COM 434

RESEARCH METHODOLOGY - II

M. Com – Part II

Semester - IV

ज्ञानगंगा घरोघरी

YASHWANTRAO CHAVAN M HTRA OPEN UNIVERSITY
Dnyangangotri, Near Gangapur Dam, Nashik 422 222, Maharashtra

YASHWANTRAO CHAVAN MAHARASHTRA OPEN UNIVERSITY

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School of Commerce & Management
Y.C.M.O.U., Nashik

Dr. Latika Ajitkumar Ajbani
Assistant Professor
School of Commerce & Management
Y.C.M.O.U., Nashik

Author

Dr. J. F. Patil
Dr. R. S. Mhopare
Dr. R. A. Waingade
Dr. S. B. Yadav

Editor

Dr. J. F. Patil

Instructional Technology Editing

Dr. Latika Ajitkumar Ajbani
Assistant Professor
School of Commerce & Management
Y.C.M.O.U., Nashik

Production

Shri Anand Yadav
Manager, Print Production Centre
Y.C.M. Open University, Nashik - 422 222.

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M. Com. Part – II (Research Methodology - II)

Semester - IV

INTRODUCTION

About the Book

This book deals with the syllabus for the paper "Research Methodology - II" (434), Semester - IV for M. Com. II.

It covers various basic aspects of Research Methodology, with special reference to M. Com. course.

The various units (1 to 12) cover topics like writing of research paper, Review Article, Case Study and Project Writing. The weightage for this portion is 80%, remaining 20% being given to viva-voce or interview of the student.

Writers and editors have made almost efforts for exactness, relevance, proper examples and diagramatic presentation.

The writers and the editor are grateful to the authorities of YCMOU and particularly staff of the school of commerce and Management for their kind co-operation.

The writers and editor express sincere thanks to the authors of standard textbooks referred to for preparing this book, which are mentioned in the lists of books for further reading.

Nashik

J. F. Patil
Editor

UNIT 1 : RESEARCH PAPER

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Structure

1.0 OBJECTIVES

This unit aims at enabling a post graduate student to –

a) Understand the meaning and scope of a research paper.
b) Grasp the sequence of the steps for preparing a research paper.
c) Digest the utility of a research paper and,
d) Give some important aspects of research papers.

1.1 INTRODUCTION

Research literally means searching again and again. This search is for facts, persons, causation and finally meanings behind what we experience, see, hear and feel through touch, taste and emotions. According to Webster's dictionary, research means careful search. According to another dictionary research involves continuous, careful, critical study of a particular subject. Research, as we have earlier seen means finding out things. Writing a research paper is the first essential step in presenting a report on your research results in a systematic and meaningful manner. To be a successful researcher, one must cultivate various aspects and niceties of writing research papers.

1.2 SUBJECT DESCRIPTION

In what follows, we explain the meaning of research, definition of a research

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paper, scope of a research paper, steps in writing a research paper and finally, we will consider some important aspects of research paper.

1.2.1 MEANING OF RESEARCH :

According to Donald Slazenger and Mary Stephenson. "Research is the manipulation of things, concepts or symbols for the purpose of generalizing to extend, correct or verify knowledge, whether that knowledge aid in the construction of a theory or in the practice of art." Research aims at ascertaining truth, collection of data and understanding the same. Research tries to grasp the causation behind a phenomenon, an event or a fact or thing or happening. In a very simple way research means discovering things. According to some, research is disciplined, organized effort for new knowledge. Research involves logical thinking, systematic collection of data and scientific interpretation of properly arranged data.

1.2.2 DEFINITION OF A RESEARCH PAPER :

Writing a research paper may appear to be an elementary and easy intellectual work. It is elementary but not easy. It is an intellectual exercise with a strict discipline. One of the objectives of preparing a research paper is to enable a reader to read you selectively. While writing a research paper, we should remember that it is a kind of self-instruction. If you learn to write a good research paper, you will in the process sharpen your skills of life-long learning. Writing a research paper teaches you how to ask proper and good questions, obtain resources to answer the questions, make impressive and meaningful presentation to audiences and most importantly defend yourself against careless as well as scientific criticism. Against this background, we may define a research paper in the following words.

"A research paper is a brief but critical presentation of study results on a selected topic, based on one's own thoughts, facts and ideas obtained from several sources and forms a unique creation of the writer". A research paper is more than a personal essay. Writing a research paper trains a researcher in –

i. Gathering facts and ideas
ii. Organizing and tabulating the same meaningfully
iii. Documenting information
iv. Interpreting the organized data
v. Arriving at certain scientific conclusions.
vi. Developing and organizing new ideas, and finally,
vii. Communicating the same to critical readership.

1.2.3 SCOPE OF A RESEARCH PAPER :

We need to prepare a research paper when we want to –

- Explore an idea
- Probe an issue
- Solve a problem
- Review literature on a problem, issue, event or question.

- Develop an argument supporting a position or rejecting a position. This is followed by a careful process of –
- Seeking out
- Investigation and
- Use of material beyond our personal resources.

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The findings and conclusions of such an enquiry, when systematically recorded, result into a research paper. A research paper may require use of primary as well as secondary data. Normally it is combination of the two. Only in case of a very advanced student and / or teacher, one may write a research paper purely on the basis of abstract concepts and a priori thinking in a clear logical fashion.

Identifying, locating, assessing and assimilating earlier research by others, and then developing and expressing your own ideas clearly, objectively, logically and persuasively is writing a research paper.

CHECK YOUR PROGRESS

1. Define and discuss a research paper.
2. What is research?

Learning and practicing writing a research paper is the critically important first step in gradually evolving as a disciplined responsible researcher in any field of enquiry. For writing a good research paper it is necessary that a person cultivates habit of –

- Intensive and extensive reading
- A merciless altitude of questioning and not accepting anything blindly or by faith.

Similarly, through reading, interaction and passive but attentive listening to what others say, one must develop abilities to investigate, to review, to trace information from secondary sources, learn to use information productively as also be prepared to use ideas, and opinions floated by others and handle their analysis of data, with due acknowledgement.

It is thus, evident that writing a research paper is an intellectual adventure. The truth is that one may adopt one or many of the approaches mentioned above uniquely or jointly. He can rest assured that such diligent work will ultimately lead him to become a successful research paper.

This is exactly why Gene Fowler maintained when she said, "Writing is easy. All you do is staring at a blank sheet of paper until drops of blood form on your forehead."

1.2.4 STEPS IN WRITING A RESEARCH PAPER :

The main steps in writing a research paper are –

I. SELECTING A TOPIC :

Selection of a topic for writing a research paper may be related to any of the following points of stimuli –

a) Suggestion by a research guide
b) Hint by a colleague.
c) Researcher's reading
d) Researcher's keen interest in changing social, economic, political and technological conditions.

e) Participation in seminars, conferences, workshops and group discussions.

f) Happenings around.

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II. SPECIFICATION :

The next step is to decide upon –

a) Focus of the paper

b) Spatial and temporal limitations

c) Identification of reference literature

d) Collection and tabulation of data, primary and secondary

c) Analysis of data

f) Actual writing

III. REFERENCE WORK :

This involves patience and diligence while reading literature and collecting data. A paper writer must consult,

- Subject and author indexes in books
- Bibliographies
- Encyclopaedia
- Dictionaries
- Year books
- Atlases
- Gazettes
- Official statistics and
- Govt and corporate reports.

In a subjective way, a researcher must always be alert to his life experiences, personal thoughts, spontaneous reactions, likes and dislikes, opinion, and emerging social environment. These constitute the basic sources of research topics.

1.2.5 SOME IMPORTANT ASPECTS :

In this section we take into consideration some broad approaches to writing a research paper.

A) RESEARCH PAPER WRITING :

According to publication manual of the American Psychological Association (APA), updated up to 19th September 2012 (sixth Ed.), writing a research paper involves following aspects.

1. Wording a running head - research paper writing (on all pages)
2. Title page –

i) A guide for writing a research paper – at the center of the page.

ii) Name of the writer as John F. Taylor (first name, initial of middle name, surname)

iii) Royal college, Mumbai (Institutional affiliation)

3. 2nd page of the paper should give –

   i) Abstract – precise and brief (150 to 250 words) conveying the focus and findings.

   ii) Key words

4. 3rd page, start with the main body of the paper.
5. Normally, the matter should be typed in 12 point font with one inch margin on all sides.
6. Headings should be bold.
7. Words should not be hyphenated. Leave the right side ragged.
8. Every punctuation should be followed by two spaces.
9. Method of analysis and presentation to be explained carefully.
10. Presentation of descriptive and statistical data
11. Discussion
12. Summary and concluding remarks
13. References.

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CHECK YOUR PROGRESS

1. Explain different steps in writing a research paper.
2. What are different aspects of reference work?

B) REFERENCES ARE TO BE GIVEN AS –

- References (At the centre of the page)
- Name of the author / author surname first name of the book (year of publications) of book. Place, publisher (ed.) p or pp
- <u>In case of articles from a journal</u>
- Name of the author / authors / title of the research paper, name of the journal, vol. or, issue no. year.
- In case of articles online - the established pattern
- In case of govt./corporate source –
- Name of the Govt. (year) name of the publication p or pp.

C) SOME PRECAUTIONS IN WRITING A RESEARCH PAPER :

According to Charles King (1999), in a research paper, it is expected that, a student identify a broad area of research related to the course (of study), focus the topic through some general background reading, identify a clear research question, marshal primary and secondary researchess to answer the question and present the argument in a clear and creative manner, with proper citations. According to King writing research paper hones skills of lifelong learning. It helps the researcher to ask good questions, find sources to answer them, present the answers to an audience and enables one to defend against criticism Charles King has given five commandments of writing research papers These relate to –

1. Careful background reading, hard thinking and discussion with your teachers and co researchers and seniors.

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2. Formulation of a concrete, precise research question mainly related to how? And why? *i.e.* identifying trends and causes of change. It should be remembered that 'what'? and 'when' type questions are only the starting points of writing research papers –

3. The researcher must "do real research" Real research means something more than reading secondary sources, (mainly in English) and / or collecting information from the internet. Real research hinges on use of primary data, mainly data generation or use of previously unused data. Whatever data you garner, organize the same in some logical manner and subject the same to rigorous statistical analysis.

4. The researcher must ultimately reach a position where he can muster a set of arguments to convince his readers or listener to accept the conclusions of the paper. The argument of the researcher must evaluate data, other explanations and highlight the novelty in the new presentation.

5. The researcher must cultivate skills of effective, simple, grammatically correct writing. The writing, though simple, must be formal and serious.

According to Charles King, writing a research paper should follow the steps given below in that order.

i. Establishing the topic for research

ii. Identify sources of information

iii. Careful reading of sources and notes making.

iv. Organization of ideas

v. Writing a first draft

vi. Proper reference work, foot notes etc.

vii. Bibliography

viii. Revision of the first draft.

ix. Proof and the final draft.

D) SOME GENERAL PRECAUTIONS :

i. A scientific research paper generally follows the pattern given below (P. Kamat)

- Title - precise, simple, brief
- Abstract / key words - brief to the point, not more than 200 words.
- Introduction - to the point
- Data presentation and analysis (This is in natural sciences Experimental Section, Sometimes, this is given at the end of the paper) use diagrams, graphs, pictures. Results and discussion Conclusions
- References – foot notes and notes, Bibliography,
- Acknowledgements.
- Supporting information, if any

A research paper must be revised and proof read and carefully checked and endorsed by all authors.

ii. General guide to preparing a bibliography.

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For books :

Author (last name first) – Title of the book, publisher place of publication - date of publication.

For Encyclopedia :

Encyclopedia Title – Edition date vol No. article Title – author if any pp.

For a magazine or journal :

Author (last name first) "Title of the Article" – Name of the journal / magazine. Vol. no. (Date) – p or pp.

For a Newspaper :

Author (last name first) "Title of the article" – Name of the newspaper, city, state of publication (Dated, section page number).

For a person :

Full Name (Last name first) occupation – date of interview.

For government / institution :

Name of the govt. institution – Title of the publication (date) p-pp.

CHECK YOUR PROGRESS

1. Discuss precautions for writing a research paper.
2. What are the language concerns for a research paper?

E) LANGUAGE CONCERNS :

A research paper becomes readable if –

i. It is written in simple, direct language.

ii. It is written without grammatical mistakes.

iii. Appropriate sub division and paragraphs are used.

iv. It is presented in a logical order.

v. Only present tense is used to represent well accepted facts.

vi. Only past tense is used to report specific results, results which are uncommon.

vii. Avoid use of unnecessary data and pictures / diagrams.

viii. Avoid use of jargon, slang, and superlatives unless clearly justified.

ix. Give statistical figures properly and with unit of measurement.

F) FORMAT :

– A research paper should be presented as below.

– In print or type using 12 point standard font.

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- In double space on 8.5" x 11" paper with 1 inch margins
- Only on single side.
- Pages should be carefully numbered
- Preferably with each section on a separate page.
- With tables or figures not divided on two pages.
- With reading and related matter on the same page.

G) SELECTING A JOURNAL :

IMPACT FACTOR :

Normally, a researcher should select a journal for publishing his paper critically. The quality and prestige of a journal depend on its impact factor and impact factor depends on citation from the journal in a given period of time. Citation index for an author excludes self citation. A researcher should select a journal with relatively higher impact factor (IF) which is measured in following manner.

$$IF(t) = \frac{\text{Number of t-2 and t-l citations in t period}}{\text{Number of papers published in t-2 and t-1 period}}$$

Where t sands for a particular year.

Citation index refers to an article or an author, in a specific manner or cumulative manner. In a broad sense citation index measures frequency of references to an author or article.

1.3 IMPORTANT WORDS AND THEIR MEANING

- **Research :** searching again and carefully about a phenomenon, event, happening or thing
- **Research Paper :** A scientific, systematic, well organized and logical presentation of arguments and evidences to answer a specific research question, within a span of 2000 to 5 000 words.

1.4 ANSWERS TO QUESTIONS FOR SELF-STUDY

Q. 1 : What is Research?

Research is collecting information in a scientific, systematic, well organized and topical manner, with a view to answering specific research question, in a brief and precise manner.

Q. 2 : What is a Research Paper?

As seen earlier, a research paper is a brief but critical presentation of study results on a selected topic, based on one's own thought, facts and ideas obtained from several sources and forms a unique creation of the writer.

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1.5 SUMMARY

In this unit we explained in detail the process and formal content of a search paper. Research is careful finding out things (events) with logical reasoning and objective data with reference to an idea, expressed in terms of a question. We have expressed the steps in writing a research paper *i.e.*

i. Identifying a question, event or an idea.

ii. Constructing a meaningful brief title.

iii. Writings a precise abstract and keywords.

iv. Presenting a brief review.

v. Presenting data and analysis

vi. Presenting findings and conclusions

vii. Giving reference (footnote, end notes, bibliography)

viii. Acknowledgements

We have also highlighted certain important aspects of research paper writing, format of references bibliography, preconditions for writing a research paper and certain general pre-conditions regarding form, language, punctuation, grammar, style and simplicity, lucidity and precision etc.

1.6 EXERCISES

In this section, we suggest certain topics for writing a research paper, mainly in Commerce, Management and Economics –

i. RBI licenses to new private banks.

ii. International Investment climate and Indian Recession.

iii. Economic Effects of food security.

iv. Increasing corporate debt.

v. Falling rupee.

vi. Productivity and wages.

vii. ICT and employment.

viii. Labour in organized sector.

ix. Prospects of goods and services tax (GST).

x. Corporate social responsibility.

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1.7 FIELD WORK

- Collect information regarding gold prices vis-a-vis output, user, stocks, holding, producing countries, effects on public finance, banking and investment, trade balance etc.
- Find out information regarding fluctuations in capital market, particularly stock market organization, functioning, control and research of changes in Sensex and Nifty.

1.8 BOOKS FOR FURTHER READING

- Publication manual of the American Psychological Association (6th edition) September, 2012.
- http://www.nd.edn/orpkamat.

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UNIT 2 : RESEARCH PAPER : EXAMPLE-1

Gopal Krushna Gokhale :

A Man With Unparalleled Parliamentary Capacities

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By
Prof. (Dr.) J. F. Patil
Kolhapur.

I.

Gokhale had no advantages of birth or fortune. After working, first as a school teacher, then as a professor, with a degree in Mathematics, he spent almost two decades in Deccan Education Society as an outstanding teacher, organizer, principal and administrator when in 1902, he resigned and joined active politics with full commitment and clear objective. He was a "professor to order and could switch from mathematics to English literature, from history to political economy.[1]

II. PURPOSE :

The purpose of this brief note is to pinpoint some of the viewpoints regarding economic reconstruction of India, which Mr. Gokhale held strongly and presented aggressively. According to Prof. B. N. Ganguli, Mr. Gokhale's thinking and analysis on economic issues was surprisingly modern and was a bridge between the 19th century economic thinking and the economic thought as it developed in the 20th century. He believed that only by Western methods of economic development can India take her place in the comity of nations.[2]

III. ECONOMIC IDEAS :

Mr. Gokhale was not a formally trained economist nor a studied social worker or political activist. Gokhale's tryst with economic issues started with his work for Sarvajanik Sabha, later Deccan Sabha and the inspiring and educating supervision of Justice Mahadeo Govind Ranade, the doyen of moderate Indian politicians. It was through Sarvajanik Sabha and its quarterly Journal, in which Gokhale worked as secretary and editor respectively; he started speaking and writing on issues, social, political and economic.

It should he noted that resolutions representations and memoranda drafted by Sabha, concerned issues regarding welfare of poor, i.e. lowering of salt duty, liberalization of forest law, improvement of famine administration, reduction in land revenue, introduction of Marathi in schools and colleges etc.

IV.

Mr. Gokhale's real introduction to economic issues of a national character began with the Royal Commission on Indian Expenditure appointed in 1895 in response to the demand by Indian Parliamentary committee, consisting mainly of

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Dadabhai Nowroji and Sir William Wedderburn. The thrust of the commission was to conduct an inquiry into Indian expenditure and to suggest an equitable redistribution of financial burdens between India and Britain. This commission was headed by Lord Welby. Dadabhai Nowroji, William Wedderburn W. S. Cane and nine other persons were members of the commission.

To be more precise, the terms of reference enjoined the commission to go into the administration and management of the military and civil expenditure of India and into the apportionment of charges between the governments of the United Kingdom and of India.

Mr. Gokhale was deputed by Justice Ranade as representative of Deccan Sabha : Recorded opinions amply prove that "Gokhale made a name for himself in the history of India when words instead of swords are to be wielded."[3]

Gokhale's written statement was built mainly on Dadabhai's drain theory and it included the points that –

- Financial burden was inequitably shared.
- Discrimination in favour of British industries and against Indian industries.
- Heavy drain for British garrison and capital.

In this statement, he did not confine himself to only financial issues, but "subtly and effectively he built into his evidence a reasoned reassured denunciation not only of the economic, but the social and political policies of the govt. of India.[4]

In his evidence, Gokhale used all the technical briefings by G. V. Joshi and M. G. Ranade and he considered himself only a conduit. It was a skilful presentation and lucid exposition. In his oral examination, Gokhale proved equal to capacities, skills and positions of Lord Welby and other members. It was at this stage that justice Ranade described Gokhale as "our rising star."

V. BOMBAY LEGISLATIVE COUNCIL :

Mr. Gokhale became a member of Bombay Legislative Council on 21st December 1899. In January 1900, Mr. Gokhale gave his maiden speech in Bombay Council. In this speech, he showed that farmers in Bombay region received very poor famine relief in comparison with those in central provinces. He showed that farmers were heavily taxed. During this period, as member of the select committees Mr. Gokhale made significant contributions to amendments of Municipal Act, Bombay Abkari Act and Land Revenue Code 1879. In discussing land revenue code, and opposing absolute sole land-lordship to the state, he supported tenant rights of the fanners. However, he wanted a more critical in-depth examination of farmers' debts. With hindsight, it is felt that the genesis of rural co-operative credit system goes back to Mr. Gokhale *e.g.* "If the govt. really wanted to experiment, they could select a small area, take on in that area the debts of the ryots to the sowcars, (money lenders) effect a settlement of some sort, start agricultural banks to provide for the ordinary needs of the agriculturists (thus freeing them from the rapacity of the sowcars) and then declare their lands inalienable.[5]

VI. WORK IN IMPERIAL LEGISLATIVE COUNCIL :

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Mr. Gokhale reached the zenith of his career, greatest triumph when he delivered his budget speech on 24 March 1902, in the imperial council.

Differing from the general congratulatory mood of the house, he pointed out that –

"The successive surplus budgets of the govt. of India illustrate the utter absence of a correspondence between the condition of the country and the condition of the finances of the country.... The surpluses constitute…….. a wrong to the community. They are wrong in the first instance that they exist at all- that Govt. should take so much more from the people than is needed in times of serious depression and suffering." [6]

Mr. Gokhale maintained his arguments on the basis of a study of preceding 16 years data regarding income tax, the salt tax the excise duty, and the cotton duties as also land revenue, which all showed increasing trend despite drought and famine in large parts of the country. This he, described as "Paradox of a suffering country and an overflowing treasury." It is against this background that he made a battery of demands comprising-

- Relief in the tax burden.
- A cut in salt duty.
- Increase in exemption limit for income tax to 1000 rupees.
- Abolition of excise duty on cotton yarn.
- More funds for education, particularly technical education.
- Free and compulsory primary education.
- Development of industry.
- Reduction in military expenditure.

Mr. Gokhale, went to quote figures of salt consumption, agricultural output, imports and exports, to indicate that Indians were not prospering but actually growing poorer. Mr. Gokhale stated that "What India required was not efficiency merely, but bold and generous statesmanship" Mr. Gokhale concluded his speech in following words.

"Let Englishmen, exercise a certain amount of imagination and put themselves in our place, and they will be able to better appreciate our feelings .... He invoked "a true spirit of Imperialism, not the narrow imperialism which regards the world as though it was made for one race only and looks upon subject races as if they were intended to be mere footstools of that race - but the nobler imperialism which would enable all who are included in the Empire to share equally in its blessings and honours/" [7]

It was in recognition of these sterling qualities of a great statesman, that Gokhale was awarded the honour of CIE by Viceroy. It must be noted that Mr. Gokhale earned this distinction despite his being a vocal, vigorous critic of the govt. policies." CIE failed to buy off Gokhale, remarks B. R. Nanda. [8]

VII. INFLUENCES

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Mr. Gokhale was a product of British education system. He was influenced by "Bacon's Essays", Fawcett's "Political Economy", Burke's "Reflections on the French Revolution" as also by J. S. Mill's liberalism. Most of his thinking was based on these western ideas, though the same were fully modified to absorb thoughts, of Dadabhai Nowroj, M. G. Ranade, G. V. Joshi, William Redderburn, A. O. Hume etc.

Mr. Gokhale was essentially a liberal thinker with total commitment to individual liberty, right to property, freedom of contract. In tune with times, he believed in qualified franchise. He believed in representative govt. with special representation for religious minorities. It was because of these qualities that viceroy lord Curzon wrote "that I have never met a man of any nationality more gifted with what one could describe in this century as parliamentary capacities, than was Mr. Gokhale. I truly believe... he would have attained a position of distinction in any parliament in the world." [9]

VIII. SUMMARY OF ECONOMIC IDEAS OF MR. GOKHALE

Though Mr. Gokhale was a liberal, he believed in state intervention to regulate the economic and social life of the country. He preferred govt. help for industrial and agricultural production. He wanted govts. intervention for more equitable distribution.

Mr. Gokhale's economic ideas owe much to Justice Ranade and Prof. Fredrich list, a German, economist. According to Gokhale, Political Economy being a hypothetical science, its propositions are not based upon axiomatic truths like those of Euclid, and do not absolutely and universally hold good, like the latter, true in all times. Therefore, he pleaded that state should take initiative in accelerating the process of industrialization through protection and assistance, as indicated by Prof. List. Gokhale in fact made a serious study of Indian public finances for 1874-1909 period comparing revenue and expenditure growth rates. He argued for utilization of surpluses for industrial and agricultural development through infrastructure.

IX. CONCLUSIONS :

This brief main review of Mr. Gokhale's contribution to India's economic reconstruction can at best be considered a cursory study. As already pointed out, he was a great son of India, a truly great parliamentarian, a studious researcher, an impressive, aggressive and a persuasive speaker and a devoted social worker, a great patriot.

I, therefore, conclude with the tribute, great poetess and nationalist Sarojini Naidu paid to him when Mr. Gokhale passed away. [10]

"Heroic heart! Lost hope of all our days
Need'st thou the homage of our love or praise,
Lo! Let the mournful millions around thy pyre
Kindle their souls with consecrated fire,
Caught from the brave torch fallen from the hand,
To succor and serve our stricken land,
And in a daily worship taught by thee,
Upbuild the temple of her unity.

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5. Ibid, P. 126.
6. Ibid, P. 134.
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8. Ibid.P. 142.
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UNIT 3 : RESEARCH PAPER : EXAMPLE - 2

NOTES

Inter-State Dependence for Development
A Theoretical Perspective

By

Prof. (Dr.) J. F. Patil

Kolhapur.

I. INTRODUCTION

I take this opportunity to place on record my sincere appreciation of the sterling services rendered by K.L.E. Society in the field of general, liberal and professional education over a period 100 years, with locational concentration in north Karnataka. Kudos to the founders and present leaders who run the affairs of the society in a professional manner with emphasis on quality and culture.

I am obliged that I have been given an opportunity to participate in these centenary celebrations, more so in presenting a view point in the 12^{th} Annual Conference of Karnataka Economics Association in collaboration with Lingraj College, Belgaum, a premier higher education institution in the State.

II. THE SCHEME

One of the themes for the annual conference of, “KEA” is Inter State Dependence for Development with special reference to neighbouring States.

I propose to present a theoretical perspective in this respect, on the background of nationally accepted constitutional framework. This framework will be elaborated in part III of this presentation. Part IV will deal with accepted theory and emerging ideas in this respect. Part V will present some tentative hypotheses regarding inter-state dependence in India, which may constitute areas / problems for younger generation of researchers in their pursuit of academic excellence and material progress. Part VI will sum up the basic content of the presentation.

III. CONSTITUTIONAL PROVISIONS

While discussing Inter-state Dependence for Development in India context we have to keep in mind firstly that we are a federal structure (generally in peace-time) with some elements of centripetal antecedents. We have a carefully drafted comprehensive constitution. This constitution lays down clear cut division of powers and functions between Central and State Govts, as also very detailed provisions regarding inter-State as also Centre-State Trade, Commerce and Intercourse within the territory of India (Articles 301 to 307 of Part XIII) where constitution provides also for constituting an authority for regulation. It is also important to note that citizens of India have complete freedom of inter-state commerce and mobility.

Secondly, we must note that although the nature of State level taxation as a system, is uniform; the operational details of States taxation (base, rate, exemptions, concessions, deductions, collection etc.) vary across States (Constitution of India, Baxi P.M. P. 203).

Thirdly, in case of Centre-State and inter-state conflicts, Central Govt. has residual legislative power w.r.t. tax, trade, infra-structure, emergency and in case of conflict between Central legislation and State legislation, Central law prevails.

Fourthly, the constitution lays down a carefully designed federal tax and financial structure under Articles 265 to 282. Article 268 gives duties levied by the Union but collected and appropriated by States. (Stamp duties and excise on medicinal and toilet preparations). Article 269 gives taxes levied and collected by the Union but assigned to the States (Sale or purchase tax vis-a-vis inter-state trade or commerce or consignment) *e.g.* Central Sales Tax. Article 270 gives taxes levied and distributed between Union and the States. There are other minor provisions also. We have now a NITI Ayog which will have to allocate plan grants and loans to States. Similarly, sharing of Central divisible tax revenue and other grants-in-aid are recommended by an autonomous, constitutional body known as Finance Commission (Article 280). So far as inter-state trade is concerned, there are some indirect taxes, which are collected but reallocated to States in certain proportions and on criteria of population, collection and fiscal efficiency. It is also necessary to keep in mind that some of the State taxes e.g. Octroi / LBT vest with local bodies, particularly, Urban Govts. There are certain motor vehicle / spirit taxes which influence inter-state trade significantly.

IV. BRIEF REVIEW OF ACCEPTED THEORIES

In this section we will deal with two important aspects - (a) Conceptual clarifications and (b) Review of theories

(A) <u>CONCEPTUAL CLARIFICATIONS</u>

In this analysis, when we use the phrase "Inter-state Dependence for Development" as a theme for discussion, we should note that –

Firstly, Development has the usual connotation implying – Faster growth rate, higher standards of living, growth of employment, better balance between individuals, sub-regions, regions (States in India) in terms of income, property / wealth and socio-economic opportunities, with a relatively stable economic dynamism (rate of exchange and domestic price level).

Secondly, In Indian Federation, constitutionally trade, commerce and intercourse across states are free with residual powers resting with the Central Govt.

Thirdly, For analytical purposes we equate the term region with state *i.e.* we treat States of India as distinct regions.

Fourthly, The concept of region requires a proper understanding. In one sense a territory having the same monetary system is a region. According to Bertil Ohlin (1931). "In general we may say that there are certain groups of districts between which factors or goods or both move less easily than between the districts themselves, and that such groups should on that account in many cases be regarded as separate regions." Ohlin further mentioned that "it is convenient, therefore, to think of the world as consisting of a number of large regions each of which consists

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of smaller regions (sub-regions), the latter containing a great number of very small districts.” In simple, higher degree of lack of easy movement of factors and products indicates separation of region.

Fifthly, In Indian context, we use the term state as synomous with region because (i) it is a distinct political unit with clearly laid out legislative functions and powers (ii) normally it is characterized by a distinct language and culture, (iii) it has a distinct geo-climatic endowment making for distinct agriculture and manufacturing structure.

In short, we consider states as separate regions, with large intra-state sub-regions

Finally, inter-state development dependence is reflected in inter-state trade, commerce and inter course.

(B) BRIEF REVIEW OF THEORIES

In this section, we consider mainly four theoretical strands.

1. Comparative cost advantage or classical theory of international trade.
2. Endowment theory of international trade, known as Heckscher- Ohlin theory of trade, which is basically an offshoot of interregional trade theory.
3. Localisation of economic activity approach (which deals mainly with geographical division of labour (production). This is in a way, application of aspects of regional economics.
4. Recent developments.

B. I) CLASSICAL THEORY OF INTERNATIONAL TRADE :

According to classical economists, Smith, Ricardo and the early socialist J. S. Mill, trade takes place between nations due to comparative cost advantages, nations possess in goods / services they produce respectively. That trade benefits both parties and causes, in the long run, factor price as well as product price equalization in terms of purchasing power parity and maximization of national welfare. Even when a nation has absolute advantage in production of X and Y goods, it is better that it specialises in the production of that commodity in which it has a comparative advantage.

With the evolution of this theory of international trade, further refinements like elasticity’s of reciprocal demand, terms of trade, rate of exchange etc. took place.

It was however not very explicit in classical theory why nations have comparative cost advantages in different goods / services. This explanation was provided by Eli Hecksher and more elaborately by Bertil Ohlin, of the Sweedish School of Economics.

B. II) FACTOR ENDOWMENT THEORY OF TRADE :

This theory was initially propounded by Eli Hecksher, (1919 & 1930) a predecessor of B. Ohlin, in a broad manner highlighting **differences in factor endowments as the basic cause of international trade**. However, this factor endowment differences aspect was elaborately explained by B. Ohlin in his classic

"Interregional and International Trade (1931), published later as Harvard Economic Studies Vol. XXXIX in 1957.

According to this theory, different nations have different groups of labour, different natural resources and different capital factors, different risk elements, there are different economies of scale, and these lead to differences in cost conditions, comparative cost advantages and consequent severally beneficial trade. As effects, we witness a tendency towards equalization of factor prices as also product / service prices.

Ohlin's analysis of international trade is basically an extension and refinement of theory of interregional trade, which essentially is explained by differences in factor endowments, causing comparative cost advantages and trade.

B. III) A GENERAL LOCALIZATION THEORY :

We know that in regional economics, a whole lot of theories explaining localization of industrial activity has gradually evolved over a long period of more than a century, beginning from Von Thunen to Perroux, where also, factor conditions cost of labour, cost of material and cost of transportation become relevant. Sometimes technology differences also become important. While Thunen explains agricultural cropping pattern. Weber, Losch, Christaller and Perroux explain industrial location, Central Place theory and Growth centre / pole theories. In this whole analysis minimization of transport cost and relative basic factor prices become dominant considerations.

B. IV) RECENT DEVELOPMENTS :

Recent developments in the theory of interregional trade basically emerge from the relaxation of some of the assumptions of Heckscher – Ohlin Theory.

The assumptions of Heckscher – Ohlin Theory :

i. only two factors of production - labour and capital.

ii. Factor quality is the sum in both regions.

iii. factor availability differs regionally but is fixed.

iv. production technology same in both regions.

v. production function, in both regions has constant - returns to scale.

vi. In both regions, factor/product markets are perfectly competitive.

vii. Trade is free.

viii. Factor intensity is strong at all sets of factor prices.

ix. tastes are similar and income inelastic.

It is evident that the H/O model is very weak because of unreality of many of the assumptions as pointed out by Dave Clark (2010).

Many tests have been carried out to find out validity of H/O theory, *e.g.* one is <u>factor content approach</u> developed by Leontief which measures labour and capital required to produce exports, believing that labour abundant country will export labour rich and less capital intensive goods compared to importing region.

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Another test is to directly find out –

i. The abundant factor

ii. Capital intensity in each local industry

iii. The extent of commodity specialization.

iv. If product specialization is in accordance with factor abundance.

Now, if we have full factor mobility between regions (as we have between states in India), it is difficult to predict the commodities in which a region will have trade specialization, or if outmigration will erode factor abundance. In case of interregional trade, within a nation, it is believed that either factor prices are equalized, or product prices are equalized or both happen simultaneously *i.e.* commodity trade acts as a perfect substitute for factor mobility. As a result, both the regions benefit.

Secondly, we have radical trade theories, (Armstrong and Taylor 1993 and 2000). There are three alternative approaches to understanding regional trade specialization.

A. Intra-Industry Trade Theory :

Which suggests a substantial amount of Intra-Industry Trade between regions (exchange of virtuality identical products) mainly because of differences in consumer choice in products and economies of scale at the firm level. According to Armstrong and Taylor, level of Intra-Industry Trade is strongly correlated to closely integrated regions and / or more developed countries.

Intra-Industry Trade between regions may be of two types Horizontal where goods of same quality are exchanged and Vertical - where goods are exchanged within the same industry, but at different levels of quality or at different levels of production.

B. Competitive Advantage Model :

Armstrong & Taylor (1993), drawing heavily on Porter study, explain this with reference to agglomeration economics and industrial clusters a different version of localization which depend on –

- Demand conditions
- Factor conditions
- Firm strategy, structure and rivalry
- Related and supporting industries

C. Economic Geography Models of Trade

This theory of inter-regional / international trade explains trade between larger developed countries, where economies of scale and market imperfections are involved. This leads to giving competitive advantage by the regions with biggest markets or access to wider markets – this is known as Home Market Effect, where good access means higher wages + net export of manufactured goods. Early start also helps in greater comparative cost advantage, which creates a process of cumulative causation (*e.g.* attracting labour, more expenditure (demand) in home market. Product market may be characterized by lower cost because there will be lower or no transport costs. New Economic Geography model also gives us a vertically linked industries explanation where intermediate goods producers move to growing region, creating clusters and cost reductions.

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V. TENTATIVE HYPOTHESES

On the background of constitutional framework regarding basic division of powers and functions between, Center and States, and limitations regarding inter-state trade, commerce and intercourse and a brief review of theories regarding inter regional trade, international trade and theory of industrial localization, we can now lay down certain preliminary hypotheses regarding inter State (State = Region) dependence for development, which it is believed, trade in its volume and composition will determine in Indian federal framework.

Following are some of the preliminary hypotheses which may be examined against analysis of systematically collected data.

(i) Openness of inter-state trade is a function of distances involved, modes of transport available and costs involved therein.

(ii) Multiplicity and Level of Inter-state trade barriers, tariff and non-tariff, tend to hinder inter-state trade and adversely affect inter-state dependence for development.

(iii) Inter-state development dependence between more developed neighbouring states is more than in the case of less developed neighbouring states.

(iv) In the case of labour migration, net in-migration in the case of more developed states tends to be higher.

(v) More developed states, or States with faster growing economies attract capital more easily.

(vi) States with early start, show greater industrial localization.

(vii) States which have greater concentration of service sectors. (education, health, tourism) show greater in migration, both labour and capital, causing at the same time a faster industrial development.

VI. CONCLUSION

Trade which takes place within national boundaries is Internal Trade. However in a federal set-up, with diversely situated and developed constituents (states), a pattern, presumably emerges which shows the inter-state dependence in development. In India, according to T. Behera (Director, DGCI & S) in a publication Vaanijya - the major problems regarding inter-state trade in India are –

- Diversity of controls exercised by multiple authorities at different levels.
- Restrictions on inter-state movement of goods.
- Lack of uniformity of standards adopted by various authorities.
- Different tax regimes (GST is supposed to eliminate this) which divide Indian domestic market in a large number of smaller regional markets, which cause a drag on trading efficiency and development in the country.

It is very evident by now, that GST, to be effective from 1st April, 2016, will certainly bring in era of greater, positive – mutually beneficial inter-state dependence for development in India, strengthening federal feelings and factors.

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REFERENCES :

1. **Baxi P. M.** : Constitution of India. Universal Law Publishing Co., New Delhi - 2003.
2. **Ohlin B.** : Inter - Regional and International Trade Harvard University Press 1957 ed. Originally published in 1931.
3. **Clark D.** : International Trade Regional and Local Economics (RELOCE) - Lecture 4 b, 2010.
4. **Armstrong and Taylor P. A.** : Cambridge Economic Consultants 1993, The European Commission, 2000.
5. **T. Behera** : India's Internal Trade - A Review of Inter-State Movement of Major Commodities Directorate General of Commercial Intelligence and Statistics, Dept. of Commerce 85 Trade, Govt. of India - Vaanijya - September, 2006.

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UNIT IV : REVIEW ARTICLE

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STRUCTURE

4.0 INTRODUCTION

In the previous unit, you have learned about research paper i.e. how to write research paper, contents of research paper, purpose of writing research paper, steps in writing a research paper and precautions in writing research paper. Before writing a research report it is necessary to review literature. A comprehensive review of the research literature referred to must be made. In the research process, researcher has to conduct an extensive survey of the available literature. The researcher has to review the important literature related to the study. It must be born in mind that, for any problem there may be portions of literatures that are generally relevant. In this unit you will read about review article. This unit describe guidelines for writing a review article and precautions involved. You will also learn about steps in writing a review article. A review article may cover one or many items (articles, books, reports etc.) related to the research topic.

4.1 UNIT OBJECTIVES

After going through this unit, you will be able to :

(i) Describe the meaning and contents of review article.

(ii) Understand guidelines for writing a review article.

(iii) Understand the precautions of writing review article.

(iv) Describe the steps in writing a review article.

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4.2 SUBJECT MATTER

The review of literature or article is a task that continues through out the duration of the research. It begins with a search for suitable topic.

4.2.1 MEANING OF REVIEW ARTICLE

A review article examines the evidence presented in a research article. It is different from a research article. A research article produces research itself. In other words, a review article is a critical evaluation of material that has already published. In this case the author of a review article organises, integrates and evaluates previously published research articles and considers the progress of current research towards clarifying a problem.

Review article is an attempt to summarize the current state of understanding on a topic. It discusses research previously published by others, rather than producing new research itself. It means that a review article is critical, constructive analysis of the literature related to the study in a specific field through classification, analysis, comparison and summary.

4.2.2 PURPOSE OF THE REVIEW ARTICLE :

Following are the purposes of review article :

(i) To organise literature.

(ii) To provide an overview and a critical evaluation of the body of literature relating to applied research or research problem.

(iii) To identify patterns and trends in the research areas.

(iv) To identify relations, contradictions, gaps and inconsistencies in the literature.

(v) To ensure that researchers do not duplicate work that has already been done.

(vi) To provide background to the research topic using previous research.

(vii) Review article shows that the researcher is familiar with previous relevant research.

(viii) Review article highlights key findings.

(ix) Review article evaluates the depth and breadth of the research in regard to the research topic.

(x) It suggests the next step in solving the problem.

4.2.3 CONTENTS OF REVIEW ARTICLE

Following are the contents of review article.

1. Title
2. List of authors
3. Abstract
4. Introduction

5. Material and methods
6. Main part of the review article
7. Conclusions
8. References

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1. **Title :** A review article is both a summary and an evaluation of another writer's article. A title of the review article must be informative. It should include important terms and has to indicate that the text is a review article. It must be short. The researcher should keep the title concise. It may include the message of the article. The title should be meaningful, informative. It should help readers to decide whether they should read or not. If the question remains unanswered at the time of writing, then the title of the review article should only be a question.

2. **List of authors :** The review article should declare intellectual ownership of the work. Review article should declare names of all authors (first name, middle name initial, last name) including their departmental and institutional addresses. It should provide contact information i.e mailing address, telephone number or mobile number, fax number and e-mail address. Every person that contributed significantly for searching, explorating literature and /or writing research process should be included in the list of authors. The first author has done most of the research and written major part of the article. So his name should be first in the order of authors. Remaining authors may be ordered alphabetically or in a sequence of decreasing involvement.

3. **Abstract :** The abstract must be a single paragraph of no more than 250 words. Such a writing task is among the most difficult to achieve. An abstract gives in concentrated form what the review article is about. It is a brief synthesis of the entire research project which will be helpful to the readers to determine immediately whether the review article can be useful. The abstract is shorter than the summary. Generally it should be 2 to 5 percent of the text. There are two types of abstracts, i.e. informative abstract and descriptive abstract. Informative abstract informs about the main objectives and result of the review article. In it, a few sentences describe main outcomes of the research project. One or two sentences present the conclusion which is linked to the objectives of the review article. Descriptive abstract indicates the text structure. It is like a table of contents in paragraph form.

4. **Introduction :** It is the first part of the main body of the article. It explains the focus and establishes the importance of the subject. The introduction provides information about the text, indicates the motivation for the review and discusses what kind of work has been done on the topic. The introduction of the review article should clearly and logically bring out the background of the problem addressed in the research. It is a brief introduction of the article and includes the highlights of the article. The purpose of the introduction is to introduce the review article to the readers. A clear statement of the problem with specific questions to be answered is presented in the introduction. The introduction should include subject background, problem and the author's reason for reviewing the literature i.e. motivation and justification.

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5. **Material and methods :** Material and methods are an integral part of the review article. It should provide an overview of the design of the research undertaken. It contains information about data sources, search strategies, selection criteria, the number of studies included and statistical methods (central tendency, dispersion, correlation, regression, etc.) which are used. It should have 5 percent part of the core text.

6. **Main part of the review article :** Main part of the review article is often divided by headings and sub-headings. It summarizes and evaluates the current state of knowledge in the concerned field. It should focus on research efforts that have advanced our knowledge in this aspect. It notes major themes, the most important trends and important findings that researchers agree or disagree. This part is the heart of review article. It covers one idea, topic or aspect per paragraph. This part of the review article frequently links the discussed research findings to the research question stated in the inroduction. It may have 70-90 percent of the core text. Citations are usually indirect but in some cases relevant remarks might be cited directly.

7. **Conclusions –** The conclusion discusses the results obtained in the earlier sections as well as their usefulness and implication. Conclusion answers the research question set in the introduction. It contains findings, implications of the findings, interpretations by the authors, identification of unresolved questions, problems or areas for further research. It summarizes all the evidence presented and shows it's significance. Conclusion is essential to suggest the theoretical, practical and policy implications of the literature of the study.

8. **References –** The references include every reference cited in the text. It may books, journal articles, study reports, read, referred, examined by the researcher in preparing review article. It should not include additional references. It should follow standard formats for books, journal articles, research reports, etc. References show interested readers how to find the literature mentioned in the text and acknowledges the work of others. Following are the examples of references:

(I) BOOKS

(a) Single author :

Bell Pitere (1999): *'Management Science and Operations Research',* South Western College Publications, Cincinnati, Ohio.

(b) Two authors :

Bhandarkar P. L. and T. S. Wilkinson (2002): *'Methodology and Techniques of Social Research'*, Himalaya Publishing House, Mumbai.

(c) A edited book :

Rajmmal P. Devadas (1969): 'A *Handbook on Methodology of Research',* edited, R. K. Mission Vidyalaya, Coimbatore.

(II) PERIODICAL ARTICLES:

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(a) One author :

Kale S. U. (January – June, 2010): *'Identifying the Importance of Supply Chain Management for Automotive Component Manufacturers'*, Ethos, Vol. 3, No. 01, pp. 1-7.

(b) Two authors :

Jadhav R. D. and Santosh Yadav (January – June, 2010): *'A Study of Leadership Styles of Different Professionals'*, Ethos, Vol. 3, No. 01, pp. 21-26.

(c) Three authors:

Schultz K. L., J. O. McClaim and L. J. Thomas (2003): *'Overcoming The Dark Side of Worker Flexibility',* Journal of Operations Management, Vol. 21, No. 01, pp. 81-92.

(III) WORKING PAPERS / DISCUSSION PAPERS:

(a) One author :

Helene Poirson (April, 2006): *'The Tax System in India: Could Reform Spur Growth?*' IMF Working Paper, WP / 06 / 93.

(b) Two authors :

Jim Gordon and Poonam Gupta (November, 14-16, 2003): *'Understanding India's Services Revolution'*, paper presented for the IMF-NCAER Conference, A Tale of Two Giants: India's and China's Experience With Reform, Working paper / 04 / 171.

(IV) STUDY REPORTS:

(a) One author :

Amaresh Bagchi (June, 1982): *'Integration of Tax Planning in Development Planning – The Indian Experience'*, National Institute of Public Finance and Policy, New Delhi.

(b) Two author:

Shikha Jha and P. V. Srinivasan (August, 1998): *'Indirect Taxes in India: An Incidence Analysis',* National Institute of Public Finance and Policy, New Delhi.

(V) AN ARTICLE IN AN EDITED BOOK:

Sundaram S. K. G. (March, 2007): 'Service Tax in India – Prospects and Perspectives', *Service Tax in India*, edited by J. F. Patil and V. S. Patil, Shivaji University, Kolhapur, pp. 188-214.

(VI) GOVERNMENT REPORTS:

Kelkar Vijay L. (2002): *'Report of the Task Force on Indirect Taxes'*, Ministry of Finance and Company Affairs, Government of India, December, 26.

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(VII) ARTICLES IN LEADING NEWSPAPER:

Mukhopadhyaya Sukumar (January 13, 2007): *'Killing the Goods and Services Tax'*, Business Standard.

(VIII) PAPERS PRESENTED AT A CONFERENCE :

Kakade V. B. (January 15 & 16, 2007): '*Service Tax Buoyancy'*, paper presented in the national conference on Service Tax, organized by R. N. Godbole Chair, Department of Commerce and Management, Shivaji University, Kolhapur.

(IX) NOTIFICATION :

Government of India, Notification No. 16/2002-ST, dated 2/8/2002 in respect of United Nations and International Agencies.

(X) AUTHORISED WEBSITES :

- www.finmin.nic.in
- www.imf.org.in
- www.indiabudget.nic.in
- www.rbi.org.in

4.2.4 PRECAUTIONS IN WRITING REVIEW ARTICLE:

There is a difference between research article and review article. As earlier said that research article produces research itself. The purpose of research article is to present new or refine conceptual ideas or to present new evidence for existing ideas. On the other hand, a review article examines the evidence presented in research article. A review article results from critically examining research article. Following are the precautions in writing review article.

(i) Review article should have a suggestive title, headings, and sub-headings, paragraphs, etc. It means that it should have a good format and contents.

(ii) There should be consistency in the objectives of the review article stated in the introduction, findings obtained and conclusions drawn in the last part of the article.

(iii) The language of the review article should be simple and unambiguous. Confusion and pretentiousness should be clearly guarded against. It means that the language of the review article should be simple.

(iv) Writing review article is a highly skilled job. The flow of the thoughts and ideas in each paragraph should be carefully maintained.

(v) Writing a review article is a process of analysing, understanding the research article and projecting a meaningful view of the phenomenon studied.

(vi) The review article must be free from grammatical mistakes. It must be grammatically accurate. Faulty construction of sentences makes the meaning of naration obscure and ambiguous.

4.2.5 STEPS IN WRITING REVIEW ARTICLE:

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Following are the steps in writing a review article:

1. **Find a working topic –** A review article is a function of reading, critical thinking and writing. First, researcher should take the information that he has gathered through his research and look at his specific area of study. He should pick one theme to focus and the organisation of his review.
2. **Review of literature –** Researcher should search for literature sources, refine and topics. He should review similar literature areas. He will have to update the advances in the study area since the article was written.
3. **Identify the main ideas of the review article –** After studying literature, researcher should read, evaluate and classify the research articles and make notes.
4. **Organize the main points of the review article –** After identifying the main ideas from the research article that need to be presented in the review article. The researcher has to prepare a rough draft or outline, find headings for the sections in the text body. While preparing the rough draft, the researcher should keep the objectives of the review article in mind and focus on one objective at a time. The researcher should make a cheklist of the important points that are necessary to be covered in the manuscript. Researcher should use dictionary and relevant reference materials as and when required. Use terminology i.e. appropriate to your audience, avoiding jargon and contradictions.
5. **Write the review article-** This is an important step in writing review article. It takes more time than rough outline. While writing and polishing, researcher should check the review article for weakness in logical development and presentation. In writing review article the researcher should draft the body sections, conclusions, introduction and abstract. In the last step in writing review article, the researcher has to edit and revise the review article as needed. He has to revise drafts of different sections, abstract, title, tables and figures and citations and references. Before the final drafting of the review article it is advisable that the researcher should prepare first draft for criticle considerations and possible improvements. Finally, the review article should be logically outlined directions with the future research based on the work completed.

CHECK YOUR PROGRESS

1. Define review article.
2. List the contents of review article.
3. List steps in writing a review article.

4.3 SUMMARY

In this unit, you have learned about meaning, contents, purpose of the review article. A review article provides an overview and a critical, constructive evaluation of the body of literature relating to research article. A review article often forms part of a larger research project, such as a dissertation or a thesis or it may be an independent written work such as a synthesis paper. You have also learned the steps in writing a review article.

4.4 KEY TERMS

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- **Research article** – Research article produces research itself. The purpose of it is to present new or refine conceptual ideas or to present new evidence for conceptual ideas.
- **Review article** – A review article examines the evidence presented in a research article. It results from critically examining a research article.
- **Applied research** – Research to provide solutions to practical problems.
- **Central tendency** – Central tendency or an average is a single simple expression in which the results of complex group or a large numbers is concentrated.
- **Correlation** – The degree of association between two or more variables.
- **Data** – It refers to information collected or gathered in research.
- **Analysis of data** – It is an act of transforming the data with the objective of extracting some useful information.
- **Dispersion** – It is the measure of the variation of the items.
- **Interpretation** – It means the translation of a statistical result into an intelligible description.
- **Regression** – A statistical procedure that estimates or predicts the unknown values of one variable from known values of variables is called regression.

4.5 QUESTIONS AND EXERCISES

1. What is a review article ?
2. Describe the purposes of the review article.
3. Distinguish between research article and review article.
4. What are the contents of a review article ?
5. Define review article. What precautions will you take while writing a review article ?
6. Mention the steps involved in review article writing process.

4.6 BOOKS FOR FURTHER STUDY

1. **A. T. Still Research Institute** : *'Review Article Guidelines for Students'*, A. T. Still University of Health Sciences, United States.
2. **Academic Writing Help Centre** (2007) : *'Writing a Literature Review'*, University of Ottawa, www.sass.uottawa.ca
3. **Bell Judith** (2005) : *'Doing Your Research Project: A Guide for First-time Researchers in Education, Health and Social Sciences*', Open University Press, Maidenhead, Berkshire.

4. **Bem Daryl J.** (1995) : *'Writing a Review Article for Psychological Bulletin',* Psychological Bulletin, Vol. 118, No. 2, pp. 172-177.

5. **Boote David N.** and **Penny Beile** (2005) : *'Scholars before Researchers: On the Centrality of the Dissertation Literature Review in Research Preparation',* Educational Researcher, Vol. 34, No. 06, pp. 3-15.

6. **Cooper H. M.** (1989) : *'Integrating Research: A Guide for Literature Reviews',* Applied Social Research Methods Series 2, in second edition, Sage Publishers, London.

7. **Day R. A., Gastel B.** (2006) : *'How to Write and Publish a Scientific Paper',* Greenwood Press, Westport.

8. **Gash S.** (2000) : *'Effective Literature Searching'*, Aldershot, Gower.

9. **Hart C.** (1998) : *'Doing a Literature Review : Releasing the Social Science Research Imagination',* Sage Publications, London.

10. http://www.utoronto.ca/writing/litrev.html (Literature Review : A Few Tips on Conducting it – University of Toronto)

11. **Krishnaswamy K. N., A. I. Sivakumar** and **M. Mathirajan** (2006) : *'Management Research Methodology- Integration of Principles, Methods and Techniques',* Dorling Kindersley (India) Pvt. Ltd., Delhi.

12. **Lunsford, Andrea** and **John Ruskiewics** (1998) : '*Everything's An Argument'*, Bedford St. Martin's, New York.

13. **Philip Mayer** (2009) : *'Guidelines for Writing a Review Article*, Plant Science Centre, Zurich- Basel.

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UNIT V : REVIEW ARTICLE : EXAMPLE - 1

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STRUCTURE

5.0 INTRODUCTION

In the previous unit, you have learned about review article i.e. meaning, purpose, contents of review article, precautions of writing review article and steps in writing review article. In this unit you will read example of review article on the subject 'Service Tax in India.' This chapter is totally based on the topic 'Review of Literature' of S. B. Yadav and J. F. Patil's book 'Service Tax in India' published in Sept. 2009. In this chapter an attempt is made to review the literature on service tax and other related subjects. The literature for review is mostly drawn from ICAI's latest publications, books, articles in books, articles in leading newspapers (The Economic Times, Business Standard, Financial Express, The Indian Express, Deccan Herald and The Hindu). Similarly, relevant journals (Economic and Political Weekly, Asia Pacific Development Journal, The World Economy, Sourthern Economist, Arth Vijanan, The Management Accountant), Websites and discussion papers / working papers / study reports have also been consulted. This chapter covers specific sub topics such as services sector in India, tax reforms in India, future scheme of Goods and Services Tax and specific taxable services.

5.1 BOOK REVIEW

V. Vijay Anand[1] gives concisely various concepts of service tax through simplified summaries, harmonious meaning of provisions, rules and notifications. He covers in a chronological way imposition of service tax on various services, computation of tax liability, procedural aspects (including registration and returns), taxation of services (provided from outside India and received in India) Rules, 2006.

Datey V. S. [2] has divided his book "Indirect Taxes - Law and Practice" into five divisions. Division I deals with background of indirect tax law and central excise. Divisions II, IV and V deal with customs law, central sales tax and last minutes preparation for examination. Division III is very important division for the study. He has explained general provisions of service tax, import and export of services and taxable services (till 2006-07 Budget). In this highly precious book, he has explained background, nature of service tax, value of taxable service, exemptions from service tax, penalties, classification of services etc.

Patil J. F. and **V. S. Patil**[3] edited book provides descriptive and analytical information on various aspects of service tax. It is a collection of papers presented and discussed in a two day national workshop. It contains various papers on theoretical basis for service tax in India, comparative analysis of service tax revenue and growth of service sector, exemption from service tax, etc. It is a very important collection of essays on service tax and is a good contribution to the literature on service tax in India.

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5.2 ARTICLES IN JOURNALS, PERIODICALS AND BOOKS REVIEW

Services sector is now occupying the center stage of the Indian economy. In the contemporary world, development of service sector has become synonymous with the advancement of the economy. **Pradeep Kr. Singh**[4] goes into the detail of service sector which has taken center stage of modern economy with special reference to taxation of this sector.

P. Subramanion and G. Raju[5] provide their an overview of service tax in his article "Service Tax: A Bird's Eye View". The article discusses need for service tax, legal base of service tax and history of service tax in India inlucid manner.

The WTO requirement to treat foreign goods and services equally does not disallow imposition of internal taxes on imports to the extent such taxes are imposed on like domestic products and services. An internal tax on like domestic products whether in the form of excise, sales tax or VAT without levying the same on imported products would automatically make the imported products more competitive to the disadvantage of domestic producers. **C Satpathy**[6] shows such discriminatory treatment cannot be in the best interest of any economy.

The Finance (No. 2) Bill proposed to make substantial changes in Chapter V of the Finance Act, 1994, the law governing service tax. The Central Government has also issued seven notifications, making some changes in the Service Tax Rules, 1994, Service Tax Credit Rules, 2002 and in certain exemptions. **A. R. Krishnan**[7] provides an insight into the various aspects of the relevant notifications and rules which have significant implications for service-tax payers.

Deepita Chakravarty's[8] study is an explorative, inter-sectoral analysis of state domestic product data to understand the determinants of services sector growth in India during recent years. The analysis suggests that it is necessary to have a high and stable rate of growth as well as diversification over time in the commodity producing sector to foster growth in services.

The Central Government has notified "Service Tax (Determination of Value) Rules, 2006" on 19th April 2006, which are applicable to the situations where the consideration received is not wholly consisting of money i.e. when the service provider receives any consideration other than in cash from the client. This has changed the service tax provisions and has put it in line with the Central Excise Act, 1944. **Sushil Kr Goyal**[9] explains these radical changes in his article "New Valuation and Reimbursement Rules in Service Tax."

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It was in the Union Budget 2004-05 that service tax was first introduced on services provided by a Goods Transport Agency (GTA) in relation to transport of goods by road. The tax on these services came in effect from 1.1.2005. In the wake of several cases of denial of abatement / exemption under notification no. 32/ 2004-05 dt. 3.12.2004 by the service tax authorities, the issue is becoming increasingly controversial. **Bakul Mody**[10] probes the issue from a professional angle.

Through Notification No. 53/98-ST dated 7th October 1998, service tax on practising Chartered Accountants was introduced in 1998 and the effective date of applicability was 16-10-1998. In his article, **Sudhir Halakhandi**[11] explains definition of practising Chartered Accountant, persons (Chartered Accountants) liable to service tax and exemption to certain services. His article offers an in-depth analysis of the levy of service tax on Chartered Accountants.

Tilak Chandna[12] scanned service tax on service of manpower supply in his widely read article 'Service Tax on Service of Manpower Supply - A Scan'. This article looks into the doubts being expressed in quarters about the very nature of the levy of service tax on the service of supplying manpower and probes as to whether this levy covers every service for carrying out any work involving the employment of manpower.

In view of the expanding net of service tax and the need to introduce compatible provisions for its compliance, **Amita C. Bapat**[13] suggests that the lawmakers need to bear in mind the basic purpose behind the levy of service tax. The article questions the validity of the source of the issue of two provisions, which, if implemented, defeat the spirit of each other.

Chapter VA of the Finance Act, 1994 comprising sections 96 A to 96-I, contains the law relating to advance ruling under service tax. The chief advantage of Advance Ruling is that it provides a forum to help assessees plan their affairs well in advance, to ward off controversy and dispute likely to arise in future by resolving them in anticipation and to avoid protracted and expensive litigation. **Ajay Kumar Garg's**[14] article discusses the law and procedure in this regard.

N T Jhaveri[15] explains that the union budget for 2007-08 continues with ill-conceived tax measures and there remains no action, despite knowledge of the problem, to counter the undesirable effects of bad governance and incomplete management. Further, he focuses on how service tax suffers from serious shortcomings. No rational basis exists for its selective levy and unjustified discrimination. For instance, there is no logical reason why services provided by doctors and lawyers remain outside the purview of this tax.

Kallur M. S.[16] reviews briefly the service tax introduced in the year 1994, its genesis and need, on the one hand and its future, on the other. In his paper, he concludes by saying that there is still ample scope for taxing service providers and also widening the tax base.

Padoshi A. R.[17] divides his research paper into five sections, viz, introduction of service tax, financial buoyancy of service tax, other merits of service tax, limitations of service tax and conclusion. He notes that the service tax has fulfilled almost all expectations especially in the matter of revenue generation where its contribution has been increasing absolutely as well as relatively. However, service tax as a means of revenue generation has to be used sparingly due to the various limitations that restrict its scope.

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Mahore R. Y.[18] explains existing scheme for levy, assessment and collection of service tax in India. He also explains important legal issues and court decisions on service tax, challenges before the service tax administration in India and future growth path for service tax in India in an appropriate manner.

S. K. G. Sundaram[19] examines features, growth and expansion of service tax and perspectives, prospects and challenges. In his paper, he remarks that there is a need to look into all aspects of tax legislation and position of service tax appropriately in the system so that it can reach its full potential in revenue and contribute significantly to resource mobilisations without much adverse effects on the economy.

Silvia Maria de Mendonca e Naronha[20] explains briefly the history of service tax. In her paper, she gives reasons for need of service tax. The paper shows that taxation on services though required for some reasons, should exempt basic public services and other meritorious services.

Solunke R. S.[21] explains introduction of service tax in India, revenue trend of service tax and rational behind service tax in an appropriate manner.

Kamble P. S.[22] examines the revenue significance of the service tax in the union government finances. The paper indicates a special importance of assessing the relationship between the growth of the service sector and growth of revenue from the service tax. He processes the collected data with the help of appropriate statistical tools such as CGR, standard deviation, analysis of variance (ANOVA), correlation and regression etc. Further, he identifies problems and reveals policy implications for the future of the service tax.

Patil V. S. and **M. S. Dabade**[23] explain background and nature of service tax. In detail, they explain specific and total exemption from service tax in an appropriate manner.

Katti V. P.[24] explains sectoral growth and GDP at factor cost at 1993-94 prices in percentage, composition of gross tax collection and buoyancy projections for reform scenario. In her paper, she shows that there are strong justifications to expand the scope of the service tax.

Mahajan Shrikrishna[25] examines accounting aspects of service tax and discusses the related issues. He divides his research paper into three sections. First section focuses on the evolution and growth of service tax in India. Second section covers the record and accounting required for service tax purpose. Third section discusses issue of the Cenvat credit and its accounting effects.

Marulkar Kedar[26] studies the principles of classification, valuation, credit with reference to service tax rules etc. He attempts to provide overview of service tax and also emphasizes the need for a separate Service Tax Act.

5.3 ARTICLES IN LEADING NEWSPAPERS REVIEW

Acharya Shankar[27] reviews the paper "Understanding India's Services Revolution," presented by J. Gordon and P. Gupta at an IMF-NCAER seminar in 2003. He says that the paper is rich in analysis, including an interesting exploration of factors that may have fuelled the recent services boom in India. But, in their historical analysis of the data Gordon and Gupta ignore an 'outlier' characteristic. He shows that there is a need for lot more serious study (in and outside the CSO) to distinguish the real trends from apparent ones.

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Sukumar Mukhopadhyay[28] clears that if the taxable event is an act of sale, the tax that can be imposed can only be sales tax. Similarly, if the taxable event is providing a service, it can only be service tax.

Jayanta Roy[29] explains that the most visible growth has been in information technology (IT) and business process outsourcing (BPO) services. Yet, other services sectors like telecommunications, financial services, community services and hotels and restaurants have grown considerably faster than GDP in recent years. Further, he shows that there is a direct correlation between growth and a combination of access to external markets and speed of domestic reforms in the sector.

Service tax is being revised, revamped and enlarged, giving ample scope for litigation. **T Gunasekaran**[30] brings out the significance of the changes made after the Budget, through the Finance Act, 2005 and thereafter.

T R Rustagi[31] says that including the interest in the base for taxation of lending services would amount to increasing the rate of interest. This may not be desirable when the government is encouraging investment. Investment in housing sector, for example might suffer. If at all, interest amount i. e. only the net rate (lending rate minus borrowing rate) should be charged to tax.

Ideally, a consumption tax, whether in the form of a VAT, service tax, or sales tax, should apply to all goods and services, including services rendered by banks and other financial intermediaries. **Satya Poddar**[32] says that India has gone farther than most other countries in applying the service tax to financial services, and in a way that is flawed in some respects. It behoves the government to rationalize its structure, before venturing into the perilous territory of taxation of interest.

The subject being discussed was whether interest charged on loans should be subject to service tax. **V. Vaidyanathan**[33] says that most of the borrowers are in the middle / lower end of the income pyramid, and the service tax will hurt this very segment.

Sukumar Mukhopadhyay[34] discusses the suggestion the government should introduce a Service Tax Act which should write the charging section and the machinery section in the main body of the law and the tariff in a separate schedule as part of the Act, the advance ruling system needs to be extended, exemptions to be restructured etc.

Aditya Raj Das[35] finds out that as the service sector is contributing more to the economy with every passing year, the revenue from the service tax is increasing by leaps and bounds. He suggested, with the progressive expansion of service tax, it is necessary to put in place transparent rules and regulations for smooth administration of the tax.

KG Narendranath[36] shows that India's tax collection is showing unprecedented buoyancy. All tax heads, except perhaps the excise duty, are expected to outdo the Budget Estimates (BE). This shows that tax on services could emerge as the single largest source of tax revenue for the Centre sooner than expected.

Dilip Lakhani[37] gives us a critique of Budget 2007-08. He welcomes hike in service tax base. He explains that while presenting the Finance Bill, 2007. Finance Minister has followed the policy of the ruling party i.e. maintaining moderate tax rate, bringing stability in the tax rates and creating a tax friendly atmosphere. The basic limit for exemption for payment of service tax was raised from Rs. 4, 00,000 to Rs. 8,00,000. This is a welcome amendment.

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5.4 WORKING PAPERS / DISCUSSION PAPERS / STUDY REPORTS REVIEW

In 1953-54, Taxation Enquiry Commission did not recommend levy of tax on services due to administrative considerations. However, in 1978, the **Indirect Taxation Enquiry Committee**[38] suggested that service tax could be levied only after estimating its revenue potential and carefully examining the practical problems associated with it.

There have been a number of attempts at improving the tax system since independence, particularly since Taxation Enquiry Commission. in 1953. The principle objective of these attempts has been to enhance revenue productivity to finance large development plans. However, **Report of the Tax Reforms Committee**[39] recommended comprehensive tax reforms and a number of measures to broaden the base of all taxes by minimizing exemptions and concessions. It also suggests drastic simplification of laws and procedures, building a proper information system and computerization of tax returns. The main thrust of this report was to increase the share of domestic consumption taxes. Service tax was the most important recommendation of this report.

An Expert Group was set up by the Government to review the entire gamut of service tax regime in India. **The Expert Group**[40] has drawn the roadmap for comprehensive coverage of service sector under the service tax regime for eventual evolution into a Cenvat on goods and services. Expert Group also recommends that the unorganized sector and small service providers are required to be kept out of the purview of service tax by prescribing a reasonable threshold exemption limit say up to Rs. 10 lakhs turnover per annum.

Jim Gordon and Poonam Gupta's[41] paper shows that growth acceleration of the services in the 1990's was mostly due to fast growth in communication services, financial services, business services (IT) and community services. The large growth potential of Indian services export is well known, but the paper finds that there is also considerable scope for further rapid growth in the Indian service economy provided that deregulation of the services sector continues. There is one important thing that the paper shows that employment growth in the Indian services sector has been quite modest, thus underscoring the importance of industry and agriculture also growing rapidly.

5.5 ARTICLES ON WEBSITES REVIEW

In his article, **Sukumar Mukhopadhyay**[42] concludes that in view of the growing importance of services in the Indian economy and the significance of multilateral framework for enhancing India's trade prospect in the sector, what is important is to liberalize trade and investment in the services sector. Since the sectors are inter-linked it is also important to have proper economic reforms to have industrial development, which only can sustain the growth of services correspondingly.

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Rubina Verma[43] highlights the increasingly important role played by the service sector in the Indian economy, as seen in the composition of GDP as well as trade. She observes that over the years the share of industry and services have been rising while that of agriculture has been falling. The growth in service sector output becomes prominent after the liberalization in 1991.

Jayraj S. Sheth[44] discusses growing importance of service tax, scope and coverage, mutuality in service tax, abatement in value of service, export of services and road ahead for service tax, etc. He concludes that if the government succeeds in removing various ambiguities in interpretation of service tax law, bringing simplification of certain procedures, providing hassle free administration and transparent proceedings and mechanism of settlement commission for genuine omissions, the tax of the future will be accredited with providing a regime where the service providers can provide service with a smile.

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UNIT VI : REVIEW ARTICLE : EXAMPLE -2

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6.0 INTRODUCTION

In the previous unit, you have seen an example of review article. In this unit you will read another example of review article on the subject 'History of Inflation in India.' This chapter is totally based on the topic 'Review of Literature' of R. A. Waingade and J. F. Patil's book 'History of Inflation in India' published in Sept. 2012. Inflation being a long term problem in India, lot has been written about inflation explaining the nature, causes and consequences of inflation in India. In this chapter, an attempt has been made to review the available published literature on inflation in India. The literature for review is mostly drawn from the books, articles in leading newspapers, periodicals and journals and reports of the Reserve Bank of India etc.

6.1 BOOK REVIEW

Sir B. Rama Rau[1] discusses the course of monetary policy in the context of inflation in India during and after the Second World War. He makes mention of the inability of the Reserve Bank of India in controlling the inflationary pressure, built up during the war and post-war period, on account of little control it had over the basic causes of inflation. The two causes of inflationary price spiral experienced during the war and post-war period, according to him, were 1) the failure of the rate of production, especially of food grains, to keep pace with the alarming growth of the population and 2) deficit financing and other govt. policies which caused the supply of money to increase with the population.

He, by discussing the steps taken by the Reserve Bank through monetary policy, calls for caution in the matter of deficit financing for combating inflation.

Vakil, C.N.[2] describes the devaluation of rupee in 1966 as Prayashchita (Penance) for the past sins of the govt. of India, which resulted in price rise in the country and forced it to devalue the rupee as a corrective step. The factors, according to him, responsible for the continuously rising prices in India were plan expenditure on projects involving long gestation periods, increasing deficit financing, wasteful expenditure & price controls.

He makes an attempt to explain in a simple language the background and implications of the devaluation of rupee to the people and suggests a handful of measures to avoid inflationary price rise and recourse to devaluation.

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S.K. Taneja[3] discusses the problem of falling rupee, devaluations of 1949 and 1966 and the factors responsible thereof. He attributes the weaker rupee during the post-independence period to continuously rising prices. He maintains that the inflation was the biggest single problem before the Indian economy and other major economic ailments had their roots in it. According to him, prices scaled higher and higher peaks since second five year plan and by 1968 they became twice as high as they were nearly a decade and half ago. The result, he opines, was the continuous fall in the value of rupee, which was worth only 12 paise by 1968. He thus called for a fresh approach from the govt. to arrest rising prices so as to strengthen the rupee.

Rao, V. K. R. V. & Others[4] have discussed the inflation problem of the Indian economy around 1972-73. They touch upon various aspects of inflation including its emergence and persistence, aggregate demand and supply in the economy, causes, the effects and the policy measures envisaged and adopted by the govt. of India.

The main causes of inflation identified by them include growth in public expenditure with a resulting expansion in money supply, a fall in aggregate real supplies, wrong mix of anti-inflationary policies, economically ill-conceived controls and black money leading to a parallel economy.

They did not stop by just identifying the causes of inflation spiral experienced during the early 1970's, but made policy suggestions so as to curb the inflationary pressure in the economy both in the short and long run. The important suggestions made by them includeing check over growth in money supply, increase in the production, particularly of agricultural goods, resort to safe deficit financing, using economic logic while practicing price controls, realistic policy for procurement & distribution of food grains, encouraging competition in industrial sphere so as to increase industrial production, etc.

Their analysis of inflations and its causes, though pertains to the early 1970's, is applicable to all the inflationary spirals that India has gone through in the post - independence period.

Hajra, S. [5] presents an analysis of inflation and contributing factors in Indian economy for the period 1951-52 to 1973-74. His study estimates the quantitative significance of monetary and fiscal variables in contributing the inflation during this period. He ascribes the problem of inflation to the wrong design and implementation of planning, besides too much growth in money supply.

On the basis of the results of the study, he works out monetary and fiscal disciplines that must be followed during the future plans for realizing the objective of growth with price stability. Essentially, the study calls for a fundamental change in the planning strategy and recommends the first five year plan type of priority where adequate emphasis was laid on the development of agriculture and rural sector.

Brahmananda, P.R.[6] attempts to present a comprehensive account of inflation, discussing mainly, the nature, origin, causes, consequences, and control-techniques of inflation, particularly from the angle of poor economies like India. His approach is both theoretical as well as empirical. His work consists of 47

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chapters, divided into 6 parts. Parts I discusses the general background of inflation in the context of developments in the international economy. Part II contains a detailed presentation and discussion of the different theories of the determination of the price level. Part III discuses the links of inflation, under particularly the typical conditions of India, with production, production structure, unaccounted income, distribution, saving, interest rates, deficit financing, exchange rates, etc. Part IV presents the control techniques of inflation. Part V describes the long period comparative experience of several developed and developing countries with special reference to the connection between inflation and growth. Part VI presents major conclusions. The main argument contained in his book is that the inflation is essentially the result of imbalance or disproportion between the rate of growth of stock of commodities essential for production and the rate of growth in money supply.

Mithani, D.M.[7] considers inflation as an intricate problem of the Indian economy. He maintains that the Indian economy has been caught in the cobweb of the inflationary price spiral since the second five year plan barring few exceptional years. Therefore the important goal of price stabilization has been vitiated notwithstanding the conscious and sincere efforts made by the monetary authorities in dealing with the problem.

Jadhav, Narendra,[8] in his study of interrelationship between govt. deficit, money supply and inflation, using a macro-econometric model, examines the applicability of self perpetuating process of deficit-induced inflation and inflation-induced deficits suggested in the literature relating to the Indian context.

He makes the mention of Aghevli-Khan hypothesis which says that "government expenditure adjusts more rapidly than receipts to a given change in price level and, as a result, inflation widens the fiscal deficit leading, through the central bank financing, to larger money supply exacerbating inflation further". So the inflationary process in developing countries becomes self perpetuating in which govt. deficit induces inflation and inflation, in turn, induces govt. deficits.

The macro econometric model of govt. deficits, money supply and inflation presented by him using Indian data for the period of 1970-71 to 1987-88, supports the hypothesis of inflation induced deficits in the Indian context.

Reddy, Y.V.[9] states that India's record of inflation for the period 1950-51 to 1997-98 has been satisfactory, with the average rate of inflation working out to 6.7 per cent and the modal value of distribution of inflation rates lying in between 5 and 10 per cent. According to him, the inflation rate in India has also been far less volatile than in most developing countries, with standard deviation at 6.6 and the rate crossing the 15 per cent mark on only four occasions during the last half a century or so. He however maintains that high pressures of inflation were felt on almost all occasions, due to exogenous shocks such as oil price like, the gulf crisis and wars and domestic supply shocks such as adverse monsoon conditions. He also opines that the impact of monsoon conditions on volatility in prices is getting increasingly moderated perhaps due to the expansion of irrigated agriculture as also buffer stock operations.

Mahajan, Dhanashri Jayant[10] presents an overview on inflation in India since 1956-57. She maintains that, the rate of inflation causes concern in a country having high levels of inequality of income. By presenting the data on inequalities in India, she insists on special attention to the problem of inflation. She also makes some suggestions for combating inflation. She, by citing the views of Paul

Krugman, Sukhamoy Chakravarthy and C. Rangarajan, opines against absolute price stability (i.e. zero rate of inflation) and suggests a rate of inflation of around 4% as acceptable.

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6.2 ARTICLES IN JOURNALS, PERIODICALS AND BOOKS REVIEW:

Gupta, Raj Narain[11] discusses the link between deficit financing and inflation and concludes that it is one of the reasons of inflationary price rise in India. He maintains that deficit financing is not the only villain in an inflationary situation. According to him, a study of breakdown of the wholesale price index shows that the price rise occurred mainly in the food grains sector and not in manufactured or semi manufactured articles. And the price rise in the food grains category is the result of poor crops, coupled with a rise in population and rise in the standard of living of the people. He expresses the need for utmost caution to be taken while resorting to deficit financing, but states that the real solution to the problem of inflation lies in grater production. By mentioning the precautions to be taken to prevent deficit financing led inflation, he concludes that control over inflation can be attained if certain conditions are fulfilled.

Panandikar, D.H. Pai[12] presents an anatomical view of Indian inflation by distinguishing between demand pull and cost push inflation as found in agricultural and industrial sector respectively. He opines that the price rise normally begins with an excess demand for food leading to food inflation. If the Food Corporation of India fails to unload sufficient stock at right time and the govt. to effect adequate imports, the food inflation accentuates and pushes up the cost of living with which wages are closely linked, industrial costs are consequently driven up and what follows is a rise in the prices of manufactured goods.

He, by presenting a formulae for price determination of food grains, identifies four important factors responsible for causing overall inflation in the economy. They are 1) an increase in the income of non-agricultural sector leading to increase in food demand, 2) increase in money supply having the same effect of increasing demand for food 3) a fall in the production of food grains and 4) a fall in imports or rise in stocks with govt. and traders. A meaningful solution to the inflation problem, as he suggests, lies in enlarging the food supply.

Dhar, T.N. [13] provides a perspective on behaviour of prices in the post 1972 period by analyzing the trend since 1966-67. He maintained that the price spiral had been undoubtedly enlarging its orbit, there was no danger of it getting out of control and touching the sky heights. He accepts the inevitability of a price rise when developmental programmes are being implemented, but calls for a judicious mix of policy measures including curb over the growth in money supply, check on speculation and increase in production to avoid price rise spirals.

Gupta, R.N. [14] admits that a normal dose of price rise of about 3 to 5% per year is possible in the economy as a corollary of development. According to him, there is an inescapable price which people must pay for massive planned investments in capital goods projects with long gestation periods. With the ever increasing money supply in the economy and slow growth in the availability of consumer goods, prices tend to go up.

After reviewing all the causes of spiraling rise in prices around 1972, and suggesting possible remedies for control, he makes a case for reliance on own savings to step up the rate of investment.

Raj, K.N. [15], elaborating the inflationary price rise that occurred around 1972-73, makes an attempt to reach to the real causes of inflation in India. According to him, though it is always made out that monetary expansion more than the growth in supply of goods and services that is responsible for inflation, it has not been undisputedly established. The real problem lies in the imbalance that exists in the food grains and raw material sector and therefore it is here that all attention should gather instead of running budget surpluses and controlling lending to the govt.

Vakil, C. N.[16]**,** in an inaugural address delivered at a seminar on "inflation in India", held reckless expenditure and resulting budget deficits, financed through creation of money, responsible for the inflation in India. He criticised the Indian policy makers for misinterpreting the Keynesian idea of using deficit financing for curing recession and applying it in India without any serious thought being paid to its suitability to Indian situations. According to him, resort to deficit financing is not inflationary in an advanced industrial society in a state of depression because of unutilised capital stock and skilled labour anxious to work. The new demand created by deficit financing meets with the supply of goods made possible by the utilisation of the underutilised capacity and thus ceases to be inflationary.

Applying Keynesian Theory in developing countries, according to him, is fallacious. In this regard, he stated, "such Keynesian method of deficit financing has been accepted as a creed for economic development in developing societies like ours. The fallacy in this concept is that those concerned have not realised that in a developing country the time lag between production of goods and the additional money supply would be much greater and it would inevitably lead to rising prices".

The suggestions that he makes at the end of his address aim at boosting production, particularly of wage goods and countering inflation and pertain to investment policy, management policy, labour policy, monetary & credit policy, public & private expenditure, tax evasion, black markets, corruptions and formation of economic council.

Krishnaswamy, S. Y. [17] opines that five year plans are the root causes of inflation. He holds the plans responsible for growing imbalance between money supply and goods produced. The planning that emphasises the development of the mother machines that make other machines and the required heavy investment with an elephantine gestation is one of the root causes of inflation in India. He therefore calls for the reorientation of planning. He also discusses the limitations of monetary policy instruments such as bank rate, reserve requirements etc. in controlling inflation.

Rao, B.S.R. [18] makes an attempt to study the relationship between the changes in money supply and variations in price level for the period 1950-51 to 1972-73. For the study he uses data on monetary stock, national income at current and constant prices(1961-62 prices), wholesale and consumer prices. Based on his study, he concludes that, "although there is some influence of money stock on prices, there is no enough evidence to suggest that the changes in prices during the period of more than two decades can be solely or mainly explained by the money stock fluctuation. The proportionality hypothesis of the pure quantity theory has not been indicated by the Indian data". He further states that it is not possible to segregate the impact of growth in money stock and output on prices. His study however generates some evidence to suggest a dampening effect of an increase in output on prices.

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He, however, cautions at the end that the observations of his study do not imply that an unrestrained and continuous increase in money supply without taking into consideration the prevailing economic forces, would not have an adverse effect on the price front.

6.3 ARTICLES IN LEADING NEWSPAPERS & WEB REVIEW:

Rangarajan, C. [19], in an interview given to economic times, says that there is no threat of high inflation in India, as they (including him) broke the back of inflation a decade ago. He says "today's situation is a far cry from the not too distant past when inflation was in double digits. We broke the back of inflation a decade ago. Seven to eight percent inflation used to be the norm earlier and we brought it well below that".

Further, by stating that any discussion on inflation will be incomplete without referring to the impact of money supply, he calls for a continuous check over money supply growth for restraining any price rise.

Bhusnurmath, Mythili[20], elaborating the rift between the central bank and the finance ministry, in a way suggests that many times inflation gets out of control because the finance ministry doesn't' allow the central bank to take the necessary steps (i.e. tighten the monetary policy) to control it.

According to the writer, "there is huge difference between the way elected representative and non-elected central bank governors perceive policy choices. The former prefer placebos, the latter more often than not, a jab-in-the arm". In other worlds, the finance ministry for the fear of jeopardizing growth doesn't permit the central bank to dole out tough medicine against inflation. It is this interference by the finance ministry in the functioning of the central bank, the author appears to be suggesting, that is responsible for high inflation experiences.

Panagariya, Arvind[21] discusses the surge in inflation around 2008 and the use of every possible instrument by the govt. to tame it. He by comparing annual inflation rates based on WPI, CPI-IW and CPI-AL for latest four decades from 1971, agrees that inflation during earlier decades was much longer than the one during 2000s. In his opinion, the monthly/weekly peaks in inflation should not be a cause of concern to invite all possible measures from the Govt. He states, "aiming a whole host of policy measures at what may be a minor irritant is costly. It distorts incentives and may undermine the entire growth process". According to him, some inflation in a developing country like India, will always be there. This is because increases in per capita income growth (i.e. developing country characteristic) bring either a rise in the inflation rate or appreciation of the domestic currency, since rupee appreciation has been resisted in India; some acceleration in inflation is inevitable.

Aiyar, Swaminathan S. Anklesaria[22] argues that the inflation that India and other developing countries experienced around 2008 is not a monetary phenomenon and cannot be curbed by monetary policy. According to him, the inflation observed with respect to food and fuel items (i.e. non-core inflation) is primarily the result of supply side problems and thus monetary policy can do little to control it. Core inflation is however amenable to momentary manipulation, so the European Central Bank, Bank of England and U.S. Federal Reserve System board target not overall inflation but core inflation, that is, prices other than those of food and fuel.

Rajadhyaksha, Niranjan[23] writes about India's track record of inflation and states that it never had to face the terror of hyper inflation. He cites the case of Zimbabwe, where the annual rate of inflation is nearly 66000% and prices change everyday and sometimes every hour, that its central bank has introduced a 500 million dollar note.

According to him, compared to Zimbabwe, Germany, China, Japan & South Korea, India has fared much better in terms of control over inflation. The highest inflation that India has, ever seen in the past two centuries is 53.8%, in the famine year of 1943. It doesn't mean that India has always been the winner in the battle against inflation. He writes, India has spent about one out of every eight years with inflation of about 20%. The likes of China, Indonesia, Korea, Myanmar and even Japan have done worse. But Asian economies such as Hong Kong, Malaysia and Singapore spent far less time struggling with 20% plus inflation.

About how the future will pan out in terms of inflation, he writes that much will depends on the policy response. He urges the govt. to be serious about the threat that inflation poses and take stern steps.

Tuteja, Usha[24], describing the plight of the poor, makes a strong case for controlling food inflation. According to her, failure of trickledown effect of growth, job losses due to global problems of 2008 and continuing food inflation have made the conditions of poor worse and are likely to push them into a hunger trap. She, therefore, wants the govt. to act before the situation gets out control and not only make sure that poor people benefit from the growth of the economy, but they are protected against inflation, particularly food inflation, as they spend 60-70% of the family income on food related items. Today's food inflation, in her opinion, is the result of inadequate attention paid by the policy makers on raising domestic production. The long term solution to food inflation, according to her, is the increase in domestic production.

6.4 REPORTS, SPEECHES, PAPERS & THESES REVIEW

Govt. of India[25] discusses the trend in inflation in India since 1050 and states that the WPI inflation remained below 7% during 1950's & 1960's, but accelerated to touch double digit figures in the first half of 1970's. Though the inflation moved southward during the second half of 1970's, it remained elevated until 1995-96. It states that inflation has however remained at a low level from 1995-96 onwards in terms both the 52 week average and point-to-point basis.

Reserve Bank of India[26] makes an assessment of inflation record of India during the past half century. It states that the inflation increased from the 1970's onwards and started moderating in the mid-1990's. Large and unsustainable fiscal deficit and its monetization were the primary factors responsible for the higher

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inflation, maintains the report. It attributes the lower inflation since the mid-1990's to better monetary management made possible by the structural reforms since19991, improvement in monetary-fiscal interface and reforms in govt. securities market. It also underscores the importance of fiscal consolidation for keeping inflation and inflationary expectations under control.

Mohan, Rakesh[27] discusses the role that fiscal & monetary policies have played in India in achieving the objective of economic growth with price stability. He elaborates how both the policies have been used for sustaining growth with stability over the years. He also touches upon the reforms that have been introduced in the fiscal & monetary policy spheres and their impact in terms of growth & stability.

Mohanty, Deepak[28] discusses the upsurge in inflation in 2008 and 2009 and states that it is a cause of concern for public policy because of the associated costs. Describing the dynamics of inflation in India, he explains how supply driven increase in the prices of food & agricultural commodities spills over to general price level through its effect on inflation expectations. He therefore underscores the importance of anchoring inflation expectations.

He attributes the current food inflation to factors like low per capita availability of food grains, structural shortage of key agricultural commodities like oilseeds and pulses, rising demand for food grains and the rise in global food prices. According to him, for the success of inflation management through monetary policy, there is an urgent need to address the issue of structural supply constraints, particularly in agriculture.

Kawade, B.B.[29] discusses the working of monetary policy in India since 1961. His thesis is organized in eight chapters that deal with the theory of monetary policy, Reserve Bank of India and the various instruments of monetary policy, which were used for achieving the objective or price stability. The last chapter presents major conclusions of his study and suggestions for improving the working of monetary policy. The central theme of his study is the analysis of the use of monetary policy instruments by RBI over the study period. He discusses in detail the use and efficacy of instruments like bank rate, CRR, SLR, OMO and selective credit controls in the context of inflation control.

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UNIT 7 : CASE STUDY METHOD

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STRUCTURE

7.0 INTRODUCTION:

In any type of research, when a particular unit is considered for a deep and intensive study, the study is called a case study. The field of study under the case study method is limited to a particular unit (i.e. an individual, a social group, an institution, a business organization or a community). Under this method, the aim is to study all aspects of the selected unit. As a microscopic examination of a drop of blood provides us all the details; the case study method too provides us with all the information about a unit. According to Burges, therefore, the case study method is a social microscope. Social scientists like Fredrick Lepley, Hebert Spencer, William Healey, ect. have supported and popularized the use of case study method in research. According to them, the case study method is the only means of presenting continuous, sequential and consistent picture about the behaviour of an individual or a social group.

7.1 UNIT OBJECTIVES:

This unit will help us understand.

1. The meaning of case study method.
2. The merits and demerits of case study method.
3. The structure of case study method.

7.2 SUBJECT DESCRIPTION

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7.2.1 CASE STUDY METHOD - MEANING AND CHARACTERISTICS:

A. MEANING OF CASE STUDY METHOD :-

In order to understand the meaning of the case study method, a look at some of the important definitions would be appropriate.

1. **P. V. Young :** "Case study is a method of exploring and analyzing the life of a social unit, be that unit a person, a family institution, a cultural group or even an entire community."
2. **Goode and Hatt :** "Case study is a way of organizing social data so as to preserve the unitary character of the social object being studied."
3. **Biesanz and Biesanz :** "The case study is a form of qualitative analysis involving the very careful and complete observation of a person, a situation or an institution."
4. **Psin Pao Yang :** "Case study method may be defined as a small, inclusive and intensive study of an individual in which the investigator brings to bear all his skills and methods, or as a systematic gathering of enough information about a person to permit one to understand how he or she functions as a unit of society."

From the definitions given above, some important features of case study method can be noted as below.

B. CHARACTERISTICS OF CASE STUDY METHOD :-

1. Individuals, family, society or institutions are called social units. Each of the social units is considered for a thorough study under the case study method.
2. The case study method relies on undertaking a deep and intensive study of the selected unit. The entire life history and the important events are taken into consideration to derive an impression about the behavioural pattern of the unit under study.
3. Under the case study method, both the quantitative and qualitative aspects are given equal importance.
4. The important function performed by the case study method is that of understanding the complexities involved in the life of the study unit and presenting the events and causes behind them in a comprehensive manner.
5. The micro observation of the unit and the intuitive approach developed on that basis represents the core of case study method.
6. The unit chosen for study is ultimately the part of a larger society. Therefore, the case study method should throw light on the attributes like continuity and co-ordination.

7.2.2 MERITS AND DEMERITS OF CASE STUDY METHOD:

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A. MERITS OF CASE STUDY METHOD :-

1. Since the case study method is a systematic and in depth study of a particular unit, it helps the researcher develop and formulate a scientifically sound hypothesis.
2. The case study method makes it possible to obtain in depth information of the unit selected.
3. As far as collection of data and information is concerned, the case study method offers more flexibility as any method (questionnaire, interview, observation etc.) can be employed.
4. Under the case study method, sample selection, representativeness of the sample and the scientificness in it are not important. This is so because there is no need of selecting a sample, as the study is confined to a single unit.
5. As the study area is limited to a particular unit, case study as a method of research is relatively inexpensive.
6. The case study method allows us to undertake research in any type of social setting.
7. Under the case study method, any dimension of the topic can be chosen for study.
8. The case study method may supply the researcher with bunch of new ideas and fresh suggestions, which had not come to his mind previously and which will help in the future research.

B. DEMERITS OR LIMITATIONS OF CASE STUDY METHOD

1. Under the case study method, it is possible that the approach of the researcher becomes subjective. There is the possibility that the researcher becomes highly possessive about the research topic and allows his personal views to influences the findings and conclusions of research.
2. Under the case study method, an independent unit is considered for study. The inherent qualities of such a unit may not be the same as that of other units in the society. Therefore, the findings of one case study cannot be applied to other cases. In other words, generalizing the outcome of a case study is not possible.
3. The case study method may develop a false sense of confidence in the researcher. He may start feeling that he knows everything about the unit studied. He may become egoistic about the findings of his study. In such situations, there is a risk of research principles or techniques getting subordinated.
4. Under the case study method, collecting data and information is a time consuming affair. It always takes more time to collect all the information about a topic or a unit than to collect general information.

CHECK YOUR PROGRESS

1. What do you mean by a case study method of research?
2. State two characteristics of case study method of research.

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5. The case study method does not offer knowledge about the impersonal, universal and non-ethical aspects of a case or phenomena.
6. The case study method may not turn out to be a good way of researching a unit or a phenomenon due to inaccurate observation, fallacious inferences, wrong selection of a case and misreporting.

Though the case study method suffers from the above mentioned limitations, it represents an important method of research. Chareles Colley has said in support of the case study method that, "case study deepens our perception and gives a clear insight into life… it gets at behaviour directly and not by indirect and abstract approach". According to Read Basin, 'case study method provides us with useful hypothesis as also the required subject matter for testing of the same. Without case study method the general social science will get handicapped.'

7.2.3 PRESENTATION OF CASE STUDY METHOD:

In one sense, the case study method is an intensive study method which provides us with an understanding of variety of social problems and promotes further research in them. The presentation of case study method involves following important steps.

1. Introduction to the research problem.
2. Objectives of the study.
3. Scope of the study.
4. Research Methodology of study.
5. Details of case study.
6. Findings of the study.
7. Summary.

7.3 SUMMARY

The case study method is an important method of research, which allows an in depth or intensive study of a unit like an individual, an institution, a system, a community, an organization, an event or even the entire culture. Case study method represents a research strategy or an empirical enquiry which studies the behaviour or functioning of a particular unit of the society and the findings and conclusions reached are applied to other similar units of the society. As the focus of the study is on a particular unit, it allows the researcher to study all the relevant aspects of the selected unit. The case study method is both cost effective and less time consuming as the sample of study includes only one unit or a case. With some care, the case study method can turn out to be the best method of research and can help in further research by generating fresh ideas and suggestions. It can also help formulate appropriate hypothesis and thus can aid the research process to move in the right direction.

CHECK YOUR PROGRESS

1. Explain the merits of case study method of research.
2. Elaborate the limitations of case study method.

7.4 KEY TERMS

- **Case Study :** Case study is a method of research in which a social unit, be that unit a person, a family institution, a cultural group or even an entire community, is studied thoroughly and intensively.

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7.5 EXERCISES

1. What is the case study method of research? Explain the characteristics of case study method.
2. Elaborate the merits and demerits of case study method.
3. Perform a ratio analysis with respect to an organization / company
4. Undertake a case study of an organization and discuss the working capital management.
5. Study the effectiveness of a marketing strategy with respect to an organization or institution.

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UNIT 8 : CASE STUDY METHOD : EXAMPLE-1

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INTRODUCTION

As discussed in the previous unit, Case Study method of research involves careful and complete observation and analysis of a particular unit. The unit which is to be observed and analysed can be a person, a family, an institution, a market, a cultural group or a community. As an example of case study method of research a product or a service can also be considered. In business economics, various market structures like perfect competition, monopoly, monopolistic competition and oligopoly are studied. The distinguishing features of the market and the price and output determination are the two important aspects that are analysed in case of each market structure. From the practical point of view, study of market structure enables the student to identify the market structure that exists in reality in case of a product or a service. More importantly, it tells us about the freedom that a particular firm enjoys in setting the price of its product. How much freedom does a firm enjoy in setting the price of its product is something that matters a lot from the perspective of firm's success in the business.

The distinguishing features of each market are considered as the conditions to be fulfilled in respect of the respective market. It is on the basis of these conditions that real world situation can be analysed and conclusions can be drawn regarding the type of market structure that exists in case of a particular product or a service.

In this example of case study method, we propose to study and identify the market structure that exists in case of mobile or cellular phone services. Thus the unit of study in this example is a service, that is, mobile phone service, and an attempt is made to find out the type of market structure for this particular service. In this example, the following framework is followed.

- Introduction to the market structure
- Objectives of the study
- Scope of the study
- Research methodology
- Description of the case
- Conclusion

I. INTRODUCTION TO THE MARKET STRUCTURE

Market structure reflects the degree of competitiveness among firms operating in the market. Firm's pricing decisions to a great extent are influenced by the market structure, that is, the degree of competitiveness in the market. It means the firm's degree of freedom in determining the price of its product depends on the degree of competition in the market. The degree of freedom implies the extent to which a firm is free or independent of rival firms in taking its own pricing decisions. Depending on the market structure, the degree of competition varies between zero & one. And firm's freedom in determining the price of its product varies between one & none in the reverse order of the degree of competition. It means higher the degree of competition lesser is the firm's freedom in setting the price & vice versa.

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In perfect competition, where there are large number of sellers engaged in producing & selling identical product, the degree of competition is close to one. As a result, firm's freedom in setting the price of its product is close to none. A firm in perfect competition is therefore a price taker.

Monopolistic competition is the mixture of perfect competition & monopoly. There is competition because large number of firms operates in the market. However, each firm enjoys some monopoly power because of the differentiated product. Therefore, under monopolistic competition the degree of competition is less than one which helps the firm to have some discretion in setting the price of its product.

Under oligopoly, as the number of firms is few, the degree of competition is quite low, lower than that under monopolistic competition. The firms in oligopolistic market can influence the prices of their products. It is because of the product differentiation & other selling tactics employed by the firms that it is possible for them to influence the prices of their products. Further, the firms in oligopoly can collude with each other for setting the price of the product. In such a case of collusive oligopoly, degree of competition falls close to zero & therefore, the pricing power increases. In case of non-collusive oligopoly, firms are intelligent enough to recognise their interdependence to avoid price war; they prefer to compete on non-price basis, that is, on the basis of product differentiation, advertising & other selling tactics.

In case of monopoly, the degree of competition is close to nil. The firm has a considerable control over the price of its product. Given the objective of the firm & the demand conditions, a monopoly firm enjoys full freedom while fixing the price of its product.

The market structure for a good or service is determined by various factors. These factors therefore determine the degree of competition & firm's discretion in influencing the price. These factors are

- Number. of sellers
- Number. of buyers
- Nature of the commodity
- Entry in the market
- Knowledge of the market
- Demand curve seen by the seller

Based on these factors, here we propose to find out the market structure that exists for the cellular phone services in India and the degree of competition in the market

II. OBJECTIVES OF THE STUDY

A) To find out the market structure that exists in case of mobile or cellular phone services in India.

B) To find out the level of freedom that cellular phone service providers enjoy in India.

III. SCOPE OF THE STUDY :

This study being a case study, its scope is limited to the mobile or cellular phone services in India only.

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IV. RESEARCH METHODOLOGY :

This study is entirely based on secondary information and data published in news papers, in books and available on internet. Based on the collected information and data, primary observations are made so as to reach a conclusion regarding the market structure for mobile phone services.

V. DESCRIPTION OF THE CASE :

Indian telecom sector has grown by leaps and bounds particularly after the liberalisation of the 1990's. Liberal policies of the government and enthusiastic response and contribution of both the public and private sectors has facilitated the revolutionary growth of telecommunications in India. With the delicencing of the telecom equipment manufacturing and the value added services including the mobile phone services, a large number of manufacturing units have come up in the country and the penetration level of telecom services has gone up tremendously. The following table represents the current status of Indian telecom sector. An important thing to note is the number of mobile phone services subscribers, which stands at 975.78 million as on May, 2015, leaving far behind the number of fixed line subscribers.

Table No. 1 – Telecom Sector in India

Total telephone subscribers	1,002.05 million (May 2015)
Mobile subscribers	975.78 million(May 2015)
Fixed line subscribers	26.27 million(May 2015)
Monthly telephone additions (Net) (May 2015)	2.34 million
Teledensity	79.67% (May 2015)
Rural Teledensity	48.60% (May 2015)
Source : https://en.wikipedia.org/wiki/Telecommunications_in_India.	

Considering the two main types of telecom services, viz. fixed line and mobile or cellular phone, here an endeavour is made to find out the market structure for the mobile phone services. It should be noted that the mobile phone services are of different types, viz. GSM, CDMA, EDGE, Data services like 3G & 4G, etc. However, while studying the market structure all services are considered under one blanket of mobile or cellular phone services. Factors determining the market structure of mobile phone services

1. **Number of buyers :** The number of buyers in this market is so large that an individual buyer can not influence the market price by changing his demand. This is because, the demand of a single buyer is a very small fraction of total market demand that any change in it, either up or down, will not alter the total market demand, leaving the market price unaffected. An individual's demand for cell phone service is like a drop in the ocean. Therefore, an individual buyer is not in a position to influence the market price for cell phone service.

2. **Number of sellers :** The firms providing cell phone services in India are very few. These include BSNL, Reliance, Bharati (Airtel), Idea, Vodafone, Tata Docomo, etc. As the firms are few in number, there emerges interdependence in decision making of the firms. It means an action taken by one firm affects the other firms in the market & therefore other firms react to the action taken by the first firm. As a result, oligopoly market becomes one where the action reaction process goes on continuously. In the recent past, the action taken by Tata Docomo was followed by other firms. The outgoing call rates were slashed by introducing a new practice of charges per second in place of charges per minute. This led to a kind of a price war among the firms, which ultimately took a heavy toll on the profit levels of almost all players in the industry. The war going on in the cell phone service market is not only fought on the basis of price, but on the basis of non- price factors also. As a result, not only the tariff rates have come down, but more services have been rendered at the same tariff rate.

The following table provides the information about the number of players operating in the mobile phone services market alongwith their market shares and the types of services that they are offering. *(Table No. 2 on next page)*

3. **Nature of the commodity / service:** The services provided in the cell phone service market are similar but differentiated. The same service is provided under different plans. In some plans, the incoming calls are free, while in others incoming calls are charged. Further plans differ in terms of the tariffs of outgoing calls, talk time provided, monthly rent charged, charges of SMS, MMS services, other services (internet, audio conferencing, etc.), payment type (pre & post paid), etc. Because of the differentiated service provided by the cell phone service providers, every service provider enjoys some monopoly power in the market. This kind of market structure is described as differentiated oligopoly.

4. **Entry in the market:** In oligopoly market, entry for new firms is either free or restricted. Entry in oligopoly market is restricted because of the presence of some entry barriers. These entry barriers are the result of product differentiation, initial capital required & economies of scale.

   In the recent past, many new players like Reliance, Vodafone and Uninor have entered this market. However, their entry is limited to some parts of the country because of their limited network. On the other hand, BSNL, an established player, has a countrywide network. It will take some time for the players like Reliance, Vodafone & Uninor to spread their network because of the requirement of initial capital.

   Further, because of the product differentiation in terms of data services (3G & 4G), the customers are going to remain attached to the existing big players like Idea and Airtel and therefore the new players like Tata Docomo and Uninor are going to find difficult to take the customers away from the established players.

5. **Knowledge of the market:** Buyers & sellers in oligopoly possess imperfect knowledge of the market. Buyers have imperfect knowledge of the market because of product differentiation, advertising & other selling tactics followed by the firms. Further, through aggressive advertising, companies try to influence the buying decisions of customers & customers get carried away with these advertising campaigns without

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Table No. 2 – Mobile Phone Service providers in India

Rank	Operator's Name	Technum-berlogy	Subscribersin crores (10m)	Ownership	Market Share
1	Airtel	GSM EDGE HSPA+ TD-LTE	23.14 (May 2015)	Bharti Enterprises (68%) SingTel (32%)	22.74% (Sept. 2014)
2	Idea Cellular	GSM EDGE HSPA+	21.15 (May 2015)	Aditya Birla Group	16 %
3	Vodafone India	GSM EDGE HSPA+	17.3 (Sept. 2014)	Vodafone Group (100%)	18.69% (Sept. 2014)
4	Reliance Commu-nications	CDMA2000 EVDO REV. B GSM EDGE HSDPA HSPA+ WiMAX	13.4 (Sept. 2014)	Reliance ADAG (67%) Public (26%)	11.84% (Sept. 2014)
5	BSNL	GSM EDGE HSDPA HSPA+ CDMA2000 EVDO REV. 0 WiMAX WiFi	8.67 (Sept. 2014)	State-owned	9.32% (Sept.2014)
6	Aircel	GSM EDGE HSDPA TD-LTE	7.58 (Sept. 2014)	Maxis CommB GSM EDGE HSPA+	8.15 (Sept. 2014)
7	Tata Docomo	CDMA2000 EVDO REV. B GSM EDGE HSDPA HSPA+ WiMAX	6.5 (Sept. 2014)	Tata Teleservices (74%) NTT DoCoMo (26%)	6.91% (Sept. 2014)
8	Uninor	EDGE	0.30 (Sept. 2014)	Telenor (100%)	4.50% (Sept. 2014)
9	MTS India	CDMA2000 EVDO REV. B	0.91 (Sept. 2014)	Sistema (73.71%) Shyam Group (23.79%)	0.98% (Sept. 2014)
10	Videocon	GSM GPRS EDGE	0.59 (Sept. 2014)	Videocon	0.64% (Sept. 2014)
11	MTNL	GSM HSDPA CDMA2000	0.33 (Sept. 2014)	State-owned	0.37% (Sept. 2014)

Source : https://en.wikipedia.org/wiki/Mobile_network_operators_of_India.

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knowing much about the product. For example, an advertising campaign of Idea cellular, portraying a well known film star, availing idea cell phone service for removing social ills like class fights and illiteracy, in a sense, hypnotises people to switch over to idea. Customers however don't know whether it is worth going with idea than with any other player. Sellers don't disclose the important information to the buyers. Sellers, too, don't have adequate information because of the uncertainty involved in the business.

6. **Demand curve as seen by the seller:** Because of the interdependence in decision making in oligopoly, it is difficult get an exact demand curve for a firm operating in oligopoly. However, it is an undisputed fact that a firm has to reduce the price in order to sell more units. This fact makes the demand curve faced by an oligopoly firm downward sloping. In case of the cell phone service market, the number. of subscribers has increased considerably because of tariff cuts implemented by the service providers. The number of cell phone subscribers has exceeded that of land line subscribers. This clearly hints at the downward sloping nature of the demand curve for mobile phone services.

VI. CONCLUSION

Considering, the above features of market for cell phone services, one can easily conclude that it is the case of differentiated oligopoly as few firms are engaged in providing similar but differentiated service with some degree of control over the price charged.

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UNIT 9 : CASE STUDY METHOD : EXAMPLE - 2

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I. INTRODUCTION :-

As a sample of a case study approach, an example of the Anand Dairy is presented here. The title of this case study based research work is 'The Impact of Dairy Co-operatives on Rural Economy - A Case Study of Anand Dairy.'

This case of Anand Dairy will help us understand as to how a social unit and the impact created by it on socio-economic life are studied using the case study method. The Kaira District Milk Producers Co-operative Union has reached a leading place in the production of milk and milk based products, which are sold under the banner 'Amul'. This co-operative dairy located at Anand has brought about a kind of revolution in the rural economy. This co-operative dairy was considered for study using the case study method by the Small Industry Extension Training Institute of Hyderabad and it was published in the year 1971. The same case study is presented here as the second example of case study method.

II. RESEARCH PROBLEM :-

The introductory part of the case study mentions that, "the means, methods, techniques and programmes of addressing rural economic problems should emerge from the rural culture and they should involve low capital expenditure. In this respect the work of the Kaira District Co-operative Milk Producers Union of Anand is important."

III. OBJECTIVES OF THE STUDY :-

The case study enlists the following as its specific objectives.

1. To study the direct or indirect employment opportunities made available in the rural sector by the milk union and the primary member institutes.
2. To study the growth of the allied industries of the milk industry.
3. To assess the contribution of the milk union in rural industrialization.

IV. METHOD OF STUDY :-

1. At the macro level, the economy of the Kaira district, the structure of milk union, working and progress were reviewed.
2. Moreover, a macro review was performed of the working methods, management and finances of some primary member societies.

V. DETAILS OF CASE STUDY :-

The first chapter of this study presents the detailed description of the profile of Kaira district and the conducive conditions that prevailed then and led to the establishment of milk production society. The Kaira District Milk Producers Union better known by the name of 'Anand', was the first co-operative milk producing society established in India in 1946. Till 1970, this milk union had 600 primary member societies attached to it. It had covered a jurisdiction of 1.75 lakh families and had a turnover of Rs. 14 crores.

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The second chapter of the case study describes in detail the beginning and the rapid growth of the milk production business in the Kaira district. A young trader named Pestonji Polson started a dairy at Anand village in order to supply milk to Mumbai city. The milk collected from the farmers of the surrounding villages was being supplied to Mumbai. The rising demand for milk powder during the World War II period promoted and encouraged Pestonji to expand his business and set up a co-operative dairy at Anand, with the co-operation of Sardar Vallabhbhai Patel.

The third chapter deals with the study of economic conditions of the member farmers and the milk societies from the ten villages falling in the jurisdiction of the milk union. An assessment of the economic conditions of the members is made on the basis of the income received by them from the sale of milk. This study was based on a survey and helped in assessing the impact of the milk production business on the rural economy.

VI. FINDINGS OF THE STUDY:

In the fourth and fifth chapter, an attempt is made to evaluate the progress made by the region in terms of the increase in farmer's income, the rise in employment due to the milk union, the development of agriculture and animal husbandry and rural industrialization.

VII. INFLUENCING FACTORS:

In the last chapter, based on the findings of the case study, the impact of the co-operative milk production business on the rural economy is presented. The concepts of backwash effects and spread effects, associated with the name of a famous economist Gunnar Myrdal, are used to describe the impact of the co-operative milk business. The study observed the backwash effects in the production of milk based products like milk powder and butter, where advanced machinery was used. Due to the use of machinery, employment did not rise at the same rate of rise in production. The new machinery used reduced the need of labour and as a result employment level did not register much increase. This result was obtained by dividing the entire milk business into two stages. Under the first stage the animal husbandry business, milk collection and supply activity, etc were included, while the second stage covered the production of milk powder and other milk based products. The study did not find the backwash effect in the first stage, but in the second stage it was observed in temporary form. This was because of the perceptible rise in income and standard of living of the farmer families that had taken place following the modernization. Further, the growth of the allied industries in the Anand region also had its spread effect in terms of the rise in employment opportunities. It means the modernization led unemployment turned out to be a temporary phenomena and the overall impact of the growth of the co-operative milk production business was positive on the rural economy.

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VIII. SUMMARY :-

The beginning of the co-operative milk union and its expansion led to the design of a new scheme called 'Operation Flood'. The National Dairy Development Board was made responsible to run this scheme in other parts of the country so as to foster the rural economic development.

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UNIT X : PROJECT WORK

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STRUCTURE

10.0 INTRODUCTION

An important aspect of the project is the project report. Project report should be structured properly and should also contain essential information regarding the project. There are various objectives of the project e. g. to produce good report, to address a business problem, to study the functioning of a business organisation etc. Shortly, in commerce and management, project work has taken an important place.

10.1 UNIT OBJECTIVES

(1) To understand the meaning and definition of project.
(2) To analyses main characteristics and importance of project work.
(3) To understand the structure of project.
(4) To explain the various elements of project.
(5) To Learn how to write effective project.
(6) To understand how to face viva-voce

10.2 PROJECT WORK CONCEPT AND DEFINITION

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The word project comes from the Latin word ‘projectum’ from the Latin verb proicere, “ before an action”. Something performed in accordance with a project provides a scientific base for taking managerial decisions and actions. Shortly, a project is a type of action oriented research. It’s aim is to detect managerial problems of a business organization and inviting the efforts to solve those. In short, project is scientific and systematic study of a real business problem.

DEFINITIONS :

1. According to Wikipedia, the free encyclopedia “A project in business and science is typically defined as a collaborative enterprise, frequently involving research or design, that is carefully planned to achieve a particular aim”.

   Project can be further defined as “ temporary rather than permanent social system that are constituted by teams within or across organizations to accomplish particular tasks under time constraints”.

2. “A project work is a scientifically evolved work plan devised to achieve a specific objective within a specific period of time”.

10.2.1 CHARACTERISTICS OF PROJECT WORK

The main characteristics /features of project work are as under,

1. Projects are realistic :

Project work is an attempt to study the real problems faced by an organization. The aim of the project must be achievable. It is to be undertaken taking into account the requirements like financial and human resource available.

2. Projects have a purpose :

The main purpose of the project is to solve a problem of organization and it involves analyzing needs beforehand. It is necessary that at the end of the project work one or more solutions are provided to the organization.

3. Projects are limited in time and space :-

Project are implemented in specific time and space. Time management is an important factor in project work. Therefore, students should prepare and follow the time schedule in project work.

4. Projects are collective and complex :-

Many times project involves team work. It is the product of collective endeavors. Every partner in the project needs the help of others. Further, for success project requires serious planning, skill and involvement of each and every partner in project work.

5. Expert guidance :-

Before selecting the problem for project work students should discuss it with the project guide or experts in the related field.

Besides, the other characteristics of project work are - (i) Scientific analysis (ii) application of management concept and skills (iii) practical solutions (iv) review of literature (v) projects are unique (vi) projects can be assessed, etc.

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10.2.2 IMPORTANCE AND SELECTION OF PROJECT WORK :

The project work assumes an important position in curriculum of commerce and management and engineering. The students from professional courses like M.B.A.,B.B.A., D.B.M., M.Com., M.M.S., B.M.S.,B.E., M.E. etc, of various universities and professional institutions in India are expected to undertake project work in the partial fulfillment of the course content. Recently, some universities in Maharashtra (e. g. Shivaji University, Kolhapur) have included the project work in the final year syllabus of the degree courses under social sciences.

Project work is useful to develop important skills like analytical skill, communication skill, decision making and research skill etc. in students. Similarly, project work provides exposure to practical working of business world and it provides the knowledge to student about how to apply theoretical knowledge in business. Further, project work is helpful for professional courses' students for placement in industry. Project work trains the students solving the organization's problems and it serves as a linkage between professional institution and particular industry.

Before, selecting the project work student should think on the facts. The theoretical frame work of the project, its universal applicability and improvement in present status of organization are the important factors which are to be considered while selecting the project work.

10.2.3 STRUCTURE AND CONTENTS OF PROJECT :

We have recommended the following document structure for project report.

(A) TITLE PAGE :-

The standard form for title page of project work is shown following.

Generic Form :

"Project Title"A Project Submitted To,Name of The UniversityFor The Degree of,Name of The Degree Under The Faculty of Commerce and Management By, Student's Name Under The Guidance ofName of The Guide and Designation Date :

e.g.

"A STUDY OF HUMAN RESOURCE MANAGEMENT IN RAJABHAU CO-OPERATIVE INDUSTRY LTD. VITA" A Project Submitted To, Yashwantrao Chavan Maharashtra Open University of Nashik, For The Degree of, **M. B. A.**Under The Faculty of Commerce and Management By, **Rahul S. Mhopare**-Under The Guidance of **Prof. (Dr.) J. F. Patil**Professor and Ex. Head,Deptt. of Economics,Shivaji University, KolhapurDecember, 2013.

NOTES

(B) A SUMMARY :

Summary appears on a separate page of its own followed by title page. Basically summary must summarize the important conclusions of the study and shortly state the problem. Depending on the context of the study, at the end part of summary, it is necessary that the researcher mentions briefly what actions the study recommends. In short, an effective summary includes the minimum amount of information that it takes to communicate the important and essential message of the report.

(C) CERTIFICATES AND DECLARATION :

It is necessary that the project incorporated the College Certificate, Company/industry certificate, Guide certificate and Declaration by the student etc. each on separate pages with seal and sign wherever required. The specimen of certificate and declaration are given as under.

(I) COLLEGE CERTIFICATE

(To be typed on the college/Institution letter Head)

Date :

Certificate

This is to certify that Mr. ……...…… a student of M.B.A. has prepared a project report titled, **"A STUDY OF HUMAN RESOURCE MANAGEMENT IN RAJABHAU CO-OPERATIVE INDUSTRY LTD. VITA"** as a partial fulfillment of M.B.A. degree for the academic year 20 - 20 .

(…......………University)

Sd/-
Internal Guide

Sd/-
Principal

(II) INDUSTRY CERTIFICATE

RAJABHAU CO-OPERATIVE INDUSTRY LTD., VITA-415311

Tel:02347-275296
Fax:02347-272550

No.PI/VIT/PM/68

30th Nov. 2013.

TO WHOMSOEVER IT MAY CONCERN

This is to certify that Mr. …………….. M.B.A. Student of College, Kolhapur was assigned to H.R. section for the studies of Human Relationships of our Organization.

He has satisfactorily carried out the project work for 30 days during November,2013 at our unit.

During his period of project work, he maintained a good record of attendance and showed keen interest in learning.

We wish him every success.

Manager,
Rajabhau Co-operative Industries

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(III) CERTIFICATE

(From Guide)

This is to certify that Mr. ………...…. has worked under my guidance and satisfactorily completed the project in partial fulfillment of M.B.A. course. This work is based on original observations and is submitted under the title of **"HUMAN RESOURCE MANAGEMENT IN RAJABHAU CO-OPERATIVE INDUSTRY LTD. VITA".**

His conclusions and recommendations are based on the information collected by him during his project work. This project has not formed a basis for the award of any Degree/Diploma by this university or any other university.

Sd/-

Place :……….........

Date :………….........

Project Guide
Designation
.... College/Institute

(IV) DECLARATION :-

(By Student)

To,
The Registrar,
……….......... University,
....

Sir,

I do hereby state and declare that the project report,

"A STUDY OF HUMAN RESOURCE MANAGEMENT IN RAJABHAU CO-OPERATIVE INDUSTRY LTD. VITA" submitted by me to……...............……University, as a partial fulfillment of Master of Business Administration (M.B.A.), course is my original work.

I also hereby declare that this Project-Report has not been submitted at any time to any other university or institute for the award of any degree or diploma.

Place :………….... Sd/-

Date :…………….... Student Name :..

(D) INDEX :-

The index of the project covered the name list and page numbers of chapters, tables, graphs, photographs, appendix etc. in a systematic manner. *e.g.*

Sr.No.	Chapter Name	Page No.
1.	Introduction and Research Methodology	1 to 9
2.	Profile of the Company	10 to 17

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(E) AN INTRODUCTION :-

In introductory part of the project work student can mention the background or relevant history of the project. It cover how this project came about, who sponsored it? etc. Further, in this section we include a precise statement of the problem, purpose of the study, hypothesis of the study, scope and limitations, research methodology (data collection technique, sample size, research design etc.) as also the profile of the company or selected industry in detail.

(F) AN ANALYSIS :-

An indicator of very good analysis is that of minimizing reader effort and maximizing reader insight. In this section you can explain how you applied techniques of industrial and management science to the problem at hand. For systematic analysis you can divide your project work in various chapters. Further, you analyze the concept and matter related to your project chapter by chapter. The details of modeling constraints or assumptions that you imposed in order to make your analysis simple. A careful description of techniques and models and explanation and a description of the result of the analysis is an important factor in project work analysis. For effective analysis you can use tables, figures, graphs, photographs, sub section etc. in your project work.

(G) CONCLUSIONS AND RECOMMENDATIONS : -

According to the nature of project report this section can be titled “Conclusions” or “Recommendations” or both. In this section you should present your major conclusions or findings on the basis of previous chapters' result. At the beginning of this section you should test the hypothesis and ensure that all the objectives given at the beginning of project work have been achieved or not. On the basis of your findings you should make suitable recommendations to solve the problem of organization. Further, you should prove that how your analysis supports your conclusions as well as give some important suggestions for further analysis. Next to the summary, this section most likely to be seen. Therefore, take extra time to make this section systematically correct and readable. An effective conclusions and recommendations section gives the reader a “get to the point” option, and reinforces your modeling expertise and image of competence.

(H) REFERENCE SECTION :-

This section is always necessary when you use maximum secondary data in your project work. In this section, your list of reference should have a uniform style. There are various styles for quoting the references. You can adopt any style as long as you use it consistently. For example (1) Patil J.F.-‘Business Economics’, Phadake Prakashan, Kolhapur, July 2013, P.26 or (2) Patil J.F. (2013) Business Economics, Phadake Prakashan, Kolhapur, P.26

(I) APPENDIX :-

If in your project work there are some technical terms or components related to your study problem, it is often good idea to include one or more appendix at the end of project. Items that go into an appendix include, copies of questionnaire and forms used if any, maps, background material and data, raw data, computer input or output, tedious calculations, derivation of analytical expressions etc. Each item have a separate appendix. e.g. Appendix A, Appendix B, Appendix C, and so forth.

10.2.4 GUIDELINES OR PROJECT OUTLINE:

NOTES

It is expected that project work is prepared by the student personally under the guidance of project guide. Another thing is that student should prepare his project in a format prescribed by the University. Generally, the arrangement of whole project report should be in the following way-

i] Initial Pages :-

- Title page
- Certificate of Company
- College Certificate
- Guide Certificate
- Declaration by the student
- Preface
- Acknowledgement
- Index – List of chapters and appendix, tables, graphs, Photographs etc.

ii] Introduction and Research Methodology:

iii] Organization profile

iv] Review of Literature

v] Scheme of chapterisation i.e. brief theme of each chapter.

vi] Signature of student and guide

vii] Bibliography

10.2.5 EFFECTIVE WRITING OF PROJECT :

The very first equation of effective project writing is that quantity does not automatically guarantee quality, A 160 page report is not twice as good as a 80 page one, nor 12000 line implementation twice as good as a 6000 line one. In project report writing elegance and clarity are the invaluable qualities, just as they are in programming and will be rewarded appropriately.

For effective writing of project first of all you should go through the project outline. Further you should remember the following main things.

i] Avoid the passive voice and unnecessary participles.

ii] In your project don’t mix tenses in one paragraph. Because mixing tenses creates ambiguity.

iii] Don’t mix individuals and groups in one paragraph.

iv] Don’t copy the project matter without references.

v] Try to give justice to your project work. Don’t look to the project work as an academic routine to be completed any how.

vi] Before finalising the project work student should do library work, ground work and discussion with experts and guide.

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vii] Student should try to complete the project typing and the data processing work on computer or laptop of his own.

viii] Proof your project work carefully at least two times and avoid spelling mistakes. For this, student should apply 'spell check' on computer. Shortly, maintain accuracy in your project.

ix] Include variety of beautiful and colorful graphs, photographs, tables, hard bound bindings in your project work which is useful for increasing the beauty of project work.

10.2.6 VIVA-VOCE :-

The last step of project work is the viva-voce and declaration of the result. Normally, the duration of project work viva-voce is about 20 to 30 minutes. Therefore, the preparation should include framing a time bound outline and a proper homework. Students viva-voce is considered for assigning the marks of project work. Viva-voce provides an opportunity to the student to present his work in front of experts/examiners on one side, and on the other side it also provides an opportunity to experts/examiners to test students knowledge of relevant subject and communication skill of the student.

Following points are useful to students for improving the performance during viva-voce.

(i) Before the student appears for the viva-voce, he must read the project report carefully and understand every concept of it

(ii) If possible the student should get a feel of the room and the equipment, one day in advance. Further, the student should do a thorough rehearsal of the presentation.

(iii) First of all the student should introduce himself to the experts/examiners and discuss about the field of study, choice of the topic, etc.

iv] The student should not take pressure at the time of viva voce. He should speak with confidence about his topic, present his work politely. At the time of presentation, he should not get aggressive.

v] The question and queries raised by the experts/examiners should be listened carefully. The student should understand and answer them systematically and quietly.

vi] The student should try to make the discussion during the viva-voce interesting and meaningful.

vii] At the last, conclude well.

10.3 SUMMARY :

This unit focused on an important aspect of commerce and management studies i.e. project work. Project is scientific and systematic study of real business problems. There are some characteristics of project work. i.e. project are realistic, projects have a purpose, well defined objectives, projects are limited in time and space, expert guidance etc. The prescribed format has to be adopted and followed while writing the project report. Graphs, photographs, tables etc. are the various tools which can be used for writing project report. Viva-voce is the last step of project work. It is considered for assigning the marks of project work.

NOTES

10.4 KEY TERMS

(i) **Project :** A project work is a scientifically evolved work plan devised to achieve a specific objective within a specific period of time.

(ii) **Summary :** Summary must summarise the important conclusions of the study and shortly state the problem.

(iii) **Bibliography :** A list of citations or references of books, periodicals, magazines etc. arranged alphabetically is known as a bibliography.

10.5 QUESTIONS AND EXERCISES

A] SHORT ANSWER QUESTIONS :

(i) Explain how the project report can be written effectively?

(ii) Explain how to prepare for a Viva-voce?

B] LONG ANSWER QUESTIONS :

(i) Briefly explain the outline of a project

(ii) Find a project report and prepare the executive summary of the same.

(iii) What are the various elements of a project? Explain.

(iv) Collect some secondary data related to any industry and present it with the help of tables, graphs etc.

10.6 BOOKS FOR FURTHER READING

(i) **Hazen, Godon B.** (2004) : *"Writing effective Project Report"*, Deptt. of Industrial Engineering and Mgt. science, Northwestern University

(ii) **Herekar, P. M.** (2008) : *"Research Methodology and Project Work",* Phadake Prakashan,Kolhapur.

(iii) **Hunt Andy –** Your Research Project.

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UNIT XI : PROJECT WORK : EXAMPLE - 1

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Here we propose to present a synotic outline of a project work (Example No. 1). This will give us an idea as to how a project work is organised. The framework followed in this project work is as follows.

Structure :

"A HISTORICAL ANALYSIS OF INFLATION IN INDIA"
(1935 TO 2005)

11.0 INTRODUCTION

There are very few topics in economics, particularly in macroeconomics, which have received greater or as much attention as the topic of inflation. This is primarily because it is the topic which touches the lives of people in all walks of life and all dispositions.

There is no single theory which explains the concept, origin causes and consequences of inflation. Economists and the propounded theories so far differ a great deal in this respect. Therefore, inflation is considered as a complex phenomenon.

In simple language, it is referred to a situation in which there is excess demand over supply, a situation wherein too much money chases too few goods, a situation wherein wages or costs chase prices and prices chase wages and costs or a situation of disproportionate increase in incomes of the people compared with the available output. It can be defined and described in a variety of ways. It is however to be noted that price rise is called inflation only when it is general and sustained over a long period of time. In short, it refers to a persistent rise in general price level.

High inflation is viewed with concern and considered enemy number one because of its adverse socio-economic impact. In a developing country like India where poverty is a rule, it turns out to be disastrous, for it reduces the purchasing power of money, sends many people below poverty line, creates balance of payments problems, adversely affects savings, encourages investment in unproductive assets and thus derails the growth process and widens the inequalities of income and wealth. The analogy of a hydra-headed monster is used to describe the bad consequences of inflation, with each head of the monster representing a bad consequence.

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As far as India is concerned, inflation has been a chronic problem for long. It became more severe in the 1970's and 1980's with the excessive practice of deficit financing for achieving the developmental goals and finally culminated in the economic crisis of 1990-91. In the second half of the 1990's and early years of new century, it however appears to have remained more or less subdued, which perhaps is the result of more autonomy being offered to the Reserve Bank of India in the conduct of monetary policy and the break-up of the fiscal-monetary nexus with the discontinuation of deficit financing in 1997. Similarly, it can be termed as the end effect of new economic policy adopted in 1991, which has helped to some extent correct the macro economic imbalances through reforms.

This research work is an attempt to analyze the historical trend in inflation in India, ascertain various causes of inflation, their relative importance in causing it, links of inflation with other macroeconomic variables etc. over a period more than 70 years from 1935 to 2009. Originally, though the period of this study was limited up to 2005, data until 2009 has been used and analysed, as it is available. This study also makes an attemt to briefly review the policy options available and actually used by the government of India through RBI for keeping inflation under control.

11.1 REASONS FOR THE CHOICE OF THE TOPIC

Though there is enough literature available on the problem of inflation in India and its causes and consequences, no research work has attempted a review of inflationary process in India for such a long period of time of over 70 years. Further, the available literature on inflation touches one or two aspects of inflation problem, whereas the present study endeavors to study as many dimensions of inflation as possible. The unique feature of the present work is that, it has divided the analysis of inflation in four stages defined by major historical events – namely

- Establishment of the RBI – 1935
- Nationalisation of the RBI – 1949
- Nationalisation of commercial banks – 1969
- Introduction of New Economic Policy – 1991

11.2 OBJECTIVES OF THE STUDY

The objectives of the study are as follows:

1. To trace the changes in inflation over a period of seventy years.
2. To study the relationship of inflation with money supply, agricultural production and balance of payments related variables.
3. Identifying the contemporary factors leading to inflation and significant fall in inflation.

11.3 UNIQUENESS OF THE STUDY

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The period of the present study, which starts with 1935 and ends at 2009 is a unique attribute of the study. However, it is to be noted that the study begins with the establishment of RBI and the end coincides with the completion of most of the financial sector reforms in India.

Moreover, the data used in this work has entirely been sourced from the available published material, so it is subject to the limitations which the published material carries.

11.4 RESEARCH METHODOLOGY

The present study is largely a library work based on published official secondary data and theoretical literature. The secondary data used for the present study is mainly drawn from the following libraries.

1. Barr. Balasaheb Khardekar Library, Shivaji University, Kolhapur.
2. Library of Chh. Shahu Institute of Business Education & Research, Kolhapur
3. Servants of India Society's Library, Ghokhle Institute of Politics & Economics, Pune.
4. R. N. Godbole Chair Library, Shivaji University, Kolhapur.
5. Library of the Institute of Management Education and Research KIT, Kolhapur.
6. Library of the Yashwantrao Chavan Warana Mahavidyalaya, Warananagar, Kolhapur.
7. Other sources accessible on internet.

The necessary secondary data is collected mainly from the following published work.

1. Budget documents published by the ministry of finance, Govt. of India.
2. Economic Surveys published by the ministry of finance, Govt. of India.
3. Reports on currency and finance published by Reserve Bank of India.
4. Monthly Bulletins published by the Reserve Bank of India.
5. Handbook of Statistics on Indian Economy, Reserve Bank of India.
6. Handbook of Monetary Statistics of India, Reserve Bank of India.
7. Volumes of History of Reserve Bank of India.
8. Archives of Economic Times.
9. Archives of Economic and Political weekly.
10. Archives of Yojana.

The collected data is tabulated and graphed to suit the analytical purposes and is subjected to statistical techniques like percentage variations, averages, compound annual growth rate, correlation and standard deviation.

In each of the chapter, the analysis of the data is divided into following historical stages.

1. Establishment of Reserve Bank of India (1935) to Nationalization of Reserve Bank of India (1949)
2. Nationalization of Reserve Bank of India (1949) to Nationalization of Commercial Banks. (1969).
3. Nationalization of Commercial banks (1969) to the introduction of New Economic Policy (1991).
4. Introduction of New Economic policy (1991) to till date (2009).

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11.5 CHAPTER SCHEME OF THE STUDY

The study is divided into following chapters.

Chapter No. 1 : Statement of the Problem.

This chapter underscores the need of this study along with the main objectives and statement of the research methodology adopted.

Chapter No. 2 : Review of Literature.

This chapter reviews the available literature on the topic of inflation in India. The review covers books, collected volumes, reports, research articles in journals and other publications.

Chapter No. 3 : Inflation Record of India (1935 to 2009)

This chapter presents the collected data on inflation in India in a chronological order as also in stages mentioned above, along with analysis of the same mainly in terms of the contributing factors.

Chapter No. 4 : Money Supply and Inflation

This chapter documents the rate of Inflation, rate of increase in money supply and their interrelationship, in stages defined by periods mentioned above.

Chapter No. 5 : Agricultural Output and Inflation

In this chapter, an attempt has been made to correlate agricultural and food grains production with food inflation and overall inflation measured on the basis of WPI.

Chapter No. 6 : Inflation and BOPs

In this chapter, an attempt has been made to correlate the rate of inflation with the balance of payments related variables like imports, exports, trade account balance, exchange rate and foreign exchange reserves. Impact of major devaluations is also briefly outlined.

Chapter No. 7 : Inflation and Policy

This chapter attempts to review the available policy options before the govt., monetary, fiscal and physical to control inflation. A brief reference is also made to actually used measures, particularly in the recent past.

Chapter No. 8: Conclusions and Policy Implications.

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This chapter presents conclusions arrived at on the basis of this study and also specifies policy implications.

Shri. Rajkumar A. Waingade

11.6 BIBLIOGRAPHY

11.6.1 Books

11.6.2 Journals and Periodical (Articles)

11.6.3 Working Papers / Discussion Papers

11.6.4 Study Reports

11.6.5 Government Reports

11.6.6 Articles in Leading Newspapers

11.7 APPENDIX

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UNIT-XII : PROJECT WORK : EXAMPLE - 2

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Here we propose to present a synotic outline of another project work (Example No. 2). This will also give us a detail idea as to how a project work is organised. The framework followed in this project work is as follows.

STRUCTURE :

"SERVICE TAX IN INDIA : A CRITICAL EVALUATION"

12.0 INTRODUCTION

Service Tax- the 'Tax and the Revenue Engine of the Future'- has undergone significant changes in the decade since its introduction in the Union Budget 1994-95. Every year, the scope of the taxable services is being expanded to bring more and more services under the ambit of service tax.

Service Tax is a tax on services provided. It is one of the indirect taxes and the service provider can recover the tax from the service receiver.

The basic objective of service tax is broadening the tax base, augmentation of revenue and larger participation of citizens in the economic development of the nation.

The share of services sector in the real GDP in India has surpassed that of agriculture and industry at a relatively faster pace as compared to other industrialized nations. Relative sectoral importance of service sector increased from 28 per cent of GDP in 1950 to 41 per cent in 1990-91, 49.5 per cent in 2000-01 and 60.0 per cent in 2005-06. Average annual growth of value addition in service sector has been 7.9 per cent in India in 10 years (1991-92 to 2000-01). Naturally, such a huge sector cannot go untaxed. Hence, service tax was introduced for the first time in 1994, Vide Finance Act, 1994 at the rate 5 per cent with effect from 1st July, 1994 covering only 3 services and the net was widened every year. The service provider has to pay service tax at the rate of 12 per cent *plus* Education Cess 3 per cent i.e. effective rate is 12.36 per cent (Budget 2007-08). The basic threshold limit for exemption for payment of service tax is raised from Rs. 400000 to Rs. 8, 00000 in Budget 2007-08.

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Government has framed Service Tax Rules, 1994 which prescribe procedures, rules and regulations. Central Excise Department has been entrusted to look after the administration of the service tax.

In the first year, service tax was introduced on brokerage charged by stock brokers or sub-brokers registered with (or applied for registration with) SEBI, gross telephone bills and insurance premium in respect of general insurance. Over the period, network of service tax has been widened by introducing service tax on various services. Now 103 services are covered by Service Tax Act (Budget 2007-08).

In 1994-95, there were, 3943 assessees and tax collection was Rs. 410 crores. In 2000-2001, 27 services were covered. There were 1, 15,495 assessees and tax collection was Rs. 2072 crores. By 2001-02, 41 services were covered. Revenue collected was Rs. 3305 crores in 2001-02 and Rs. 34500 crores in 2006-07 (BE). This shows that tax on services could emerge as the single largest source of tax revenue for the Centre sooner than expected. The collection till November (financial year 2006-07) stood at Rs. 21,779 crore, up 65 per cent over the corresponding period last year. Relative share of revenue from service tax in gross tax revenues was 0.5 per cent in 1994-95 and 4.50 per cent in 2004-05.

12.1 REASONS FOR THE CHOICE OF THE TOPIC

Successive Finance Ministers consistently expanded taxation of services. The then Finance Minister Dr. Manmohan Singh introduced service tax at 5 per cent on 3 services in 1994 and raised less than 0.5 per cent of central government revenues through this instrument in that year. Ten years later, in 2004-05, services taxation was extended to over 70 separate services and the revenue yield accounted for nearly 4.45 per cent of gross central revenues (or almost on third the amount of gross customs revenues). This sustained expansion was driven by consistent support from successive governments and the growing need to find alternative revenue sources in the face of the declining role of customs and excise revenues.

Now service sector contributes about 60.0 per cent of 'Gross Domestic Product' in our economy. Up to 1994, services were outside the tax net. A beginning was made in 1994 to impose tax on services and the scope has been increased every year. There is very little empirical research work on service tax in India. It is of recent origin and is emerging as a highly productive tax. It is against this background of novelty widening scope and increasing productivity that the present study attempts to examine the genesis, growth and composition of service tax along with a review of various policy measures involved.

12.2 OBJECTIVES OF THE STUDY

The following are the main objectives of the study:

(a) To review theoretical literature on service tax.

(b) To study the growth and composition of service sector in India.

(c) To study the growth and composition of service tax revenue vis-à-vis total tax revenue of the central government.

(d) To examine buoyancy of service taxation.

(e) To examine administration of service tax in India.

(f) To make suggestions for making service tax more productive, wide in coverage and simple in administration and compliance.

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12.3 RESEARCH METHODOLOGY

The present study is a library dissertation based largely on published official data and theoretical literature. Necessary secondary data is collected from the following libraries:

1. R. N. Godbole Chair Library, Shivaji University, Kolhapur.
2. Barr. Balasaheb Khardekar Library, Shivaji University, Kolhapur.
3. Servents of India Society's Library, Gokhale Institute of Politics and Economics, Pune.
4. Other sources accessible on Internet.

Necessary secondary data is collected mainly from the following sources:

1. Budget Documents, published by the Ministry of Finance, Government of India.
2. Various Reports on India's Tax Reforms.
3. Reserve Bank of India Bulletins – issues particularly related to budgets of Government of India.
4. 'Reports on Currency and Finance' published by Reserve Bank of India.
5. Annual Economic Survey, presented by the Finance Minister, before the presentation of budget speech and other related documents to the parliament.
6. Handbook of Statistics on the Indian Economy, Reserve Bank of India (various issues).

Secondary data collected from various sources were tabulated and interpreted with the help of statistical techniques like ratio analysis, compound growth rate (CGR), growth in folds, correlation and regression method.

12.4 LIMITATIONS OF THE STUDY

Analysis is restricted to data for 1994-95 to 2005-06 period (12 years). Nevertheless, the recent data for 2006-07, wherever available is also used. The researcher has studied only 12 years data for India in relation to this subject.

12.5 CHAPTER SCHEME OF THE STUDY:

The chapter scheme of the study is as under-

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Chapter – 1 : Introduction

Chapter – 2 : Theoretical introduction to service tax

Chapter – 3 : Review of literature

Chapter – 4 : Growth of service sector in India

Chapter – 5 : History of service tax in India

Chapter – 6 : Analysis of data from 1994-95 to 2005-06

Chapter – 7 : Findings, Conclusions and policy suggestions.

The first chapter is introductory chapter, in which the introduction of service tax, reasons for the choice of the topic, objectives of the study, research methodology, limitations and chapter scheme of the study are given.

In the second chapter an attempt has been made to explain the theoretical background to service tax. The literature for theoretical base is mostly drawn from basic and widely used text books on public finance. This chapter covers meaning of service, meaning of tax, tax on service, impact and incidence of service tax, buoyancy and income elasticity of service tax, effects of service tax and tax reform- Goods and Services Tax.

In the third chapter an attempt has been made to review the literature on service tax and other related subjects. The literature for review is mostly drawn from ICAI's latest publications, books, articles in books, articles in leading newspapers (The Economic Times, Business Standard, Financial Express, The Indian Express, Deccan Herald and The Hindu). Similarly, relevant journals (Economic and Political Weekly, Asia Pacific Development Journal, The World Economy, Sourthern Economist, Arth Vijanan, The Management Accountant) Websites and discussion papers / working papers / study reports have also been consulted. This chapter covers specific sub topics such as services sector in India, tax reforms in India, future scheme of Goods and Services Tax and specific taxable services.

A prominent feature of the developing India is an upsurge in the importance of service sector. Chapter no. 4 studies the growth of the services sector in India, which includes sectoral composition of real domestic product, composition of services sector in real GDP, intra and inter-sectoral growth rates etc. The service sector in India has grown faster than agriculture and industry. As a result, the share of services in GDP has increased over time. This chapter analyses the factors behind the growth of the services sector in India. The growth acceleration of the services sector in India in the 1990s was mostly due to fast growth in the communication, financial, business (IT) and community services (education and health).

Chapter no. 5 covers constitutional provisions, need for service tax, valuation, administration of service tax, services subject to service tax, states and

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service tax and also similar taxation in other countries. The number of taxable services is being enlarged. The intention of the Government seems to be absolutely clear-to tax maximum number of services and ultimately adopt a general goods and services tax.

In chapter no. 6 is analysed data from 1994-95 to 2005-06 with special reference to tax base, tax rate, general exemptions to service tax, shifting and incidence of service tax burden, buoyancy of service tax. The chapter also covers level of service tax, revenue significance of service tax, developmental significance of service tax and future prospects of service tax.

In seventh chapter, the findings, conclusions of the study are stated. Similarly suggestions are highlighted.

Shri Santoshkumar B. Yadav

12.6 BIBLIOGRAPHY

12.6.1 Books

12.6.2 Journals and Periodical (Articles)

12.6.3 Working Papers / Discussion Papers

12.6.4 Study Reports

12.6.5 Government Reports

12.6.6 Articles in Leading Newspapers

12.6.7 Websites

12.7 APPENDIX

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