48	0.93	Better
Cash Ratio	.14	0.07	Better
Working Capital	3407954	9658680	Unfavourable

Fig: 1 Liquidity Ratios Comparison



The table 2 shows the calculated average liquidity ratios of the firm and also it shows a comparison of pre and post merger performance of RBS PLc. It gives a clear picture of liquidity position of RBS and it would be apt to say that the bank is in a better liquidity position after the merger with ABN AMRO. Except from the fact that the working capital has substantially increased, the ideal maintenance reserve of working capital reflects the unwise usage of short term asset and liabilities of the firm.

Profitability Ratios Comparison

Table 3

Profitability Ratios	**Before Merger**	**After Merger**	**Status**
Return on Assets	-.96%	0.20%	Better
Return on Equity	-10.17%	-3.44%	Better
Gross Profit Margin	3.86%	2.33%	Unfavourable
Net Profit Margin	-1.14%	0.26%	Better
Pre-Tax Profit Margin	-1.52	0.96%	Better
Operating Profit Margin	2.05%	3.67%	Better
Management Rate of Return	2.13%	3.71%	Better

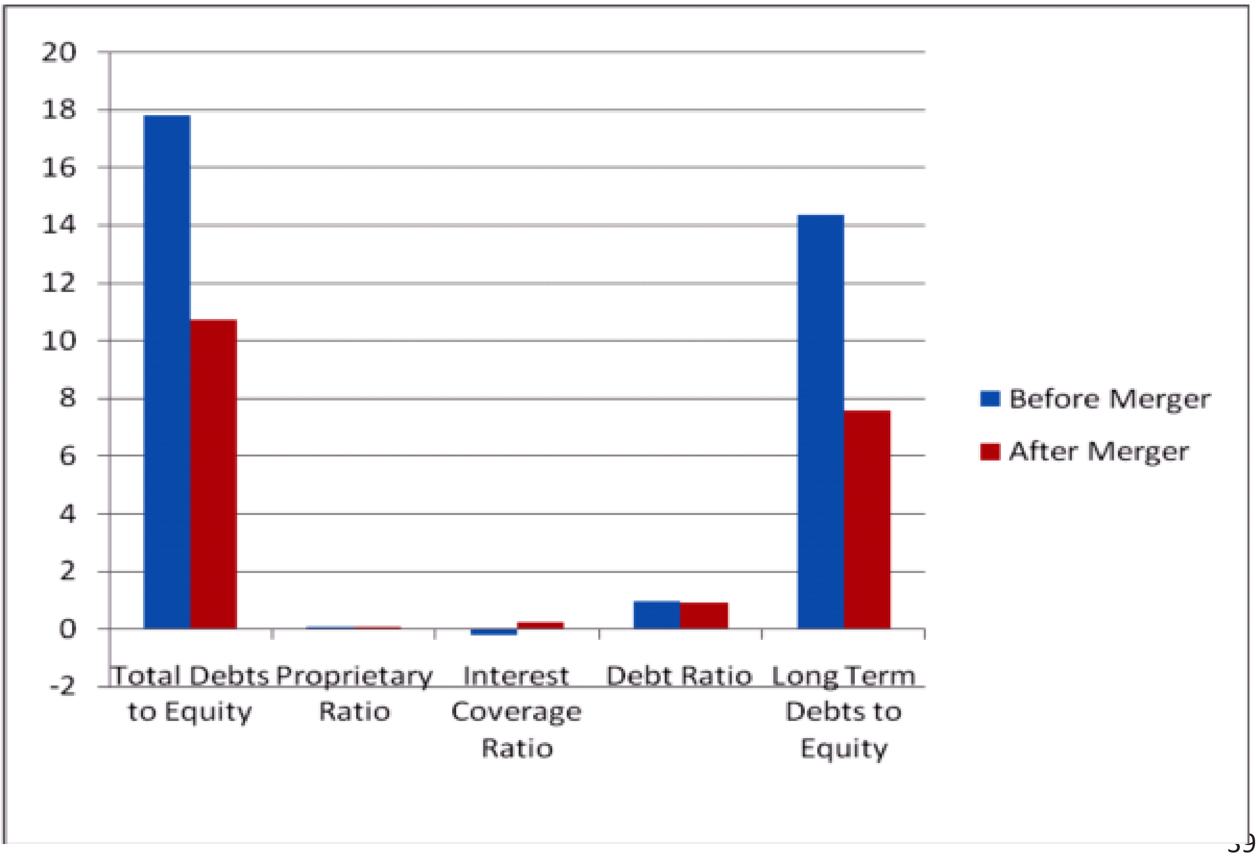
Apart from comparing liquidity, the profitability ratio is also a vital indication of performance of the firm, it gives a clear picture of the very reason of the existence of any firm i.e. profits. Table 2 shows that profitability of the RBS PLc has got better after the merger with ABN AMRO. The reason behind this conclusion is that out of 7 profitability ratio 6 ratios gives favourable post merger indications.

Solvency/Leverage Ratios Comparison

Table 4

Solvency Ratios	Before Merger	After Merger	Status
Total Debts to Equity	17.80	10.68	Better
Proprietary Ratio	0.06	.09	Better
Interest Coverage Ratio	-0.24	.20	Unfavourable
Debt Ratio	.94	.91	Better
Long Term Debts to Equity	14.36	7.55	Better

Fig: 2 Solvency/Leverage Ratios Comparison



The above ratios (see table 3) determines the solvency of the firm i.e. whether the firm is capable enough to meet its long term financial obligations. The above tabled ratios gives a clear indications that RBSs long term paying ability has improved significantly and hence it can be said that merger of ABN AMRO has proved to be a better decision in terms of its solvency.

Returns on Investment Ratios Comparison

Table 5

Return on InvestmentRatios	**Before Merger**	**After Merger**	**Status**
Return on CapitalEmployed	1.46%	1.58	Better
Return on ShareholdersFunds	7.24%	8.67%	Better

The above table 4 shows the comparison of ratios which gives the total profits earned against the total capital employed by the firm. The bank now gets better return on the total capital invested after the merger with ABN AMRO. The bank is now in a better position to avail higher earning to the shareholders of the RBS PLc.

Market Stock Ratios Comparison

Table 6

Market Stock Ratios	**Before Merger**	**After Merger**	**Status**
Earnings Per Share	0.31	-0.59	Better
Earning Yield Ratio	0.05	0.01	Better

The above calculated average ratios of the bank give the market value of the stock of the firm. These ratios assist investors in making right investment decisions. The current status of the bank is in a better position after the merger with ABN AMRO.

A. Data Analysis (based on primary data**)**

RBS Liquidity Improved After M&A

Table 7

	Frequency	**Percent**	**Valid Percent**	**Cumulative Percent**
Strongly agree	4	14.3	14.3	14.3
Agree	10	35.7	35.7	50.0
Neutral	5	17.9	17.9	67.9
Disagree	9	32.1	32.1	100.0
Total	28	100.0	100.0	

About 50% of the total respondents agreed that the liquidity of the RBS PLc improved after the acquisition of ABN AMRO. Apart from the fact that 50% of the employees of RBS agreed to improvement of liquidity of RBS, there were 18% of employee who were neutral, it means that they did not denied to it as well.

Ownership gets diluted after M&A

Table 8

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Always	5	17.9	17.9	17.9
	Sometimes	15	53.6	53.6	71.4
	Rarely	7	25.0	25.0	96.4
	Never	1	3.6	3.6	100.0
	Total	28	100.0	100.0	

From the above table it is clear that most of the employees agreed that merger does effect the consistency of the ownership which means always or sometimes the owner’s equity gets diluted with addition of the stakeholders of the firm which has been acquired. Majority of the RBS PLc employees admitted that after the merger with ABN AMRO the equity of the RBS PLc got diluted.

Convertibility & ROA Improves After M&A

Table 9

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	6	21.4	21.4	21.4
	Agree	13	46.4	46.4	67.9
	Neutral	6	21.4	21.4	89.3
	Disagree	2	7.1	7.1	96.4
	Strongly Disagree	1	3.6	3.6	100.0
	Total		28	100.0	100.0

Above frequency distribution shows that majority of the employees agree to the fact that Return on asset of the RBS PLc improved by the acquisition of ABN AMRO. Nearly 68% of the respondents were in the favour admitted to it and when we cumulate the percentage of responses about 90% of the employee did not deny the improvement of convertibility of the firm.

Profitability & Diversification Are Related

Table 10

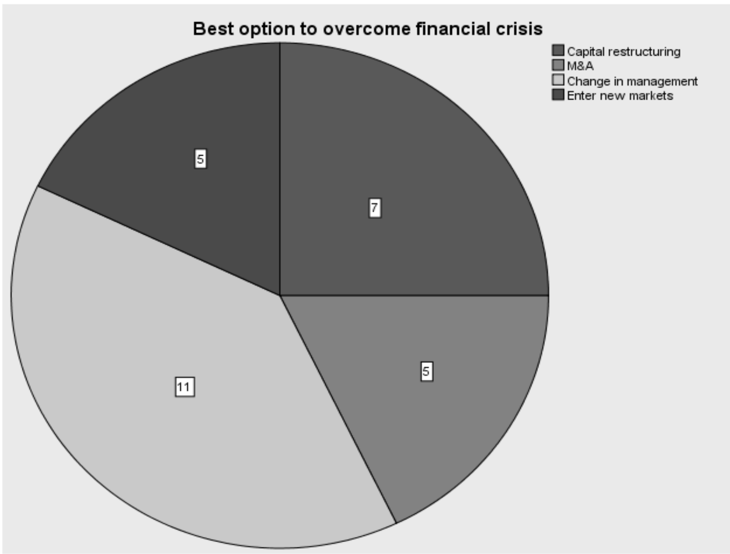
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	14	50.0	50.0	50.0
	No	14	50.0	50.0	100.0
	Total	28	100.0	100.0	

The frequency distribution in the above table gives a clear picture that the employees of RBS were evenly distributed on the question that whether the profitability and diversification are related. Exactly 50% of the employees said that the above two mentioned variables are related to each other.

Fig: 3 Effects of MeCrger and Acquisition on Employees

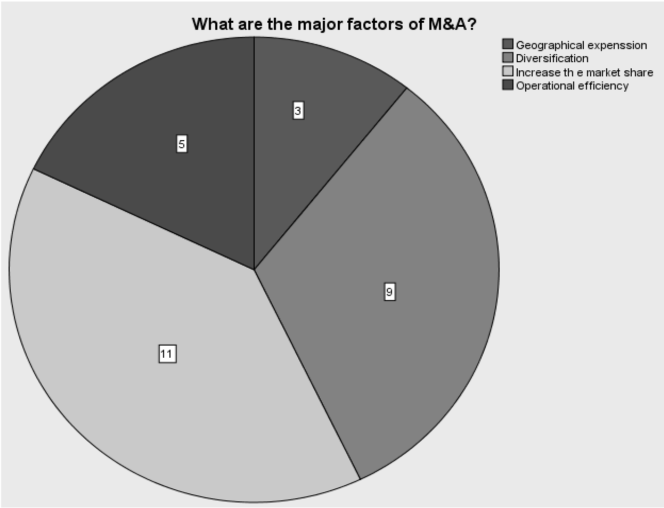
Looking into the effects of merger and acquisition on the psychological state of the employees, the above pie chart shows that majority of the employees were either neutral or positive towards the decision of acquisition of ABN AMRO. Rest of the employees either felt neglected or took it negatively altogether. But there was very less, so it could be well concluded that majority of the employee welcomed the decision of acquisition of ABN AMRO.

Fig: 4 Most Effective Alternatives to Overcome Financial Crisis



The above pie chart shows that the employees of RBS PLc voted for change in management would be the best option to overcome the financial crisis while the second best option they were in favour of was the merger and acquisition with some other firm. About rest of 35% respondents were in the favour of overall capital restructuring or gaining access to new markets.

Fig: 5 Crucial Factors behind Merger and Acquisition



About 40% of the employees were of the opinion that RBS took the decision of merger with ABN AMRO to increase its market share while about same percentage of respondent said that diversification of its services and products drove RBS to acquire ABN AMRO. While rest of the employees i.e. about 30% of them said geographical expansion or operational efficiency was the reason behind this particular decision of merger with ABN AMRO.

Correlation Between Cross Border M&A Efficiency Gains

Table 11

		M & A allows firms to obtain efficiency gains through cost reduction	Org. benefits from cross border M&A
M&A allows firms to obtain efficiency gains through cost reduction	Pearson Correlation	1	.019
	Sig. (2-tailed)		.924
	N	28	28
Org. benefits from cross border M&A	Pearson Correlation	.019	1
	Sig. (2-tailed)	.924	
	N	28	28

The above table shows the correlation between the cross border merger and acquisition and the efficiency gains through cost reduction. The value r is 0.019 which infer that there is some correlation between the above mentioned factors and the respondents agreed to the fact that cross border M&As are one factor to benefit the organization to obtain competitive edge by reducing the cost of operations.

One-Sample Statistics

Table 12

	N	Mean	Std. Deviation	Std.Error Mean
RBS Profitability increased after the M&A of ABN AMRO	28	2.5714	.99735	.18848

One-Sample Test

Table 13

	Test Value = 0					
	T	df	Sig. (2-tailed)	Mean Differ-ence	95% Confidence Interval of the Difference	
					Lower	Upper
RBS Profitability increased after the M&A of ABN AMRO	13.643	27	.000	2.57143	2.1847	2.9582

The table above shows the outcome of the t test, the t test was conducted at the 95% confidence level, the result shows the significance level (t = 0.000) which is less than the tabulated significance of 0.05, therefore there is a strong evidence to reject the Null hypothesis Ho in favour of the alternate hypothesis H1. So it is very much clear from the alternate hypothesis that the profitability of RBS PLc increased after the acquisition of ABN AMRO.

RBS Profitability Increased After M&A of ABN AMRO

Table 14

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	3	10.7	10.7	10.7
	Agree	12	42.9	42.9	53.6
	Neutral	8	28.6	28.6	82.1
	Disagree	4	14.3	14.3	96.4
	Strongly Disagree	1	3.6	3.6	100.0
	Total		28	100.0	100.0

The above table show the result of one sample t test and the frequency of the responses to the question whether RBS PLCs profitability increased after the acquisition of ABN AMRO. Approximately 54% of respondents either strongly agreed or agreed to it. Out of the remaining respondent about 29% of the employees were neutral to it. It should be noted that only 18% of the respondent did not agree to it.

A. Conclusion and Suggestions

The gross profit of RBS PLc has been declining even after merger with ABN AMRO which indicates the low growth in sale of its core banking products. The working capital fund of the RBS PLc is significantly increasing over the year which indicates the disproportionate usage of current asset, so the bank must redistribute its current asset. There are certain issues and suggestions based on this research study listed below:

- The banks cost of capital is significantly higher than other competitors in the market and therefore bank must take action to reduce its cost of capital like capital restructuring, considering dividend decision.
- In order to match with the accounting practices being followed by the ABN AMRO bank, RBS should adopt the IFRS practices.
- The gross profit of RBS PLc has been declining even after merger with ABN AMRO which indicates the low growth in sale of its core banking products.
- The working capital fund of the RBS PLc is significantly increasing over the year which indicates the disproportionate usage of current asset, so the bank must redistribute its current asset.
- The study clearly indicates that the

bank's ability to pay interest over its debts have dropped after the merger with ABN AMRO and probable rationale behind this could be that the merging firm may have bought a significant number of long term debts. So in order to fix this problem RBS PLc should go for capital restructuring by raising more capital through equity rather than debt source of financing.

- The work culture prevailing in the RBS PLc is very satisfactory because the perception of their employees towards the issue of merger is more towards positivity as discussed above in the analysis of primary data.
- This particular merger has by and large improved the competitive edge of the RBS PLc that they might need to broaden their presence in the untouched markets.
- RBS Plc should provide enabling financial environment to ABN AMRO in order to regain its lost profitability.
- The EPS and P/E ratio are better after the merger which is giving a clear indication good financial health and better operational performance of banks involved.

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Annexure 1

STATUTORY AND PRO FORMA INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2005

S. no	Items	Amount (in M £)
1	Net interest income	9,071
2	Fees and commissions receivable	6,473
3	Fees and commissions payable	(1926)
4	Income from trading activities	1988
5	Other operating income	2138
6	Insurance net premium income	5647
8	Non-interest income	14320
9	Total operating income	23391
10	Administration expenses – staff costs	5105
11	Other operating expenses	4692
12	operating expenses	9797
13	Profit before other operating charges	13594
14	Insurance net claims	4260
15	Impairment losses: Loansavailable-for-sale financial assets	140283
16	Operating profit before amortisation of intangibles and integration costs	7849
17	Amortisation of intangibles	45
18	Integration costs	520
19	Profit before tax	7284
20	Taxation	1995
21	Profit after tax	5289

(Source: Compiled data from annual reports of RBS PLc)

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2005

S. no	Assets	Amount (in M £)
1	Cash and balances at central banks	4,293
2	Treasury bills and other eligible bills	6,110
3	Short term Loans and advances to banks	61,073
4	Loans and advances to customers	347,251
5	Debt securities	93,908
6	Equity shares	4,723
7	Intangible assets	19,242
8	Property, plant and equipment	16,428
9	Settlement balances	5,682
10	Derivatives at fair value	17,800
11	Prepayments, accrued income and other assets	11,612
12	**Total assets**	**588,122**
	Liabilities	
13	Deposits by banks	99883
14	Customer accounts	283315
15	Debt securities in issue	63999
16	Settlement balances and short positions	32990
17	Derivatives at fair value	18876
18	Accruals, deferred income and other liabilities	17648
19	Retirement benefit liabilities	2940
20	Deferred taxation liabilities	2061
21	Insurance liabilities	8647
22	Subordinated liabilities	20366
23	Total liabilities	550725
24	EquityMinority interestShareholders' equity	349233905
25	Total equity	37397
26	**Total liabilities and equity**	**588122**

(Source: Compiled data from annual reports of RBS PLc)

STATUTORY AND PRO FORMA INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2006

	2006 £m
Interest receivable	24,6 88
Interest payable	14,092
Net interest income	**10,596**
Fees and commissions receivable	7,116
Fees and commissions payable	(1,922)
Income from trading activities	2,675
Other operating income (excluding insurance premium income)	3,564
Insurance premium income	6,243
Reinsurers' share	(270)
Non-interest income	**17,408**
Total income	**23,002**
Staff costs	6,723
Premises and equipment	1,421
Other administrative expenses	2,658
Depreciation and amortisation	1.678
Operating expenses*	**12,480**
Profit before other operating charges and impairment losses	**15,522**
Insurance claims	4,550
Re i nsu rers' sh are	(92)
Impairment losses	1,878
Operating profit before tax	**9.136**
Tax	**2,689**
Profit for the year	**6,497**
Minority interests	104
Preference dividends	191
Profit attributable to ordinary shareholders	**6,202**

(Source: Compiled data from annual reports of RBS PLc)

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2006

	2006
	£m
Assets	
Cash and balances at central banks	6,121
Treasury and other eligible bills	5,491
Loans and advances to banks	32.60S
Loans and advances to customers	466,893
Debt securities	127,251
Equity shares	13,504
Intangible assets	18,904
Property, plant and equipment	18,420
Settlement balances	7,425
Derivatives	116,681
Prepayments, accrued income and other assets	8,136
Total assets	**871,432**
Liabilities	
Deposits by banks	132,143
Customer accounts	384,222
Debt securities in issue	85,963
Settlement balances and short positions	49,476
Derivatives	118,112
Accruals, deferred income and other liabilities	15,660
Retirement benefit liabilities	1,992
Deferred taxation	3,264
Insurance liabilities	7,456
Subordinated liabilities	27,654
Total liabilities	**825,942**
Equity:	
Minority interests	5,263
Shareholders' equity*	
Called up share capital	815
Reserves	39,41
Total equity	45.490
Total liabilities and equity	**371.432**
*Shareholders' equity attributable to:	
Ordinary shareholders	36,546
Preference shareholders	3,681
	40,227

(Source: Compiled data from annual reports of RBS PLc)

STATUTORY AND PRO FORMA INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2007

	2007 £m
Interest receivable	33,420
Interest payable	20,752
Net interest income	**12,668**
Fees and commissions receivable	8,465
Fees and commissions payable	(2,311)
Incorne from trading activities	1,327
Other operating income (excluding insurance premium income)	4,857
Insurance premium income	6,398
Reinsurers' share	(289)
Non-interest income	**18,447**
Total income	**31,115**
Staff costs	7,552
Premises and equipment	1,766
Other administrative expenses	3,147
Depreciation and amortisation	1,970
Operating expenses"	**14,435**
Profit before other operating charges and impairment losses	**16,680**
Insurance claims	4,770
Reinsurers' share	(118)
Impairment losses	2,128
Operating profit before tax	**9,900**
Tax	2,052
Profit from continuing operations	**7,848**
Loss from discontinued operations, net of tax	136
Profit for the year	**7,712**
Minority interests	163
Other owners	246
Profit attributable to ordinary shareholders	**7,303**

(Source: Compiled data from annual reports of RBS PLc)

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2007

	2007 £m
Assets	
Cash and balances at central banks	17,866
Treasury and other eligible bills	18,229
Loans and advances to banks	219,460
Loans and advances to customers	829,250
Debt securities	276,427
Equity shares	53,026
Settl ement ba la n ces	16,589
Derivatives	337,410
Intangible assets	43,492
Property, plant and equipment	18,750
Prepayments, accrued income and other assets	19,066
Assets of disposal groups	45,954
Total assets	**1,900,519**
Liabilities	
Deposits by banks	312,633
Customer accounts	682,365
Debt securities in issue	273,615
Settlementbalancesandshortpositions	91,021
Derivatives	332,060
Accruals, deferred income and other liabilities	34,024
Retirement benefit liabilities	496
Defe rred taxati on	5,510
Insurance liabilities	10,162
Subordinated liabilities	37,979
Liabilities of disposal groups	29,228
Total liabilities	**1,809,093**
Equity:	
Minority inte rests	33,388
Owners' equity*	
Called up share capital	2,530
Reserves	50,508
Total equity	91,426
Total liabilities and equity	**1,900,519**

(Source: Compiled data from annual reports of RBS PLc)

STATUTORY AND PRO FORMA INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2008

	2008 £m
Interest receivable	49,522
Interest payable	30.847
Net interest income	**18,675**
Fees and commissions receivable	9,831
Fees and commissions payable	(2,386)
(Loss)Zincome from trading activities	(8,477)
Other operating income (excluding insurance premium income)	1,899
Net insurance premium income	6,326
Non-interest income	7,193
Total income	**25,868**
Staff costs	10,241
Premises and equipment	2,593
Other administrative expenses	5,464
Depreciation and amortisation	3,154
Write-down of goodwill and other intangible assets	32,581
Operating expenses”	**54,033**
(Loss) / profit before other operating charges and impairment	(28,165)
Net insurance claims	4.430
Impairment	8,072
Operating (loss)/profit before tax	**(40,667)**
Tax (credit)/charge	**(2,323)**
(Loss)/profit from continuing operations	(38,344)
Profit’(loss) from discontinued operations, net of tax	3,971
(Loss)/profit for the period	(34,3 73)
Minority interests	(10,832)
Other owners’dividends	596
(Loss) / profit attributable to ordinary share holders	**(24,137)**

(Source: Compiled data from annual reports of RBS PLc)

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2008

	2008 £m
Assets	
Cash and balances a: central banks	11,830
Net bans and advances to banks	70,637
Reverse repurchase agreements	59,771
Loans and advances :o ban ks	129,408
Net loans and advances :o cus:orrers	691,876
Reverse repurchase agreeiren-i and stock borrowing	33,289
Loans and advances :o cu s:.omers	731,165
Debt securities	253,098
Equity shares	22,094
Sellemenl balances	17,812
Derivatives	991,493
Intangible assets	16,386
Property, plant and equipment	17.169
Deferred taxation	5,409
Prepayrren".5, accrued income and other assets	20,715
Assets of disposal groups	67
	2,216,646
Consortium share of shared assets	**2,047**
Total assets	**2,218,693**
Liabilities	
Deposits by banks	178,268
Repurchase agreements and s:ock lending	83,666
Deposits by banks	**261,934**
Met customer accounts	460,318
Repurchase agreements and s:ock lendi ng	58,143
Customer accou nts	518,461
Debt securities in issue	269,188
Settlement balances and short positions	54,264
Derivatives	969,396
Accruals, deferred i nccme and other liabilities	23,453
Retirement benefit liabil ities	1,547
Deferred taxation	2,930
Insurance liabil ities	7,480
Subordinated liabilities	43,678
Liabilities of disposal groups	-
	2,152,331
Consortium share of shared assets	2,047
Total liabilities	**2,154,378**
Equity:	
MinoriTy interests	5,436
Owners' equity	58,879
Total equity	**64,315**

(Source: Compiled data from annual reports of RBS PLc)

"A Study of Consumer's Buying Behaviors towards Tobacco Products in Mumbai".

*** Chetan Jagtap**

Abstract:

A study is planned to identify the consumers buying behaviour towards tobacco consumption in Mumbai city by Mr.Chetan Jagtap (MMS in Marketing) .

***Method**: The study will be descriptive and analytical in nature. The study is aimed at describing the consumer behavior pattern in tobacco segment and to know the existing and future market. Therefore, Survey method will be followed. The data will be collected through interview method and tool will be used as checklist for statutory warning about cigarette consumption influences consumer behavior, a structured questionnaire to identify consumer behavior with respect to tobacco consumption and a Likert scale is used to find out impact of visual display of different brands on consumer buying behavior. The respondents will be given complete freedom to express their views. 50 samples are planned to identify the research hypothesis.*

Materials and Methods

***Research design**: The study will be descriptive and analytical in nature. The study is aimed at describing the consumer behavior pattern in tobacco segment and to know the existing and future market. Therefore, Survey method will be followed.*

***Collection of data**: In order to find out the consumer behavior pattern in tobacco among target population who are men/ women. The data will be collected through interview method and tool will be used as an unstructured questionnaire. The schedule contained both open ended as well as close ended questions. The respondents will be given complete freedom to express their views.*

Secondary data will be collected from books, journals, Reports and websites.

***Sampling design:** It will be non probability sampling technique as samples will be selected on the basis of the availability of the respondents.*

**** Research Scholar Mumbai University***

***Sample Universe**: People in Mumbai. (Men and women who smoke.)*

***Sample size**: 1000 persons.*

***Data analysis**: Data would be analyzed with the help of computer software where statistical tools and techniques will be followed.*

Keywords – Consumer, Buying Behavior, Brand, Tobacco, Loyalty.

Aims & Objectives:

1. To study if statutory warning about cigarette consumption influences consumer behaviour.
2. To understand consumer behaviour with respect to tobacco consumption.
3. To understand the impact of visual display of different brands on consumer buying behaviour.

Rationale / Research Hypothesis

H0- There is no significant difference in the behavior of consumer towards tobacco with respect to age group.

H1- There is a significant difference in the behavior of consumer towards tobacco written age group.

H0- There is no significant difference in the behavior of consumer towards tobacco with respect to income group.

H1- There is a significant difference in the behavior of consumer towards tobacco with respect to income group.

INTRODUCTION

A **business**, also known as an **enterprise** or a **firm**, is an organization involved in the trade of goods, services, or both to consumers. Businesses are prevalent in capitalist economies, where most of them are privately owned and provide goods and services to customers for profit. Businesses may also be not-for-profit or state-owned. A business owned by multiple individuals may be referred to as a company, although that term also has a more precise meaning

The etymology of "business" stems

from the state of being busy, and

implies commercially viable and profitable work. The term “business” has at least three usages, depending on the scope in which it is used. A business can mean a particular organization, while a more generalized usage refers to a particular market sector, i.e. “the music business”. Compound forms such as agribusiness represent subsets of the word’s broadest meaning, which encompasses all the activity by all the suppliers of goods and services.

REVIEW OF LITERATURE

1. European Journal of Public Health had published an article related to the tobacco sales ban and tobacco purchases by adolescents: a general population study in The Netherlands in 2005 , Research was conducted by Verdonk-kleinjan et all, The study aimed to assess the effect of the introduction on 1 January 2003 of a legal tobacco sales ban in The Netherlands on tobacco purchases by smoking and non-smoking adolescents aged <16 years. Methods used was two cross-sectional surveys were conducted among adolescents aged 13 through 15 years, one at the end 1999 (n = 4751) and the other at the end of 2003 (n = 13 298). Investigator found the percentage of adolescents buying tobacco was decreased significantly from 26.3% in 1999 to 10.8% in 2003 ($P < 0.001$). Further analysis showed that, after the ban, the proportion of smokers among buyers almost tripled [Odds Ratio (OR) = 2.9], while the likelihood of non-smokers buying tobacco decreased strongly (OR = 0.17). A difference in the pattern of purchasing tobacco also emerged after the ban. In 2003, the proportion of smokers buying at least weekly in commercial outlets was larger than in 1999. For non-smokers there was no difference between 1999 and 2003 in the proportion buying weekly. The variety of commercial outlets in which purchases were made increased among both smoking and non-smoking purchasers of tobacco. Implementation of the 2003 tobacco sales ban has had the (intended) effect of lowering tobacco purchases among adolescents. This was mainly due to the decrease in the likelihood of buying tobacco among those who regard themselves as a non-smoker. The decrease in buying tobacco is associated with a decrease in prevalence of smoking. The sales ban has probably contributed to a stronger decrease in prevalence of smoking.

(In the plan study investigator would like to find out the attitude of the consumer regarding buying of tobacco products like cigarettes , in above study researcher could not analyzed the detailed aspects of behavior of consumer which will help in future to identify the need of consumer to buy tobacco products.)

2. Strong, Carolyn A; SidiraEftychiaMarketing Intelligent conducted a study in 2006 on , The influence of family and friends on teenage smoking in Greece. The purpose of this study is to investigate the influence of family and friends on teenage smoking behavior in Greece, as distinct from tobacco marketing, against the background of relevant literature and previous studies elsewhere.

Methodology used in this exploratory study was undertaken via a researcher-administered anonymous questionnaire, distributed to a sample of Greek teenagers in coffee shops and fast-food restaurants, with structured questions and the opportunity for open discussion during completion. The aim was to elicit evidence from teenage smokers themselves, and age group not known for their forward communications. The age of the sample of 100 ranged from 16 to 19 years old and the majority were in full-time education.

With the proviso that the structure and scope of the survey limits the certainty of conclusions about the links between teenage smoking and the influences of family and friends, the design identified common themes, with the findings giving attention to the similarities in links between particular smoking related issues (Creswell, 1994; Hibbert et al., 2005). It is acknowledged that further research using a larger sample is required to add rigour to the study.

The data show that 11 per cent were offered a cigarette by a family member; and 16 per cent had tried cigarettes bought by a family member, without their knowledge. In other words, nearly a third of respondent's cigarette consumption is closely linked to family smoking behaviour. Consumer socialization of children rests on the presumption that children learn about consumption by watching and imitating their parents. This influence declines, but does not disappear, as children get older and develop preferences for other sources of information, especially that of their older siblings and their peers (John, 1999; Peter and Olson, 2001). This finding, therefore, tentatively suggests that the first trial of cigarette smoking is linked with family smoking behaviour, an indication that experimentation and continuation are an outcome of consumer socialization.

Nearly a quarter of respondents (22 per cent) reported that all or most of their family members smoked, and almost half (45 per cent) that some family members did. With respect to peer influence, more than half (53 per cent) stated that all or most of their friends were smokers, while 45 per cent stated that only some were. Only two of the 100 adolescents had no friends who smoked, a finding clearly reflecting the known high incidence of smoking in Greece. The responses reveal that teenage smokers were somewhat more likely than non-smokers to have immediate relatives who smoked: 49 per cent versus 40 per cent. They were also significantly more likely to have friends ("all" or "most") who smoked: 61 per cent versus 42 per cent. In short, young smokers were one and a half times more likely than non-smokers to have friends who smoked.

(Above study could not reveal the attitude and behaviour of the family and friends towards the teenagers which influence them to adopt certain practices of addiction those can be certain coping strategies or peer pressure among teenagers or it could be modelling of popular actors , hence it could not identify the psychological aspects of young teenagers .In planned study investigator is going to find out the attitude and behaviour of family and friends those can either prevent or influence teenagers for consumption tobacco.)

3. A number of studies investigating the reasons for taking up the smoking habit have found strong associations with the consumption patterns among teenagers' peers and families.

In the UK, children of 11-15 years-old from 32 secondary schools in England and Wales were selected and interviewed in 1986, 1987, 1988 (Goddard, 1990). This exploratory study revealed the strength of the association between current smoking behaviour and parental and sibling smoking. Children were twice as likely to smoke, if both their parents were smokers than they were if neither was. Parents' smoking behaviour was also found to have little effect, if there were siblings who smoked. Girls appeared to be somewhat more susceptible to the influence of siblings than boys. Children in single-parent families were also more likely to start smoking whether or not the parent was a smoker. This finding suggests that, in stressful situations, children are likely to see smoking as an escape from unhappiness.

(In above study the investigator thrown the light on parenting behaviour which influences the teenagers for smoking or consuming tobacco products but did not specify their faulty parenting , hence plan study will reveal the data related to parenting where addiction of tobacco among teenagers in Indian society is not acceptable .)

4. Another government-sponsored survey in the UK (Dawe and Goddard, 1997) cast light on the influence of peers and family on smoking behaviour among the 11 to 15 year olds in England, suggesting the main reason for starting to smoke was that

they wanted to “see what it was like”, while others do so because their friends said they should and so that they would fit in with them. Half of those surveyed tried their first cigarette in the company of friends from school, and a third in the company of other friends. Almost, half the respondents reported that they thought smoking was part of growing up, that it was sometimes difficult to refuse a cigarette when it was offered, and that it was difficult not to smoke, if most of their friends did (Owen and Boiling, 1995).

(Above study provides data related to faulty parenting and peer pressure are equally responsible for teenagers smoking behavior but did not flashed light on responsible factors for their smoking behavior as well as marketing strategies used by sellers who could attract the teenagers , planned study will reveal both the attributes in respective study.)

Conclusion:

The study result will help the business persons or entrepreneurs to identify the consumer behavior in consumption of tobacco and learn to adopt the different strategies to enhance the sell as well as production of tobacco in respective industry.

The reason for a business firm to come into being is the existence of a consumer who has unfulfilled needs and wants. To fulfill these consumer needs an organization is set up. In professional capacity we may also be a part of one such business organization. But as part of the organization, have we ever wondered about who are the consumers of our products and services? Why do these consumers buy a particular brand and not that of the competitors? How do the consumers perceive our product to fulfils their needs? After having bought our product do they feel satisfied or dissatisfied? and how are these feelings reflected in their behavior ?

It is important to the survival and growth of the organization that we regularly raise such questions and attempt to find answers to them. It is possible only through such process of questioning and seeking that we can be sure of keeping our firm on the growth path. A thorough knowledge of our consumers and an understanding of their behavior (as consumers) are essential if we wish to continue to remain in business.

These proposals provide me an insight into the subject of consumer behavior. After having read several articles I would be able to spell out who are consumers, why they behave in the manner that they do, what influences their behavior and how we as a marketer can manipulate the influencing factors in our favor. This is the most important aspect of consumer behavior which has practical action implications for each business firm. Once having understood the behavior of consumers and knowing that their behavior can be influenced, we can initiate a number of steps to do so. This unit covers the nature, scope and applications of consumer behavior.

Scope of the study:

Tobacco is the harmful substance for human body but still products are sold openly in the market. Even after lots of tax impositions on them, the products are heavily in demand. This study will help me in identifying the behavior of people written them demographics towards tobacco consumption. This is the most important aspect of consumer behavior which has practical implications for each business firm. Once having understood the behavior of consumers and knowing that their behavior can be influenced, we can initiate a number of steps to do so. This study covers the nature, scope and applications of consumer behavior. In companies through better and sound understanding of market and consumer behavior will able to implement effective business strategies. Which would add immense value not only to the product but also the perception of an individual.

Journey of Higher Education in India Ten Years Ahead: Vision 2025

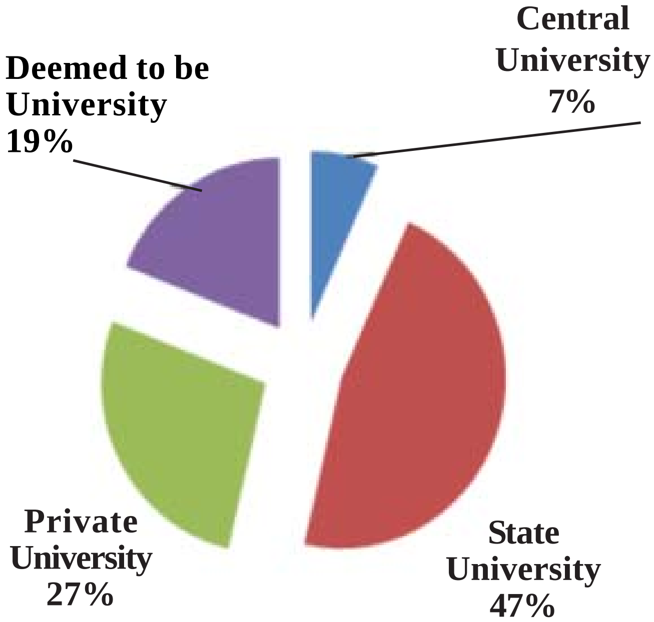
***Sampurna Nand Mehta**

Introduction

Education holds the key role in the development of any nation. It lays the foundation for a continuous and equitable growth of any country. Higher Education is the back bone of any society. It imparts in-depth knowledge and understanding so as to advance the students to new frontiers of knowledge in different walks of life. Higher education is the chief instrument for ensuring the upward mobility of the people and the advancement of the country.

In India, at the time of independence, less than one-fifth of the population was literate. There were only 20 universities and 500 colleges in the country with 2.1 lakh students in the higher education system. But, it has witnessed a tremendous increase in the number of Universities/University level Institutions & Colleges since Independence. The number of Universities has increased 34 times from 20 in 1950 to 677 in 2014. The sector boasts of 45 Central Universities of which 40 are under the purview of Ministry of Human Resource Development, 318 State Universities, 185 State Private universities, 129 Deemed to be Universities (Figure 1). Apart from Universities, 51 Institutions of National Importance (established under Acts of Parliament) under MHRD (IITs - 16, NITs – 30 and IISERs – 5) and four Institutions (established under various State legislations). The number of colleges has also registered manifold increase of 74 times with just 500 in 1950 growing to 37,204, as on 31st March, 2013.

Typewise Degree Awarding Unversities/ University Level Institutions in India-As on 31 March 2014



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The higher education system in India has grown in a remarkable way, particularly in the post-independence period, to become one of the largest system of its kind in the world.

During the academic year 2013-14, there had been 237.65 lakhs (provisional) students enrolled in various courses at all levels in universities/colleges and other institutions of higher education as compared to the revised figure of 223.03 lakhs in the previous year, registering an increase of 6.56 per cent (Figure 2).

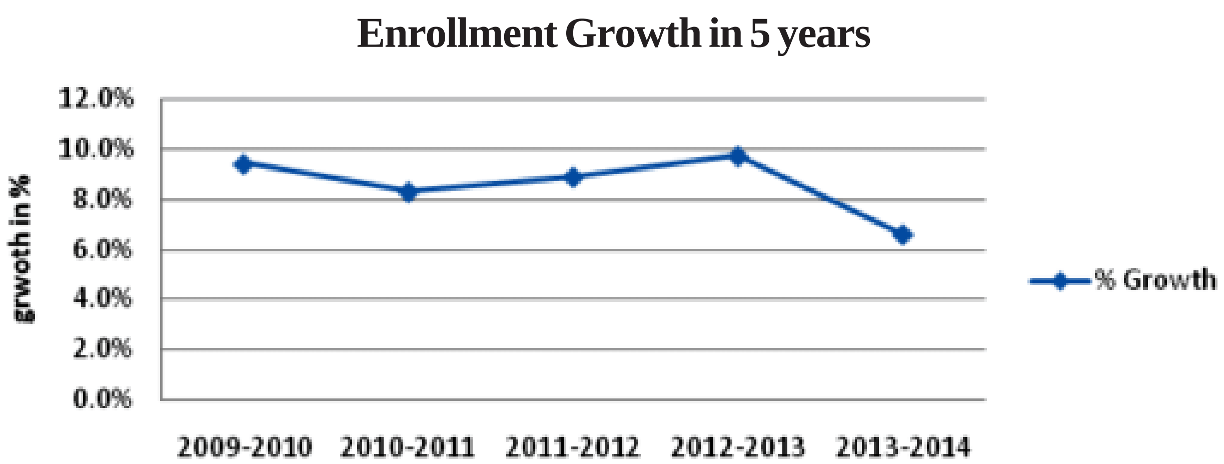

Figure 2

However, the system has many issues of concern at present, like financing and management including access, equity and relevance, reorientation of programmes by laying emphasis on health consciousness, values and ethics and quality of higher education together with the assessment of institutions and their accreditation. These issues are important for the country, as it is now engaged in the use of higher education as a powerful tool to build a knowledge-based information society of the 21st Century.

The Twelfth Five Year Plan for higher education provides a good policy foundation for India’s higher education future. A lot of work in terms of detailing is needed to move forward.

There have been many schemes and effective steps taken by UGC to strengthen the higher education in India. In order to revive our tradition to support higher education, and to encourage the participation of society in the development of universities, the UGC initiated the scheme during XI Plan entitled “Incentives for External Resource Mobilization”. This scheme is also continued during the XII Plan. The contribution of the UGC will be upto the extent of 25 per cent of the contribution received by the University for a particular year, subject to a maximum of 750.00 lakh per annum.

The Govt. of India allocated 7100 crores each to AMU and BHU as additional fund for their Medical Colleges under recurring as well as non-recurring heads. An amount of 750 crores each was released to AMU and BHU during 2013-2014 under the scheme.

Expansion to Provide reservation for OBC's in admissions

The Central Educational Institutions (Reservation in Admission) Act, 2006, envisaging reservation of 27% of the annual permitted strength in each branch of study or faculty for the OBCs (excluding the "creamy layer"), apart from 15% for the SCs and 7.5% for the STs, in Central Educational Institutions (CEIs) established, maintained or aided by the Central Government, other than those exempted under the Act, requires them to increase the annual permitted capacity for the academic session 2006-07 by 54% over a maximum period of

3 years commencing from the academic session 2008-09, with a view to ensuring that the number of unreserved seats available to the OBCs as also to the SCs and the STs for each academic session are commensurate with the increase in the permitted capacity for that session.

Tuition Fee waiver scheme (TFWS) for economical backward class

The Govt. has taken steps to encourage the economically backward class of people under TFWS scheme by giving 20% of additional admissions above the approved intake in various colleges. Under TFWS scheme the people having annual income less than 1 lakh can get admission for their wards in professional and technical colleges with waive off facility of tuition fees.

Development (Plan) and Maintenance (Non-Plan) Assistance to Universities

A grant of 7247.47 crores (7215 crores for University of Delhi, 712.50 crores for UCMS and 716.69 crores for Visva Bharati) was released to Central Universities during 2013-2014 for implementation of OBC reservation policy.

Strengthening/Setting up of schools of education in Central universities

The UGC has been impressing upon the Central Universities and other Universities to establish Department of Education and conduct programmes for preparation of school teachers and Teacher Educators. In the wake of the Right to Education Act, 2009 and the

Government of India requested the UGC to take urgent steps for expanding institutional support of teacher education in the University system and also to bring various qualitative improvements thereof. One such aspect in entailing such initiative was to establish School of Education in Central Universities of the country. With this objective, all the Central Universities are establishing Schools of Education within them and take various activities relating to teacher education other than pre-service teacher education. These included curriculum research, policy and educational development, learning and pedagogic studies, assessment and evaluation, professional development of teacher educators, etc.

The UGC has sanctioned for expansion and strengthening of teacher education in 19 Central Universities for which approval was given for various teaching and non-teaching posts and during XII Plan an amount of 7110.00 crores was also sanctioned to these Central Universities, out of which an amount of 735.00 crores was released during 2013-2014. The UGC has also invigorated the initiative for reforms in the curricula of the teacher education courses, requesting academic staff colleges to provide refresher and orientation training programmes for teacher educators, to strengthen post-graduate programmes in the teacher education departments and to run integrated teacher education programmes.

As a result of the above efforts, at present 36 Central Universities have Schools/Departments of Education offering various pre-service and other teacher education programmes and they have also intensified their efforts for providing other related programmes of teacher education. The Govt. has made compulsory accreditation for a higher education Institution which has successfully completed 5 years of their existence. Such steps will effectively help in enhancing the quality level of such institutions.

By 2025, India will be amongst the youngest nations in the world. With nearly 70 million people in the college-going age group, one in every four graduates in the world will be a product of the Indian higher education system.

In 2025, India will be one of the pioneers of a higher education model that is not just the best in the world, but the best for the world, delivering social, economic and intellectual value par excellence.

In order to realize the goals, a transformative and innovative approach would be required across all the levers of higher education: from curricula and pedagogy to the use of technology to partnerships, governance and funding. Making rapid progress over the next two decades would require a committed and concerted effort from all stakeholders involved i.e. academia, industry, and Government. Technology based education will be one of the best effective tools in enhancing the quality education by 2025.

Today, the median age of India's 1.5 billion strong population is a mere 32; a good ten years lower than most other nations in the world. Today, India is the largest contributor to the global workforce, its working age population surpassing 950 million. It is no surprise then that, India has emerged to be the world's third largest economy – an achievement underpinned, no doubt, by its unique demographic advantage, but also a prospect that would not have translated into reality if not for the country's pioneering reforms in university education over the past 20 years.

Over the last two decades, India has remarkably transformed its higher education landscape. It has created widespread access to low-cost high-quality university education for students of all levels. With well-planned expansion and a student-centric learning-driven model of education, India has not only bettered its enrolment numbers but has dramatically enhanced its learning outcomes. A differentiated three-tiered university system – where each tier has a

distinct strategic objective – has enabled universities to build on their strengths and cater across different categories of educational needs. Further, with the effective use of technology, India has been able to resolve the longstanding tension between excellence and equity. India has also undertaken large-scale reforms to better faculty-student ratios by making teaching an attractive career path, expanding capacity for doctoral students at research universities and delinking educational qualifications from teaching eligibility.

Despite these strides of progress, India's higher education institutions are not yet the best in the world – India has fewer than 25 universities in the top 200. Yet, India's post-secondary education system is increasingly recognised as being the best for the world. The promise of excellence and equity has made the Indian higher education system worthy of emulating, certainly in the developing world that faces the same challenges as India did in the decades prior to its higher education reforms, but less obviously in pockets of the developed world which is under tremendous pressure to provide higher education in cost-effective ways.

However, India has emerged as a regional hub of education and attracts global learners from all over the world. Students, faculty and employers now flock to India to learn, teach and recruit as India dons the mantle of a higher education leader and emerges the role model for delivering high-quality education to vast numbers at low cost.

To achieve the envisioned state in 2025, transformational and innovative interventions would be required across all levers of the higher education system. The architecture of Higher Education Model is supported by its base Foundation Funding and Governance. Funding & Governance are the Foundation of Higher education institutions whereas Curricula & Pedagogy, Faculty, Research, Partnership, Infrastructure are its pillars. Accreditation in higher education acts as a catalyst to enhance the quality of education which ultimately help in strengthening the academia- industry relationship. This relationship is explained in Higher Education model (Figure 3).

Literature Review

Analysis & Suggestions

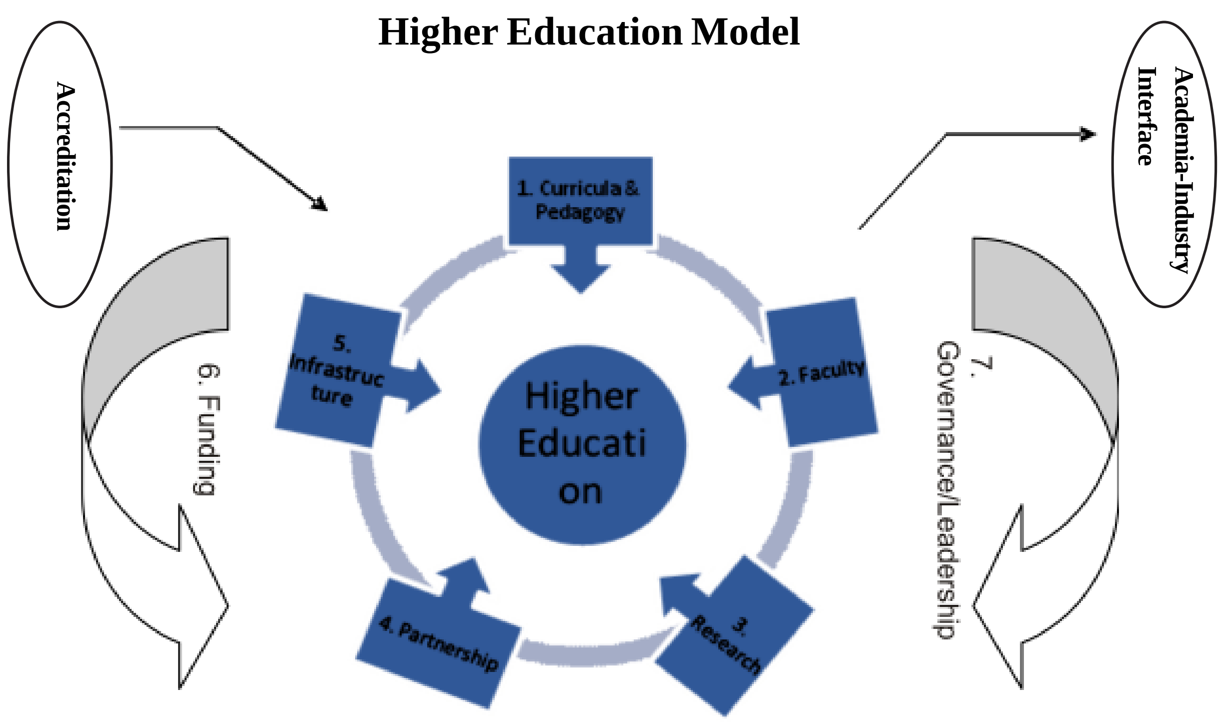

Figure 3

In order to have strong pillars of education following suggestion required to follow to achieve vision 2025. Each suggestion is accompanied by its impact and key steps to take to get it.

1. Curricula & Pedagogy

1.1 Adopt a learner-cantered paradigm of education

Impact	Key actions
• Effective and customized learning • Pool of reflexive and thoughtful learners • Graduates with independent and critical thinking skills • Increased innovation capability and entrepreneurship in the country Evolution of a workforce that can readily adapt to the dynamic work environment	• Develop content, pedagogy, and assessment systems that support experiential,interactive, and student-centered learning • Revamp the existing structure of teaching in higher education institutions tocater to the diverse choices and learning styles of students • Train faculty in being good facilitators

1.1 Introduce multi-disciplinary, industry-oriented, entrepreneurship, and skill-based courses

Impact	Key actions
• The students will able to get professional and practical knowledge alongwith traditional knowledge. • More & more students will get final placement which increase academia-industry interface.	• Develop content/pedagogy in accordance with requirements to improve the skills. • Revise of existing evaluation (exam-oriented approach) system to make room for adoption of new teaching techniques • Tie-ups/Partnerships with industry players for internships • Train faculty members to enable them to deliver the revised curricula / pedagogy • All undergraduate students have to choose from a core group of common subjects related to history, communication, culture, environment and society

1.3 Include courses on social sciences and general awareness for societal development

Impact	Key actions
• Students will get knowledge beyond curriculum. They will not only become a good professional but also a good human being.	• Develop content/pedagogy in accordance with the requirements of the courses • Train faculty to enable them to deliver the revised curricula • Launch modules on general awareness/current affairs to produce better informed citizens and disseminate knowledge to improve standards of health, hygiene, sanitation, life expectancy and other social parameters • Introduce full-fledged courses on social administration, public health, and cultural and heritage development

1.4 Adopt new pedagogical techniques: blended learning, flipped classroom, experiential learning

Impact	Key actions
• Traditional type classroom will be converted into flipped classroom • Theoretical information available with the students in forms of texts notes etc. More focus on presentation practical knowledge.	• Develop adequate bandwidth to ensure fast and uninterrupted internet connectivity at higher education institutions across geographies • Develop device-agnostic technology for accessing online content • Develop content/pedagogy in accordance with the requirements, including self-learning material for online teaching as well as activity-based content for face-to-face teaching • Train faculty in this 'new age' pedagogy to enable them to effectively deliver quality learning outcomes

2. Faculty

2.1 Flexible faculty recruitment norms and offer incentives for attracting faculty

Impact	Key actions
• Qualified and experienced faculty will more focus. • Industry experienced professionals also attracted towards teaching.	• Introduce reforms in the selection process of faculty members, based on the requirements of institutions • Grant autonomy to best-in-class institutions to devise their own mechanisms to recruit faculty • Ensure active participation of the industry in encouraging industry professionals to accept faculty positions

2.2 Retain high-quality faculty by implementing tenure based and rewards-based systems

Impact	Key actions
• Faculty will be motivated towards their work • Quality level of education will improve. • Senior faculties will train junior faculties.	• Encourage higher education institutions to implement a tenure-based system • Develop a structured and transparent framework for performance evaluation of faculty. • Implement a transparent and effective performance-based remuneration system • Implement a system of peer reviews and student feedback in all higher education institutions • Appoint an independent committees in institutions to ensure accountability and transparency in implementation of these initiatives.

2.3 Encourage faculty development and exchange programs with top-end institutions

Impact	Key actions
• Knowledge of students will explore • Faculty will get hands-on training from top institutions. • Delivery of lecture will improve	• Develop effective faculty-development programs • Ensure fast and uninterrupted internet connectivity to deliver faculty training programs using virtual classrooms. • Provide funding support to education institutions to enable them to organize activities such as summer workshops and exchange programs. • Ensure active participation by best-in-class faculty from top most institutions to be 'hubs' for training and development of junior and mid-level faculty members from other institutions

3. Research

3.1 Attract best-in-class faculty to conduct research

Impact	Key actions
• Enhancement of joint research programs and other research collaborations between top-most international institutions and Indian higher education institutions. • Interaction and exchange of knowledge between two different institutions lead to the improvement in the quality of their research-based activities and generate increased interest in research	• Identify institutions/countries that will mutually benefit from research partnerships with Indian institutions • Identify areas that would be of mutual interest to international and Indian institutions to forge research-based collaborations • Provide attractive incentives to international institutions to engage in collaborative research activities with Indian institutions. • Formalize tie-ups of Indian institutions with leading international institutions to operationalize the mentor model.

3.2 Develop centres of excellence in higher education institutions to conduct high quality research activity

Impact	Key actions
• It will improve the research activity. • Able to generate funds for research activities.	• Develop platforms for interaction between higher education institutions and research centers in the country to establish research-based relationships. • Incentivize collaboration between research institutions as well as between research centers and institutions. • Develop adequate infrastructure and the requisite environment for R&D in high quality academic institutions • Attract top-notch researchers to such institutions to lead collaborative research between multiple stakeholders • Increase budget on R&D as a percentage of GDP

3.3 Encourage community-focused/development oriented research at academic institutions

Impact	Key actions
• It will help in improving academia-industry interface • Indian Universities tie-up with international universities enhancing research oriented work.	• Provide funding for community-focused (or region-specific) development oriented research. • encourage faculty and students to conduct community-focused research • Ensure active participation of local industry

4. **Partnership**

4.1 Strengthen industry-academia linkages across all aspects of the education value chain, from curricula and faculty to infrastructure, research, and placements.

Impact	Key actions
• It will help in improving Placement opportunities. • Alumni based will be stronger which will help in generation of fund	• Include corporate professionals for visiting lectures seminar workshops etc • Strengthen the alumni database • Allocate sufficient funds for practical teaching methodology. • Conducts various job oriented modules

5. **Infrastructure**

5.1 Encourage e-learning & digital learning system

Impact	Key actions
• It will help in improving placement opportunities. • Alumni based will be stronger which will help in generation of fund	• Ease norms to allow established higher education institutions to increase their intake in the popular streams in existing campuses • Deploy existing physical facilities more efficiently by scheduling multiple shifts and year-round operations • Use digital mode of delivery of lectures Create an affordable pricing model to maximize usage of virtual classrooms

5.2 Library should be equipped with good and qualitative journals and books of international standard

Impact	Key actions
• Students benefited of world class knowledge	• Encourage e-learning and book bank facilities • Association with various world famous journals and publishers

5.3 Encourage foreign universities to established their courses or campus within Indian university

Impact	Key actions
• Students will get world class infra facilities at lower cost	• Tie-up with foreign universities • Encourage twining program

The above are few suggestive points which will help in building a superb class of higher education in India. The above will be in place if the Foundation of higher education system are well planned i.e funding and Governance should be strong.
Following are few suggestions to improve and enhance the techniques of funding and governance.

1. **Finding**

- Provide competitive access to public research grants.
- Encourage corporate and alumni funding by arranging various conferences seminars and meets.
- Link public funding to institutional performance
- Promote individual based funding

2. **Governance/Leadership**

- Simplify the regulatory framework, move increasingly towards autonomy and self-regulation of institutions,
- Introduce mandatory accreditation
- Enforce mandatory disclosure of key financial and operational information
- Provide a thrust to internationalization of leadership, separate ownership and management for effective governance
- Ensure effective self-regulation in all higher education institutions by their seeking guidance/direction from suggested frameworks

Conclusion

The Future of Higher education in India is very vast. The Government as well as the Institutions are taking major precautionary steps to improve and enhance the higher education. The Indian Government is also working hard in promoting the higher education system by encouraging more and more students to enrol. They are offering scholarships and necessary support to the meritorious and poor people. The management of Institutions should be more focused on quality based rather than quantity based. If the higher education institutions starts maintain the quality then definitely, within 10 years India will be one of the best in higher education system. The growing advance technology will give boost to the education system and the student will get all the facility with affordable fees within the country. The quality of education will be at par to the education of developed country.

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