

Abstracts

EIGHTH INTERNATIONAL CONFERENCE ON INDIA: INVESTMENT DESTINATION

JANUARY, 3 - 5, 2007, NEW DELHI

EXCERPTS FROM PAPER PRESENTATIONS

Venue: NAAS, Dev Prakash Marg, Opp. Todapur, Pusa Road, New Delhi

PAPER 1 – A COMPARATIVE STUDY ON FDI WITH PARTICULAR REFERENCE TO INDIA AND CHINA

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This study undertakes to make a comparative analysis of the foreign direct investment (FDI) from the various countries and their multinational corporations into India and China over the period 2001 – 2005. The basic premise of the study is to bridge the long gap between the two countries in attracting non-debt creating FDI flows, which fundamentally looks into their FDI-attracting potentials. The study aims to bring out the possible factors for China's success in attracting FDI inflows. It tries to find the reasons for China's successes and India's weaknesses to capitalize on opportunities. Can India possibly become an FDI destination as attractive as China? Who are the target groups of foreign investors for India? What lessons can India possibly derive from China to attract these investors? An attempt has been made to explore the pattern of FDI inflows by the corporates into these two countries under study and their comparisons. The study also analyses the general investment scenario to justify the differences and finally to take home complimentary and critical observations for our country.

The study mainly focuses on areas where it is possible for India to attract larger FDI inflows provided appropriate specific and generic MNC-friendly policies are put in place. Thrust has been given to areas like real-estate growth, export-oriented businesses, and the successful Chinese model of Special Economic Zones. The study emphasizes the synergy of both the Government and Private Sector in framing and aiding the FDI process. On the basis of an extensive examination of the Indian and Chinese data, the paper concludes that India falls short of China in all these respects. This study recommends the Indian government to redesign its policies in each of these directions. Some of the other recommendations include, desirable infrastructure facilities, relaxation of small-scale industry regulations, lower commodity and utility prices, lower indirect taxes, lower import duties on raw materials, fiscal and other fillips to encourage some specific types of investment, incentives for new business promotion, harmonization of government policies and reduction of red-tapism.

PAPER 2 – FDI: INDIA VS. CHINA (A COMPARATIVE ANALYSIS – SECTOR-WISE WITH A GLOBAL PERSPECTIVE)

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India and China are two emerging economies, one with a U shaped growth and the other with a V curved one, but a long way to go in fulfilling their agendas. A panoramic view of the various sectors in

these two promising countries will trigger off various issues which can act as a catalyst for FDI. At present, China is ahead of India in mobilizing inflows through FDI, but the scenario is fast changing. The facts and figures show a growth trend in FDI inflow in almost all sectors of the growth component. The key issues which facilitate and attract FDI inflows into India and probably the issues which make a withdrawal from China, and also the contributory factor of attracting investments in both the countries, needs to be debated upon.

PAPER 3 – FDI AND THE LEGAL PROFESSION IN INDIA

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Economic development remains an urgent global need. The need for economic development is self raised as an automatic consequence of the globalization's raise the standard of living in the less developed countries and to enable them to use the highly developed infrastructure and technological advancements. For this it is essential that in such economies, capital formation should take place at a higher rate than before, so that the big developmental projects may be financed properly. Thus, for rapid development the central problem is capital formation. The present paper is an attempt to look at the consequences of allowing foreign direct investment and foreign collaboration in the legal services sector in India. Most sectors of the Indian economy are now at least partially open to foreign investment, with certain exceptions. The Indian government continues to prohibit or severely restrict FDI in certain politically sensitive sectors, such as agriculture, retail trading, railways and real estate. At the same time, the GOI has liberalized other aspects of foreign investment and eliminated various government approvals. Automatic FDI approval in many industries, including bulk manufacturing activities, is not allowed. Some sectors still require government approval. Within the global economy, the significance of trade in services currently amounts to well over two trillion US dollars, a sixth of total world trade. It is just a mere attempt to analyze the whole question from the views of the lawyers. In the paper we have discussed some of the aspects which should be considered by the government while taking any decision in this matter.

PAPER 4 – THE ECONOMICS OF FDI – INCENTIVES

Parag Pateria, D.I.M.A.T., Raipur

This paper suggests that the use of investment incentives focusing exclusively on foreign firms, although motivated in some cases from a theoretical point of view, is generally not an efficient way to raise national welfare. The main reason is that the strongest theoretical motive for financial subsidies to inward FDI Spillovers of foreign technology and skills to local industry is not an automatic consequence of foreign investment. The potential spillover benefits are realized only if local firms have the ability and motivation to invest in absorbing foreign technologies and skills. To motivate subsidization of foreign investment, it is therefore necessary, at the same time, to support learning and investment in local firms as well.

PAPER 5 – ECONOMIC OPPORTUNITIES AND CHALLENGES WITH GLOBAL PERSPECTIVE

Mahesh R. Sonara, H.A. College of Commerce, Ahmedabad

Globalization requires adjustments in the economic, social and political policies of the Government and the change in the approach of the political parties, newspapers, electronic media and NGOs in posing the real and genuine public issues before the people. This will enable the common people by their capacities being enhanced to take advantage of the new opportunities being created by globalization and also to meet successfully the challenges posed by globalization.

In this paper, it has been shown which policy measures should be undertaken by the Government and what approach should be adopted by various political and non-political organizations active in the society. The role of international economic institutions also has been discussed. All these issues have been discussed under 6 major headings in the paper.

PAPER 6 – CHALLENGES AND OPPORTUNITIES OF GLOBALIZATION IN RURAL INDIA

Jitendra Kumar, Department of Commerce and Business Management, V.K.S. University, Ara, Bihar

Nearly two third of Indian population belongs to rural areas. But rural development is probably the biggest of Indian Economy. But varied problems are increasing day by day in rural areas. Our economy depends on agriculture and nearly 70% people live in the rural areas are depending on agriculture. Globalization has affected our economy but only in rural sectors. Various agricultural and rural problems are low per capita income, high portions of below povety line, low level of productive efficiency, imbalance between population size resources and capital, problem of unemployment, instability of output of agricultural and related sources. The present scenario in India depends upon the following factors: inadequate land reforms, economic inequality, social inequality, political suppression and productive employment. Extremism is confined to rural areas where literacy is low. Extremism has close relation with the terrain, land use and population.

PAPER 7 – LONG TERM GLOBAL ECONOMIC CHALLENGES AND OPPORTUNITIES

Swatik R., Gajjar, Mandvi, Gujarat

The paper assesses the long term global economic challenges and opportunities which India is facing over the next 10 years. World trade volumes are expected nearly to double over the next decade. The balance of production is shifting rapidly towards developing countries: India and China.

They are on course to join the US and EU as the world's leading economies during the first half of this century. More countries are opening up their economies and seizing the opportunities that come from closer integration into the global economy.

The rapid growth of large emerging economies, particularly in India and China is shifting the balance of global economic activity. However rising to the challenge of new global economy, will require further steps to entrench monetary and fiscal stability for the long term, provide the incentive to support and reward enterprise; promote scientific research and business innovation, enhance skills, modernize welfare provision and ensure a sustainable environment.

PAPER 8 – EXAMINING CHALLENGES OF LIBERALIZATION IN THE CONTEXT OF POVERTY AND DEVELOPMENT

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Globalization has affected the various economies of the World differently. However, globalization has not worked for many poor countries of the world. IMF & WTO have mismanaged the process of privatization, liberalization and stabilization that many third world countries now are actually worse off than they were before.

Various factors such as social set up, internal conditions, political stability/instability, formulation and proper implementation of policies etc. by the government greatly affect the economic development of a country. For instance, in the case of China, the cheaper labour rate, open-up of policies have attracted foreign capital & the MNCs have largely invested in the manufacturing firms/units that not only boosted China's export but also provided the protection to domestic industries. It has not only accelerated

the economic development but has made China one of the 'Economic Giants' in the World. Whereas in case of India, social diversity, political instability, wrong planning, wrong policies of the government and their improper implementation, bureaucracy, corruption, red tapism, under performance etc. have all resulted in less FDI and hence, the slower pace of economic development as compared to China. To increase the pace of economic growth in India, these trends must be changed.

PAPER 9 – CHALLENGES AND OPPORTUNITIES AND GLOBAL ECONOMY FOR INDIA

Krishna Kumar, Department of Commerce, D.A.V.P.G. College, Siwan, Bihar

The operational structure of Indian economy altogether changed as it has become more open for global perspective. India failed in our planned economic development and international events forced India to liberalize its, economic policy and open the economy up to foreign investment and competition in the process of globalization of the economy through its new economic policy announced in July 1991.

Globalization means integration through cross border flow of information, ideas, technologies, good services, capital & finance. Integration takes place when product and factors move about freely as among the different countries. In the Indian context, this implies opening up the economy to FDI by providing facilities to foreign companies to invest in different fields of economic activities in India. The word globalization like socialism till recently is currently in much use and collapse of socialist economies has greatly enhanced its prestige. The economies today is so interlinked; an economic life has now become so competitive and interdependent that the national markets virtually have turned into a world market.

This paper analyzes different problems and dangers and the probable escapes from the current happening with particular reference to the role of the state in the globalized economy of India.

PAPER 10 – ECONOMIC OPPORTUNITIES AND CHALLENGES: GLOBAL PERSPECTIVE

Poornima Tapas, Indira Institute of Management, Pune

Yesterday's economic theories are collapsing; new world is driven by new economic platforms. We are in the 3rd phase of globalization today. This era struck the world from medium size to small size. The driving force was multinational companies. The internet and e-commerce were just taking off. After 2000, globalization is shrinking the world from small size to tiny and flattening. The dynamic force is the power for individuals to collaborate and compete globally. If one understands the logic of global economy, companies, capital, customers with good communication, can be attracted from rest of the world. The net gain from trade is far greater when it occurs between a developed and less developed economy. This paper focuses on the fall of the nation's state and what's replacing it, new challenges for the blocs for politest business & personal success, tomorrow's potent new drivers of growth & economic power, strategy and leadership in the truly borderless economy and India the next global center stage.

PAPER 11 – INFRASTRUCTURE DEVELOPMENT IN INDIA

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India has a large and fairly well developed infrastructure framework extending to all parts of the country. However, certain areas like power, telecommunication, transport etc. need further expansion and modernization. The public sector alone can no longer fully finance the requirements due to limitation of resources. This paper attempts to explore the possibilities and role of private investments in development of infrastructure of India.

PAPER 12 – PUBLIC-PRIVATE PARTNERSHIP: A KEY FACTOR FOR INFRASTRUCTURE DEVELOPMENT IN INDIA

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Sethuraman Bharath, Indian Institute of Technology (IIT), Roorkee, Uttaranchal

Infrastructure is both a driver as well as a magnet for investment. In any economic comparison between the emerging Asian superpowers of India and China, the most easily identifiable fault with India is its comparatively poor quality of physical infrastructure. The government has generally played the dual role of ownership as well as regulation of infrastructural enterprises. In the post-liberalization era, the private sector, either by itself or in partnership with government, has started playing an important role in infrastructure development. Due to externalities, high risks and low rates of return, infrastructure financing cannot be left solely to the private sector. Due to the budget constraints and inherent inefficiencies, the public sector, too, cannot be fully relied upon. A partnership brings in cost effectiveness, higher productivity and accelerated delivery among other benefits. Lately many such projects have been started in various areas of infrastructure like railways, roads, education etc. but the spending in these areas as a percentage of GDP remains low till date as compared to countries such as China. Reforms are needed both in public and private sector in order to reap full benefits of these schemes.

PAPER 13 – DEMAT CHARGES FOR RETAIL INVESTORS: HOW TO SOLVE THE MYSTERY OF CONFUSION?

Rekha Goel, K.L. Mehta Dayanand College for Women, Faridabad, Haryana

M.K. Gupta, P.G. Department of Commerce, Govt. College, Faridabad, Haryana

With depository movement gaining grounds in India, there is a general dissatisfaction in the mind of small investors on the point of cost of demat comfort. On the parameter of cost or charges imposed directly on investors for operating demat accounts; depository participants have become culprit of investors. The basic objective of the present paper is to evaluate the existing fee structure of DPs and to recommend some operational amendments helpful in resolving the mystery of functional aspects of demat charges for retail investors.

PAPER 14 – INDIA: FISCAL REFORMS AND THE BATTLE AGAINST POVERTY

Tushar Sen, Sydenham Institute of Management Studies, Research and Entrepreneurship Education, Mumbai

Developments in the public sector continue to have a major impact on the prospects for economic growth and poverty reduction. That is why the recent deterioration in the fiscal position at the center and at the states is cause for concern. The center and states now spend almost all their revenues on interest payments, subsidies, civil services, salaries and pensions, administration, and defense. This paper looks at the policy agenda to rise growth and achieve the goals of the 10th plan. These reforms can be grouped into two broad areas. The first is improving the management of public resources, by reducing budget deficits, reallocating spending to expenditures that are more productive and enhancing the quality of service delivery. The second second is improving the investment climate and raising productivity in industry, services and agriculture and rural areas. This paper reviews the debate over fiscal sustainability, proposing reforms in fiscal policy and public resource management to steadily reduce the primary deficits at the center and state levels and to improve the composition of public expenditure.

PAPER 15 – WHAT A LEADER CAN DO?

M.P. Shiv Kumar, Institute of Aeronautical Engineering, Dundigal, Hyderabad

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Leadership is an easy concept to define but a difficult one to study and understand, many a researchers, theorists and management practitioners agree that no single trait, behavior or combination of traits

make for a leader, instead they are created and produced by the combinations of certain characteristics as well as the external environment in which they find themselves. In this modern globalization era in which competition has become a part of life and all organizations are striving for having a competitive edge over others where leadership plays a vital role in building up the core competencies and ignite, influence, inspire and carry the people with a long term vision through the right cultural initiative, team building, self confidence, motivation and trust. Hence this is possible through an effective leader who is person with a strong mission and a tremendous sense of vision who can look decades ahead with a great ability to lead a team by creating leaders. Empowers by creating last authoritative environment with a great access to the people, demonstrate honesty and integrity, evokes a sense of responsibility and belongingness in his followers and finally who realizes the dream and transforms the organization into vision. So the effective leader would lead a team with focus for the welfare and future of the people through the commitment, perform and contributes and participate on to achieve the goals.

The present paper is a modest attempt to discuss on various essential capabilities of an effective leader in the global context.

PAPER 16 – RETAIL SECTOR: THE SUNRISE INDUSTRY

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The developing countries are striving to achieve or maintain high rates of economic growth and employment. Crucial to reaching these goals is *competition* in product and factor markets, which leads to greater choice, lower prices, and increased efficiencies in production which ultimately contributes to a country's overall growth and development. Promoting competition is immediately relevant to these countries as they adopt an open market-oriented policy regime in response to heightened competition resulting from regional and global integration. The competitive regime is also influenced by the politico-socio-cultural milieu of any nation. In this light, India needs a paradigm shift in concept of organized retailing. Given this as the backdrop, this paper focuses on the ascendancy of Indian retail sector and FDI in *organized retail* in India.

PAPER 17 – USING MULTIMEDIA AS A SECRET AND TRANSLUCENT DATABASE

Savant Singh Dhindsa, Malout Institute of Management and Information Technology, Malout, Punjab

The technological progress of computer science and the internet changed the way we lived in the 20th century and will continue to mould our way of life this century. However, this progress is not without risk. "Progress always involve risk, you can't steal second base and keep your foot on first", Fredrick Wilcox observed. The law enforcement community is well aware of this, as the computer criminals seem to be one step ahead of investigation in term of technical sophisticator. Steganography is the art of passing information in a manner that the very existence of message unknown. The goal of steganography is to avoid drawing suspicion to the transmission of a hidden message. If suspicion is raised, then this goal is defeated. In this paper, I embed the cipher form of message into the digital image. Multimedia-data hiding techniques have developed a strong basis for steganography. The main motivation behind this is largely due to fear of encryption services getting outlawed. This paper intends to give an overview of image steganography including its uses and various techniques.

PAPER 18 – DESTINATION INDIA: REFORMS IN THE CAPITAL MARKETS

Milan Dang, Indian Institute of Management, Kozhikode

Megh Geet Solanki, Indian Institute of Management, Kozhikode

Today India and China are the two hottest investment destinations. Both the countries are competing head on to attract foreign investors. However, China's industrial development is outstripping that of its

neighbour not only because of China's head start in economic liberalization but also because of a commonly overlooked factor: India's financial system. Since opening its economy in 1991, India has made remarkable economic progress; however, to sustain that growth, it must now focus on developing its financial system. Therefore, the focus of the paper is the Indian Financial Markets.

The paper is structured in three sections, with the first section comparing Indian and Chinese Financial Markets (Banking system, Equity and Bonds markets). We find that the debt market forms the fastest growing segment of the global financial markets. This coupled with the finding that a stable financial system needs an efficient bond market. Then we move to the focus area: comparison of Indian and Chinese Bond markets. This is explored in the second section of the paper.

The last section discusses the reform agenda for Indian Bond markets. This section derives action plan from the learning offered by more developed Asian markets. For this we do a benchmark study of financial sector reforms in Singapore, Hong Kong and Korea. An "X-Matrix" model is developed to implement the action plans. This "X-Matrix" model will catalyze the growth of Indian debt market, and hence making it the destination for world's fastest growing segment. The model reveals the impact of Bond Market development on strengthening the whole financial system.

PAPER 19 – CALL CENTERS IN INDIA: A DARK SATANIC MILLS

R. Akila, Jeppiar Engineering College, Chennai

Long hours of work, permanent night shift, incredibly high work targets. Loss of identity... are the dark clouds hovering over the call center industry in India. These call centers employees come seeking help for work related stress, irregular sleeping hours, unhealthy food habits and chronic fatigue. The research design of this study is Descriptive one. As this study aimed to describe the presence of Physiological disorder among the call handlers it is descriptive in nature.

PAPER 20 – SYSTEM DYNAMICS: A PRACTICAL APPROACH FOR MANAGERIAL PROBLEMS

Arup Roy, Department of Business Administration, Tezpur Central University, Assam

System Dynamics is a methodology that judiciously combines the traditional management with cybernetics and computer simulation so as to carry out sound policy analysis. System dynamics has been applied to many fields including medicine, law, urban studies, environmental studies, information science, literature, history, economics, finance, chemistry and conceptual framework and it also tries to demonstrate the areas where the system dynamics methodology can be applied effectively to solve the different managerial problems in the various fields and levels of business management.

PAPER 21 – HRD STRATEGIES FOR COMPETENCE: A CASE STUDY OF CEMENT INDUSTRY

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Researchers and managers have examined and discussed specific aspects of strategies management (e.g. strategy types, planning, implementation, evaluation). Integrated strategy HRD – Human Resources Development and organizational outcome should help to guide and contribute to more effective use of human resources. In order to have the world – class human resources needed to pursue strategic objectives, organizations must provide employees with skills and development they will need to be employable in the future. Training investment constitute the bulk of investment in human resource investments.

Today, the Indian Cement Industry is the second largest in the world. Indian Cement Industry, as a Key player has to play an important role in gearing world-class economy. In this paper, the author briefly discuss the HRD strategies at various levels.

Abstracts: Eighth International Conference

An effort to develop the manpower by organizations will directly show result at bottom line. There are numerous factors making up the environment of human resources. Managers who can be effective in such environment require new skills.

PAPER 22 – ISLAMIC RESISTANCE TO THE GLOBALIZATION OF MEDIA: A STRATEGIC ASSESSMENT OF CULTURAL EMBEDDEDNESS WITHIN LEBANON

M.K. Gupta, P.G. Department of Commerce, Govt. College, Faridabad, Haryana

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Today organizations do not depend on internal business expansion alone. Growth and Diversification is achieved through operational restructuring also. Operational restructuring means to outright partial purchase or sale of companies or product lines or downsizing by closing unprofitable and non-strategic facilities. Operational Restructuring includes Mergers and Acquisitions also. These days M&As have become most favoured option of companies.

PAPER 23 – A STUDY OF URBAN LAND MARKET: A CASE STUDY OF TIRUCHIRAPALLI URBAN AGGLOMERATION

A. Arulraj, Adaikalamatha Institute of Management, Thanjavur, Tamilnadu

The concept of land value may be described as the monetary evaluation of land use. It is dependent upon both the present and future use which in town is influenced by the physical and economic characteristics of the site and the social control of land use.

PAPER 24 – MUTUAL FUNDS FEES AROUND THE WORLD

Ajay Khorana, Georgia Institute of Technology

Henri Servaes, London Business School, CEPR and ECGI

Peter Tufano, Harvard Business School and NBER

Using a new database, we study fees charged by 46,799 mutual funds offered for sale in 18 countries, which together account for about 86% of the world fund industry. We examine management fees, total expense ratios and estimated total shareholding costs (which include load charges). Fees vary substantially from country to country. To explain these differences, we consider fund, sponsor and national characteristics. We generally find that larger funds and fund complexes charge lower fees, and do funds selling cross-nationality, while fees are higher for funds distributed in more countries and funds domiciled in so called off-shore locations. Substantial cross country differences can be explained by a variety of factors, the most robust of which is that fund fees are lower in countries with stronger investor protection.

PAPER 25 – THE DYNAMIC FACETS OF GLOBALIZED INSURANCE INDUSTRY – TRENDS AND PROSPECTS

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The insurance sector in India is at the threshold of widespread growth. with a reportedly annual growth rate of 15-20 per cent and the largest number of life and non-life insurance policies are in force,

the potential of the Indian insurance industry is huge. Total value of the Indian insurance market (2004-05) is estimated at Rs. 450 billion (US\$10 billion). Now, the insurance and banking services' contribution to the country's gross domestic product (GDP) is seven per cent out of which the gross premium collection forms a significant part. The funds available with the state-owned Life Insurance Corporation (LIC) for investments are eight per cent of GDP.

The life insurance industry in India grew by an impressive 36 per cent, with premium income from new business at Rs. 253.43 billion during the fiscal year 2004-2005, braving stiff competition from private insurers. The figure for the first two months of the fiscal year 2005-06 also speak of growing share of the private insurers. The share of LIC for this period has further come down to 75 per cent, while the private players have grabbed over 24 percent.

In this paper an attempt has been made to discuss the current state of global insurance industry, the role of regulatory body on this sector, relevance and role of Bancassurance, the emergence of Micro-Insurance and growing opportunities in the globalized insurance Industry.

PAPER 26 – INDIA SHINING: INVESTMENT DESTINATION FOR RETAIL SEGMENT

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India, the world's largest democracy and the world's attractive destination for investment. Once a land of epics, the contributor of 'zero' in arithmetic, one of the oldest civilization in the world with a kaleidoscopic variety and rich cultural heritage, has achieved a multifaceted socio-economic progress during the last 58 years of its independence... India has become self-sufficient in agricultural production and now the tenth industrialized country in the world. We are also the 6th nation to have gone into outer space to conquer nature for the benefit of mankind.

In this paper an attempt has been made to compare and understand the flow of Foreign Investment in India. Focus of discussion has been made in following aspects of retail segment: (1) Evolution of the Indian Retail Sector, (2) The Changing Indian consumer, (3) Factors affecting FDI in Indian Retailing Sector, (4) Factors against the FDI in retail.

The paper ends with the remark that, India needs today to lessen the rural – urban divide. This can be done through the help of big pocket entrepreneurs entering the country, with a vision to expand and with an expertise in the field.