SEARCH

A Journal of Arts, Humanities & Management

UTKAL UNIVERSITY

DDCE
Education for All

DDCE, UTKAL UNIVERSITY, BHUBANESWAR, INDIA

Vol - I, January, 2012

ISSN 0974-5416

Published by :

Director,
Directorate of Distance & Continuing Education,
Utkal University, Vanivihar,
Bhubaneswar – 751007.
India.

Reach us at E-mail : searchpolly72@yahoo.com
91-674 -2585312 (O)
91-674 -2581106 (Fax)

Setting & Printing:
***inte*CAD**
442, Saheed Nagar
Bhubaneswar - 751 007
Ph.: 0674-2544631, 2547731

From The Editor's Desk...

It is easier to plant trees than to ensure that they live and grow. It is easier to start but difficult to sustain and ensure continuance. And still more difficult to continue with improved quality. The story of SEARCH has not been different. The last volume of Search was published in 2010 and for reasons not justified issues have been missed. My faculty colleagues have finally succeeded in prodding me to come up with this issue. It contains some of the finest writings of our colleagues in Utkal University and others. SEARCH re-dedicates itself to the academia.

'Need for Re-engineering in Higher Education' is the chosen theme for the editorial of this volume. We are afraid that as policy makers (which does not exclude me) have come to believe that things will take care of themselves, let the dying die and a better future is assured as things can never be as bad as they are to-day. It is like the story of a dilapidated house, with trees growing all over. Far from repairing and restoring the house to use, if not to its past glory, we even do not care to carry the excellent bricks and seasoned Sal wood door frames to be used else where. The unit cost of science graduate education programme is very high in spite of vacant faculty positions, for number of students are very low in B.Sc. programme. We can merge BSc programme of several colleges but we do not. We certify scores in examination which the students have not scored; there are numerous examples where we award high grace mark to improve pass percentage. We can change our system and allow students to opt for subject other than one in which they fail rather than certify that they have passed. The National Open School allows the students to opt for subjects other than Mathematics at secondary level. Most of us won't allow people to graduate without English or Odia. We must reassess how many post graduates we require and re-engineer the University post graduate departments. If need is felt we may merge departments across Universities. When seats are lying vacant, the need for access has to be addressed not through opening of more colleges or increasing seats but through strengthening the feeder secondary and higher secondary wings. Above 90% of state grant for higher education is utilized for salary and wages, state does not desire to provide further funds, fill up permanent positions and yet would not raise student fees. Universities and Autonomous colleges have adopted PPP mode (dubbed some time as public funding and private profit) without quality assurance mechanism but state would not come up with model self financing higher education mechanism. Colleges and Universities should be able to utilize their advantages in terms of infrastructure and quality manpower to offer innovative job oriented courses and compete with educational entrepreneurs. Some of the highest profits making industry are still in public sector. Why not educational institutions? We have allowed mushrooming of BTech, BBA and BCA etc. Some of the institutes are threatened for survival. We have no alternate plan to utilize the infrastructure. We need teachers in thousands if we are sincere in making 'Right to Education a Reality'. Secondary Teacher Training programme can never churn out quality teachers. We cannot pay wages to school teachers even lower than minimum wages paid to skilled workers under law. Under NCERT four year integrated teachers training graduate programme in Science, Arts and Commerce is being offered in RIEs for last 50 years. Can all the Govt. run colleges not offer integrated B.Sc. B.Ed, BA BEd and B.Com B.Ed. courses ? A part of the additional infrastructure for technical education in private sector should be re-engineered to produce teachers. Examples can be multiplied. The need of the hour is re-engineering education. Debate and Reform are key to education. If education is saved, economy would be saved and in turn the nation can be saved. Simply there is no alternate to re-engineering education.*

(S. P. Pani)

* The views expressed are not of the Utkal University or of the State govt. of Odisha. They are the opinion of the author only.

Contents

v v v

Papers are invited for

SEARCH

A Journal of Arts, Humanities & Management

Guidelines for contributors :

1. Each paper be prefaced with an abstract not exceeding 300 words. A Bio-note on the author (s) will be needed.

2. The article should be within 6000 words including references etc. It should relate to Arts, Humanities and Management.

3. MLA style sheet or Chicago style sheet or APA style should be strictly followed.

4. Please use MSword and e-mail the article to **: searchpolly72@yahoo.com**. Send a hard copy by post in confirmation. Articles shall not be returned, but acceptance shall be intimated as soon as possible. Contact Dr. P. P. Panigrahi, Lecturer in English, DDCE, Utkal University, Bhubaneswar - 751007, India, for further details. You may reach Dr. P. P. Panigrahi at **searchpolly72@yahoo.com**

5. Authors may suggest names of References who are specialists in the field.

6. Published material shall not be considered. However, Papers published earlier in abstract format in proceedings of Seminars, Conferences and Workshops may be sent. Such details may be provided by the authors.

7. Authors are responsible for contents and views expressed in the article and DDCE shall bear no responsibility for the same.

ACTIVITY BASED COSTING : A CONCEPTUAL STUDY FOR IMPLEMENTATION IN HOUSING SECTOR

Braja B. Mishra
Ranjan K. Bal

Activity Based Costing (ABC) is a methodology that measures the cost and performance of cost objects, activities and resources. Cost objects consume activities and activities consume resources. The problems that conventional costing methodology raised were the main reason for developing a new theoretical approach to this subject. Logistics is the management of the flow of materials, information and other resources between the point of origin and the point of consumption in order to meet the requirements of consumers. Logistics consists of activities that facilitate the movement of goods from supply to demand. As many such activities require the use of construction. Construction Organizations have taken a particular interest in the various activities involved in logistics. Performance indicators of logistics activities measure the performance of a logistics system and evaluate its efficiency level. Activity-Based Costing (ABC) can assist logistics managers by revealing the link between performing particular activities and the demand to these activities make on an organization's resources. Logistics activities are oriented to create value of consumers, suppliers and other companies involved in physical management of goods. To reduce logistics costs and to provide the level of customer service demanded, it is important to know the resources used in every activity through an efficient logistics cost analysis system.

The paper attempts to present methods for developing activity based internal costing data and their benchmarking for financial management of the housing sector. The relevant accounting reforms and identification of resources gaps have also been suggested. Activities Based Cost Management can achieve this goal by providing relevant and accurate cost related information. Activity Based Costing provides cost information that facilitates strategic decisions and management of activities.

INTRODUCTION

Housing is an integral part of planning for economic development. In human need hierarchy, Housing is third after food and clothing [1]. Shelter and development are mutually supportive. Despite quantitative increase in the allocation for housing over successive plan periods, the housing situation in rural and urban areas continues to be a challenge. The gap between demand and supply has been a matter of serious concern for the Planners. Housing is both a basic need and an essential element in the overall socio-economic development. In the present, the inflationary trend of abnormal hike in the cost of housing in the urban areas, pose a serious challenge to the government, planners, housing organizations and even individuals. Housing promotes economic activities as well as creates the base for achieving the following national policy goals [2]:

- Providing shelter and raising the quality of life;
- Stimulates economic activity and creating substantial development opportunities and increasing productivity;
- Acts as a strong motivating force to generate voluntary savings and
- Creates an environment to fulfill the basic goals in the health, sanitation and education sectors.

Shortage in housing units to accommodate the growth in population in urban area is mounting day by day in staggering proportion and if we allow things to drift without any viable policy to arrest this trend, it will lead to a total chaos.

In this dynamic business environment, all organizations have to identify functional areas where improvement is inevitable and adopt some re-engineering technique. One of which is popularly known as Activity Based Costing which is an integrated approach to Job Costing and Process Costing [3]. ABC helps managers to understand the product and customer profitability and identify high impact areas for process improvement.

Activity Based Costing (ABC) has its origins in manufacturing companies. Many organizations today use ABC for pricing, performance measurement, cost control, and cost reduction. ABC is not just an accounting tool; it is a sophisticated, analytical tool which requires a broad understanding of the business and its operations [4]. ABC is, by definition, an analysis of the operations of the organisation, and it provides a comprehensive view of its economic structure. ABC provides detailed economic intelligence about the work going on in the organisation and the reasons for performing that work and such intelligence facilitates calculation of the cost impact of various strategic and operational decisions viz. strategic direction of the organisation, the design of houses and services including infrastructural facilities, and the simulation of cost reduction opportunities [5].

ABC was developed to provide more-accurate ways of assigning the costs of indirect overheads and support resources to activities, construction process, houses, services, infrastructural facilities, and ultimate customers. It recognizes that many organizational resources are required not for physical construction of units of houses but to provide a broad array of support activities that enable a variety of houses and infrastructural services to be constructed for a diverse group of customers [6].

Now Enterprise Resource Planning (ERP) Systems promise to integrate these prevailing cost systems and by delivering on-line, real time information release managers from their normal accounting cycles. Managers will now be able to receive daily on-line reports about the cost of specific business process for example on the real time profitability of individual products and customers.

The concept of ABC has started in the early 1990’s. It is necessary to view this term in the context of Job Costing and Process Costing.

Accounting systems, and particularly management accounting systems, have shown relatively little change in the last decade or two. However, several important events occurred during the last decades that are dramatically changing the face of management accounting. Researchers and practitioners of management accounting all over the world are seeking improved methods and philosophies to measure and influence the financial behavior of organizations.

This study deals predominantly with one of these developments, namely Activity Based Costing and Management (ABC & M) and its place among the many new techniques and methods that influence organizational fortunes. The use of ABC & M should not be seen as a panacea for all organizational specially housing sector problems, but as one of the critical tools in an array of approaches which management may require in order to manage organizational affairs.

Conventional costing system mainly focuses on products as the cost objective with excessive stress on manufacturing cost. The basic assumption is that cost behaves in a predictable basis in two ways - viz., variable and fixed and classified as direct and indirect. While Direct material costs are allocated to the Products, Factory overheads are allocated to products in a two stage process or labour/ machine hour or any other suitable basis (the sector wise overhead allocation basis or the so called 'peanut butter approach'). Selling and Distribution expenses were borne by the products on a uniform basis or as a charge against the margins generated by the products. The aim of this approach is to "Recover" all the expenses in the organization on the units of products produced. This approach worked well in its time as costs other than materials, viz., labour, unproductive overheads and selling and distribution expenses were insignificant in relation to total organizational costs and building costs could be calculated fairly and accurately. This historical cost accounting system were appropriate for the era and the environment in which they were applied with proportionately high direct labour inputs, limited and simple product lines, low overheads, relatively expensive and limitations due to manual recording and processing of data.

DEFINITION OF ABC

- ABC is a mechanism which integrates the critical decision support element of the total process.
- ABC acknowledges that product, by definition, are not homogeneous and the activities and level of effort required to service and produce them are different.
- ABC is a system that attempts to link the cost of each business activity in an organization to the product(s) which benefit from the activity.

ABC is an essential part of the functional process improvement and re-engineering effort. It serves to capture quantified cost and time data and translate it into decision information. ABC measures process and activity performance, determines the cost of business process outputs, and identifies opportunities to improve process efficiency and effectiveness. Qualitative evaluation and determination alone is totally inadequate as a single measure of improvement in housing sector.

Thus, ABC is a mechanism which integrates the critical decision support element of the total process in the housing sector. ABC is a process of clarifying and simplifying decisions required by the top management and ABC is a technique which captures organizational costs for the factors of production and administrative expenses and thus applies them to a specific activity structure. ABC quantitatively measures the cost and performance of activities, resources and cost objectives, including the overhead which is appropriate in the housing sector.

In this primer, ABC is the tool that identities and computes costs for activities, processes, and outputs of activities, such as products or services [7]. **Figure - I** shows the definition used by CAM-I (Consortium for Advanced Manufacturing-International; formerly Computer Aided Manufacturing-International).

Figure – I : What is ABC in Corporate?

What is ABC?

Definition of Activity- Based Costing

" A method that measures the cost and performance of process - related activities and cost objects.

" Assigns cost activities based on their use of resources, and assigns cost to cost objects, such as products or customers, based on their use of activities.

" Recognizes the causal relationship of cost drivers to activities.

Source: The CAM - I - Glossary of Activity-Based Management, 1990.

There are several elements worthy of note. First is that activity happen because an input has triggered them, e.g., an activity such as "purchase supplies" is caused or triggered by a requisition. Secondly, we see that resources are consumed by an activity. Resources are the things that an organization pays for, such as people, machines and equipment, and facilities. This measure the consumption of resources by activity. For example, the activity "purchase supplies" consumes one hour of an employee's time per requisition.

Activities can be associated with the outputs or cost objects of the organization. Examples of a few of the cost objects for construction organizations that have worked with include such things as mortgages, chequing accounts, construction phases of movement from point A to point B, or B to C.

Cost objects consume activities in much the same way that activities consume resources. Consequently, this can measure how much of an activity such as "purchase supplies" is required by a construction organization's service output, such as "engineering training course." The measurement of consumption of building material is called an activity cost driver. The significant note here is that different cost objects do consume activities in different proportions and that different customers do consume activities in different proportions. Traditional allocation models hide this variation in activity utilization by allocating these indirect costs based on some common denominator, such as per cent of budget allocation, or per cent of revenue, and hence often provide quite misleading information.

The level at which activities are analyzed can vary widely from the very aggregate to the very detailed. The level of detail should be matched to the level of analysis required to improve the decision making within the organization. Even within a single organization, the level of detail can vary from one part of the analysis to another.

The usefulness of an ABC analysis in the housing sector can be further enhanced by including a value analysis of every activity.

When constructing an ABC model for housing sector, activity costs can be either traced directly to a cost object, or to the other activities which they support. These enabling or support activities then form part of the cost of the activities which are mapped to the cost objects. Examples of enabling activities include “paying employees” and “paying materials of construction.” We can then generate reports for these activities in various formats that show both the direct resources as well as those support activities that form part of the total cost. Reports generally list the activities from highest cost to lowest cost. Management can then evaluate these activity costs in terms of whether they are too high, too low, or in the expected range. This is again a focusing mechanism for management in evaluating its resource utilization patterns.

OBJECTIVES

Activity based costing has proven itself to be a viable costing methodology for almost any organization that incurs a substantial amount of indirect resources. Construction organizations, of profit motive, have accepted ABC as a viable costing tool for their purposes. No longer is it perceived to be just another construction costing tool. The economic analysis provided by ABC is the foundation on which to build solutions to many of the critical business issues facing construction organizations today.

It is an accounting system that tries to remove distortion from the distribution of overhead costs between different houses. It can be a powerful management weapon for instance, a precise breakdown of costs can become a basis for a strategic pricing decision of a housing project or for attacking the cost of each of those activities, or for identifying activities that are contributing to costs, but not adding value. While orthodox cost accounting works well under unchanging conditions, it increasingly leads to distortions under complex operations. ABC offers a more accurate picture of product costs in housing sector.

An ABC model for housing sector will enable us to analyze our building product according to different customer segments they are targeted at and compare the costs of each category with the premium. That will immediately reveal just which of the customer segments are really generating profit [8].

The basic objectives of ABC for implementation in Housing Sector are of two folds:

- Validate the success of quality drive of the construction with ABC.
- Optimize costs of construction in response to price resistance in market.

  The above objectives are achieved as follows:

- Gauging the efficiency of different activity;
- Determination of non-value added activities;
- Attacking the area of Cost Redundancy;
- Ability to Pin-down the hidden costs and
- Determination of focal point for continuous improvement.

REASONS FOR INTRODUCTION OF ABC

Following are the factors, which led to the development of ABC in the housing sector.

- Traditional costing fails to capture cause and effect relationship.
- Traditional costing often fails to highlight inter-relationship among activities in different departments.
- Growing dis-satisfaction among the working executives regarding traditional costing which is based on averages and estimation.
- Traditional costing systems are driven by the need to value stocks rather than to provide meaningful product cost.
- Direct labour has shrunk as a percentage of total cost for majority of Manufacturing/ Construction Organization. Still it is the most common basis of over-loading overheads to products.
- Overhead costs are no longer a mere burden to be minimized. Overhead functions such as product design, quality control, customer service, product planning and sales order processing are as important to the customer as physical processes on the shop floor.
- Complexity has increased. Product cycles are wider. Product cycles are shorter and demand for quality is higher.
- Market place is very competitive.
- Availability of Computer has enhanced requirement for improvement in information gathering technology for advanced decision making to gain competitive advantage.

CONCEPTUAL FRAMEWORK OF ABC

Activity based costing is a system that focuses on activities as the fundamental cost objects and uses the costs of these activities as building blocks for compiling the costs of other objects. Activity based costing emphasises links between performance of particular activities and the demands that those activities make on the organizations' resources. ABC can give manager a clear picture of how products, brands, customers, facilities, regions and distribution channels generate revenues and consume resources [9].

Under ABC, costs are accumulated for each activity as a separate cost object. The costs are then applied to products based on the benefits received from various activities. The final costs of the houses are built up from the costs of the specific activities undergone.

For introductions of ABC, it is necessary for managers to have conceptual break from traditional cost accounting system. Manager must refrain from allocating all expense to individual units. They should separate the resources and match them to the level of activity that consumes the resources.

Under activity based costing approach, a business is reviewed as collection of activities that are performed to design, produce, market, deliver and support its products on services. The business activities convert input from supplier into output. Activity based costing recognizes that products or services do not directly consume resources rather they consume activities, which consume resources. Primary focus of cost management is on activities and not on products. If activities are managed well, cost will fall and products will become more competitive.

METHODOLOGY

The basic steps of methodology for implementation of Activity Based Costing in Housing Sector are:

- Define the process of developing a software package by tracing the inputs and outputs through each step of the construction process.
- Analyze the activities in the process by identifying the activities of construction through which the product/service flow and separated the activities from their traditional departments. A thorough activity analysis is done.
- Determine the nature of cost elements and analyzed them between direct traceable costs, non-traceable or allocable costs.
- Determine the cost drivers for each activity and create activity cost pools for each of them by relating the activity with cost elements. An Expense Activity Difference (EAD) Matrix is then constructed.
- Design a mean to calculate activity recovery rates for auxiliary activities.

Design a method to trace the quantum of above mentioned cost drivers to the different projects /customers for the construction organization. The results of the above steps are then used to find the cost of each activity for different cost objects under consideration.

Data collection

While collecting the data, the pre-defined scope of the system must be kept in mind. Scope of the system defines the required level of accuracy, flexibility and cost of system. This should be in congruence with the objective of the system. That means, if the ABC system is to be used to support the improvement process, more details will be required than if its main objective is to understand product line profitability. A decision of making an integrated ABC with accounting system or a stand alone should also be taken well in advance. The goal of the data gathering activity is to accumulate the information necessary to:

- Identify activities performed by organization;
- Identify organization element of cost;
- Determine the relationship between various activities and elements of cost and
- Identify and measure the cost drivers.

Analysis

This is a critical phase of designing the ABC system. The system is to be designed for strategic decision making (since customer profitability, project pricing, etc. are required) [10]. Hence, our primary need is to scrupulously assign cost to cost objects. Also the concept of materiality should be well taken.

STEPS FOR IMPLEMENTATION OF ABC SYSTEM IN HOUSING SECTOR

With the globalization of the economy, the urge of competent strategy and decision making has arisen. True and accurate cost data is what is required along with competence of decision maker in the process of formulation of strategies. For years, organizations operated under the assumption that their cost information actually reflected the costs of their products and services when, in reality, it did nothing. Traditional system fails to provide a closer match between costs and output.

Activity based costing is a simple concept, 'resources are consumed by the activities and activities are consumed by products'. Under ABC accounting system, cost are assigned to products and services based on the resources they consume. The costs of all activities are traced to the products for which they are performed. Overhead costs are also traced to a particular product rather than spread arbitrarily across all product lines. In short, under ABC overhead costs are traced to products and services by identifying the resources, activities and their cost and quantities to product output. A unit of output (driver) is used to calculate the cost of each activity. Cost is traced to the product or services by determining how many units of output each activity consumed during any given period of time. Thus ABC tries to visualize how effectively resources are being used and how all activities contribute to the cost of a product/house.

The following are the steps shown in **Figure – II** to implement an Activity Based Costing and Management (ABC & M) system in the housing sector**.**

Figure – II

STEPS FOR IMPLEMENTATION OF ABC & M SYSTEM

FEASIBILITY & REVIEW

↓

STRATEGY ANALYSIS

VALUE CHAIN ANALYSIS

PROCESS ANALYSIS

ACTIVITY ANALYSIS

COST OBJECTS AND BILL OF ACTIVITIES DEFINED

TRACING OF COST OF ACTIVITIES

TRACING OF NON FINANCIAL INFORMATION TO ACTIVITIES

ACTIVITY CLASSIFICATION

CALCULATION OF ACTIVITY RATES

CALCULATION OF COST OF COST OBJECTS

DETERMINATION OF WASTAGE

STEPS TO IMPLEMENTS ABC & M IN HOUSING SECTOR1.

1. Feasibility Study and Review

Implementation of the system will require considerable effort and expense and it should be questioned whether or not it will add value to the business. Information overloads as well as the capability of the management team to absorb the contents of the system will be factors to consider in this respect.

Costs

The feasibility study should look at the normal cost consideration which are:

- Ø Development Cost
- • outside assistance,
- • internal staff costs,
- • ABC & M system cost and
- • Support system changes.
- Ø Operating Cost
- • capturing cost,
- • system running cost and
- • interpretation cost.

These costs will vary considerably between organizations but the following should be kept in mind.

Outside Assistance: This usually takes the form of consultants hired for the development process or outside help required to stand in for people occupied on the ABC project team. Implementation time will most probably be considerably less when experienced consultants are used.

Internal Staff Cost: An ABC & M system requires a thorough analysis of the business and its processes which is a time consuming task. The level of understanding regarding the business that this analysis provides is an invaluable part of the implementation process. Provisional must therefore be made for the availability and cost of organisation staff concerned with the project.

The ABC & M System: In most companies, software has to be acquired to operate the system which could be fairly inexpensive to highly sophisticate and expensive integrated packages. Sometimes the organisations may have to develop their own systems.

Support Systems: ABC & M systems acquire their data from sub systems such as production control system, general ledger systems, inventor system, etc., which may have to be adapted to suit the system. Interface programs may also need to integrate support system with the ABC & M system.

Capturing Cost: Information may have to be recaptured or reanalyzed, if existing data capture process is inadequate. One of the main problems in this regard is the general ledger system which would be structured functionally. All this would add considerably to costs.

System Running Cost: Running cost amounts to increased storage capacity that needs to be created for information. Other system running costs should not amount to much unless new networks and communication channels are set up for this purpose. Consideration should be given to the automatic integration of financial and non financial data into the ABC & M system.

Interpretation Cost: This would be considerably more than in a conventional system. Much more information can be made available and, in order to obtain the foreseen benefits, time and effort must be spent interpreting the information.

Benefits

Although numerous benefits result from an ABC & M implementation, it will be hard to quantify such benefits up-fronts. Costs of developing the system should be treated as a sunk cost but continued operation should be evaluated from time to time. Pilot studies may also reveal the type of advantages that may be realized in a particular organisation. Initially it may be more appropriate to identify the information that the system is required to develop, i.e. which decisions will be better made with the new information.

Reasons

Reasons for developing system must be properly evaluated. Some reasons may be to improve product costing, to increase accuracy, to get a process and activity perspective of the organisation, etc. Care should be taken not to develop a system just for the sake of having the system or because everybody else is developing such systems.

The feasibility study should carefully consider all the relevant aspects in order to give management the opportunity of making an informed decision.

2. Strategy Analysis

Cost systems should fulfill a twofold role in strategy support:

- They should be able to provide information and analytical support for the deployment of existing strategies.
- They should provide an impetus for the development of new or revised strategies.

Existing strategies

Existing strategies may be internally focused or externally focused. The cost system must find the linking mechanism, through the critical success factors, between these strategies and the measurements or key performance indicators. Many of these measures are non financial measures which may be accessible by the system and which could be provided as a valuable by products [11].

The process and success of a particular strategy could also be monitored in many instances through an ABC & M system which may contain the necessary control information.

New strategies

The cost system should indicate areas of concern or facets of the business which require specific management attention in the form of new or revised strategies. Unprofitable products or product groups or customers or marketing and distribution channels may all be areas which may necessitate strategy revision. The purpose of the cost system is thus one of the attentions focusing or directing.

Strategic focus is a particular focus that needs to be designed into the cost system and requires a certain amount of skill and experience on part of the system designer.

3. Value Chain Analysis

The value chain focus provides a strategic perspective for comparing the business with competitors and other organizations (benchmarking) [12]. The identification of the various value chain processes should focus on the organisation from the customer's perspective. Certain facts of the value chain may be considered non strategic and therefore candidates for outsourcing. This analysis is the fundamental base from which the components of the ABC and M system should be developed.

4. Process Analysis

The main value chain processes should be analyzed into the business processes that they comprise. Processes which have to be re-engineered should be identified on the basis of:

- Comparatively higher cost (benchmarking);
- Present pertinent quality problems (as indicated by the TQM system);
- Creation of bottlenecks in the organization (capacity focus) and
- Non conformance to time requirements (delivery, etc) [13].

Processes should be evaluated from an output perspective using output requirements as the basis for determining process descriptions. Other management systems should be integrated into the ABC & M system after considering their specific requirements in the design of the system. Most of these needs are pertinent at the process definition stage.

5. Activity Definition

Activities form the basis of measurement of all relevant information in an ABC & M System. It is imperative to define the activity at the right level of detail as too much detail would result in an information overload while too little detail may lead to insufficient information for analysis. Main sources of information at the activity level are namely Cost, Output Measures, Capacity, Quality, Productivity and Activity Investment (Balance Sheet Analysis).

This information should present a useful view as to whether or not the activity is performed satisfactorily.

6. Cost Objects and Bills of Activity

An ABC & M system should be able to provide costs for a multiplicity of cost objects. It is therefore necessary to determine the cost objects at the outset to ensure that the system provides these cost views.

Many different cost objects usually exist in an organization. Different levels in the organization may also have different demands for information. The designer should ensure that these are all integrated into the cost structures.

7. Tracing of Cost to Activities

Once activities are defined costs or resources must be traced to activities in one of the following ways:

Define the activity structure at the source of the transaction and capture the activity code as part of the transaction code. The transaction could then be routed through the general ledger system into appropriate cost accounts in the ABC system. Alternatively, transaction data could be loaded into a data base structure which is structured for ABC. Integrity of data is of primary concern.

Obtain the information from the general ledger which are not normally structured in an activity format and reprocess or analyze the data into the ABC structure. This may involve a re-analysis of all accounting transactions which may require a disproportionate amount of work. Unless costs fluctuate substantially, a once off analysis will suffice to determine the profile of costs. In the case of an ad hoc investigation into the cost structures this may be the only possibility.

8. Tracing of Non Financial Information to Activities

Non financial information is usually extracted from a variety of support systems such as inventory, production control, etc. The availability and the integrity of information pose the single biggest stumbling block in this area.

Non availability of data increases the cost of the system as special efforts have to be made to collect data. Another problem may be that data is not electronically accessible making it cumbersome to obtain and manipulate. This data is mostly required for cost drivers and output measures. Several possibilities may have to be evaluated before an appropriate cost driver is introduced. It is advisable to the organizations who are wishing to introduce ABC & M to start building a data base of non financial information.

Financial system have been always been concerned with data integrity. With support systems it is not always easy to ensure integrity as an external measure of control is not always available. The lack of integrity in this information could result in incorrect cost rates and other result.

9. Activity Classification

Activities need to be classified for various purposes during the implementation process. Some of the classifications are:

Primary/Secondary**:** This classification indicates which activities are traceable to external cost objects and which support internal customers.

Value adding/Non-value adding: The classification helps in understanding the relative value of the activity from the customer's view. Activities that do not add value must be questioned to determine their future existence.

Discretionary/ Essential: Activities can be classified as those executed at the discretion of the management and those which are essential for specific reasons. Often it is the combined perspective which helps the decision making or cost management in relation to activities. An activity which is both discretionary and non value adding may be eliminated while an activity which is non-value adding but essential, may only be minimized.

Statutory: Some activities are considered statutory and therefore not negotiable. The costs of these activities must be kept at a minimum.

Repetitive/ non-repetitive: Activities which are typically performed once only, may not provide the opportunity for continuous improvement and management.

Inventoriable/non-inventoriable: Cost incurred in bringing the products to their current status may include costs which are not considered to be product costs from an external inventory valuation point of view. These costs are identified for elimination from the ABC cost calculation to arrive at inventory valuation in terms of GAAP.

Quality Activities: If ABC & M system is integrated with a quality management system, it may be advisable to create quality activities of the measurement of quality assurance and prevention of failure. In many cases it is useful to measure wastage as a specific activity in a process.

10. Calculation of Activity Rates

Once cost of activities has been determined and output volumes collected, activity rates could be calculated. The primary and the secondary rates are calculated to obtain the combined rates of activities.

11. Calculation of the Cost of Objects

At this stage, costs can be calculated for all cost objects utilizing the cost rates defined in the above stage and the relevant bills of activity of the cost objects.

12. Determination of Wastage

Where an ABC & M system has been developed in conjunction with a total quality management system, wastage is normally well defined and can be integrated easily by highlighting it as a specific and manageable cost in the income statement. However, if it is not defined by a TQM system, the ABC & M system has to evaluate and measure wastage.

Wastage measurement could focus on inputs or on outputs. Input waste occurs when resources are wasted before introduction into the operations. Output waste occurs where products or materials are wasted in or at the end of the operations. It should be valued at the cost of bringing the product to the point where the waste occurred.

RULES FOR A SUCCESSFUL ABC PROJECT IN HOUSING SECTOR

- Ø Get the organization personnel to help with data collection.
- Ø Sell the operations people on the value of the ABC information.
- Ø Make them the "Owners" of the model at completion of the project.
- Ø Completely document the modes.
- Ø Spend time to teach the organization personnel, how to use the model.
- Ø Make the model as easy to read and understand as possible.
- Ø Approach the project as an interactive process.
- Ø Assume that you will need to help the client revise the model several times before they are satisfied with it.

ADVANTAGES FOR IMPLEMENTATION OF ABC IN HOUSING SECTOR

- ABC improves product cost information by reducing the distortion in product line costs commonly found in traditional cost systems.
- As opposed to traditional cost systems, ABC reveals that significant resources are utilized by low-volume products and complex production operations. ABC helps managers to determine selling prices more precisely.
- ABC identifies non-value added activities, the elimination of which could lead to higher profitability.
- ABC provides feedback information related to product design and potential areas for process improvements or waste elimination.
- ABC improves the performance measurement process.
- ABC can result in more accurate inventory valuations than traditional cost systems.

THE BENEFITS OF ABC FOR IMPLEMENTATION

Activity based costing has a number of benefits for implementation in housing sector.

First, ABC answers management's key questions: "What are our costs? Where should we focus efforts to control costs? What activities or events are driving our costs? What will inform about the costs of our products and processes do for us in the market? If we understand our product costs better, how can we use that knowledge to enhance our market position?" [14]

Second, ABC supports a customer focus by helping a organization measure and manage two types of activities: value-added (those that enhance customer satisfaction) and non value -added (those that should be reduced /or eliminated).

Third, ABC supports "core competence". It's not about financial numbers rather, it is grounded in the actual work people do to make a product or deliver a service.

Fourth, ABC generates more complete and .therefore, more reliable costing information. It converts Cost Data to Cost Information. The broader the scope, the more valuable the analysis especially since as much as 80 percent of a product's final cost is "designed in" before actual construction (e.g. Target Costing) [15].

Fifth, ABC helps identify costs and activities that can be minimized or eliminated because ABC pinpoints costs drivers in the total product order -to-delivery cycle.

DISADVANTAGES OF ABC IMPLEMENTATION IN HOUSING SECTOR

- ABC requires a substantial amount of time and cost to implement in housing sector.
- ABC requires a substantial commitment from upper management and all levels of employees to be successful which might not be possible [16].
- ABC requires an environment for change. This may lead employees to resist its application.
- ABC involves extensive education of employees at all levels, about its principles and mechanics.
- ABC identifies non-value added activities which may be eliminated to reduce costs; it does nothing to improve production by eliminating delays, excesses and variations in processes [17].

CONCLUSION

The ability of an organization to win over its competitors is a direct function of its ability to understand and differentiate itself. This study has a significant opportunity to demonstrate how our analytical skills can be used to advance the cause of the business. Proper design of ABC system is the place to begin.

REFERENCES

1. Maslow, Abraham: Paper "A Theory of Human Motivation", Chapter: Maslow's Hierarchy of Needs", 1943.

2. Housing Needs, National Buildings Organization, Vol. 1910.
3. Morrow, M. and Hazell, M.: "Activity Mapping for Business Process Redesign" *Management Accounting* (UK), February, 1992, p. 36-39.
4. Paul, S.: "ABC System Architecture: Different Strokes for different Folks", CMA Magazine, May, 1998.
5. Turney, P. B.: "Common Cents – The ABC Performance breakthrough: Cost Technology", Portland, USA.
6. Kaplan, R. S. and Atkinson, A. A.: "Advanced Management Accounting", Prentice Hall International Inc.
7. Consortium for Advanced Manufacturing – International (CAM – I), Glossary of Activity-Based Management, Definition of Activity Based Costing, 1990.
8. Cooper, R. and Kaplan, R. S. (1987), "How Cost Accounting Systematically Distorts Produce Costs", Boston, Harvard Business School Press, pp. 204-228.
9. Cooper, Robin (1989), "The Rise of Activity Based Costing Part Four : What Do Activity Based Cost Systems Look like?" Journal of Cost Management, Spring, p. 38-49.
10. Vipul, "Activity Based Costing for Managerial Decisions", The Management Accountant, Vol-34 No.1, January, 1999.
11. Yang, G. Y. and Wu, R. C., "Strategic Costing and ABC", Management Accounting, May, 1993.
12. Porter, Michael (1985), "Competitive Advantage: Creating and Sustaining Superior Performance", *The Free Press*, New York.
13. Raman, A. N., "Augment TQM's Efficacy Via Activity Based Cost Management" Management Accountant, February, 1994, p. 57-63.
14. Saha, A., "Implementation of activity based costing (ABC)", The Management Accountant, January, 1999.
15. Euske, K.J., and Alan, V., "Enhancing the ABC Cross", Management Accounting Quarterly, Summer, *2007*, Vol.8, No.4, pp.48-64.
16. Friedman, A. and Lyne, S., "Success and Failure of Activity-Based Techniques: A Long term Perspective", 1st Edition, 1999, CIMA Publishing.
17. Innes, J., and Mitchell, F., "Activity-Based Costing: Problems in Practice", First Edition, 1992, The Chartered Institute of Management Accounting.

v v v

RELEVANCE OF ACCOUNTING NUMBERS- AN EMPIRICAL ANALYSIS OF THE IT AND STEEL SECTOR

P. K. Mohanty

The basic purpose of financial statements is to provide information to the users of financial statements and assist decision makers in the process of decision making. The conceptual framework of accounting also stresses on the fact that accounting information should be relevant enough to make an informed judgment not only on the performance of the business enterprise but also to predict the future. Researchers are of the view that accounting numbers contain information which can be used to predict stock prices. Therefore an association between accounting numbers and security returns is always expected. In a highly volatile market the investors become more curious to know the relationship of accounting information with the stock prices. As volatility depends on many factors, the analyst tries to understand the degree of reliance that can be placed on the information generated by the financial statements.

This paper attempts to find the value relevance of accounting information in predicting the stock prices of companies in the IT as well as Steel sector. An effort has been made to understand the combined impact of various independent variables such as Return on net worth (RONW), Debt equity ratio (DER), Cash flow from operations to total assets (CFOTOTA), Current ratio (CR), Fixed assets to total assets (FATOTA) and Investments to total assets (ITOTA) on the Price to book ratio (P / B) which is considered as a strong indicator of stock market performance. As financial characteristics of these two sectors are different, the study conveys different results for different sectors. While CFOTOTA is value relevant in case of IT sector, DER and ITOTA turn out to be value relevant in case of Steel sector. For both the sectors standardized coefficients of DER & RONW are positive and have been found to be value relevant in determining the variation in P / B ratio.

1. INTRODUCTION

The basic purpose of financial statements is to provide information to the users of financial statements and assist decision makers in the process of decision making. The conceptual framework of accounting also stresses on the fact that accounting information should be relevant enough to make an informed judgment not only on the performance of the business organization but also to predict the future. Various kinds of decisions are taken on the basis of accounting numbers depicted in the financial statements. The quality of the decisions will be affected by the quality of information contained in those statements. The quality of information is again influenced by the principles, conventions and accounting practices followed by the business organization while preparing the accounts. The degree to which reliance can be placed on the accounting information also influences the decision making process. Earlier, not much importance was given to accounting information and this information meant very little to the investors. Ball and Brown (1968) proved that they are important and they were the first to find an empirical association between earnings and stock returns. Their study suggested that earnings contain information which can be used to value stocks. Beaver (1970) and many other researchers have studied the relevance of earnings. Although earnings are believed to be the main information item provided in financial statements other financial indicators may provide useful information as well. In the USA, the association between stock returns and a set of fundamentals was examined by Ou and Penman (1989), Lev and Thiagirajan (1993). The objective of this study is to understand the value relevance of accounting numbers with respect to the stock prices. The study examines the relative relevance of various accounting numbers in the context of two important sectors- IT and Steel. As the financial characteristics differ from sector to sector, it is quite understandable that the relevance of accounting numbers may not be the same in all sectors.. I have taken PB ratio (price to book ratio) as the dependent variable and the combined impact of various independent variables such as RONW (return on net worth), DER (debt equity ratio), CR (current ratio), FATOTA (fixed assets to total assets), CFOTOTA (cash flow from operations to total assets), and ITOTA (investments to total assets) on the dependent variables has been studied.

The paper proceeds as follows. Section 2 presents literature survey and motivation for the study. Section 3 sets out the objective of the study and develops the hypotheses. Section 4 speaks about the database and methodology where each of the variables has been explained. Regression model has been presented in section 5. Section 6 & 7 contains the analysis of findings for both sectors. The conclusion and the empirical results are in Section 8 & 9 respectively.

2. LITERATURE SURVEY

According to Francis value relevance is one of the most important attributes of accounting quality. Value relevance means the extent to which the stock prices can be explained by the accounting information. The ability of the accounting information to summarize financial results speaks about the value relevance of those information. This value relevance is indicated by statistical association between financial information and stock prices (Francis & Schipper 1999). There has always been a debate over the relationship between accounting information and the stock prices. This has been an important topic for research ever since Ball and Brown (1968) told the accounting world that there exists a relationship between these two. Beaver in the same year studied the informative content of the financial components of accounting in which he investigated "the market reaction to the disclosure of earnings and the variance of abnormal returns". Inspired by the work of Lev(1989), Strong and Walker(1989) investigated "accounting earnings and their importance to investors". A lot of studies have been carried out in this area in different countries across the globe.

Lev and Thiagirajan(1993) have argued that the value of a share depends on expected future cash flows of a company and explored whether accounting data in financial statements can be used as a useful source of information for forecasting the future performance of the company. Katerina Hellstrom has studied market value relevance of accounting information. Market value relevance means that there is statistical association between accounting information and stock prices.

Financial statements are prepared on the historical cost basis. And we try to find the relationship with the stock prices which is futuristic. As a result of this there is always a controversy as to what extent the purpose is served. On the one hand we have studies confirming that accounting information is value relevant in predicting stock prices and on the other hand there are studies suggesting decline in value relevance. Brown, Lo and Lys(1999) have suggested that the value relevance of financial statement information has declined during post world war-II era. This along with other findings point towards the decreasing value relevance of accounting information and researchers have tried to find the probable causes for such decline.

While Collins found that there is no decline in the combined value relevance of book value and earnings over a period from 1953-93, Zarowin (1999) established through their study that improper treatment of R & D can result in lower value relevance. In a paper titled "Trends In Earnings, Book Value And Stock Price Relationships: An International Study", Li Li Eng, Shengchun Li and Y.T.Mak have considered value relevance of accounting information of 13 countries using data over a 10 year period from 1988 to 1997 and find that different countries exhibit different patterns of changes in the value relevance of accounting information. Some researchers have opined that the decrease in value relevance could also be country specific. Even researchers have considered some specific accounting numbers in specific industries and come out with findings suggesting that the decline could be sector specific. The study done by Amir and Lev (1996) is one such example in this context. They find that earnings and CFO (cash flow from operation) are not value relevant in wireless communication industry except when considered simultaneously with non-financial information.

Lopes(2001 and 2002) have investigated the relationship between earnings and stock prices in the context of Brazilian capital market and concluded that earnings and dividends are more value relevant compared to cash flows. Krishna R. Kumar and Gopal V. Krishnan (2008) have studied the role of investment opportunities as a determinant of relative importance of CFO and accruals in firm valuation.

The above discussion gives a fair idea about the amount of research done in this area in different countries at different periods taking different accounting numbers as variables. Many studies have also been done in specific sectors. And interestingly they do not exhibit any fixed pattern of results.

The motivation for this study of value relevance in IT and Steel sectors has come from the fact that both these sectors are having tremendous impact on the global as well as local economies. Liberalization of industrial policy and other initiatives taken by Govt. of India have given a definite impetus to Indian IT and Steel sectors. When it comes to the investment in stocks, IT and Steel stocks are the most sought after. So it would be interesting to study the accounting numbers of firms in these sectors in order to know how relevant they are in determining the stock prices.

3. OBJECTIVE OF THE STUDY

The aim of this paper is to examine the value relevance of some important accounting numbers with respect to PB ratio. Since value relevance of accounting data is associated with stock prices, for this paper, I have taken PB ratio as the dependent variable and the independent variables are RONW, FA to total assets ratio, CFO to total assets ratio, Investment to total assets ratio, Current ratio and Debt equity ratio.

The purpose of this study is to understand the combined impact of all the independent variables on the PB ratio which is regarded as a strong indicator of stock market performance.

My hypotheses are as follows.

H0: The accounting numbers depicted in the financial statements doesn't influence the stock price.

H1: Accounting numbers are value relevant in determining the stock price.

4. DATABASE AND METHODOLOGY OF THE STUDY

For the purpose of the study, two important sectors- IT and Steel have been chosen. The reason for selecting these two sectors is that they hold the key to success of emerging economies like India and the performance of these sectors has tremendous impact on the capital markets. The data have been taken from CMIE database-Prowess for the period from 2003 to 2007. Initially 30 companies from IT sector and 81 companies from Steel sector were selected, but later on, the companies had to be pruned on the basis of availability of data. Finally, the number got reduced to 16 and 34 for IT and Steel sector respectively.

4.1 P / B Ratio

P / B ratio has been taken as a dependent variable as it gives a strong message to the market about the performance of the company. P / B is a financial ratio to compare company's book value to its current market price. It is calculated by dividing market price per share with the book value per share. A successful business will have a high market price than the book value per share because the market reposes confidence in the performance of the company. In other words, the market feels that the performance of the company is sustainable in future. This could also be possible when the market is doing well. A lower P/B ratio could mean that the stock is undervalued. This could also mean that there are some fundamental problems with the company. Market reaction is based on the company's performance which is nothing but the result of all the business decisions reflected in the accounting numbers. Book value per share is the accounting value per share whereas market price is dependent on supply and demand for a stock. In a globalised era, the market price is also dependent to a large extent on the performance of stock market across the globe. While it is difficult to say to what extent the market price is a reflection of global happenings, it is certainly possible to establish the degree of association between accounting numbers and the stock prices.

4.2 RONW

RONW which is calculated by dividing PAT- Preference dividend with no. of shares outstanding is a measure of shareholders' return. It measures how much return a shareholder earns on the funds provided to the company. This is an indicator of overall efficiency or otherwise of the firm. If a firm makes good earnings, then the net worth of the firm increases and it is reflected in the book value per share. And based on this the market will put a premium on the share. So RONW summarises the effect of all business transactions. Hence, I take the hypothesis that there is a high degree of correlation between RONW and PB ratio.

4.3 FA to Total Assets

Another variable that has been considered is FA to total assets. Here fixed assets mean gross fixed assets. Fixed assets are income generating assets. They give operational revenues to a business enterprise. Investment in fixed assets will lead to generation of more revenues. If revenues increase we can expect the earnings to increase. If earnings increase then there will be more distributable surplus which will increase the net worth. Increase in net worth is followed by increase in book value per share. Market also perceives that a company that invests in fixed assets is a growing company. Here proportion fixed assets to total assets has been considered to see the impact on the market price to book value ratio. Hence the hypothesis is higher the proportion of fixed assets to total assets higher will be the degree of association with PB ratio.

4.4 CFO to Total Assets

CFO means cash flow from operating activities. Cash flow is an important indicator in that an organization that earns sufficient cash is able to give dividend to investors, can invest in fixed assets for growth and park the funds outside the business. A cash rich company can also think of acquiring another company and possibly avoid a situation of bankruptcy. When a company gives dividend it can command loyalty from the investors. Similarly when a company invests in fixed assets it is expected that there will be more generation of revenues and operational cash flows. A firm's growth potential can also be linked to investment opportunities. CFO is key to internal financing. Here I take the hypothesis that the variable CFO to total assets positively impacts the PB ratio.

4.5 Investment to Total Assets

Another variable which is considered for this study is investment to total assets. Here investment is investment made outside the business. If an organization is having surplus funds it can park these funds outside the business for getting some return. This return or income also contributes to the increase in net worth. This variable indicates the extent to which P/B ratio will be affected when the proportion of investment to total assets changes every year. Hence I take the hypothesis that investment made outside the business has a positive impact on the PB ratio.

4.6 Current Ratio

In this study current ratio is considered as an independent variable. Current ratio indicates the extent of investment in current assets to meet the current obligations. Although accepted norm is 2 : 1, higher the ratio more is the ability to meet short term obligations. But at the same time we must not loose sight of the fact that too much investment in current assets will make the firm less liquid and starve for funds for some urgent needs. On the other hand a firm that has low amount of investment in current assets assumes liquidity risk. Both the situations will have adverse impact on the profitability and ultimately on the PB ratio of the firm. Here the hypothesis is that the association between current ratio and PB ratio is statistically significant.

4.7 Debt-Equity Ratio

Debt-equity ratio which indicates about the extent of dependence on debt in the capital structure of a firm impacts the net worth in more than one ways. First, more the debt in the capital structure more risky the company will be in terms of fixed obligations. Secondly, more debt also could mean the company is aggressive in the choice of capital mix which might mean that after meeting the fixed interest payments more resources will be available for the equity shareholders. This will improve the net worth and in turn the PB ratio. But that does not mean that the company could have the debt in the capital structure at any level. If the debt component is increased beyond a certain point it will affect the profitability and the market will react adversely. This will result in lower PB ratio. Here the hypothesis is there is significant positive association between DER and PB ratio.

5. REGRESSION MODEL

For this study, I have applied panel data regression modeling with the help of Eviews and SPSS and the estimation equation appears like the following.

Estimation Equation:

====================

PTOB = C(1) + C(2)*ITOTA + C(3)*RONW + C(4)*CFOTOTA + C(5)*DER + C(6)*FATOTA + C(7)*CR

Where,

PTOB is the ratio of market price per share to book value per share

ITOTA is the ratio of investment to total assets

RONW is return on net worth

CFOTOTA is the ratio of cash flow from operating activities to total assets

DER is the debt-equity ratio

FATOTA is the ratio of fixed assets to total assets

CR is current ratio

6. ANALYSIS FOR IT SECTOR

As stated earlier the objective of the study is to estimate the combined impact of the various accounting numbers on the PB ratio. An analysis (Table 1) of the results suggests that variables like RONW, CFOTOTA and DER positively influence the PB ratio & are statistically significant. Among the coefficients of these variables, CFOTOTA is the highest at 11% which means CFOTOTA has the maximum linear impact on PB ratio. If CFOTOTA changes by 1% then PB ratio will change by 11%. After seeing the standardized coefficients (Table 2), we can say that DER has relatively higher impact on variation in PTOB. If DER changes by 1 standard deviation then PTOB will change by 0.571 standard deviations. However, Cash flow from operations (CFOTOTA) & Return on Net Worth (RONW) positively influence variation in PB ratio. Further, variables like CR, FATOTA and ITOTA negatively affect PB ratio. R square is 81%. In other words, 81% variation in PB ratio is explained through the changes in explanatory variable. The overall significance of the model is ascertained from the very high values of F statistics and all the variables are statistically significant at 1% level.

7. ANALYSIS FOR STEEL SECTOR

Steel sector tells a different story. R- Square is 16%. In other words, 16% of the variation in dependent variable is explained by the changes in independent variables (Table- 3). Variables such as DER and Investment to total assets (ITOTA) positively influence the PB ratio.

After seeing the standardized coefficients (Table- 4), we can say that DER is the variable which is most significant in determining the variation in PTOB ratio. It shows that other things remaining constant, when there is a change in DER by one standard deviation, PTOB will change by 0.373 standard deviations. RONW & ITOTA also have positive impact on variation in PTOB. Among the variables that exert positive influence on the determination of dependent variable, investment to total assets seems to have maximum impact at almost 6%. Variables like CR, CFOTOTA and FATOTA negatively impacts variation in PTOB. The p value of all t statistics shows that except DER all other variables are statistically insignificant in determining PTOB.

To carry the analysis further companies having positive accounting numbers have been differentiated from negative ones. The intention is to estimate the significance of different accounting variables (having different signs) on PB ratio.

In case of accounting variables having positive values (Table- 5), p values of all the variables except CR & DER are close to zero & are statistically significant at 5% level of significance. R square comes out to be around 60% which is statistically significant. That means these independent variables explain 60% of variation in dependent variable.

In case of accounting variables having negative values (Table- 6), it is observed that except DER all other variables are statistically insignificant with a high probability value.

A similar exercise (for different signs) was carried out in case of IT sector and it is found that all the accounting numbers are highly significant irrespective of their signs.

8. CONCLUSION

In this paper, an effort has been made to examine the value relevance of some important accounting numbers with respect to the stock prices both for IT & STEEL sector.

The study conveys different results for different sectors. While CFOTOTA is value relevant in case of IT sector, DER and ITOTA turn out to be value relevant in case of Steel sector. One of the possible reasons for this difference could be the choice of the particular time period. This paper takes annual figures as on the last day of the financial year. But many events occur throughout the financial year and these may not integrate into various kinds of variables as on the last day of the year. Lev (1989), Warfield and Wild (1992) have recommended to increase the interval over which the value relevance is examined. They have suggested that R-Squares increase with the increase in interval. Other possible reasons could be the nature of industry, the type of products, investment opportunities and size of the firms.

CFOTOTA comes out to be value relevant and it may be due to the fact that cash flows are free from accounting bias. To put it differently, it is not influenced by flexible accounting techniques as is the case with earnings. Lagore and Mc Combs (2009) are of the view that management can manipulate earnings for a variety of reasons such as to meet analyst's expectation. But cash flows are realized in the current period. Taking the accounting variables having positive values, it is noticed from the p value that CFOTOTA, RONW, ITOTA and FATOTA are statistically significant in both the sectors. But the importance of earnings cannot be underestimated. Black (1998) has shown that earnings are more relevant than cash flows for firms in mature stages and that cash flows are more relevant than earnings for start-up firms. The life cycle of a firm is also an important factor which has not been considered here.

For both the sectors standardized coefficients of DER & RONW are positive and have been found to be value relevant in determining the variation in PB ratio. This result has some implications. Firstly, they support the point that they play an important role in determining the stock prices. The riskiness of a firm increases with the increase in financial leverage. As a consequence, the earnings predictability becomes more difficult. If earnings get affected due to the degree of leverage it would ultimately affect the RONW. Secondly, the relationship between DER and RONW cannot be ignored and it can be investigated further.

9. Empirical Observations

FOR IT SECTOR

Table I

Dependent Variable: PTOB
Method: Panel Least Squares
Date: 11/18/08 Time: 16:51
Sample: 2003 2007
Cross-sections included: 16
Total panel (balanced) observations: 80

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	4.751222	0.856005	5.550461	0.0000
ITOTA	-4.150481	1.345754	-3.084131	0.0029
RONW	0.030614	0.009872	3.101049	0.0027
CFOTOTA	11.30813	2.681234	4.217510	0.0001
DER	2.558026	0.322340	7.935812	0.0000
FATOTA	-4.079377	1.649226	-2.473510	0.0157
CR	-0.064479	0.025340	-2.544508	0.0131

R-squared	0.810393	Mean dependent var	2.591375
Adjusted R-squared	0.794808	S.D. dependent var	5.789682
S.E. of regression	2.622615	Akaike info criterion	4.849653
Sum squared resid	502.1018	Schwarz criterion	5.058081
Log likelihood	-186.9861	F-statistic	52.00102
Durbin-Watson stat	1.038828	Prob(F-statistic)	0.000000

Table 2

Coefficients

	Model	Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	4.751	.856		5.550	.000
	FA/TA	-4.079	1.649	-.135	-2.474	.016
	CFO/TA	11.308	2.681	.238	4.218	.000
	I/TA	-4.150	1.346	-.169	-3.084	.003
	RONW	3.061E-02	.010	.227	3.101	.003
	CR	-6.448E-02	.025	-.140	-2.545	.013
	DER	2.558	.322	.571	7.936	.000

a Dependent Variable: P/B

FOR STEEL SECTOR

Table 3

Dependent Variable: P_B
Method: Panel Least Squares
Date: 05/04/09 Time: 15:16
Sample: 2003 2007
Periods included: 5
Cross-sections included: 34
Total panel (balanced) observations: 170

Variable	Coefficient	Std. Error	t-Statistic	Prob.
RONW	0.004380	0.004405	0.994309	0.3216
I_TA	5.757582	7.348557	0.783498	0.4345
FA_TA	-0.406916	1.563459	-0.260266	0.7950
DEBT_EQUITY_RATIO	0.111248	0.021975	5.062520	0.0000
DATEID	0.000157	0.000877	0.178917	0.8582
CURRENT_RATIO	-0.086545	0.375077	-0.230739	0.8178
CFO_TA	-1.725853	4.697600	-0.367390	0.7138
C	-113.6673	642.2800	-0.176975	

R-squared	0.162983	Mean dependent var	0.789647
Adjusted R-squared	0.126815	S.D. dependent var	6.107280
S.E. of regression	5.706908	Akaike info criterion	6.367147
Sum squared resid	5276.146	Schwarz criterion	6.514714
Log likelihood	-533.2075	Hannan-Quinn criter.	6.427028
F-statistic	4.506341	Durbin-Watson stat	2.324931
Prob(F-statistic)	0.000130		

Table 4

Coefficients

	Model	Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	-113.798	642.699		-.177	.860
	ITOTA	5.758	7.349	.063	.783	.434
	CFOTOTA	-1.726	4.698	-.027	-.367	.714
	FATOTA	-.407	1.563	-.019	-.260	.795
	RONW	4.380E-03	.004	.074	.994	.322
	CR	-8.655E-02	.375	-.018	-.231	.818
	DER	.111	.022	.373	5.063	.000

a Dependent Variable: PTOB

Table 5

Dependent Variable: PTOB
Method: Panel Least Squares
Date: 05/04/09 Time: 14:14
Sample: 2003 2007
Periods included: 5
Cross-sections included: 18
Total panel (balanced) observations: 90

Variable	Coefficient	Std. Error	t-Statistic	Prob.
RONW	0.045061	0.005793	7.779058	0.0000
ITOTA	5.923083	1.063939	5.567128	0.0000
FATOTA	0.974533	0.403055	2.417864	0.0178
DER	0.091266	0.084496	1.080123	0.2832
CR	-0.062512	0.054888	-1.138892	0.2580
CFOTOTA	-2.927501	1.393923	-2.100189	0.0387
C	-0.436027	0.342755	-1.272123	0.2069

R-squared	0.579326	Mean dependent var	1.129111
Adjusted R-squared	0.548916	S.D. dependent var	1.066982
S.E. of regression	0.716615	Akaike info criterion	2.246030
Sum squared resid	42.62358	Schwarz criterion	2.440460
Log likelihood	-94.07137	Hannan-Quinn criter.	2.324436
F-statistic	19.05041	Durbin-Watson stat	1.667459
Prob(F-statistic)	0.000000		

Table 6

Dependent Variable: PTOB
Method: Panel Least Squares
Date: 05/04/09 Time: 15:02
Sample: 2003 2007
Periods included: 5
Cross-sections included: 16
Total panel (balanced) observations: 80

Variable	Coefficient	Std. Error	t-Statistic	Prob.
RONW	0.004106	0.006512	0.630473	0.5304
ITOTA	-5.446245	45.16821	-0.120577	0.9044
FATOTA	-1.776286	3.593663	-0.494283	0.6226
DER	0.114241	0.033295	3.431230	0.0010
CR	-0.270357	1.863093	-0.145112	0.8850
CFOTOTA	-3.117248	8.179087	-0.381124	0.7042
C	2.967899	4.660921	0.636762	0.5263

R-squared	0.161486	Mean dependent var	0.407750
Adjusted R-squared	0.092567	S.D. dependent var	8.844757
S.E. of regression	8.425453	Akaike info criterion	7.183824
Sum squared resid	5182.143	Schwarz criterion	7.392252
Log likelihood	-280.3530	Hannan-Quinn criter.	7.267389
F-statistic	2.343122	Durbin-Watson stat	2.315659
Prob(F-statistic)	0.039953		

REFERENCES

1. Ou, Jane A; Sepe, James F.-Analysts Earnings Forecasts and the Roles of Earnings and Book Value in Equity Valuation; Journal of Business Finance and Accounting-April / May 2002

2. Marquardt, Carol A; Wieldman, Christine I-The Effect of Earnings Management on the Value Relevance of Accounting Information; Journal of Business Finance and Accounting- April / May 2004

3. Kormendi, Roger; Lipe, Robert-Earnings Innovations, Earnings Persistence and Stock Returns

4. Martikainen, Teppo; Puttonen, Vesa- Dynamic Linkages Between Stock prices, Accrual Earnings and Cash Flows: A Cointegration Analysis; Annals of Operation Research

5. Cornell, Bradford; Landsman, Wayne R.-Accounting Valuation: Is Earnings Quality an Issue?; Financial Analysts' Journal

6. Francis, Jennifer; Schipper, Katherine-Have Fianancial Statements Lost Their Relevance?; Journal of Accounting Research, vol.37 No.2 Autumn 1999

7. Iyan, Levon Baba; Association Between Accounting Earnings and Stock Returns as a Measure of Value Relevance of Accounting Standards: Empirical Evidence from the Swiss Market; University of Friboug, Switzerland(Nov. 2001)

8. Elnaby, Hassan R. Hassan; Said, Amal A-The Information Content of Accounting Earnings and Cash Flows Measures of Performance: The Role of Cash Recovery Rate; working paper series

9. Vishnani, Sushma; Shah, Bhupesh Kr.-Value Relevance of Published Financial Statements- With Special Emphasis on Impact of Cash Flow Reporting; International Research Journal of Finance and Economics-Issue 17(2008)

10. Kumar, Krishna R., Krishnan, Gopal v.The Value Relevance of Cash Flows and Accruals: The Role of Investment Opportunities. Accounting Review, July, 2008 Vol.83 Issue 4

11. Hellstrom, Katerina; The Value Relevance of Financial Accounting Information in a Transition Economy- The Case of Czech Republic, European Accounting Review, Sept. 2006

12. Rezende, Amaury Jose; The Relevance of Accounting Information in the Process of Valuation of Companies in the New and Old Economy- An Analysis of Asset Investments and their Effects on the Value Relevance of Earnings and Book Value, Brazilian Business review(English Edition), 2005, Vol.2, Issue 1

13. Christian, Cal; Jones, Jefferson P; The Value Relevance of Earnings, Operating Cash Flows and EBITDA During Mergers, Journal of Accounting and Finance Research, Summer II, 2004, Vol.12, Issue 3

14. Worthington, Andrew C; West, Tracey; Australian Evidence Concerning the Information Content of Economic Value-Added; Australian Journal of Management, Vol.29. No.2 December 2004

15. Chandra, Uday; Ro, Byung T.; The Role of Revenue in Firm Valuation; Accounting Horizons Vol.22, No.2, 2008

16. Beaver, William H.; Perspectives on Recent Capital Market Research; The Accounting Review, Vol. 77. No.2, April 2002

17. Holer, Annette; Have Earnings Lost Value Relevance? Revisiting Latest Evidence on EVA; The Business Review, Cambridge, Summer 2008, Vol. 10, Issue 2

18. Ali, Ashiq; Hwang, Lee-seok; Country-Specific Factors Related to Financial Reporting and the Value Relevance of Accounting Data; Journal of Accounting Research, Vol. 38, No.1, Spring 2000

v v v

Foreign Direct Investment to Promote Growth: CHANGING ROLE OF THE PUBLIC SECTOR

Rashmita Sahoo
J. K. Panda

With the advent of globalization, developing countries, particularly those in Asia, have been witnessing a massive surge of FDI inflows during the past two decades. Even though India has been a latecomer to the FDI scene compared to other East Asian countries, its significant market potential and a liberalized policy regime has sustained its attraction as a favorable destination for foreign investors. The challenge for developing countries is to tap FDI in a way that promotes their long-term development objectives. In that regard, Governments, through the public sector, need to create a conducive policy environment that enables FDI to contribute towards enhancing the international competitiveness of the host country on the basis of a dynamic development of comparative advantage.

INTRODUCTION

Foreign direct investment (FDI) is one of the key drivers of globalization, along with trade and portfolio flows such as debt and equity, all of which, together with the information, communication and technology (ICT) revolution, are major forces in increasing the process of global business activity. FDI induces trade and deepens interdependence among nations. Indeed it is difficult to find any policy regime, be it in taxation, investment protection or foreign exchange transfer in both developed and developing countries that do not have an active stance on promoting foreign direct investment. FDI involves the effective management control of a resident entity in the host country by an enterprise resident in another country, and hence has corporate governance implications. Most developing countries do not have the necessary level of savings and know-how to sustain economic growth. FDI after all provides a composite bundle of capital stock, technology and know-how as well as in some cases market access that can have an impact on output, trade and employment for the recipient economy. The continued sluggishness in the world economy and weak equity prices have affected FDI flows in 2002 and 2003 as well. This is compounded by a feeling of uncertainty caused by geopolitical tensions. With strong governmental support, FDI has helped the Indian economy grow tremendously. With $34 billion in FDI in 2007, India gets only about 25% of the FDI in China.

METHODOLOGY AND SOURCE OF DATA COLLECTION

This study is of analytical type and makes use of secondary data collected from various publications of Government of India, Reserve Bank of India, websites, journals and newspapers. Statistical tools like percentage, common size statements and trend analysis are used to analyze the data.

LITERATURE REVIEW

At a large cross-section empirical work by Borensztein et al (1998), Carkovic and Levine (2002) and Alfaro et al (2003) find little support that FDI has an exogenous positive effect on economic growth. However, their evidence suggests that local conditions, such as the level of education and the development of local financial markets play an important role in allowing the positive effects of FDI to materialize. In the widely cited paper in the literature, Borensztein et al. (1998), using a dataset of FDI flows from industrialized countries to sixtynine developing countries, find that FDI is an important vehicle for transferring technology and higher growth only when the host country has a minimum threshold of human capital. De Mello (1997) finds a positive and significant impact of FDI on output growth in OECD and Asian non-OECD countries. Dijkstra (2000), Tybout (2000) and Vachani (1997) found that investment policy liberalisations have major impacts on firms in less developed countries (LDCs) where the pre-liberalisation level of protection was high. Not all firms are affected equally; some will be losers while others will be winners, depending on their characteristics. Nagesh Kumar (2001) analyses the role of infrastructure availability in determining the attractiveness of countries for FDI inflows for export orientation of MNC production. Jayashree Bose (2007) in his book studied the sectoral experiences faced by India and China in connection with FDI inflows. This book provides information on FDI in India and China, emerging issues, globalization, foreign factors, trends and issues in FDI inflows, FDI inflows in selected sectors. A comparative study has also been conducted on FDI outflows from India and China. This book also revealed the potential and opportunities in various sectors in India that would surpass FDI inflows in India as compared to China.

FDI FLOWS AND DESTINATION

The comparison of the world maps of inward and outward FDI in 2000 and 1985 reveals that FDI reaches many more countries in a substantial manner than in the past. India proudly features in the third slot of global direct investment destinations, despite of the recession and as per the latest report by United Nations Conference on Trade and Development (UNCTAD), it will retain its slot in the next two years. It is proposed to analyze the country-wise share of foreign direct investment in India from 2007-2011.The data relevant to the analysis is presented in Table 1.

Table 1 SHARE OF TOP INVESTING COUNTRIES FDI EQUITY INFLOWS

(Financial years 2007-2011) (Amount Rupees in Crores)

Ranks	*Country*	*2007-08 (April-March*	*2008-09 (April-March)*	*2009-10 (April-March)*	*2010-11 (April-Jan.)*
1.	**MAURITIUS**	44483	50,899	49,633	27,970
2.	**SINGAPORE**	12319	15,727	11,295	6,817
3.	**U.S.A.**	4377	8,002	9,230	5,001
4.	**U.K.**	4690	3,840	3,094	2,300
5.	**NETHERLANDS**	2780	3,922	4,283	4,752
6.	**JAPAN**	3336	1,889	5,670	6,180
7.	**CYPRUS**	3385	3,983	7,728	3,458
8.	**GERMANY**	2075	2,750	2,980	545
9	**FRANCE**	583	2,098	1,437	3,149
10.	**U.A.E.**	1039	1,133	3,017	1,503
TOTAL FDI INFLOWS		**98664**	**123,025**	**123,120**	**77,902**

Source: Government of India (GOI) (2009). FDI Statistics, Ministry of Commerce & Industry, Department of Industrial Policy and Promotion

Mergers and acquisitions (M&A) have accounted for a substantial share of FDI in recent years, although there has been a fall from record levels in 2000, mainly owing to declines in share prices and the economic downturn. There is insufficient evidence that cross-border M&A transactions have had a significant impact in restructuring the economies of the crisis countries, although they have now declined. The World Bank (2001) noted that foreign acquisitions of the M&A kind, unlike greenfield investments, do not contribute directly to added investment and thus may have lowered the impact of FDI on domestic investment. In the long run it remains to be seen whether such acquisitions could lead to new capital flows and improved access to technology and organization techniques.. A restructuring, backed by better economic performance, can lead to an eventual upturn in investment (OECD, 2003).

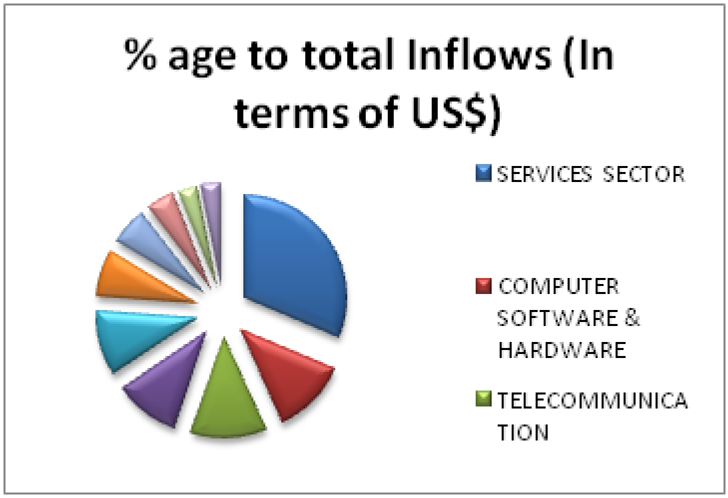
Sector-wise FDI Inflows in India from April 2007-Dec 2011

Table 2 *Sector-wise FDI Inflows (Rupees in Crores)*

Amount in crores (US$ in million) Ranks	*Sector*	*2007-08 (April-March)*	*2008-09 (April-March)*	*2009-10 (April-March)*	*2010-11 (April-Jan.)*	*Cumulative Inflows (April '00 - Jan. '11)*	*% age to total Inflows (In terms of US$)*
1.	**SERVICES SECTOR** (financial & non-financial)	26,589	28,516	20,776	13,652	118,923	**21 %**
2.	**COMPUTER SOFTWARE & HARDWARE**	5,623	7,329	4,351	3,225	47,340	**8 %**
3.	**TELECOMMUNI CATIONS**	5,103	11,727	12,338	6,041	46,746	**8 %**
4.	**HOUSING & REAL ESTATE**	8,749	12,621	13,586	4,791	42,163	**7 %**
5.	**CONSTRUCTION ACTIVITIES** (including roads & highways)	6,989	8,792	13,516	*4,540*	40,233	**7 %**
6.	**AUTOMOBILE INDUSTRY**	2,697	5,212	5,754	*5,375*	26,198	**5 %**
7.	**POWER**	3,875	4,382	6,908	4,711	25,715	**4 %**
8.	**METALLURGIC AL INDUSTRIES**	4,686	4,157	1,935	4,632	18,073	**3 %**
9.	**PETROLEUM & NATURAL GAS**	5,729	1,931	1,328	2,471	13,585	**2 %**
10.	**CHEMICALS** (other than fertilizers)	920	3,427	1,707	1,739	13,007	**2 %**

Source Fact Sheets on FDI, DIPP

Graph-1



Graph Showing Top Ten Sectors attracting FDI Inflows in India since April 2007- Dec 2011

THE ROLE OF THE PUBLIC SECTOR

India has continually sought to attract FDI from the world's major investors. In 1998 and 1999, the Indian national government announced a number of reforms designed to encourage and promote a favorable business environment for investors. FDIs are permitted through financial collaborations, through private equity or preferential allotments, by way of capital markets through euro issues, and in joint ventures. FDI is not permitted in the arms, nuclear, railway, coal or mining industries. A number of projects have been implemented in areas such as electricity generation, distribution and transmission, as well as the development of roads and highways, with opportunities for foreign investors. The Indian national government also granted permission for FDIs to provide up to 100% of the financing required for the construction of bridges and tunnels, but with a limit on foreign equity of INR 1,500 crores, approximately $352.5 million.

Currently, FDI is allowed in financial services, including the growing credit card business. These also include the non-banking financial services sector. Foreign investors can buy up to 40% of the equity in private banks, although there is condition that these banks must be multilateral financial organizations. Up to 45% of the shares of companies in the global mobile personal communication by satellite services (GMPCSS) sector can also be purchased.

The key issue about the role of the Government is not whether it should intervene but the kind of intervention, including direct participation if there is insufficient capacity in the local private sector. Some macroeconomic policies and investment-friendly policies are necessary, although not sufficient in today's world of increasing competitiveness in attracting investment. The crucial role for the host Government is to create conditions as well as be proactive in developing these new drivers to attract international production and services in the light of the fact that contract manufacturing has grown rapidly to take advantage of differences in costs and logistics. This implies giving equal emphasis to promoting domestic private investment to benefit from the FDI. Simply opening up an economy is only the first step, and no longer enough to attract sustained flows of FDI and upgrade the quality. At the minimum, foreign investors are expecting assurances of the rule of law, a commitment to be treated no less favourably than competing domestic investors and provisions for the free transfer of capital, profits and dividends, guarantees against expropriation of their assets and binding arbitration of disputes. The report of the panel on high-level financing for development (United Nations, 2001) to the Secretary-General advised host Governments not to exempt foreign investors from domestic laws governing corporate and individual behaviour, or to use costly and discretionary investment incentives or those that eroded labour and environmental standards in a "race to the bottom". The report also said that developing countries needed to continue improving their attractiveness to FDI through positive actions (i.e., by improving standards of accounting and auditing, transparency, corporate governance and public administration) rather than through tax concessions, which should be regulated and discouraged.

An OECD study (Oman, 1999) indicates that incentives-based competition for FDI can be intense in selected industries (e.g., automobiles) or for particular investment projects. Most incentives-based competition is effectively intraregional, i.e., within a region. While data on direct financial/fiscal cost per job are not readily available, OECD estimates that in the automobile industry the cost in OECD as well as developing countries can exceed US$ 100,000 per job. Hence the distortion effects of incentives on a de facto basis work against local firms and against firms in sectors or types of activities that are not targeted. Undiscerning use of investment incentives and other discretionary policies by Governments to attract FDI can have a negative effect on FDI flows, partly because incentives could be viewed as unsustainable.

The competition for FDI raises the delicate question of how to ensure accountability of government officials, particularly those involved in the negotiation of discretionary incentive packages. A strong rules-based approach to attracting FDI, including safeguards for labour standards and the environment, can provide the policy transparency necessary to limit rent-seeking behaviour. Policies on FDI are also needed to counter two sets of market failures. The first arises from information or coordination failures in the investment process that can lead a country to attract insufficient FDI and more importantly the wrong quality of FDI. The second results when private interests of TNCs diverge from the interests of the host countries. This can lead to negative effects of FDI or a failure to harness fully the potential of the FDI. The challenge for the Government is achieving the right balance in terms of promoting synergy between FDI and domestic private investment in terms of a win-win situation for the citizens. At the heart of these endeavours is improving the competitiveness of a country's economy to improve its economic fundamentals and enhance living standards. As the performance of economies, industries and firms is continuously compared and benchmarked across nations, it means that individual firms and countries must also benchmark all activities against the best of competitors in a changing world economy marked by knowledge and technology-based advantages. In other words, apart from the series of measures to liberalize the economy and promote FDI that many countries are in the midst of implementing to varying degrees, there is a need for proactive policies aimed at shaping new industrial and service locations through a cooperative approach between the public and private sectors.

WHAT DETERMINANTS OF COMPETITIVENESS SHOULD THE PUBLIC SECTOR FOCUS ON?

The standard determinants of competitiveness are not only the economic, technological and measurable attributes such as strong economic fundamentals, political stability, technological effort, human resources development, physical infrastructure and financial and labour market flexibility. There are also non-economic factors, some of them controversial, such as the promotion of democratic institutions, human rights, corporate governance, anti-corruption and a host of other subjective criteria. Effective governance is therefore essential to encourage both sound FDI and domestic private investment. The role of the Government spans virtually all aspects of economic development, and here, the focus of the discussion is narrowed down - only aspects that have a direct bearing on promoting FDI and domestic private sector linkages will be considered. In addition, specific government measures to nurture the domestic private sector in the deepening global integration of production will be discussed. This is not to downplay the other policy areas, which, depending on the stage of economic development and individual country circumstances, can give rise to different priorities.

To promote FDI some points to be focused on

- Liberalization of FDI regimes by reducing barriers to entry, strengthening standards of treatment for foreign investors and improving the functioning of markets, i.e., the enabling framework, which virtually all countries are implementing in varying degrees;
- Governments actively attract FDI by marketing their countries usually through one-stop national investment promotion agencies;
- The targeting of foreign investors at the level of industries and firms in the light of the country's developmental priorities;
- The need to promote sequential investment once the initial investment has been made.

The most important in between foreign affiliates and domestic firms is to enhance their production efficiency. Investment promotion increasingly needs to improve and market particular clusters that appeal to potential investors in specific activities. The more targeted and fine-tuned the approach, i.e., matching the specific functional needs of corporate investors with specific locational products, the more costly it is. It takes time and also requires sophisticated institutional capacities.

Linkages can take several forms: backward (i.e., sourcing from domestic firms), forward (i.e., foreign affiliates selling goods to domestic firms for distribution and marketing) and horizontal (i.e., cooperation in production as well as interaction with domestic firms engaged in competing activities). Linkages can also involve entities like universities, training centers, research and technology institutes, export promotion agencies and other official and private institutions. The relationship may take the form of R&D contracts with local institutions such as universities and research centers and training programmes for firms by universities and training centers. Governments can encourage the creation and deepening of such linkages when they are economically desirable by lowering the costs and raising the reward for linkage formation for both MNCs and local firms. The standard way has been through fiscal, financial and other incentives to forge local linkages in developing countries.

Assuming an overall economic and political policy environment that is conducive to investment, the most important factor influencing linkage formation is the availability of local suppliers with competitive costs and quality. The technological and managerial capabilities of domestic firms also determine the ability of the host economy to absorb and benefit from the knowledge that linkages can transfer. In this regard, policy measures to strengthen the legal and institutional framework for linkage formation has become necessary. The traditional tools to promote linkages like local content requirements, restrictions on sales of goods and services in the territory where they are produced, a requirement to transfer technology and employment performance, are either no longer permissible in the context of the WTO and other agreements such as North Atlantic Free Trade Agreement (NAFTA) or are in the process of being phased out. At the same time, policy measures need to nurture and sustain SMEs as well as to sustain institutions that provide financial, technological and training support in the process of fostering the development of viable suppliers, as well as sources of growth of the economy in their own right. Except this there are some other areas of public intervention like- Guaranteeing the accuracy of market and business information of linkage formation that could cover names and profiles of supplier information, product price information and a range of up-to-date databases depending on individual country strategies; Matchmaking, i.e., facilitating one-to-one TNC-supplier encounters and negotiations, acting as honest broker in negotiations and helping with bureaucratic processes; Facilitating technology upgrade in various ways, including technology transfers as a performance requirement, partnerships with foreign affiliates in technology upgrading programme and strengthening inter-firm linkages in training; Promoting supplier associations for private sector training programme and collaboration with international agencies; Legal protection against unfair contractual arrangements and other unfair business practices, including an effective competition policy; Finance - encouraging the support by foreign affiliates to domestic suppliers through fiscal incentives, co-financing or guarantees, and in some cases monetary incentives.

There are two other areas that require focus irrespective of any specific linkages. The first is the need to create high-level technical manpower geared closely to activities desired by the Government. Singapore, for instance, has one of the world's strongest structures for pre- and post-employment training. In the Republic of Korea, a high training levy on large firms has enabled the setting up of the Korea Advanced Institute of Science and Technology and the Korea Institute of Technology aimed at exceptionally gifted students. The second is assistance to small and medium enterprises, which Governments at all levels of development have supported through selective measures to level the playing field in relation to large firms. The basis of global competition is increasingly one of supply chains competing with one another, and hence an SME policy will also have to create effective supply chain management to improve productivity through better work processes and technology (see Asian Productivity Organization, 2002). To maximize the benefits from FDI, a vibrant and technologically dynamic domestic enterprise sector is crucial. As profit margins are eroded on lower-end products, technological innovation is the only path to capturing markets in the higher end of the market chain and creating new ones (World Bank, 2003). In this regard, measures are required to build and strengthen technological infrastructure as well as upgrade the technological competence of firms to remain competitive. Building R&D is an important element, and this could be supported through direct funding, fiscal incentives and assistance in application of new production techniques and new products, as experience of OECD countries shows. A culture of being receptive to change is an important strategy that should permeate all levels. For countries that do not have sufficient skilled personnel it may well be advantageous to attract the "best brains" with proper incentives, as the United States and Singapore have done. A new growth driver in the "knowledge economy" is intellectual property (IP), and its management cuts across industries and involves IP creation, protection, use, valuation and technology transfer. The global agreement on IP, called TRIPs, is now part and parcel of WTO membership. While there is some controversy on patents working against the interests of developing countries, carefully worked out intellectual property protection can boost domestic innovation and improve access to new technologies. In particular, the Government could encourage local firms in IP management to develop patents and assist in the funding of costly patent applications. Over time as domestic enterprises improve their capability, and the technological and managerial gaps between foreign and domestic firms are narrowed, government programme could be redirected elsewhere, or reduced. Indeed, the Irish National Linkage Programme was terminated recently after 15 years of fostering domestic supplier industries and service providers that are running on their own.

Role of the foreign investor and source country Governments

There are a number of areas in which Governments could encourage support from foreign investors and source country Governments in the current climate, where the traditional role of the corporation is changing from pure profit-oriented organization to one of taking a role in other attributes of economic development. The Monterrey Consensus, adopted in March 2002, clearly recognizes that while Governments provide the framework for the operations of foreign investors, businesses, on their part, are required to engage as reliable and consistent partners in the development process. They should take into account not only the economic and financial but also the developmental, social, gender and environmental implications of their undertakings - what is commonly referred to as corporate social responsibility (CSR). TNCs and other firms should be encouraged to accept and implement the principle of good corporate citizenship and should, inter alia, subscribe to the United Nations Global Compact, an initiative encouraging the private sector to embrace, support and enact a set of core values in the areas of human rights, labour standards and environmental practices. Source countries too are expected to facilitate and encourage investment flows to developing countries. In this regard, they supported the Monterrey Consensus proposal to increase their support to private foreign investment in infrastructure development and other priority areas, including projects to overcome the digital divide in developing countries. This could be achieved through a range of instruments including export credits, venture capital, leveraging aid resources and risk guarantees. Moran (1998), reviewing case studies from Latin America and East Asia, noted that the impact of foreign investment on the host economy differs systematically as a function of the relationship between the foreign affiliate and the parent company, which, in turn, depends directly upon the kind of investment regime offered by the host country. He noted that host investment rules that impose domestic-content, joint-venture and technology-sharing requirements create inefficiencies that slow growth and generate, in many cases, a negative net contribution to host economy welfare, especially if they are backed by trade protection or other kinds of market exclusivity. Moran argues that allowing foreign investors to operate with wholly owned affiliates free from such regulations can provide a far different incentive structure for upgrading technology and business practices to maintain a competitive position in international markets.

SUMMARY AND CONCLUSIONS

The paper has shown that attracting FDI has become an important instrument of economic policy in the evolving technological and competitive setting of the world economy. FDI has been viewed as bringing not only capital but also technology and know-how as well new trade opportunities that can give a fillip to domestic investment and therefore promote overall economic growth. Studies show that the impact of FDI on economic growth is positive in many circumstances like a country with a high level of financial integration may better deploy FDI than countries where there are structural deficiencies etc. In today's world the choice is not between FDI and domestic firms, but how to link and develop synergy between the TNCs and domestic firms. A strong and vibrant base of domestic enterprise can develop linkages to enhance the potential source of productivity gains via spillovers to domestic firms as shown successfully in China, Taiwan Province of China, Malaysia, Singapore and Thailand. There is no strong evidence of domestic firms losing out from foreign investment unless the industry is protected or run as an "enclave" investment such as natural resource extraction with little value added. Indeed the promotion of domestic private investment goes hand in hand with FDI, as there are synergies to be gained. Over time, domestic enterprises themselves take on the role of foreign investors as they gain financial strength and acquire and/or develop their own technology. The changing competitive conditions backed by the accelerating pace of technological change imply that both transnationals and countries need to develop partnerships to provide the optimum benefits from their assets. These and many other complaints may undermine the benefits of FDI and only go to show that Governments need to assess them more critically. This could be partly due to highly skewed agreements in favour of the investor, and partly due to weak understanding of or preparedness for the implications of the investment. This underscores the necessity for developing countries to increase their knowledge and information base focusing on a wide range of issues that will confront various entities in the economy that interface with the foreign investment activities as well as strengthen the quality of government regulations and their implementation. In the case of M&As, an important form of FDI in recent years, the firm-specific motivations underlying them need to be carefully considered, as productivity-enhancing effects cannot be taken for granted. The challenge for developing countries in this new competitive context is to tap FDI to promote economic development in terms of their own endowments and development objectives. Comparative advantage is not a static concept but is dynamic in nature. The Government's role in this fast changing technological and competitive environment is not merely one of a "passive open door" but one where it is proactive in terms of forging linkages between international and domestic firms through lowering the costs and raising the reward for linkage formation for both the TNCs and the local firms. The Government's responsibility is one of enabler and facilitator of FDI and the private enterprise system. In this regard, there is also a need to reorient educational policies to develop skills that are internationally demanded, promote high-level technology and specialist knowledge and adopt selective measures to support domestic firms to benefit from the spillover effects from FDI. For countries that do not have a well-developed private sector, there may also be a case for the Government to take the lead, as Singapore and Malaysia have done in some sectors, be it in the form of joint-venture partners or supporting collaboration efforts by the local private businesses with foreign investors. Care, nevertheless, must be taken as experience has shown that not all measures have yielded positive results from FDI, particularly when domestically owned firms have a weak capacity to absorb or when the terms under which the FDI is undertaken do not promote much value added or transfer skills and technology in a muted form. The active promotion of good corporate governance as part of the process to attract FDI as well as to nurture competitive domestic enterprises, covering not only the incorporated sector but also SMEs, should also be part and parcel of education and training in a technologically advanced and socially responsible market economy. A conducive economic and political environment, transparent government policies and business ethics remain paramount to sustaining investor confidence. It also has to be recognized that promoting FDI is a costly exercise, as well as a learning experience.

REFERENCES

1. Agarwal N., 2002. "Singapore firms to sink $ 3.3 b into China", The Straits Times Interactive, 21 August, 2002.

2. ASEAN Secretariat, 2002. ASEAN Investment Area: An update, 26 July, 2002.

3. Asher,M.G.(2007)."India'sRisingRole in Asia", http://www.spp.nus.edu.sg/wp/wp0701b.

4. Asia Times online, 2002. "Taiwan's trade focus to shift to ASEAN", 23 August, 2002.

5. Borensztein, E., J. de Gregorio and J.W. Lee, 1998. "How does foreign direct investment affect economic growth?"Journal of International Economics, vol. 45, No. 1.

6. Bosworth, B.P. and S.M. Collins, 1999. "Capital flows to developing economies: implications for saving and investment", Brookings Papers on Economic Activity, Spring.

7. Carkovic, M. and Levine, R. (2002). "Does Foreign Direct Investment Accelerate Economic Growth?" Working Paper Series, National Bureau of Economic Research (NBER) June 2002.

8. De Mello, L.R. Jr., 1997. "Foreign direct investment in developing countries and growth: A selectivesurvey", The Journal of Development Studies, vol. 34, No. 1.

9. Economic and Social Commission for Asia and the Pacific (ESCAP), 1994. Proceedings of the Regional Seminar on Investment Promotion and Enhancement of the Role of the Private Sector in Asia and the Pacific (ST/ESCAP/1407).

10. Jayashree Bose(2007), "FDI Inflows in India and China - A Sectoral Experiences", ICFAI University Press, Hyderabad

11. Ila Chaturvedi (2011). "Role of FDI in Economic Development of India: Sectoral Analysis", International Conference on Technology and Business Management, pp. 528-533.

12. Nagesh Kumar (2001), "Foreign Direct investment and Performance Requirements: New evidence from selected countries" UNCTAD.

13. Raj Kumar(2003), Asia-Pacific Development Journal Vol. 10, No. 2, December 2003 "changing role of the public sector in the promotion of foreign direct investment"

14. S Shen (2002),Asia-Pacific Development Journal Vol.10,No.2,December 2003 section IV

v v v

RELEVANCE OF REGIONAL STOCK EXCHANGES (RSEs) IN INDIA

Sujit Kumar Acharya
Rashmi Ranjeeta Das

A Stock Exchange is established for the purpose of assisting, regulating or controlling the business of buying, selling or dealing in securities. Stock Exchanges, thus, provide a market place for buying and selling of securities thereby ensuring liquidity to them in the interest of the investors. In the absence of a stock exchange, the people would not take interest to invest in corporate securities where there would be no facility of exit route (buying and selling of securities). In addition to these, the role of stock exchanges is to promote the culture of equity among the public, to render assistance to create awareness for the orderly development of securities market. Therefore, Stock Exchanges are considered as the nerve centers of the capital market as they reflect the health of the country's economy as a whole.

The introduction of on-line trading by National Stock Exchange (NSE) & Bombay Stock Exchange (BSE) in the year 2000-2001 onwards trading in shares has become possible throughout the country without the mediation of regional stock exchange. Thus, there is a vibrant change in the equity culture and trading in security market with the introduction of online trading system. The existence of RSEs in present scenario therefore is questionable as far as trading is concerned.

INTRODUCTION

With the rapid pace in change of technology in telecommunication and information technology sector, stock exchanges worldwide got converted into online and rolling settlement based trading instead of traditional manual and periodical settlement form of trading. BSE and NSE also took the advantage of this modernized electronic form of trading since year 2000-01 onwards and thus could widen their reach to every nuke and corner of the country. In the era of manual trading with the recognition of SEBI, twenty four Regional Stock Exchanges were established in different regions of the country mainly to enhance and acquaint the benefits of security trading among the investing public and to grow the size of investing community. Now, with the introduction of online trading in major stock exchanges like BSE and NSE, the volume of trading in all Regional Stock Exchanges (RSE) significantly dropped to almost zero as investors preferred to directly access BSE and NSE through their trading terminal which are the major market creators and price discoverers for private securities. Under the changed circumstances, need for existence of RSEs are questionable. Our case discusses this prime issue. It is pertinent to discuss importance of stock market before discussing RSE's.

IMPORTANCE OF STOCK MARKET

Stock market is an important part of the economy of a country.

The Stock market is one of the most important sources for companies to raise money. This allows businesses to be publicly traded, or raise additional capital for expansion by selling shares of ownership of the company in a public market.The stock market plays a pivotal role in the growth of the industry and commerce of the country that eventually affects the economy of the country to a great extent.

The stock market is important from both the industry's point of view as well as the investor's point of view.Exchanges also act as the clearinghouse for each transaction, meaning that they collect and deliver the shares, and guarantee payment to the seller of a security. This eliminates the risk to an individual buyer or seller that the counterparty could default on the transaction. An important aspect of modern financial markets, however, including the stock markets, is absolute discretion. Whenever a company wants to raise funds for further expansion or settling up a new business venture, they have to issue shares through the stock market and also it is the primary source for any company to raise funds for business expansions. The stock market is primarily the place where these companies get listed to issue the shares and raise the fund. This is the primary function of the stock exchange and thus they play the most important role of supporting the growth of the industry and commerce in the country. That is the reason that a rising stock market is the sign of a developing industrial sector and a growing economy of the country. Due to the importance the different objectives are analyzed.

OBJECTIVES OF THE STOCK EXCHANGE

- To facilitate, assist, control and regulate the business of buying and selling in shares and securities within the meaning of Securities Contracts (Regulation) Act, 1956 (SCRA).
- To spread equity culture among the investing public by creating a platform for dealing in stocks, shares and like securities through the SEBI registered stock-brokers.
- To render assistance, support and services to the investing public in the interest of the securities market.
- To make the investing public aware about the securities market through seminars, workshops and investors' education programmes and
- To take all such promotional steps and actions for orderly development of and smooth functioning of the securities market activities.

With the analysis of different objectives some major contributions are discussed.

CONTRIBUTION MADE BY THE RSEs FOR GROWTH OF SECURITIES MARKET

There were 24 recognised stock exchanges functioning in the country. However, upon withdrawal of recognition in respect of 3 stock exchanges, there are 21 recognised stock exchanges functioning at present. Till the introduction of on-line trading in the securities market of the country all the RSEs had been playing an important role with regard to -

- Providing the platforms to facilitate the business of buying and selling of shares and securities through the SEBI registered stock-brokers under the framework of necessary control and regulations in the respective State of jurisdiction. Promotion and spreading of equity culture among the investing public through seminars/workshops/investors' education programmes.
- Assisting entrepreneurs/corporate houses to raise resources by issuing securities market instruments through the primary market and facilitating dealings in those issued instruments in the secondary market. Various issues are analyzed by different contributors.

ISSUES CONFRONTING RSEs

Introduction of on-line trading in place of out-cry system and expansion of trading terminals by major stock exchanges such as NSE and BSE to the various parts of the country, none of the RSEs operate proper trading platforms[1].

With the fast changing capital market scenario and after advent of new securities market technology, independent platforms become expensive and required skill-sets are difficult to procure. RSEs, with their limited resources, appeared to be completely out of the race with the NSE and BSE equipped with high capital market infrastructure and technology. RSEs do not get listing support upon introduction of SEBI Delisting Guidelines, 2003. Investors are not growing in number as required. Product lines are insufficient to meet the economic requirement of the country. After discussing the issues on RSEs, it is very important to understand the survival of RSEs[2].

SURVIVAL OF RSEs AGAINST ALL ODDS

RSEs survive and continue to function thereby playing an important role in assisting and facilitating investing public though their role in exercising regulation and control over the business has been shorten under pressure of fast changing capital market regulatory scenario. They continue to provide support and service to the investing public in redressing their grievances arising out of investment in securities. They continue to discharge the responsibility of making investing public aware and educate about the securities market instruments and activities through seminars/workshop/education programs. RSEs have successfully done the task of corporatisation and demutualization as prescribed under Securities Contracts (Regulation) Act. 1956 and they have started to function in a broad based manner[3].

IMPORTANCE OF PRESENCE OF RSEs IN THE INTEREST OF SECURITIES MARKET

Even though the major stock exchanges, having nationwide terminals, enjoy the entire market share, the presence and importance of RSEs cannot be ignored on account of the fact that they are the First Aid Boxes/Primary Health Centers of Securities Market. Basic idea about the prospects of investment in securities and treatment of the grievances in the course of investment in securities can be first provided / suggested by the RSEs to the urban, semi urban and rural based investing public. An investor based at a State or district level centre cannot proceed to Mumbai for getting right kind of consultation/information about investment in securities but he can consult a RSE within his reach. Major stock exchanges can provide nation-wide trading terminals but RSEs that can reach district level centres in their respective State of jurisdiction in an extensive manner. Number of investors in the country is less than 2% as against 30% in the western part of the world. So, besides providing trading terminals, it is equally important to reach district level centers through out the country to spread and promote the securities market through seminars/workshop/ investors education programs. Investors' Awareness Programs can be conducted meaningfully and successfully with the help of RSEs than those other platforms/bodies/associations without having capital market knowledge, skill and infrastructure. Certificate course/diploma course/degree course on capital market, which have already commenced by few RSEs, can be undertaken by the RSEs with the resources available with them in a successful manner for promotion of securities market. Mumbai may be considered and regarded as capital city of securities market but in the interest of the market, all regions of India are equally important. Therefore, RSEs should not be denied of existence. RSEs can be made as platforms to promote and help Small and Medium Enterprises (SMEs) for raising of capital through primary market.

PRESENT STATUS OF THE RSEs

NSE and BSE account for almost 100% of the total turnover. As far as RSEs are concerned, except for the Calcutta Stock Exchange (CSE) and the Uttar Pradesh Stock Exchange (UPSE), there is no trading on any other stock exchange and even on the CSE and UPSE, the business is down to a trickle[4]. The financial condition of the RSEs is by and large also weak. This state of affairs has been prevailing for the past several years. Three factors have been primarily responsible for this:

a) The advent of automated trading and extension of nationwide reach of BSE and NSE which offered a large and liquid market to investors across the country; b) The introduction of uniform rolling settlement from June 2001 in place of account period settlement with varying settlement cycles and

*

* Over the country exchange of India

Source : Economic Review, 2006 Central Planning Board for RSEs, Delhi

c) The abolition of the concept of regional listing.

Table -1 Statement showing RSEs turnover from 2003-04 to 2008-09 in Rs. crores

INITIATIVES TAKEN FOR THE REVIVAL OF THE RSES

Considering that the RSEs had invested substantially in the infrastructure, which included building, hardware and software for automated trading, several initiatives were taken to revive these exchanges so that the infrastructure could be put to productive use. The first among them was the setting up of the ICSE platform to regroup the RSEs to provide a third national market. The ICSE was promoted in 1998 by 14 RSEs for providing an additional trading platform where the shares listed on any of these 14 exchanges would be traded. The ICSE was thus conceptualized as a stock exchange to provide a common trading platform to members of all participating stock exchanges, mainly with the objective of boosting trade in the securities listed on the participating stock exchanges. It was felt that such trading across different stock exchanges would generate renewed trading interest among investors by providing them an opportunity to trade in large number of shares that were listed on the participating exchanges. But this did not happen.On account of lack of liquidity, ICSE did not succeed. The second effort was to permit the RSEs to set up broking subsidiaries which could pool the financial resources of regional brokers and of the exchanges and obtain membership of the BSE and NSE. The regional brokers could then act as sub brokers to the subsidiaries (which had registered as brokers) and have access to the markets of BSE and NSE. Even the ICSE set up such a broking subsidiary. Though the scheme maintained the purity of the functions of the exchanges, though dysfunctional, most subsidiaries became successful brokers in the market of other exchange(s). Although the subsidiaries were basically brokers, there were several differences between them and corporate broking firms, primarily because these were subsidiaries of the stock exchanges. SEBI took the initiative to encourage the BSE and the smaller stock exchanges to set up the BSE Indo Next trading platform as a separate trading platform under the present BOLT trading system of the BSE. It was a joint initiative of the BSE and the Federation of Indian Stock Exchanges (FISE) of which 18 RSEs are members. The BSE Indo Next market was intended to be an SME specific market. The BSE Indo Next trading platform was supposed to be implemented in phases. But it has not yet gone beyond the first phase.

Ludhiana	9154	857	0	0	0	0
Madras	109	24	38	99	27	5
Hyderabad	978	41	5	3	14	97
Magadh	1	0.0041	1	0.09	0	91
Kutch	0	0	0	0	0	0
Bangalore	10187	934	0.11	0.1	0	0
Delhi	82996	5526	11	13	0	0
Gauhati	0	0	0	0	0	0
MadhyaPradesh	4	10	0	0	0	0
Inter-connected	237	59	24	0.034	0	0

SUGGESTIONS

The RSEs which do not want to continue as exchanges can be given an exit option. The recognition of such of the RSEs which are notorious for their rank indiscipline besides giving rise to serious regulatory concerns can be compulsorily withdrawn and a continuing option may be given to such of the RSEs which have the potential and the willingness to participate in any alternate trading platform.

There are certain deeply embedded behavioral issues which continue to dominate the mind set of the members of the RSEs and they seem to be coming in the way of some of the RSEs accepting the reality which demands sub-ordination of their individual and independent identity before the larger interest of the very survival of the RSEs. Indeed, it was this attitude coupled with the equally uncompromising attitude of the business partners which were responsible for the failure of the various rehabilitatory measures taken in the past for the revival of the RSEs. Equally the members of the RSEs, by virtue of their access to national trading platforms through the subsidiary route did not find any incentive to trade and promote trading in the RSEs. Although the RSEs have ceased to perform the basic economic function for which they were set up, their continued existence by itself, necessitates regular on site and off site regulatory monitoring and surveillance. Regulatory resources are thus thinly spread and the attention of the regulator is diverted from more emergent issues to grappling with such routine issues which relate to dysfunctional entities. Deployment of regulatory resources for monitoring such a large number of exchanges thus entails an avoidable and huge regulatory cost and imposes both a risk and a burden on the regulatory system. As the study suggests, though RSEs are now not performing on their prime function of providing a trading platform among investing community, still certain economic and social issues involved with their existence should not be fully ignored in a country like India. Even now, they also play a major role in investor's grievance redressal, create awareness programme on securities investment through conduct of seminars, workshops and other investor education programmes. They still remain as the primary health centers of securities market.

REFERENCE

1. Agarwal H, "Stock Market Volatility and Corporate Investment in India" *IMF Working Pape*r 1995, pp. 95-102.
2. Maya M.R., " Evoluation of Giant" *Dalal Street Investment Journal*, April-17-30, 2006, pp. 86-88.
3. Bhargava. S, *Scurity Market in India - A Review*, 2005-2006, p-89.
4. SEBI *Annual Report*, 2002-2003, p-6.

v v v

THE DOWNTRODDEN IN ODIA SHORT STORIES: FROM PHAKIRMOHAN TO PRESENT

Biraj Mohan Das

(The article explores the portrayal of the excluded class in Odia Short Stories from Phakir Mohan to the present. It also briefly outlines the changing contours of social history of Odisha. It links the changing scenario with the themes of the Short Stories. It presents a coherent picture of the excluded through Odia Short Stories and links it with advent of western education, western ideas, rise of nationalism, Gandhism , economic exploitation of India and Odisha, growth of leftist ideas and the post Second World War World, India and Odisha.)

A study of the history of the Odia short story spanning five decades starting from 1898 when the form came into being to 1947 when India became independent reveals the supremacy of the downtrodden in the thematic structure of the stories. They were backward not merely economically; they lagged behind in the fields of culture and education. They were far behind others in thought and religious consciousness. For this the steady deterioration in the fortune of Odisha in the last three hundred and fifty years, a deterioration hastened by the rise of feudalism, is mainly responsible. The rule of foreign powers such as the Pathan, the Mughal, the Marahatta and the British with the sole aim of economic exploitation broke the backbone of Odisha. The emergence of the feudalistic class arising out of the administrative system and their oppression further crippled them. By the second half of the nineteenth century these people were rendered more inactive and impoverished. They suffered all atrocities silently and fatalistically. The new administration did not help them; rather the law could be manipulated by those who knew its intricacies. In fact, through the smoke-screen of law, these silent, innocent, downtrodden people were exploited.

They were immersed in superstition because they lacked education, because they were backward, they were suffering from the epidemic called caste system. People living on farming mainly constituted this class. They owned no land because that was in the hands of kings or zamindars and the government. The famine of the 1866 known as Naanka completely ruined them. Under such circumstances a newly educated class came up. These people got employed in government jobs and achieved financial security. Out of their ranks developed a class of people who created a literature of new consciousness. The downtrodden attracted the attention of this class of litterateurs.

The worship of humanity, which has been the central theme of English Literature since the mid-eighteenth century, began to influence Indian Literature. Stories and poems of Rabindranath , the master craftsman of our neighbouring Bengali Literature, also did the same. Because of exposure to English education, Odia writers did absorb new ideas and thoughts from English literature. Spiritualism, aesthetic sense, love of nature, love of the language were reflected in Odia literature, but the worship of humanity became the keynote. The core sympathetic attitude towards the downtrodden was becoming universal. The strong presence of the Brahmo religion also gave a fillip to the effort for upliftment of the downtrodden.[1]

Phakirmohan happened to be the father of modern Odia fiction. In his short stories, the common man found a strong place. The turmoil of the past and the tranquility of the present had so affected the creator in him that he poured forth his thoughts and feelings in the form of twenty stories. Of these twenty some were enriched by the problem - ridden life of the downtrodden. He also wrote about the well-to-do class of zamindars, the money lenders and the educated. But the picture of the poor, poorest of poor was the mainstay of his writing. In 'Dakamunishi', Hari Singh, a low paid government servant from an ordinary family has tried his best to educate his son to get a higher job. And his son Gopal, neglected him, his financial well-being tempted him to such an extent that he thought it wise to dump his father. Phakirmohan also depicted vividly, the intimate, honest and pure conjugal life of the poor under similar circumstances in his story 'Bagula Baguli'. From these stories one can see the life of the downtrodden in all its aspects of beauty and horror, idealism and sordidness. The suffering of common man, the trouble he faces to get even a pinch of salt is movingly portrayed in his stories.2 The pioneers of the Odia story-writing, namely Chandra Sekhar Nanda and Dibyasingh Panigrahi also wrote movingly about the poor, especially the characters who rose from the margins to some small job. They, highlighted the snobbery and egotism that a job bred in the minds of such achievers.

The picture of the downtrodden in these stories is one of misery and suffering. They were rich in pathos, but were short on emotions. They vividly described exploitation a higher and more complex nature but did not make an effort to trace the cause of it. The misery of the exploited and their silent suffering was all that was portrayed. The downtrodden in these stories means the farming class, the agricultural labourers, the class which followed the traditional profession i.e., washerman, weavers, milkmen, fishermen, astrologer etc. The writers went for a realistic portrayal of these people with a purpose to generate the reader's sympathy. They succeeded in doing so but failed in the further task of turning tears into flames. In 'Gada Dakayat' of Chandra Sekhar Nanda and 'Adhikar' of Lakshmikanta Mohapatra the cause of exploitation was ascertained, the evil doers were identified, the sufferer turned out to be the avenger, but the consciousness of class struggle was missing.

The experimentations in short story writing, noticeable during the period 1920-1947 have a lot to do with writers sympathetic orientation towards the have-nots. During this period India the whole of and not just Odisha, went through a turmoil. The national struggle for freedom left a deep impact on the minds of people. The spirit of nationalism was in the ascendant. People from different states and representing different walks of life had gathered together with the sole intention to shrug off the yoke of dependence, to be free once and for all from the tyranny of the colonial power. Mahatma Gandhi was the harbinger of this spirit of freedom. He made people conscious of the problems, aroused them from slumber and inspired them to march on in the path of progress. Gandhiji had conquered all hurdles through his movement for Harijans and his march on foot all over the country with a view to eradicating the social barriers of inequality. As time passed, the hurdles vanished. A new light, however feeble it might be, dawned in the hearts of the down-trodden. A new hope was kindled. New dreams sprouted. Those who suffered for ages as victims of oppression and shed tears silently for the first time cheered up and smiled. They treated the country as their own. They had duties to be performed, sacrifice to be made for the country- this thought occurred to them for the first time. The struggle for freedom led by Gandhiji was not only for the country; it had a message for the entire mankind. The ideal and philosophy of Gandhiji was turned into a humanitarian ideal.[3]

After the success of the Bolshevik Movement in 1917, Marxism had gained momentum. In 1924, after the death of Lenin, it slowly crept into Odisha. By 1930 some people were influenced by this socialist philosophy. They did not consider the society on the basis of caste, but on economic basis. They recognized only two classes the bourgeoisie, the people who enjoyed the benefits, and the proletariat the people who had absolutely nothing. They indentified the causes of exploitation-fatalism, the various gods, various worshipping methods. Led by the Marxist logic, they blamed the law, the judiciary and the administration. Man they said, was not responsible for the debacle he faced. Nor was God or luck a factor in the misfortune. Responsibility rested on administrators and on capitalists. This social discourse led to a different point of view on the have-nots. The writers who followed this line of thought had the firm belief that, if man was to be free from his condition of subjugation, literature should be free from all fetters and would have nothing to do with God. Human problems should be solved by human beings. Everything that dragged them towards inaction, inefficiency and injustice was to be named reactionary and, hence rejected. Everything that aroused their thought, the social system and politics in a just manner, that made the people active and disciplined was to be treated as progressive. Here it will be pertinent to mention the 'Srimad Bhagabad Gita' was Gandhiji's ideal and the 'Gita' and Marxism philosophy have a close connection- the values might be different, but the principle and the method of working was similar.[4]

Gandhiji taught the people of India the utility of self-dependence, gave the clarion call to the haves for uplifting the have nots by raising their economic standard. He aimed at a change of heart as well as at the change of society. With the advent of the industrial society, a separate class, that of the consumers, came up. This increased the difference between the two classes, bourgeoisie and the proletariat. But cottage industry could not vie with large or heavy industry and, as a result, people who earned enough to sustain their families decreased sharply. As man advanced, he came to appreciate machines with the result that the soft human values lost their grip and man began to distrust man. Those who lived on agriculture were also getting impoverished for various reasons. On one hand zamindars, revenue collectors and greedy government officials exploited them. On the other flood, drought, famine etc. became enemies of agriculture. Under these circumstances, the common man was forced to go elsewhere, to Assam, Kolkata, Rangoon to earn their livelihood. And in the process they faced unprecedented havoc one after another. Family life was destroyed. They felt utterly helpless. And these new problems sharpened the pens of the story writers belonging to this pre-independence period leading them to describe the situation graphically.

Godabarisha Mishra, Bankanidhi Patnaik, Lakshmikanta Mohapatra, Dibyasingh Panigrahi started writing before 1920. They continued to write even thereafter. Along with them Kalindi Charan Panigrahi, Ananta Prasad Panda, Rajkishore Patnaik, Godabarisha Mohapatra and Pranabandhu Kar etc. were influenced by the philosophy of Gandhiji and wrote stories about the down trodden, the proletariat, not in a partisan political sense but in the true sense. They presented in their stories men and women who suffered the extremes of privation and despair and shed nothing but tears.

By bringing about the fusion of literature and politics the literature of Satyabadi era succeeded immensely and that alone should immortalize them. Literature was to follow the society in their writings. The writers of that period were very much conscious of the two. All that time many superstitions imposed upon the poor, illiterate people by the rich, by religious institutions, by the so called rulers of the state were in vogue and consequently the poor had to suffer from evils like bride-price, child-marriage etc. This apart, they had to struggle at the cost of their lives for freedom from the foreign rule. They introduced a new style in Odia writing. They wrote many poems, epics, plays, stories, essays and ballads based on the glorious tradition, legends and myth. By reminding people of their past glory these writers tried to rebuild the past, refurbish the present and draw the future in a flamboyant and colourful manner. Needless to mention, Satyabadi era was imbued with the spirit of nationalism which readied the individual for self sacrifice to have deep devotion to God and mankind. Above all, one should shed all pretence and be one with the suffering down-trodden Gopabandhu, Nilakantha, Godabarisha, Harihar and Lingaraj followed this style and theme. They maintained their originality in writing.[5]

Nationality and social reform were the mainstay of multifaceted genius of Godabarisha Mishra. Social circumstances and comedy gave progressive thrust to his stories. The faulty land settlement policy of British government and the fact that a particular group of people acquired a lot and the poor were left with nothing was sufficient for him to picture a reality, that was painful and pathetic in the long run but humorous in course. The colonial administrative policy was chiefly responsible for the devastated agrarian society. The industrial policy was equally harmful for the poor workers toiling day in and day out for a morsel of food for their starving family members and children. As a result of the famine that hit the state due to the wrong policy of procurement and supply of food grains and nexus between the government servants and dishonest business men, the poor of Odisha were forced to leave behind their families and start for far off lands to work as labourers in the industrial and ancillary sectors.6 There too the poor were not free from the machinery of exploitation. Not only the picture of the famine but of other scourges like child-marriage and bonded labour that suck the social structure dry were to be found in the stories of Godabarisha Mishra who called upon journalists and social workers to throw light on the exploiters, to fight for truth which could be suppressed temporarily but could not be banished or hidden forever. Humanitarian and sympathetic mind requires no wealth, status or education, with deep insight one has to realize this and has to help others to the best of his ability --- this was the theme and content of a story of Godabarisha Mishra.

Satyabadi era is mainly renowned for its spirit of sacrifice and nationality, including the indomitable spirit of being an Odia. The subject matter of stories of the period showed a progression from the petty circle of individual and family life to the larger community and the nation. The influence of Gopabandhu which was prominent during flood and famine, was also to be noted in the fine experience the writer Godabarisha Mohapatra, a disciple of Satyabadi School had earned while writing the story of an erst while student of Satyabadi. Having suffered the pangs of hunger for several days he finally reaches a relief center and when asked whether relief was available to him or not, he replied in the customary Satyabadi style, 'As long as we are alive, my brother, we will not beg, like human beings we must live'. Some stories of the writer deal with the disaster and debacles caused to the people belonging to lower caste due to the cheating of the white - collar gentlemen of the society. Similarly the so called social workers have been unmasked while exploiting the poor of Koraput, a district full of forest, mountain and the tribal people. The people who have been on the lowest rung because of their utter poverty are deprived of social justice. In 'Magunira Sagada' (The bullock cart of Maguni) the writer has sought to show how the introduction of heavy machinery destroyed the social standing of the people who lived by the simpler, smaller, cheaper, easier means. The writer has drawn attention to the wrong planning and wrong planners who were interested in their own selfish interests. Correct planning entails measures which could help the poor to earn their livelihoods.[7]

Bhagabati Charan Panigrahi is one of the rare persons who accomplished a great deal for mankind inspite of his short span of life. He was one of the pioneers of the socialistic leftist movement in Odisha, but he did not confine himself to politics alone. He has rendered a great service to odia literature through his progressive thought. Bhagabati first made the poor strong enough to stand up and challenge the rich. Sachi

Routray, Ananta Pataik and Rama Prasad Singh also wrote stories based on Marxian philosophy of class struggle. In their stories the poor did not shed tears silently, but came forward to avenge themselves. They were victims of the privileged class and its law and justice but they continued their struggle against the exploitative tradition till the end. Realistic pictures with their cause and consequence were portrayed by these writers, their sole objective being to make the poor aware of their demands, to make the readers conscious of the failings, to punish the culprits, the people who exploited the poor and caused their sufferings. "One thing was clear the police, the law, the religion and its middlemen were meant for the rich, for the poor there was nothing"- for this Bhagabati had made the poor, the proletariat take up axes and sickles.

By portraying these the writers, particularly Bhagabati were able to create some tremors in the social and political circles. Problems of the educated young men and women, affection of the older generation, love and comedy - everything was there. Along with these the heart rendering pictures of the exploited were also to be seen in Bhagabati's stories. Even servants in his stories did not hesitate to announce that they lived on their own sweat of brow and not on the mercy of anybody and warned those who tried to disregard and exploit them. Some of Bhagabati's stories like 'Shikar' (The Hunting) may not be of a Marxist cast, but have created a new phase in short story writing in both form and content. The language was that of the people and it was moving. It reflected the consciousness of the downtrodden as against the bourgeois. The class consciousness helped the poor to get together, but revolution was yet to come. The causes of exploitation and torture were highlighted, but the same were yet to be routed. The writer can be called a Marxist, but not a Bolshevic. The critical realism was thus established for the first time in Odia short stories. The story 'Hatudi O Da' (Hammer and sickle) may be called a story of socialistic consciousness because in this story reactions of a class conscious labourer against his exploiter is reflected. But at the end the exploiter was not punished by the exploited. The main principle of Marxist socialistic philosophy was to oppose judiciary, religion and administration because these were helpful to protect the exploiter. This philosophy is the theme of the story.[8]

A group of young men became the patron of the new nationalistic conscience and established themselves as thinkers and writers, called 'Sabuja Gosthi' (The Green Group) . The writers belonging to this group were totally different in theme and style. Immersed in romantic dreams they wanted to picture everything eternally green. But true literature cannot always remain immersed in romantic dreams, it seeks out truth and reality. One of the 'Sabuja Gosthi' was Kalindi Charan Panigrahi, the middle brother of Dibyasingha and Bhagabati. Kalindi Charan started to write stories, like the writers of romance, of love of life, of love for life, love perennial and eternal love. But soon the sweetness of the music of love was replaced by the harsh notes of struggle, helplessness, pain of life as one sees all around not as one dreams, intoxicated by ambrosia of love. He wrote about the farmers, labourers and for life due to the war, about the pangs of hunger, about the persons who were forced to leave their kith and kin in search of jobs elsewhere. Kalindi Charan was so much perturbed by these social evils that he had no alternative to preach but that of a classless society. This was brilliantly portrayed not much in his stories, but in his poems. He reached a real world, away from romantic ideas. He met many helpless, poor people, destitute and desolate, the poorest of the poor, who were at the bottom of the social pyramid. They daily fought to live, but were beaten into the dust daily. The flames of misery, however fierce it was, kept them alive. Of these he created sympathy for the poor. He dreamt of a society without exploiters and exploitation. He dreamt of repelling the economical disparity. He dreamt of the cripple climbing mountains, of the dumb breaking into songs. His stories create a ray of hope in the hearts of readers that a day will come when everyone will be equal, equally thriving, equally spiritual and equally happy or unhappy.

In the post independence period our social life went through several changes and appeared in different forms. Traditionally idealistic society of the past years was fast changing. The freedom of the individual from all chains, from all yokes, from all obligations, which was whispered during the past decades or so became the mantra. The society passed through different phases and observed them one by one. After independence this country witnessed several events : the abolition of serfdom and landlordism, the establishment of democracy, the process of election, India being declared a soverign socialistic republic, parties identified by individuals, the decay of Gandhian principles, China-India war, India-Pakistan war, the crisis of politics in the seventh decade of twentieth century, rise of Naxalites and reaction thereof, declaration of emergency and destruction of democratic values. During this period the idea of the individual gained such prominence that the public life was neglected. Money meant everything to the people. As a result, spiritual bankruptcy set in. The agrarian culture of villages was fast vanishing. Urban culture spread over the rural areas. The influence of international thoughts and ideas remained in force. Odia Identity was almost lost in the midst of these events. Although there was economic progress a sense of helplessness crept in. Man started a quest for one's own self. This crisis of identity became the key note of literature.

The trend and the style over almost fifty years prior to independence had been Odisha centered. There after India moved into the space in which Odisha was. At times the happenings across the globe also influenced them. But the idealism remained intact. Post-independence days brought in their own styles, realistic and naturalistic. They had to carry out many experiments. Leaving behind petty regionalism they had to draw the big picture thinking like the Bengali, the Hindi, the English, the French, the Spanish and the German story writers. A sort of neo-aristocracy developed whose base was money, which did not believe in anything but in their own status. The higher they went, they believed more they could earn. The wealthier they grew, they knew, the easier for them to obtain it and the more enjoyable the world became for them. They had their priorities, their own pleasures and pains. They had their own problems and they had the key to their solution. In the process, the writers almost forgot the poor, the poorest of the poor, the downtrodden. These neo-rich people were more or less connected with themselves.

The writers who wrote two decades before independence mixed the two sections, the people who lived on agriculture, the farmers, cowherds and others, and the people who were living on industries and ancillary shops, workshops etc. But the writers who started writing after independence drew on the urban world and mixed up their picture of aristocratic life with an occasional portrayal of the ordinary men and women. The emphasis was on existentialism, neo-realism. Upto early sixties of the twentieth century mostly the poorest of the poor, the downtrodden dominated the canvas of the stories. The ideal of Odia story writing was drastically changed and appeared in a new form.[9]

Gopinath Mohanty, Raj Kishore Patnaik, Surendra Mohanty, Sachidananda Routray and some others fall into the first category. In the stories of Gopinath Mohanty the helplessness of the poor is palpable, although he gives them a strong voice and presence too. The tribals, the scheduled castes, the poor farmers of the village, labourers, slum-dwellers populate the world of his stories. By portraying them in their true colour and with the smell of the raw earth Gopinath shown his strong humanitarianism. The poor in the stories of Sachidananda, a writer of the pre-independence period were not to be seen in his post-independence stories, but he portrayed the economically poor in a way that challenged money-centered society. In the stories of Rajkishore Patnaik clerks, peons were seen to be crushed under the grinding stones of day to day life. Surendra Mohanty portrayed urban life very starkly, but in the stories of rural life, the farmers were seen to play a dominant role. Prostitutes, middlemen, unemployed youths, ordinary people became the most influential elements of his stories. Manoj Das showed the effect of independence on feudal lords of pre-independence days, their inner struggle and helplessness and the hypocrisy of the political masters. Representatives of the backward class, people who starved due to famine, labourers, lame beggars, prostitutes, players in the circus, professional beggars played principal roles in his stories with their problems and psychology. In the later periods (1970s onwards) Manoj Das explored the spiritual and psychic human being having moved from Marxism to idealism. Basanta Kumar Satapathy wrote about the attraction of the tribal people for urban life and the disillusionment of those people, the struggle for livelihood of the slum dwellers and the nights of their entertainment that never ended. Pranabandhu Kar, Achyutananda Pati, Santanu Kuamr Acharya, Bhubaneswar Behera, Hare Krushna Mahatab, Mohapatra Nilamani Sahoo also wrote short stories but the downtrodden in their stories faded gradually into oblivion.

Women writers have contributed significantly to the rich tradition of Odia literature. Kuntala Kumari Sabat and Narmada Kar were the writers to lay the doundation and Binapani Mohanty, Nandini Satapathy, Rajeswari Dalabehera, Basanta

Kumar Patnaik and some others have carried forward the rich legacy. Binapani Mohanty is undoubtedly a genius of Odia short story writing. The psychological analysis of women's minds is deeply influential in her stories. She has presented reactions, evoked by compelling situations. She is a past master in illuminating the many hidden desires of women in her stories. She has boldly portrayed the lowest section of women, their hopes and despair, the torture by the so called aristocrats inflicted on them in the name of false customs. Nandini Satapathy is another well-known writer who was not guided by any romantic ideology, realism was the mainstay in the writing about the scarcity the downtrodden felt in their daily life not to mention their pleasure and pain. The downtrodden for her means the daily-wage-earning people whose income was too meager to meet the expenses of arising out of celebrations as well as mishaps. Writers cannot reach the root of all problems until and unless they are well-acquainted with all aspects of life. It is never wise to criticise others. With this principle the writer has presented in her stories the economically poor and the socially backward, their life style and their psychological state.

Rabi Patnaik, Bibhuti Patnaik, Harihar Das, Anadi Sahu, Rama Chandra Behera, Ratnakar Chaini, Purnananda Dani, Padmaj Pal, Jagdish Mohanty are the writers whose stories reveal a contemporary sensibility. Of them some accepted as their objective the downtrodden. They show how these people were cheated in the name of democracy and how the unholy nexus between the political bosses and the administrative baboos eat the society hollow. They show the helplessness of the poor. But the contemporary Odia short story is fast separating from the have-nots moving closer towards and affinity with the haves. The have-nots constitute the back bone of the society, the back bone of the nation. To neglect them is to lose the raw material of literature. Fiction, short or long, lives and feeds on them. Odia literature had not discarded the downtrodden in the past. Blood and tears of these people had sharpened the literature. Contemporary story seems to have lost the marrow. The skeleton alone remains. By writing about their helplessness in facing life's problems, of their hidden desires and thoughts in a superficial way is not going to help. One has to portray real life in its totality. The downtrodden have always been at the receiving end and have never been the protagonists or prime movers in the neo-aristocrats' stories.

The history of Odia short-story writing from pre-independence days to the modern times shows that the first fifty years have been the period of downtrodden. But the next forty years saw the weakening of idealism and sympathy leading to the impoverishmenting of their portrayal. The downtrodden have been treated as the objects of pity in the literature of the neo-aristocrats. The discontent and the quest of the downtrodden have been suppressed and the neo-aristocrats have ridden roughshod over them. This is in fact, has been the character and characterization of downtrodden in Odia short stories.

REFERENCES

1. Dr. Natabara Samantaray, Odia Sahityara Itihasa, Prafulla Kumar Dhala & Hrudananda Bhola, Bhubaneswar-2, 1st Edition, 1964,p-30.
2. Phakir Mohan Senapati, 'Daka Munshi', 'Bagula Baguli', 'Punarmusikobhava', Phakirmohan Granthabali, Vol-III , Ed. Debendra Kr. Dash, Grantha Mandir, Cuttack, 2008.
3. Dr. Atul Chandra Pradhan, The Emergence of Depressed Classes, Book Land International, Bhubaneswar-1986 , p-48, Dr. Mayadhar Mansingh, 'Bapujee-Baputarpana', Mansingh Granthabali, Vol-I, Grantha Mandir, Cuttack, 1962, p-260.
4. H.S. Sinha Communism and Gita, Concept Publishing Company, Delhi, 1st Indian Reprint-1979, p-3.
5. Dr. Brundabana Chandra Acharya, Godabarisha Mohapatra Parikrama, Cuttack students Store, Cuttack, 1969, pp-15-6
6. Ruddar Dutt and K.P.M. Sundaram, Indian Economy, S.Chand & Co. Ltd., New Delhi, 1983 pp 20-22.
7. Godabarish Mohapatra, Magunira Sagada, Godabarisha Mohapatra Shrestha Galpa, Ed. B.C. Samal, NBT, New Delhi, 2010, pp-1-4.
8. Bhagabati Charan Panigrahi, Hatudi O Da, Bhagabati Sanchayana, Nabajuga Granthalaya, Cuttack, 1985,pp-73-76
9. Dr. Biraj Mohan Das, Odia Kshudra Galpare Anunnata Sampradaya, Odisha Book Store, Cuttack, 1997 p.359

v v v

EARLY LIFE AND MENTAL MAKE-UP OF BAL GANGADHAR TILAK

Debaraj Swain

[*The article attempts to draw the mental make-up of Bal Gangadhar Tilak, a front runner freedom fighter of India. Tilak along with others notably Bipin Chandra Pal, Lala Lajpat Rai and Aurobindo Ghose, represents the extremist phase of India's struggle for freedom. Death of Tilak in 1920 marked the sure emergence of Gandhi as the new leader of India and this was no historical accident. Understanding the mental make of Tilak is crucial to our understanding of India. The author explores the Marhatta heritage, the caste dynamics, early education and other influences that Tilak underwent to rebuild his mental make-up. Aspects of social history and intellectual history have been systematically explored.]*

Lokamanya Bal Gangadhar Tilak was the first mass leader of India.He marshalled the people of India into action by his fiery slogan 'Swaraj is my birth right and I shall have it.'He waged a relentless war against the British till his end.He effected a paradigm shift in the methods of Indian National Congress. He advocated militant nationalism and sparked fire of complete independence in Indian consciousness. Self-reliance and sacrifice were his forte. For the cause of Swaraj he suffered imprisonment thrice. There was not a single walk of life where Tilak's presence was not felt. Indeed, he set up the platform for Gandhiji's leadership. The British regarded him as their greatest bête noire in India and tormented him in all possible ways. But like a solid rock Tilak remained unmoved and continued his struggle with greater vigour. This was possible because of his strong personality, the foundations of which had been laid during his early career.It seems that, among other factors, parental and social heritage coupled with Western education played an important role in moulding the character of Tilak.In this article an humble attempt has been made to overview the formative years of Tilak and the influences on him.

Bal Gangadhar Tilak was born on 23 July, 1856, at Ratnagiri of Bombay Presidency(Maharastra). Long before Tilak's birth the sun of Marhatta Empire had set. With the fall of Peshwas is 1818 Maharashtra had come under British Rule. The intervening period witnessed a gradual waning of old order and a steady preparation of the country for the great revolt of 1857. To understand the early life and mental mak-up of Tilak one must have a clear idea of the history of Maharashtra at least for fifty years prior to the rise of Tilak.

With the loss of political power of the Peshwas, respect for them soon disappeared so completely that even the news of the death of Peshwa Baji Rao II failed to draw public attention. While some Marhatta states like Gwalior, Indore, Baroda, managed to retain their vigour, prosperity and public esteem, lesser Rajahs, Maharajahs and Sardars appeared to have been in a worse condition. Ignorance, indolence and prodigality had captured them so completely that, in a poignant description of their state given by Gopal Hari Deshmukh in 1849 he seriously warned them to give up those habits and reform their conduct so as to qualify themselves to be reckoned as human beings[1]. Colonial rule also brought about changes in the social status of the people of Maharashtra.Brahmins of those days were divided into two groups, one comprising the priests and Pandits and the other clerks and incumbents of higher posts. While the fortune of the former was fast falling that of the latter was on the rise. The British depended much on the support of the second group for the development and consolidation of their new administrative system. This however made them autocratic. The lot of the non-Brahmins-peasants, artisans, and other profiessional classes was also on the decline. General condition of the people was not good.

Though the Englishmen were aware of the baneful effects of education on the stability of the government yet they made arrangements for its spread. Elphinstone, the Governor of Bombay Presidency stopped the distribution of "Dakshina" and with that saving started a Sanskrit school in Poona in 1821. An English class was also attached to this school in 1842. This institute gave rise to the present Deccan College in 1868. The English School became the Government High School. As English was introduced in school and college curriculum, Sanskrit and Marathi lost their former importance. The University of Bombay came into being twenty years before Tilak became a graduate. Female education had not made much progress.[2]

The spread of education, however, was gradually producing its impact on men and manners, dress and behaviour of the people. It seriously disturbed the balance of the society. Foreign teachers and missionaries also helped aggravating the situation. In order to protect the society from these onslaughts, reform movements like Brahmo Samaj and Prarthana Samaj were started. But they failed to evoke desired response from the common people. It was increasingly realized that the nation could not advance only by religious and social reform. Strong leadership was also required for the progress of the country.

The Marathas has not yet reconciled to their loss of freedom. They were proud of the exploits of Maharajah Shivaji. That they had successfully repelled the Islamic aggression, that their political ambition had been frustrated were still fresh in the mind of the Marathas. They had been nurturing a feeling of distrust against the British right from the time of Shivaji. A booklet, AmatyaNiti noted down by one of Shivaji`s contemporaries throws welcome light on basic considerations underlying his (Shivaji's) administration. A chapter of the booklet contains specific warning against European traders-especially English traders. The chapter emphasizes the need to remain on guard against the penetration of English traders in maritime and coastal tracts. It has also made clear that spread of religion and acquisition of territory were the objectives of the European traders. This thought remained dominant in the psyche of the marathas as they tried to adapt themselves to the new administrative order.

Against this back-drop Tilak's life began at Ratnagiri in Konkan district of Maharashtra. Ratnagiri was a small harbour-town on the sea shore with a small population comprising mostly of peasants, artisans and fishermen. It was an unimportant town from either scenic or commercial point of view. But it deserves mention that the two men Tilak and Gandhi, who were mainly responsible for bringing British rule in India to an end, were both born by the sea. Unlike other conquerors of India from the day of Alexander, the Great, to the days of the Moghuls, who all attacked the country from the North, through the Khyber pass, Britain alone conquered India by sea, and it was through men who had the sea in their blood that their rule came to and end[3.]

The birth of Tilak was a matter of great joy for his parent Gangadharpanth and Parwatibai, for there were there daughters in the family but no son. Parwatibai, Tilak's mother, was a deeply religious woman. She undertook severe austerities to propitiate Sun God in the hope that she might be blessed with a son. Though weak she continued her penances even after Tilak's birth. Tilak must have been deeply influenced by the religiosity and strong devotion of his mother, Parwatibai. Tilak belonged to the chitpavan brahmin sub-clan. The Chitpavans had legendary origin.

"the aging Parsuram wanting to carry out some religious rites, could find no Brahmans to help in their performance. But as he wandered along the seashore, seven bodies were washed up in front of him, which he collected together and cremated, and then out of the glowing ashes brought the seven men back to life. These were the original Chitpavans (chit=ashes, pavan=pure) who did Parsuram a service by carrying out the religious rites for him. The descendants of these men who were cremated and restored to life are the present-day Chitpavan Brahmans".[4]

The Chitpavans were famous for their intellectual and martial qualities. The Peshwas, who were responsible for the expansion of Maratha Empire, were also Chitpavan Brahmins. The Chitpavan Community bore the brunt of persecution at the hands of the British people. In the letters of Sir Valentine Chirol or in the report of the Sedition Committee, the mention of the Chitpavan stands in high relief.[5] So the Chitpavans nourished a feeling of hatred toward the British rule. Tilak was a Chitpavan Brahmin. So this feeling of hatred towards the British rule must have been in his blood.

Influences of the heredity and the surrounding on Tilak can be gleaned from a few records of his family history. Tilak's forefathers lived in the village of Chikhalgaon near Ratnagiri and enjoyed the "Khoti Rights." Khoti is a Vatan (estate) granted by kings to persons who took initiative in colonizing uninhabited parts or who reclaimed fallow land under cultivation. Keshavrao, the great Grand Father of Tilak was a high ranking civil servant under the Peshwas. But when the British took over the administration of the country in 1818, he resigned his post because he considered it an infra dig to serve a foreign government. This trait of independence of mind must have a bearing on Bal GangadharTilak.

Tilak's Grand-Father Ramachandrapanth was a talented but irresponsible man. After the death of his wife, he left for Benaras leaving his large family to fend for itself. He returned home only to leave once again after a short stay. Yet Rama Chandra played an important role in moulding the character of his grand-son. He taught Bal (Tilak's nickname) to read and write. He was impressed by the swiftness with which the boy learned. He used to tell the boy tales of adventure which included some inspiring events that took place during the Great Revolt of

1857. Thus the old man was largely responsible for stirring the young Bal's imagination and so laying the foundation of his stormy career.[6]

The most enduring impact on Tilak came from his father. Gangadharpanth started his career as a primary teacher and rose to the post of Assistant Deputy Educational Inspector. He was highly proficient in Sanskrit and Mathematics. Tilak imbibed the love of Sanskrit and Mathematics from his father.[7] He also inherited from his father qualities like honesty, love for hard work, strong will, patriotism, love for Indian culture and tradition and remained wedded to them throughout his life.

Formal education of Tilak began in a Primary school of Ratnagiri in 1861. Within a short period he made great strides in the traditional learning of the multiplication tables, arithmetic, Sanskrit declensions and synonyms from the Amarkosh much to the satisfaction of his father. With Gangadhar's transfer from Ratnagiri to Poona in 1866, Tilak got a better educational environment. Before he entered the English School his mother died. In 1871 while Tilak was yet in the English School his marriage was solemnized with Tapibai, a girl of 11 from the respectable old family of Ballal Bal, well known for their hospitality and religious charity.

Gangadhar died in the year 1872. By this time the first bricks of the edifice of Tilak's education had been firmly laid. Towards the close of 1872.Tilak appeared for the Matriculation Examination and easily got through it. With Tilak becoming an orphan his affairs were entrusted to the care of Govind Rao, Tilak's uncle Govind and his wife Gopika Bai took great care of their talented nephew and being themselves illiterate, allowed him almost a free hand in whatever he did. Tilak got a good education in the orthodox Hindu Cultural tradition and this influence remained throughout his life.[8]

From his early years at school Tilak showed his independent outlook. On one occasion he was mistakenly charged by the teacher for making the classroom floor a mess by drooping groundnut shells. Tilak deified the teacher by refusing to accept punishment and walked out of the class room. On another occasion he wrote the word 'Sant' (sage) in three different ways. When the teacher held only the first one correct, he drew the attention of the Headmaster and won appreciation for the variation. This independent way of thinking was maintained by Tilak in all his activities.

Tilak spent his childhood at ease. Except the loss of his parents there was nothing to disturb the peace and tranquility of the boy. He never experienced the pangs of being an orphan as his uncle and his aunt shed their love and affection on the boy lavishly. A child looks at the world from the angle of its own domestic life and to a boy with a happy and comfortable family background, society and Social Conventions do not appear to be menacing or inimical.[9]

He entered the Deccan College at Poona as a resident student in 1873. Instead of taking up his studies seriously, he devoted his first year in college to build up a strong physique. Tilak had a slender and puny looking figure almost bordering on grotesque with a large hand, bony wrists and bulging belly. On the contrary Tapibai, his wife, was a strong and stout lady.

The incongruity of Tilak's physical frame in relation to Tapibai's was a matter of zest among his cronies. With a strong determination to improve his health, Tilak joined a gymnasium where he practiced body-building exercises. He was fond of games like Indian wrestling, rowing and swimming. A rich diet coupled with regular exercises of one year finally metamorphosed Tilak into a strong and robust youngman much to the astonishment of his taunting friends. It is interesting to note that this physical fitness enabled Tilak to withstand the great suffering throughout his struggle against the British.

Contemporaries of Tilak throw a welcome light on his college days. Sociable and popular as he was, he could rally round him a circle of happy friends. He was very jocular and loved to play pranks on his hostel mates. He was brave like a lion with a touch of recklessness. Once he jumped down from the terrace of the college building in response to a friend's question as to what he would do if it was necessary for him to disappear from the place at a moment's notice. Though resolute and stern he was very soft and sensitive so far as his friends were concerned. Many a time he volunteered to nurse his friends when they fell ill. Some of Tilak's friends nicknamed him 'Mr. Blunt' for his outspokenness. He was blunt enough to tell a Professor of Deccan College, Mr. Peterson, that he did not known how to teach Sanskrit. The lone professor who had a lasting impact on Tilak was Kero Vaman Chhatre, the Professor of Mathematics at the Deccan College. A pastmaster in mathematics, Chhatre was endowed with a tremendous ability to teach. He was also a good samaritan for the poor students. For his noble traits students held him in high esteem. It was through him that Tilak developed a passion for Mathematics and to become a teacher as well.[10]

As a beginner in collegiate education, Tilak devoted himself to the study of Sanskrit Classics, writings of western philosophers and those of Marathi Bhakti reformers on a varity of subjects ranging from science to metaphysics. He also took interest in the study of Indian History particularly the Great Revolt of 1857. As mentioned earlier he had heard about the thrilling exploits of Nana Saheb, Rani Laxmibai and Tantia Tope etc. from his grandfather. Now he set himself to analyse critically the causes of the failure of the Revolt. He seems to have been greatly inspired by the great revolt of 1857.

It was in the Deccan College that Tilak came in contact with Gopal Ganesh Agarkar, a contemporary of Tilak but was Junior to him in the college. Agarkar was not as fortunate as Tilak was. Coming from a financially bankrupt middle-class family Agarkar had to exert himself at a very early age to eke out. Yet his poor pecuniary lot could not deter him from pursuing higher education. With the support of his maternal uncle Agarkar succeeded in passing the matriculation. His insatiable thirst for knowledge landed him in Deccan College. Pestered by object poverty Agarkar became critical of the existing social order that was marked by wanton inequality. Agarkar does not seem to have come under the influence of traditional religion or dogma. He developed a liking for philosophical literature of the West and inculcated the ideas of Mill and Spencer. Tilak, because of his intimacy and long association with Agarkar, could not escape the influence of these ideas. That apart, Positivism of Comte had its bearing on young Tilak's mind. Again the idea of Four Estate system explained in the Sociology of the same author must have impressed Tilak as it had a semblance with the Hindu idea of Caste System. He was also influenced by the social equality of Christianity and the openness with which the missionaries talked and mixed with the high and the low.[11]

Progressive Indians like M.G. Ranade, Dadabhai Naoroji, Vishnushastri Chiplunkar and a host of others also played their part in moulding the mental make-up of Tilak. Ranade was a Government-servant and was transferred to Poona in 1871. On coming to Poona, he took up the task of reconstruction of Maharashtra. His effort was mainly educative and in a series of lectures on Public finance and religious and cultural topics he created an enthusiasm for economic and industrial progress, for India-made goods and also for Maratha History and Literature.[12]

By this time Pre-congress organisations were coming up in different pockets of British India with a view to promoting various issues mostly regional. Sarvajanik Sabha had already been established in Poona in 1870. The foremost duty of Ranade was to invigorate the nascent Sabha. Under his aegis, the Sabha played a leading role in an investigation of agrarian problems during the Deccan Riots of 1825. Earlier in 1874, the Sabha had sent a petition to Parliament through which it had demanded the right of representation to India in the British Parliament. Then came the issue of the trial of Mulharrao, Gaekwar, the ruler of Baroda. The Maharaja was booked under the charges of attempting to poison the British Resident. Getting his nod, the Sabha sent a petition to the Government demanding a fair trail for the Raja. It is to be noted that prior to the arrest of MulharRao, Dadabhai had resigned the Dewanship of Baroda. Tilak must have keenly observed the ideas of Ranade and of Dadabhai in this trail case.

Ranade was an ardent advocate of social reform. After the untimely death of his wife it was expected that in keeping with his reforming zeal he would marry a widow. But belying the expectations of the reformist section, Ranade married a girl of 13 pursuant to the wishes of his father. The incident convinced Tilak that it would be a futile exercise to address social issues in the conservative Indian society. Therefore, Tilak may have prioritized political reforms.

During Deccan riots Wasudeo Balwant Phadke organized an armed revolt in Maharashtra to overthrow the British Raj. The rebellion was crushed and Balwant Phadke arrested. He was tried and deported for life to Aden where he died four years later. Tilak must have realized the futility of the use of force to oust the British.

The impassioned writings of Vishnushastri Chiplunkar rendered a yeoman's service in arousing the national sentiment of the people of Inida. Through his powerful pen he appealed the people to know their great cultural and national tradition. At the same time he denounced the elder leaders like Ranade for dubbing India's link with the British as providential. He came down heavily upon the missionaries for their mockery of Hinduism. The inspiring and inflammatory writings of Chiplunkar must have gone a long way in drifting Tilak towards extremism.

After passing his B.A with a first class in Mathematics Tilak embarked on a course in law, which, he thought, would be of great use to him in his future course of action. His decision to study law was due to his association with Dr. V.N. Mandalik. Mandalik was a renowned lawayer. He has made his mark in literature as well. He was the friend of Tilak's father. Dr. Mandalik used to frequent Tilak's house and had become as familiar with him as with his father. According to N.C. Kelkar, "Tilak possibly took the tangential trail to the LL.B., as much from the example of Mandalik as from Mandalik's own advice, given in a spirit of well-wishing for the young Tilak, as a mark of sweet recollection of friendship with his father."[13] Karandikar also supports the view of Kelkar and says, "The enample of Mandilk might have led him to conjure an independent life and robust public career.[14]

Tilak seems to have come under the influence of Dr. Annasaheb Patwardhan. It was during his stay in Bombay that Tilak became acquainted with Dr. Patwardhan who was then studying law, medicine and engineering almost simultaneously. He also took interest in industrial regeneration of the country. His versatility must have struck Tilak. Tilak's one-time interest in anatomy and psychology has been attributed to his association with Dr. Patwardhan.

Tilak was greatly inspired by the Maratha hero Shivaji. It was Shivaji who could successfully resist the oppressive and despotic Mughal rulers. By his strong will and fixity of purpose he could unite the Marathas into a nation and carve out a Maratha Empire. Like Thomas Carlyle and Emerson, Tilak believed that the heroes of the world are the creators of history.[15] He was so much inspired by the exploits of Shivaji that he organized Shivaji Festival to arouse the patriotic sentiment of the people.

The most profound influence on Tilak came from the Bhagvat Gita. The Gita remained a perennial source of inspiration for him. The science of 'KARMA-YOGA' appealed him most. In Gita the starting advice of Sri Krishna to Arjuna is that it is not proper to give up action (Karma) on the ground that numerous difficulties arise in the consideration of what should be done and what should not be done, that a wise man should practice such a 'Yoga' or device whereby instead of actions being done away with in the world, one will only escape their evil effects. This principle guided Tilak throughout his life.

He also derived some support for his view of the non-absolutism of the norm of Ahimsa from the epic story the Mahabharat. In the epic Prahallad says to Bali not to consider forgiveness as an eternal law. There may be occasions when compromise has to be made in the application of this law.17 This supported Tilak's view that in politics there is no place for the absolute application of Ahimsa.

The cumulative effect of early influences made Tilak a versatile genius. He was to play the most important role in India's struggle for freedom. At the same time he did not lose sight of Literature, Social Reform, Journalism, Education etc. and contributed substantially to these fields. In Tilak's case the notions of formative years remained clung to him till his last breath. He remained a nationalist out and out and all his activities and programmes exuded national ethos.

REFERANCE

1. Kelkar, N.C., Life and Times of Lokamanya Tilak, S. Ganeshan Publisher, Triplicane, Madras, 1928, P.60.
2. Ibid., P.65
3. Tahmankar, D.V., Lokamanya Tilak-Father of Indian unrest and Maker of Modern India, Kesari Maratha Trust, Poona, 1956, PP 9-10.
4. Ibid., P.8.
5. Kelkar, N.C., Op. cit., P.4.
6. Tahmankar, D.V., Op. cit., P.10
7. Jog, N.G., Lokamanya Bal Gangadhar Tilak, Publications Division, Ministry of Information and Broadcasting, Government of India, New Delhi, 1962, P. 10.
8. A.K. Bhagwat & G.P. Pradhan, Lokamanya Tilak-A Biography, Jaico Publishing House, Mumbai, 2008, P.3.
9. Ibid., P.4.
10. Karandikar, S.L., Lokamanya Bal Gangadhar Tilak-the Hercules and Prometheus of Modern India, Sidhamohan Art Printery, Bombay, 1957, P.70.
11. A.K. Bhagwat & G.P. Pradhan., Lokamanya Tilak- A Biography, OP-cit., P.10.
12. Ibid., P.12.
13. Kelkar, N.C., Life and Times of LokamanyTilak, Op.cit., P.57.
14. Karandikar, S.L., Lokamanya Bal Gangadhar Tilak- The Hercules and Prometheus of modern India, Op.cit., P.53.
15. Tahmankar, D.V., LokamanyaTilak, Op. cit., P.63.
16. Tilak, B.G., Gita Rahasya, Kesari Press, Pune, 2004, P.71.
17. Varma, V.P., 'Tilak's spiritual Nationalism' in N.R. Inamdar (ed.), Political Thought and Leadership of Lokamanya Tilak, Concept Publishing Company, New Delhi, 1983, P.2.

v v v

MOTHER GODDESS WORSHIP IN THE BANK OF THE DEVI RIVER

Pragyan Paramita Patra

[The paper is a micro study of worship of Mother Goddess on the bank of River Devi. The spatial extension of the study is limited to Jagatsinghpur District only. Devi is a distributary of River Mahanadi within 80 kms. from the sea. The article spells out the pan Indian Mother Goddess Worship tradition and the regional tradition of Odisha. Within this larger frame work the author places the micro study relating to a small coastal district of Odisha. The micro study enriches understanding of the macro].

The origin of the cult of Mother Goddess in India is shrouded in mystery. Archaeologists, historians, Ideologists, philosophers and scholars have expounded various theories with regard to the origin and evolution of all pervasive female principle, but none has been able to explain it satisfactorily as yet. Whatever might be the time of origin of this mysterious cult, it is an admitted fact that the worship of Shakti has been an important religious complex of the Indian civilization since time immemorial[1]. Mother Goddess is definitely linked with fertility rites prevalent in the early era of all civilizations.

The cult of mother goddesses is believed to have existed in India from a very long period .The antiquity of the worship of the mother goddesses dates back to the period of Indus valley civilization. Numerous terracotta figurines and seal discovered from Indus valley speak of their links with goddesses Earth. An interesting seal from Harappa strengthens the hypothesis that mother Earth was identified with goddesses of fertility. *Rig veda* refers to *Prithvi* as the kind mother who has been asked to take care of the dead. Mother goddesses in her many-faceted aspects represents various phenomena, as for instances, *Saraswati* represents learning and wisdom, *Laxmi* represents wealth, *Durga* the benevolent aspect, Kali the malevolent and so on and so forth. The *puranas* and *upa-puranas* hold *Shakti* in highest esteem even over *Brahma*,*Visnu* and *Maheswara* –the creator, the preserver and the destroyer of the universe .On the basis of archaeological evidences, the concept of S*hakti* can be traced to the Indus valley civilization .In course of its evolution during the *pre-vedic*, *vedic* and historical periods, *shakti* occupied a prominent position in the religious firmament. During the *puranic* period *shakti* was considered to be the world mother, the supreme reality. The Mahenjodaro and Harappa discoveries have made it clear that the origin of the mother goddess (shakti) can be traced to the pre-Vedic period .A large number of terracotta female figurines recovered from these two sites and from other places of proto-historic period, are taken to stand for mother goddesses[2].

The ring stones, the female figurines along with the circular discs and nude figurines of the historic period collectively establish the long continued existence of the worship of the female principle in anionic and iconic forms. A seal from Harappa showing on the obverse a nude female figure, head onwards and legs stretched out upwards , with a plant issuing out of her womb, may be regarded as the proto type of the mother goddesses i.e., Sakambari of the puranic period. The *pre-vedic* archaeological data throw a flood of light on the early phase of evolution of the mother cult [3].

Shaktisim like Saivisim is a popular religious cult of the kings and people of Odisha from very ancient time. In *shakta* literature, Odisha is well known as Odrapitha .For centuries it was recognized as one of the four great *Shakta pithas* of India. The worship of mother goddesses with its non –Aryan elements seems to have been a popular faith in Odisha particularly among the tribes from early times. In course of time, Aryan elements seem to have been a popular faith in Odisha, particularly among the tribes from early times. In course of time, good number of *Saktapithas* of the early centuries of the Christian era found mention in Sanskrit literature and epigraphs [4] .

It is a known fact in the annals of the history that most of the ancient civilization flourished in the river vallies. Apart from prehistoric and proto historic civilizations, the river valley was also cradle of growth of temple architecture .The river Devi, a tributary of the Kathajori, branches off at a place called Govindpur and falls in to the Bay Bengal. In its way, it is identified with various names also. It flows in the areas covering three districts, i.e., Cuttack, Puri and Jagatsinghpur. It contains innumerable monuments in both the sides. There are a large number shakta temples on the bank of river Devi. It is pertinent to mention here that similar to other parts of Odisha, Saktisim here was not confined to Brahminical religion only but crept into Saivisim and even into Budhisim .Strange amalgamation of these faiths took a new turn which was known as Tantricisim. The worship of the goddesses as *sh*ak*ti* is particularly associated with shaktism and Tantrcisim with their emphasis on the female principle, in both its begin and terrifying aspect [5].

We also find, influence of Shaktisim or Mother goddesses cult from 7^{th} -8^{th} century onwards in the bank of river Devi. Shakti is conceived as the divine mother and the consort of lord Siva .Among the common people, Shakti is the presiding deity of fertility cult. Indian society is primarily village based.The majority of Hindus live in villages. In the context of a village life, one of the most significant and powerful divine presences is the *Gramadevi*, a deity who is specially identified with the village and the villagers often have a special attention towards her. These deities are usually not represented by anthropomorphic image. Sometimes no shrines is present at all except during special festivals when temporary structure is built to house or represent the deity. These village deities are often directly associated with disease, sudden death and catastrophe when the village is threatened by disaster, particularly by epidemics. This local goddess is usually said to be manifesting herself as guardian of the village boundaries .Her shrines or symbols are erected at the boundaries of the village where she acts to protect the village from invasion of evil spirit. Another identity of the goddess with her village is her symbolic marriage to representative of the village during her ceremonies where the participation of almost all the members of the village is essential. Since she is the goddesses of the whole village, almost all castes are represented at her festivals. The extent of all inclusive nature of local goddesses worship in villages is indicated by the participation of Brahmans and Muslims in these festivals. Here the point to note is that the local goddesses is not so much a Hindu deity or a deity specially related to a caste or occupation ,or even to a specific phenomenon [6].On the bank of river Devi, in every village there is a village goddess or *Gramadevi* who is protector of her own village. Sometimes she is known as Solapuama as at Sasanpada, in the district Jagatasinghpur . Here, the image of goddesses is made in Chlorite stone. Sixteen stones are placed near the goddess and are regarded as his sons.So, she is popularly known as Solapuama Thakurani or Mother of Sixteen sons. In other villages, she is known as Budhi Jagulei for example, the gramadevi of the village Bionala in Jagatsinghpur district is known as Budhi Jagulei. Similarly, another village goddess of the same name is present at village Badakharamanga, in Cuttack district. She is a four armed Mahisamardini Durga. Another village goddesses, also known as Budhi Jagulei is presnt at Bambilo in Jagatsinghpur district. The village goddesses named as Budhi Jagulei and Satabhauni are present at village Sudhasailo in Cuttack district. Here, a big stone covered with vermilion is known as Budhi Jagulei who is worshipped along with seven pieces of stones, the latter being addressed as Satabhauni (seven sisters). Kutamchandi of village Kapasi and Marici Thakurani at Kamalpur are also the village goddesses. Almost in every village of this delta area there is a *Gramadevi* temple.

Saktisim played a predominant role in the Devi delta Area .The inhabitants of this area under went different experiences of the cult images dealing with various aspects of the gods and goddesses .The different form of Durga were worshipped in this area through ages. Bhagabati temple at Balia Gopinathpur, in the district Jagatsinghpur is one of them. This place is 3 to 4 kms away from the Devi River . Bhubaneswar Mahadev temple and Bhagavati temple stand the in a same compound. Both temples are protected by Archaeological Survey of India (ASI).The ancient temple of the goddess is completely destroyed, however, the *Amlaksila* is found lying on the ground. The present temple is a modern *pidha* deul .The deity is Saraswati made of chlorite stone. She is four handed, seated in Ardhaparayanka with her major hands holding a Vina diagonally in front of her body. Her uplifted back hands hold a manuscripts and a lotus. This type of image of Saraswati is very rare. These are two images of Saraswati carved on the compound wall of the Mukteswara temple at Bhubaneshwar. In one place she is seated in *Padmasana*, while in the other she is seated on *lalitasana.* In the Lingaraj temple we also find images of Saraswati carved on the lintel above the niches of mundi of *Anuratha paga* [7]. Along with Saraswati image, an image of Avalokiteswara has also been installed inside the temple of Bhagavati . The Swan, her mount, is installed inside the *jagamohana* is not easily identifiable. The architectural style assigns to the temple early part of 19th century. But the Avalokitesvra images belong to the period of 10th or 11th century A.D.

Another Shakti temple, popularly known as Kutamchandi, is situated in the bank of river Devi. It is located at village Devidola P.S. Balikuda, of Jagatsinghpur district. The extant Kutamchandi temple has been built on the ruins of the collapsed temple. A very beautiful image of Mahisamardini Durga is worshipped as the Kutamchandi. An image of Astaika Jaratkaru / Manasa , and an image of standing Tara is found inside the *jagamohan*. *Parasvadevata* images are installed inside niches . These are images of Hara-Parvati, Eight armed Mahisamardini Durga, Ganesha, an image of Laxmi seated in *Padmasana a*nd Varahi. The architectural style assigns the newly built temple to the early part of 19th century. But the enshrined deity ichnographically can be dated to late Gajapati period while the deities in the temple niches can be assigned to the Ganga period. This is a protected monument of state archaeology. Another temple of Kutamchandi is situated at village Kapasi, P.S. Niali, district Cuttack. The presiding deity here is a two armed Simhabahini Durga. She is worshipped as *Gramadevi*.

We find an important Buddhist site at the village Kamalpur in Jgatsinghpur district .It stands on the left bank of the river Devi. An image of Budhist goddess, Marici, is worshipped here as *Gramadevi* .She was worshipped under a Banayan tree (Bragachha). The villagers have, however, built a beautiful temple for her. The deity has ten arms and five faces. The most important feature of this type of deity is that she is endowed with four legs. In her five right hand she holds the Sun, the blue *Bajra*, the Goad and the Needle. The hands to the left carry the Moon, the Bow, the Ashoka Bough, a Noose with the *Tarjani* and the String. She rides the chariot drawn by seven pigs and tramples under her feet the four Hindu gods, namely, Indra , Siva, Visnu and Brahma the effigy of *Vairacona* on the Tiara. This type of image belongs to the period of 11th century A.D. [8].

Another Marici temple situated on the north side of the river Devi at Marichipur where the river empties itself into the Bay of Bengal, about six miles from Machagaon in Jagatsinghpur district. Here, in a small modern temple is enshrined the image of Uddiayan Marici . She stands in a *Prtyalidha* on a Chariot drawn by seven pigs. The back of her Chariot is designed as a *pidha* mundi .She is six headed; the smaller sixth head, above the center, is that of Sow and is elevated above the other five heads. .She has twelve arms and has a pot belly with a serpent ornament across her shoulder which hangs between her breasts and a garland of skulls. She is richly adorned and wears a short Sati which ends just above her knees. Unfortunately; some of her broken hands have been improperly restored, including the lowest two right hands which now display the *Varada* Mudra. In her other two hand, she holds the *Brahamasira*(severed head of Brahma) a *Katuri* (chopper).In the second lower left hand, she holds the Asoka-pallava, only the stalk still intact. The other two *Ayudhas* would have been the *Kapala* and the Bow. In essence the only deviation from textual accounts, is the object held in the uplifted back hand while her left hand displays the Tarjani .Her back hands hold arrows and a bow. She stands in *Pratyalidha* between two railing posts. .Between the feet of Charioteer is seen Rahu holding the Sun and the Moon .There is a flying *Vidyadhara* at each upper corner of the back slab. The image can be dated to the beginning of 11th century[9].

We also find another Sakti temple at Balada in Jagatsinghpur district on the left bank of river Devi. Original temple was destroyed in flood. The *Amlakasila* is found lying on the ground. Here, a piece of stone covered with vermilion is worshipped as Bimala.

Four handed image of Kali, popularly known as Khadgini, is worshipped at the village Erancha, P.S. Nilalai, in Cuttack district. The goddess is dreadful as black as cloud and is four armed with a gruesome face. She wears garland of human heads .In her two left hands she holds a severed head and a sword and her two right hands are in *Abhaya* and *Varada mudras*. She has protruding teeth and bulging breasts. She stands naked on the bosom of Mahadev.

Another shakti temple is situated at village Kulasri, P.S. Niali in Cuttack district .Here, the image of Mangala has been carved in a wooden frame. This is a peculiar feature of this temple .Maa Bageswari temple, also another Sakti shrine is also located in the same village.

The temple of the goddess Ukulei stands near the right bank of Devi River close to Astaranga Kakatpur road. It is situated at the village Ukulei, P.S. Astaranga, in district of Puri .The Sakit temple is very old. The presiding deity of this temple is a piece of stone covered with vermilion. Every Thursday people gather here, in large number, to recover from all kinds of fever with the blessings of the goddess.

Ganga Devi temple situated at village Sahana P.S. Astaranga in Puri district. The temple is 5 K.M. from Devi mouth . The original temple is buried under sand .Only *Amlakasila* is visible to the ground. The original temple was built of stone .An image of four handed Ganga made of Chlorite stone is housed inside a modern *pidha deula* . She is depicted seated on a *Makara* (crocodile) and having a lotus like face. She hold's *Purna Kumbha* and Lotus in her two upper hands and her lower two hands are in Abhaya and Varada Mudra. During the Gupta and early medieval periods, it was common to flank the personified images of Ganga and Jamuna on the doorways of the temples. The river goddesses Ganga (the Ganges) standing on her *Makara* and Yamuna (the Jamuna) on her Tortoise, appear flanking the doorways of the *Mukhasala* or the shrine, in early Odishan temple.

Bandar village in Jagatsinghpur district is famous for Maa Bandarei Thakurani . The village is named according to the name of the goddess. It is 15 K.M. from Machagaon. This village is connected with Jagatsinghpur Machagaon road. It comes under Balikuda police station. According to local tradition, it was a harbor (Vandara) during British period when ships were playing on the Devi river and the deity has been named since then accordingly. This place is nearer to the mouth of Devi River . Bandarei Thakurani (goddess) is enshrined inside a small shrine under a Banyan tree.

The cult of Mother goddess is very popular in the villages of Devi Delta Area . She has become a part and parcel of daily life of the people living in the area and will continue as a part of cultural heritage of this locality so long as the villages exist here.

REFERENCES

1. *Pattnaik Satyendra, Brahminical Religion in Ancient Orissa, New Delhi,1987, p-136.*
2. *Das H.C., Cultural Development in Orissa, Calcutta,1985,p-210.*
3. *Das H.C.,op.cit,p-211.*
4. *Mishra P.K., Comprehensive History and Culture of Orissa, vol.I, New Delhi,1997, p-527.*
5. *O.H.R.J., Vol XLVIII, No3 & 4 by Dr Bhagavata Tripathy, p-54.*
6. *Kinsely David, Hindu Goddesses, Vision of the Divine Feminine in the Hindu Religion Tradition, New Delhi,1987, p-199.*
7. *Donaldson T.E., Hindu Temple art of Orissa, Vol.III, Leiden,1987,p-1138.*
8. *Donaldson T.E., Iconography of Buddhist Sculpture of Orissa,Vol.I,2001, Delhi, pp-321-322.*
9. *Ibid.*

v v v

ENVIRONMENTAL SECURITY AND HUMAN SECURITY : THE INTERFACE

Srinibas Pathi

[The Article explore the correlation between Environmental Security and Human Security. Public Policy and Governmental programme is the focus of the author. The author explores the issue at a micro level, Mizoram, a province of north east India without loosing sight of national and global perspective]

Environmental discourse is the in thing today. All of us are well aware that either we have a common future or no future. We have used , misused and abused the environment and the natural resources as if these are to continue for an unlimited period of time. It is of course true to a great extent that the nature has enough of resources to fulfill our genuine requirements ; but at the same time we have to remember that there is so little with the nature to cater to our unlimited greed. One of the findings says that it takes nearly tens of thousand of years to create natural products like petroleum oil and gas which we can consume within less than a year's time !

Nearer home, a recent release by the Indian Meteorology Department has expressed concern that in 2008-09 , India in general and the North east in particular has received less rain fall in comparison to the average of rain fall experience during last ten years. So far as the state of Mizoram is concerned, it has been recorded that during January- March, 2009, the state has received 99 percent less rain fall than usual rain fall as recorded earlier. We are all aware that global warming , green house effect and climate change continue to be some of the serious threats to our very existence. But it also a fact that the countries which are responsible for maximum of pollution and environmental degradation , show scanty regards for the instruments and action plans like the Kyoto protocol, the Bali declaration and numerous other initiatives advocated world wide. Some of the supporters of modernization and development paradigms are of the view that environmental concerns are primarily meant to be the hurdles in the path of progress. There has to be a middle path. We need to develop now. And at the same time we have to address the environmental issues also with a view to creating (or rather leaving behind) a better world order for the future generations .

While dealing with the issues of human security, particularly in the developing nations, we have to adopt appropriate and environment- friendly technology in such a manner that the basic needs of the people such as food, safe drinking water, basic health care, shelter, primary education and decent livelihood opportunities etc are fulfilled. It is no wonder that most of the political parties in India today face these basic issues in the run up to the Lok Sabha elections.

The World Wildlife Fund (WWF), the international organization ,in collaboration with many other national and local level civil society organizations and nation states has been organizing various programmes and activities to spread awareness about environment and related issues throughout the world . This year their programme " Earth Hour " was observed on March 28 , 2009 from 8.30 pm to 9.30 pm (IST)in as many as 364 cities and towns across the continents. During the Earth Hour , people in these places switched off their electric and electronic gadgets including lights to express their solidarity for the cause of environment and to spread the message of a healthy living in tune with the requirement of environmental balance. In India too many cities joined this endeavour . But we also have a pertinent point to make in this respect. We in India celebrate so many Earth Hours during our scheduled and not so scheduled load shedding hours in different parts of the country throughout the year. We may get some solace from the fact that one of our long standing problems has become a great boon for the cause of environment and has been contributing immensely towards a better future of the entire humanity.

When we talk about environmental degradation in our country or for that matter in any part of the world , we should be discussing a number of issues and concerns including that of human generated pollution , industrial waste , urban pollution , eco- system simplification , pollution due to scientific and defence related research in land , air , water , and outer space ; natural resources depletion and such other necessary activities which pose a serious challenge and dilemma before us as to what should be our right course of action. Because in most such cases , the real question is whether to develop or conserve nature. When it comes to fixation of responsibility, we find that so many factors and forces are involved in the process. Different countries – both developed and developing ; individuals – both rich and poor ; companies – both national and multi-national ;and so many other individuals and agencies are involved in the process of development which has a direct and negative impact on the health of our environment. In the international context , we know that regular forest fire has affected the moisture reservoirs in the African nation of Kenya including the four lakh hectares of Mau forest reserve , country's largest forest . Incidentally , it is also the source of water for all the twelve major rivers in Kenya including River Nile and Lake Victoria.

Another issue which is very closely associated with the question of human security ,but at the same time is also concerned with environmental security refers to the socio-economic development of the bulk of the population in most of the developing societies. Unless the nation states are very much pro- active in providing the basic necessities of life to their citizens in terms of food , clothing ,shelter ,education and decent means of livelihood , there would be social tensions and strife in the society . In the process of development , the states will have to take some concrete measures and action plans which may not be that conducive to the cause of environment . So the question again comes down to the level of whether to go for development or to conserve. And the real issue may be to have sustainable development which refers to an ideal situation under which the present generation would lead a good life in harmony with nature and at the same time would think about the perceptible needs of the future generations to come.

In fact , the terms like " human ' or ' human beings ' stand for neutral concepts which signify rational , autonomous , thinking and seemingly moral actors whom are not at all confined to any area- specific or region – specific constructs like cultural entities or communities. So , when we talk about human security as well as environmental security , we are conscious of the fact that people in general and also inside the nation states living anywhere in the world , do think in common and at times act in a unified manner both consciously and otherwise and contribute to the good life and healthy living of the entire humankind along with flora and fauna. The tribal people living in different corners of the world , who worship nature and all things natural , are the pioneers in the field of environmental protection and conservation who should be commended for their so called traditional knowledge and wisdom and who are far more advanced than many of the so called environmentalists and conservationists who create so much hue and cry in support of environmental protection and who are often termed as arm chair environmentalists.

We have to remember that all the human beings living in any type of society in ant part of the world, rich or poor, urban or rural , educated or illiterate, developed or developing do require some basic needs and requirements like political liberty, economic equality , social justice, developmen , fulfillment of the genuine necessities of life , awareness , opportunity to participate in the socio- economic and political life, and empowerment. Any agenda to ensure human security and to provide good life to the people should take into account all these primary issues with a view to embarking on any concrete plan or programme of action. And such plans eventually should consider the environmental aspects as the basic ingredients with critical emphasis on the issues like environmental pollutions and threats, policy initiatives to reverse such activities and the responsibilities of the political executive, the bureaucracy, the civil society, the mass media and the citizens at large in ensuring sustainable development and the best possible practices in in terms of environmental protection in any given society and in the best interest of the entire humankind.

In this connection , we are reminded of the role played by the international community and the institutional arrangements in the field of environmental protection , awareness generation and movement who include , among others, the UN , the UNEP and the UNDP etc along with their partner institutions and organizations. These institutions are multilateral and global in nature and are primarily concerned with the international , global, trans – border impact od developmental activities on the environment. They try to harness various resources, agencies, actors and institutions for the promotion and protection of environment and strengthen the multilateral initiatives towards a sustainable future .

These international agencies in collaboration with national and regional agencies and institutions look at the environmental discourse from the synergy point of view and normally take a wholesome approach in relation to the needs of life, economy, culture and development. And it is no wonder to appreciate that these are the very issues which contribute to human security, growth and human development in the world. Unless these issues are tackled in their totality, we would face serious consequences including that of the case of environmental refugees world over who may be the direct victims of our developmental process. In this connection , we are reminded of the imperative need of achieving or at least trying to achieve the oft quoted Millennium Development Goals which eventually include the issue of sustainable development.

In the state of Mizoram and also in the entire North East region of India , there has been a continuing debate about the nature of economic development . Many of the stakeholders operating in the region are of the view that we need to be extra careful while drawing up any developmental plan or programme in the region. The question of introduction of new railway line in Mizoram and elsewhere in the region has met with opposition from the ethnic communities as well as from the environmentalists who are of the opinion that all the relevant issues and concerns must be addressed properly before any decision to lay down new railway line is taken in this region which is a treasure house in terms of bio- diversity. Again there is another stream of thought which emphasizes on faster economic growth and development of the North East region of India. He proponents of this idea are of the view that in the name of environment and future generation , we cannot sacrifice the genuine needs and aspirations of the people of the region who are at present located at the bottom of the development process in India.

In the mean time , the world today has come under the influence of a serious economic slowdown or melt down . Almost all the nations are facing the heat of this grave economic crisis. No country is fully immune from the immediate , medium term and long term impact of the economic slowdown. But there is a silver line among the dark clouds. Experts are of the view that countries like India who have a strong rural base, can benefit from the situation . And we may embark upon a massive plantation activities in the entire country which will serve both the purposes like providing gainful work to the people and creating a healthy environment. In this context , we may refer to the initiative of the Government of India in creating Green India and establishing eight green panels to deal with the aspects of environment vis -a -vis development. The Ministry of Environment and Forest, Government of India has started a number of initiatives to integrate the processes of planning , implementation , monitoring , and evaluation of different types of developmental activities in the country in close collaboration with their counterparts in the states and also the monitoring agencies operating at the central ,state and local levels including the civil societies and pro – active individuals and mass media working for the cause of environmental protection and ecological balance in the country.

Now, an encouraging news has come from the United States wherein the US Congress has adopted a new enactment to reduce the green house gases to 37 p. c. be the year 2020 AD. This particularly significant because USA has been the largest polluter of the environment among all the nation states. And it is one among the few countries in the world which has been constantly opposing all the global initiatives towards environmental protection by resorting to trivial grounds and at the same time pointing finger at other nations at slightest pretext. However, there is an encouraging story from within the United States also regarding environmental protection which should be an eye opener for many other countries. The state of California in USA has the enviable track record of maintaining constant per capita consumption of energy during last thirty five years .

In India , a formula is being evolved by the National Climate Action Plan and the National Mission for Energy Efficiency to turn the economic and environmental down turn into an opportunity. The issue of ensuring institutionalizing energy efficiency standards and energy audits is a just a beginning in this field. The Governments of Delhi , Punjab and Haryana have issued strict instructions to their offices to follow conservation norms including a complete ban on the use of air conditioners in the offices. Green activities within the nation states in such a manner would ensure preparedness among various countries who would be required to negotiate a new UN sponsored Climate Change Protocol at Copenhagen , Denmark in December 2009 which might replace the Kyoto Protocol .

Human civilization and culture would be meaningless without proper environment. Our national and global goals of development may lose their objectives in the absence of a congenial environment. The powers that be operating at different nation states as well as the international organizations will have to take a serious view of the issues like displacement , degradation of habitats , soil erosion and depletion of forest covers etc while aiming at a better future for the entire human race and not just the greedy life of a few so called rich states. We need to take a wholesome view of the three interacting factors of politics, planning and progress in the larger interest of the present as well as the future generations. At the same time the nation states have to deal with the pertinent question of a new means of domination i.e. environment which might be used by the already developed nations as a ploy to check the genuine growth requirements of the developing nations. In the final analysis, there has to be a meeting point between environmental security and human security or between the genuine needs of the present and the perceived requirements of the future.

REFERENCES

- Kavita Arora , " Rain forest sustainability in South Asia " , World Affairs ,12 (1) , 2008, Spring , p. 75-105.
- John F.Helliwell , Haifang Huang , " How is your Government? International Evidence linking good government and well- being " , British Journal of Political science ,38 (4), October , 2008,p. 595- 619.
- Martin Nie , " The underappreciated role of regulatory enforcement in natural resource conservation " , Policy Science , 41 (2) , June , 2008 , p. 139 -164.
- S. L. Goel , Environmental Health and Value Education, New Delhi : Deep and Deep, 2008.
- Urvashi Dhamija , " Sustainable Solid Waste Management : Issues . Politics and Structures ", New Delhi :Academic Foundation, 2008.
- R. K. Arora , R. M. Khandelwal, edts ., Good Governance : Initiatives and Impact , New Delhi: Paragon International , 2008.

v v v

EROTICISM IN THE MEDIEVAL LITERATURE OF ODISHA

Binod Bihari Satpathy

[The article deals with the treatment of eroticism in the medieval Odia literature. It deals with Gitagovinda in Sanskrit which preceded the emergence of Odia literature, during medieval period. Gitagovinda though written in Sanskrit, influenced the Odia ethos, social life and is intricately woven into Odia life and culture. It played an important role in Krisnisation of Jagannath Cult. The authors explore how in post Gitagovinda period, the erotic theme remains a dominant strand of Odia literature through the writing of Sarala Das, Sisu Sankar Das, Upendra Bhanja, Gopala Bhanja and Abhimanyu Samantasimhar etc. The profane sexuality is heightened to sacred sensuality, spirituality and devotion and never approximated the pornographic in all those literature.]

Ancient Indian philosophy believed in the concept of *Chaturbarga* of *Purusartha*, where the *Chaturbarga* (*Dharma*, *Artha*, *Kama and Moksa*) which the Hindus, want to attain are very significant. *Dharma* stand for the intellectual and moral duties, *Artha* stand for material goods and wealth, *Kama* stand for desire, passion and love and finally *Moksa* stand for release. *Kama* the third *Purusartha*, which includes instinctive and emotional life of man and his aesthetic urges played a dominant role in the art, literature and everyday life of ancient Indian. But *Kama* as it is literally mean is only one aim of life and is subservient to *Dharma*. *Kama* is not an end in itself. Even wild gratification of carnal urges was never prescribed in the *sastras*. Although pursuit of sensual pleasure was never the ideal of Indian society as a whole to any age, love no doubt had a legitimate place in the scheme of human action, and procreation was even considered “a positive religious duty”.[1] As the aspect of *Kama* as one *purusartha* can admit only lawful and socially recognized forms of physical relationships. In the subsequent paragraphs few notes on sensual aspect of literature produced during medieval period has been presented in order to suggest how the philosophy of *Kama* in the form of *Sringara and Bhoga* influenced literary tradition of a society that had glorified austerity in every aspect of its culture.

The bards and sages of classical age transformed the profane union by canalizing it in to a canonical system. They wanted to arouse a full comprehension of sensuality among the masses, which included the whole cycle of courtship and fertility coupling and birth, and beyond birth, an erotic symbolization of parenthood. As a result the *Kamasastras* like *Kamasutra* of Vatsyayana and many other similar texts were written, and the tradition filtered down to Odia literature as well.

In medieval Odisha the tradition continued. During this period the *Gita Govinda* of Jayadeva, *Bhagabata* of Jagannath Das, the *Ramayana* of Balarama Das, the *Mahabharata* of Sarala Das and many Puranas were composed in this land and almost all of them are meant for the elite as well as the general masses. The royal and aristocrats people patronized literary works pertaining to religion including those with sensual elements both in Sanskrit and Odia. Among the secular books the *kavyas* were highly popular in the well- to-do society. These *kavyas* deals mainly with stories and each book contains events of the honeymoon night, the night when married couples meet and enjoy their sensual desire. Though not a new phenomenon, conjugal love has enriched the top-most level in the mediaeval literature, which made them more popular among common people. The imaginary characters and symbolic characters from different mythological background were successfully placed in the poetry to describe the romance and tragedy.

Thus, scores of books on erotic theme were composed. Vivid descriptions of the conjugal pleasures, and treaties on married life based on the *Kamasastra* were written in order to supply the great demand by the rich class of society. Books like the *Amarushataka*, the *Gita Govinda*, the *Ushabhilasa*, the *Ushaharana*, the *Rasokallala* and *Sarvangasundari* were most popular. Palm leaf copies of these books can be found everywhere across the length and breadth of Odisha. These *kavyas* were essentially related to Bhakti elements, love was only a secondary theme. The love was that of the Devine or of Gods.

Foremost among the Sanskrit literature of Odisha, *Gitagovinda*, composed by Jayadeva in 12th Century A.D[2] is a work of its own kind. Jayadeva, according to legend was a Brahmin and also an accomplished student of Sanskrit as well as a skilled poet but that he abandoned scholarship at a young age and adopted an ascetic life. His life as a wondering mendicant supposedly ended when a Brahmin of Puri insisted that Jagannatha himself had ordained the marriage of Jayadeva with Padmavati, the Brahmins daughter who was dedicated as a dancing girl in the temple. With this Padmavati served her husband and he shared his devotion to Jagannatha. As Jayadeva composed she danced the *Gitagovinda*.[3] Jayadeva's *Gitagovinda* is associated with Puri. The Jagannath cult appears to have provided the context for the composition where by Krishna is identified with Jagannath.

No doubt, *Gitagovinda* is a religious work of great literary merit with the rare gift of lyrical splendor, pictorial richness, touches of genuine pathos and devotional farvour. In one hand it is also characterized by passionate sensuality and worldly lavishness in other hand the poem deals with love of Radha and Krishna. Here God Krishna is humanized to the extent of being treated as a *nayaka* of Sanskrit literature. He is a courtly lover fully cognized of the art of love making. Here *Sringara* with deep erotic impulse is a dominant motif. Not with standing the mystic symbolism and metaphysical background of the *Gitagovinda*, in its descriptions of the dalliances of Krishna and the cow girls, it is doubtlessly mundane and reflects the influence of *Kamasastra*. The expression of conjugal love in the *Gitagovinda* is not different from secular works of Kalidasa and Bhartrihari etc.

In Canto II Radha who is in a melting mood for amorous sport is yearning for Krishna. She narrates to her friend her past experiences of amorous delights with Krishna in the following words.

“As, in love’s melting bliss, I lay on the tender couch of sprouts, long did he recline, pillowed on my bosom. And as thus he lay, how madly did I clasp him, and drink keep of his nectar lips I And, as if not to be outdone by me, madly did he drink deep off my lips, gathering me to his bosom in a crushing embrace.

‘As, in the sweet lassitude that supervened amorous fatigue, I lay still with my eyes closed, and pearly rivulets of sweat bathed my limbs all over in the blissful tremulousness that accompanies love, how he looked on me thrilled with excitement, His hairs standing on end, and his checks aglow with passionate ardour.

‘And, steeped thus, in bliss, as I lay cooling softly and indistinctly like a Kokila crooning in its nest, Krishna, that adopt in amatory art, seized me madly by my locks and showered hot kisses on my lips; and thus by him disheveled, my braid undone, my tresses strayed madly, and the flowers bedecking them were all scattered on the couch in admirable confusion, frantically, deeply did he dent my heaving bosom with his nails in amorous frenzy.

‘As, at the very height of the exciting sport, my anklets tinkled ceaselessly and melodiously, and as the bells in my girdle chattered, as it were, in sweet babel, till finally, unstrung, they raced away to all parts of the couch how did he call numerous sweets off me, kissing me again, drawing me close to him by my locks I ‘Overcome by a delicious faintness at the crowning moment of love’s fulfillment, I feel limply on the couch like a creeper. Blissful, I lay in an ineffably sweet longour. He, too, overcome by a similar lassitude half closed eyes, beautiful as half-opened lotus. And whom again Madhu-Sudana contemplated my beauty, stretched there is sweet abandon, His passion again mounted to a frenzy, bring hither, oh my *sakhi*, that vanquisher of *kesi*, to sport thus deliciously again with me.[4]

Jayadeva describes the *Rasalila* dance of the belles of *Vraja* in which Krishna is a participant. Surrounded by young and beautiful milkmaids he is gathered in wanton embrace by them who caress every limb of his with burning passion (1, 4.15). And in turn, one he clasps in close embrace; another he kisses passionately. Yet another he caresses in secret smitten by the arch smiles of another, he gazes longingly at her, and then abjectly he follows another damsel who, with admirable coquetry, feigns high dudgeon’ (1, 4.8). These descriptions are apparently lascivious in spirit and tend to paint love of Krisna and the milkmaids, who are entirely humanized.

In this book the author has not attempted to cloud erotic descriptions with philosophical explanation. The poet in fact, refers to *ratikala* which would interest *rasikajana* (IX, 19,8, X,8). He says in the end of the poem that it would delight the musical minded, the Vaisnava devotee and those interested in *sringara* (XII, 24, 90).

Another religious work where references of conjugal narration found is the *Mahabharata* of Sarala Das composed in 15th Century A.D[5]. The illustrious poet has given a vivid description of the sexual activities in his *Mahabharata* in the story of Bhima and Kalanchi. The story goes that once the Pandavas, alongwith their wife Draupadi, were residing in a big forest. One day, Bhima, while going to collect food, came across a beautiful, young damsel. She expressed her desire to marry him. Bhima turned down her proposal and left for his shelter. She followed him to his shelter where she met the rest of Pandava and Draupadi, Kalanchi once again expressed her desire to marry one of the five brothers but all replied in negative. She envied Draupadi who enjoied all five husbands and wanted to kill her so that she (Kalanchi) would get all the five brothers as her husband's. She attacked Draupadi to kill her, out of fear Draupadi went to Yudhistira and Arjuna to whom also Kalanchi expressed her desire for sexual union but both of them denied. Finally Kalanchi when said that she knew all the sixty four postures and seventy two process of ranga *kridsa*(play of sexual congress) also she knew *stambhana, mohana, anjana* and ten kinds of *utchatana* and could defeat even one hundred males in the sexual game. Draupadi finally had offer Bhima to Kalanchi.

Bhima accepted her as wife; they married in the *gandhrva* manner and left for the Kalimegha hill, the abode of Kalanchi. Before he left, Draupadi secretly whispered to Bhima that he, as her husband, should crush Kalanchi for her pride in her sexual ability. When Bhima and Kalanchi started their sexual intercourse the poet describes what Bhima did to subdue her seductiveness in following words,

Pawana bhajila nei se

Patina shrihatte

Dhatu Jai Tekila Se

Shishumuna peethe

Anargala kothiki nei se

Bujhaila indu.

Brahma ghre bhedine je

Na talila bindu.

In English the above poem translate like "he checked his wind at *sreehatte* his semen at *shishumuna*, merged moon at the *Anargala* shell so his semen was not discharged, at last the fluid of the female (*raja*) was discharged and the lady was exhausted. After continuous intercourse of two and half days she could not resist any more and died"

The poet of Mahabharata again writes:

He budhajane ae aranyak

Parva shune.

Ae bidhire sadhi parile

Harina kara darpajina.

In English rendering thus enjoins that "O wise men, please listen to this *Aranyaka Parva*, if you can achieve this quality you will be successful in crushing the pride of women"

Thus, the above examples suggest that even composing religious themes; the poets show the same worldly attitude as found in secular works.

As stated above lots of secular literatures were produced in the past where one can surely come across a canto with references to the honeymoon night, describing the physical union between newly wedded couple. Even postures pertaining to coital act, description of youthfulness and bedroom scenes were also mentioned in the regional literature of this state.

Regarding the depiction of postures of sexual act medieval Oriya *kavya* poets describes different postures of congress. In one case in the *Vidagdha Chintamani*,[6] the illustrious poet Abhimanyu Samantsimhara describes intercourse between Krishna and Chandravali.

Mati nana bandhe mate

Majji annanda matte

The above hymns in English speaks that "they enjoyed themselves by engaging in various postures of sexual congress". The phrase '*Nana bandhe'* (various postures) in used in copulation was not considered obscene or objectionable.

In the Oriya *kavyas*, there are vivid descriptions of the room where the bride and bridegroom meet on the first night of their marriage. In the *Sarvangasundar*[7] the poets make descriptions of a room where erotic themes were painted on the wall.

Kebana pradeshe lekha hoiachhi Choosathi bandhe mana.

Keoon pradeshare lekha hoiachi Panchalee bibha bidhana.

Kahin pitamaha hoee kame moha godauchhanti sutaku

Kahin Viswamitra Jodi karagate kahuchanti Menakaku

Keun pradeshena madane Rabana Rambha ku haruchi bale.

Kahin mayabhi durmilasura ramuachi indumati tule.

Kahin Janardana palate basane nijikare dharichhanti

Gopimanaku suryku namskara kar boli boluchhanti

The above poem translated in to English reads "At places there are figures of the 64 postures of love making, at others the marriage of Panchali is painted. Elsewhere Brahma, the *pitamaha* is shown chasing her daughter out of excitement, or Viswamitra is shown praying to Menaka with folded hands, or there is a scene of Ravana raping Rambha or Durmilasura committing adultery with Indumati. At one place there is a scene of Krishna, holding the *gopis* garments and demanding they pray to sun god by raising their hands."

The *kavya* poets of Odisha not only describe sixty four postures but also described youthful legs and flawless breasts in their work. For instance in *Ushabhilasa*, of poet Sisu Sankar Das[8] where the poet while narrating the beauty of Usha in her prime, says, "*Bipartite* *kanaka kadalee ninda Janu"* translating to English it says " the beauty of her thigh surpassed the beauty of a reverser (apsidal down) golden plantain tree" Again the poets while describing the breasts says"

"Vipula sughana pandu Uchhakucha beni

Anya Anya badhile Hridya sima gheni"

In English the above poems speaks that "the big, solid, fair coloured breasts developed so close to each other that there was barely a gap between them"

In the *Vidagdha,* Chintamani the poet describes Radha's youth in following sentences.

" Stana unnata chakrabada seemaku Netra kamala na balila

Taruna aruna charana jugala Alokara jaga nohila"

"The eyes (compared with a lotus) could not see the feet (compared with the morning sun for their redness) due to the height of the breasts (compared with the mountain, the Chakrabada)"

The most important work in regional literary activities of Odisha in this regard is however of Upendra Bhanja as known as *Kavi Samrat*, of Odisha. This epithet literally means 'the emperor of poets', he was one of the greatest poets in Oriya language. He was born between A.D. 1675 and 1680 as the grandson of Dhananjaya Bhanja son of Nilakatha Bhonja, who ruled over Ghumsur, a part of modern Ganjam district in south Odisha.[9]

Upendra Bhanja composed a vast array of Oriya literature. His verbal jugglery is unique, wonderful and unsurpassed. He was *siddha yogic* poet; *siddha* means to be accomplished in mystic formulae, success in yoga of penance. He was a devotee of mother Kali. Upendra Bhanja produce a literature named *Panchasayaka*, which is specially deals with *Chandracalana*, medicine, and 64 coital postures etc.[10]

Panchasayaka, is composed by *Kavi Samrat* Upendra Bhanja in poetic Oriya language. He mentioned here about *Chandracalana* (means erogenous zones of females during different moon days) and 64 *bandhas* (poses), for the first time in literature and is a specific gift of Odisha to the entire humanity.[11]

In *Panchasayaka*, the poet describes about four types of male i.e, hare, deer, bull and horse on the basis of their characters and sexual activity. He also divided the female into four categories as Padmini, Chitrini, Samkhini and Hastini and gave a detail account of their erotic attitude in different lunar days. The poets also narrated about the varieties of male and female organs into three and five categories respectively.

Besides the above accounts the author in his work gives a vivid description about the kind of dress and ornaments suited for amorous encounter by damsels. He suggested about sixteen types of *srinagara* for the damsels. Not only for female but also for the male, the composer of *Panchasayaka* gives the accounts for sixteen types of amorous encounters. The poets also narrated about the sexual nature and physical appearance of women of various land i.e. south, north (Gauda) and of Mithila.

In respect of *Chandracalana*, Upendra Bhanja has narrated about the erotic zones of female's body. According to him erotic zones are situated on the right and left side of the males and female respectively. On the bright lunar fortnight the men are stronger erotically, while on the dark lunar fortnight the women are stronger.[12] He also says how to arouse sexual excitement by touching as he suggest that vulva should be tickled by finger. Feel the breast by palm. Bite softly at the lips and kiss on the checks; eyes and forehead. Then the *mantra* (*Kama Devaya Radha Mohaya Svaha* sacred mystic incantation) should be enchanted, while exciting erotic zones of women. The poets in his work narrate in minute details about the process of arousing sexual excitement and enjoying copulation steps by steps.

Panchasayaka, as already mention is the first work to deals the 64 *bandhas* or poses in the literature of any language ever. The poets in beautiful poetical manner describe the details of each one of the 64 coital postures which are to be practiced by the partners while in copulation. In this way the work of great Upendra Bhanja is important in this study of erotic in literary art.

Upendra is credited with nearly sixty manuscripts. Many of these are yet to be published. Some of the publications which readily available are listed as *Lavanyvati*, *Baidehisha-Vilash*, *Rasikaharabali*, *Rasalekha*, *Kotibramhandasundari*, *Premasudhanidhi*, and *Chaupadibhusan*. [13] In *Rasapunchaka* he has tried to popularize the *Kavya* poetics narrating the types of heroes and heroines.

Besides the work of Upendra Bhanja, there are few other Odia literary work still in palm leaf manuscripts form, many of these deal with similar themes. These are called *Chausathibandha* or the study of sixty four poses, *Bandhachitra* etc. these texts were in great demand by the aristocracy. One of the texts says'

Kamashastra najani je ramana karanti

Kahai se pashu durachara mudhamati

Etiki kahuchi mara tantra upachara

Vidhana subigna jane dosa mo na dhara.

In English rendering, the above paragraphs speak "those who engage themselves in sexual intercourse without knowing the rules of *kamasutra* are no better than beasts, villains and fools. So I herewith describe the rules of the Tantra of Mara (cupid). I pray that wise men, versed in the sciences, should not find fault with me"

Important among such works on erotic is the '*Chausathi Ratibhandhas'* of Gopala Bhanja composed in 18th Century A.D,[14] which in details describes the 64 *bandhas* or poses of copulation in Oriya language. His work speaks

" Bhanile Gopala Bhanja nrupati

Bhanile Bhanja Nrupati ae sukha retee Ae"

In English it speaks" the king Gopala Bhanja writes this, this bliss of love making is written by the Bhanja King"

In this book Bhanja has described in details, the characteristics of the four types of female, the measurements of the male organs according to each class or type; *Sasha, Mriga, Vrisabha, Ashva*, the parts of the days and night suitable for union and the type of male suitable for the type of female, the formula and medicines for long duration of copulation, various postures of the acts directions for beginning and for finishing.

Not only Bhanja describe union postures also suggests various methods of sterilization which was probably for the rich class people who maintain more than one wife. In his book he narrates "*Ebe shuna naree bandhya hoiba prakara"* in English it stands as Now listen, how a female is to be sterilized"

Thus, we see that the study of literature affords us an insight into the imagery and themes which held sway over the minds of its patrons Kings and aristocrats. To conclude, it is seen from the above discussion that conjugal love was a prominent theme in literary works. *Sringara*, and its embellished expression, were highly glorified. Even poems dealing with religious themes were endowed with the voluptuous sensuality and worldly consciousness. The literature also narrates about the categories of *bandhas* or coital poses along with other symbols of conjugal love while describing such scenes. Since 4^{th}-5^{th} Century A.D. the poets are frankly describing the coital act. So, we may conclude that eroticism is not only found its expression in the literature of Odisha, but also in religion and art; which suggest the importance of carnal in Indian culture and philosophy. Thus, it is noticed that all the *rasas* or passions from the loathsome and terrific to the delightful and carnal have been represented in the medieval Odia and Sanskrit literature.

To conclude, the above few examples although secular in nature is highly influenced by the concept of supreme bliss or Ananda. The religious text like *Gitagovinda*, where the author represents his poetic composition in worldly manner with in that lies the transcendental love. Where the union of the male and the female was symbolic of the Divine bi-unity of being and becoming or *Purusha* and *Prakrati*. The Upanishads had long ago used the metaphor of sexual union as the symbol of the ecstasy of union of *Atman* with *Brahman* and the *Purusha* with *Prakrati*. Thus, the *Brihadaranyaka* observes: "in the embrace of his beloved a man forgets, the whole world everything both within and without, in the very same way, he who embraces the self knows neither within nor without".[15]

During the medieval period, Bhakti was a dominate theme in India and Odia literature. The votaries of Bhakti imagined themselves to be the beloved of the Divine or the only Purusha. Atibadi Jagannath Das was believed to have almost transformed himself into a woman. Odia literature was full of themes like carnal love, waiting for God and the intense urge for union with the Godhead. In contrast to west physical union or love making has never been considered to be a tabbo in India. The Indian Gods and Goddess even the Supreme Being is subject to human emotions. Divinity, religion and spirituality have moved in unison with eroticism right from the Vedas, through the Upanishads, Bhagavats, Puranas, the seculars and religious literature from one thousand BC to the 19th century in Indian literature. This trend was also prominent in medieval Odia literature.

REFERENCES

1. A.L. Basam, *The Wonder that was India*, New York, 1954, p.171.
2. A.B.Keith, *A History of Sanskrit literature*, New Delhi, 1993, p.190-198.
3. B.S. Miller, *The love song of dark Lord, Jayadeva's Gita Govinda*, New York, 1977, p.125.
4. S. L. Sastri, *The Gita govinda Kavya of Jayadeva* , Madras,1956, p.54-55.
5. K.A.Panniker, Medieval Indian Literature- An Anthology, Vol-2, Sahitya Akademy, 1997, p.397.
6. K.C.Mishra., *Abhimanyu samanta Simhara*, Sahitya Akademi, 1990, p.34.
7. M.Mansingh, *History of Oriya literature*, Sahitya Akademy, 1992, p.84.
8. B.Sahu, "Odishan Commentaries translations and Immitation of Gitagovinda", *Orissa Review*, July-2009,pp.79-80.
9. S. Ratha, "Upendra Bhanja", *Sidelight on History and Culture of Orissa*, Cuttack, 1977, pp.692-701.
10. J.P.Singh Deo, *Tantric Hedonism of Mahanadi Valley*, New Delhi, 2004, p.179.
11. *ibid*, *Appendix*, p.254.
12. *ibid*, p.260.
13. S.C.Ratha, "Medieval Oriya Literature and Bhanja dynasty", *Orissa Review*, April-2008,p.46.
14. S. Pani, ed. *Illustrated palm Leaf manuscripts of Orissa. A selection from the Orissa State Museum*, (Bhubaneswar: Dr.H.C.Das, Superintendent, Orissa State Museum, 1984), pp.63-64,81-82.
15. *Brihadranyaka Upanishad*, IV, 3-21, translated by Swami Madhavananda, Advaita Ashrama, Kolkata, 1997-12, pp.660-61.

v v v

TALENT MANAGEMENT : ISSUES AND CHALLENGES

Dr. Sarita Mishra

(The future belongs to those who live intensely in the present . This practical message has been realized by business developers and has became a challenge for them. The economic uncertainty and competitions have created an increased pressure on the production, technology, price and trade. High attrition rate, cutting cost of production, retaining skilled employees and creating an appropriate successor is becoming a day to-day affair for all organizations . These emerging issues compel the business organizations to be more strategic, flexible and competitive with business performance to face the changing situations. The business performance and market existence can only be possible by the talented employees. Unfortunately the talent of the employees are not reorganized and utilized which results in talent flight and war of talents. The issues and challenges of talent management are varied which need to be given attention by business developers corporate giants and CEOs. This article attempts to analyse the concept of talent management, issues related to talent management and challenges for implementation of talent management system in the present scenario).

TALENT MANAGEMENT : THE CONCEPT

The term 'talent' is defined by dictionary as "any natural on special gift, special attitude, eminent ability short of genius, persons of special ability, disposition".[1] Talent can be described as an inborn trait or can be nurtured through training. To identify the talent and utilize it for the greater cause of the organization also requires better understanding of talent and experience. Talent is linked with reason, intelligence, initiative and strong inter-personal ability, net-working with people, creativity and innovation, ability to lead people, team spirit and emotional intelligence (Berk 2004). Managing talent is the core issue for the business organizations. It has been argued that every individual and employees are talented. The employer and the boss have the responsibility of locating the talent in human resource and utilizing the same for advancing the organization and business. The skills, potential, knowledge base, attitude towards work, experience, ability of understanding must be identified of each employee and utilized for the utmost output. The scarcity of talent is observed in Medical. Airlines, Marine, IT and almost in all sectors. Some sectors are seriously affected by talent flight and talent retention. In fact talent management should be directly linked with performance of the employee, experience on a particular field, problem solving ability, attitude towards work and commitment level. Without considering these no organization would be able to attract skilled and talented people and retain them for a longer period. The training, nurturing and mentoring is only for a calendar activity, neither it attracts the employee to learn nor deliver it as work. The business organizations must focus on these issues. Tata Group, Infosys, Wipro, Aditya Birla and Reliance and the business giants are trying to create a better pool for them through proper talent management programme. The young India can be retained by its own homebased business organizations. The problems related to talent identification, procurement, acquisition and development need to be addressed by business houses.

TALENT MANAGEMENT : ISSUES OF CONCERN

'Retain the best, build the rest' is the vital principle on which talent management system rests. This statement focuses on the integrated activities of talent management system. In fact, the activities of the talent management of any company starts from recruitment and continues right up to severance of the employee. The employee has to pass through the procurement process, induction, performance management system, training and development, career planning, compensation and incentive policy of the company. Each phase requires talent analysis and appraisal which helps in identifying the talent. A systematic talent management system requires planning at every stage which helps the organization to attract the talents from the labour market. Ultimately the organization, becomes the best employer to work with, which has successfully operated a talent management system. Even reputed corporate houses like TCS, Wipro and Infosys are still struggling to attract talent and retain them. The Economic Times and Great Place to Work Institute Survey, 2011 revealed that the companies like Google India and Intel Technology were rated as the best work place in India for their flexible working hours, fun at work, systematic career development and work life balance system. These variables are not sufficient for the talent management programme. Any motivating factor can be a part of talent management programme and aim towards the retention of the employee. 'Next Moves' as one of the retention strategy has already been adopted by 'Essar Group' which helps the potential employees to get what they deserve. Unfortunately, the stark reality is high attrition rate faced by Essar Group. The highest package to graduate engineer trainee and 'Next Move' is failing to retain the employees due to faulty work culture.[2] Internal pool of talented manpower creation is the need of the hour to face the scarcity of talents in the relevant fields required by the companies. The issues like creation of talent, identification of talent and retention of talent must be addressed by the business units which help to become a talent driven company. These issues can be viewed from different prospective and emerging challenges for the implementation of the talent management system. The prospective includes risk identification, talent market place, multi tasking and talent review and redundancy.

Risk Identification from talent pool

Recruitment is the first phase of talent identification. If the recruiter is biased and gone for a weak hiring then it leads to economic risk (wastage of money spent for the recruitment process and absence of skilled employee results in low turnover). Talent management system must focus on the key job areas and search for the appropriate talent where economic risk will be low . Risk identification strategy should include the creation of talent pool, pipeline successors and hiring strategy. This also helps in saving the training cost, low turnover, and hiring cost of consultancy. This of course is not completely controlled by the employer or the corporate houses. The educational institutions, Universities, government policy makers and even society at large control factors responsible for creating and nurturing talent. In fact the corporate houses are required more to identify talent and then nurture it in their environment. The certificates and scores do not necessarily reflect talent. The recruiter has to go beyond these to locate talent.

Talent Market Place

Talent management market place is one of the strategy to manage talents within the organization through training and development. It is considered to be the most effective strategy to identify the productive employees and pick them up for projects. The companies like TCS, IBM, and Infosys have realized the need of creating a talent market place. Unfortunately the public sector companies are yet to realize the need for creating a talent market place. The public sector companies like NALCO focuses on bridging the competency gap and organizational needs through training. In this competitive business world, training alone cannot meet the talent requirement in business organization. The need of activating a talent market place within an organization is still a debate.

Linking the employee in a particular task at hand (enterprise in a particular field) requires strategic planning. Creating a talent market place requires brain storming as well as understanding of talent utilization in different level of work. There are occasions when the employer/ boss finds that the recruit/ employee has a talent which is more useful for a position other than for which one was selected. The organization must be structured to use the pool of talents. There are other occasions when the recruit's talent does not match at all to the design of the organization and even a talented recruit may become dead wood.

MULTITASKING: TALENT INTEGRATION

Multitasking is an important issue for talent management. Talent Management system should integrate the key job areas like planning, coordination, performance, evalution and outcome. The employees exposure to all types of work is a bigger challenge. In fact, it requires the requisite knowledge, skill, and experience in a field. Learning environment and particular exposure to the work must be facilitated for the employees.

Nurturing the individual potential and allowing to learn the other areas of work have become the need of the hours. Linking the individual employees with different types of work and meeting the expectations of the employees is not the only concern but the creating a multi -tasking with multiple talent workforce is major issue for talent management system. Technology, language, adoptability, knowledge base, performance, skills and ability, attitude towards work and work culture etc. plays important in role in creating a multi tasking work force. The objective of talent management is not limited to identification of multifaceted talent in an organization.[3]

Banking sector faces problems in multitasking sector due to large-scale retirement in senior and middle level management executive. Micksency Survey reveals 80% of general managers, 50 % middle level manager and 30 % employees will retire over the year in Banking Sector in India. Bank will need skilled persons to deal with the situation. The Bank will face massive recruitment challenge in term of quantity as well quality of employee. Large scale re-skilling, attracting and retaining talent and introducing performance discipline specially through a transparent system of rewards and punishments is a real challenge. This is an eye opener for other service industries. Over the last few years service industries are real players of business. In fact, these industries require high performance culture. High performance organizations are those which can arrange work flow around key process and build teams to carry out such process .[4]

Training and Development.

The team work, involving the individual employee with multipurpose task and arrange the work flow are considered as the vital aspects of talent utilization. The scarcity of talent, absence of committed employee and lack of multi talented employee in an organization are due to faulty talent management system. This can only be addressed by creating talents in different fields, training and development programmes and realising the need for multi tasking for maximum output. According to Monster.com study, nearly 80% CEOs say HR issues are core to a company's success. Around 73% of CEOs spend a fourth of their time in talent development, with a similar percentage spending on retention of the best performers. Nearly 61% have employee satisfaction as an integral part of their goal.[5]

Talent Review and Redundancy

The present economic conditions compels the companies to rethink about the expenditure and cut costing on different heads. In fact, this environment provides a platform for the business units to implement talent management system strategically. The changes in business, mergers and emerging competition require proper evaluation of manpower and utilization of manpower. The organizations should conduct the talent review meeting to review the performance and career potential of employees, to discuss possible vacancies for current employees, to identify successors and top talents in the organization as well as prepare the action plans for future roles in organization. The review evaluation must be linked with redundancy. Redundancies are to be reduced for genuine operational reasons. Redundancy plan must include the positions to be made redundant and identifying the areas where redundancy needs to be removed. The review report must ensure the top performance of the company, retaining strategy and redeployment in the organization and non-performance are to be terminated as a part of redundancy plan. The review meeting should be conducted by all organizations which helps to increase the awareness of the availability of talent as well as successors. The talent review must include the redundancy plan which will help in talent acquisition, development and retention. This has been realized by Thomas Varghese, CEO, Aditya Birla Retail, he says " We need to benchmark against the best organizations which have strong performance management systems and insitutionalise people process like talent acquisition, retention and development." [6]

TALENT MANAGEMENT : EMERGING CHALLENGES

The process of attracting and retaining productive employees is increasingly competitive between firms leading to the war for talent. On the other hand the assumption that , all the people have talent which should be indentified and utilized makes talent management a difficult task. After analyzing the issues the author has identified the following challenges for the talent management system.

- High attrition rate
- Employee retention at all levels and lack of recognition for the individual potential
- Talent acquisition system
- Improper work life balance
- Company policy
- Faculty career advancement programmes
- Wastage of manpower due to volatility of job market
- Changing technology and emerging competitors in the market

CONCLUSION

Talent management system need to be implemented properly to utilize the core competency of the employee. Knowledge, skill and experience may not be enough, unless we develop wisdom to use them. Talent management is all about how best we shape our future. Retaining valuable and skilled employees, nurturing the skills through training and development, identifying the successor and risk related to the above planning process are the issues of concern today. Employees are more likely to stay with an organization if they realize that their manager shows interest and care for them; if they know what is expected of them, if they are given a role that suits their potentialities and if they receive positive feedback and proper recognition from their managers (Beardwell et al 2004).[7] Thus the business developers need to reassess the talent management system implementation which must be based on **"Retain the best and build the rest".**

SOURCES

1. *Chambers Twentieth Century Dictionary, edited by William Gedde, year- 1959, London .*
2. *http" www.essar.com, Talent Management.*
3. *Contemporary Issues in Human Resource Management, National Seminar papers, proceeding 2012-13, P.G. Department of PM&IR, Utkal University , Bhubaneswar,pp-57-58*
4. *The Indian Banker, Banking in the Next Decade, Indian Banks Association, Vol-VII, No.-3, March 2012.*
5. *Ghosh, Labonita; ET Bureau Jan 13, 2012, 6.44 p.m. IST.*
6. *Mukcherjee, Writanker, ET Bureau Nov 16, 2010, 3.15 am*
7. *Contemporary Issues in Human Resource Management, ibid. P-62.*

v v v

OUR CONTRIBUTORS

CMA Braja B.Mishra, MA, LLB, MBA
Finance & Accounts Officer,
Institute of Life Sciences,
Dept. of Biotechnology,
Ministry of Science and Technology
Govt. of India, Bhubaneswar
Email-bbmishra3@yahoo.com

Prof. Ranjan Kumar Bal, M.Com, Ph.D
Professor, P.G. Dept. of Commerce,
Utkal University,
Bhubaneswar.
Email:ranjan_bal@yahoo.com

Prof. P. K. Mohanty,
Assistant Professor,
Xavier Institute of Management,
Xavier Square, Bhubaneswar-13,Orissa, India
E-mail id: pkm@ximb.ac.in

Dr. Rashmita Sahoo, Ph. D.
P.G. Dept. of Business Administration,
Utkal University, Bhubaneswar.
Email:rashmitasahoo0703@gmail.com

Prof.(Dr.) J.K.Panda, Ph. D.
Head, P.G. Dept. of Business Administration,
Utkal University, Bhubaneswar.
Email:jkpanda56@yahoo.co.in

Dr.Sujit Kumar Acharya,
M.Com, MBA, M.A, (PMIR), M.Phil, Ph.D
Lect., Dept. of Business Administration,
DDCE, Utkal University, Bhubaneswar
Email:sujit_acharya@hotmail.com

Ms. Rashmi Ranjeeta Das
Academic Consultant,
Mgt. programme, DDCE,
Utkal University
Email:rashmi@ddceutkal.org

Dr. Biraj Mohan Das, Ph.D
Sr. Asst. DDCE, Utkal University
Bhubaneswar
Email-das.birajmohan@gmail.com

Mr. Debaraj Swain
Jr. Lecturer in History
S.B.R.Govt.Women's College
Berhampur, Ganjam.
debrajswain@gmail.com

Ms. Pragyan Paramita Patra
Research Scholar,
P.G. Dept. of AIHC&A,
Utkal University
pragnya.parimita.patra@gmail.com

Prof. Srinibas Pathi, Ph.D
Professor, P.G. Dept. of
Public Administration,
Mizoram University, Aizwal.

Mr. Binod Bihari Satpathy
Research Scholar,
P.G. Department of AIHC&A
Utkal University, Bhubaneswar
Email:binod558@gmail.com

Dr. Sarita Mishra, Ph.D
Asst. Professor
Srusti Academy of Management,
Bhubaneswar
Email-sarita@srustiacademy.org