

**REPORT OF THE NATIONAL SEMINAR ON “EMERGING TRENDS IN  
COST AND FINANCIAL MANAGEMENT”, JANUARY 20 & 21, 2007**

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A two-day National Seminar on “Emerging Trends in Cost and Financial Management” was held at D.D.E. Hall, Vidyasagar University, Midnapore on January 20 & 21, 2007 under the joint organization of the Department of Commerce with Farm Management, Vidyasagar University, Midnapore and the Eastern India Regional Council (EIRC) of the Institute of Cost & Works Accountants of India (ICWAI). The seminar provided an ideal forum for the interaction of ideas and information between academicians, professionals and practitioners in order to understand the emerging issues of Cost and Financial Management. The two-day seminar was attended by prominent scholars and practitioners across the country with over two hundred delegates, importantly half of whom has been students of M.Com., M.B.A. and I.C.W.A. courses.

The seminar was inaugurated by Shri Rabilal Maitra, Hon’ble Minister-in-Charge, Law and Judicial Departments, Government of West Bengal, who in his inaugural speech highlighted the need of cost and financial management for the industries in general and also elaborated the need of industry-institute interaction in designing the syllabus of the related courses with utility to the industry. The inaugural session was chaired by Prof. Swapan Kr. Pramanick, Hon’ble Vice Chancellor, Vidyasagar University, who also gave his view on the subject in the backdrop of the changing economic situation of the country and explained the necessity of various existing academic and professional courses to serve the purpose of industry. Prof. Ranjan Kr. Bal, Professor and Former Dean of Commerce, Utkal University, Bhubaneswar and President, Indian Accounting Association discussed the need of a thorough redesigning of

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Commerce education from the secondary education level and the role that should be played by the professional institutes in developing their courses to suit the industry and playing a liaison role as well between the universities and the industries to bridge the existing gap. The inaugural session was also addressed by Prof. Prabhat Kr. Misra, Dean, Faculty of Arts & Commerce, Vidyasagar University, Midnapore, Dr. Sanjiban Bandopadhyay, Central Council Member, Institute of Cost & Works Accountants of India as Joint Organizing Secretary and Prof. Arindam Gupta, Head, Dept. of Commerce with Farm Management, Vidyasagar University as Organizing Secretary. The session ended with a vote of thanks by Prof. K.C. Paul, Professor, Dept. of Commerce with Farm Management, Vidyasagar University.

The inaugural session was followed by a discussion on the Theme, three Technical Sessions on “Current Issues in Financial Management”, “Strategic Cost Management” and “IT Applications in Financial Services”. The detailed report of the discussion on the Theme and Technical Sessions is given in the following sections.

### **Theme: Emerging Trends in Cost and Financial Management**

The session was chaired by Prof. P. S. Das, Former Professor, Dept. of Economics with Rural Development, Vidyasagar University, Midnapore and Visiting Professor, VGSOM, IIT Kharagpur. Prof. Das initiated the discussion with the backdrop of international developments taking place in Finance in form of derivatives and options. He then went on discussing many relevant areas of international trade and financial management practices. Prof. Ranjan Kr. Bal, Professor and Former Dean of Commerce, Utkal University, Bhubaneswar and President, Indian Accounting Association delivered the key-note address on “Strategic Cost Management” and Dr. Santanu Kr. Ganguli, FCA; Columnist, Hindu Business Line, Chennai; Visiting Faculty, IIM Calcutta and NIT, Durgapur delivered the key-note address on “Emerging Trends in Financial Management”. Prof. Bal highlighted the need of an organization’s adoption to change for a stable existence in the dynamic business world after discussing the various intricate areas of cost management. Dr. Ganguli, on the other hand, gave a detailed description of the journey of the Finance discipline in general and Financial Management discipline in particular over the years from the period of Modigliani-Miller. He also pointed out the increasing role of quantitative analysis in emerging researches in Finance. The discussion ended with a vote of thanks by Dr. Sanjiban Bandopadhyay, Central Council Member, Institute of Cost & Works Accountants of India.

### **First Technical Session: Current Issues in Financial Management**

This session was chaired by Mr. P. Mondal, Ex.-General Manager (Finance), NTPC Ltd.. Mr. Shivaji Dasgupta, CGM (Finance), Numaligarh Refinery Ltd. delivered the key-note address. In his keynote speech, he pointed out the recent problems of measurement of cost incurred in emerging sectors. He cautioned the cost accountants to face these recent emerging problems in regard to measurement of cost as well. He also shared his experience in industries with the delegates presented in the seminar.

# A joint paper was presented by Dr. Debdas Rakshit, Senior Lecturer in the Dept. of Commerce of the University of Burdwan and Mr. Chanchal Chatterjee, Project Fellow in the same department on “Corporate Restructuring through Mergers and Acquisitions: A Case Study”. They opined that in the liberalized economy mergers and acquisitions have become an important and effective vehicle of corporate restructuring. This paper was a case study-based paper and examined the efficiency of decision taken by the ICICI Bank when it merged with Bank of Madura.

# Mr. P. K. Samanta, Lecturer, Dept. of Commerce, University of Kalyani, Kalyani and Mr. Partha Sarkar, Lecturer in HRM, Dept. of Commerce, University of Burdwan, Burdwan presented their paper on “Corporate Governance and Firm Performance in India: A Study”. The paper examined the linkage between corporate governance and firm performance of 30 companies of BSE SENSEX by using regression analysis.

# A joint paper was presented by Mrs. Sohag Joarder (Ghosh Dastidar), Lecturer of Commerce, Kidderpore College, Kolkata and Prof. Arindam Gupta, Head, Department of Commerce with Farm Management, Vidyasagar University on “ Trends in Ownership Pattern of ‘A-Group’ – Listed Private Sector Companies during 2001-2005”. In their presentation, they showed that ownership in ‘A group’ BSE-listed Indian private sector companies is concentrated in the hands of promoters followed by the institutional investors. They observed if all the ‘A-group’ BSE- listed companies were taken into consideration (most of which did not specifically disclose executive directors’ shareholding), ‘any other’ category of shareholders (which included executive directors) had shareholding of less than 1%, which had been very meager thus not giving any question of ownership control by this group. Thus restriction of ‘agency problem’ by increasing executive directors’ shareholding was proved to be possible in case of private sector Indian companies.

# Mr. Amir Jafar, Lecturer in Human Resource Management, Department of Commerce, University of Burdwan, Burdwan presented his paper on “ Mergers & Acquisitions: The Human Side”. According to him, human resource issues are issues that are more sensitive in case of Mergers and Acquisitions (M&A) negotiations. There is a direct correlation between the involvement of the Human Resource (HR) department and the M&A success. He tried to identify the HR issues, which should be considered to make the M&A programme an effective one.

# Dr. Siddhartha Sankar Saha, Senior Lecturer, Department of Commerce, St. Xavier’s College, Kolkata presented his paper on “Green Shoe Option of Public Issues & IPO Grading in India Primary Capital Market: Are These Mechanisms appropriate for safeguarding investors’ interest?” According to him, Green Shoe Option is the latest stabilization mechanism to the Indian capital market and the procedure is still evolving in safeguarding the interest of investors. He informed the house that the SEBI had granted in principle approval for introduction of optional grading of Initial Public Offerings (IPOs). Besides, he, in his lecture, focused on different aspects of Green Shoe Option and

IPO grading mechanisms and explored the suitability of such mechanisms in safeguarding investors' interest.

# "A Comparative Study of Insider Trading Regulations: India and USA" was presented by Mr. Ashish Kumar Sana, Department of Commerce, University of Calcutta. Insider trading in the stock market is one of the illegal activities committed by the insiders. It hurts the market sentiment and ultimately deters the investors from the market. The regulations of insider trading in India was implemented since 1992. However, these regulations were not so stringent that counter the insider trading cases. In 2002, SEBI revised insider-trading regulations in India whereas Securities Exchange Commission (SEC) in USA introduced its regulations in 1934. Thereafter Insider Trading Sanctions Act was also passed in 1984 in USA. In this paper, he made a comparison between these two countries' insider-trading regulations from various aspects such as meaning of insider trading, price sensitive non-public information, penalty (civil and criminal), power of regulators, surveillance system, investigation of insider trading cases, etc..

# Dr. Nimai Bandyopadhyay, Reader in Commerce, Syamaprasad College, Kolkata presented his paper on "Indian Multinationals - An Emerging Dimension in Corporate World". Indian multinationals namely, Tata Motors, TCS, Infosys, Satyam, Ranbaxy, Dr. Reddy's Laboratory, Exide, Asian Paints, Bharat Forge, Essel Propack, Sundaram Fasteners and many others have started operating in USA, UK, China, Singapore, Malaysia, Indonesia and South Africa. According to him, these companies have emerged to become globally competitive with improved technologies; learner cost structures and better market access.

# Mr. Snehasish Chaudhuri of ICAI Business School, Kolkata presented his paper on "Banking Sector Reforms in China – Progress and Constraints". The Chinese banking system is characterized by a low profitability, huge non-performing loans, state-ownership and low capitalization. The reform of banking system process started since 1975 and it was based on three pillars: (i) bank restructuring, (ii) financial liberalization and (iii) strengthened financial regulation and supervision. He analyzed the state-owned banks' progress after liberalization. In his paper, he observed that a huge asset-liability mismatch in the balance sheets of the state-owned banks created a liability crunch in the country.

# "Is 'Old is Gold' true? – A Probabilistic Approach to Judge the Fact and Fallacies of Time Diversification on Investors' Portfolio Size" was presented by Mr. Paritosh Chandra Sinha, Research Scholar, Department of Commerce, University of Burdwan, Burdwan and Mr. Som Sankar Sen, Lecturer, Department of Commerce, Champadanga College, Hoogly. In their paper, they suggest how an investor chooses his strategy based not only on time. Thus an investor may try to discover a few stocks which are likely to experience below 10% probability of incurring actual as well as potential losses at any time with in the time horizon.

# Dr. Amalendu Bhunia of Fakir Chand College, Diamond Harbour, 24 Parganas (South) presented his paper on “Management of Receivables: A study of short-term financial planning”. Working capital management techniques play an important role for short-term financial planning. In his paper, he conducted a study of financial data of Tata Iron and Steel Company Ltd. (TISCO) for the period from 1995-96 to 2004-05 to evaluate the efficiency with which working capital was invested in the company.

The session ended with a warm vote of thanks by Prof. K. C. Paul, Professor, Dept. of Commerce with Farm Management, Vidyasagar University, Midnapore.

### **Second Technical Session: Strategic Cost Management**

The session was chaired by Mr. N. Biswas, ED (Finance), IBP Ltd. and the key-note speaker of this session was Mr. M. Samajpati, Director (Finance), Hindustan Copper Ltd.. The session started with the introductory remarks by the Chairman, who introduced the theme of the topic in brief.

# In the key-note address, Mr. Samajpati gave his view regarding the trends in Cost and Financial Management, highlighting the importance of strategic cost management in particular. In the scenario of globalization and liberalization, he argues that for their survival, industries need to compete internationally and for this purpose technological advancement, international norms etc. are to be maintained. In nutshell, he discussed about the functions of Value Chain Analysis, Value Engineering, Target Costing, Activity Based Costing, Environment Cost Management, Social Cost Management etc. in strategic cost management. In his concluding remarks he fixed the rule of game for an international player — “Only efficiency will survive”.

# The session was followed by presentation of paper by Dr. Santanu K. Ganguli, FCA; Visiting Faculty, IIM Calcutta, on the topic, “Strategic Cost Management- Concepts and Issues”. Dr. Ganguli concentrated his presentation on Cost and Financial Management of Leather Industries in India. From his vast research experience in this field, he mentions that most of the leather firms in India are owned by the Indian minorities (Muslims & Chinese), who do not have any concept of Financial and Cost Management and who also distrust the familiar system of Cost and Financial Management. They have a feeling for risk of being minority and by this they prefer to invest the major part of their fund in more secure and liquid assets and try to keep the quantum of fixed cost at the lowest possible level. The main strategy that they adopt is maximum investment in Debtors and Inventories, and minimum investment in long term Fixed Assets. The paper enriched the audience to a great extent.

# The next paper presenters were Dr. Debdas Ganguly, Professor, Department of Management and Social Science, Haldia Institute of Technology and Mr. Premasish Roy, Lecturer, Department of Management and Social Science, Haldia Institute of Technology. They have jointly presented a paper entitled as “Activity Based Costing in Merger and Acquisition-A Strategic Approach.” In their paper they tried to highlight why Mergers and Acquisitions are now-a-days have become so important for the survival of

companies in an unlimited competitive environment. They vividly described how ABC system helps in this Mergers and Acquisitions to accomplish the desired objectives.

# The next speaker of the session was Mr. Avijit Sinha, Faculty Member of Dept. of Commerce with F.M., Vidyasagar University, who has presented his paper entitled as “Value Chain Analysis: A Driver in Developing Competitive Advantage.” In his deliberation, he points out that in the present day competitive market the consumers are becoming more and more conscious about maximization of value of their money and thus their expectation about the utility of their money is increasing day-by-day. Mr. Sinha vividly describes how Value Chain Analysis, by linking various activities, can achieve the target to maximize the money value of customers.

# The next paper presenter was Dr. Brajaballav Pal, Lecturer, Panskura Banamali College. He presented his paper on the topic “Corporate Environment Management Practices in India: An overview”. This paper attempted to explore the present scenario about the environment management practices in India. Dividing his paper into five sections, he nicely described how sound environment management practices can help the Indian corporate bodies for their sustainable development and growth.

# Another joint paper was presented by Dr. Santi Gopal Maji, Lecturer in Commerce, Guskara Mahavidyalaya and Mr. Sunil Nandi, Research Fellow, Dept. of Commerce, University of Burdwan on the topic, “Integrated ABC and EVA in Manufacturing Organization - A Case Study”. In their paper they discussed the need of integration of ABC System and EVA for the purpose of monitoring long-term competitiveness and profitability of the firm. The paper enriched the audience to a considerable extent.

# The last paper presenter of the session was Dr. A. N. Shankar, Lecturer, Dept. of Commerce, Mizoram University, Mizoram, who presented his paper on “Managerial Notion of Corporate Social Reporting Practices in India”. In his deliberation, he highlighted the present scenario of the social reporting practices of Indian corporate sector. In his presentation he explained the importance of social reporting in a very simple manner.

At the end, Mr. N Biswas, Chairman of the session presented a brief note, covering the core issues of the papers presented in that session and added his own view in this respect. He commented that the papers presented in the session were very rich in quality and the deliberations were very lively.

At the end, Prof. K. C. Paul, Professor, Dept. of Commerce with F.M., Vidyasagar University offered a hearty vote of thanks on behalf of the Seminar Organizing Committee.

### **Third Technical Session: IT Applications in Financial Services**

Dr. Tarun Kr. Dey, former Scientific Officer (H ) and Head, Power Supply & Instrumentation Division of VECC, DAE, Kolkata, chaired the third technical session and Prof. Ajoy Kumar Ray , Professor, Dept. of Electronics and Electronic Communication Engineering and Head, School of Medical Science and Technology, IIT Kharagpur presented the key note paper. Dr. Dey, Chairman of the session, had given some introductory remarks and highlighted the IT application areas those are progressing

tremendously since 1990's. Dr. Dey mentioned different types of IT application tools used by various financial institutions in different service sectors.

# In the keynote address, Prof. Ray discussed how IT actually operate in our day-to-day life beyond the general levels of perception. Regular business activities like manufacturing process, storage, sales and after sales service are influenced by IT. He explains how business activities have expanded beyond national boundaries i.e. at the global level through internet. At the end he concludes about IT to expand in many intricate areas like any kind of information being available even in the mobile hand set.

# This was followed by presentation of a paper jointly authored by Dr. Samir Ghosh from Dept. of Commerce, Vidyasagar University and Mr. Subrata Mukherjee from Mugberia Gangadhar Mahavidyalaya, Purba Medinipur, entitled 'Electronic Banking - a future outlook'. They said that radical transformation of banking activities had happened due to adoption of superior technology. In their discussion, they pointed out that internet banking facilitates efficient servicing, effective pricing and timeliness. However, they also cautioned about different kinds of risks attached with networking in banking activities. At the end, they opined that banks were trying to integrate IT and business strategies to derive the maximum advantages through the implementation of IT.

# Mr. K. Umanath, Research Scholar, Dept. of Commerce, Bharathiar University, Coimbatore, made the next presentation of paper. This paper was jointly written with Dr. P. Chellasamy, entitled as "Mobile Banking". Mr. Umanath in his discussion has focused on the areas of Mobile Banking services, technologies enabling Mobile Banking, advantages and marketing for Mobile Banking and Mobile Banking in ICICI Bank as a case study. Mr. Umanath pointed out that banks and similar financial institutions are rolling off using this mobile banking for reaching out their customers. At the end, he concludes that banks follow deep look into the mobile services on a technology which reaches out the majority of their customers.

# Mr. Suvendu Saha, Lecturer, Sri Chaitanya Mahavidyalaya, Habra, W.B., made the next presentation of paper, entitled "Human Resource Business Process - from Manual to Mechanization". In his discussion, he discussed a real model of the human resource business process to analyze how different factors of human resource business processes fit together in an information technology environment for better processing and generating more accurate results in lesser time.

# Mr. B. Siva Kumar, Research Scholar, Dept. of Commerce, Bharathier University, Coimbatore, made the last presentation of paper. This paper was jointly written with Dr. S. Sudalaimuthu, entitled as "E-Filing of Income Tax in India". Mr. Siva Kumar discussed the areas like methods of e-filing, assessee of e-return, benefits and limitations of e-filing and solving procedure of e-filing limitations. In his discussion, Mr. Siva Kumar pointed out that this facilitates the taxpayers to pay tax anywhere and anytime.

While participating in the discussion Prof. Arindam Gupta and Prof. K. C. Paul raised some good questions to Prof. Ajoy Kumar Ray which were answered by him.

Before ending the session, Prof. Arindam Gupta, Head, Dept. of Commerce with Farm Management proposed a hearty vote of thanks on behalf of the Seminar Organizing Committee.

### **Valedictory Session**

The session was chaired by Dr. S. Srinivasan, Joint Professor, VGSOM and Dept. of Industrial Engineering and Management, IIT Kharagpur. Prof. Ashok Banerjee, Professor of Finance and Control, Indian Institute of Management Calcutta, Kolkata delivered the valedictory address.

Prof. Ashok Banerjee spoke on Managing Risks. He starts with the comment that the increasing complexity in the business environment has thrown many challenges before the managers and risk management is one of such challenges. Risk, according to him, can be defined as the degree of uncertainty which has upsides as well as downsides. He points out that risk management essentially involves managing downside risks. According to him, risk management requires three steps: (a) Risk identification; (b) Risk measurement; and (c) Risk mitigation. Risk identification would require firms to identify different types of risks, risk drivers, and the activities that are exposed to these risks. There are four types of risks - (i) Market Risk; (ii) Credit Risk; (iii) Liquidity Risk; and (iv) Operational Risk. Different business lines of an organization are exposed to different degrees of these risks. Risk identification requires managers to capture risk exposure for each business line as well as for each risk event. He informs the house that even banks in developed countries are against factoring operation risk losses in estimating economic capital. The banks maintain that there is too much subjectivity involved in models of operational risk. Such apprehensions mainly arise out of the fact that very few banks have historical data on operational loss events. Data scarcity is the major impediment in measuring operational risk. According to him, risk mitigation involves institutionalizing internal controls and checks to preempt occurrence of loss events. He also describes Value at risk (VaR) as a risk management measure widely used to quantify risks and hence used to set risk limits and risk tolerance. He finally concludes with the comment that despite this background, it is important not to lose sight of the original purpose - the control of risk - when determining limits.

Prof. Srinivasan concluded the session with his remarks on risk management and associated aspects.

Mr. Somnath Mukherjee, Advisor, Professional Development Committee, EIRC of ICWAI gave a detailed account of the seminar from the inaugural session and proposed a vote of thanks for the valedictory session.

Prof. Arindam Gupta, Head, Dept. of Commerce with Farm Management and Organizing Secretary proposed a Grand Vote of Thanks at the end on behalf of the Seminar Organizing Committee.