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The New Normal : Evolving Scenario in
Bussiness & Economy



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INDEX

No.	Title of the Paper	Author's Name	Page No.
1	<i>Performance Evaluation of Selected Urban Co-Operative Banks From Mumbai</i>	Aparna A. Kulkarni & Dr. Sujit G. Metre	05
2	<i>Indian Multinational Companies Outward Foreign Direct Investment in the World</i>	Ms. Bhagyashree Hiremath	14
3	<i>An analysis of understanding level of Goods and services tax in major two city of Gujarat (with special reference to traders)</i>	Rashmi Parmar	19
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			



25

26

27

28

29

30

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Performance Evaluation of Selected Urban Co-Operative Banks From Mumbai

Aparna A. Kulkarni¹ & Dr. Sujit G. Metre²

1. Research Scholar, Datta Meghe Institute of Management Studies, Nagpur, Maharashtra, India

2. Principal, S. B. City College, Nagpur, Maharashtra, India

Abstract:

Urban Co-operative Banks are established based on co-operative for dealing with banking operations. The reach of urban co-operative banks is increased manifold to serve small industries and self-employed workers. The Urban Co-operative banks are Co-operative registered under societies act 2012 and governed by the Reserve Bank of India. It necessitates evaluating the performance of Urban cooperative banks as well-known co-operative banks coming under the scrutiny of RBI because of their poor performance. Recently RBI is empowered to restructure financially weak co-operative banks.

This study is based on secondary data where data is gathered from the annual reports of the selected banks. The Researcher selected four banks from Mumbai city. The data is referred from FY 2012-13 to 2016-17. The trend analysis is used to evaluate the performance of the selected banks.

Key Words: Urban Co-operative Bank, Reserve Bank of India, Net Profit, NPA

Introduction:

Urban cooperative banks become the backbone of economic activities in India. These banks are catering to the needs of small business start-ups, providing money to self-employed persons, facilitating small traders or cottage industries, financial help to self-help groups. These banks are the medium to keep money safe and brought that money into circulation thereby contributing to the nation's economy.

The primary co-operative banks are known as Urban Co-operative Banks. These types of banks are registered under the Co-operative Societies Act related to the states or multi-state wherever they are operating. Reserve Bank of India acts as a controlling and inspecting authority for Urban cooperative banks. To sustain in the current scenario, these banks must perform well which enables them to attract more customers. The performance of any bank is depending on how the bank is providing services to the customers and their satisfaction with these services. Hence carrying out performance evaluations on regular basis is necessary for the up gradation and it reflects the rate of growth of the banking system in the country. By considering financial and operational parameters, it is possible to carry out performance evaluation of the bank which will help concern bank to improve their process to provide quality services to the customer. The researcher selected some of the Urban Co-operative Banks from Mumbai for the study. This study is expected to help these banks to know weaker areas and work on these areas for better performance in the future.

Objectives:

- To evaluate the performance of selected Urban Co-operative Banks from Mumbai Cities
- To suggest measures for the improvement of the performance of the Urban Co-operative Banks.

Literature Review:

RBI defines Urban Co-operative Banks as “Small-sized Co-operatively organized banking units which operate in metropolitan, urban and semi-urban centers to cater mainly to the needs of small borrowers, viz., owners of small-scale industrial units, retail traders, professional and salaried classes”. Thus, Urban Co-operative bank provides banking as well as financing services.

The Co-operative banks are classified as follows -

Cooperative Banks				
Rural cooperative credit institutions			Urban cooperative credit institutions	
Short term		Long term	Scheduled	Non-Scheduled
State Co-operative Banks, Primary	District Central Co-operative Banks,	Agricultural Credit Societies.	State Cooperative Agriculture and Rural Development Banks (SCARDBs) 1. Multi-state 2. Those operating in a single state.	

Table1: Classification of Co-operative Bank

(Source: <https://www.jatinverma.org/urban-cooperative-banks>)

Banking is always being growing service industry across the globe. The performance of any business is indicated in terms of profit. In the case of the bank, the performance indicators are different than other businesses. The loan-to-deposit ratio is one of the indicators of banks' profitability as it portrays the status of asset-liability administration of banks (Jahangir et al. 2007). The other way of doing performance evaluation of the bank is comparing the present ratio with the past ratio considering various aspects of the banks. This ratio indicates the tendency of change, how the performance of banks altered over a period.

Patil M. R. (1999), in his doctoral thesis, “A Study on The Performance Evaluation of Urban Cooperative Banks in Goa” evaluated the growth and performance of urban co-operative banks in terms of physical and financial parameters and suggested measures for better performance of the banks. This secondary data-based research used data of FY 1985-86 to FY1996-97 which mainly included annual reports and official records of all the urban co-operative banks from Goa. The growth rate parameters and ratio analysis are used for evaluating the performance. A comparative study and SWOT analysis of the banks were also carried out. The researcher suggested that urban co-operative banks must implement an education program for bank employees, customers, and non-customers for creating awareness and significance of co-operative banks. Further added that Urban Co-operative Bank must ensure value-added services in terms of cost, service quality for various types of customers which includes depositors and borrowers.

Ramu N. (2007) in his article, “Performance and Challenges of Urban Cooperative Banks in India – An Appraisal” stated that Urban Co-operative Banks in India went through sea



changes right from the beginning. These changes transformed these banks for the betterment. The author pointed out that growing competition, tightening of practical standards, lack of manpower planning, lack of control of expenditures, non-appraisal of loans, and multiple control may be the reasons for the bad performance of Urban Co-operative Bank. The need for solving operational, financial, and managerial issues is highlighted by the researcher.

Dr. S. Raju and Dr. S. Mohan (2013), wrote an article on, "Performance Appraisal of the Urban Cooperatives Banks". Duo examined three Urban Co-operative Banks from Thanjavur district. The study was based on both primary and secondary data. The questionnaire method was adopted for gathering the information. The researchers suggested that the selected Urban Co-operative bank should shift their focus from fixed deposit to saving and current account. The CAR should be kept at an optimum level. The Urban Co-operative banks must enhance their loan and advances as well as a review of investment to be done on regular basis. The NPA should be reduced and steps must be taken to modernize the operation with the adoption of technology. The researcher emphasized the need for an increase of spread over the Urban Co-operative Banks.

Paul K. Lawrence Seekan and Dr. Selvakumar A. Xavior (2019), carried out research work titled, "Financial Performance of Urban Cooperative Banks in Thanjavur District - A Study". The authors selected five Urban Co-operative Banks from the Thanjavur district. The study was aimed at understanding the function of the selected banks. The solvency analysis and ratio analysis technique were used to evaluate the financial performance of the banks. The overall performance was not up to the mark as expected. According to the authors, the financial well-being of urban cooperative banks is significant to the Indian economy. Urban Banks must learn from their past experiences and adjust to the new normal to improve their performance.

Dr. Ram Prakash (2019) carried out an analysis of Urban Co-operative Bank namely, "Evaluation and Analysis of Profitability of Urban Co-Operative Banks: A Case Study of Uttar Pradesh". The researcher analyzed the financial and operational performance of the banks from Uttar Pradesh. It was observed that, in the case of Urban Co-operative Banks, there was a decreasing trend of the net and gross losses. It was mainly due to the strict implementation of RBI rules and regulations and audits on regular basis. But political influence reducing the profitability of the bank. Lack of security of staff, Lack of branch aspects, and Lack of adoption of technology are some of the reasons for the poor performance of the Urban Co-operative banks from Uttar Pradesh. The author suggested that RBI should provide proper assistance to these banks for better performance.

Research Methodology:

Sampling Frame – Urban Co-operative Banks from Mumbai City

Sample Design – Four urban co-operative banks from the city selected for the study. Following Banks from Mumbai City for the study

1. Shreeram Sahakari Bank Ltd.
2. Patan Co-operative Bank Ltd.
3. Mogaveera Co-operative Bank Ltd.
4. The Malad Sahakari Bank Ltd.

Data Source – The secondary data is collected through annual reports of the selected banks.

Data Analysis:

The trend line analysis represents the performance of the bank over a period. The trendline equation is written as $Y = b + aX$. Here Y represents trend values while “b” represents Y-intercept and “a” is the slope of the line. The amount of change in the value of Y is related to the one-unit change of variable X. r^2 is the square of the correlation coefficient. Its value lies between 0 and 1. The value of r^2 indicates to what extent the variance of one variable varies with the second variable.

Trend Analysis – The trend analysis of various data like Employees, Members, Paid-up Capital, Total Deposit, Total Advances, Total Income, Net Profit, and NPA done by finding out growth rate then followed by the presentation of trend equations and correlation coefficient.

1. Employees -

The growth rate and trend line equation for employees represented below.

Name of Bank	No. of Employees				
	2012-13	2013-14	2014-15	2015-16	2016-17
Shreeram Sahakari Bank Ltd.	16	17	16	15	13
Growth in %		6.25	-5.88	-6.25	-13.33
Patan Co-operative Bank Ltd.	31	30	29	30	30
Growth in %		-3.23	-3.33	3.45	0.00
Mogaveera Co-operative Bank Ltd.	194	189	217	219	214
Growth in %		-2.58	14.81	0.92	-2.28
The Malad Sahakari Bank Ltd.	98	92	88	88	102
Growth in %		-6.12	-4.35	0.00	15.91

Table No.2: Growth Rate – Employee

The table indicates that except for The Malad Sahakari Bank Ltd. the employee growth rate is decreasing. Only Patan Co-operative Bank Ltd. after a reduction in employees again reach near to initial value i.e. no. of employees.

Name of the Bank	$Y = b + aX$	r^2
Shreeram Sahakari Bank Ltd.	$Y = 8.71 - 4.12x$	0.75
Patan Co-operative Bank Ltd.	$Y = 1.82 + 0.47x$	0.06
Mogaveera Co-operative Bank Ltd.	$Y = 3.29 - 0.31x$	0.01
The Malad Sahakari Bank Ltd.	$Y = 9.49 + 3.59x$	0.43

Table No.3: Trend Line Equation and r^2 – Employee

A negative trend of growth was observed in the case of Shreeram Sahakari Bank Ltd. and Mogaveera Co-operative Bank Ltd. while the remaining two banks showed a positive trend in the selected period.



2. Members –

Name of Bank	No. of Members				
	2012-13	2013-14	2014-15	2015-16	2016-17
Shreeram Sahakari Bank Ltd.	7746	7935	8015	8032	8163
Growth in %		2.44	1.01	0.21	1.63
Patan Co-operative Bank Ltd.	7602	7562	7482	7511	7607
Growth in %		-0.53	-1.06	0.39	1.28
Mogaveera Co-operative Bank Ltd.	45193	45576	46241	46351	46663
Growth in %		0.85	1.46	0.24	0.67
The Malad Sahakari Bank Ltd.	20451	21158	21643	21941	22014
Growth in %		3.46	2.29	1.38	0.33

Table No.4: Growth Rate – Members

There was overall percentage growth observed in the case of three banks except in the case of Patan Co-operative Bank Ltd. it was not up to the mark. The Malad Sahakari Bank Ltd. was ahead about percentage increase in no. of members.

Name of the Bank	Y=b+aX	r ²
Shreeram Sahakari Bank Ltd.	Y= 1.55-0.1x	0.03
Patan Co-operative Bank Ltd.	Y= -0.22+0.15x	0.05
Mogaveera Co-operative Bank Ltd.	Y= 1.22-0.13x	0.2
The Malad Sahakari Bank Ltd.	Y= 2.71-0.34x	0.2

Table No.5: Trend Line Equation and r² – Members

The trend line equation and value r² suggest that, though there is a good growth rate of members but only Patan Co-operative Bank Ltd. depicting a positive trend.

3. Paid-up Capital –

Name of Bank	Paid-up Capital				
	2012-13	2013-14	2014-15	2015-16	2016-17
Shreeram Sahakari Bank Ltd.	1	1.17	1.21	1.17	1.16
Growth in %		17.00	3.42	-3.31	-0.85
Patan Co-operative Bank Ltd.	2.92	2.98	3.1	3.01	3.05
Growth in %		2.05	4.03	-2.90	1.33
Mogaveera Co-operative Bank Ltd.	16.11	15.77	16.08	16.51	17.04
Growth in %		-2.11	1.97	2.67	3.21
The Malad Sahakari Bank Ltd.	5.34	6.16	6.74	7.40	7.82
Growth in %		15.36	9.42	9.79	5.68

Table No.6: Growth Rate – Paid-up Capital

The table is indicative that, The Malad Sahakari Bank Ltd. showing positive growth with respective previous years. In the year 2013-14, the growth of paid-up capital was negative in the case of Mogaveera Co-operative Bank Ltd. In the year 2015-16, Shreeram Sahakari Bank Ltd. and Patan Co-operative Bank Ltd. paid-up capital decreased as compare to previous years.

Name of the Bank	Y=b+aX	r ²
Shreeram Sahakari Bank Ltd.	Y= 10.65-2.40x	0.23
Patan Co-operative Bank Ltd.	Y= 2.39-0.43x	0.07
Mogaveera Co-operative Bank Ltd.	Y= -1.41+0.92x	0.48
The Malad Sahakari Bank Ltd.	Y= 7.11+0.38x	0.01

Table No.7: Trend Line Equation and r² – Paid-up Capital

The Mogaveera Co-operative Bank Ltd. with an initial decrease in paid-up capital shown a good positive trend followed by The Malad Sahakari Bank Ltd.

4. Total Deposit –

The percentage growth observed negative in the case of Shreeram Sahakari Bank Ltd. in the period selected for the study. Good positive growth was observed in the case of Patan Co-operative Bank Ltd. irrespective of negative growth in the FY 2015-16. It is shown in the table given below.

Name of Bank	Total Deposit				
	2012-13	2013-14	2014-15	2015-16	2016-17
Shreeram Sahakari Bank Ltd.	14.87	19.01	19.59	18.27	17.27
Growth in %		27.84	3.05	-6.74	-5.47
Patan Co-operative Bank Ltd.	68.93	72.18	75.8	75.66	88.3
Growth in %		4.71	5.02	-0.18	16.71
Mogaveera Co-operative Bank Ltd.	559.1	644.27	691.39	718.06	812.54
Growth in %		15.23	7.31	3.86	13.16
The Malad Sahakari Bank Ltd.	213.82	251.29	281.90	327.32	386.11
Growth in %		17.52	12.18	16.11	17.96

Table No.8: Growth Rate – Total Deposit

Name of the Bank	Y=b+aX	r ²
Shreeram Sahakari Bank Ltd.	Y= 18.19-4.75x	0.29
Patan Co-operative Bank Ltd.	Y= -2.50+2.65x	0.39
Mogaveera Co-operative Bank Ltd.	Y= 4.23+1.29x	0.11
The Malad Sahakari Bank Ltd.	Y= 3.20+3.25x	0.53

Table No.9: Trend Line Equation and r² – Total Deposit

The trendline equation reflects that except for Shreeram Sahakari Bank Ltd. other banks shown a positive trend in the case of deposit. The Malad Sahakari Bank Ltd. was ahead of other banks for gathering deposit.

5. Total Advances –

Name of Bank	Total Advances				
	2012-13	2013-14	2014-15	2015-16	2016-17
Shreeram Sahakari Bank Ltd.	10.67	13.14	13.25	12.05	9.74
Growth in %		23.15	0.84	-9.06	-19.17
Patan Co-operative Bank Ltd.	40.04	45.51	30.41	34.94	30.63
Growth in %		13.66	-33.18	14.90	-12.34



Mogaveera Co-operative Bank Ltd.	342.64	355.12	339.03	360.99	384.56
Growth in %		3.64	-4.53	6.48	6.53
The Malad Sahakari Bank Ltd.	118.09	142.44	153.15	174.78	187.62
Growth in %		20.62	7.52	14.12	7.35

Table No.10: Growth Rate – Total Advances

The growth rate was found to decrease from FY2012-13 to FY2016-17. Only Mogaveera Co-operative Bank Ltd. able to increase total advances though there was a decrease in total advances in the FY 2014-15.

The trend line equation and value of r^2 show that, The Malad Sahakari Bank Ltd. and Mogaveera Co-operative Bank Ltd. shown a positive trend while Shreeram Sahakari Bank Ltd. and Patan Co-operative Bank Ltd. showed a negative trend in the study period. The table is presented below.

Name of the Bank	$Y=b+aX$	r^2
Shreeram Sahakari Bank Ltd.	$Y= 21.11-7.25x$	0.53
Patan Co-operative Bank Ltd.	$Y= 4.44-2.54x$	0.04
Mogaveera Co-operative Bank Ltd.	$Y= -1.54+1.39x$	0.23
The Malad Sahakari Bank Ltd.	$Y= 8.26+0.62x$	0.02

Table No.11: Trend Line Equation and r^2 – Total Advances

6. Net Profit –

Name of Bank	Net Profit				
	2012-13	2013-14	2014-15	2015-16	2016-17
Shreeram Sahakari Bank Ltd.	-0.12	0.01	0.05	-0.21	-0.35
Growth in %		-108.33	400.00	-520.00	66.67
Patan Co-operative Bank Ltd.	1.21	1.41	0.62	0.44	0.6
Growth in %		16.53	-56.03	-29.03	36.36
Mogaveera Co-operative Bank Ltd.	4.66	3.06	3.55	2.02	0.52
Growth in %		-34.33	16.01	-43.10	-74.26
The Malad Sahakari Bank Ltd.	2.84	2.67	2.86	2.81	3.41
Growth in %		-5.99	7.12	-1.75	21.35

Table No.12: Growth Rate – Net Profit

The above table indicative that, only The Malad Sahakari Bank Ltd. able to advance their Net Profit in the study period as compared to other banks selected for the study. The Mogaveera Co-operative Bank was shown a substantial decrease in the Net Profit.

Name of the Bank	$Y=b+aX$	r^2
Shreeram Sahakari Bank Ltd.	$Y= 51.97-28.03x$	0.02
Patan Co-operative Bank Ltd.	$Y= -13.78+2.52x$	0.01
Mogaveera Co-operative Bank Ltd.	$Y= 20.85-15.93x$	0.49
The Malad Sahakari Bank Ltd.	$Y= -9.14+4.49x$	0.45

Table No.13: Trend Line Equation and r^2 – Net Profit

The above table shows that the positive trend in Net Profit depicted by The Malad Sahakari Bank followed by Patan Co-operative Bank Ltd. The declining trends are shown by Shreeram Sahakari Bank Ltd.

7. Net NPA –

As indicated in the presented table, the rate of growth of Net NPA was increasing in the case of Shreeram Sahakari Bank Ltd. followed by Mogaveera Co-operative Bank. Patan Co-operative Bank Ltd. and The Malad Sahakari Bank Ltd. shown a decrease in Net NPA.

Name of Bank	Net NPA				
	2012-13	2013-14	2014-15	2015-16	2016-17
Shreeram Sahakari Bank Ltd.	0.01	0.06	0.16	0.75	1.23
Growth in %		500.00	166.67	368.75	64.00
Patan Co-operative Bank Ltd.	1	0.08	0	0.41	0
Growth in %		-92.00	-100.00	412.50	-100.00
Mogaveera Co-operative Bank Ltd.	10.65	3.37	26.75	21.39	36.45
Growth in %		-68.36	693.77	-20.04	70.41
The Malad Sahakari Bank Ltd.	1.28	0.00	0.00	0.00	2.75
Growth in %		-100.00	-100.00	-100.00	114.84

Table No.14: Growth Rate – Net NPA

Name of the Bank	Y=b+aX	r ²
Shreeram Sahakari Bank Ltd.	Y= 221.66-0.52x	2.00E-05
Patan Co-operative Bank Ltd.	Y= -66.45-30.25x	0.05
Mogaveera Co-operative Bank Ltd.	Y= 79.22+18.71x	0.01
The Malad Sahakari Bank Ltd.	Y= -105.14+22.77x	0.14

Table No.15: Trend Line Equation and r² – Net NPA

The trend line equation and r² value show that there are a decreasing trend and rise of the trend observed in the case of The Malad Sahakari Bank Ltd. and Patan Co-operative Bank Ltd. In the case, Shreeram Sahakari Bank Ltd. shown a steady increasing trend in Net NPA.

Findings:

The performance of The Malad Sahakari Bank Ltd. was better as compared to other banks selected for the study from Mumbai city. But the bank should take care of NPA as net NPA was shown to be nil from the middle three years and there was an increase in net NPA in FY 2016-17. Comparatively worst performance observed in the case of Shreeram Sahakari Bank Ltd. Though there was an increase in Members and Total Deposit, the net Profit and net NPA was not up to the Mark. In the case of Patan Co-operative Bank Ltd. decrease in Advances and Net Profit affected the performance. An increase in Net NPA and a decrease in Net Profit affected the performance of Mogaveera Co-operative Bank Ltd. During the period i.e. FY 2012-13 to FY 2016-17 though there was an increase in no. of members and Paid-up capitals, there was no much impact observed on the performance of the banks.



Conclusion:

The Banking sector especially Urban Co-operative banks are playing a pivotal role in the elevation of economic growth for the middle-income group and small business. Hence these banks must provide better services to their customers. The performance evaluation of a bank helps to know the effectiveness of banking operations and policies. This study is expected to offer an overview of the performance trend of the selected bank to concerned banking authorities and to take appropriate measures to enhance the performance in the future. This study may provide viable information to other banks for taking necessary action for better performance.

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Indian Multinational Companies Outward Foreign Direct Investment in the World

Ms. Bhagyashree Hiremath

*Research Scholar, Department of Studies in Economics,
Karnatak University, Dharwad &
ICSSR Institutional Doctoral Fellow,
Centre for Multi-Disciplinary Development Research, Dharwad.

Abstract:

India, an emerging economy in the world, has footprint in the global economy through the multinational company's foreign direct investment rigorously since 2000 with various mode of entry into the abroad and OFDI compositions like equity, loan and guarantee issued. The research paper analyses the trend, composition and sector wise share of the Indian companies investment from 2012-2019. Statistical tools and graphs as well as linear regression model are fitted. Paper concludes with - India has to boost companies OFDI in the days ahead to benefit both home and host countries with implementing pull and push factors to gain.

Key Words: India, Multinational Companies, European Union, OFDI. JEL Classification: F21, F23

Introduction:

India as an emerging economy in the world incepted in the global economy outward foreign direct investment, hence forth referred to as OFDI, through the multinational company's since 2000, in particular developed countries like UK and European Union. Tata Tetley, Tata steel, Tata consultancy, Reliance Energy Generation & Distribution Limited, Bharti Airtel Limited etc in various sectors over a period of time, Indian companies stepped into the world through OFDI to augment market with brand , to access resources available at less cost and technology etc. OFDI in turn gains to the both home and host countries.

Review of literature:

Pradhan (2008) explained in his study the overview of the changing patterns of OFDI from India. The rise in the propensity of Indian firms to undertake international production is being driven by several internal as well as external factors. He showed that the increasing number of Indian MNCs during the nineties have been accompanied by a number of changes in the character of such investments which include the tendency of Indian Outward investors to have full or majority ownership, expansion, into new industries and service sectors. The overall study shows that the motives of Indian-MNCs for investing abroad is not only of market seeking but also expand the strategic assets and skills overseas through establishing trade-supporting infrastructure.

Pedersen (2008) made an assessment of the recent international expansion of Indian companies in the second wave of investments abroad. The study elaborated the policies towards Outward FDI since 1969 and continued up to liberalization and thereafter as well. The Indian companies are targeting the markets in Europe and the U.S.A. through acquisitions of local companies. Consequently, Indian companies have continued investment in developed and developing countries to expand their market and brand name at the global level.

Dunning (1988) argued that the emergence of outward direct investment from developing countries could also be explained by his eclectic theory of international production. Along with GNP per capita increase, inward and outward FDI flows and balances are linked to each stage of economic development, within an “investment development cycle”. The existence of a positive correlation and a J-shaped relationship between net outward FDI and GNP per capita was assumed. Dunning therefore argued that the ownership advantages of Developing Countries’ MNCs tend to reflect the structure of their countries’ resource endowment, such as capital, labor, raw materials, individual entrepreneurship, and ability to adapt imported know-how and technology, as well as their better knowledge of other developing countries’ markets, a better mastering of technologies and skills that are particularly suitable for these countries and a shorter institutional distance.

Statement of the problem:

Since new economic policy inception - India boosted foreign direct investment. Indian multinational companies marked footprints in the globe through outward foreign direct investment since its third wave. Due to market access, brand, resource availability at less cost, and technology augmentation are few determinants of company’s interest in investing outward. Various companies with joint venture and wholly owned subsidiaries entered into global economy.

Research objectives:

- To analyze the Indian Outward Foreign Direct Investment trend.
- To evaluate the composition of Outward Foreign Direct Investment.
- To identify the sector wise share of MNCs Outward Foreign Direct Investment
- To offer policy suggestions in the light of findings based on the availability of data.

Research questions:

- Is Indian Multinational companies OFDI trend increased over period of time?
- What is the composition of Indian Multinational companies OFDI?

Research Methodology:

Research paper is based on the secondary data source - Reserve Bank of India. Data is Compiled yearly from 2012 to 2019. There are three components of OFDI data available in RBI such as, equity, loan and guarantee issued, was collected. Statistical tools such as - percentage, average used for the data analysis and also the linear regression model using MS Excel. Graphs like line graph, multiple bar diagram were used wherever necessary.

Data collection and analysis:

Data was collected from RBI, rbi.org.in and analysis was carried out in the following ways by framing suitable tables and figures.

Table 1: Composition of Indian OFDI 2012-19

US Billion \$

Year	Equity	Loan	Guarantee issued	Total
2012	5.6	4.9	15.1	25.6
2013	5.3	3.9	20.4	29.6
2014	9.1	2.9	26.3	38.2
2015	3.5	3.3	15.7	22.5



2016	9.0	3.4	13.1	25.5
2017	7.1	5.3	8.7	21.1
2018	6.2	4.2	8.0	18.4
2019	5.2	5.8	8.0	18.9
Cumulative 2012-19	51.0	33.7	115.2	199.9
Average	6.4	4.2	14.4	25.0
Percentage	25.5	16.9	57.6	100.0

Source: RBI

Table 2: Indian OFDI through JV/WOS 2012-2019

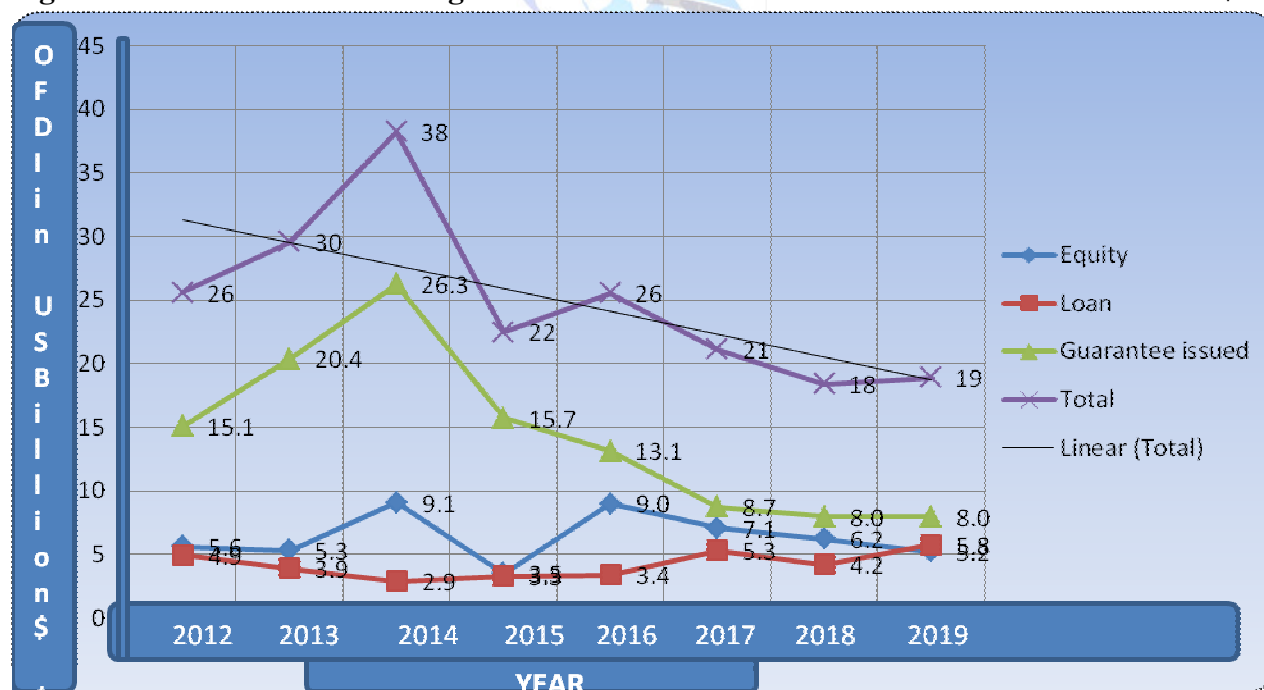
US Billion \$

Mode	No.	Equity	Loan	Guarantee- Issued	Total
Joint Venture	13019 (29)	14.7 (28.8)	7.7 (22.9)	28.7 (24.9)	51.2 (25. 6)
Wholly Owned Subsidiary	31905 (71)	36.3 (71.2)	26.0 (77.1)	86.5 (75.1)	148.8 (74.4)
Total	44924 (100)	51.0 (100)	33.7 (100)	115.2 (100)	199.9 (100)

- Source: RBI, Figures in parentheses in percentage.

Figure1: Indian Outward Foreign Direct Investment Trend 2012-19

US Billion \$



Source: RBI

Linear regression Model: $Y = 3.98 - 1.97X + u_i^{\wedge}$

Whereas, Y= OFDI, X= Year, u_i^{\wedge} = stochastic disturbance term

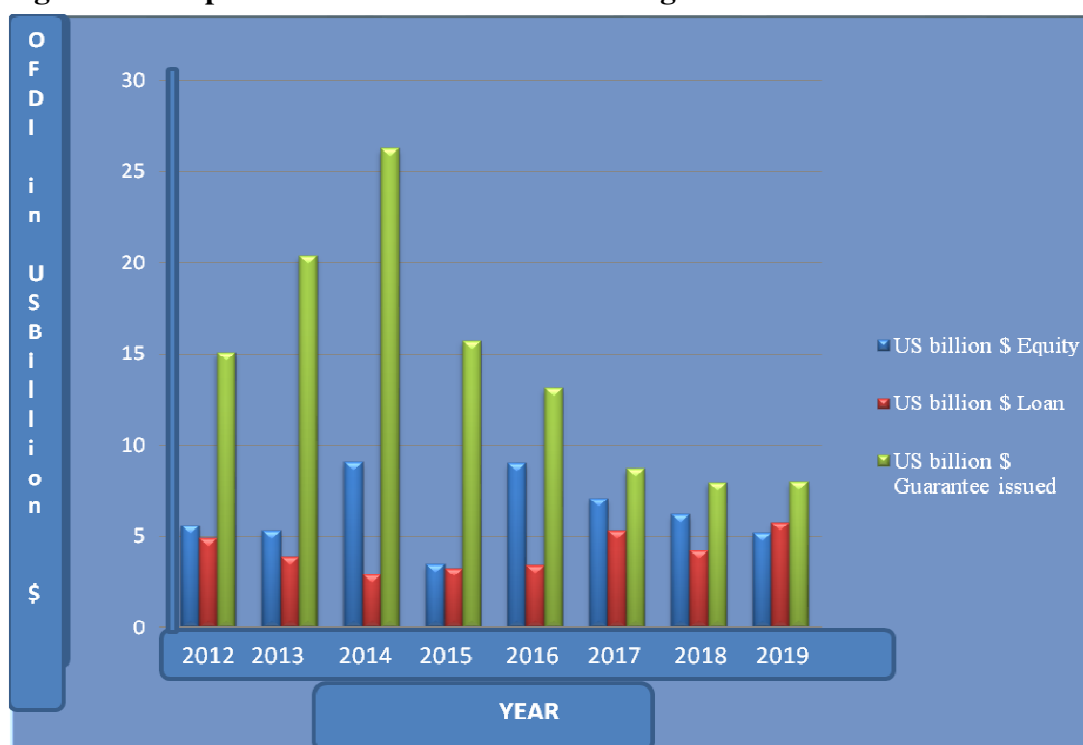
There is decreasing trend, i.e., 1.97 unit means 1.97 billion dollar OFDI has been declined for a year.

Table 3: Sector wise share of Indian OFDI

Sector	US Billion \$	
	2019	2012
Agriculture and Mining	7.1	11.6
Community, social and personal services	1.7	5.0
Construction	13.8	6.5
Electricity, gas and water	3.5	0.1
Financial, insurance, real estate and business services	27.8	7.8
Manufacturing	25.7	31.7
Miscellaneous	0.3	0.1
Transport, storage and communication services	5.7	24.7
Wholesale, retail trade, restaurants and hotels	14.5	12.5
Total	100.0	100.0

Source: RBI

Figure 2: Composition of Indian Outward Foreign Direct Investment



Source: RBI

Table 4: Top Ten Indian Multinational Companies OFDI in the World US Billion \$

Year	2012	2013	2014	2015	2016	2017	2018	2019
Top 10 MNCs OFDI	10.4	10.3	22.9	5.8	11.1	7.9	5.3	7.0
Total OFDI	25.6	29.6	38.3	22.5	25.5	21.1	18.4	18.9
Percentage of OFDI	40.5	34.8	59.9	25.9	43.6	37.5	28.8	37.1
Average	1.0	0.1	2.3	0.6	1.1	0.8	0.5	0.7

Source: RBI

Findings and Conclusion:

Indian outward foreign direct investment has been increasing in terms of equity and 2014 was the highest, in between slight variation towards downward trend was observed. In 2019 there



is a slight increase in total OFDI. Among three components of OFDI guarantee issued shares is the highest and loan is least. However trend of loan composition is upward, means increasing share in OFDI among three components over a period of time. Since 2012 sector share is increased in the construction and financial, insurance, real estate and business services domain and share is declined in agriculture and mining, manufacturing and transport, storage and communication services. Almost $\frac{3}{4}$ th of the OFDI goes through wholly owned subsidiaries. There is decline in Indian multinational company's outward direct investment trend. Top ten Indian multinational companies share is 60% during the period considered for the research. indicates these companies contribution is more than half of the total Indian OFDI in the year 2014 and only around $\frac{1}{4}$ th share is contributed in 2015 and 43.6% in 2016 which clearly indicates there is need of boosting outward direct investment policies. Hence, government of India needs to boost and implement policies to acquire global market, to adopt technology access by the multinational companies through outward foreign direct investment with determinants of push and pull factors in the days ahead for the gains of both home and host countries.

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An analysis of understanding level of Goods and services tax in major two city of Gujarat (with special reference to traders)

Rashmi Parmar

Abstract

Goods and services tax is implemented on 1st July 2017 and it is a new tax regime to Indian economy as plays a vital role in business vendors and many stakeholders. After its implementation its been 2 years completed and now it is important to know how traders are react on that and are they understand it and facing any problem or not?. To answer such questions the present research paper gives idea about understanding level of goods and services tax on the basis of different variables and demographic factor. To measure association between variable researcher use chi-square and to examine the level of understanding towards GST researcher use krushkal Wallis test. Result shows that there is age group, type of business plays vital role in understanding of GST.

Key words: goods and services tax, understanding level

Introduction

India has worlds one of the biggest democratic countries to follow the federal tax system for the levy and collection of various taxes. Different types of indirect taxes are levied and collected at different point in the supply chain. The centre and the states are empowered to levy respective taxes as per the Constitution of India in this way the proposed GST is likely to change the whole scenario of present indirect tax system. After passing the constitution's 122nd amendment bill 2014 for Goods and Service tax (GST) in the Lok Sabha on 6th May 2015 the prospects of replacement of all the indirect taxes levied on goods and services by the centre and state government. GST would be a compressive indirect tax on manufacture, sale and consumption of goods and services through India, to replace the various indirect tax levied by both central and state government. France was first country I the world to introduce GST system in 1954. Almost 160 countries across the world have already implemented the GST. On 1st july 2017 it finally been implemented in Indian and its completed 2 years recently.

Review of literature

1. **Vinayak revjigandal (2018)**, study examines the awareness of GST amongst traders, particularly in Khalapur Taluka of Raigad district in Maharashtra. Based on literatures and previous studies, three factors have been identified that posed the most impacts to traders towards the GST implementation. These factors are the level of knowledge, subjective norm and demographic factors of traders. This study utilised survey method in gathering the data and 150 questionnaires has been distributed to traders in the area of Khalapur Taluka. Findings from this study would contribute to a more comprehensive understanding on awareness towards GST and their impacts on traders. Also, it could be used by the relevant authorities to come up with better policies on GST or taxation in general. Practitioners or business owners and general public also could benefit from the findings in dealing with their own taxation matters.
2. **Sanjay nandal & diksha(2018)**, purpose of present study is to investigate the perceptions of traders and manufacturers towards GST, their satisfaction level from GST's implementation and significant differences between their perceptions and satisfaction. This study has conducted particularly in three regions i.e. Rohtak, Gurgaon and Faridabad of Haryana state and total 200 respondents were selected on the random sampling basis and t-test was used. The results of the study conclude that 73% of respondents are satisfied from GST's implementation. This study suggests for successful

implementation of GST, government should organize the awareness and training programs to increase the GST knowledge, reduce the technical error of GSTN, expand the digital infrastructure, properly check whether the benefits of reduced cascading effect is passing to end customer or not and reduce the return filing formalities.

Objective

1. To observe understanding level of GST of Ahmadabad and surat
2. To compare understanding level of GST of traders of surat and ahemdabad city.

Research methodology

Descriptive Research Method is used for analysis,data is collected through primary sources and questionnaire is used for collecting the data

Sampling

Convenient sampling method is used to collect the data , **Sample size** Is 100 questionnaires are collected for research.50 from Ahmadabad and 50 from surat.

Tools and technique

Ms excel and spss is used for analyze the data.

Analysis

Table -1

Particular		City		Total
		ahemdabad	Surat	
type of business	individual firm	8	20	28
	partnership firm	22	22	44
	Franchisee	3	4	7
	pvt.ltd.co.	17	3	20
	Services	0	1	1
Total		50	50	100
Locality	urban area	46	31	77
	semi-urban area	2	13	15
	rural area	2	6	8
Total		50	50	100
Income group (monthly)	upto 10000	2	0	2
	10001 to 25000	9	9	18
	25001 to 50000	25	22	47
	Above 50000	14	19	33
Total		50	50	100
Turn over (annual)	Less than 20lakhs	9	7	16
	Up to 20lakh	30	23	53
	20lakhs to 1cr.	11	13	24
	More than 1cr.	0	7	7
Total		50	50	100
Age Group	18 TO 25	0	8	8
	26 TO 40	47	39	86
	41 TO 60	3	3	6
Total		50	50	100

Tables 1 is descriptive data of collected sample. majority of respondents are having partnership business and living in urban area and majority of them are having monthly 25001 to 50000

income.on the other hand turn over up to 20 lakh is major in respondents and over all 26 to 40 age group respondents are more in the showing data.

The below table no 2 and 3 are showing the knowledge about GST.

Table 2 Did you know about GST?

		Did you know about GST?		Total
		yes	no	
Name of the city	Ahemdabad	46	4	50
	Surat	48	2	50
Total		94	6	100

Surat traders are having more knowledge about GST as compare to ahmdabad but there is not vast difference in numbers so that the both the city traders have knowledge about GST.

Table 3 From where you get information about GST

		From where you get information about GST					Total
		News paper/magazine	TV/radio	Internet	Professionals	Word of mouth	
Name of the city	Ahemdabad	5	9	19	16	1	50
	Surat	6	6	14	22	2	50
Total		11	15	33	38	3	100

Internet and professionally information are getting by traders mostly. Ahmadabad traders more depend on internet where surat traders are getting information from professionals.

Below table shows that registration about gst

Table 4 Are you registered for GST?

		Are you registered for GST?		Total
		yes	no	
Name of the city	Ahemdabad	47	3	50
	Surat	45	5	50
Total		92	8	100

Table 5 If yes, how you calculate it?

		If yes, how you calculate it?				Total
		Manually(by yourself)	By using a software	By expert	other	
Name of the city	Ahemdabad	0	16	2	29	47
	Surat	1	13	18	13	45
Total		1	29	20	42	92

Registration of gst is more in numbers in Ahmadabad than of surat and most of Ahmadabad traders use software for calculation of GST. while surat traders are more prefer expert for the calculation of GST.

Objective and Hypothesis

To compare understanding level of GST among surat and ahemdabad city.

H0 : There is no significant difference in understanding about GST in surat and ahmdabad.

Table 6 Ranks

	Name of the city	N	Mean Rank	Sum of Ranks
understand purpose & objectives	Ahemdabad	50	64.10	3205.00
	Surat	50	36.90	1845.00
	Total	100		
structure & mechanism	Ahemdabad	50	59.07	2953.50
	Surat	50	41.93	2096.50
	Total	100		
process of implication of GST	Ahemdabad	50	54.83	2741.50
	Surat	50	46.17	2308.50
	Total	100		
applicable for each n every product.	Ahemdabad	50	48.29	2414.50
	Surat	50	52.71	2635.50
	Total	100		
best tax system by our country.	Ahemdabad	50	51.95	2597.50
	Surat	50	49.05	2452.50
	Total	100		

Table 7 Test Statistics^a

	understand purpose & objectives	structure & mechanism	process of implication of GST	applicable for each n every product.	best tax system by our country.
Mann-Whitney U	570.000	821.500	1033.500	1139.500	1177.500
Wilcoxon W	1845.000	2096.500	2308.500	2414.500	2452.500
Z	-4.855	-3.131	-1.584	-.803	-.551
Asymp. Sig. (2-tailed)	.000	.002	.113	.422	.582

Grouping Variable: Name of the city

From the above table it is summarized that at 5% of level of significance, the value of mann – whitney U test in all variable are different. Out of total variable two variables has value less than 0.05 which means it rejects the null hypothesis.

There is difference in ahemdabad and surat traders understanding of purpose and objectives about GST and also about structure and mechanism.in both variable ahemdabad traders are more understand than of surat traders.

Interpretation

Descriptive analysis shows that there is more over young respondents are there having 26 to 40 year age group and they know about GST and most of them use interenet and professional through knowledge regarding GST. Most of the ahmdabad traders are understand and they registered in GST compare to surat and they prefer software to calculate.

Suggestions

Most respondents are young and using internet to improve knowledge and letting them update through internet is beneficial and convenient option for government and here also we see that more they understand more positively they registered for it.so make traders understand and aware is important for government.



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