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## Articles

### **Basel II Preparedness in Indian Banks : Need for Developing Appropriate Credit Risk Models**

- Arindam Bandyopadhyay

While graduating from Standardized to Foundation IRB to Advanced IRB approach, each financial institution has to necessarily estimate the trade-offs between the cost of implementing one approach vis-à-vis the capital benefit arising out of adopting the same. Because Basel II requires all loans to be rated for at least 5 years before the advanced approach may be used, banks should begin comprehensive self assessments through integrating data, vendor and custom solutions into the process instead of just doing it early. Instead of running after ready made sophisticated models, banks should slowly develop an internal rating based model and build their capacity to properly judge the depth of risk embedded in their corporate and retail business.

### **Commodity Futures Market in India : Issues and Suggestions**

- P R Kulkarni

The agriculture in India is marked with various uncertainties relating to production, which has its manifestation on the price of commodities. In the absence of proper system which could give the farmer an advance forecast of the price that the harvest is likely to fetch, the farmer bases his decision on the past harvest. This leads to a scenario wherein a period of bumper harvest is followed by a fall in production. Forward trading in commodities can play a useful role in stabilizing the price of the commodity. Forward trading in a commodity plays an important role in risk management. Various intermediaries associated with the commodity market like stockists, exporters, importers, producers, etc can hedge their risk by entering futures market. The present paper highlights on various issues like infrastructure, linkages, role of the banks, financial institutions, and corporates convergence of commodity market and securities market.

### **Action Research Project on Swaranjayanti Gram Swarozgar Yojana in Kumta, Uttara Kannada : A Benchmark Survey**

- K Dinker Rao & B R Hiremath

An action research project (ARP) on Swaranjayanti Gram Swarozgar Yojana (SGSY) is being implemented in 9 blocks of 9 districts of 9 states in different regions of India, spanning the period of 2003-04 to 2005-06, with the objective of implementing the scheme as per the guidelines. Recently, a Benchmark Survey covering the Swarozgaris was conducted in the 9 experimental blocks and the related control blocks.

The article presents findings of the study in Uttara Kannada district of Karnataka, which covered Swarozgaris in Kumta block and Ankola, the control block. The findings revealed that some of the tenets of SGSY were not observed in Kumta and Ankola. There was no systematic maintenance of accounts among the SHGs. If subsidy was the focus in some cases, there was mismanagement of funds in others. Participatory management of SHG was not discernable. The performance of Kumta, the experimental block, could not be rated better than the control block, Ankola. Overall, the findings were not a happy augury for the SGSY scheme.

**Proactive Human Resource Management : A Source of Competitive Advantages**

- D S Sangwan

Banking is the central artery for all economic activities and any changes in its processes are deemed to have repercussions on the country's growth. Successful organizations are those, which recognize HRM as a corporate strategic issue rather than simply an outcome of corporate strategic decision.

The management should treat employees as a valuable asset, a source of competitive advantage through their commitment, adaptability and high quality of skills and performance. HRM is set to become as important as balance sheet management for banks. A time will come when all banks will be more or less equal in technological strength. and the differentiating factor will be the quality of human resources.

**Rehabilitation of Sick Units : A Case Study of Capsuzal India Limited**

- Parveen Kataria

This is a case study of Capsuzal India Ltd. which has been identified from the portfolio of Board for Industrial and Financial Reconstruction (BIFR). The SWOT analysis has been done on this company and merits of strategic initiative have been examined. The present company started its life in 1985. But soon after, the position of the company started deteriorating due to some unavoidable reasons. As a result company became sick and was referred in 1990 to BIFR u/s 15 of SICA 1985. After making an inquiry and after consideration of all relevant facts and circumstances the company was declared a sick industrial company within the meaning of section 3 (1) (o) of the Sick Industrial Companies Act 1985. As a solution rehabilitation package was derived for the company. Revival package worked well and in June 2002 the company was declared no longer sick and its name was removed from the list of sick companies of BIFR.

**Notes & Comments****Change - Make it Win Win**

- T Frank Sunil Justus & M Ramesh

**Booknotes**

- Bibha Ganguly