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An Empirical Analysis of Sustainability of Debt and Fiscal Deficit in India

Yogesh C Joshi, Falguni H. Pandya

ABSTRACT

The issue of sustainability of fiscal deficit has drawn considerable attention in recent times. Fiscal sustainability means application of set of fiscal policies that could be continued unaltered without jeopardising the macroeconomic objectives like economic growth, controlling inflation, balanced foreign exchange management, etc. Intertemporal budget constraint method is used to study how fiscal policy affects macroeconomic variables like price, output, foreign exchange reserve, primary deficit, sustainability of debt, etc. Most of the positive fiscal correction was found since the year 2003–04, when the Fiscal Responsibility and Budget Management act was passed by the government and the consequent efforts that it put to discipline the act, which were the principal reasons. The debt to Gross Domestic Product (GDP) ratio (bt) had been fluctuating during the previous years, but since 2000–01, it has been moving towards**b**, which shows improving fiscal situation and transition towards a steady-state level of debt-GDP ratio. India has achieved sustainable levels of debt and deficits since year 2003–04; however, prior to this, the fiscal scenario was not favourable as it lacked sustainability.

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Impact of Green Rating on Returns: An Event Study

Amit

ABSTRACT

The increasing pressure by various stakeholders on the corporate sector to act in an environmentally responsible and sustainable way is reflected in the form of performance of share prices in the stock market. This paper deals with the impact of announcement of green ratings of the companies on the performance of their share prices in the stock market. The sample consists of companies from cement, iron and steel, automobile, chlor-alkali and paper and pulp sectors, rated by the Centre for Science and Environment, and the Indian companies included in the Newsweek 2012 top 500 global green-rated companies. The results indicate that with the announcement of the green ratings, the stock market returns are better than expected for the automobile sector. It gives the cumulative average abnormal return (CAAR) of 16% for the automobile industries and penalises the underperformers by giving negative CAAR of 23% for the chlor-alkali and 7.8% for the cement industries. Newsweek-ranked companies are given a CAAR of -1.9% for the 21-day event window. This study finds that better returns for the companies going green and poor returns for those showing non-environment friendly behaviour establishes a significant relationship between companies going green and their stock returns.

Keywords: Cumulative average abnormal return, Event study, Green rating

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Relationship between Retention Factors, Organisational Commitment and Actual Turnover: An Empirical Study of Indian B-Schools

Gunjan Mohan Sharma, Feza Tabassum Azmi

ABSTRACT

The paper examines the relationship among retention factors (viz. satisfaction with pay, promotion opportunities, supervision and work-schedule flexibility), organisational commitment and actual turnover in the context of teachers of the Indian B-schools. The research design is longitudinal in nature. A self-administered questionnaire, with items related to the study dimensions, was deployed for the first phase of the study to capture responses on retention factors and organisational commitment. In all, 310 usable responses were generated. In the second phase, data on the actual turnover status of the respondents were gathered after a gap of 1 year. The structural equation modelling technique using LISREL was deployed to test the hypothesised conceptual model. The scales were subjected to a rigorous measurement analysis to test for unidimensionality, reliability and validity. Further, path analysis of the structural model was carried out to test the study hypotheses. It revealed that satisfaction with pay, supervision and work-schedule flexibility had a positive relationship with organisational commitment. Satisfaction with pay and supervision had a negative relationship with actual turnover. It was also found that organisational commitment had a negative relationship with the actual turnover of the teachers, as was hypothesised. The findings provide insights into the dynamics of actual turnover of teachers and throw light on the retention factors that have a significant bearing on the actual turnover. The study is unique as it delves into the rather uncharted domain of retention and turnover in the context of B-school teachers in India.

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Environmental Reporting of Market Leaders: An Analysis

Sumita J. Shroff

ABSTRACT

In the light of global warming and environmental concerns across the globe, environmental accounting and reporting has now become an emerging reality and necessity of the corporate world. Considering the same, the present paper is based on an exploratory study carried out to have an understanding of the nature and extent of environmental reporting practices followed by the market leaders (MLs). An attempt has been made to analyse the annual reports of the selected companies in order to examine their environmental disclosure practices with reference to the type of the disclosure, section where such disclosure is made and the extent of mandatory and voluntary disclosures made. An index of environmental disclosure, listing 23 items of information, was constructed after surveying the literature to find out the nature of disclosure practices in these companies. This index was further sub-divided into three groups to find out the thrust of environmental disclosures by the sample companies. It was found that majority of the MLs reported the mandatory environmental information in the 'Director's Report', whereas the voluntary information was disclosed either in the 'Highlights' or in the 'Dedicated Section' of the annual report, followed by the 'Management Discussion Analysis' and the 'Corporate Governance Report' sections. A growing trend of reporting environmental information voluntarily was observed. Almost all the MLs have had environmental management systems in place by 2013. All except one ML prepared the business responsibility report, as mandated by the Securities Exchange Board of India. Further, neither the firm nor the governance characteristics had any significant impact on the environmental performance of the MLs. Hence, it was concluded that steps taken by the MLs towards environmental conservation was independent of board independence, size, leverage or profitability and that MLs were committed to the cause of environmental sustainability.

Keywords: Environmental reporting, Mandatory disclosure, Voluntary disclosure, Market leaders, Energy conservation, Environmental performance

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How Healthy is the Food Promoted to Children on the Indian Television? Implications for Regulators and Child-Health Advocates

Shweta Garg, Manish Sharma

ABSTRACT

This paper is an analysis of the content of children-targeted food advertisements on the Indian television (TV), with an objective of studying the promotion of health or a lack thereof. We used content analysis technique to analyse 64 h of children's TV advertisements for food (1166 advertisements). The content categories and their codes were created from the literature. Frequencies of the content categories were recorded and statistically analysed using cross-tabulation and chi-square analysis. The study found heavy promotion of junk food with high sugar content to the children, ignoring the recommended dietary guidelines. Most advertisement used the taste and health appeal, had straight-sell execution style and contained no disclaimers. Celebrity endorsement, animation and price discounts were selectively used in the promotion. Foods with faster-growth-related health claims were promoted by food multinational companies and pharmaceutical companies. Ayurveda-based food products were also promoted. This research is of immediate concern to the public health authority and advertising regulators as the findings point at lack of control on both the nature of the products promoted and the manner in which they are promoted. The sample was limited to a network of three national channels with high viewership and the regional channels were not considered. The study provides fresh child-specific advertising insights of a relatively unexplored but significant market to the food marketers.

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Cross-Autocorrelation Structure between Size-Based Portfolios: Evidence from the Indian Stock Markets

Zabiulla

ABSTRACT

Understanding the relationship between portfolio returns on the basis of their capitalisation is an important area of research in the finance literature. It is important not only for the investors, but also for the academicians and practitioners. Investors can translate this information in stock selection and portfolio formation. On the other hand, academicians and practitioners are interested in knowing the information spillover effect and the efficiency of the market in assimilating the information into the stock prices. This study examines the cross-autocorrelation structure on the basis of market capitalisation of stocks in the Indian stock markets. Six indices, namely, Standard & Poor's Bombay Stock Exchange (S&P BSE)100, S&P BSE Midcap, S&P BSE Smallcap, CRISIL NSE Index (CNX) 100, CNX Midcap and CNX Smallcap, are used as proxies for different market capitalisation portfolios. The study period spans from January 2006 to October 2013. Unit root test, cointegration test, Granger causality test, variance decomposition measure and impulse response function are used for analysis.

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Impact of Internal Corporate Communication in IOCL, Guwahati

Mridusmita Das

ABSTRACT

Corporate communication is the process of managing exchanges of information and knowledge among the internal and key external groups, and with individuals who have a direct relationship with an organisation. The objective of the study was to investigate the effectiveness of the internal communication system within various departments at the Indian Oil Corporation (IOCL), Guwahati. Based on a sample size of 100 respondents, the study was conducted through the use of a close-ended questionnaire. The research was of descriptive type; stratified random sampling was used; and convenience sampling was adopted. This was because, the respondents were the employees of only IOCL, Guwahati; they were taken from only a few of the IOCL departments; and were divided into mutually exclusive groups of officer's level, staff level and worker's level employees.

It was observed that the internal communication system in the refinery was quiet effective. The electronic as well as computerised media had made the communication system very effective; however, at the same time, many employees at the staff and worker's levels did not have access to personal computers and a lack of proper knowledge on the usage of computers was also observed. The IOCL's written publications are interesting and effective, but they fail to reach certain remote areas of the refinery within the specified time.

A suggestion was put forward that as there is lack of awareness and access to the electronic and computerised media among certain employees of the IOCL, training sessions to these employees should be conducted from time to time for the up-gradation of their knowledge on a regular basis.

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