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ECB Inflows Impacting Forex Liquidity: An Empirical Analysis

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Abstract—This paper seeks to analyse the volatility in the inflows of capital into the domestic economy which is impacting the Forex Liquidity of the economy. The paper captures various sources of forex liquidity and identifies ECB inflow to be of a major source tapped by corporate. It has tried to find out the major drivers of ECB inflows by the multivariate regression analysis. The study is based on the five year monthly ECB data released by RBI. The impact of this rapid volatile movement in the capital inflows has a series of consequences leading to a pragmatic shift in the policy governing in India Rapid movement of capital flows and high volatility associated with external capital flows is a challenging issue for Macro-economic Management both for the Government & for the Central Bank of the country. Government wants the ECB to be of medium to long term source of funds and corporate should borrow for genuine capex requirements. Unrestricted external capital inflows may have the potential for creating an overvalued exchange rate and the consequent erosion of long-term competitiveness of the traditional goods and services sectors. The study shows that apart from domestic & global macro-economic environment, interest rate prevailing also impacts the inflow of ECB. Preference for ECB emerges from increasing economic activity in the country which creates a conducive environment for growth and development of the industry. This coupled with availability of cheaper funds overseas drives the inflow of ECB.

Keywords: External commercial Borrowings, Multivariate Regression, capital inflows, Forex Liquidity, Policy Shift

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Effects of E-Banking: Analyzing Opportunities and Limitations for Banks in India

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Abstract—In the early 1990s the Indian Banking sector was going through a lot of trouble. Especially, the productivity and efficiency was the major challenge. This paper attempts to analyze the productivity and profitability of major Indian Banks before and after the implementation of IT. The IT Act of 1999 changed the outlook of the Indian Banking Sector. Implementation of E-Banking has changed the structure of the Banks, their processes and has even changed the work-culture and human resource development. The paper finds that with the implementation of E-Banking the performance of all the banks has improved considerably. However, public sector banks are still lagging behind their private and foreign competitors. The paper attempts to devise some measures to overcome the challenges faced by public-sector banks. The paper also identifies the opportunities for these public sector banks and how they can overcome the limitations.

Keywords: productivity, E-Banking, India, IT Act 1999, Information Technology

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Liberalization of FDI and its Effects on Indian Banking Sector

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Abstract—Lot of research has been conducted on the effects of FDI on the Domestic economy, however, the debate continues and no conclusion can be drawn. Many hold the opinion that FDI creates a destabilizing effect on the stock prices. Infusion of FDI also enhances economic growth and also increases accountability. This paper analyzes the effect of liberalization on private sector banks in India. There was large and significant value gain in the portfolios of private sector and public sector banks. The paper demonstrates that the value gain was maximum for small banks. These banks had lower debts, lower efficiencies, and huge NPAs, making them lucrative targets for takeovers. Therefore, we also conclude that value gains also reflect the vulnerability and premium of potential takeover for different banks.

Keywords: Liberalization, FDI, Banks, Takeover

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Cost Audit Mechanism—A Tool to Manage Business in Turbulent Times

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Abstract—

Purpose

New cost audit mechanism is about to take place in September 2012. Whenever economy is in trouble, cost and management accountants are remembered by economy. As mentioned by Peter Drucker in his famous book 'Managing in Turbulent Times', all fundamentals of productivity should be in place. In this paper we will discuss various reporting parameters in productivity by which companies will be able to manage in turbulent times and otherwise also.

Design/ Methodology/ Approach: as this paper in developmental in nature, we are adopting an analytical approach.

Findings

There are many parameters in Cost Audit Mechanism which will enable companies to maintain records in better manner. Some of such identified by us are as under:

- Quantitative Information under para 4 of cost Audit Report Rules gives precise and accurate information about capacity utilization Product Group wise. This information is very crucial for companies in taking decisions for any product line.
- Reconciliation Statement under para 7 of same report will enable to calculate operating profit as per costing principles. This segregates pure financial items from costing items to give exact profit number even in turbulent times
- Value addition calculation in para 8 are also indicator for making changes in consumption pattern. If value is not added by companies, shows turbulent times approaches.
- Calculations in para 9 are for financial position and ration analysis compared with last 2 years will be able to show turbulent times and steps to come out of this.
- Performance appraisal report in same mechanism will help management in keeping eye on areas which are crucial in turbulent times like; Working Capital and Inventory Analysis, Key costs and contribution analysis etc.
- As researchers we are confident that companies pursuing cost audit mechanism will be better equipped in turbulent times

Implications or Limitations

All submissions under new mechanism are in September 2012, till that time researchers needs to concentrate on accuracy of data collection methods.

Keywords: Cost Accounting, Cost Audit Mechanism, Ministry of Corporate Affairs Government of India, ICWAI, Cost Accounting Standards and Generally Accepted Cost Accounting Practices.