

SAVITRIBAI PHULE PUNE UNIVERSITY

Board of College and University Development

University Research Grant Scheme

Acceptance Letter

Proposal No : 15MGM000092
Name of P.I. : Chavan Tanaji Vitthal
Contact No. (Mob.) : 9552345000 Email ID : dr_tanaji_chavan@yahoo.com
College/ Institute : Anekant Education Society ANEKANT INSITUTE OF MANAGEMENT STUDIES Addr:
Anekant Education Society Campus,Ta:Baramati Dist:Pune Pincode:413102 Ta: Baramati
Dist: Pune
Approval No. & Date : CCO/1505 (Appr.Date.: 16 May 2013)
Title of the Project : A STUDY OF PERSONAL FINANCE IN RURAL INDIA

- 1 I am permanent approved teacher of College/ University as mentioned above.
- 2 The research project is not being supported by any other funding agency.
- 3 The terms and conditions related to the grant are acceptable to the Principal Investigator and College/Institution.
- 4 Expenditure Will be Incurred as per University Rules and Utilization and Progress Report Will be submitted in time.
- 5 At present, I have no research project approved under University Research Grant Scheme by University of Pune.
- 6 The College/Institute is fit to receive financial assistance from University and is included in the list prepared by the University.
- 7 The period of implementation of the project is -2016 – 2018.
- 8 I will guide at least two students for 'AVISHKAR' research competition.

A. R. C.
(Name and Signature)

Principal Investigator
(Signature)

Principal
(Signature and Seal)

SAVITRIBAI PHULE PUNE UNIVERSITY

Board of College and University Development

Revised Estimate For-Sanctioned University Research Grant Scheme Proposal (2016-18)

Name of Principle Investigator : Chavan Tanaji Vitthal
P.I. Contact No. (Mob) : 9552345000 Email ID : dr_tanaji_chavan@yahoo.com
Title of Project : A STUDY OF PERSONAL FINANCE IN RURAL INDIA
College Name (With address) : Anekant Education Society ANEKANT INSITUTE OF MANAGEMENT STUDIES
Addr: Anekant Education Society Campus,Ta:Baramati Dist:Pune Pincode:413102
Ta: Baramati Dist: Pune
Total Amount Sanctioned : Rs. 100000.00

Estimate	First	Second	Gross Total
Books and Journals	5,000	5,000	10,000
Chemicals and glassware	0	0	0
Contingency (including special needs)	5,000	5,000	10,000
Equipments	20,000	5,000	25,000
Field Work and Travel	5,000	25,000	30,000
Hiring Services	15,000	10,000	25,000
Total	50,000	50,000	100,000

A. R. C.
(Name and Signature)

Principal Investigator
(Signature)

Principal
(Signature and Seal)



Government of Maharashtra

District Skill Development, Employment & Entrepreneurship
Guidance Centre, Pune

481, Sardar Mudliyar Road, Rasta Peth, Pune- 411011.

Telephone No- 020-26133606

Fax – 26050085

Email: asstdiremp.pune@ese.maharashtra.gov.in, punerojgar@gmail.com

Website: www.rojgar.mahaswayam.gov.in

AMS BARAMATI

Inward No.....66.....

Date: 31/8/2018

Ref No.: DSDEE/ 2249 /2018

Date: 04/08/2018

To,
Dr. M.A. Lahori,
Director,
Anekant Institute of Management Studies (AIMS),
Baramati

Dear Sir,

Letter of Recognition of your efforts in Skill Development, Employment and Entrepreneurship

On behalf of District Skill Development, Employment & Entrepreneurship Guidance Centre, Pune, we are pleased to express deep satisfaction over the institutional efforts you have been taking over the past several years in the field of Skill Development of rural youth. We appreciate wholeheartedly the same.

We are extremely happy to be associated with your esteemed Institution for the cause of Skill Development, Employment and Entrepreneurship Development in the area of Baramati.

With Warm Regards,

 4/8/18.

Mrs. Anupama Pawar,
Assistant Director,
District Skill Development, Employment &
Entrepreneurship Guidance Centre, Pune-11.



AIMS BARAMATI
Inward No. 66
3118/2018

Government of Maharashtra

District Skill Development, Employment & Entrepreneurship,
Guidance Centre, Pune

481, Sardar Mudliyar Road, Rasta Peth, Pune- 411011.

Telephone No- 020-26133606

Fax – 26050085

Email: asstdiremp.pune@ese.maharashtra.gov.in, punerojgar@gmail.com

Website: www.roigar.mahaswayam.gov.in

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With Warm Regards,

 4/8/18.

Mrs. Anupama Pawar,
Assistant Director,
District Skill Development, Employment &
Entrepreneurship Guidance Centre, Pune-11.

AJINKYA BIG BAZAR

BHIGWAN ROAD, BARAMATI. 413102

02112-225309/222393

2015

REF NO -.0506201801

Date:07-01-2015

Dr. M.A. Lahori,

Director,

Anekant Institute of Management Studies

Baramati-413102

Respected Sir,

Congratulations!, we have accepted your proposal to fund research project/s undertaken by students / faculty members of your esteemed Institute.

Our Management has approved a grant of Rs. 7,000/- for your research project which shall be for pure academic purpose.

Our offer of this grant is subject to your agreement to:

1. Use the grant funds only as specified in the approved grant proposal.
2. Maintain your records to show and account for the uses of grant funds.
3. Allow Ajinkya Big Bazar access to the said research activity and its outcomes.
4. Provide written acknowledgment of receipt of payments of grant funds.
5. Refrain from use of the funds for any purpose prohibited by law.
7. Cooperate with any efforts of Ajinkya Big Bazar to publicize the grant award.

If your organization agrees to these terms, please sign and return one copy of this letter. We appreciate being able to assist you with your efforts.

With Warm Regards,



Authorized Signatory

For Ajinkya Big Bazar,

Bhigwan Road,

Baramati

ABHAY SECURITIES

Date:19/01/2016

**Dr. M.A. Lahori,
Director,
Anekant Institute of Management Studies
Barmati-413102**

Respected Sir,

Congratulations!, we have accepted your proposal to fund a research project titled undertaken by students / faculty members of your esteemed Institute.

Our Management has approved a grant of Rs. 3,000/- for your research project which shall be for pure academic purpose.

Our offer of this grant is subject to your agreement to:

1. Use the grant funds only as specified in the approved grant proposal.
2. Maintain your records to show and account for the uses of grant funds.
3. Allow Abhay Securities access to the said research activity and its outcomes.
4. Provide written acknowledgment of receipt of payments of grant funds.
5. Refrain from use of the funds for any purpose prohibited by law.
7. Cooperate with any efforts of Abhay Securities to publicize the grant award.

If your organization agrees to these terms, please sign and return one copy of this letter. We appreciate being able to assist you with your efforts.

With Warm Regards,



**Authorized Signatory
For Abhay Securities,
Baramati**

Reg off: 8, Marwad Peth, Gandhi Chowk
Baramati : 413102
M : 9730999009

AJINKYA BIG BAZAR

BHIGWAN ROAD, BARAMATI. 413102

02112-222393/225309

2016

REF NO -2805201801

Dr. M.A. Lahori,

Director,

Anekant Institute of Management Studies

Baramati-413102

Respected Sir,

Congratulations!, we have accepted your proposal to fund a research project titled "A Study of Capitalization Process and Component Accounting with Special Reference to Ferrero India Pvt. Ltd." undertaken by a student / faculty member of your esteemed Institute.

Our Management has approved a grant of Rs. 3,000/- for your research project which shall be for pure academic purpose.

Our offer of this grant is subject to your agreement to:

1. Use the grant funds only as specified in the approved grant proposal.
2. Maintain your records to show and account for the uses of grant funds.
3. Allow Ajinkya Big Bazar access to the said research activity and its outcomes.
4. Provide written acknowledgment of receipt of payments of grant funds.
5. Refrain from use of the funds for any purpose prohibited by law.
7. Cooperate with any efforts of Ajinkya Big Bazar to publicize the grant award.

If your organization agrees to these terms, please sign and return one copy of this letter. We appreciate being able to assist you with your efforts.

With Warm Regards,



Authorized Signatory

For Ajinkya Big Bazar,

Bhigwan Road,

Baramati

Harsh Enterprises

Jawed Habib Hair Studio

Date : 30/05/2018

Dr. M.A. Lahori,
Director,

Anekant Institute of Management studies (AIMS)
Baramati - 413102

Respected sir,

Congratulations! we have accepted your proposal to fund a research projects undertaken by students / faculty members of your esteemed Institute.

Our Management has approved a grant of Rs 10,000/- for your research project which shall be for pure academic purpose.

Our offer of this grant is subject to your agreement to :-

1. Use the grant funds only as specified in the approved grant proposal.
2. Maintain your records to show and account for the use of grant funds.
3. Allow Jawed Habib Hair Studio access to the said research activity and its outcomes.
4. Provide written acknowledgement of receipt of payments of grant funds.
5. Refrain from use of the funds for any purpose prohibited by law.
6. Co-operate with any efforts of Jawed Habib Hair studio to publicize the grant award.

If your organisation agrees to these terms, please sign and return one copy of this letter. We appreciate being able to assist you with your efforts.

Hemant Jadhav

Authorized signatory

For. Jawed Habib Hair studio

हार्श एन्टरप्रायजेस करिणां with warm regards.





Office No.14, First Floor, Subhadra Mall, Multiplex Near Pencil Chowk, Besides Vijaya Bank
Bhigwan Road, MIDC, BARAMATI 413102

hemantjadhav304@gmail.com 9226266003, 02112-244662

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EXECUTIVE SUMMARY

In any organization, a proper planning is required and the same holds true in case of present study. This project titled as 'A Study on Employee Engagement and Job Satisfaction'. Most organizations today realize that a 'satisfied' employee is not necessarily the 'best' employee in terms of loyalty and productivity.

Job satisfaction is a match between what individuals perceive, what they need and what rewards they perceive and what they receive from the jobs. Engagement is about motivating employees to do their best. An engaged employee gives his 100% to the company. The quality of output and competitive advantage of a company depends on the quality of its people. They contribute to the overall success of the organization.

The main object of this study is to study the employee job satisfaction, understand the personnel policies of the organization. Also, to study the factors affecting employee satisfaction and which factors increase the job satisfaction. Now a days, employee engagement plays an important role in increasing the productivity of the organization. It contributes to good working environment where people are productive, ethical and accountable. So, to the study the role of employee engagement practices in increasing the job satisfaction is also one its main objective.

The research ought to find out the key drivers to increase job satisfaction and the level of employee engagement. Research comprises of defining and redefining problems, formulating hypothesis or suggested solutions, collecting, organizing and evaluating data.

The project was a great opportunity as it gave me exposure to various components which are required like deciding the methodology for conducting survey as well as the sample, designing questionnaires, methods and techniques.

CHAPTER 1:
INTRODUCTION

Introduction:

While the terms "Employee Engagement" and "Employee Satisfaction" may sound sort of like the same thing, they are actually quite different. Yes, employers should try to make sure their workers are both engaged with their jobs and satisfied with their work. However, if they wish to build a strong workforce, they need to understand the differences between the two terms.

Employee engagement is the extent to which employees feel passionate about their jobs, are committed to the organization, and put discretionary effort into their work. Engaged employees are motivated to do more than the bare minimum needed in order to keep their jobs. By contrast, satisfied employees are merely happy or content with their jobs and their status quo. For some, this might involve doing as little work as possible

Employee engagement first appeared as a concept in management theory in 1990s becoming widespread in the management practice in 2000s, however it remains contested. It stands in an unspecified relationship to earlier constructs such as morale and job satisfaction. Despite academic critiques, employee's engagement practices are well established in the management of human resources and of internal communication.

Job Satisfaction refers to the general attitude of employees towards their job. Probably, job satisfaction is the most widely studied variable in organizational behavior. When the attitude of an employee towards his or her job is positive, there exists job satisfaction. Dissatisfaction occurs when the attitude is negative.

The term job satisfaction was brought to limelight by **Hoppock (1935)**. He reviewed 35 studies on job satisfaction conducted prior to 1933 and observed that job satisfaction is a combination of psychological, physiological and environmental circumstances that cause a person to say "I am satisfied with my job." Such a description indicates the variety of variables that influence the satisfaction of the individual but tell us nothing about the nature of job satisfaction.

Most organizations today realize that a 'satisfied' employee is not necessarily the 'best' employee in terms of loyalty and productivity. It is only as an 'engaged employee' who is intellectually and emotionally bound with the organization, feels passionate about his goals and is committed towards its values who can be termed thus, he goes the extra mile beyond the basic job responsibility and is associated with the actions drive the business.

Job satisfaction and occupational success are major factors in personal satisfaction, self respect, self esteem, and self development. To the worker, job satisfaction brings a pleasurable emotional state that often leads to a positive work attitude. A satisfied employee is more likely to be creative, flexible, innovative and loyal. For the organization, job satisfaction of its employees means a work force that is motivated and committed

to high quality performance. Job satisfaction a multifaceted concept which can mean different things to different people. Job satisfaction is usually linked with motivation, but the nature of this relationship is not clear. Satisfaction is not the same as motivation. Job satisfaction is more of an attitude, an internal state. It could, for example, be associated with a personal feeling of achievement, either quantitative or qualitative (Mullins, 2005).

An employee can be satisfied with a job without being engaged in the job. An engaged employee is an employee who is deeply involved and invested in their work. The factors that drive employee engagement, however, are different than those that drive satisfaction.

Employee satisfaction is the foundation upon which employee engagement can grow and thrive. Employee satisfaction is the minimum entry fee that needs to be met in order for an employee to be fully engaged.

CHAPTER 2:
COMPANY PROFILE

SDDPL Company Profile:

2.1 Name, Address and Location of the Company:

Name : Schreiber Dynamix Dairy Industries Pvt. Ltd.
Address : E-94, MIDC, Baramati-413133
Phone : (02112) 243821, 22, 23, 24
Fax : +91-2112-243710



Registered Office:

A 306/307 Dynasty Business Park, 58 Kurla Road, Andheri (E),

Mumbai – 400059

Maharashtra, India.

Location	-	6 k.m. From Baramati
Connected By	-	Road / Railway / Airways
Spread Over	-	60 Hectares Land
Net Plant Investment	-	262.00 Crore
Operating Capacity	-	10 Lac Litres Per Day

2.2 Vision and Mission of the organization:

Vision:

Our vision is to be the best customer brand dairy company in the world. We'll achieve this by creating sustainable value for our customers as a modern, global partner delivering exceptional quality, service, innovation and insight - all while enriching lives around the globe. The organization focuses on getting top place in world market by maintaining following things.

- ❖ Increasing production
- ❖ Controlling waste
- ❖ Food safety
- ❖ Safety at work place
- ❖ Fulfill the promises given to the customer

Mission:

- ❖ Hire, develop and retain the best partners.
- ❖ Grow through being a global supplier to our customers by joint ventures, acquisition and by being the high quality, low cost procedure of products and services.
- ❖ Business process improvement through implementing and leveraging a common and shared information system to improve results
- ❖ Improve profitability through continuous improvement to achieve process excellence.
- ❖ Increase value to our customer's through team scribes global supplier's chain initiatives.

2.3 Historical background and Profile of the organization:

- Introduction to SDDPL
- Beliefs and values of Schreiber Dynamix
- Our strength
- Company's 5 goals
- HR priorities to meet company's goals
- Executive officers at Schreiber Dynamix

• Introduction to Schreiber Dynamix Dairies Pvt. Ltd. - Background

Plant History

- 1993 Construction started
- 1996 Dairy plant commissioned
- 1998 UHT plant commissioned
- 2001 Obtained export approval
- 2002 ISO(9002:1994)and HACCP certified
- 2004 Schreiber foods acquired 51% stake
- 2007 ISO upgraded to 22000:2005
- 2009 certified for ISO 14001:2004 and OHSAS 18001:2007
- 2012 ISO upgraded to FSSC 22000:2010

Mr. K. M. Goenka the main facilitator and chairman of the company had a vision he always wanted to harness the rich and natural resources that are a bound in India. There was 2 billion US dollar wastage of fresh agricultural produce which includes milk. He was anxious to correct this situation in his own way. Opportunity was awarded to him when the government of Maharashtra offered him 7 districts in the state as the largest cow milk shed area in the country. To realize his vision he created with the help of national and international experts, the state of the art dairy plant Schreiber Dynamix Dairies Pvt. Ltd.

In the year of 1993 the construction of plant started at Baramati (Dist- Pune Of Maharashtra). In the year of 1996 main plant commenced. The milk available currently from the various co-operative milk unions in the milk-shed area is about 2.72 million liters per day from which Schreiber Dynamix procures about 1.0 million liters of milk per day from 3 out of 7 districts. The UHT plant commenced in the year 1998. The Company obtained export approval in year 2001, in the year 2002 ISO 9001:1994 and HACCP certification was obtained. ISO was upgraded to 9001:2000 and 22000:2005 in the year of 2004 and 2007 respectively. In the year of 2004 Schreiber foods incorporation of U.S.A acquired 51% share of the company. Schreiber Foods Inc. is the second largest cheese manufacturer across the globe and largest in USA. It was founded in 1945 by Mr. I. D. Schreiber. It was based on the site of the Hagemeister Brewery in Green Bay, Wisconsin, USA.

Offices:

Home Office	Head Office	Site
Schreiber foods, Inc. 425 pine street, USB 3 Green bay, WI 54301.	A 306/307, Dynasty Business Park, 58, Andheri-Kurla Road, Andheri (E), Mumbai-400059.	E-94, MIDC, Bhigwan Road, Baramati- 413133 Dist-Pune, Maharashtra

Plant Layout:

The layout of the entity factory complex at Baramati has been designed to have a green belt around the factory so that the entire atmosphere is dust and pollution free. The total covered area of the main factory building, including utilities, office block, guesthouse, canteen building is in the region of 24,900 sq. meters. The UHT plant area is about 6,407 sq. meters.

Major Products of SDDPL :

Natural cheese, Processed Cheese, Cheddar/ Mozzarella Cheese, Pizza String, Yoghurt, Casein, MPS-80, Lactose, Skimmed Milk Powder, UHT Cream, UHT Milk, UHT Juices, UHT Flavoured Milk, Aseptic Pouch Milk, WPC 35%, Butter and Ghee, Anhydrous Milk Fat, SMP, WMP, IFCMP, Dairy Whitener, Plain Milk, Butter Milk, Ice Tea etc...

Major clients of SDDPL :

Nestle, Danone, PepsiCo, Mother Dairy, Britannia, McDonalds's, Domino's, Pizza Hut, Glaxosmithkline, KFC, Ferrero, Subway, HUL, Food Bazar, Bharti Retail, D'lecta, KDD, Mondelez, FDC, ERIE Europe, Milky Mist, Tropicana, Schreiber Foods.

❖ Beliefs and values of Schreiber Dynamix

❖ Customer commitment

❖ **We create value for customers through quality products and services**

❖ Ownership

❖ **We own our future**

❖ Caring for our partners and customers

❖ **We work together to raise and resolve issues rapidly**

❖ Continuous improvement

❖ **We drive out process variations to improve the results**

❖ **SDDPL Strength:**

- Large farmer and co-operative base
- Availability of large volumes of cow milk
- Milk collections operations spread over radius of more 250km
- State-of-the art plant with world's best dairy equipment machinery
- Sound financial base
- Professionally managed with system approach
- Total customer orientation

❖ **Company's five goals :**

- Productivity improvement
- Waste reduction
- Food safety
- Safe work environment
- Fulfillments of customer commitment

❖ **HR Priorities To Meet Company's Goals:**

- People: Recruit/employ, develop and retain the best available partners.
- Improve partner competence.
- Improve and standardize partner training.
- Reduce attrition rate of good / key partners.
- Simplify the performance assessment process.

❖ **Executive Officers at Schreiber Dynamix:**

The CEO of the company sits at home office. He is assisted by Director-International Operations, Director-International Finance and Director – International Business Development. The Indian Office is managed by Managing Director, Plant Accounting Manager and Plant Manager. They have Business team, Finance Team and Operations team to assist them.

2.4 Organization Structure:



2.5 Different departments of the organization:

1. Utility and Maintenance
2. Ultra High Technology (UHT)
3. Supply Chain
4. Quality Control-Main Plant
5. Quality Control-UHT
6. Production - Fats and Powders
7. Production - Cheese and Dahi
8. HR and Administration
9. Finance and Accounts
10. New Projects
11. Information Systems
12. Purchase
13. Commercial and Milk Procurement

2.6 Different Product Profiles of the Organization:

❖ Product Profile:

The plant is located in Baramati, in industrial town of Pune district in Maharashtra. The fully integrated and automated plant processes about 10 lakhs liters of milk everyday converting it to different milk products. Besides it can also produce long life UHT range of beverages to the ton of 4 lakhs liters a day. Schreiber Dynamix is manufacturing various products of Schreiber foods, ERIE Europe, Nestle, Britannia , Mother dairy, Tropicana, McDonald's, Dominos, Pizza Hut, Devashree , Hindustan Uni Lever etc...

- Lactose IP/BP/USP
- Dairy whitener
- Natural cheese
- Mozzarella cheese
- Processed cheese
- Butter
- Ghee
- Yoghurt - Dahi UHT cream

- UHT Milk
- UHT Juice
- UHT Flavored milk

❖ **Major products:**

- **Cheese products:** 100% cow's milk is used for manufacture that leads to the production of world cheese products. Backed by a strong support of Schreiber international Inc. USA, Schreiber produces a variety of cheese products to satisfy the Indian palate.

Cheese Chipleets - Plain, Flavored

Mozzarella - Diced, Shredded, Block

Individually wrapped slices

Processed Cheese

Pizza String

Slice on Slice

Cheese Shreds

Cheese in Cans

Cheese Spreads - Plain and Flavored

- **Milk powders:** SDDPL is major manufacture of skimmed milk powder, whole milk powder, WPC 35% and a variety of dairy whiteners, manufacturing about 50 MT of these products every day. Different grades of SMP and WPC made here is exported to the world market.
- **Lactose and Casein:** SDDPL is the largest producer of pharmaceutical grade lactose and 1005 of the product is supplied to the pharmaceutical industry of the country. The entire rennet casein production finds its way to the world market.

- **Butter and Ghee:** SDDPL is the producer of Aroma, flavor and goodness of butter and pure ghee made from only cow milk. The naturally golden yellow color of our butter and ghee indicates the presence of "Carotene". The mother substance is vitamin 'A'. Cow milk ghee is also rich in vitamins and is known for its therapeutic values.

- **UHT products:**

Milk – Plain and Flavored

Dairy based drinks

Energy drinks

Oral rehydration syrups

Fruit beverages

UHT creams

UHT products are a real breakthrough in customer convenience. No need to refrigerate. It offers the highest convenience of transportation and storage. Products may be chilled just before consumption to improve the test. An ideal package for tropical countries like India. Our UHT milk is also exported to the Middle East and far East.

2.7 Competitors of company:

Katraj,

Govardhan,

Amul,

Gokul

2.8 Future plans:

No. of districts	13
No. of chilling centres in operation	10
Proposed total bulk cooler	1250
Proposed milk procurement	16 MN litres per day

CHAPTER 3:
LITERATURE REVIEW

Review of Literature:

A business or industrial concern makes use of money, materials, machines and men for carrying out its activities and realization of its objectives. Management of a concern has to make an arrangement for obtaining the right type of these resources and for making effective use of them. Success of the concern depends on how efficiently and effectively the management of the concern uses these resources. Out of these resources human resource is the most important as well as most difficult resource to manage.

It is the responsibility of the management to use the time and skills of the employees fully. When management treats them as human beings, with respect and equality, it wins the confidence and respect of employees. Proper treatment given to the employees makes them feel satisfied and they respect the management and co-operate with it in implementing the decisions taken by the management.

Proper management of human resources also implies making efforts for development of the employees. Management should identify the potential qualities of the employees and should arrange training and development programs for developing these qualities further. Management should also provide experience to its employees so that the knowledge of the employee widens and their abilities are developed fully. Employees with increased abilities can contribute to a great extent to the concern where they are employed and increase the quantity and quality of production leading to earning of more amount of profit by the concern.

While managing the human resources attention should be given to team building. Employees work in groups and establish relationships with other members of the group. Though, these relations may be formal or informal, they do satisfy the social needs of the employees. Therefore, management should encourage such relationships and use them for creating team spirit which helps in increasing productivity of the employees. Management's aim should be to get the best from its employees and for this purpose handling of the employees should be done in an efficient way.

Human Resources Management, as a branch of management, is comparatively of recent origin. Though Human Resources Management activities have probably been a key source as a formal discipline, its roots are traceable to the period immediately following the Industrial Revolution. It can be said that the pioneering work of the masters of management like Peter Drucker, Douglas McGregor, etc... laid the formal foundation of the Human Resources Management.

The human resource is the greatest asset to any organization and all efforts are required to be done to develop the available human resource. An organization must have an ability to develop its human resources and hence, proper attention is required. An employee in HRM is treated not merely as a worker or an economic man but he is considered as a social and psychological man and also treated as a resource.

HRM is the management of employee's knowledge, skills, abilities, attitudes and aptitudes, talents and creative abilities. They are very often used for mutual benefits of the organization wherein they themselves work.

From this point of view, HRM is a strategic management function which involves procurement of suitable human resources, training and development of their competencies, proper motivation and creation of vigor in them so that they become the part of the management team for the success and growth of the organization.

Prof. Cynthia D. Fisher, Lyle F. Schoenfeld and James B. Shaw state that, "HRM involves all management decisions and practices that directly affect or influence the people or human resources who work for the organization." In recent years, increasing attention has been devoted to how the organization's manage human resources. It is important to examine as to how organization's employees enable as organization to achieve its goals.

Prof. K Ashwathappa makes it clear that, "Human Resources Management is a management function that helps managers to recruit, select, train and develop members for an organization. Obviously, HRM is concerned with people's dimension in organization."

The concept of job satisfaction has been developed in many ways by many different researchers and practitioners. One of the most widely used definitions in organizational research is that of **Locke (1976)**, who defines satisfaction as, "A pleasurable or positive emotional state resulting from the appraisal of one's job or job experiences."

Job satisfaction has been most aptly defined by **Pestonjee (1973)** as job, management, personal adjustment, and social relations. **Morse (1953)** considers job satisfaction as dependent upon job content, identification with the company, financial and job status and pride in group performance.

According to Pestonjee, job satisfaction can be taken as a summation of employee's feelings in four important areas. These are:

- a. **Job:** Nature of work (dull, dangerous, interesting), hours of work, fellow workers, opportunities on the job for promotion and advancement (prospects), over-time regulations, interest in work, physical environment, and machine and tools.
- b. **Management:** Supervisory treatment, participation, rewards and punishments, praises and blames, leave policy and favoritism.
- c. **Social relations:** Friends and associates, neighbors, attitudes towards people in community, participation in social activities, sociability and caste barriers.
- d. **Personal adjustment:** Health and emotionality.

People are the primary source of competitive advantage. If the people or employees of the organization can be effectively 'engaged', then achieving the organizational goals becomes an easy task. The widely used term 'employee engagement', embraces two attempts of management – motivating the employees and focusing their commitment to achieve the organizational objectives. Employee engagement further emphasizes the willingness to help out colleagues at par with organizational citizenship behavior. In broader sense, employee engagement goes beyond job satisfaction, job involvement, motivation etc.

Henderson (2009) mentions that, "Engagement is something that employee has to be offered, it cannot be 'required' as part of the employee contract." We can hire employees & motivate them. We need to make employees feel valued. Understanding the levels of employee engagement has become crucial to organizational success.

A) Job Satisfaction:

❖ Factors affecting job satisfaction:

There are numerous factors which affect job satisfaction such as;

- a. **Pay:** Wages play a significant role in influencing job satisfaction. This is because of two reasons: first, money is an important instrument in fulfilling one's needs; and two, employees often see pay as a reflection of management's concern for them.

- b. **Nature of Work:** The content of the work undertaken by the employees are important sources of job satisfaction. The important aspects of a satisfy job are;
- Interesting and challenging job
 - Work which is not boring
 - Job which provides status
- c. **Promotions:** Promotional opportunities affect job satisfaction considerably. The desire for promotion is generally strong among employees as it involves change in job content, pay, responsibility, independence, status, and the like.
- d. **Supervision:** Typically, there are two styles of supervision having impact on job satisfaction.
- **Employee centeredness:** It refers to how much interest does supervisor take in his employee's welfare.
 - **Participate decision making:** It refers to how much efforts a supervisor is making in developing a participative climate workplace.
 - **Communication:** Satisfaction of member tends to be high when they are able to communicate easily with their supervisor.
- e. **Working conditions:** Working conditions such as temperature, humidity, ventilation, lighting, noise, hours of work and housekeeping influence job satisfaction.
- f. **Organizational policies and procedures:** Organizational policies such as promotions, transfers, foreign assignments, appraisal and reward systems, motivational methods and skill based versus job based pay have considerable impact on employee.
- g. **Individual factors:** There are certain personal variables that have a bearing a job satisfaction.

Finally, job satisfaction has been found to be related to one's general life satisfaction. The more the people are satisfied with aspects of their life unrelated to their jobs, the more they also tend to be satisfied with their jobs.

Evans and Laseau (1950) found the following factors affecting job satisfaction, in order of preference:

- Income
- Interesting and important job
- Pride in company
- Fellow workers
- Immediate boss
- Management
- Working condition
- Security
- Chance to get ahead
- Benefit plans
- Safety and medical facilities

❖ **How to increase Job Satisfaction? :**

The various ways of increasing job satisfaction are:

- Job enlargement
- Job rotation
- Change of pace
- Scheduled rest periods
- Shorter hours
- Greater autonomy and Automation

❖ **Impact of Job Satisfaction:**

Job satisfaction is important for management as it has impact on turnover, productivity, absenteeism and other job related aspects. High satisfaction may lead to improved productivity, reduced turnover, improved attendance, reduced accidents, less job stress and lower unionization.

Many managers subscribe to the belief that a satisfied worker is necessarily a good worker. In other words, if management could keep all the workers “happy”, good performance will automatically follow.

Various research studies indicate that to a certain extent job satisfaction affects employee turnover, and consequently organization can gain from lower hiring and training costs. Also research has shown an inverse relationship between job satisfaction and absenteeism. When job satisfaction is high, there could be low absenteeism, but when job satisfaction is low, it is more likely to lead to high absenteeism.

❖ **What Job Satisfaction people need? What each employee wants? :**

- Recognition as an individual
- Meaningful task
- An opportunity to do something worthwhile
- Job security for himself and his family
- Good wages
- Adequate benefits
- Opportunity for professional growth
- No arbitrary action – a voice in matters affecting him
- Satisfactory working conditions
- Competent leadership – bosses whom he can admire and respect as persons and as bosses

Job satisfaction is not synonymous with organizational morale, which is the possession of a feeling of being accepted by and belonging to a group of employees through adherence to common goals and confidence in the desirability of these goals. Morale is a by-product of the group, while job satisfaction is more than individual state of mind. However, the two concepts are interrelated in that job satisfaction can contribute to morale and morale can contribute to job satisfaction.

Motivation is a drive to perform, whereas satisfaction reflects the individual's attitude towards the situation. The factors that determine whether an individual is adequately satisfied with the job differ from those that determine he or she is motivated. The level of satisfaction is largely determined by the comfort offered by the environment and the situation. Motivation, on the other hand, is largely determined by the value of rewards and their dependence on performance.

A wide range of factors affect an individual's level of satisfaction. While organizational rewards can and do have an impact, job satisfaction is primarily determined by factors that are usually not directly controlled by the organization. A high level of satisfaction leads to organizational commitment, while a low level, or dissatisfaction, results in a behavior detrimental to the organization. For example, employees who like their jobs, supervisors, and factors related to the job will probably be loyal and devoted. People will work harder and derive satisfaction if they are given the freedom to make their own decisions.

B) Employee Engagement :

❖ Why Employee Engagement is of importance and interest?

Employee engagement has become a heavily discussed topic in recent years. However, there is still ambiguity within the academic literature as to how employee engagement can be influenced by management? There has been significant interest in employee engagement, but this has been coupled with a good deal of misunderstanding.

❖ Organizational Forces that enhance Employee Engagement :

There are three organizational forces that enhance employee engagement as follows,

a) Lower Attrition Rate :

An employee who engages in his assignments is unlikely to leave the organization. High attrition rate causes loss of huge amount of talents that could have been well-groomed and retained if provided the required environment. The probability of retention, in such a case, is high.

b) Better Productivity :

The quality of work is more relevant than quantity of work. An involved person has to have an understanding of what is expected of him and what goes far ahead for him to perform his/her best in the company.

c) Enhanced Profitability :

Every company desires to enhance profitability, for which the organization must enhance its employees' abilities. A person with complete dedication and commitment, and who is more engaged, can contribute to a greater extent to organizational profitability.

❖ Factors for Higher Employee Engagement:

The contributing factors are,

- Understanding of corporate goals or mission
- Job Design
- Job fit
- Support and tools
- Independence and innovation
- Clear feedback on performance
- Recognition

- Learning and development opportunities
- Opportunities for advancement
- Pride in organization
- Employee input
- Employee involvement in decision making
- Work life balance
- Workplace culture/morale
- Co-worker relationships/ Good team environment
- Fair HR Practices

❖ Employee Engagement - Relationship with Talent Management

Effective talent management policies and practices demonstrate commitment to human capital, which results in more engaged employees, and lower turnover. Consequently, employee engagement has a substantial impact on employee productivity and talent retention employee engagement in fact can make or break the bottom line. Employees who are committed the most perform 20% better and are 87% less likely to resign in addition, the foundation for an engaged workforce is established by the quality, depth, and authenticity of communication by HR and senior management.

The role of the manager as the most important enabler of employee commitment to the job, organization, and terms cannot be over-emphasized. Furthermore, when implemented well, practices that support talent management also support employee engagement (e.g. Work-life balance programs such as flexible time, telecommuting, compressed workweeks, reward programs, performance management systems). Rewards & recognition also help retain talent & improve performance. A Carlson/Gallup study on employee engagement & business success showed that employees who were extremely satisfied with work were four times more likely than unsatisfied employees to have a formal measurement process in place & receive recognition.

CHAPTER 4:
RESEARCH METHODOLOGY

Research Methodology:

Research has its special significance in solving various operational and planning problems of business and industry. Research methodology is the way to systematically solve the research problem.

Methodology differs from person to person. Right methodology is the fulfillment of predetermined goals and objectives. Methodology is related with the pattern or method of work researcher follows.

Research methodology is a way to systematically solve the research problem. It may be understood as science of studying how research is scientifically conducted.

According to Clifford Woody, "Research comprises defining and redefining problems, formulating hypothesis or suggested solutions, collecting, organizing and evaluating data, making deductions and reaching conclusions, and at last carefully testing the conclusions to determine whether they fit the formulating hypothesis."

Scope of the Study:

The study is aimed to find the satisfaction level of employees working at Schreiber Dynamix Dairies Pvt. Ltd. and to ensure whether the employees are satisfied with the overall working environment of the organization.

Limitations of the Study:

- I. The area of study was restricted to Schreiber Dynamix Dairies Pvt. Ltd. Baramati Plant, in the respective departments.
- II. Lack of time to interact with the employees as they were busy with their work.
- III. The employees working in general shift only could be approached for this survey out of which few didn't respond and few of them are been transferred in other plants of the organization.
- IV. Being a food processing industry access to certain departments was restricted.

Research Problem:

As a researcher, we need to find out whether the employees are satisfied with the work culture of the organization and whether the employees are satisfied with their overall workplace facilities. Does the work culture and workplace benefits provided to the employees result in employee satisfaction? Is one of the problems we need to find and answer.

Research Objectives:

- I. To study the various employee engagement practices the organization has adopted and needs to introduce.
- II. To measure the satisfaction level of employees working with the company.
- III. To study whether the workplace benefits and workplace environment affect employee performance.
- IV. To study the various factors which help in improving job satisfaction.
- V. To study the various factors which influence employee job satisfaction.

Research Design:

A research is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure. The research design adapted in the study is Descriptive Study. A descriptive study is undertaken in order to ascertain and be able to describe the characteristics of the variable of interest in a situation. Descriptive studies are also undertaken to understand the characteristics the organization that follows certain common practice.

Data Collection:

Data collection is the term used to describe a process of preparing and collecting business data, for example, as a part of process improvement or similar project.

- I. **Primary data:** Data that is collected for specific purpose at hand is called primary data. We can obtain primary data either through observation or through direct communication with respondents in one form or another.

The method used for collecting primary data, particularly in surveys and descriptive researches is questionnaires, interviews, schedules, online surveys, observation etc... The research instrument used in this research is structured questionnaire in which the satisfaction level of employees is measured using Five Point Likert Scale.

- II. **Secondary data:** Any data that is available prior to the commencement of the research project is secondary data, and therefore secondary data is also called as historical data. Secondary sources of data provide a wealth of information to researcher. It often obviates the need of primary data collection and saves the time, effort and money. The secondary data, in this case, is collected through company's policy handbook, company website i.e. www.schreiberfoods.com and various corporate magazines like People Matters, Human Capital and Corporate Citizen.

Sample Size:

All the items considered in any field of inquiry constitutes an universe of population. In this research, only a few items can be selected from the population for our study purpose. From the total population, out of 68 employees only 51% employees are selected to study the survey as per the company requirements. Here, the sample size is 35 out of the total population to conduct the study.

Sampling Method:

The sampling method used in this survey is Simple Random Sampling Method.

Sample Unit:

The samples chosen to carry out this survey are Team Advisors and Team Leaders of the respective departments as they are more experienced and associated with the company since its birth and could give their valuable feedbacks and share their experiences.

Data Analysis and Representation tool used:

Data analysis is also known as analysis of data or data analytics is a process of inspecting, cleansing, transforming and modeling data with the goal of discovering useful information, suggesting conclusions, and supporting decision making. Data representation involves use of graphs, charts and others pictorial devices. These forms and devices reduce large masses of statistical data to a form that can be quickly understood at a glance. Graphical representations help us to interpret the data collected and with the help of it we can conclude the final results of the survey. Graphs and bar charts help in showing the growth of the organization and where the organization needs to focus in few aspects. Data representation tool which will be used in this survey is bar chart.

Merits of graphical methods are as follows:

- Information is presented in condensed form.
- Facts are presented in more effective manner.
- Easy to understand for a layman.
- Create effect which lasts for a longer time.
- Facilitate the comparison.

CHAPTER 5:
DATA ANALYSIS AND INTERPRETATION

Keeping in view the objectives of the study, the data collected through the questionnaires is analyzed and interpreted with the help of the statistical tabulation method. Statistical tools such as percentages, graphs are used to test and interpret the findings.

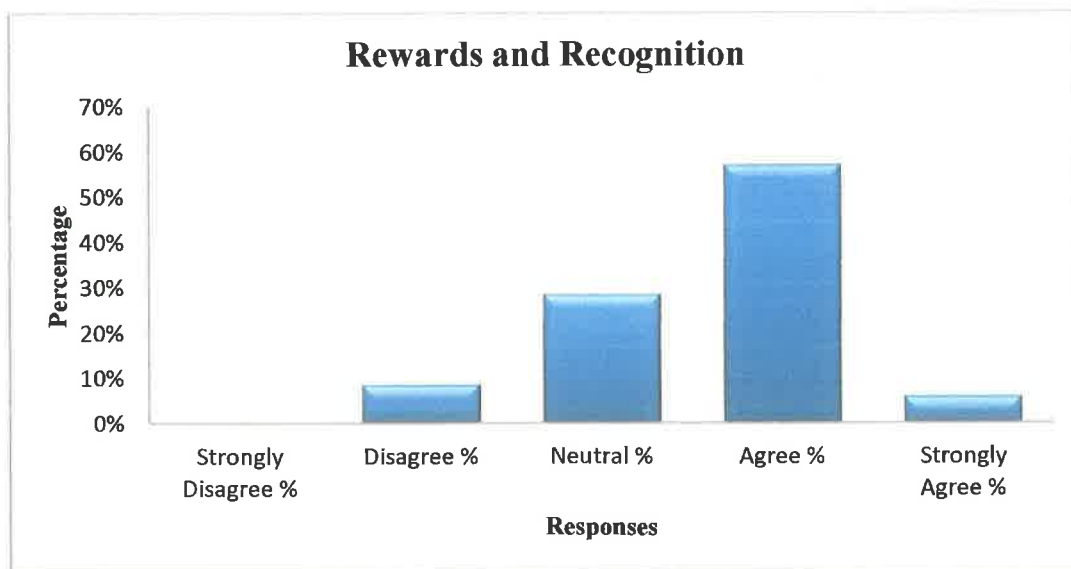
The questions asked to the employees are been answered by them on the basis of their experiences with the organization. The measurement scale used hereto measure the employee satisfaction level is Likert Scale:

1	2	3	4	5
Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree

Analysis #1: Rewards and Recognition

Responses	No. of Employees	Percentage
Strongly Disagree	0	0%
Disagree	3	9%
Neutral	10	29%
Agree	20	57%
Strongly Agree	2	6%
Total	35	100%

Graphical representation of data is as follows,

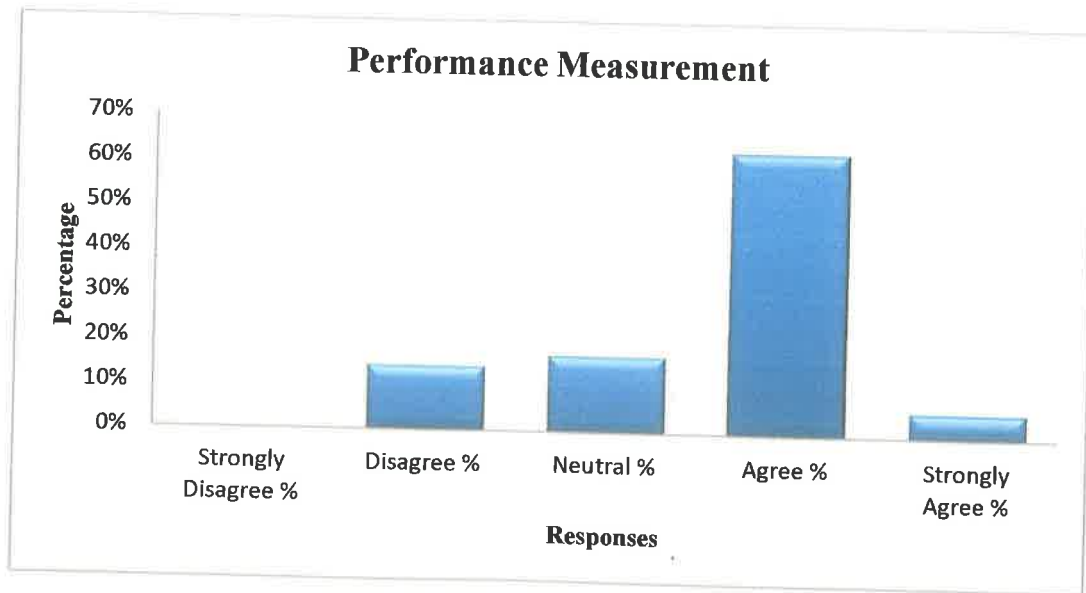
**Interpretation:**

Rewards and recognition play a very vital role in employee engagement and satisfaction. Hence, from the above analysis it is interpreted that 0% of the employees are not at all satisfied with the rewards and recognition programs of the organization. 9% employees disagree with the above asked question. 29% are neither satisfied nor dissatisfied with the rewards and recognition programs. The number of employees in agreement with this question are 57% whereas only 6% are in complete agreement.

Analysis #2: Performance Measurement

Responses	No. of Employees	Percentage
Strongly Disagree	0	0%
Disagree	5	14%
Neutral	6	17%
Agree	22	63%
Strongly Agree	2	6%
Total	35	100%

Graphical representation of data is as follows,

**Interpretation:**

Measuring employee's performance and appraising them at regular time intervals proves to be a major and important factor in employee satisfaction. Hence, from the above analysis it is interpreted that 0% of the employees are in strongly disagreement that the organization measures performance at regular intervals to encourage employees. 14% employees disagree with it. 17% neither agree nor disagree with it. 63% employees agree that organization measures performance at regular intervals to encourage its employees. 6% employees strongly agree with it.

Analysis #3: Employee Engagement Practices

Responses	No. of Employees	Percentage
Strongly Disagree	0	0%
Disagree	4	11%
Neutral	6	17%
Agree	22	63%
Strongly Agree	3	9%
Total	35	100%

Graphical representation of data is as follows,

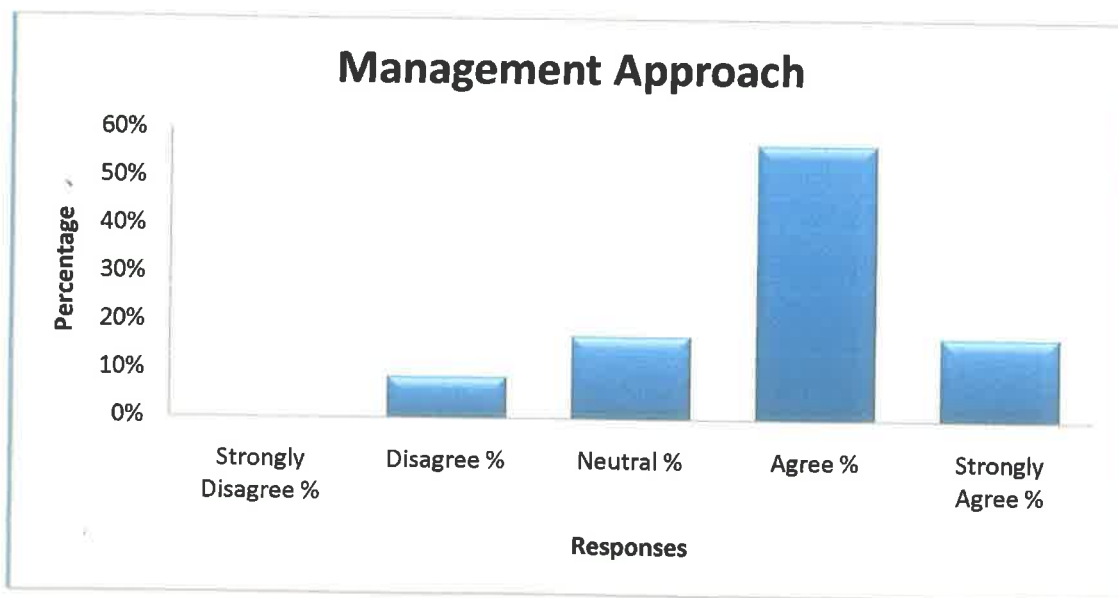
**Interpretation:**

Employee engagement practices play a vital role in job satisfaction. Engaged workforce go the extra mile to achieve individual & company success & infuse energy & positivity at workplace. Hence, from the above analysis it is interpreted that 0% of the employees strongly disagree with the above statement. 11% of the employees are in disagreement that they are satisfied with the innovative partner engagement practices the organization has adopted. 17% of the employees neither agree nor disagree with it. 63% agree with the above said statement. The employees who strongly agree with the above statement are 9%.

Analysis #4: Management Approach

Responses	No. of Employees	Percentage
Strongly Disagree	0	0%
Disagree	3	9%
Neutral	6	17%
Agree	20	57%
Strongly Agree	6	17%
Total	35	100%

Graphical representation of data is as follows,

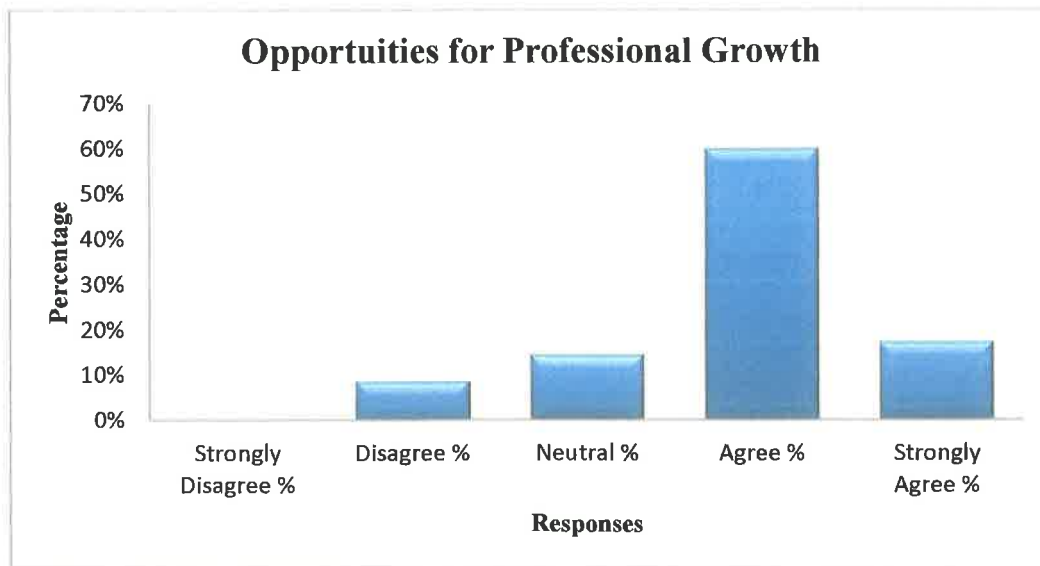
**Interpretation:**

The approach of management regarding new suggestions and ideas to introduce employee engagement holds due importance. Hence, from the above analysis it is interpreted that 0% of the employees strongly disagree with the above statement whereas 9% of the employees disagree with it. 17% are neutral i.e. neither agree nor disagree. 57% of the employees are in agreement with the above statement whereas only 17% strongly agree with it.

Analysis #5: Opportunities for Professional Growth

Responses	No. of Employees	Percentage
Strongly Disagree	0	0%
Disagree	3	14%
Neutral	5	9%
Agree	21	60%
Strongly Agree	6	17%
Total	35	100%

Graphical representation of data is as follows,

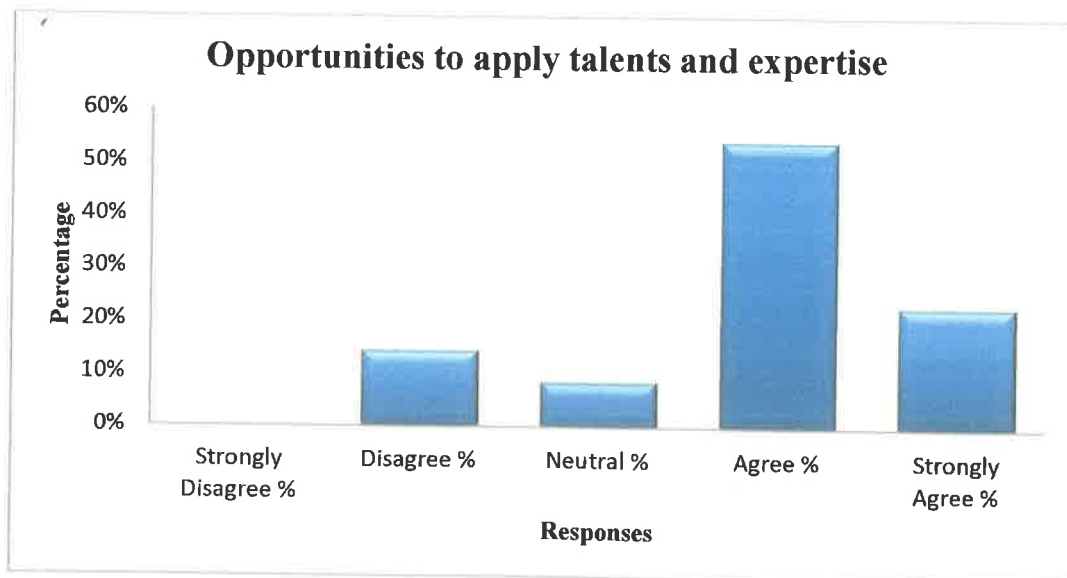
**Interpretation:**

From the above analysis it can be interpreted that 60% people agree that there are opportunities for professional growth prevail in SDDPL. 17% people strongly agree that there are opportunities for professional growth in the organization. 14% people neither agree nor disagree regarding this. 9% people disagree with the fact that there are opportunities for professional growth. None of the people strongly disagree that there are opportunities for professional growth in the organization.

Analysis #6: Opportunities to apply talents and expertise

Responses	No. of Employees	Percentage
Strongly Disagree	0	0%
Disagree	5	14%
Neutral	3	9%
Agree	19	54%
Strongly Agree	8	23%
Total	35	100%

Graphical representation of data is as follows,

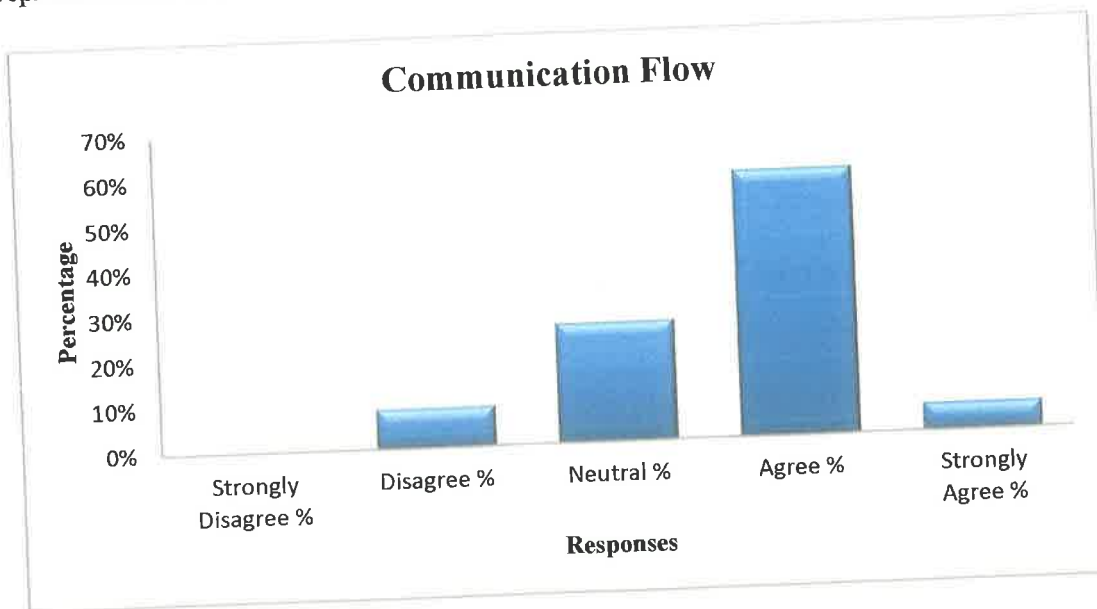
**Interpretation:**

Employees work with more zeal and vigor when given opportunities to apply their skills and talents. Hence, from the above analysis it is interpreted that 0% people strongly disagree with it whereas 14% people disagree with it. 9% neither agree nor disagree that they are satisfied with the opportunities for applying their talents and expertise at workplace. 54% agree on the fact that they are satisfied with such opportunities. 23% of the employees strongly agree with it.

Analysis #7: Communication Flow

Responses	No. of Employees	Percentage
Strongly Disagree	0	0%
Disagree	3	9%
Neutral	9	26%
Agree	20	59%
Strongly Agree	2	6%
Total	35	100%

Graphical representation of data is as follows,

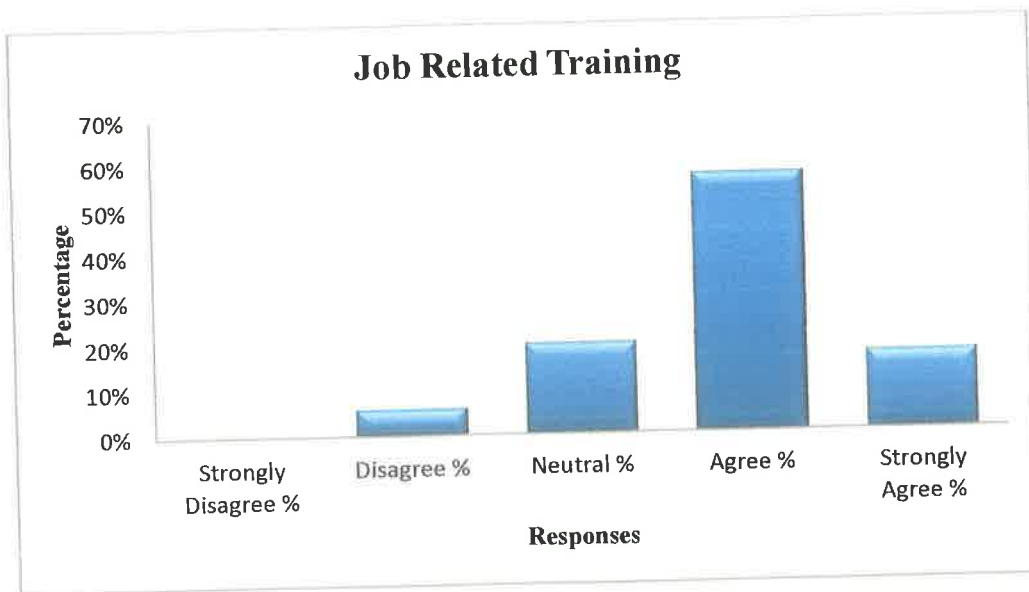
**Interpretation:**

Workplace communication is very important to companies because it allows companies to be productive and operate effectively. Hence, from the above analysis it is interpreted that 0% strongly disagree with the communication flow in the organization. 9% people in the organization are not satisfied or disagree with the communication flow in the organization. 26% of the employees are neutral. 59% of the employees are satisfied with the communication flow whereas 6% people are in strongly agreement with this statement.

Analysis #8: Job Related Training

Responses	No. of Employees	Percentage
Strongly Disagree	0	0%
Disagree	2	6%
Neutral	7	20%
Agree	20	57%
Strongly Agree	6	17%
Total	35	100%

Graphical representation of data is as follows,

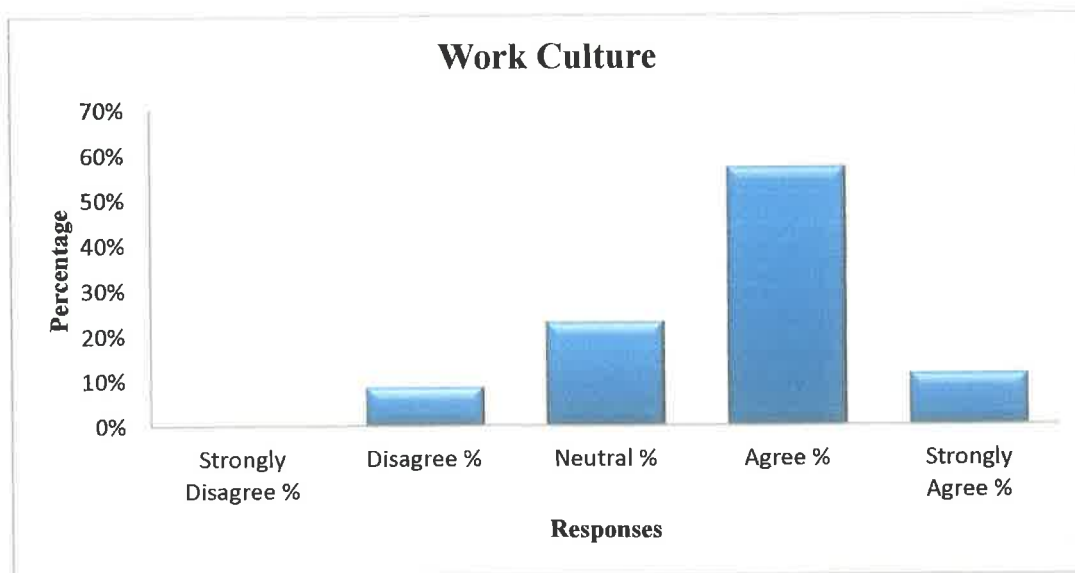
**Interpretation:**

Training can meet the changing job requirements. Hence, from the above analysis it is interpreted that 0% strongly disagree that they are satisfied with the job related training offered by the organization. 6% people disagree that they are satisfied with the job related training offered by the organization. 20% people are neutral about the job related training offered by the organization. 57% people agree with fact that they are satisfied with the job related training offered by the organization whereas 17% people strongly agree with it.

Analysis #9: Work Culture

Responses	No. of Employees	Percentage
Strongly Disagree	0	0%
Disagree	3	9%
Neutral	8	23%
Agree	20	57%
Strongly Agree	4	11%
Total	35	100%

Graphical representation of data is as follows,

**Interpretation:**

Work culture plays an important role in extracting the best out of employees and making them stick to the organization for a longer duration. Hence, from the above analysis it is interpreted that 0% of the employees are not at all satisfied with the work culture of the organization. 9% of the employees are in disagreement with this statement. 23% are neutral i.e neither satisfied nor dissatisfied. 57% of the employees agree with this whereas 11% strongly agree.

Analysis #10: Workplace Safety

Responses	No. of Employees	Percentage
Strongly Disagree	0	0%
Disagree	1	3%
Neutral	4	11%
Agree	23	66%
Strongly Agree	7	20%
Total	35	100%

Graphical representation of data is as follows,



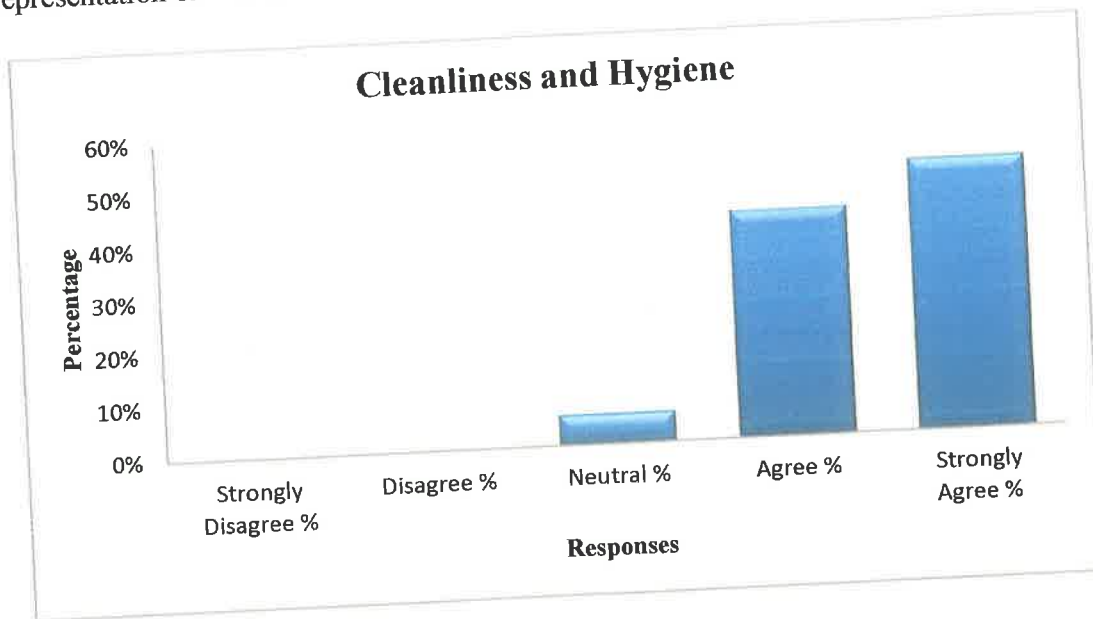
Interpretation:

If a company is looking into the health and safety policies of the employees, then it implies that the company cares for its workers. Employees know that their health will be well taken care of by the organization that they are working with hence, they work with ease. Hence, from the above analysis it is interpreted that 0% of the employees strongly disagree with it whereas 3% disagree with it. 11% of the employees neither agree or disagree with the above statement. 66% of the employees are satisfied with the workplace safety and 20% of them strongly agree with it.

Analysis #11: Cleanliness and Hygiene

Responses	No. of Employees	Percentage
Strongly Disagree	0	0%
Disagree	0	0%
Neutral	2	6%
Agree	15	43%
Strongly Agree	18	51%
Total	35	100%

Graphical representation of data is as follows,

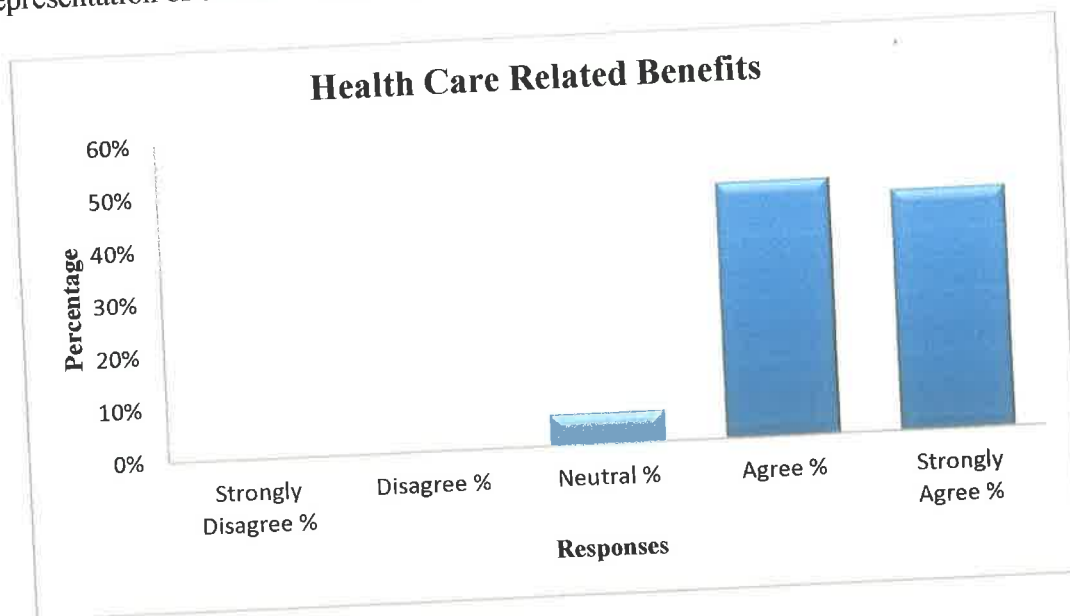
**Interpretation:**

Maintaining a clean workplace is vital for employees to reduce their workers compensation claims and keep efficiency high. Hence, from the above analysis it is interpreted that 0% of the employees strongly disagree and 0% disagree with the above asked question. 6% of the employees are neutral. 43% of the employees agree with it whereas 51% strongly agree with it. Thus, it can be inferred that majority of the employees are satisfied with the cleanliness and hygiene maintained by the organization.

Analysis #12: Health Care Related Benefits

Responses	No. of Employees	Percentage
Strongly Disagree	0	0%
Disagree	0	0%
Neutral	2	6%
Agree	17	49%
Strongly Agree	16	46%
Total	35	100%

Graphical representation of data is as follows,



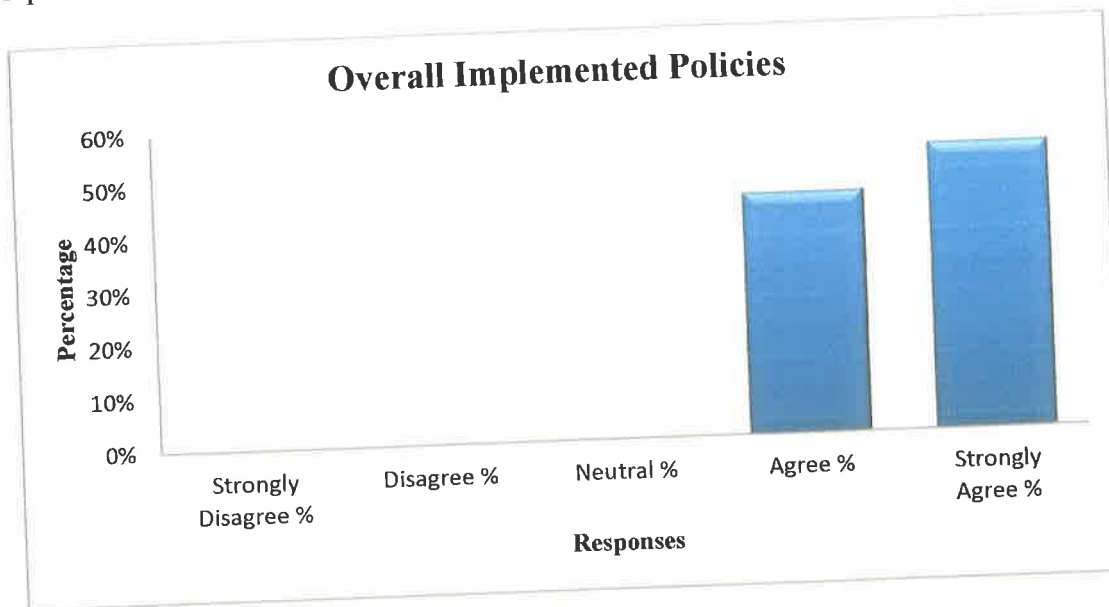
Interpretation:

Many employees consider health care related benefits their most important benefits and a focus on wellness in the workplace can meet both employer and employee objectives, improving employee loyalty and satisfaction. Hence, from the above analysis it is interpreted that 0% of the employees strongly disagree that they are satisfied with the health care related benefits provided to them by the organization also 0% of the employees disagree that they are satisfied with the health care related benefits of the organization. 6% are neutral about this. 49% of the employees agree with the above statement whereas 46% strongly agree with it.

Analysis #13: Overall Policies of the Organization

Responses	No. of Employees	Percentage
Strongly Disagree	0	0%
Disagree	0	0%
Neutral	0	0%
Agree	16	46%
Strongly Agree	19	54%
Total	35	100%

Graphical representation of data is as follows,



Interpretation:

Organizational policies serve as an important form of internal control. Hence, from the above analysis it is interpreted that 0% of the employees strongly disagree with the fact that they are satisfied with the overall implemented policies of the organization whereas also 0% of the employees disagree with it. 0% of the employees are neutral about it. 46% agree with the above statement whereas 54% strongly agree with it.

Q.14: Organizational Efforts

Responses	No. of Employees	Percentage
Strongly Disagree	0	0%
Disagree	0	0%
Neutral	6	17%
Agree	22	63%
Strongly Agree	7	20%
Total	35	100%

Graphical representation of data is as follows,



Interpretation:

In any business organization, it is essential to take continuous efforts to survive in the market and continuously inspire its employees to raise the bar. Hence, from the above analysis it is interpreted that 0% of the employees strongly disagree that they are satisfied with the efforts the organization takes to raise the bar. 0% disagree with it. 17% of the employees are neutral. 63% of the employees are satisfied and agree with it. 20% of the employees strongly agree with it. The organization takes continuous efforts to raise the bar whereas 20% strongly agree with it.

**CHAPTER 6:
FINDINGS AND SUGGESTIONS**

Findings:

Findings is the main section of the report where researcher presents the data and its findings. It is the result where the researcher reports the findings of the study based upon the methodology applied to gather information. The findings of this project report are as follows,

Rewards and recognition encourage employees more and more and they give their best. They are satisfied with the rewards and recognition programs whereas many are dissatisfied with the same. More than half of the employees are satisfied with the employee engagement practices undertaken by the organization. The employees in large number are satisfied with the approach of the management regarding new ideas or suggestions whereas few are dissatisfied.

More than half of the respondent employees believe and are satisfied that there are opportunities for professional growth in the organization whereas some are not satisfied and disagree with the same.

Also majority of the respondent employees are satisfied with the job related training offered by the organization. Communication flow is one the critical factors in job satisfaction. More than half of the employees are satisfied with the communication whereas many are dissatisfied.

Majority of the employees agree that the organization gives them opportunities for application of their talent and expertise to give their best to yield greater results and the results of the study indicate that with the changing organizational working and employee needs, there is a need to bring in changes in the training programs offered by the organization.

Application of the statistical tool shows that the employees are satisfied with the cleanliness and hygiene maintained by the organization, health care benefits provided, but some are dissatisfied with the health care benefits. Employees, in majority, are satisfied with the overall policies implemented by the organization and the workplace safety in the organization.

Though more than half of the employees agree that the organization treats them as valuable asset and measures their performances at regular time intervals, many of them disagree with it. The organization continuously strives to raise the bar and majority of the employees agree with it.

The above mentioned findings are based upon the data collected, analyzed

and interpreted. All the findings represent the responses of the respondents or say employees who were surveyed.

uggestions:

The organization, to encourage and bring the best out of employees, should conduct rewards and recognition programs more often as it boosts employee morale and gives them job satisfaction.

Employees feel more valued when their work is appreciated, so the company should measure their performances on regular time intervals and appraise to meet organizational goals.

The organization should adopt new employee engagement practices to increase the productivity of the organization.

The organization should take the suggestions of its employees into consideration and plan some new and improved training programs accordingly.

The organization also needs to focus on improving the communication flow in the organization.

CHAPTER 7:
CONCLUSION

Conclusion:

The project "A Study on Employee Engagement & Job Satisfaction" was helpful to know about which factors affect job satisfaction and how to increase job satisfaction. This study inferred that engaged employees contribute greatly in increasing the productivity of the organization and thus, the organizational strategies which enhance the employee engagement are also studied.

Most of the employees are satisfied with the workplace benefits and workplace environment. This study was helpful to study the various factors which contribute largely in increasing job satisfaction of employees.

Schreiber Dynamix Dairies Pvt. Ltd. continuously takes efforts to raise the bar and to achieve organizational goals with its employees is its moral responsibility.

Further the study reveals that the organization needs to timely measure employee's performances and appreciate them with rewards and recognition. The workforce not only looks for monetary benefits but also looks forward to various aspects like better amenities, better scope for advancement, opportunities for professional growth and given a fair chance to apply their talents.

In conclusion, this study on the research topic proved to be very informative and helpful to know about the employee engagement practices which the organization adopts that results in increasing the job satisfaction of an employee and factors which affect the same.

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People Matters

Human Capital

e:

Employee Engagement and Job Satisfaction Survey Questionnaire :

The demographic information to be filled mentioned below is optional.

Employee :
ID :
Department :
Years In SDDPL :

Option:

Strongly Agree: You are in total agreement with this statement.

Disagree: Do not accept suggestion or idea.

Neutral: Not supporting or helping either side in a conflict.

Strongly Disagree: To be unacceptable (to) or unfavorable (for).

Disagree: You are in total disagreement with this statement.

Strongly Disagree: I am not satisfied with the rewards & recognition programs by the organization.

Strongly Disagree

Disagree

Neutral

Agree

Strongly Agree

Q2) The organization measures performance at regular time intervals to encourage Employees.

- Strongly Disagree
- Disagree
- Neutral
- Agree
- Strongly Agree

Q3) I am satisfied with the employee engagement practices the organization has adopted.

- Strongly Disagree
- Disagree
- Neutral
- Agree
- Strongly Agree

Q4) I am satisfied with the approach of the management regarding new ideas or suggestions related to organizational benefits.

- Strongly Disagree
- Disagree
- Neutral
- Agree
- Strongly Agree

Q5) I am satisfied with the opportunities for professional growth within the organization.

- Strongly Disagree
- Disagree
- Neutral
- Agree

Strongly Agree

Q6) I am satisfied with the opportunities that help me in applying my talents & expertise at workplace.

Strongly Disagree

Disagree

Neutral

Agree

Strongly Agree

Q7) I am satisfied with the communication flow in the organization.

Strongly Disagree

Disagree

Neutral

Agree

Strongly Agree

Q8) I am satisfied with the job related training offered by the organization.

Strongly Disagree

Disagree

Neutral

Agree

Strongly Agree

9) I am satisfied with the work culture of the organization.

- Strongly Disagree
- Disagree
- Neutral
- Agree
- Strongly Agree

10) I am satisfied with the workplace safety in the organization.

- Strongly Disagree
- Disagree
- Neutral
- Agree
- Strongly Agree

11) I am satisfied with the cleanliness & hygiene maintained by the organization.

- Strongly Disagree
- Disagree
- Neutral
- Agree
- Strongly Agree

12) I am satisfied with the health care related benefits of the organization.

- Strongly Disagree
- Disagree
- Neutral
- Agree
- Strongly Agree

satisfied with the overall employee related policies implemented by the organization.

Strongly Disagree

Disagree

Neutral

Agree

Strongly Agree

satisfied with the continuous efforts the organization adopts to raise the bar.

Strongly Disagree

Disagree

Neutral

Agree

Strongly Agree

We welcome any suggestion from you regarding this :

Employee's Signature:

Date:

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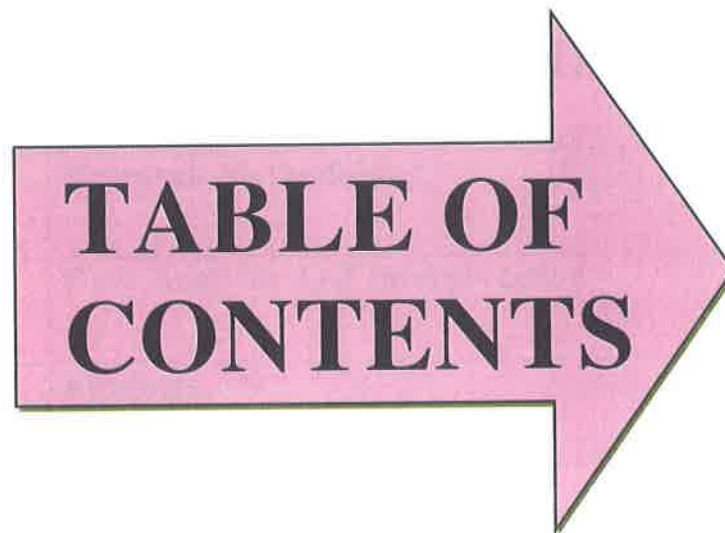
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Anekant Institute of Management Studies (AIMS),Baramati(Pune)

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Anekant Institute of Management Studies (AIMS), Baramati (Pune)

EXECUTIVE SUMMARY

The basic purpose of the study is to study impact of social media on consumer behavior while purchasing TVS two wheeler from Geetai TVS Akuj. This study will be helpful for Geetai TVS to increase in sales of two wheelers and behavior of consumer while purchasing TVS two wheelers. The study is carried out within the customers of Akuj region by using descriptive research design. For this study the sample size of 262 respondents have taken. Simple random sampling method with closed ended questionnaires chosen. This study clears that Facebook and Whatsapp are effective social media tools. This study also clears that persons spent their time on 7-9 hours(approx.) weekly. This study also reveals that role of social media is online purchasing, keep in touch with family & friends, sharing of pictures & videos, and influences to purchase a product. This study states that search of information is easier via social media as compared to mass media. This study also shows that customers find out information about product & opinion of other for purchasing product.

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Chapter No. 1



INTRODUCTION

Anekant Institute of Management Studies (AIMS), Baramati (Pune)

INTRODUCTION

Consumer is a person who purchases, consumes the goods and services. The aim of marketing is to meet and satisfy target customer needs and wants. The modern concept of marketing says that customer is king, customer is capital and customer is kingpin of democracy.

As per the topic, the focus is on impact of social media on consumer behavior with reference to two wheeler segment of TVS motor cycles. Social media is a very effective tool for communicating message to its target audience as it has the ability to combine visual and audio communication and thus social media is an important medium to make people aware of any products.

Consumer behavior is a field of study through which we can understand behavior of consumers within a span of time with the effect of factors such as internal and external factors.

Internal factors are consumer's personal factors like income, age, education, married life, attitude, tradition and family environment etc. While external factors are environmental factors i.e. economic factors, cultural factors, technological factors, political factors and psychological factors etc.

Social media is effective marketing tool as it has characteristics like maximum reach to target customers within short period of time and feedback can be generated quickly and of course social media as a mean of giving consumers a voice.

Social media become more and more prevalent, connecting people and facilitating the exchange of information, consumer behavior is shifting. Through social media, consumers now can easily watch and interesting advertisement on You-Tube, while posting their own opinions on Twitter and sharing it with friends on Facebook. Therefore, it's necessary for the service providers to understand how social media is affecting current consumers and how they are going to react. The customers voice can be heard everywhere, including review websites, blogs, You Tube, Tweets and Facebook updates etc. And the companies have to pay attention because social media is changing the way customers do business. It's influencing the entire buying process. If they don't pay attention, they risk losing customers.

This present study focuses on the impact of social media on consumer behavior of automobile sectors with special reference to TVS two wheelers. This study is also helpful to understand the buying pattern of customers of TVS motorcycle customers with the use of social media. In the present era social media is an effective marketing tool for various business organizations.

The reason behind selecting this topic is target customers of TVS motorcycle is youth who are habitual of using social media. So my area of interest is to understand “Impact of social media on consumer behavior: A study on two wheeler segment at Geetai TVS, Akhuj.”

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Chapter No. 2



COMPANY PROFILE

Anekant Institute of Management Studies (AIMS), Baramati (Pune)

2.1. COMPANY PROFILE



TVS MOTOR COMPANY LIMITED.

Type	: Public
Traded as	: Bse: 532343, Nse: TVS motor
Industry	: Automotive
Founded	: 1979
Founder	: Sundaram
Headquarters	: Chennai, India.
Number of locations	: 3 two wheeler and 1 three wheeler plant
Key people	: Venu Shrinivasan (Chairman & MD)
Products	: Motorcycles, scooters, three wheeler vehicles & spare parts.
Revenue	: 70.89Billion (Us\$ 1.1 Billion)(2013)
Profit	: 2.54Billion (Us\$ 40 Million)(2013)
Total assets	: 10.48 Billion (Us\$ 170 Million)(2013)
Parent	: Sundaram- Clayton Limited
Website	: www.tvsmotor.in

TVS company limited, Which is part of TVS group, manufacturers Motorcycles, Scooters, Mopeds and Auto Rickshaws in India.

2.2. ABOUT THE ORGANIZATION

- ✓ Name of organization:- Geetai TVS.
- ✓ Founder :- Mr. Pandurangbhau Deshmukh
- ✓ Establishment year :- 1996
- ✓ Number of employees :- 48
- ✓ Competitors :-



- ✓ Targeted sales :- 150 customers
- ✓ Annual turnover:-Approximately 50 lakhs.
- ✓ Future plans :-
 - 1) Expansion of showroom.
 - 2) Opening of TVS tyre segment.
 - 3) Home delivery service.
 - 4) Opening of other branches in Velapur, Tembhorni, Shreepur, Malshiras etc

2.3. PRODUCT PROFILE



SCOOTY ZEST

- c.c :-110 c.c.
- Power :- 8 Bhp @7000rpm
- Mileage :- 62kmpl
- Fuel capacity :-5 liters
- Price :- Rs.53,600 /-

TVS Apache RTR 160

- c.c :-160 c.c.
- Power/weight ratio :- 11.76 Bhp per ton.
- Mileage :- 40-45kmpl
- Price :- Rs.83,200 /-
- Sculpted digital display
- Beast inspired headlamps



SCOOTY PEP+

- c.c :-90 c.c.
- Mileage :- 65kmpl
- Price :- Rs.51,100 /-
- Free services- 3
- Facilities:- Auto chock, side stand warning, mobile charger socket and baghooks
- Ideal for college girls and working women





TVS SPORT

- c.c :-99.7 c.c.
- Power :- 7.5 Bhp @7500rpm
- Mileage :-87.7kmpl
- Price :- Rs.44,900 /-
- Stylish graphics, premium black engine
- Sporty design with attractive colors

TVS PHOENIX 125

- c.c :-125 c.c.
- Mileage :- 67 kmpl
- Fuel capacity :-12 liters
- Price :- Rs.63,700 /-
- Premium style features and LED pilot lamps
- Digital speedo with service reminder



TVS JUPITOR

- c.c :-110 c.c.
- Power :- 8 Bhp @7500rpm
- Mileage :- 60 kmpl
- Fuel capacity :- 5 liters
- Price :- Rs.60,400 /-
- Torque :- 8 Nm @5500 rpm



TVS SCOOTY STREEK

- c.c :- 97 c.c.
- Mileage :- 65 kmpl
- Fuel capacity :- 5 liters
- Price :- Rs.53,200 /-
- Side warning stand, auto choke and baghooks.

TVS FLAME

- c.c :-125 c.c.
- Power :- 10.3 Bhp @7500rpm
- Mileage :- 65kmpl
- Fuel capacity :-7.5 liters
- Price :- Rs.54,700 /-
- Ignition –self
- Torque:- 10Nm@6000rpm



TVS JIVE

- c.c :-109.7 c.c.
- Mileage :- 70 kmpl
- Fuel capacity :-15 liters
- Price :- Rs.54,200 /-
- Top speed:- 90 kmpl
- Torque :- 8.3Nm@5500 rpm



TVS STAR CITY⁺

- c.c :-109.7 c.c.
- Power :- 8.10 Bhp @7500rpm
- Mileage :- 83.9 kmpl
- Torque :- 8.10 Nm@5000rpm
- Price :- Rs.53,100 /-

TVS WEGO

- c.c :-110 c.c.
- Mileage :- 62 kmpl
- External fuel filling and well body balance
- Price :- Rs.61,400 /-
- Wheels:- 12*Alloy wheels



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Chapter No. 3

Literature Review and Theoretical Background

Anekant Institute of Management Studies (AIMS), Baramati (Pune)

3.1. LITERATURE REVIEW

Dr. Sourabhi Chaturvedi, Rahul Babar (in June 2014) in their research paper titled “impact of social media on consumer behavior” studied affects of social media on consumer behavior and purchase decisions. This study identifies the factors influencing the impact of social media on consumer behavior on the basis of demographic variables such as Age, Education etc. This survey also indicates how often are the social networking websites accessed and to what use they are put by the users on the basis of demographic variables.

Mr. Ghulam Rasool Madni (in 2014) in his research paper titled “consumers behavior and effectiveness of social media” studied social media effectiveness and consumer buying pattern”. Consumers began using more online sources today. There is rapid development of technology and communication channels. The most important of these tools are social media. Consumers access to the information they need about goods and services which will be awarded through social media dramatically. It is clear that now day, social media components are popular like Facebook and Twitter have got an attention to consumer markets. Therefore, this study is aimed to determine effects of social network on the purchasing behavior of consumers in Pakistan.

Ms. Shabnam S. Mahat, Assistant Professor, Department of Computer Applications, Bharati Vidyapeeth, Deemed University IMRDA, Sangli in her research paper titled “impact of social networking sites on the youth” studied impact of social networking sites on youths between age group 12-30 years. In today’s fast moving world there are so many burning issues around us which we need to think upon and act, it’s an alarm for us to be aware about the society and current issues like abuse of human rights, education, unfavorable effects of global warming, wrong performance of political leaders, crimes against women, corruption etc. need to be discussed openly with the society in an effort to do something about it and bring a revolution.

This research has been conducted on youths between age group of 12-30 years with view to know the level of consciousness on the community issues and how far social networking sites get up the today’s youth in expressing their views on present and burning issues like corruption, human rights, education etc.

Elisabeta Ioanas, Ivona Stoica (in 2012) in their research paper titled “social media and its impact on consumer behavior.” This paper is related to the impact of social media on consumer behavior reflected in the behavior changes. Technology gives consumer the power to investigate products to label them and criticize them in equal measure, and more. Therefore many companies today have pages on social networks to complement the information held about products, held by the feedback of consumers about products and tend to relate more to a company after reading various reviews. This study defines the categories of products that consumers buy online, consumer attitude study toward other consumer feedback from online.

Mr. Nufazil Altaf (July 2014) in his research paper titled “ Impact of social media on consumers buying decisions” identified role of social media and their impact on consumer buying decision. This research gives explanation on how individuals are attending, processing and selecting the information on social media before a purchase. The findings indicated that individuals pursue an active role in information search on social media comparing to mass media. The motive of research was triggered by personal interest in how social media impacts the consumers buying decisions. Public image of the company is also build through social media. The digital world has bought the change in every sphere. It’s impact on consumers buying decisions cannot be nullified.

Ms. K.Nirmala (Dec.2013) in her research paper titled “impact of social media on consumer behavior” investigated one quarter of online time is spent on social media platforms. This research identified large impact of social media on consumer behavior. Consumers collect information for purchasing products on different social media tools. In addition, the ever changing new technology such as smart phone, i-pad further enhanced this power, which placed consumers in an advantageous position regarding purchasing. To deal with this situation the retailers should dump the past preconceptions about the consumers & the out of the date marketing models. Instead they have to stand in consumers shoes & try to engage as many people as possible in an interactive way.

Ms. Neetu Saini (June 2014) in her research paper titled “Effect of social networking on consumer behavior” found that how consumers attend, process and select the information before purchase and what are the changes social media has brought to consumers in different stages of their decision making. This research identified social media has enhanced the spread of opinions and ideas because of which consumers are unquestioningly accepting information about a product from somebody who is not a friend or anybody they know. Bloggers have the reputation of being impartial & therefore consumers simply trust them more & therefore the majority of the consumer influence lies within blogs and social networks.

Mr. Shahzad Khan in his research paper titled “Impact of social networking websites on students” studied age group of 15 to 25 years mostly use social networking website whose total average is 55.4% of total population. This study concluded that student whose age group 15 to 25 mostly use social networking website for entertainment. 60% of male students commonly used social networking websites for knowledge. Graduation students generally prefer social networking website for entertainment. From this research study, it was also found that people can use social networking sites due to social influence.

Mr. Madiha Mehboob (in June 2012)) in her research paper titled “The impact of social media & social networks on Education & students of Pakistan” investigated that negative impact of social media on students. The impact of social websites can be good on students but if we have a closer look on the real impact of social networks. Today it is running future & carrier of students. The social media like Facebook, You Tube, Twitter etc. are continuously distracting students from their studies. The main focus of student should be education but unfortunately today’s students are emphasizing on such sites which can be a complete wastage of time. Social networks was only an electronic connection between users but unfortunately it has become an addition for students, teenagers & even adults. This paper presents impact on social networks on education students & impact on life of teenagers, ‘further it describes how social networking sites are auditory & dangerous for youth & teenagers.

Mr. Qingya Wang (Wang 2011) in his research paper titled “The effect of social media on college students” found negative aspects of social media on college students. This research identified many parents are worried about their children due to Facebook and other social media. This research has revealed that college students were likely to be affected by social media. Social media is attractive, it not only provides college students another world to make friends, also provides pressure on mind. This research also indicates that an approach is needed to better balance the relationship between social media & academic study. Therefore college students should think more about the balancing equation of social media & academics.

Literature review reveals that study has been done related to impact of social networking sites on consumer behavior on Education, on students, on college students & effectiveness of social media. But anyone study was not focused on impact of social media on consumer behavior with reference to TVS motorcycles. Therefore I selected “Impact of social media on consumer behavior: A study on two wheeler segment at Geetai TVS, AKLUJ.” & Main objects of this study are role of social media in influencing consumer purchase decision and to identify the social media tool that is more effective.

3.2. THEORITICAL BACKGROUND

3.2.1. Consumer Behavior

Consumer:-A person, who purchases, consumes the product and end user of the product is called as consumer.

Customer:-A person who purchases the product and resale of product is called as customer.

Basic Concepts of Consumer:-

- 1) Consumer is king,
- 2) Consumer is capital,
- 3) Consumer is kingpin of Democracy.

Consumer Behavior:-“All psychological, social and physical behavior of potential customers as they become aware of purchase, consume and tell other about products and services” called as consumer behavior.

In simple words ‘consumer behavior is the process whereby individuals decides what, when, where, how from whom to purchase goods and services.’

There are different factors which affects on consumer behavior such as internal & external factors. Internal factors are consumer’s personal factors like income, age, education, married life, attitude, beliefs, tradition and family environment etc while external factors are environmental factor that is economic factors, political factors, cultural factors, technological factors, psychological factors etc. Consumer behavior is field of study through which we can understand behavior of consumers within short period of time. Stages in consumer buying are identify the problem or need recognition, gather information about the product, evaluate the alternatives and select the best possible alternatives, purchase decision / buying the product and post purchase behavior.

Consumer behavior is the study of individuals, groups or organizations and the processes they use to select, secure, and dispose of products, services, experiences, or ideas to satisfy needs and the impacts that these processes have on the consumer and society. It blends elements from psychology, sociology, social anthropology and economics. It

attempts to understand the decision making processes of buyers, both individually and in groups. In a consumer buying behavior customer plays three roles of user, payer and buyer. Consumer behavior is very difficult to predict, even for experts in the field.

❖ **Factors Affecting Consumer Buying Behavior :-**

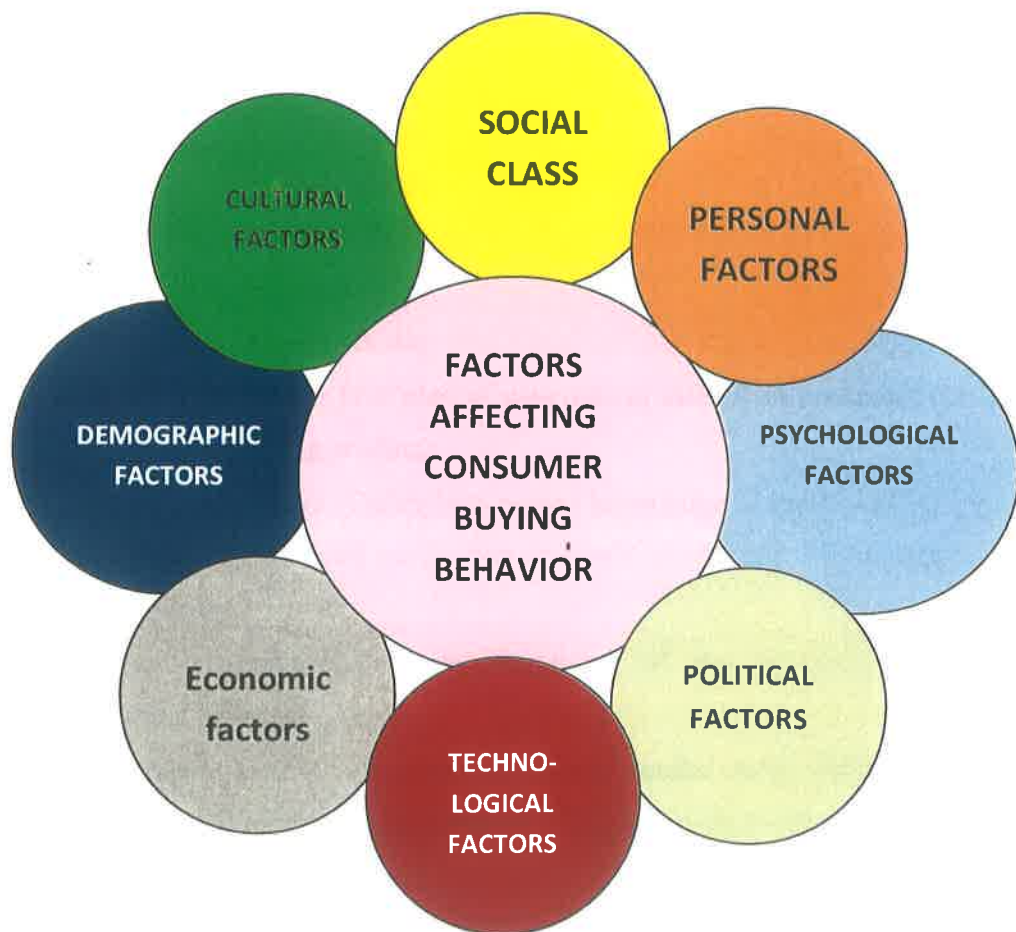


Fig. No.3.1: Factors Affecting Consumer Buying Behavior

Factors Affecting Consumer Buying Behavior

- 1) Cultural factors:-Attitude, values, beliefs, customers, family system, social system affecting while purchasing goods.
- 2) Social class:-Upper class, middle class, lower class are categories of social class. So these classes affects while purchasing goods or services.
- 3) Personal factors:-Age, sex, occupation, personality these factors affects while purchasing goods or services.
- 4) Psychological factors:-following factors affects on consumer while purchasing goods or services.
 - Motivation
 - Perception
 - Values
 - Attitude
 - Beliefs etc.
- 5) Political factors:-Five year plan of government affects on consumer (i.e. tax rate etc) while purchasing products.
- 6) Technological factors:-Technology means knowledge of method to reform certain task or solving problems purchasing to goods or services. Technology is science of discoveries.
- 7) Economic factors: Economical condition of the consumer affects while purchasing products.
- 8) Demographic factors :- Income, population, gender, rural, urban, education, life expectancy also these factors affects while purchasing goods or services.

Hence cultural factors (culture, sub-culture and social class), family factors, social factors, age & life cycle stage, occupation, economic situation, life style, gender, rural-urban, motivation, perception, learning, beliefs and attitudes, sex, education, population, technological factors, political factors etc. affecting consumer behavior.

❖ **Stages In Consumer Buying :-**

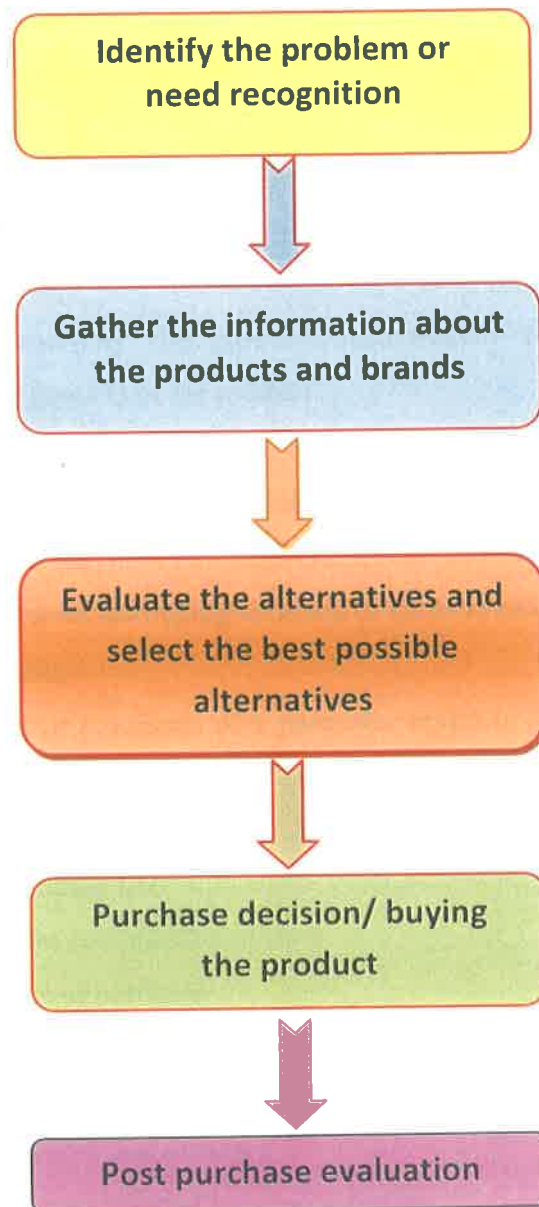


Fig. No.3.2: Stages in Consumer Buying

• **Stages in Consumer Buying**

1) Information recognition :-

The process of buying starts when a person realizes that he has a problem or an unsatisfied need. A need can be aroused internally within the person for example hunger or by an external stimulus.

2) Gathering information :-

A consumer who realizes needs for a need for a product will try together information regarding the products. Information search helps customer to understand the features of the product.

3) Evaluation of alternatives :-

In this stage a customer analyses information available with him to select the right brand or product. The criteria to evaluate a product may differ depending either on the buying situation or on level of involvement required.

4) Purchase decision :-

Selection or purchases of a particular brand is dependent on the evaluation criteria and ratings. The purchase decision also depends on the availability of the brand. This stage also accounts for a large number of sub decisions about purchasing a product like

- Seller and location of store
- Time of purchase
- Size of product
- Price of product
- Delivery and warranty
- Payment method like credit facility

5) Post purchase behavior :-

A customer evaluates the performance of a product after buying it. He will also compare performance of a product with that of the competitors product. The consumer will be either satisfied or dis-satisfied after this evaluation. The post purchase evaluation might lead to repeat purchase and buyer talking favorably about the product to others or buyer may talk negative about firm's products.

3.2.2. Social Media :-

- Promotion :-

It is not enough for service to be designed well, produced efficiently, priced reasonably and distributed so that it is available to a substantial portion of the target market. The marketing task is not complete without informing the target market of its availability. The informing- persuading-reminding-changing the predisposition to buy tasks of marketing are carried out through the communication programs of the company.

Definition of Promotion:-“ Promotion is communication mechanism of marketing, the exchange of information between buyers and sellers.”

Promotions can add value to the service in the eyes of customers, this is one of its key benefits. In many cases, this will enable the provider to charge a premium over that of his competitors. Promotions build interests in service benefits and help distinguish one service for another.

Promotions can have a profound effect on the service experience. They can be used in the preconsumption choice process to attract new customers. Promotions can be used to teach the customers the consumption process so as to use the service more effectively. Promotions also have major impact on post consumption evaluation because they can be a source of the expectation against which perceptions are compared.

❖ Guidelines for effective promotion :-

- 1) Promise what is possible.
- 2) Tangibilize the intangible.
- 3) Communication continuity.
- 4) Make the service understood.
- 5) Observe the long term effects of market communication.
- 6) Feature the working relationship between customer and provider.

Types of promotions are advertising, sales promotion, direct marketing, personal selling, publicity, public relations, word of mouth and corporate image and identity.

These promotional tools are helpful for increasing sale and attracting the customer.

Promotion is a communication mechanism between seller and buyer.

• **Types of Promotions :-**

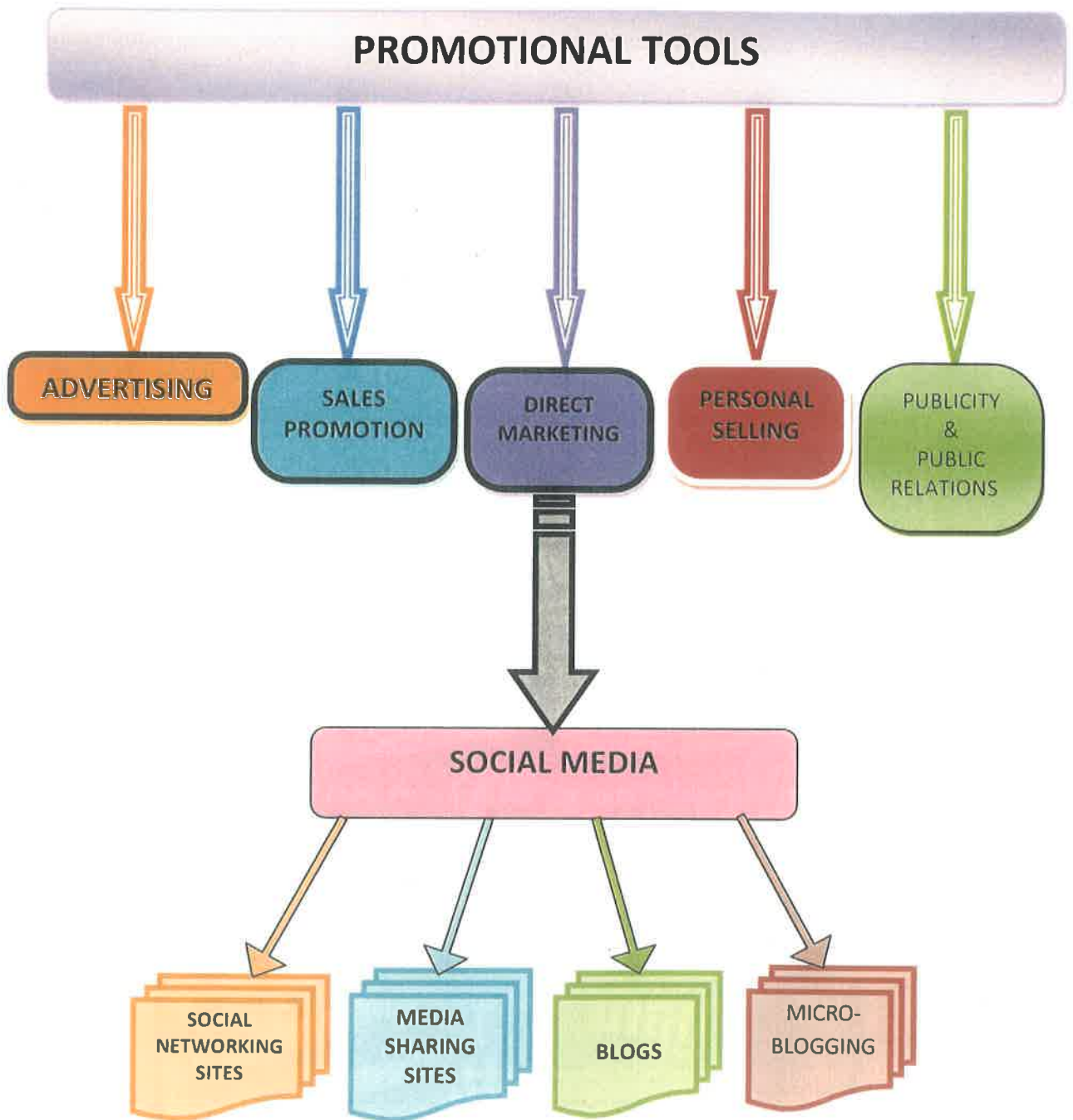


Fig.No.3.3: Types of Promotions

❖ **Social Media :-**

“Activities, practices, behaviors among communities of people who gather online to share information, knowledge and opinions using conversational media is called as social media.”

Generally social media is classified as a;

- 1) Print media (news paper, magazines etc)
- 2) E-media (E-mail, facebook, twitter etc)

SOCIAL MEDIA AS A MEANS OF GIVING CONSUMERS A VOICE.

In brief, social media is a process of creating, commenting, editing and sharing information or opinions, among society.



Fig. No.3.4: Social Media Tools

● **Types Of Social Media :-**

1) Social Networking Sites (SNS) :-

SNS's are platform where individuals are able to connect with others.

e.g-Facebook, Myspace.

2) Media Sharing Sites :-

Media Sharing Sites (e.g- Youtube & Flickr) are outlets where individuals can upload, store and share their multimedia files.

e.g. Photos, videos and music with other users.

3) Blogs :-

A blog is an online journal which is as refer to type of content management system, typically maintained by individuals or groups and featured commentary and ideas for a larger group of audience.

Blogs create good hubs for other social media marketing tools (videos, hyperlinks, pictures and so on).

4) Microblogging :-

Microblogging is a real time information network which shares similarly to blogging. Yet it limits the size (number of words) of each post and encourages a faster mode of communication.

Microblogging allows users to spread their short texted messages via instant messages, mobile phones, e-mails or the web.

e.g- Twitter.

Social media has opened up a new opportunity, both for the business and consumers, to interact with each other on a real time basis. Social media websites have become a platform for corporations and consumers. The impact of social media on consumer behavior has been massive and this is one of the primary reason businessmen using social media for attracting the customers. Also it has been found that consumers would like to have an interactive relationship with a company so that they can easily send feedback, suggestions and complaints.

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Chapter No.4

RESEARCH METHODOLOGY

Anekant Institute of Management Studies (AIMS), Baramati (Pune)

4. RESEARCH METHODOLOGY

4.1. Meaning of Research Methodology:-

Research methodology is a systematic and scientific method to know truth and reality behind a phenomenon. Research is purposive, objective. Research is purposive in that it seeks answer to specific question and is not merely accumulation of unstructured observation.

The project is based on impact of social media on consumer behavior and thus requires a lot of interactions with market. The scope of study is limited to Akhuj region only. Research design is actually the blue print specifying every stage of action in the course of research.

❖ Definitions of Research :-

- 1) Advanced Learner's Dictionary:-“A careful investigation or inquiry especially through search for new facts in any branch of knowledge.”
- 2) According to Clover and Balsely:-“Research is the process of systematically obtaining accurate answers to significant and pertinent questions by the use of the scientific method of gathering and interpreting information.”

4.1.1. Marketing Research:-

Systematic and objective identification, collection, analysis, dissemination and use of information for the purpose of assisting management in decision making related to the identification and solution of problem in marketing.

Marketing research is about researching the whole of a company's marketing process. It is the gathering, recording and analysis of all facts about problems relating to transfer and sale of goods and services from producer to consumers. Marketing is a process of planning and it includes basic concepts like pricing, promotion and distribution of ideas, goods and services to create exchange that satisfies individual and organizational objectives. Thus we can say that marketing concepts requires customer satisfaction rather than profit maximization to be the goal of an organization.

Research Methodology Process:-

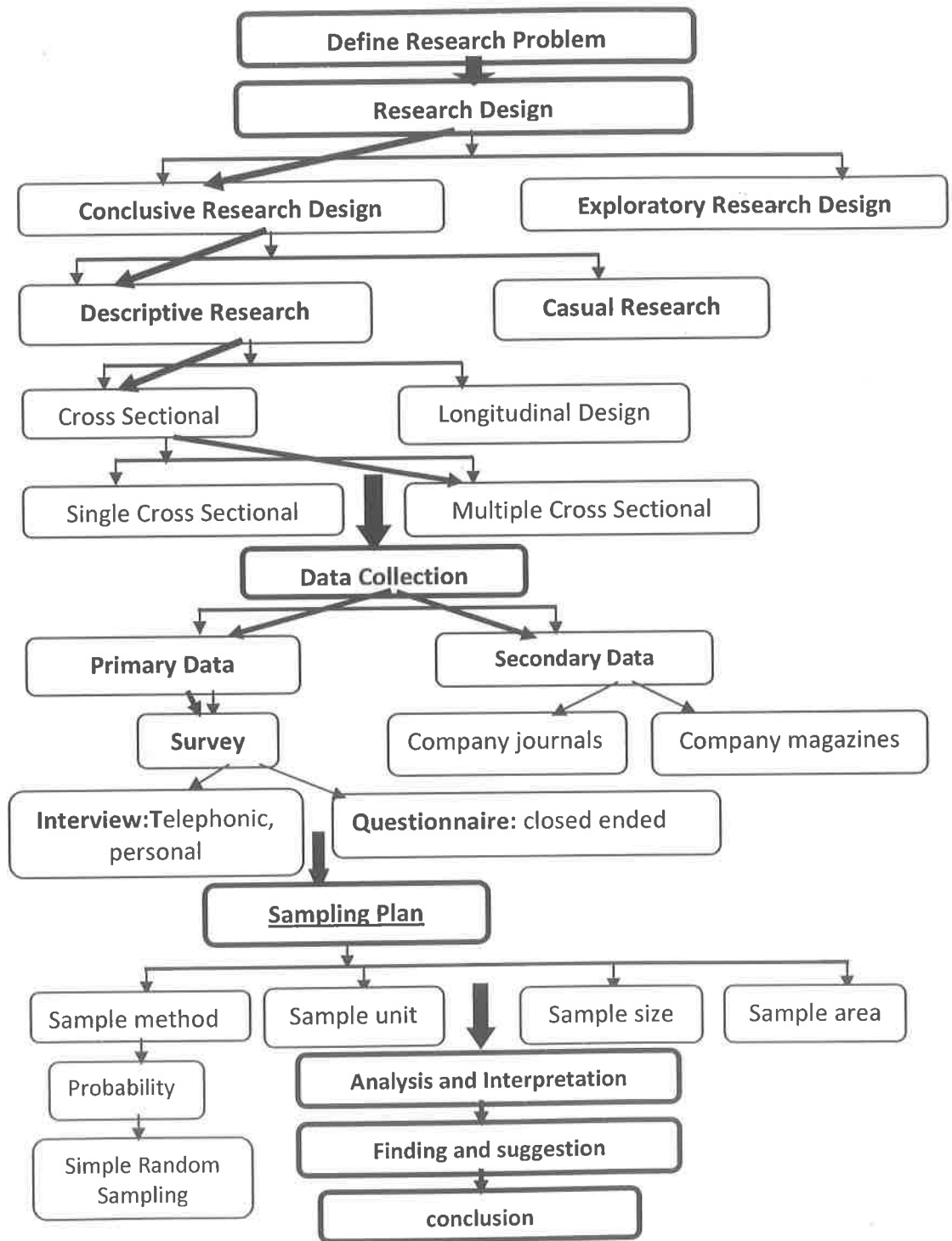


Fig. No.4.1: Research Methodology Process

4.2. Define the Problem :-

The buyer behavior is affected by many factors one of that Factor now-a-days is social media. This study deals with the social media as it plays a vital role in influencing the buying decision and perception of customers. The problem identified is dropped sales of TVS. Hence an attempt has been made to find out the impact of social media on consumer behavior.

4.3. Research Design:-

Research design is the “ Framework of Blueprint” for collecting information needed in the best possible ways. The correct design will save resources and also tests the validity and reliability of the research. A research design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance of the research purpose with economy in procedure. It constitutes the blueprint for the collection, measurement and analysis of data.

4.3.1. Descriptive Research :-

In this study the descriptive research design has adapted. This study is descriptive and multiple cross sectional in nature. In this study includes surveys and fact finding inquiries of different kinds.

4.4. Objectives of the Study:-

- 1) To study the role of social media in influencing consumer purchase decision.
- 2) To identify the social media tool that is more effective.

4.5. Scope of the Study:-

The present study is confined to Akhuj area only. Online preferences and reason for online purchasing of two wheelers will be studied.

4.6. Data Collection:-

4.6.1. Primary Data: Primary data is a data collected for first time and which is new to the study.

- a) Questionnaire: In this study closed ended questions are taken which are structured questions with multiple choices.

- b) Interviews : The interview instruments are taken with Personal and Telephonic interviews.

4.6.2. Secondary Data: It already exist data which has collected through,

- Company journals
- Company magazines

4.7. Sampling Plan:-

The whole population is considered as a sample. For the study simple random sampling is applied. Respondents were selected in Akluj region.

- **Sample Size :-** sample size refers to the number of individual pieces of data collected in a survey. A survey or statistic's sample size is important in determining accuracy and reliability of survey findings. Here **262 customers** of Geetai TVS, Akluj selected as a sample size.
- **Sampling Method :-** The **simple Random Sampling** has adapted for the study. A simple random sample is a sample of size n drawn from a population of size N in such a way that every possible sample of size n has the same chance of being selected.
- **Sampling Area :-** Area covered under **Akluj city**.
- **Sample Unit :-**
Elementary units or group of such units which besides being clearly defined, identifiable and observation are convenient for purpose of sampling are called sampling units.
 - **Existing customers -1100 yearly**
 - **Prospective customers – 7200 yearly**

4.8. Limitations of the Study:-

- Main limitation of the study is Akluj region only. The findings are regional and do not represent state or country.
- This study focuses on social media only.
- There is possibility of biased answers from respondents, hence the information collected might not be an accurate one.
- Busy nature of Respondents.

4.9. Analysis Methods & Tools:-

- **Percentage analysis :-**

Percentage refers to a specified kind of ratio in making comparison between two or data and descriptive relationships. Percentage can also be used to compare the relations terms the distribution of two or more data sources.

- **Tools :-**
 - 1) Tables,
 - 2) Bar graphs,
 - 3) Pie chart.

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Chapter No. 5

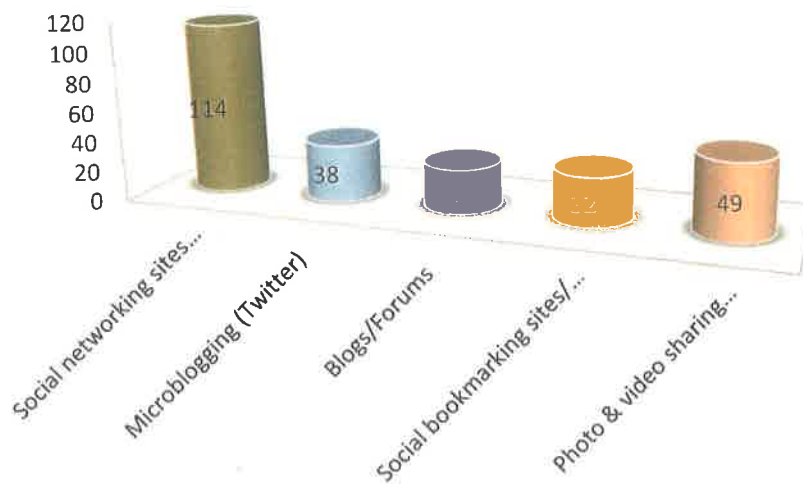
DATA ANALYSIS & INTERPRETATION

Anekant Institute of Management Studies (AIMS), Baramati (Pune)

Table No.1: Use of social media sites on a daily basis:

Use of social media sites on a daily basis	No. of Respondents	Percentage
Social networking sites (Facebook)	114	43.51%
Microblogging (Twitter)	38	14.50%
Blogs/Forums	29	11.07%
Social bookmarking sites/ social news (Reddit, Digg)	32	12.21%
Photo & video sharing sites(Flickr, YouTube)	49	18.7%
Total	262	100%

(Source: Primary data)



Graph 5.1

Interpretation:-

There are several social media sites that customer uses on a daily basis i.e social networking sites, media sharing sites, blogs & microblogging etc. the above graph depicts that 43.51 % & 18.7 % of respondents use social networking sites (Flickr & YouTube) respectively whereas 14.50 % & 11.07 % of respondents using microblogging & social networking sites respectively. This is seen that 43.51% of respondents uses social networking sites on daily basis feels that these sites are helpful for getting knowledge, information & opinions of their family, relatives & friends and update day to day.

Table No.2 : Time (approx.)spent on a Social Media sites per week:

Time (approx.)spent on a Social Media sites per week	No. of Respondents	Percentage
0 hours	13	4.96%
1-3 hours	21	8.02%
4-6 hours	29	11.07%
7-9 hours	109	41.60%
10 hours/more	90	34.35%
total	262	100%



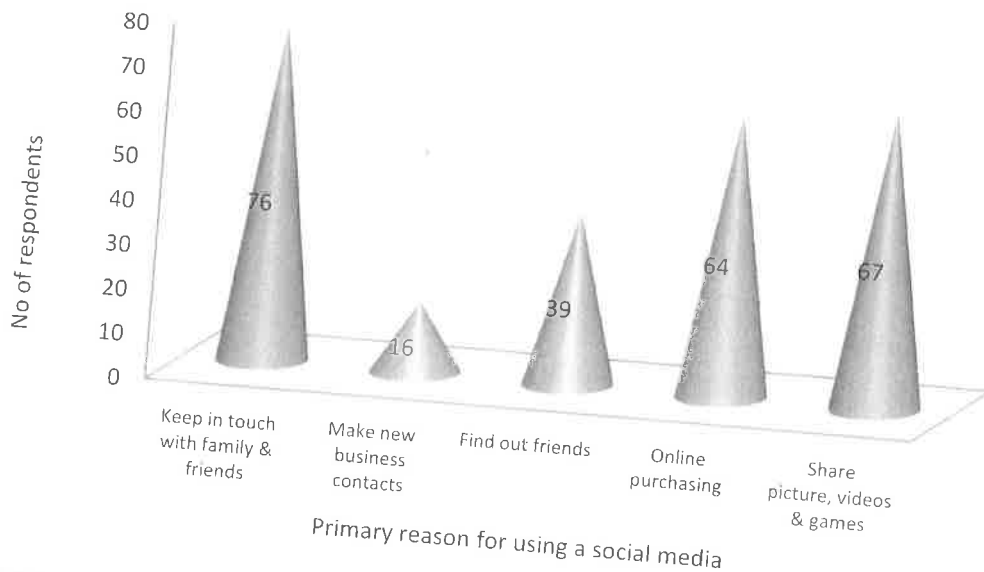
Graph 5.2

Interpretation:-

People spend their lot of time on social media. Above table shows that 41.60% & 34.35% of respondents spent their 7-9 hours and 10 hours/more on social media sites per week respectively. Only 4.96% of respondents don't uses social media. This is seen that 41.60% of respondents spend their time 7-9 hours on social media because of keep in touch with family & friends and entertainment of our self.

Table No.3 : Primary reason for using a social media:

Primary reason for using a social media	No. of Respondents	Percentage
Keep in touch with family & friends	76	29 %
Make new business contacts	16	6.11 %
Find out friends	39	14.89 %
Online purchasing	64	24.43 %
Share picture, videos & games	67	25.57 %
total	262	100 %



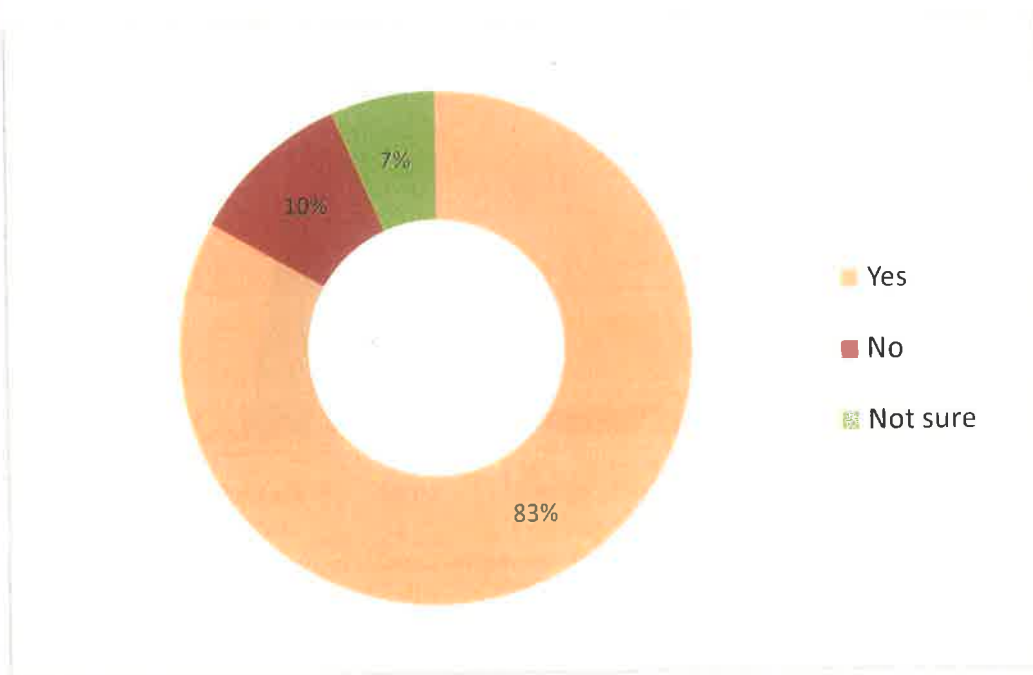
Graph 5.3

Interpretation:-

There are several reasons people uses social media like keep in touch with family and friends, find out friends, share pictures, videos & games and online purchasing etc. Above graph reveals that 29% & 25.57% of respondents using social media for keep in touch with family & friends and sharing pictures, videos respectively. Whereas 24.43% of respondents using social media for purchasing of products online.

Table No. 4: Social Media triggers purchase of a Product:

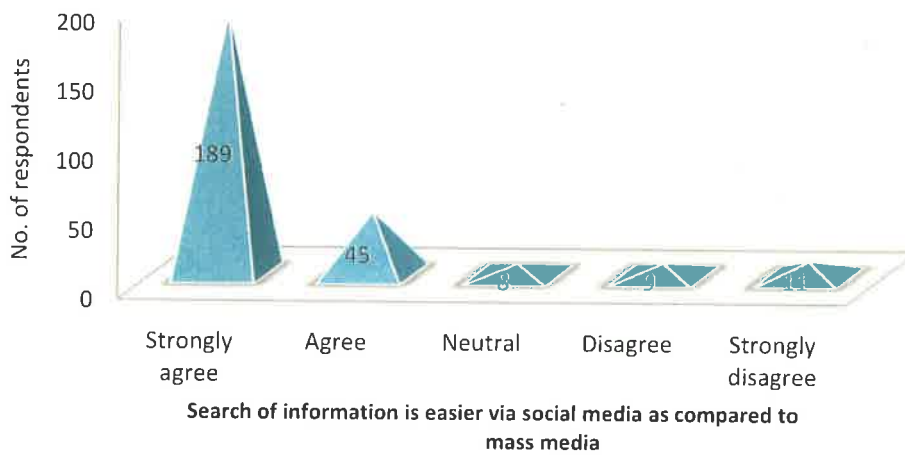
Social Media triggers purchase of a Product	No. of Respondents	Percentage
Yes	218	83.20 %
No	27	10.30 %
Not sure	17	6.50 %
total	262	100%

**Graph 5.4****Interpretation :-**

Persons unquestioningly accept information from friend or media user. Above graph found that 83.20 % of respondents agree that social media triggers their purchases. This is seen because the respondents feel that it is an easier way to purchase.

Table No. 5: To know whether Search of information is easier via social media as compared to mass media (T.V, Newspapers):

To know whether Search of information is easier via social media as compared to mass media (T.V, Newspapers)	No. of Respondents	Percentage
Strongly agree	189	72.14 %
Agree	45	17.18 %
Neutral	8	3.05 %
Disagree	9	3.43 %
Strongly disagree	11	4.20 %
total	262	100%



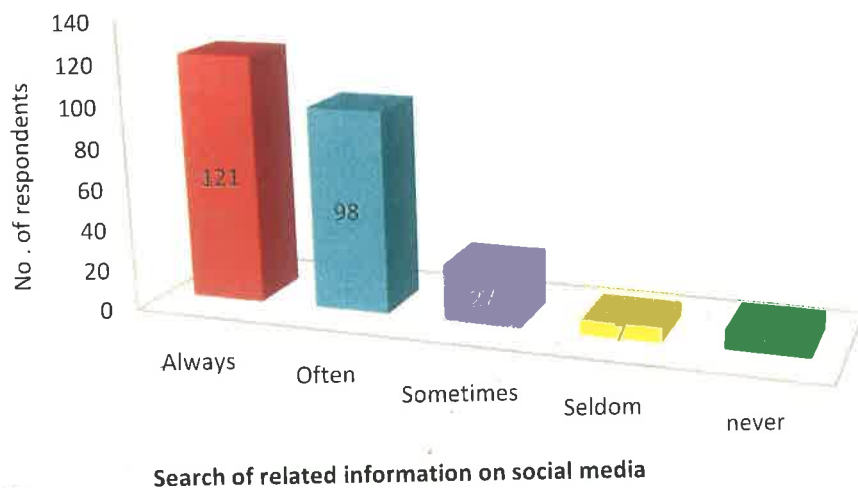
Graph 5.5

Interpretation:-

People search lot of information, opinions & suggestions on social media. Above graph clears that 72.14 % & 17.18% of respondents says that social media is the easiest way to find out information as compared to mass media while 3.43 % of respondents disagree with social media as an easier way to search for information as compared to mass media. This is seen that search of information is easier via social media as compared to mass media because their different social media tools like Facebook, Whatsapp, Google+, Twitter, YouTube, etc & lot of data with reliability on it as compared to mass media.

Table No. 6: Frequency of search related to information on social media before purchase:

Frequency of search related to information on social media before purchase	No. of Respondents	Percentage
Always	121	46.18 %
Often	98	37.40 %
Sometimes	27	10.30 %
Seldom	7	2.69 %
never	9	3.43 %
total	262	100%



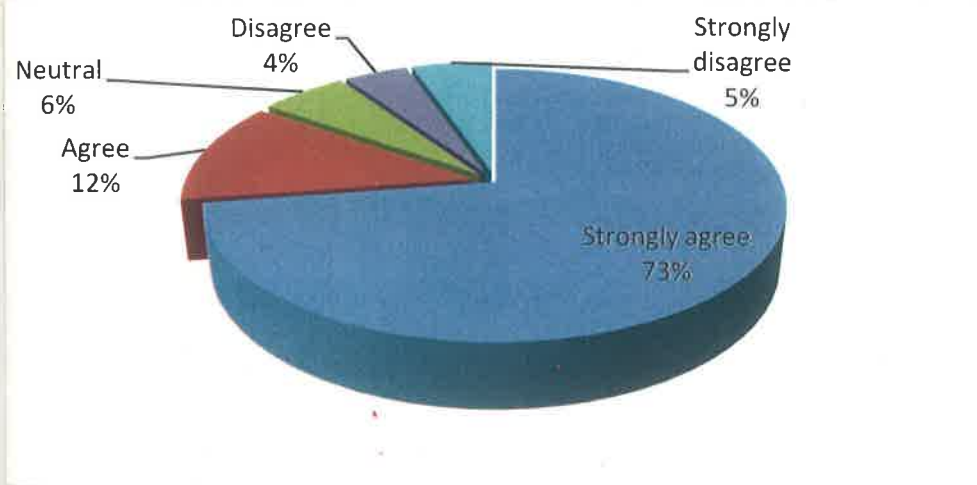
Graph 5.6

Interpretation:-

This is seen that before purchasing customers take different opinions & results of products from their internal & external environment on social media. Above table shows that 46.18 % & 37.40 % of respondents searches related information on social media before purchasing a product while 3.43 % of respondents don't search information on social media before purchasing a products.

Table No. 7: Influence of Advertisements/ Blog Posts/ Facebook Pages/ User reviews:

Influence of Advertisements/ Blog Posts/ Facebook Pages/ User Reviews:	No. of Respondents	Percentage
Strongly agree	190	72.52 %
Agree	32	12.21 %
Neutral	15	5.73 %
Disagree	11	4.20 %
Strongly disagree	14	5.34 %
total	262	100%



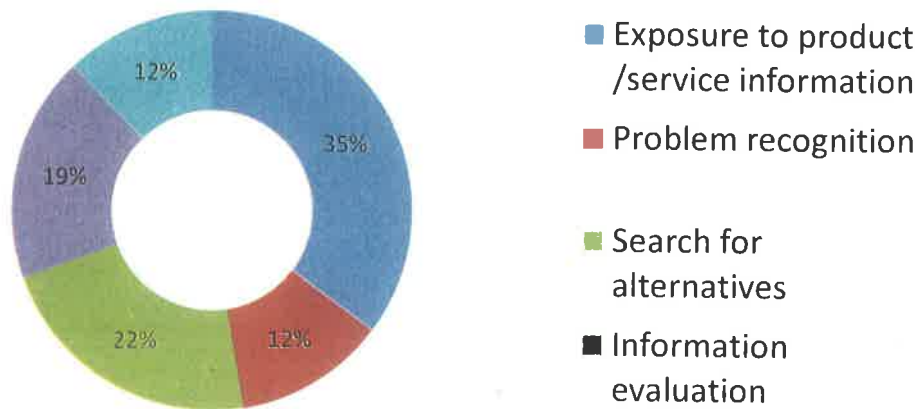
Graph 5.7

Interpretation :-

There are different reasons which influences customer while purchasing products. Some that are advertisements, blog posts, facebook pages. Above pie-chart represents that 72.52 % of respondents strongly agree with influence of advertisements/ blog posts/ facebook pages/ user reviews whereas 4.20% of respondents do not agree with influence of advertisements/ blog posts/ facebook pages/ user reviews for purchasing TVS two wheeler because they don't have their accounts on social media.

Table No. 8: Stage of buying decision that has been affected mostly because of social media:

Stage of buying decision that has been affected mostly because of social media	No. of Respondents	Percentage
Exposure to product /service information	92	35.11 %
Problem recognition	32	12.21 %
Search for alternatives	58	22.14 %
Information evaluation	48	18.33 %
Post-purchase behavior	32	12.21 %
total	262	100%



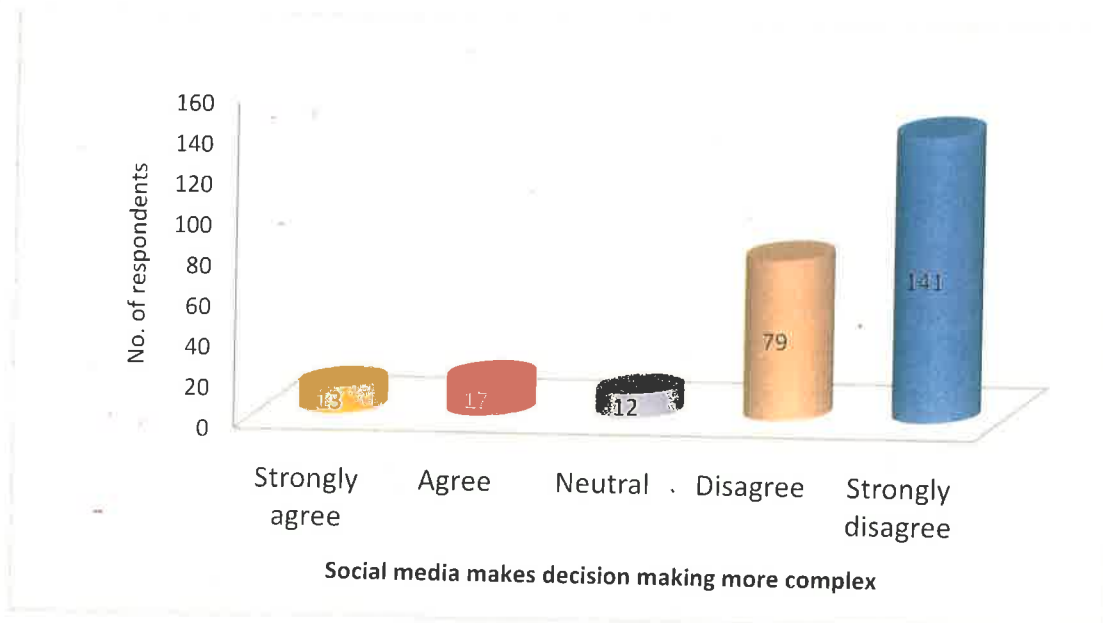
Graph 5.8

Interpretation:-

Above graph shows that 35.11 % of respondent says that for product / service information social media plays a vital role & above graph also represents that 22.14% of respondents affected stage of buying decision due to option of search of alternatives. This is seen respondents feels that product information & search of alternatives are main 2 things for choosing / purchasing right product.

Table No. 9: To know whether social media makes decision making more complex:

Social media decision making more complex	No. of Respondents	Percentage
Strongly agree	13	4.96 %
Agree	17	6.49 %
Neutral	12	4.58 %
Disagree	79	30.15 %
Strongly disagree	141	53.82 %
total	262	100 %



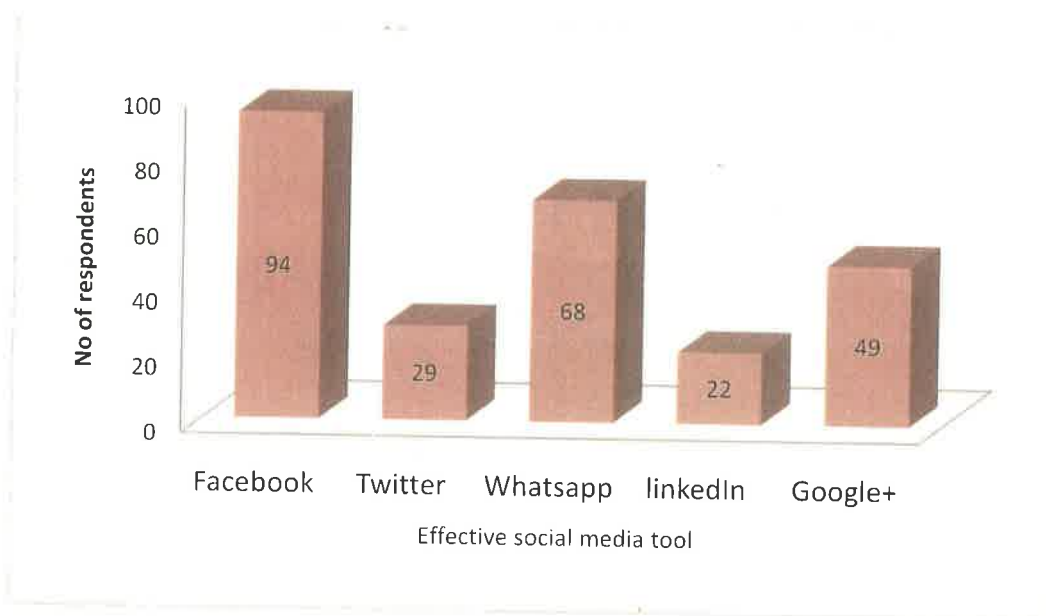
Graph 5.9

Interpretation:-

Social media is an easier way to make decisions while purchasing products or services. Also above graph found that 53.82 % & 30.15 % of respondents strongly disagree & disagree with the statement of social media makes decision making more complex process respectively. Also above graph found that 4.90 % of respondents agree with social media makes decision making more complex due to lack of knowledge of operating system of social media.

Table No. 10: Tools of effective social media:

Tools of effective social media	No. of Respondents	Percentage
Facebook	94	35.88 %
Twitter	29	11.07 %
Whatsapp	68	25.95 %
linkedIn	22	8.40 %
Google ⁺	49	18.70 %
total	262	100 %

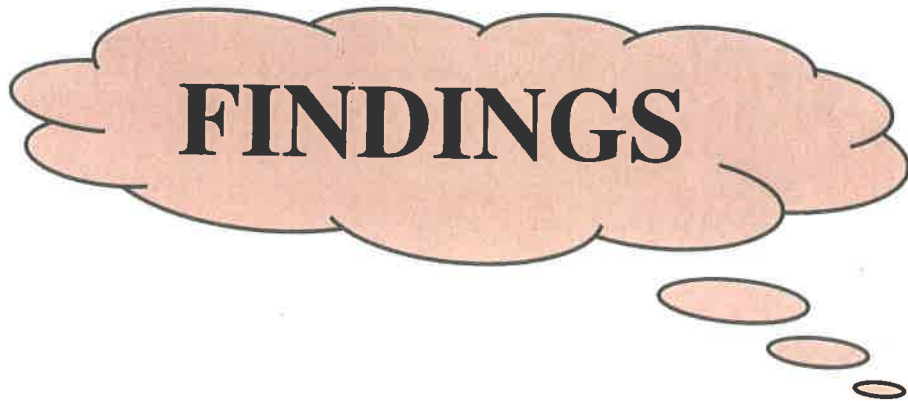


Graph 5.10

Interpretation:-

In present era there are different social media tools i.e. Facebook, Twitter, Google⁺, LinkedIn, Whatsapp, etc. Above table reveals that 35.88%, 25.95% & 18.70 % of respondents says that Facebook, Whatsapp & Google⁺ are popular social media tools for using & purchasing products or services. This is seen respondents feels that Facebook, Whatsapp, Google⁺ are helpful for keep in touch with their internal & external environment, sharing videos & comments, making friends & purchasing of products.

Chapter No. 6



FINDINGS OF THE STUDY

- Table No.2 reveals that time spent on social media 7-9 hours per week.
- Table No.3 shows that role of social media is to keep in touch with family & friends, online purchasing, sharing pictures & videos.
- Table No.5 finds that search of information is easier via social media as compared to mass media.(T.V, Newspapers etc)
- Table No.6 reveals that customers search related information & opinion of others on social media before purchasing decision.
- Table No.8 shows that stages of buying decision like product information & search for alternatives affected mostly due to social media.
- Table No.10 reveals that Facebook, Whatsapp & Google⁺ are effective social media tools in present era.

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Chapter No. 7

SUGGESTIONS

Anekant Institute of Management Studies (AIMS), Baramati (Pune)

SUGGESTIONS

Based upon the findings of the study following suggestions are made.

- Facebook, Whatsapp & Google⁺ are effective social media tools, so continuously bombard on it.
- Primary reason for using social media is keep in touch with family & friends and online purchasing, so use social sales promotion techniques like coupons, prize promotions and future discounts etc for attracting customers and high end competitions.
- Social media triggers the purchase of a product, so make the message easier to understand as per customer in different languages on social media.

Chapter No. 8



CONCLUSION

Overall, due to reliability & transparency of social media consumers are more & more powerful than before. Consumers gather information first on social media before purchasing decision. Social media plays a vital role on behavior of the consumer & it gives great impact on the mind of consumers. It is helpful for product information, search for alternatives, purchase decision & post purchase behavior which is also important. Social media has different effective tools like Facebook, Whatsapp & Google⁺ to attract the customers & purchase the product. So social media is helpful clue for success of organization & increase of sales & growth.

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QUESTIONNAIRE

Anekant Institute of Management Studies (AIMS), Baramati (Pune)

QUESTIONNAIRE

- 1) Which of the following social media sites you are using on a daily basis ?
 - € Social Networking Sites (e.g. Facebook)
 - € Microblogging (e.g. Twitter)
 - € Blogs/Forums
 - € Social Bookmarking Sites/Social news(e.g. Reddit, Digg)
 - € Photo & video sharing sites(e.g. Flickr, YouTube)
- 2) Time(approx.) spent on social media sites per week.
 - € 0 hours
 - € 1-3 hours
 - € 4-6 hours
 - € 7-9 hours
 - € 10 hours/more
- 3) What is primary reason for using a social media?
 - € Keep in touch with family & friends
 - € Make new business contacts
 - € Find out friends
 - € Online purchasing
 - € Share picture, videos & games
- 4) Does social media trigger you to purchase a product/service?
 - € Yes
 - € No
 - € Not sure
- 5) Do you agree that information searching is easier via social media as compared to mass media? (T.V, newspaper & so on).
 - € Strongly agree
 - € Agree
 - € Neutral
 - € Disagree
 - € Strongly disagree

6) Do you search for related information on social media before a purchase?

€ Always

€ Often

€ Sometimes

€ Seldom

€ Never

7) Do you agree that, for instance, advertisements/ blog posts/ Facebook pages/user reviews on social media influence you to try new brands/products/services?

€ Strongly agree

€ Agree

€ Neutral

€ Disagree

€ Strongly disagree

8) In your opinion, which stage of your buying decision has been affected mostly because of social media? Rank on a scale of 1 to 5.(1 being least & 5 being most)

Exposure to product/Service Information

Problem Recognition

Search for the alternatives

Information Evaluation

Post-Purchase Behavior

	1	2	3	4	5
Exposure to product/Service Information	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Problem Recognition	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Search for the alternatives	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Information Evaluation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Post-Purchase Behavior	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

9) Do you think that social media makes your decision making more complex?

€ Strongly agree

€ Agree

€ Neutral

€ Disagree

€ Strongly disagree

10) Which of the social media tool, you find effective Rank on a scale of 1 to 5?

(1 being least & 5 being most)

	1	2	3	4	5
Facebook	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Twitter	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Whatsapp	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Linked In	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Google ⁺	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

EXECUTIVE SUMMERY

FERRERO INDIA PVT. LTD. (IMSOFER DIVISION) is established in the year 2012, in Baramati. The company is located in Baramati district Pune, in Maharashtra state. Company is in clean environment and pollution free surrounding. The manufacturing plant set up in Baramati manufactures Kinder Joy, Tic Tac & Kinder Schokobons Crispy. In addition to that Ferrero Rocher & Nutella are repacked and sold in domestic market.

The project assigned to me involved the study of fixed asset capitalization process in an FMCG industry as per the standard operating procedure created by company under the guidelines issued by Institute of Chartered Accountants of India (ICAI), Companies Act, 2013 issued by Ministry of Corporate Affairs.

This study involved diving deep into the capitalization process which includes detailed analysis of Accounting Standards 6 & 10, Component Accounting and Deprecation rates.

This study involved –

1. Understanding the process of budget allocation to project
2. Creation of Internal Order, CWIP asset and invoice booking in that CWIP asset
3. Identifying the major components of the asset by analyzing the techno-commercial offers, discussion with project team, procurement team and if required domestic as well as foreign vendors
4. Capitalization of fixed asset in light of principles of component accounting
5. Understanding depreciation charged thereon and its impact in the financial statements

In addition to above, the training at FERRERO INDIA PVT. LTD. involved day to day working at the accounts departments with senior managers in the company. This Project helped us to get deep understanding of process of capitalization of fixed assets in the company and how the decisions are taken to strengthen the asset position.

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CHAPTER-I

INTRODUCTION

INTRODUCTION

What is Fixed Asset Capitalization Policy?

How should a company accounts for its complex fixed assets?

When companies buy big ticket item like buildings, machinery, or vehicles, accountants are not necessarily required to keep those assets on the books in specific way. There are rules. Of course, but management and the board of directors have some leeway to determine the best way to accounts for these assets.

To document how the company will address these situations, management creates fixed asset capitalization policy to guide the accountants, auditors, and regulators on the treatment of these high value assets.

What is fixed assets and how are they accounted for?

A fixed asset is a long lasting, tangible piece of property owned by a company. A company's building, land, equipment's, vehicles, and machinery are all typical example of fixed assets.

Because these assets provide value to the company over long period of time, several years or more, accountants treat them differently than other expenses incurred in the operation of the company.

The value of a new production facility is not as straightforward. The new production capacity is useful not just this year, but also next year and many years into the future. Accountants must find a way to expenses an appropriate amount of the buildings initial cost and ongoing maintenance in each year that the building provides value.

To do that, they capitalize these fixed assets, and expense only a portion of the fixed asset's costs each year.

How capitalization works

Fixed assets are recorded on the company's balance sheet as an asset. Strictly speaking, putting any asset on the balance sheet is called "capitalizing" it.

Using specific standardized formulas for each type of asset, accountants take into account the asset's cost, its ongoing maintenance expenses, and its anticipated useful life.

With those variables, the accountant expenses a certain portion of the asset's cost each year as a line item on the income statement called depreciation. The value of the asset is decrease on the balance sheet in line with it depreciation expense to balance the financial statements. In this way the accountant is able to match the cost of the asset with the value it provides over time.

How the company's fixed asset capitalization policy comes into play

Within the accounting rules for fixed assets, companies have some flexibility in how, when, and what they capitalize and expense. The company's fixed asset capitalization policy defines how the company will address these choices.

Generally, the policy will define a certain threshold dollar amount above which asset will be capitalized and below which items will be expensed. For example, a copy machine is technically a fixed asset that will last for a number of years. However, for most businesses the cost to purchase the copy machine is too low to bother with complex capitalization accounting. Because the cost is insignificant, the company is allowed to expense the full cost of the copier at one time. A multimillion dollar production facility, on the other hand, should be capitalized.

Another choice involves multiple asset that function in similar or interrelated ways. The rules allow for some of these assets to be capitalized together as a group, while others should have separate accounting. A group of machines all on the same assembly line could be grouped, for example, as oppose to the equipment at different locations which may be better treated individually. The same decision applies to how the company will address the repairs and maintenance expenses for the various machines. In all of these cases, the fixed asset capitalization policy defines when how the company will make these choices.

The policy will also include any conventions that apply to the given industry within which the company operates. The company can choose to follow these standard practices or not, but the decision should be consistent and documented in its policies.

The fixed asset capitalization policy ensures consistency and accuracy.

The accounting of fixed asset can be a complex and confusing process. Defining exactly how the company will address these issues in a comprehensive fixed asset capitalization policy is an important responsibility for the management team.

CHAPTER-II

COMPANY
PROFILE

History

Ferrero has been built by generations of people who share a commitment to creating products that are an expression of our passion for excellence, reliability and trust. Read about milestones in Ferrero's history. As a part of our next generation of Ferrerians, you can help us create more.

1946 Ferrero is founded by Pietro Ferrero in Alba, Italy.

1950 Michele Ferrero took over the company with his uncle and mother.

1956 European debut: the Ferrero factory in Germany opens.

1964 Nutella is launched in America.

1969 Tic Tac is launched in America.

1975 Kinder Surprise is launched in France.

1980 Six new products, including Ferrero Rocher, are launched in this decade.

1982 The Kinder and Ferrero brands are loved and enjoyed in all five continents.

1991 Foundation Ferrero is registered as a charity by Michele Ferrero's wife Maria Franca.

1992 Ferrero Mexico opens its doors.

1994 Operations in Brazil start with Kinder Surprise.

1995 Ferrero enters the Russian market.

1996 Ferrero begins construction of the factory in Poland.

1997 Pietro and Giovanni Ferrero take over the reins of the group.

2004 Ferrero India is established.

2005 Michele Ferrero is awarded Knight Grand Cross by Italian President.

2007 Ferrero opens offices in China. 2007 Incorporation of IMSOFER (manufacturing unit of Ferrero India.) Government of Maharashtra bestows a mega project status to Ferrero's enterprise.

2008 Kinder Joy and Tic Tac launched in India.

2009 Ferrero wins the prestigious international 'Reputation Award'. Nutella is launched in India and also served at the G8 summit.

A STUDY OF CAPITALIZATION PROCESS AND COMPONENT ACCOUNTING

2010 The group has manufacturing plants, of which four are in Italy. In June, the first Ferrero CSR report is presented.

2011 New factory opens in Baramati, India begins the export of Kinder Joy and Tic Tac begins. Incorporation of MPG (Multi Production Group)

2012 India begins the export of Kinder Joy and Tic Tac to China, Middle East & South East Asia.

2013 Merger of IMSOFER, MPG into Ferrero India Private Ltd.

2014 Ferrero makes a \$70 million hazelnut investment in New South Wales, Australia.

2016schokoBons Launched

Ferrero buys Olten Group, the world's largest hazelnut producer, forever securing its long-run competitive advantage and providing security for its production in decades to come.

Nutella is 50 years old and enjoyed in 160 countries with over 360000 tons of the delicious hazelnut spread produced every year.

**FERRERO INDIA PVT LTD.(IMSOFER DIVISION),
BARAMATI.**



Corporate Milestones

2004

Ferrero India incorporated in India

2007

Incorporation of IMSOFER(manufacturing unit of Ferrero India). Government of Maharashtra bestows a mega project status to Ferrero's enterprise.

2008

Kinder Joy and Tic Tac packaged and launched.

2009

Nutella imported and launched.

2011

- New factory in Baramati inaugurated.
- Kinder Joy & Tic Tac manufactured on a larger scale.
- Incorporation of MPG(Multi Production Group)

2012

Kinder Joy and Tic Tac exported to China, Middle East & South East Asia.

2013

- IMSOFER ISO 9001:2008 Certified.
- Merger of IMSOFER, MPG into Ferrero India Private Limited.



Business

Ferrero India is Part of the Ferrero Group which has a turnover of Euro 8 billion and is today the fourth largest manufacturer of chocolate and confectionary products in the world.

Ferrero started its commercial operations in India in 2004. In a short span of 9 years has established itself as a strong player in the premium category of chocolates and confectionary products in India.

The Ferrero products range in India comprises of Ferrero Rocher praline chocolates; kinder joy “rich in milk” and loved by kids and the whole family; Tic Tac, the mouth freshener brand with a basket of flavors and Nutella, a delicious hazelnut chocolate spread.

The company has its corporate office in pure and 4 regional offices at Chennai, Delhi, Kolkata and Mumbai. Ferrero India has a presence in all metros and mini-metros with a nationwide robust distribution network.

Ferrero India is the third largest after Italy and Germany in the number of workforce it relies on within the Ferrero group.

Ferrero India is build 9000 sq. feet kinder garden for the children of its employees and for the children from the nearby community around the factory

Kinder Joy

Kinder Chocolate is a confectionery product brand line of Italian confectionery multinational Ferrero SpA. **Kinder** was developed and produced at Ferrero Germany (Frankfurt) in 1967 for the German market.

It has plastic egg-shaped packaging that splits into two, one half contains layers of cocoa and milk cream and the other half contain a toy. Kinder Joy was launched in Italy in 2001 and as of 2014 was sold in more than 100 countries. It was produced in Poland, India, South Africa, Ecuador, Cameroon, and China.



History

Ferrero launched Kinder Joy in Italy in 2001. It was sold in Germany from May 2006, in China from 2007, and was introduced in India in 2009.

In 2011, Ferrero opened a factory in Baramati, India to make the eggs, in addition to other products including Tic Tacs. In 2015, the company opened its first factory in China, which produced Kinder Joy as its first manufacturing line. As of September 2015 Kinder Joy was one of the highest selling candy products in the Chinese market and had received Nielsen China's Breakthrough Innovation Award.

Kinder Joy became available in Ireland in 2015. In November 2015, Ferrero announced that it would sell the eggs in the United Kingdom, starting in December 2015.

Nutella

Originally, **Nutella** was a smart solution to a tricky problem: the shortage of cocoa supplies following World War Two. Pietro Ferrero, a pastry maker from Piedmont in Italy, ingeniously created a sweet paste made from hazelnuts, sugar and just a little of the rare cocoa.



History

Pietro Ferrero, who owned a bakery in Alba, Piedmont, an area known for the production of hazelnuts, sold an initial batch of 300 kilograms of "*Pasta Gianduja*" in 1946. At the time, there was very little chocolate because cocoa was in short supply due to World War II rationing. So Ferrero used hazelnuts, which are plentiful in the Piedmont region of Italy (northwest), to extend the chocolate supply. This "*Pasta Gianduja*" was originally a solid block, but Ferrero started to sell a creamy version in 1951 as "*Supercrema*".

In 1963, Ferrero's son Michele Ferrero revamped *Supercrema* with the intention of marketing it throughout Europe. Its composition was modified and it was renamed "Nutella".

Ferrero Rocher



Introduced in 1982, the chocolates consist of a whole roasted hazelnut encased in a thin wafer shell filled with hazelnut chocolate and covered in milk chocolate and chopped hazelnuts. The sweets each contain 73 calories and are individually packaged inside a gold-colored wrapper. *Rocher* comes from French and means 'rock' or 'boulder', after a grotto in the Roman Catholic shrine of Lourdes, reflecting Michele Ferrero's devout faith. Other notable Ferrero SpA brands include Nutella, Kinder Chocolate and Tic Tac.

Tic Tac

Tic Tac (officially styled as "**tic tac**") is a brand of small, hard mints, manufactured by the Italian confectioner Ferrero, and available in a variety of flavors in over 100 countries. **Tic Tacs** were first produced in 1969.

They are usually sold in small transparent plastic boxes with a flip-action living hinge lid. Originally, Tic Tacs were dyed specific colors for different flavors. In many countries, the transparent plastic boxes are colored but the actual Tic Tac pieces are white.



History

Tic Tacs were first introduced by Ferrero in 1969, under the name "Refreshing Mints". In 1970, the name was changed to Tic Tacs, after the distinctive sound of the mints rattling in their container. Besides the original "Orange" and Fresh Mint flavors, several new varieties were added, including aniseed, cinnamon ("Winter Warmer"), an orange and grape mix (1976), spearmint, peppermint, Power mint, sour apple, mandarin, tangerine, berry, fresh orange, strawberry, wintergreen, pink grapefruit, orange and lime together (1978), cherry, passion fruit (2007), pomegranate (2010), mango, and lime. The grape flavor was eliminated in 1976 because of health concerns about the red dye amaranth, a suspected carcinogen. In India, the Tic Tac slogan is "Refreshment to be shared".

Orange, Mint, Spearmint, Mintensity, Peach and Passion, Strawberry Mix, Cherry, Elaichi (cardamom) and Banana are available in India. Tic Tac sometimes provides limited editions to promote movies. In 2015, a special *Minions* movie edition was produced containing banana or passion fruit flavored Tic Tacs.

Schoko bons



CHAPTER-III
REVIEW OF LITERATURE

Theoretical Background

Capitalization of Fixed Asset & Component Accounting

Introduction

Capitalizing a fixed asset refers to the accounting treatment reserved for the purchase of items to be used in the operation of the business. The process entails recording the purchase as an asset instead of period expense, then amortizing, or depreciating, portions of the purchase price over a set period, in regular intervals. This allows the company to spread the cost of the asset over its useful life and avoid drastic impacts to income statement in the period of asset was purchased.

Example: heavy mining equipment is an example of a fixed asset eligible for capitalization.

Meaning

“To do that, they capitalize this fixed asset, and expense only a portion of the fixed asset’s costs each year. Fixed assets are recorded on company’s balance sheet as an asset. Strictly speaking, putting any asset on the balance sheet is called “capitalizing” it”.

The process of capitalization in any Company is based on the guidelines mentioned in Accounting Standard 6 – Depreciation, Accounting Standard 10 – Accounting for Fixed Assets issued by Institute of Chartered Accountants of India (ICAI) and relevant provisions of Companies Act, 2013.

Accounting for Fixed Asset

(As per Accounting Standard 10)

1. Financial Statements disclose certain information relating to fixed assets. In many enterprises these assets are grouped into various categories, such as land, buildings,

plant and machinery, vehicles, furniture and fittings, goodwill, patents, trademarks and designs.

2. This standard does not deal with the specialized aspects of accounting for fixed assets that arise under a comprehensive system reflecting the effects of changing prices but applies to financial statements prepared on historical cost basis.
3. This standard does not deal with accounting for the following items to which special considerations apply:
 - i) forests, plantations and similar regenerative natural resources;
 - ii) wasting assets including mineral rights, expenditure on the exploration for and extraction of minerals, oil, natural gas and similar non-regenerative resources;
 - iii) Expenditure on real estate development.
 - iv) Livestock

Expenditure on individual items of fixed assets used to develop or maintain the activities covered in (I) to (IV) above, but separable from those activities, are to be accounted for in accordance with this Standard.

4. This standard does not cover the allocation of the depreciable amount of fixed assets to future periods since this subject is dealt with in Accounting Standard 6 on 'Depreciation Accounting'.
5. This standard does not deal with the treatment of government grants and subsidies, and assets under leasing rights. It makes only a brief reference to the capitalization of borrowing costs and to assets acquired in an amalgamation or merger. These subjects require more extensive consideration than can be given within this Standard.

6. Definitions

The following terms are used in this Standard with the meanings specified:

- 6.1 Fixed asset is an asset held with the intention of being used for the purpose of producing or providing goods or services and is not held for sale in the normal course of business.
- 6.2 Fair market value is the price that would be agreed to in an open and unrestricted market between knowledgeable and willing parties dealing at arm's length who are fully informed and are not under any compulsion to transact.
- 6.3 Gross book value of a fixed asset is its historical cost or other amount substituted for historical cost in the books of account or financial statements. When this amount is shown net of accumulated depreciation, it is termed as net book value.

7. Identification of Fixed Assets

- 7.1 Judgment is required in applying the criteria to specific circumstances or specific types of enterprises. It may be appropriate to aggregate individually insignificant items, and to apply the criteria to the aggregate value. An enterprise may decide to expense an item which could otherwise have been included as fixed asset, because the amount of the expenditure is not material.
- 7.2 Stand-by equipment and servicing equipment are normally capitalized. Machinery spares are usually charged to the profit and loss statement as and when consumed. However, if such spares can be used only in connection with an item of fixed asset and their use is expected to be irregular, it may be appropriate to allocate the total cost on a systematic basis over a period not exceeding the useful life of the principal item.

7.3 In certain circumstances, the accounting for an item of fixed asset may be improved if the total expenditure thereon is allocated to its component parts, provided they are in practice separable, and estimates are made of the useful lives of these components. For example, rather than treat an aircraft and its engines as one unit, it may be better to treat the engines as a separate unit if it is likely that their useful life is shorter than that of the aircraft as a whole.

8. Components of Cost

8.1 The cost of an item of fixed asset comprises its purchase price, including import duties and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use; any trade discounts and rebates are deducted in arriving at the purchase price. Examples of directly attributable costs are:

- (i) Site preparation;
- (ii) Initial delivery and handling costs;
- (iii) Installation cost, such as special foundations for plant; and
- (iv) professional fees, for example fees of architects and engineers. The cost of a fixed asset may undergo changes subsequent to its acquisition or construction on account of exchange fluctuations, price adjustments, and changes in duties or similar factors.

8.2 Administration and other general overhead expenses are usually excluded from the cost of fixed assets because they do not relate to a specific fixed asset. However, in some circumstances, such expenses as are specifically attributable to construction of a project or to the acquisition of a fixed asset Or bringing it to its working condition, may be included as part of the cost of the construction project or as a part of the cost of the fixed asset.

8.3 The expenditure incurred on start-up and commissioning of the project, including the expenditure incurred on test runs and experimental production, is usually capitalized

as an indirect element of the construction cost. However, the expenditure incurred after the plant has begun commercial production, i.e., production intended for sale or captive consumption, is not capitalized and is treated as revenue expenditure even though the contract may stipulate that the plant will not be finally taken over until after the satisfactory completion of the guarantee period.

8.4 If the interval between the date a project is ready to commence commercial production and the date at which commercial production actually begins is prolonged, all expenses incurred during this period are charged to the profit and loss statement. However, the expenditure incurred during this period is also sometimes treated as deferred revenue expenditure to be amortized over a period not exceeding 3 to 5 years after the commencement of commercial production.

10. Non-monetary Consideration

10.1 When a fixed asset is acquired in exchange for another asset, its cost is usually determined by reference to the fair market value of the consideration given. It may be appropriate to consider also the fair market value of the asset acquired if this is more clearly evident. An alternative accounting treatment that is sometimes used for an exchange of assets, particularly when the assets exchanged are similar, is to record the asset acquired at the net book value of the asset given up; in each case an adjustment is made for any balancing receipt or payment of cash or other consideration.

10.2 When a fixed asset is acquired in exchange for shares or other securities in the enterprise, it is usually recorded at its fair market value, or the fair market value of the securities issued, whichever is more clearly evident

11. Improvements and Repairs

11.1 Frequently, it is difficult to determine whether subsequent expenditure related to fixed asset represents improvements that ought to be added to the gross book value or repairs that ought to be charged to the profit and loss statement. Only expenditure that increases the future benefits from the existing asset beyond its previously assessed standard of performance is included in the gross book value, e.g., an increase in capacity.

11.2 The cost of an addition or extension to an existing asset which is of a capital nature and which becomes an integral part of the existing asset is usually added to its gross book value. Any addition or extension, which has a separate identity and is capable of being used after the existing asset is disposed of, is accounted for separately.

12. Amount Substituted for Historical Cost

12.1 Sometimes financial statements that are otherwise prepared on a historical cost basis include part or all of fixed assets at a valuation in substitution for historical costs and depreciation is calculated accordingly. Such financial statements are to be distinguished from financial statements prepared on a basis intended to reflect comprehensively the effects of changing prices.

12.2 A commonly accepted and preferred method of restating fixed assets is by appraisal, normally undertaken by competent values. Other methods sometimes used are indexation and reference to current prices which when applied are cross checked periodically by appraisal method.

12.3 The revalued amounts of fixed assets are presented in financial statements either by restating both the gross book value and accumulated depreciation so as to give a net book value equal to the net revalued amount or by restating the net book value by adding therein the net increase on account of revaluation. An upward revaluation does

not provide a basis for crediting to the profit and loss statement the accumulated depreciation existing at the date of revaluation.

12.4 Different bases of valuation are sometimes used in the same financial statements to determine the book value of the separate items within each of the categories of fixed assets or for the different categories of fixed assets. In such cases, it is necessary to disclose the gross book value included on each basis.

12.5 Selective revaluation of assets can lead to unrepresentative amounts being reported in financial statements. Accordingly, when revaluations do not cover all the assets of a given class, it is appropriate that the selection of assets to be revalued be made on a systematic basis. For example, an enterprise may revalue a whole class of assets within a unit.

12.6 It is not appropriate for the revaluation of a class of assets to result in the net book value of that class being greater than the recoverable amount of the assets of that class.

12.7 An increase in net book value arising on revaluation of fixed assets is normally credited directly to owner's interests under the heading of revaluation reserves and is regarded as not available for distribution. A decrease in net book value arising on revaluation of fixed assets is charged to profit and loss statement except that, to the extent that such a decrease is considered to be related to a previous increase on revaluation that is included in revaluation reserve, it is sometimes charged against that earlier increase. It sometimes happens that an increase to be recorded is a reversal of a previous decrease arising on revaluation which has been charged to profit and loss statement in which case the increase is credited to profit and loss statement to the extent that it offsets the previously recorded decrease.

13. Retirements and Disposals

- 13.1 An item of fixed asset is eliminated from the financial statements on disposal.
- 13.2 Items of fixed assets that have been retired from active use and are held for disposal are stated at the lower of their net book value and net realizable value and are shown separately in the financial statements. Any expected loss is recognized immediately in the profit and loss statement.
- 13.3 In historical cost financial statements, gains or losses arising on disposal are generally recognized in the profit and loss statement.
- 13.4 On disposal of a previously revalued item of fixed asset, the difference between net disposal proceeds and the net book value is normally charged or credited to the profit and loss statement except that, to the extent such a loss is related to an increase which was previously recorded as a credit to revaluation reserve and which has not been subsequently reversed or utilized, it is charged directly to that account. The amount standing in revaluation reserve following the retirement or disposal of an asset which relates to that asset may be transferred to general reserve.

14. Valuation of Fixed Assets in Special Cases

- 14.1 In the case of fixed assets acquired on hire purchase terms, although legal ownership does not vest in the enterprise, such assets are recorded at their cash value, which, if not readily available, is calculated by assuming an appropriate rate of interest. They are shown in the balance sheet with an appropriate narration to indicate that the enterprise does not have full ownership thereof.
- 14.2 Where an enterprise owns fixed assets jointly with others (otherwise than as a partner in a firm), the extent of its share in such assets, and the proportion in the original cost, accumulated depreciation and written down value are stated in the

balance sheet. Alternatively, the *pro rata* cost of such jointly owned assets is grouped together with similar fully owned assets. Details of such jointly owned assets are indicated separately in the fixed assets register.

14.3 Where several assets are purchased for a consolidated price, the consideration is apportioned to the various assets on a fair basis as determined by competent values.

15. Fixed Assets of Special Types

15.1 Goodwill, in general, is recorded in the books only when some consideration in money or money's worth has been paid for it. Whenever a business is acquired for a price (payable either in cash or in shares or otherwise) which is in excess of the value of the net assets of the business taken over, the excess is termed as 'goodwill'. Goodwill arises from business connections, trade name or reputation of an enterprise or from other intangible benefits enjoyed by an enterprise.

15.2 As a matter of financial prudence, goodwill is written off over a period. However, many enterprises do not write off goodwill and retain it as an asset.

16. Disclosure

16.1 Certain specific disclosures on accounting for fixed assets are already required by Accounting Standard 1 on 'Disclosure of Accounting Policies' and Accounting Standard 6 on 'Depreciation Accounting'.

16.2 Further disclosures that are sometimes made in financial statements include:

- (i) Gross and net book values of fixed assets at the beginning and end of an accounting period showing additions, disposals, acquisitions and other movements;
- (ii) Expenditure incurred on account of fixed assets in the course of construction or acquisition; and

(iii) Revalued amounts substituted for historical costs of fixed assets, the method adopted to compute the revalued amounts, the nature of any indices used, the year of any appraisal made, and whether an external value was involved, in case where fixed assets are stated at revalued amounts.

Depreciation Accounting

Introduction

1. This Standard deals with depreciation accounting and applies to all depreciable assets, except the following items to which special consideration apply:—

- (i) Forests, plantations and similar regenerative natural resources;
- (ii) Wasting assets including expenditure on the exploration for and extraction of minerals, oils, natural gas and similar non regenerative resources;
- (iii) Expenditure on research and development;
- (iv) Goodwill and other intangible assets;
- (v) Live stock. This standard also does not apply to land unless it has a limited useful life for the enterprise.

2. Different accounting policies for depreciation are adopted by different enterprises. Disclosure of accounting policies for depreciation followed by

Definitions

3. *The following terms are used in this Standard with the meanings specified:*

3.1 *Depreciation is a measure of the wearing out, consumption or other loss of value of a depreciable asset arising from use, effluxion of time or obsolescence through technology and market changes. Depreciation is allocated so as to charge a fair proportion of the depreciable amount in each accounting period during the expected useful life of the asset. Depreciation includes amortization of assets whose useful life is predetermined.*

3.2 Depreciable assets are assets which

- (i) are expected to be used during more than one accounting period; and*
- (ii) have a limited useful life; and*
- (iii) are held by an enterprise for use in the production or supply of goods and services, for rental to others, or for administrative purposes and not for the purpose of sale in the ordinary course of business.*

3.3 Useful life is either (i) the period over which a depreciable asset is expected to be used by the enterprise; or (ii) the number of production or similar units expected to be obtained from the use of the asset by the enterprise.

3.4 Depreciable amount of a depreciable asset is its historical cost, or other amount substituted for historical cost² in the financial statements, less the estimated residual value.

Explanation

4. Assessment of depreciation and the amount to be charged in respect thereof in an accounting period are usually based on the following three factors:

- (i) Historical cost or other amount substituted for the historical cost of the depreciable asset when the asset has been revalued;
- (ii) Expected useful life of the depreciable asset; and
- (iii) Estimated residual value of the depreciable asset.

4.1. Historical cost of a depreciable asset represents its money outlay or its equivalent in connection with its acquisition, installation and commissioning as well as for additions to or improvement thereof. The historical cost of a depreciable asset may undergo subsequent changes arising as a result of increase or decrease in long term liability on account of exchange fluctuations, price adjustments, changes in duties or similar factors.

4.2. The useful life of a depreciable asset is shorter than its physical life and is:

- (i) Pre-determined by legal or contractual limits, such as the expiry dates of related leases;
- (ii) Directly governed by extraction or consumption;
- (iii) dependent on the extent of use and physical deterioration on account of wear and tear which again depends on operational factors, such as, the number of shifts for which the asset is to be used, repair and maintenance policy of the enterprise etc.; and
- (iv) Reduced by obsolescence arising from such factors as:
 - (a) Technological changes;
 - (b) Improvement in production methods;
 - (c) Change in market demand for the product or service output of the asset; or
 - (d) Legal or other restrictions.

4.3. Determination of the useful life of a depreciable asset is a matter of estimation and is normally based on various factors including experience with similar types of assets. Such estimation is more difficult for an asset using new technology or used in the production of a new product or in the provision of a new service but is nevertheless required on some reasonable basis.

4.4. Any addition or extension to an existing asset which is of a capital nature and which becomes an integral part of the existing asset is depreciated over the remaining useful life of that asset. As a practical measure, however, depreciation is sometimes provided on such addition or extension at the rate which is applied to an existing asset. Any addition or extension which retains a separate identity and is capable of being used after the existing asset is disposed of, is depreciated independently on the basis of an estimate of its own useful life.

4.5. Determination of residual value of an asset is normally a difficult matter. If such value is considered as insignificant, it is normally regarded as nil. On the contrary, if the residual value is likely to be significant, it is estimated at the time of acquisition/installation, or at the time of subsequent revaluation of the asset. One of the bases for determining the residual value would be the realizable value of similar assets which have reached the end of their useful lives and have operated under conditions similar to those in which the asset will be used.

4.6. Where depreciable assets are disposed of, discarded, demolished or destroyed, the net surplus or deficiency, if material, is disclosed separately.

Disclosure

5. The depreciation methods used, the total depreciation for the period for each class of assets, the gross amount of each class of depreciable assets and the related accumulated depreciation are disclosed in the financial statements along with the disclosure of other accounting policies. The depreciation rates or the useful lives of the assets are disclosed only if they are different from the principal rates specified in the statute governing the enterprise.

5.1. In case the depreciable assets are revalued, the provision for depreciation is based on the revalued amount on the estimate of the remaining useful life of such assets. In case the revaluation has a material effect on the amount of depreciation, the same is disclosed separately in the year in which revaluation is carried out.

5.2. A change in the method of depreciation is treated as a change in an accounting policy and is disclosed accordingly.

Objective

3. The subject of depreciation has always been a matter of crucial importance for the purpose of true and fair determination of the operating results of an entity and the depiction of its financial position through its statement of profit and loss and the

balance sheet, respectively. In case of companies, some new issues have arisen in this regard because of the introduction of Schedule II to the Companies Act, 2013. With a view to provide an authoritative position of the ICAI on the issues arising out of the said amendment in this regard, ICAI has brought out this Application Guide on the Provisions of Schedule II to the Companies Act, 2013.

Scope

4. This application guide includes provisions of the Companies Act and Schedule II relating to depreciation and provides application guidance for implementing the requirements of the Schedule II.
5. This application guide is applicable to all companies for preparation of its financial statements commencing on or after April 1, 2014. ICAI had issued "Guidance Note on Accounting for Depreciation in Companies" and "Guidance note on Some Important Issues Arising from the Amendment to Schedule XIV to the Companies Act, 1956" in past. These guidance notes will continue to also apply to the extent applicable post implementation of Schedule II of the Companies Act, 2013 and this application guide provides clarifications and examples for issues arising on implementation of Schedule II.

Shift from Rate based guidance to Useful Life

6. Schedule II of the Companies Act and AS 6 state that Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life. The depreciable amount of an asset is the cost of an asset or other amount substituted for cost, less its residual value. The useful life of an asset is the period over which an asset is expected to be available for use by an entity, or the number of production or similar units expected to be obtained from the asset by the entity. The methods of depreciation which are generally followed by the Companies include straight-line method, the diminishing balance method (Written down Value method) and the units of

production method. The method used is selected on the basis of the expected pattern of consumption of the expected future economic benefits embodied in the asset and is applied consistently from period to period, unless there is a change in the expected pattern of consumption of those future benefits.

7. AS 6 defines Depreciable assets as follows: Depreciable assets are assets which (i) are expected to be used during more than one accounting period; and (ii) have a limited useful life; and (iii) are held by an enterprise for use in the production or supply of goods and services, for rental to others, or for administrative purposes and not for the purpose of sale in the ordinary course of business.
8. Further, In Schedule II originally notified on March 27, 2014, all companies were divided into three classes.
- Class I basically included companies which may eventually apply Ind- AS. These companies were permitted to adopt a useful life or residual value, other than those prescribed under the schedule, for their assets, provided they disclose justification for the same.
 - Class II covered companies or assets where useful lives or residual value are prescribed by a regulatory authority constituted under an act of the Parliament or by the Central Government. These companies will use depreciation rates/useful lives and residual values prescribed by the relevant authority.
 - Class III covered all other companies. For these companies, the useful life of an asset will not be longer than the useful life and the residual value will not be higher than that prescribed in Schedule II.

Pursuant to an amendment to Schedule II notified on March 31, 2014-, distinction between class (i) and class (iii) has been removed. Rather, the provision now reads as under:

- “The useful life of an asset shall not ordinarily different from the useful life specified in Part C and the residual value of an asset shall not be more than five per cent of the original cost of the asset:

Assessment of useful life and residual value

12. In accordance with the Schedule II, if the company uses a different useful life or a residual value of more than 5%, it is required to disclose the same in the financial statements and provide justification duly supported by the technical advice. Hence, determination of useful life is a matter of judgment and may be decided on a case to case basis. It is not merely an accounting exercise; rather, it involves technical expertise. Hence, the Companies will have to necessarily involve technical experts to determine the useful life of the asset.
13. As per Schedule II, useful life is either (i) the period over which a depreciable asset is expected to be used by an entity; or (ii) the number of production or similar units expected to be obtained from the use of the asset by the entity. Similar definition of useful is also mentioned in AS 6.
14. Determination of the useful life of a depreciable asset is a matter of estimation and is normally based on various factors including experience with similar types of assets. Such estimation is more difficult for an asset using new technology or used in the production of a new product or in the provision of a new service but is nevertheless required on some reasonable basis.
15. As a general principle, the following factors shall be considered in determining the useful life of an asset –
- (a) Expected usage of the asset. Usage is assessed by reference to the asset's expected capacity or physical output.
 - (b) Expected physical wear and tear, which depends on operational factors such as the number of shifts for which the asset is to be used and the repair and maintenance program, and the care and maintenance of the asset while idle.
 - (c) Technical or commercial obsolescence arising from changes or improvements in production, or from a change in the market demand for the product or service output of the asset. Expected future reductions in the selling price of an item that

was produced using an asset could indicate the expectation of technical or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset.

- (d) Legal or similar limits on the use of the asset, such as the expiry dates of related leases. The useful life of an asset is defined in terms of the asset's expected utility to the entity. The asset management policy of the entity may involve the disposal of assets after a specified time or after consumption of a specified proportion of the future economic benefits embodied in the asset. Therefore, the useful life of an asset may be shorter than its economic life based on the management's intention. This presumption can only be overcome when the facts and circumstances clearly indicate otherwise. The estimation of the useful life of the asset is a matter of judgment based on the experience of the entity with similar assets. AS 6 states that determination of residual value of an asset is normally a difficult matter. If such value is considered as insignificant, it is normally regarded as nil. On the contrary, if the residual value is likely to be significant, it is estimated at the time of acquisition/installation, or at the time of subsequent revaluation of the asset. One of the bases for determining the residual value would be the realizable value of similar assets which have reached the end of their useful lives and have operated under conditions similar to those in which the asset will be used after allowing for the effect of any anticipated developments such as significant technological changes. The possible effects of future price-level changes (inflation) in estimating residual values should not be considered because anticipated increases in residual values as a result of inflation represent gain contingencies that should be recognized only when realized.
16. It is quite possible for an asset's useful life to be shorter than its economic life. Many entities have a policy of disposing of assets when they still have a residual value, which means that another user will benefit from the asset. This is particularly common with property and motor vehicles, where there are effective second-hand markets, but less usual for plant and machinery. For example, an entity may have a policy of replacing all of its motor vehicles after three years, so this will be their

estimated useful life for depreciation purposes. The entity will depreciate them over this period down to the estimated residual value. The residual values of motor vehicles are often easy to obtain and the entity will be able to reassess these residuals in line with the requirements of Schedule II and AS 6.

17. Companies need to carry out technical evaluation to assess the useful lives of its assets and maintain adequate details about its technical assessment of useful lives of the assets.

Depreciation for Intangible assets

18. Schedule II states that for intangible assets, the provisions of the accounting standards applicable for the time being in force shall apply. As per the amendment issued by MCA on March 31, 2014, it provides a manner in which amortization of intangible assets (Toll Roads) created under 'Build, Operate and Transfer' (BOT), 'Build, Own, Operate and Transfer' (BOOT) or any other form of Public Private Partnership (PPP) route in case of road projects.

Earlier, in accordance with amendment made to Schedule XIV to the 1956 Act in April 2012, a company was allowed to use revenue based amortization for intangible assets (toll roads) created under BOT, BOOT or any other form of PPP route (collectively, referred to as "BOT assets"). Since Schedule II as originally notified did not contain a similar provision, an issue had arisen whether revenue based amortization will be allowed going forward.

As per the amendment dated March 31, 2014 to Schedule II has addressed this concern. In accordance with the amendment, a company may use revenue based amortization for BOT assets. For amortization of other intangible assets, AS 26 needs to be applied.

Component Accounting

19. As per note 4 Schedule II to the Companies Act, 2013 -“Useful life specified in Part C of the Schedule is for whole of the asset. Where cost of a part of the asset is significant to total cost of the asset and useful life of that part is different from the useful life of the remaining asset, useful life of that significant part shall be determined separately.”

As per the amendment dated August 29, 2014 notified by the MCA, the said requirement shall be voluntary in respect for the financial year commencing on or after the April 1, 2104 and mandatory for financial statements in respect of financial years commencing on or after April 1, 2015.

20. The above requirement is commonly known as ‘component accounting’. Companies will need to identify and depreciate significant components with different useful lives separately. The component approaches already allowed under current AS 10, paragraph 8.3. Under AS 10, there seems to be a choice in this matter; however, the Schedule II requires application of component accounting mandatorily when relevant and material.

The determination as to whether a part of an asset is significant requires a careful assessment of the facts and circumstances. This assessment would include at a minimum:

- comparison of the cost allocated to the item to the total cost of them aggregated property, plant and equipment; and
- Consideration of potential impact of componentization on the depreciation expense

Component accounting requires a company to identify and depreciate significant components with different useful lives separately. The application of component accounting is likely to cause significant change in the measurement of depreciation and accounting for replacement costs.

Currently, companies need to expense replacement costs in the year of incurrence. Under component accounting, companies will capitalize these costs as a separate component of the asset, with consequent expensing often carrying value of the replaced part.

21. As component accounting was hitherto not mandatory in India, it is possible that the separate cost of each significant component of an asset is not available in the books of accounts. In order to determine the cost of such component following criteria can be used:

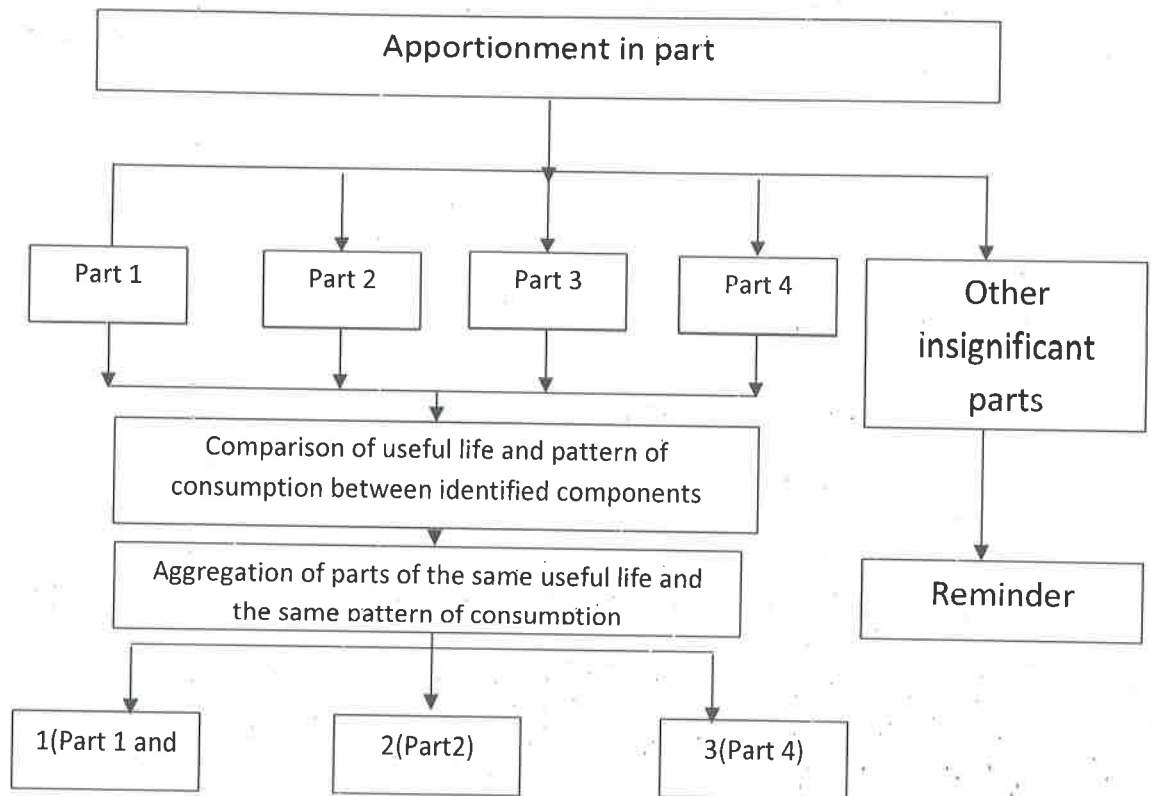
- a. Break up cost provided by the vendor
- b. Cost break up given by internal/external technical expert
- c. Current replacement cost of component of the related asset and applying the same basis on the historical cost of asset.

22. Component accounting is required to be done for the entire block of assets as at 1 April 2014 if a company opts to follow it voluntarily and as at 1 April, 2015 mandatorily. It cannot be restricted to only new assets acquired after 1 April 2014 or 1 April, 2015 as the case may be.

23. The first step is to identify key components requiring separate depreciation. Schedule II requires separate depreciation only for parts of an item of tangible fixed asset having

- i) Significant cost, and
- ii) Different useful lives from remaining parts of the asset. Following diagram depicts a method for bifurcating Fixed Assets into major components

How to divide a fixed asset into various components



The company must split the fixed asset into various identifiable parts to the extent possible. The identified parts should be grouped together if they have the same or similar useful life for the purpose of separate depreciation. Insignificant parts may be combined together in the remainder of the asset or with the principal asset

For instance:

(a) A Building may be split up into the following components -

- i) Structural design
- ii) Elevators
- iii) Heating system
- iv) Water system
- v) Electrical system

Identification of significant parts is a matter of judgment and decided on case-to-case basis. Identification of separate parts of an asset and determination of their useful life is not merely an accounting exercise; rather, it involves technical expertise. Hence, it may be necessary to involve technical experts to determine the parts of an asset.

24. A company needs to identify only material/ significant components separately for depreciation. Materiality is a matter of judgment and needs to be decided on the facts of each case. For example: a component having original cost equal to or less than 5% of the original cost of an asset may not be material. Similarly, a component having original cost equal to 25% or more of the original cost of complete asset may be material. The Company may consider 10% of original cost of the asset as a threshold to determine whether a component is material/significant. In addition, a company also needs to consider impact on retained earnings, current year profit or loss and future profit or loss (say, when part will be replaced) to decide materiality. If a component may have material impact from either perspective, the said component will be material and require separate identification.

25. Each significant component of the asset having useful life, which is different from the useful life of the remaining asset, should be depreciated separately. If the useful life of the component is lower than the useful life of the principal asset as per Schedule II, such lower useful should be used. On the other hand, if the useful life of the component is higher than the useful life of the principal asset as per Schedule II, the company has a choice of using either the higher or lowers useful life. However, higher useful life for a component can be used only when management intends to use the component even after expiry of useful life for the principal asset.

To illustrate, assume that the useful life of an asset as envisaged under the Schedule II is 10 years. The management has also estimated that the useful life of the principal asset is 10 years. If a component of the asset has useful life of 8 years, AS 6 requires the company to depreciate the component using 8 year life only. However, if the component has 12 year life, the company may depreciate the component using either 10 year life as prescribed in the Schedule II.

Double/ triple shift working

26. Under Schedule II, no separate rates/ lives are prescribed for extra shift working. Rather, it states that for the period of time, an asset is used in double shift depreciation will increase by 50% and by 100% in case of triple shift working.
27. For determining depreciation charge for assets used in double/triple shift operations, the useful life as given in Schedule II is to be treated as based on single shift operations. When an asset is used for double/ triple shift operations, the useful life of the asset will not change. As provided in Schedule II, the depreciation charge will increase by 50%/100% for double/triple shift operations, as the case may be. If a company uses its assets for single, double or triple shifts in a financial year/accounting period, the depreciation charge for no. of days operated for double/triple shift has to be increased by 50%/100%, as the case may be.

28. If a company has purchased one plant and machinery three years prior to the commencement of the 2013 Act. Under Schedule XIV, single, double and triple shift depreciation rates applicable to the asset are 4.75%, 7.42% and 10.34%, respectively. Under Schedule II, its life is 15 years. For all three years, the company has used the asset on a triple shift basis and therefore, depreciated 31.02% of its cost over three years. For simplicity, residual value is considered to be Nil. On transition to Schedule II, the asset has remaining Schedule II life of 12 years, i.e., 15 years – 3 years. The management has estimated that on single shift basis, remaining useful life is also 12 years.

The company will depreciate carrying amount of the asset over 12 years on a straight-line basis. If the company uses the asset on triple shift basis during any subsequent year, depreciation so computed will be increased by 100%. In case of double shift, depreciation will be increased by 50%.

Transitional provision under Schedule II

29. From the date Schedule II comes into effect i.e. 1 April 2014, the carrying amount of the asset as on that date

- a. Shall be depreciated over the remaining useful life of the asset.
- b. After retaining the residual value, may be recognized in the opening balance of retained earnings or may be charged off to Profit and Loss account where the remaining useful life of an asset is nil.

Hence the company will have to reassess the useful life of its existing fixed assets in accordance with Schedule II.

Example:

Useful Life of General Furniture and Fittings has been reduced from 15 years to 10 years. Consider the below scenarios for different age of a piece of furniture on the date of applicability of Schedule II—

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-The furniture is 8 years old – The remaining WDV of the furniture shall be depreciated over the remaining 2 years.

-The furniture is 12 years old – Company has an option of charging the remaining WDV of the furniture to the retained earnings of the company or charging the same to the statement of profit and loss.

The above application is fairly simple if the company uses straight line method (SLM) of depreciation and the asset will be depreciated equally over the new remaining useful life of the asset determined as per Schedule II. However, if a company uses Written Down Value (WDV) method of depreciation, it will need to calculate a new rate for depreciation to depreciate the asset over their remaining useful life using the formula for calculation of rate for depreciation as per WDV method which is reproduced below –

$$R = \{1 - (s/c)^{1/n}\} \times 100$$

Where R = Rate of Depreciation (in %)

n = Remaining useful life of the asset (in years)

s = Scrap value at the end of useful life of the asset

c = Cost of the asset/Written down value of the asset

It may be noted that upon transition to Schedule II, the company may have different rates of depreciation for individual assets within the same class in case of existing assets as there will be a different remaining useful life for each asset.

30. If the Company opts to adjust the carrying amount of the assets to the retained earnings in accordance with the transitional provisions of the Schedule II, the tax effect of the same has to be also adjusted directly against the retained earnings in accordance with the ICAI announcement "Tax effect of expenses/income adjusted directly against the reserves and/ or Securities Premium Account."

Charging of Depreciation in Case of Revaluation of Assets

31. Under the Companies Act, 1956, depreciation was to be provided on the original cost of an asset. Considering this, the ICAI Guidance Note on Treatment of Reserve Created on Revaluation of Fixed Assets allowed an amount equivalent to the additional depreciation on account of the upward revaluation of fixed assets to be transferred from the revaluation reserve to the statement of profit and loss.
32. In contrast, schedule II to Companies Act, 2013 Act requires depreciation to be provided on historical cost or the amount substituted for the historical cost. Therefore, in case of revaluation, a company needs to charge depreciation based on the revalued amount. Consequently, the ICAI Guidance Note, which allows an amount equivalent to the additional depreciation on account of upward revaluation to be recouped from there valuation reserve, may not apply. AS 10 allows amount standing to the credit of revaluation reserve to be transferred directly to the general reserve on retirement or disposal of revalued asset. A company may transfer the whole of the reserve when the asset is sold or disposed of. However, some of the surplus may be transferred as the asset is used by a Company. In such a case, the amount of the surplus transferred would be the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on its original cost. Transfers from revaluation surplus to the general reserve are not made through the statement of profit and loss.

CHAPTER-IV

RESEARCH
METHODOLOGY

Research Methodology

Data Collection: For this Project Researcher used secondary data.

Secondary Data:

Researcher has used following sources of secondary data for this Research:

1. Accounting Standards 6 and 10
2. Depreciation Schedule 2013
3. Online Database
4. SAP Records

Research Method:

Type of research method is quantitative Research Method for this project.

Research design:

Research design used to carry out this study is descriptive research design.

Descriptive Research Design:

For this research project, researcher adopted descriptive research design.

Research instrument:

In this concept research instruments are questioner and interview guidelines. In this research, the structure question has adopted.

Scope of Study:

The scope of project includes of the study of capitalization process and component accounting and how new depreciation schedule 2013 effects on company's accounting for capitalizing fixed assets.

Objective of Study:

- To study the Capitalization process of Ferrero India Pvt. Ltd.
- To study of Component Accounting how its improve and make depreciation accounting more reflective of reality and to facilitate accounting for replacement of components

CHAPTER-V

DATA ANALYSIS &
INTERPRETATION

Capitalization Process

Purchase process

Purchase Order can be done at two levels

- 1) Local Level
- 2) Foreign level

Step 1

PDC: PDC stands for Proposta Di Commesa. It's an Italian word which means Investment budget. PDC is routed through proper channels and approved as per approval matrix.

Step 2

Internal Order: Internal orders are normally used to plan, collect, and settle the costs of internal jobs and tasks. The SAP system enables you to monitor your internal orders throughout their entire life-cycle; from initial creation, through the planning and posting of all the actual costs, to the final settlement.

In this step, after approval of PDC Internal Order Code (IO) is generated. The budget is distributed on Internal Orders and Capital Work in Progress asset is created.

Step 3

Purchase Requisition

Document generated by a user department or stores notify the purchasing department of items it needs to order, their quantity, and the timeframe. It may also contain the authorization to proceed with the purchase. Also called purchase request or requisition.

Step 4

A **purchase order (PO)** is a commercial document and first official offer issued by a buyer to a seller, indicating types, quantities, and agreed prices for products or services. It is used to control the purchasing of products and services from external suppliers. Acceptance of a purchase order by a seller forms a contract between the buyer and seller,

A STUDY OF CAPITALIZATION PROCESS AND COMPONENT ACCOUNTING

and no contract exists until the purchase order is accepted. Yet despite the nature of the Purchase Order as a contract, it is common to accompany the acceptance of a purchase order with a legal document such as the terms & conditions of sale, which establish specific or additional legal conditions of the contract. Creating a purchase order is typically the first step of the purchase to pay process in an ERP system.

Step 5

Goods Receipt Note

When Suppliers send goods to a manufacturer, a GRN (Goods Receipt Note) is generated, recording all items received from a supplier. The GRN is compared against the original PO placed on the supplier. GRN is posted through MIGO (Goods In) transaction and invoice is sent to Accounts dept for booking. The Accounts dept books the invoice through MIRO (value in). At the end of the exercise, the Supplier account is debited and the Bank Account is credited (within SAP).

Process of Capitalization

Capitalizing a fixed asset refers to the accounting treatment reserved for the purchase of items to be used in the operation of the business. The process entails recording the purchase as an asset instead of period expense, then amortizing, or depreciating, portions of the purchase price over a set period, in regular intervals. This allows the company to spread the cost of the asset over its useful life and avoid drastic impacts to income statement in the period of asset was purchased.

After completing Purchase Process the actual capitalization process is starts

Step 1

Asset Acquisition

Capitalization is the process of recording an acquisition and production cost as a fixed asset (written off as depreciation over several accounting periods) instead of an expense (charged against earnings in one accounting period). An asset is made of various parts or components which are procured independently or in group. When the parts are purchased it is booked in CWIP asset.

Step 2

Asset Creation

In SAP for asset creation AS01 t-code is used. In this step we specify the under which class the asset will be created. Based on the system controls in each company there are various mandatory fields which needs to be filled liked Company code, asset description, cost centre, etc.

Step 3

Asset Alteration & Display

After creating an asset if we want to make some changes in asset then by using AS02 t-code we can make changes in asset. To display the asset we can use AS03.

The above mentioned process is same for creation of both Capital Work in Progress and Fixed Asset.

Menu path: **ACCOUNTING > FINANCIAL ACCOUNTING > FIXED ASSETS > ASSET > CREATE > ASSET**

AS01

Post-capitalization

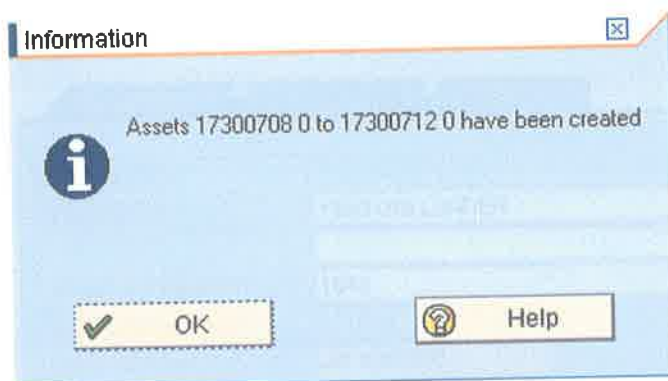
Enter the information as outlined in the “Create Asset Master” section of this manual. Once you have filled out all the necessary fields for your first asset, press the Save icon. Below is a picture of the message that will pop up in SAP. If you press the ‘Create’ button, all five assets will have identical fields. If you press the ‘Maintain’ button, you will have an option to change some fields before saving all five assets.

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Maintain Fields that Should Be Different in Similar Assets

No	Description	Inventory no	Cost center	Local Ev	Serial no.	License plate no.	Resp cctr	Site	Room
1	GOLF CART		6957				6957	7201	
2	GOLF CART		6957				6957	7201	
3	GOLF CART		6957				6957	7201	
4	GOLF CART		6957				6957	7201	
5	GOLF CART		6957				6957	7201	

Change the fields that you would like to be different. Once you are finished, press the green check mark. It will take you back to the previous pop up. Press the 'Create' button to create the 5 assets. SAP will give you a message with a range of assets that were created.



Change Asset Master

Sometimes data contained in the asset master record will need to be changed. Some fields like cost centre, asset description etc. will need to be added or updated after the asset has been received. To change these fields, you will need to change the asset master record.

Menu path: **ACCOUNTING > FINANCIAL ACCOUNTING > FIXED ASSETS > ASSET > CHANGE > ASSET**

Transaction code: **AS02**

Asset Edit Goto Extras Environment Settings System Help

Change Asset: Master data

Asset values

Asset 10000047 0 1990-UNI LOADER
 Class APF APPROPRIATED FUNDS Company Code 1015

General Data Location Data Origin Data

General data

Description 1990-UNI LOADER

Model no / Main bd 1840

Acct determination 171000 VEHICLES

Serial number JAF0066095

Inventory number 10000047-0000

Quantity 1 EA Each

Manage historically

Posting information

Capitalized on 09/30/1990 Deactivation on

First acquisition on 09/30/1990 Plnd. retirement on

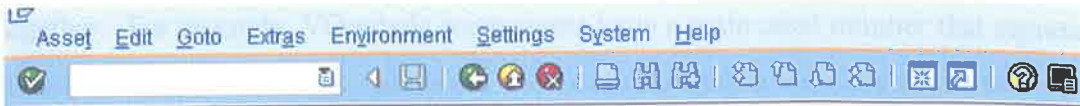
Acquisition year 1990 012 Ordered on

The description of the above asset should be changed according to the guidelines outlined in the Asset Master Data Description section of this manual.

Display Asset Master

Menu path: ACCOUNTING > FINANCIAL ACCOUNTING > FIXED ASSETS > ASSET > DISPLAY > ASSET

Transaction: AS03



Display Asset: Initial screen



Asset	17300080
Subnumber	0
Company Code	1142



Display Asset: Master data



Asset	17300080	0	BOTTLE COOLER	
Class	173000		FF&E	Company Code 1142

General Data		Location Data		Origin Data	
Interval from 01/01/1900 to 12/31/9999					
Cost Center	7005	CC BOWLING G/A			
Resp. cost center	7008	CC BOWLING SCHNR ..			
Site	7215	CC BOWLING CENTER			
Room					
License plate number					
Personnel Number	0				
<input type="checkbox"/> Asset shutdown					
More Intervals					

Asset Sub-Number

Asset sub-numbering enables a multi-component asset to be broken down into multiple asset master records using the same main asset number. Asset sub-numbering can be used to represent a component of the main asset number or simply to group related assets together. For example, VQ whole room assets have a main asset number that represents the room itself (without any value) and sub-assets for each component of the room (bed, dresser, microfridge, desk, lamp, table, mirror, etc.). Navy Flying Clubs use sub-assets to represent the various major components of aircraft they own (airframe/fuselage, engine, avionics, radios).

The sub-numbered assets can have different useful lives defined and can be retired separately. Alternatively, the entire main asset and all sub-numbered assets can be retired together as a whole.

An asset with a sub-number can be created at any time after the original 'main' asset has been created. The sub-number is assigned by the system as the next sequential number in the range 1 – 9999 (this range is available per main asset number).

Create the Sub Asset

Prior to creating the sub assets, a decision has to be made whether the sub assets will be created individually or using the similar asset function that SAP offers. The similar asset function will save several key strokes, but can produce incorrect assets if certain fields are not maintained. The following example creates the sub assets using the similar asset functionality. For more details about similar assets, refer to the 'Multiple Assets vs Multiple Quantity' section.

Component Accounting

As mentioned above Company has to identify major components of the asset, capitalize those components and depreciate them accordingly.

AS01

In this case a main asset is created in asset class 10300 – Plant & Machinery. The process is similar to asset creation process mentioned above.

Create Asset: Initial screen

Master data Depreciation areas

Asset Class 10300

Company Code IN10

Number of similar assets 1

Reference

Asset

Sub-number

Company code


Post-capitalization

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Asset: 701030001214 0 Mega Tesco 2-Design Line
 Class: 10300 Plants and Machinery Company Code: IN10

General Time-dependent Allocations Origin Deprec. areas

General data

Description: **Mega Tesco 2-Design Line** 

Asset main no. text: Mega Tesco 2

Acct determination: 10300 Plants and Machinery

Serial number:

Inventory number:

Quantity:

Manage historically

Inventory

Last inventory on: Include asset in inventory list

Inventory note:



Posting information

Capitalized on: Deactivation on:


Asset: 701030001214 0 Mega Tesco 2-Design Line
 Class: 10300 Plants and Machinery Company Code: IN10

General Time-dependent Allocations Origin Deprec. areas

Interval from 01.01.1900 to 31.12.9999

Business Area	1000 	Operations
Cost Center	702138	FINAL PACKING TIC TA
Resp. cost center	702138	FINAL PACKING TIC TA
Int. order	70I0272	New Tesco line TT T22
Plant	INPB	ImSoFer INDIA B2
Location	TTPA2135	Tictac-Packng Section: 
Room	<input type="text"/>	

Asset shutdown

 More Intervals

A STUDY OF CAPITALIZATION PROCESS AND COMPONENT ACCOUNTING

Asset	701030001214	0	Mega Tesco 2-Design Line																
Class	10300		Plants and Machinery Company Code IN10																
General Time-dependent Allocations Origin Deprec. areas																			
<table style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="4" style="border-bottom: 1px solid black;">Allocations</td> </tr> <tr> <td style="width: 30%;">Managerial Classif</td> <td style="width: 10%;"></td> <td style="width: 10%; text-align: center;">Ⓢ</td> <td style="width: 50%;"></td> </tr> <tr> <td>IAS Grouping</td> <td style="text-align: center;">460</td> <td></td> <td>Wrapping mach./Packaging mach.</td> </tr> <tr> <td>Asset super number</td> <td></td> <td></td> <td></td> </tr> </table>				Allocations				Managerial Classif		Ⓢ		IAS Grouping	460		Wrapping mach./Packaging mach.	Asset super number			
Allocations																			
Managerial Classif		Ⓢ																	
IAS Grouping	460		Wrapping mach./Packaging mach.																
Asset super number																			

Press Save and new asset is created.

Menu path: **ACCOUNTING > FINANCIAL ACCOUNTING > FIXED ASSETS > ASSET> CREATE> SUB-NUMBER > ASSET**

Transaction code: **AS11**

Field	Description/Usage
Initial screen for Asset Sub Creation	
Asset	Enter the main asset number for which the sub-asset file is being created.
Company Code	Enter the company code.
Number of Similar Sub-numbers	Defaults to 1. Enter the number of sub-assets to be created.
Post Capitalization	Leave blank.

1. Several of the fields will already be populated from the main asset. Press Save.
2. After saving, the pop up box 'Create Multiple Assets' will appear. Click on 'Maintain'.
3. If required, change the fields (ex. description) and then hit the green check mark.
4. Click on the 'Create' button to create all of the subs.
5. Note the asset numbers that have been created.

- Go to asset change t-code to change any additional fields like useful life if required.

Create Subnumber: Initial screen

Master data Depreciation areas

Asset

Company Code

Number of similar subnumbers

Post-capitalizatn

Asset Mega Tesco 2-Design Line

Class Plants and Machinery Company Code

General Time-dependent Allocations Origin Deprec. areas

General data

Description

Asset main no. text

Acct determination Plants and Machinery

Serial number

Inventory number

Quantity

Manage historically

Inventory

Last inventory on Include asset in inventory list

Inventory note

Posting information

Capitalized on Deactivation on

A STUDY OF CAPITALIZATION PROCESS AND COMPONENT ACCOUNTING

Asset 701030001214 1 Mega Tesco 2-Elevators 2 Nos
 Class 10300 Plants and Machinery Company Code IN10

General Time-dependent Allocations Origin Deprec. areas

Interval from 01.01.1900 to 31.12.9999

Business Area	1000	Operations
Cost Center	702138	FINAL PACKING TIC TA
Resp. cost center	702138	FINAL PACKING TIC TA
Int. order	70I0272	New Tesco line TT T22
Plant	INPB	ImSoFer INDIA B2
Location	TTPA2135	Tictac-Packing Section:
Room		

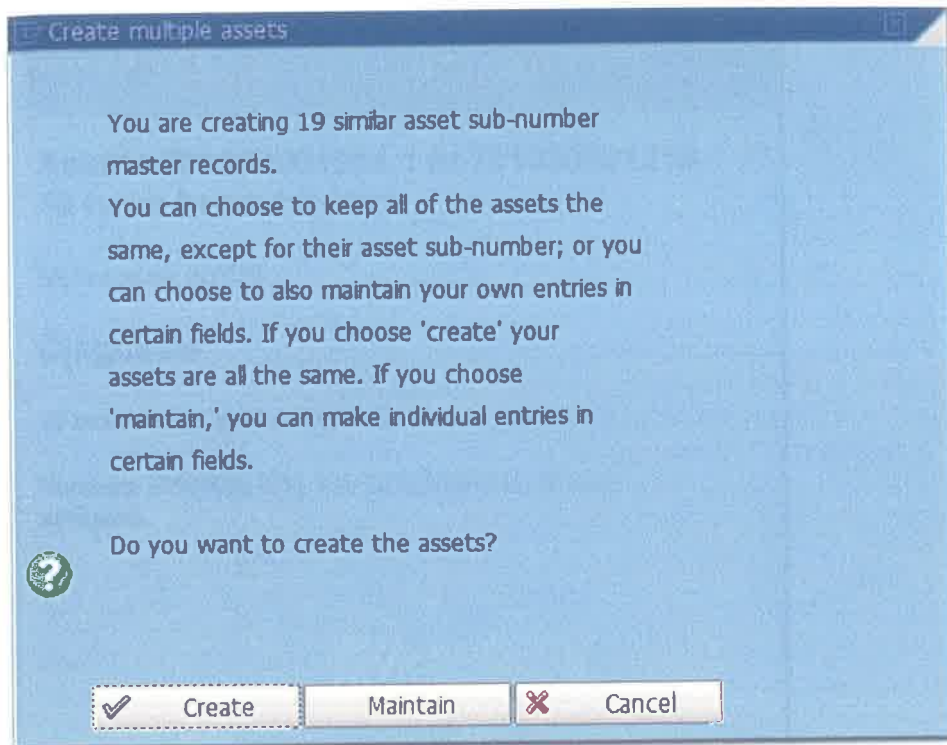
Asset shutdown

Asset 701030001214 1 Mega Tesco 2-Elevators 2 Nos
 Class 10300 Plants and Machinery Company Code IN10

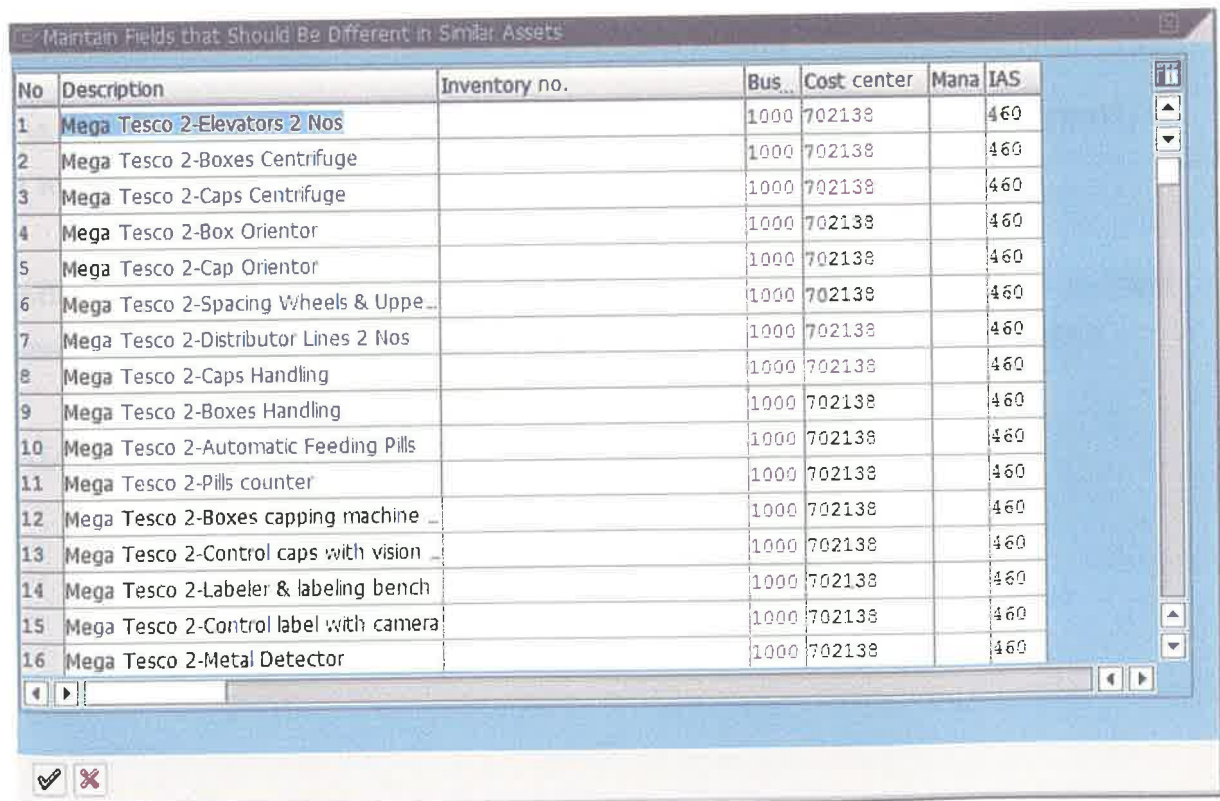
General Time-dependent Allocations Origin Deprec. areas

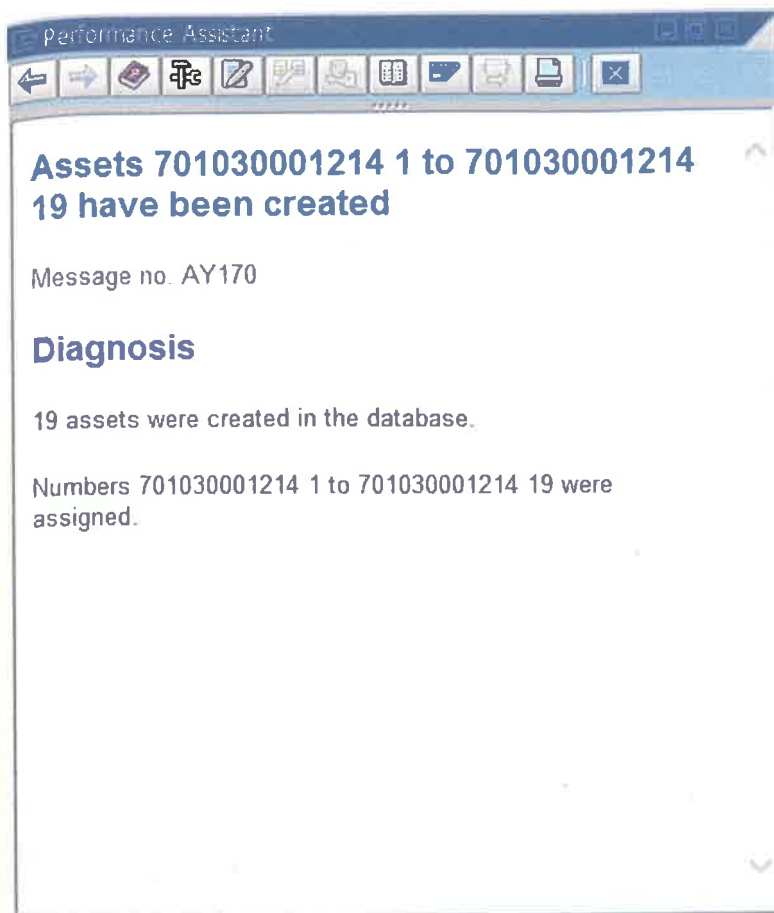
Allocations

Managerial Classif		Wrapping mach./Packaging mach.
IAS Grouping	460	
Asset super number		



Click Maintain if you need to change certain fields like name, description, cost centre etc.





As a result of this process 1 main asset 701030001214-0 & 19 sub assets 701030001214-1 to 701030001214-19 are created.

After Asset creation t-codes AIAB & AIBU are used to transfer CWIP asset to Main asset. The distribution rule is given in t-code AIAB & it is executed in t-code AIBU.

AIAB – Input Company Code, CWIP Asset Code

Maintain Settlement Rule: Overview

Cat	Settlement Receiver	Receiver Short Text	%	Amount	A	No.
FXA	701030001214-0	Mega Tesco 2-Design Line	1.16			1
FXA	701030001214-1	Mega Tesco 2-Elevators	3.64			2
FXA	701030001214-2	Mega Tesco 2-Boxes Cen	5.75			3
FXA	701030001214-3	Mega Tesco 2-Caps Cen	6.69			4
FXA	701030001214-4	Mega Tesco 2-Box Orien	6.26			5
FXA	701030001214-5	Mega Tesco 2-Cap Orien	2.84			6
FXA	701030001214-6	Mega Tesco 2-Spacing	1.82			7
FXA	701030001214-7	Mega Tesco 2-Distributor	0.58			8
FXA	701030001214-8	Mega Tesco 2-Caps Hand	3.64			9
FXA	701030001214-9	Mega Tesco 2-Boxes Han	8.23			10
FXA	701030001214-10	Mega Tesco 2-Automatic	2.47			11
FXA	701030001214-11	Mega Tesco 2-Pils count	3.03			12
FXA	701030001214-12	Mega Tesco 2-Boxes cap	4.95			13
FXA	701030001214-13	Mega Tesco 2-Control ca	5.98			14
FXA	701030001214-14	Mega Tesco 2-Labeler & L	6.69			15
FXA	701030001214-15	Mega Tesco 2-Control la	3.85			16
FXA	701030001214-16	Mega Tesco 2-Metal Det	2.40			17

Click on Settlement and the next screen opens in AIBU

AIBU – In this transaction the settlement is executed as a result the cost flows in fixed asset from CWIP asset.

Here Input all the necessary fields as shown in following screenshot

A STUDY OF CAPITALIZATION PROCESS AND COMPONENT ACCOUNTING

Settlement AuC: Initial screen

🕒 📄 Further selection criteria

Company Code	IN10
Asset	700550000281
Subnumber	0

In this step we assign the distribution rule ie. select all the line items which needs to be transferred to main fixed asset.

Status	DRG	Assign.	DocumentNo	Doc. Date	Posting Date	TType	AssetValDate	Purchasing Doc.	Amount posted	Text
✓			25006803	25.11.2015	25.11.2015	120	25.11.2015	7008005061	50,895,300.59	TTC TAC T22 TESCO LINE
✓			25006887	26.11.2015	26.11.2015	120	26.11.2015	7008005755	335,114.72	CHANGE PARTS FOR T 22, PILLS 21
✓			25013060	02.02.2015	02.02.2016	120	02.02.2016	7009002154	30,000.00	Application charges
✓		02.02.2016			120	7009002154	17,464.00	EFT Fee Payemnts		
✓		02.02.2016			120	7009002154	2,500.00	Reimbursement of CE Certificate		
✓		02.02.2016			120	7009002154	20,000.00	Application charges		
✓			25018083	31.03.2016	31.03.2016	120	31.03.2016	7009002281	320,450.00	FORK LIFT 3 TON CAPACITY
✓		31.03.2016			120	7009002281	216,000.00	FORK LIFT 5 TON CAPACITY		
✓		31.03.2016			120	7009002281	152,000.00	FORK LIFT 1.5 TON CAPACITY		
✓		31.03.2016			120	7009002281	500,000.00	SEASR LIFT 10 MTRHEIGHT		
✓		31.03.2016			120	7009002281	560,000.00	SEASR LIFT 14MTR HEIGHT		
✓		31.03.2016			120	7009002281	265,540.00	REACH TRUCK 8 MTR		
✓		31.03.2016			120	7009002281	95,000.00	STACKER BT		
✓		31.03.2016			120	7009002281	160,000.00	BOOM LIFT 15 MTR		
✓		31.03.2016			120	7009002281	30,000.00	HAND PALLET 2.5 TON		
✓		31.03.2016			105	7009002281	320,450.00	FORK LIFT 3 TON CAPACITY		
✓		31.03.2016	105	7009002281	216,000.00	FORK LIFT 5 TON CAPACITY				
✓		31.03.2016	105	7009002281	152,000.00	FORK LIFT 1.5 TON CAPACITY				
✓		31.03.2016	105	7009002281	500,000.00	SEASR LIFT 10 MTRHEIGHT				
✓		31.03.2016	105	7009002281	560,000.00	SEASR LIFT 14MTR HEIGHT				

Click on 'Enter' and input the list of all sub assets created in above steps in the next screen and assign percentages to each sub asset. As a result of this the cost is spread across the sub assets as per assigned percentage.

A STUDY OF CAPITALIZATION PROCESS AND COMPONENT ACCOUNTING

AuC Settlement: Initial Screen

Execute Line Items

Company code:

Asset:

Sub-number:

Date specifications

Document Date: 01.08.2016

Asset Val. Date: 01.08.2016

Posting Date: 01.08.2016

Period: 12

Additional specifications

Text: Capitalize- Mega Tesco 2

Document Type: AD

Assignment:

Reference:

Processing options

Test Run

Detail List

Click on Simulate.

Document Header Info

Document Date: 01.08.2016 Document Type: AD Company Code: IH10
 Posting Date: 01.08.2016 Period: 12 Fiscal Year: 2015

Line items

It	PK	BusA	G/L Account	Short Text	Order	ε	Amount	Crpy	Cost Center	Asset	SNo.	Asset Val Date
1	70	1000	10530005	700550000281 0000	7010272		12,225,051.21	INR		700550000281	0	01.08.2016
2	70	1000	10530005	700550000281 0000	7010272		80,494.55	INR		700550000281	0	01.08.2016
3	70	1000	10530005	700550000281 0000	7010272		436,370.69	INR		700550000281	0	01.08.2016
4	70	1000	10530005	700550000281 0000	7010272		2,852.49	INR		700550000281	0	01.08.2016
5	70	1000	10530005	700550000281 0000	7010272		9,297.96	INR		700550000281	0	01.08.2016
6	70	1000	10530005	700550000281 0000	7010272		32,945.82	INR		700550000281	0	01.08.2016
7	70	1000	10530005	700550000281 0000	7010272		61.39	INR		700550000281	0	01.08.2016
8	70	1000	10530005	700550000281 0000	7010272		303.60	INR		700550000281	0	01.08.2016
9	70	1000	10530005	700550000281 0000	7010272		7,206.00	INR		700550000281	0	01.08.2016
10	70	1000	10530005	700550000281 0000	7010272		4,194.85	INR		700550000281	0	01.08.2016
11	70	1000	10530005	700550000281 0000	7010272		600.50	INR		700550000281	0	01.08.2016
12	70	1000	10530005	700550000281 0000	7010272		4,804.00	INR		700550000281	0	01.08.2016
13	70	1000	10530005	700550000281 0000	7010272		76,972.05	INR		700550000281	0	01.08.2016
14	70	1000	10530005	700550000281 0000	7010272		51,883.20	INR		700550000281	0	01.08.2016

Totals informtn

Deb. total: 60,090,428.05 INR
 Cred. total: 60,090,428.05 INR
 Totals informtn: 0.00 INR

Click on Save and all the assets are created as per component accounting

AW01N – To view the amount capitalized in above step we can use t-code AW01N

Asset Explorer

Company Code: 013 MWR NSA CRANE
 Asset: 17100008 0 2007 CATERING TRUCK
 Fiscal year: 2007

Planned values | **Posted values** | Comparisons | Parameters

Posted dep. values Book depreciation in local currency

Value	Fiscal year start	Change	Posted values	Crcy
APC transactions		39,129.56	39,129.56	USD
Acquisition value		39,129.56	39,129.56	USD
Ordinary deprec.		1,222.80	1,222.80	USD
Unplanned dep.				USD
Write-up				USD
Value adjustment				USD
Net book value		37,906.76	37,906.76	USD
Down payments				USD
Scrap value				USD

Objects related to asset

- Vendor: CUSTOM SALES & SEF 10
- Cost Center: NSWC CAT TRUCK G// 20
- Purchase Order: 03/21/2007 46
- G/L Account: VEHICLES 10

Depreciation posted/planned

Stat.	Status	Per	Ord. dep.	Uplnd dep.	Reserves	Revaluat.	Crcy
■	Posted	8	407.60	0.00	0.00	0.00	USD
■	Posted	9	407.60	0.00	0.00	0.00	USD
■	Posted	10	407.60	0.00	0.00	0.00	USD
△	Planned	11	407.60	0.00	0.00	0.00	USD
△	Planned	12	407.60	0.00	0.00	0.00	USD
			2,038.00	0.00	0.00	0.00	USD

AFAB

Depreciation Posting Run

Parameters

Company Code	IN10
Year	2015
Period	04

Options for posting run

Planned posting run

Start

Planned posting run

Options

Assets

Percentage of manual depreciation

Output

Asset Group

Parameters for Test Run

Test Run

Error Analysis

Output List Only, No Documents

Asset number to

Asset subnumber to

Execute in Background

Background Print Parameters

Output Device: **LOCL** Stampante di default del frontent

Number of copies: **1**

Number of pages

Print all

Print from page: 0 To 0

Time of print: Send to SAP Spooler Only for ...

Properties

Further options

List assets

List of manual depreciation

Layout: _____

Server Group: _____

Parameters for Test Run

Test Run

Error Analysis

Output List Only, No Documents

Main asset number: _____ to _____

Asset subnumber: _____ to _____

Background Print Parameters

Output Device: **LOCL** Stampante di default del frontent

Number of copies: **1**

Number of pages

Print all

Print from page: 0 To 0

Time of print: Send to SAP Spooler Only for ...

Properties

Further options

List assets

List of manual depreciation

Layout: _____

Server Group: _____

Parameters for Test Run

Test Run

Error Analysis

Output List Only, No Documents

Main asset number: _____ to _____

Asset subnumber: _____ to _____

CHAPTER-VI

Observation &
Findings

Findings

Company using straight line method for depreciation

Component account this is very unique concept for depreciation accounting which is followed by Ferrero Pvt. Ltd.

Capex is very important document for capitalization because in capex there are investment budget's internal order no. which is important for recording capitalize assets documents.

Asset Tagging is done through Asset tagger whom appointed by Head Office.

After installation of any machine or any fixed asset, whenever it's not became in work-in-condition that cannot be capitalize.

Observation

Capitalization process is very lengthy process for actual working and its starts from calculating investment budget to post capitalization.

Asset tagging is must because that gives asset number to fixed asset, during asset tagging if in case wrong asset number stick on wrong asset then it creates very problem for capitalization of that particular asset.

Annexure

SCHEDULE II (Including the amendments)

USEFUL LIVES TO COMPUTE DEPRECIATION

PART 'A'

1. Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life. The depreciable amount of an asset is the cost of an asset or other amount substituted for cost, less its residual value. The useful life of an asset is the period over which an asset is expected to be available for use by an entity, or the number of production or similar units expected to be obtained from the asset by the entity.

2. For the purpose of this Schedule, the term depreciation includes amortization.

3. Without prejudice to the, foregoing provisions of paragraph 1,—

(i) The useful life of an asset shall not ordinarily be different from the useful life specified in Part C and the residual value of an asset shall not be more than five per cent. of the original cost of the asset:

Provided that where a company adopts a useful life different from what is specified in Part C or uses a residual value different from the limit specified above, the financial statements shall disclose such difference and provide justification in this behalf duly supported by technical advice.

(ii) For intangible assets, the provisions of the accounting standards applicable for the time being in force shall apply, except in case of intangible assets (Toll Roads) created under 'Build, Operate and Transfer', 'Build, Own, Operate and Transfer' or any other form of public private partnership route in case of road projects. Amortization in such cases may be done as follows:-

(a) Mode of amortization

$$\text{Amortization Rate} = \frac{\text{Amortization Amount}}{\text{Cost of Intangible Assets (A)}} \times 100$$

$$\text{Amortization Amount} = \frac{\text{Cost of Intangible Assets (A)} \times \text{Actual Revenue for the year (B)}}{\text{Projected Revenue from Intangible Asset (Till the end of the concession period) (C)}}$$

(b) Meaning of particulars are as follows:-

Cost of Intangible Assets (A) = Cost incurred by the company in accordance with the accounting standards.

Actual Revenue for the year (B) = Actual revenue (Toll Charges) received during the accounting year.
Projected Revenue from Intangible

Asset (C) = Total projected revenue from the Intangible Assets as provided to the project lender at the time of financial closure / agreement.

The amortization amount or rate should ensure that the whole of the cost of the intangible asset is amortized over the concession period. Revenue shall be reviewed at the end of each financial year and projected revenue shall be adjusted to reflect such changes, if any, in the estimates as will lead to the actual collection at the end of the concession period.

PART 'B'

4. The useful life or residual value of any specific asset, as notified for accounting purposes by a Regulatory Authority constituted under an Act of Parliament or by the Central Government shall be applied in calculating the depreciation to be provided for such asset irrespective of the requirements.

PART 'C'

5. Subject to Parts A and B above, the following are the useful lives of various tangible assets:

Nature of Asset	Useful Life
I. Building [NESD]	
(a) Building (Other than factory building) RCC Frame structure	60 years
(b) Building (Other than factory building) Other than RCC frame structure	30 years
(c) Factory Building	-do-
(d) Fences, Wells, Tube Wells	5 Years

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(e) Others (including temporary structure, etc.)	5 Years
II. Bridges, culverts, bunders, etc. [NESD]	30 Years
II. Roads [NESD]	
(a) Carpeted Roads	10 Years
(i) Carpeted Roads (RCC)	5 Years
(ii) Carpeted Roads (Other than RCC)	3 Years
IV. Plant & Machinery	
(i) General rate applicable to plant and machinery not covered under special plant and machinery	
(a) Plant and Machinery other than continuous process plant not covered under specific industries	15 Years
(b) Continuous process plant for which no special rate has been prescribed under (ii) below [NESD]	25 Years
(ii) Special Plant & Machinery	
(a) Plant and Machinery related to production and exhibition of Motion Picture Films	
1. Cinematograph films—Machinery used in the production and exhibition of cinematograph films, recording and reproducing equipments, developing machines, printing machines, editing machines, synchronizers and studio lights except bulbs	13 Years
2. Projecting equipment for exhibition of films	-do-
1. Plant and Machinery except direct fire glass melting furnaces — Recuperative and regenerative glass melting furnaces	13 Years
2. Plant and Machinery except direct fire glass melting furnaces — Moulds [NESD]	8 Years
3. Float Glass Melting Furnaces [NESD]	10 Years
(c) Plant and Machinery used in mines and quarries— Portable underground machinery and earth moving machinery used in open cast mining [NESD]	8 Years
(d) Plant and Machinery used in Telecommunications [NESD]	

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1. Towers	18 Years
2. Telecom transceivers, switching centers, transmission and other network equipment	13 Years
3. Telecom—Ducts, Cables and optical fiber	18 Years
4. Satellites	-do-
(e) Plant and Machinery used in exploration, production and refining oil and gas [NESD]	
1. Refineries	25 Years
2. Oil and gas assets (including wells), processing plant and facilities	-do-
3. Petrochemical Plant	-do-
4. Storage tanks and related equipment	-do-
5. Pipelines	30 Years
6. Drilling Rig	-do-
7. Field operations (above ground) Portable boilers, drilling tools, well-head tanks, etc.	8 Years
8. Loggers	-do-
(f) Plant and Machinery used in generation, transmission and distribution of power [NESD]	
1. Thermal/Gas/Combined Cycle Power Generation Plant	40 Years
2. Hydro Power Generation Plant	-do-
3. Nuclear Power Generation Plant	-do-
4. Transmission lines, cables and other network assets	-do-
5. Wind Power Generation Plant	22 Years
6. Electric Distribution Plant	35 Years
7. Gas Storage and Distribution Plant	30 Years
8. Water Distribution Plant including pipelines	-do-

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(g) Plant and Machinery used in manufacture of steel	
1. Sinter Plant	20 Years
2. Blast Furnace	-do-
3. Coke ovens	-do-
4. Rolling mill in steel plant	-do-
5. Basic oxygen Furnace Converter	25 Years
(h) Plant and Machinery used in manufacture of nonferrous metals	
1. Metal pot line [NESD]	40 Years
2. Bauxite crushing and grinding section [NESD]	-do-
3. Digester section [NESD]	-do-
4. Turbine [NESD]	-do-
5. Equipments for Calcinations [NESD]	-do-
6. Copper Smelter [NESD]	-do-
7. Roll Grinder	40 Years
8. Soaking Pit	30 Years
9. Annealing Furnace	-do-
10. Rolling Mills	-do-
11. Equipments for Scalping, Slitting, etc. [NESD]	-do-
12. Surface Miner, Ripper Dozer, etc., used in mines	-do-
13. Copper refining plant [NESD]	25 Years
(i) Plant and Machinery used in medical and surgical operations [NESD]	
1. Electrical Machinery, X-ray and electrotherapeutic apparatus and accessories thereto, medical, diagnostic equipments, namely, Cat-Scan, Ultrasound Machines, ECG Monitors, etc.	13 Years

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2. Other Equipments.	15 years
(j) Plant and Machinery used in manufacture of pharmaceuticals and chemicals [NESD]	
1. Reactors	20 Years
2. Distillation Columns	-do-
3. Drying equipments/Centrifuges and Decanters	-do-
4. Vessel/storage tanks	-do-
(k) Plant and Machinery used in civil construction	
1. Concreting, Crushing, Piling Equipments and Road Making Equipments	12 Years
2. Heavy Lift Equipments—	
Cranes with capacity of more than 100 tons	20 Years
Cranes with capacity of less than 100 tons	15 Years
3. Transmission line, Tunneling Equipments [NESD]	10 Years
4. Earth-moving equipments	9 Years
5. Others including Material Handling /Pipeline/Welding Equipments [NESD]	12 Years
(l) Plant and Machinery used in salt works [NESD]	15 Years
V. Furniture and fittings [NESD]	
(i) General furniture and fittings	10 Years
(ii) Furniture and fittings used in hotels, restaurants and boarding houses, schools, colleges and other educational institutions, libraries; welfare centre's; meeting halls, cinema houses; theatres and circuses; and furniture and fittings let out on hire for use on the occasion of marriages and similar functions.	8 Years

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VI. Motor Vehicles [NESD]	
1. Motor cycles, scooters and other mopeds	10 Years
2. Motor buses, motor lorries, motor cars and motor taxies used in a business of running them on hire	6 Years
3. Motor buses, motor lorries and motor cars other than those used in a business of running them on hire	8 Years
4. Motor tractors, harvesting combines and heavy vehicles	-do-
5. Electrically operated vehicles including battery powered or fuel cell powered vehicles	8 Years
VII. Ships [NESD]	
1. Ocean-going ships	
(i) Bulk Carriers and liner vessels	25 Years
(ii) Crude tankers, product carriers and easy chemical carriers with or without conventional tank coatings.	20 Years
(iii) Chemicals and Acid Carriers :	
(a) With Stainless steel tanks	25
(b) With other tanks	20
(iv) Liquefied gas carriers	30
(v) Conventional large passenger vessels which are used for cruise purpose also	-do-
(vi) Coastal service ships of all categories	-do-
(vii) Offshore supply and support vessels	20 Years
(viii) Catamarans and other high speed passenger for ships or boats	-do-
(ix) Drill ships	25 Years
(x) Hovercrafts	15 Years
(xi) Fishing vessels with wooden hull	10 Years
(xii) Dredgers, tugs, barges, survey launches and other similar ships used mainly for dredging purposes	14 Years

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(xii) Dredgers, tugs, barges, survey launches and other similar ships used mainly for dredging purposes	14
(i) Speed boats	
(ii) Other vessels	13
VIII. Aircrafts or Helicopters [NESD]	28
IX. Railways sidings, locomotives, rolling stocks, tramways and railways used by concerns, excluding railway concerns [NESD]	20
X. Ropeway structures [NESD]	15
XI. Office equipment [NESD]	5
XII. Computers and data processing units [NESD]	
(i) Servers and networks	6
(ii) End user devices, such as, desktops, laptops, etc.	3
XIII. Laboratory equipment [NESD]	
(i) General laboratory equipment	10
(ii) Laboratory equipments used in educational institutions	5
XIV. Electrical Installations and Equipment [NESD]	10
XV. Hydraulic works, pipelines and sluices [NESD]	15

Notes.

1. "Factory buildings" does not include offices, godowns, staff quarters.
2. Where, during any financial year, any addition has been made to any asset, or where any asset has been sold, discarded, demolished or destroyed, the depreciation on such assets shall be calculated on a pro rata basis from the date of such addition or, as the case may be, up to the date on which such asset has been sold, discarded, demolished or destroyed.
3. The following information shall also be disclosed in the accounts, namely:—
 - (i) Depreciation methods used; and The useful lives of the assets for computing depreciation, if they are different from the life specified in the Schedule.

CONCLUSION

“Capitalization is nothing but putting an asset on balance sheet” but it’s not over here, from purchase to capitalize an asset is big process. Capitalization is very lengthy process because it is very wide concept to analyze. For Fixed Asset capitalization it’s require whole knowledge about “Accounting Standards & Company’s act 2013” as per new company’s act 2013 there are some new rules and regulation for depreciation about assets useful life’s to follow.

In Component Accounting a component of asset is significant to the total cost of component is different from the useful life of remaining asset, that component shall be accounted for separately. By using component accounting we can divide a multimillion asset in to various sub parts or a component where, cost of a part of the asset is significant to total cost of the asset and useful life of that part is different from the useful life of the remaining asset, useful life of that significant part shall be determined separately.”

Ferrero India Pvt. Ltd. Using “Straight Line Method” for depreciation as per this method amount of depreciation will be same for every month. In SAP depreciation is calculated on day basis means it depends on how many day’s in that particular month it be thirty or thirty one.

In above capitalization process one thing is important that is whenever that particular asset of capitalization not become in work in progress we can’t capitalize it, once that fixed it properly and ready to process only after then it is ready for capitalization.

Bibliography

Accounting Standards 6 and 10

Depreciation Schedule 2013

Online Database

SAP Records

Web Sites

www.ferrero.com

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EXECUTIVE SUMMARY

The project entitled to "A Study on Analysis Of Investment Decision at Baramati Sahakari Bank Ltd, Baramati. It provides all concepts include in report. It makes the reader aware of the content of the study. This report include Introduction, Research methodology and Data Analysis and Interpretation of the study. Introduction consist of information about study, objective which forms main part of the study. Following study on Analysis of Investment Decision and its types and shows the comparison between different Instruments. Research methodology consist of data collection, Limitation etc.

The project was also includes the profile of the organization, historical background of the organization, mission, vision and products.

The project covers the entire conceptual framework of the study which mainly focuses on the following points i.e. understand the concept and types of Investment instruments and on this basis compares the other different types of instrument available in a market and shows which investment option is better for the investors.

The findings of the project report are based on analysis and interpretation of the data. This chapter shows the conclusion which are suggested by researcher after analysis of the data.

CHAPTER NO: 1

INTRODUCTION

Introduction:

These days almost everyone is investing in something even if it's a savings account at the local bank or checking account that earns interest or the home they bought to live in. However, many people are overwhelmed when they begin to consider the concept of investing, let alone the laundry list of choices for investment vehicles. Even though it may seem that everyone and their brothers knows exactly who, what and when to invest in so they can make killing, please don't be fooled. Majorities of investor typically jump on the latest investment bandwagon and probably don't know as much about what's out there as you think.

Before you can confidently choose an investment path that will help you achieve your personal goals and objectives, it's vitally important that you understand the basics about the types of investments available. Knowledge is your strongest ally when it comes to weeding out bad investment advice and is crucial to successful investing whether you go at it alone or use a professional.

The investment options before you are many. One should pick the right investment tool based on the risk profile, circumstance, time available etc. if you feel the market volatility is something, which you can live with then buy stocks. If you do not want risk, the volatility and simply desire some income, then you should consider fixed income securities.

There are various factors which effect the financial decision making of an individual of which demographic variables like age, gender and occupation and personal financial risk tolerance are the most important one. Risk tolerance is a crucial factor that influences a wide range of financial decisions. The objective of any financial investment is to get good returns.

The mistake lies in the decision making process which is influenced by the risk tolerance of an individual. Research indicates that people tend to overestimate their actual level of risk tolerance because of the desire to appear socially acceptable.

Therefore the study is undertaken to know the investment options available with the cooperative banks and risks associated with it. It is observed that investors hesitate to take risks and stuck to only few investment options. An attempt has been made to study what really makes an investor to choose the financial instruments available with the bank and preferences regarding the same.

CHAPTER NO: 2
COMPANY PROFILE

2.1 Profile of the organization:

➤ Mission:

“To offer value added financial services to our chosen market segments with special emphasis on the co-operative movement through a highly effective network of service points, excellent customer service and a highly motivated team of qualified personnel.”

➤ Vision:

“To be the leading and dominant Baramati Sahakari Bank with a strong countrywide presence, playing a central role in the co-operative movement and providing relevant and innovative financial services to our customers for the optimum benefit of all our stakeholders.”

➤ History:

With a dream to eliminate poverty through co-operation, long back in 1961, Mr. K M Khandagale came up with the basic concept of Baramati Urban Co-operative Bank. Sowed the seeds by him. Mr. Mansingrao Tupe and Mr. Shivlal Lengarekar largely supported the foundation and development of the Bank. With contribution of other 21 founder members, the bank grew significantly, like a brook turns into river!

Foundation Facts:

Basic Concept and Promotion

Mr. K M Khandagale

Registration Proposal was sent on

20th August 1961

Number of Founder Members/Promoters

22

Initial Share Capital

INR 20500

Date of Bank Registration

23rd September 1961

Registration Number

31246

Bank Opening Date

Thursday, 19th October, 1961

Chief Guest:

Mr. V. P. Varde, Former Chairman, Bank of Maharashtra, Pune and Now Chairman, Saraswat Co-operative Bank, Mumbai.

Major Promoters :

Mr. K. M. Khandagale (Agriculturalist)

Mr. Mansingrao Tupe (Businessman & Agriculturalist)

Mr. Shivrul Lengarekar (Businessman)

2.2 Founder Members

Sr. No.	Name of the founder member	Sr. No.	Name of the founder member
1	Mr. Shivlal Premchand Lengarekar	12	Mr. Jambukumar Chandulal Shah
2	Mr. Khushalchand Ratanchand Chhajed	13	Mr. Eknath Mahadev Bhongale
3	Mr. Bhogilal Mohanlal Vyas	14	Mr. Mansingrao Sambhajirao Tupe
4	Mr. Heeralal Gulabchand Shah	15	Mr. Heerachand Manikchand Shah
5	Mr. Mrmal Gulabchand Gugale	16	Mr. Mohanlal Raoji Shah
6	Mr. Bhalchandra Anandrao Taware	17	Mr. Motilal Sitaram Somani
7	Mr. Gangadhar Vyankatrao Taware	18	Mr. Dr. K R Pol
8	Mr. Bhikoba Devrao Tambe	19	Mr. Ramvilas Shankarlal Bheda
9	Mr. Husainbhai Mohammad bhai Haveliwala	20	Mr. K M Khandagale
10	Mr. D V Kulkarni	21	Mr. Moolchand Roopchand Oswal
11	Mr. Motilal Fulchand Shah	22	Mr. Himmatlal Ratanchand Shah

- **The Baramati Sahakari Bank Limited:**

Baramati Sahakari Bank strongly believes in times tested values. Values like caring for members of family, building and strengthening warm relations, understanding needs and providing for them in advance and ultimately securing bright future. Today customers of Baramati Sahakari Bank are spread all over the world scaling new heights of success earning a fortune for their family. Baramati Sahakari Bank has been shouldering their major, responsibilities, securing abright future and encouraging their customers, rather family members to reach newer and higher aims. To achieve this goal Baramati Sahakari bank is offering diversified services catering to varied

needs. This bank is annually supervised by RBI and also has received good remarks from them. The old name of bank was "The Baramati Urban Co-operative Bank".

2.4 Salient Features:

1. Complete Computerization
2. Safe deposit vaults available in all branches
3. Deposits up to Rs.1, 00,000/- covered by insurance
4. Demand draft facility available for major cities in India
5. Fixed deposit, Recurring deposit, savings deposit, current deposit, pigmy deposit facility available for customers.
6. Different kinds of loans for public consists of; loans to shareholders, cash credit, hire purchase, secured fixed deposit loan, secured savings account loan, secured recurring deposit loan, Secured National Saving Certificate loan, Agricultural loan, Secured Gold loan, Secured Home loan & Immediate Bills Payable (I.B.P.)
7. Salary account facility available for Industries, Government, private offices and other organizations
8. Every member of the bank covered by Accident Insurance Policy worth Rs.1, 00,000/-
9. Area covered - Pune, Satara, Solapur, Nasik, Ahmednagar and Raigad.

2.5 Special Features:

1. Attractive Interest rate on Fixed Deposits
2. Fixed Deposits of more than Rs.700 Crores
3. Services like; core banking, SMS banking, E-Tax payment, RTGS,NEFT, ATM,CTS 2010 Cheques facility, any branch banking Safe Deposit Lockers available in all branches

4. Instant Mortgage Facility on National Savings Certificates, Kisan Vikas Patra, Indira Vikas Patra, Life Insurance Policies and Gold Ornaments.
5. Instant Home/Car Finance
6. Free Accident Insurance coverage up to Rs. 2 Lakhs for every member of Bank
7. Insurance for all Deposits up to Rs.1, 00,000
8. Banking Facilities for Non Residential Indians in Baramati and all Pune branches viz.Kothrud, Dhankawadi and Chinchwad
9. DEMAT facility available at Baramati, Phaltan, Kothrud, Chinchwad and Dhankawadi, Pune branches.
10. Tax Benefits on Interest earned on deposits up to Rs.5, 000
11. Facility for issuing Demand Draft on 26 major cities across India.
12. Personalized customer service.
13. **The BaramatiSahakari Bank at a Glance (Year 2016-17)**

Name of the Bank	The BaramatiSahakari Bank Ltd.
Main Office	Bhigwan Road, Baramati,Dist. Pune.PIN: 413102
Registration Number& Date	23rd September1961 Registration Number: 31246
Date & Number of License from RBI	D.B.O.D./U.B.D./M.H.498 P. Date: 18 August 1986
Website	www.baramatibank.com
Geographical Area	Pune,Satara, Solapur , Nasik, Raigad& Ahmednagar
Members	16000
Total Permanent Employees	213

Paid up Share Capital	Rs.23.86 Crores
Reserves & Other Funds	Rs.65.40 Crores
Capital Risk to Asset Ratio (C.R.A.R.)	13.30%
Deposits	Rs.1221.62 Crores
Loans given	Rs.792.08 Crores
Loans to priority sector	62.17%
Loans to economically weaker Section people	26.16%
Investment	Rs.409.78 Crores
Net N.P.A.	0.77%
Government Audit Class	'A'
Net Profit	Rs.8.19 Crores
Working Capital	Rs. 1326.56 Crores
Dividend	12%
Loans to Board of Directors	No any loans to them as per RBI rules

2.6 Management Profile:

A fast growing organization like Baramati Sahakari Bank Limited is a result of the efforts taken by its Board of Directors. The Baramati Sahakari Bank is governed by a well-balanced Board of Directors.

A set of pioneers in various fields form the Director Board of the Bank. This compiles various successful professionals like a Doctor, Advocate, Architect, Builder, Businessman, Industrialist and similar. All the directors are highly qualified. Well educated successful females also make a part of the BOD.

2.7 Management Board:

Name	Designation
Mr. Shrikant Sikchi	Chairman
Mr. Avinash Lagad	Vice- Chairman
Mr. Shrinivas Bahulkar	Managing Director

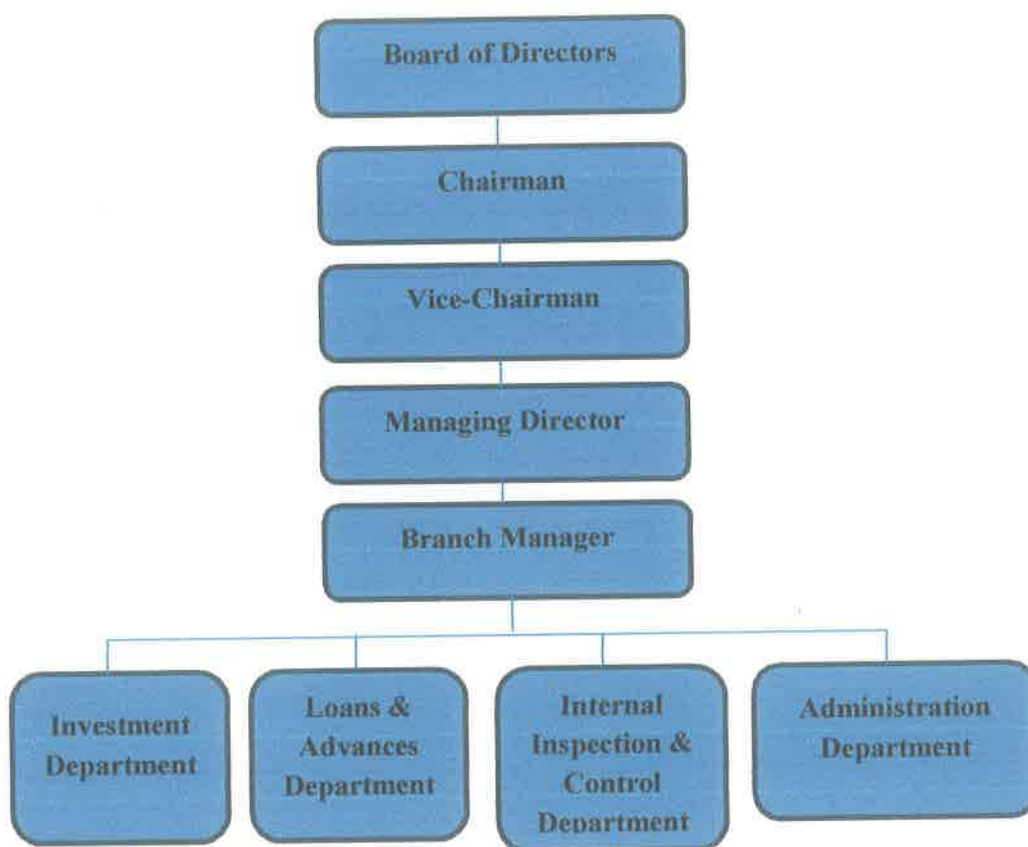
Board of Directors:

Sr. No.	Name	Sr. No.	Name
1	Mr. Ramnik Mota	8	Mr. Uddhav Gawade
2	Mr. Sachin Satav	9	Mr. Suresh Devkate
3	Mr. Shirish Kulkarni	10	Mr. Vijayrao Galinde
4	Mr. Devendra Shirke	11	Mr. Kapil Borawake
5	Mr. Digvijay Tupe	12	Doct. Vandana Potekar
6	Mr. Subhash Jambhalkar	13	Mrs. Kalpana Shinde
7	Mr. Adesh Vadujkar	14	Mr. Pritam Pahade (Chartered Accountant)

➤ Bankers:

- 1) The Maharashtra Rajya Sahakari Bank Ltd. Mumbai
- 2) The Pune District Central Co-operative Bank Ltd. Pune
- 3) State Bank of India, Baramati
- 4) HDFC Bank

Organization Structure:



2.8 Branches of the Bank:

Sr. No.	Branch Name	Sr. No.	Branch Name
1	Baramati	13	Satara
2	Indapur	14	Solapur
3	Bhigwan	15	Laxmi Road, Pune
4	Daund	16	Jalochi, Baramati
5	Chinchwad, Pune	17	Sangamner
6	Kothrud, Pune	18	Hadapsar Pune

7	Market Yard, Pune	19	Chakan
8	Nira, Purandar	20	Ahmednagar
9	Phaltan	21	Shirur
10	Barshi	22	Sangavi
11	Karmala	23	Bhosari
12	Pune-Nagar Road, Pune	24	Singhad Road Pune

2.9 Deposit Schemes:

- Saving deposit: 4% Interest per annum
- Pigmy deposit: 4.5% Interest per annum.
- Term loan : 11% per annum.

Recurring and Term Deposits

Sr. No.	Period	Int. Rate	RD	FDR
1	15 days to 90 days	8%	8%	8%
2	91 days to 180 days	8.25%	8.5%	8.5%
3	181 days to 1 year	9%	8%	9%
4	Above 1 year to 2 years	11.5%	11.5%	11.5%
5	Above 2 years	11%	11%	11%

Senior citizen will get 0.5% extra interest on their term deposit above Rs.10,000/- for the period more than one year.

2.10 Achievements:

- NPA below 1%
- Got First Rank under Rs. 5 corer deposits category for overall progress from Maharashtra Federation in the year 1992.
- Audit Class 'A' since last 4 financial years.
- Number of branches reach to 24 in the year 2014-2015
- Fixed Deposits of more than Rs.1000 Crores and fixed deposits are highest out of various types of deposits every year.
- Pioneers in Banking for over 50 years in Baramati, with branches in Pune, Satara and Solapur, Raigad, Nasik, Ahmednagar Districts of Maharashtra.
- Awarded as "Best Co-operative Bank in Pune District by 'Pune District Nagari Bank Association' in August, 2014.

2.11 Future Plans :

- Zero net NPA
- Opening of at least 3-4 new branches every year.
- Net banking
- Open the own RTGS centre
- Business Franchise Centre

CHAPTER NO. 3
THEORETICAL BACKGROUND

Theoretical Background

Definition:

The **Investment Decision** relates to the decision made by the investors or the top level management with respect to the amount of funds to be deployed in the investment opportunities. Simply, selecting the type of assets in which the funds will be invested by the firm is termed as the **investment decision**.

Meaning of Investment Decisions:

There are various factors which effect the financial decision making of an individual of which demographic variables like age, gender and occupation and personal financial risk tolerance are the most important one. Risk tolerance is a crucial factor that influences a wide range of financial decisions. The objective of any financial investment is to get good returns. In reality it is observed that many a times there is a gap between individual's perceived return and actual return. The mistake lies in the decision making process which is influenced by the risk tolerance of an individual. Research indicates that people tend to overestimate their actual level of risk tolerance because of the desire to appear socially acceptable. Understanding investment patterns and financial decision making has always been of great interest to researchers and financial service providers and planners. Investment pattern of individuals and investment decisions are influenced by demographic variables and risk tolerance. Investors commonly perform investment analysis by making use of fundamental analysis, technical analysis and gut feel.

Types of Investments in Indian Banks

Equities:

Equities are a type of security that represents the ownership in a company. Equities are traded (bought and sold) in stock markets. Alternatively, they can be purchased via the Initial Public Offering (IPO) route, i.e. directly from the company. Investing in equities is a good long-term investment option as the returns on equities over a long time horizon are generally higher than most other investment avenues. However, along with the possibility of greater returns comes greater risk.

1. **Dividend:** Periodic payments made out of the company's profits are termed as dividends.

2. **Growth:** The price of the stock appreciates commensurate to the growth posted by the company resulting in capital appreciation.

On an average an investment in equities in India has a return of 25%. Good portfolio management, precise timing may ensure a return of 40% or more. Picking the right stock at the right time would guarantee that your capital gains i.e. growth in market value of stock possessions, will rise.

II. Bonds: It is a fixed income (debt) instrument issued for a period of more than one year with the purpose of raising capital. The central or state government, corporations and similar institutions sell bonds. A bond is generally a promise to repay the principal along with fixed rate of interest on a specified date, called as the maturity date. Other fixed income instruments include bank deposits, debentures, preference shares etc.

The average rate of return on bond and securities in India has been around 10-13% p.a.

III. Mutual Funds: These are open and close-ended funds operated by an investment company, which raises money from the public and invests in a group of assets, in accordance with a stated set of objectives. It is a substitute for those who are unable to invest directly in equities or debt because of resource, time or knowledge constraints. Benefits include diversification and professional money management. Shares are issued and redeemed on demand, based on the fund's net asset value, which is determined at the end of each trading session. The average rate of return as a combination of all mutual funds put together is not fixed but is generally more than what earn is fixed deposits. However, each mutual fund will have its own average rate of return based on several schemes that they have floated. In the recent past, Mutual Fund have given a return of 18 – 35%.

IV. Real Estate: For the bulk of investors the most important asset in their portfolio is a residential house. In addition to a residential house, the more affluent investors are likely to be interested in either agricultural land or may be in semi-urban land and the commercial property.

V. Precious Projects: Precious objects are items that are generally small in size but highly valuable in monetary terms. Some important precious objects are like the gold, silver, precious stones and also the unique art objects.

VI. Life Insurance: In broad sense, life insurance may be reviewed as an investment. Insurance premiums represent the sacrifice and the assured the sum the benefits. The important types of insurance policies in India are:

- Endowment assurance policy
- Money back policy
- Whole life policy
- Term assurance policy
- Unit-linked insurance plan.

VII. Equity Investment:

Stocks are investments that represent ownership or equity in a corporation. When you buy stocks, you have an ownership share however small in that corporation and are entitled to part of that corporation's earnings and assets. Stock investors called shareholders or stockholders make money when the stock increases in value or when the company the issued the stock pays dividends, or a portion of its profits, to its shareholders.

Some companies are privately held, which means the shares are available to a limited number of people, such as the company's founders, its employees, and investors who fund its development. Other companies are publicly traded, which means their shares are available to any investor who wants to buy them.

Types of Stocks:

With thousands of different stocks trading on U.S. and international securities markets, there are stocks to suit every investor and to complement every portfolio.

For example, some stocks stress growth, while others provide income. Some stocks flourished during boom time, while others may help insulate your portfolio's value against turbulent or depressed markets. Some stocks are pricey, while others are

comparatively inexpensive. And some stocks are inherently volatile, while others tend to be more stable in value.

Growth & Income:

Some stocks are considered growth investments, while others are considered value investments. From an investing perspective, the best evidence of growth is an increasing price over time. Stocks of companies that reinvest their earnings rather than paying them out as dividends are often considered potential growth investments. So are stocks of young, quickly expanding companies. Value stocks, in contrast, are the stocks of companies that problems, have been under performing their potential, or are out of favor with investors. As result, their prices tend to be lower than seems justified, though they may still be paying dividends. Investors who seek out value stocks expect them to stage a comeback.

Market Capitalization:

One of the main ways to categorize stocks is by their market capitalization, sometimes known as market value. Market capitalization (market cap) is calculated by multiplying a company's current stock price by the number of its existing shares. For example, a stock with a current market value of \$30 a share and a hundred million shares of existing stock would have a market cap of \$3 billion.

The Dividends:

The rising stock price and regular dividends that reward investors and give them confidence are tied directly to the financial health of the company.

Dividends, like earnings, often have a direct influence on stock prices. When dividends are increased, the message is that the company is prospering. This in turn stimulates greater enthusiasm for the stock, encouraging more investors to buy, and riving the stock's price upward. When dividends are cut, investors receive the opposite message and conclude that the company's future prospects have dimmed. One typical consequence is an immediate drop in the stock's price.

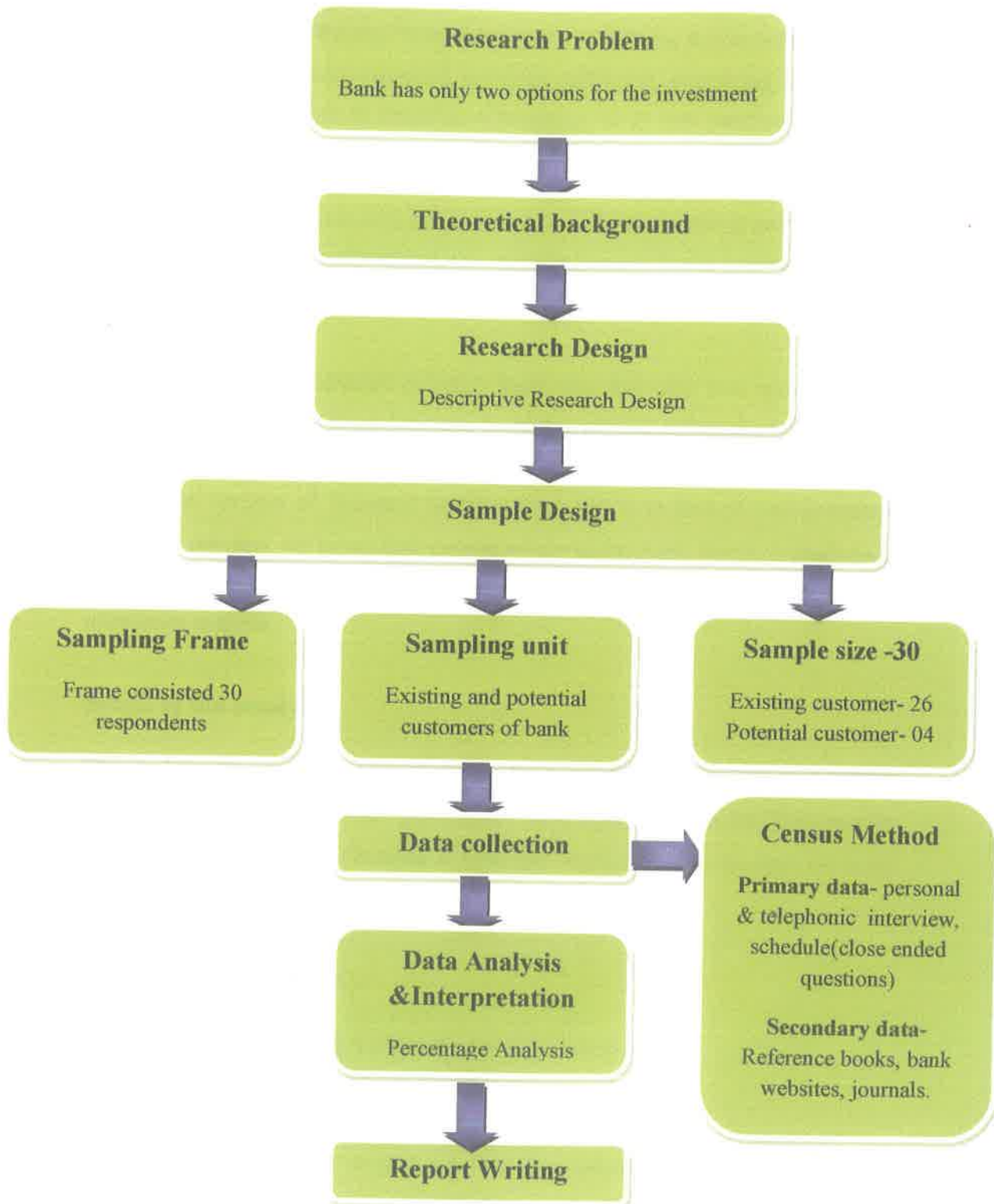
Companies known as leaders in their industries with significant market share and name recognition tend to maintain more stable values than newer, younger, smaller, or regional competitors.

Managing Risk:

One thing for certain: Your stock investment will drop in value at some point. That's what risk is all about. Knowing how to tolerate risk and avoid selling your stocks off in a panic is all part of a smart investment strategy.

CHAPTER 4
RESEARCH METHODOLOGY

RESEARCH METHODOLOGY:



Research Methodology:

According to Clifford Woody, "Research comprises defining & redefining problems, formulating hypothesis or suggested solutions, collecting, organizing & evaluating data, making deductions & reaching conclusions, & at last carefully testing the conclusions to determine whether they fit the formulating hypothesis."

Research methodology is a way to systematically solve the research problem. It may be understood as science of studying how research is scientifically conducted.

Research Problem:

At this juncture, the Baramati Sahakari Bank Ltd. has only two options for the investment viz Shares & Fixed Deposits. In this investment option, the investor is not getting more returns as compared to the other investments in the market. It is also known that investor of Baramati Sahakari Bank Ltd. is in need of best investment options so that they can invest their surplus money in this bank. Hence, it made me to study the investments made in Baramati Sahakari Bank Ltd. & carry out the investment analysis.

Scope of the Study:

This study is restricted to Baramati Sahakari Bank Ltd. Bhigwan Road Branch only & The results of the study does not apply to any other branch of Baramati Sahakari Ltd. As The list of response (Existing & Potential) was provided by the bank the scope of responses was limited to 30 only.

Limitations of the Study:

1. Bank has limitation not to disclose the financial data to outsider.
2. Study is limited to Baramati Sahakari Bank Ltd.
3. Due to excess overload of work they do not give guidance or time properly.
4. Being a co-operative bank, it has lot of restrictions by statute.

Research Objectives:

1. To know the awareness about different investment avenues available in a Market.
2. To find out how the investors get information about the various financial instruments available at Baramati Sahakari Bank Ltd.
3. To know in which type of financial instrument they have invested or would like to invest.
4. To find out which financial instrument ensure more returns & safety.
5. To know whether the customers are satisfied with bank.

Research Design:

The research design adapted in the study is Descriptive Study. A research is the arrangement of conditions for collection & analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure. A descriptive study is undertaken in order to ascertain & be able to describe the characteristics of the variable of interest in a situation. Descriptive studies are also undertaken to understand the characteristics the organization that follows certain common practice.

Data Collection:

Data collection is the term used to describe a process of preparing & collecting business data for example, as a part of process improvement or similar project.

I. Primary data:

We can obtain primary data either through observation or through direct communication with respondents in one form or another can be collected schedule.

The method used for collecting primary data, particularly in surveys & descriptive researches is, Schedule, questionnaires, personal interviews, online surveys, observation etc...The research instrument used in this research is structured schedule.

- **Research Instrument - (Schedule)**

For drafting schedule, close ended questions were used, so as to get easily understood by the respondents questions with multiple choices were asked to the respondents to get the answers for the problem under the study.

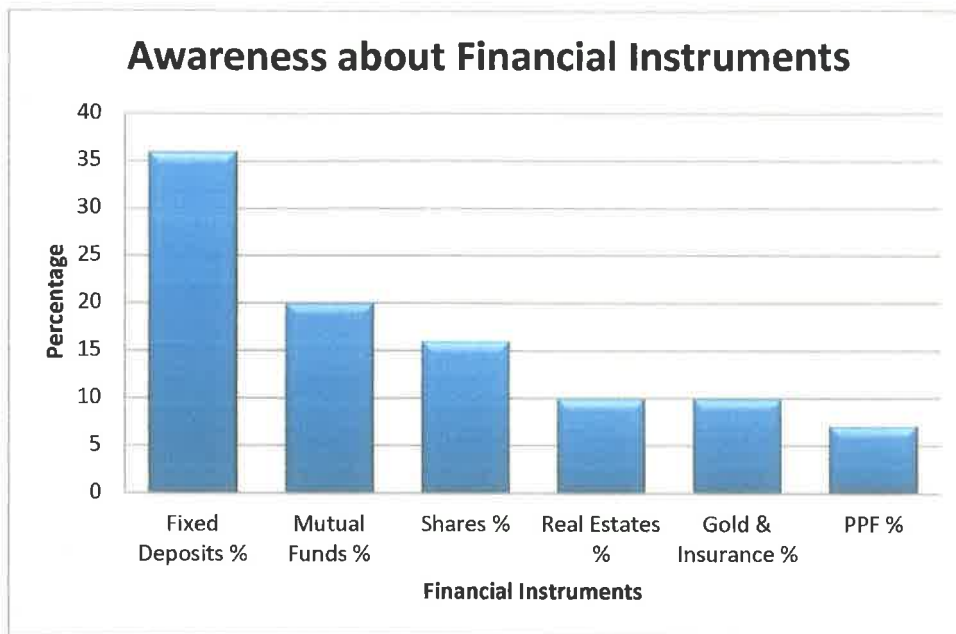
II. Secondary data:

The secondary data, in this case, is collected through annual reports of the bank of past 3 years, bank's financial statements & Balance sheet, Bank websites, journals etc.

CHAPTER 5:
DATA ANALYSIS & INERPRETATION

Chart no.1

Following is the rate of awareness of the financial instruments prevailing in the market,



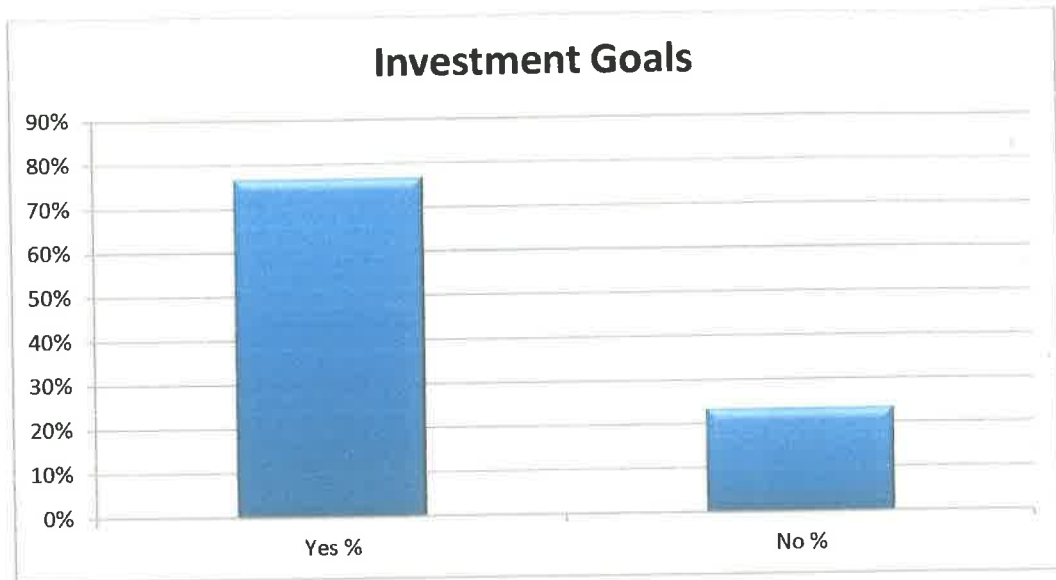
(Source primary data)

Interpretation:

The investors in the market are aware about the financial instruments prevailing in the market. Among all the instruments, majority of the investors are aware about fixed deposits whereas comparatively less number of investors are aware about Gold and Insurance and PPF. Most of the investors are also aware about Mutual funds and Shares.

Chart no.2

Following is the rate of the determination of investment goals while making investments;



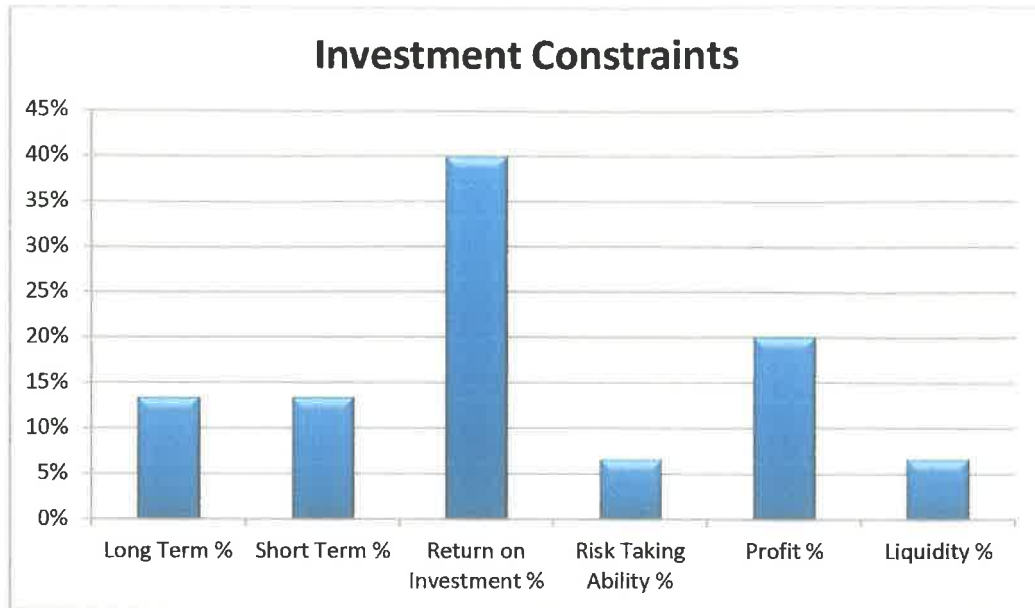
(Source primary data)

Interpretation:

77% of the investors have determined their investment goals while making investments whereas 23% haven't. The reason this is mainly the unawareness about the financial products prevailing in the market.

Chart no.3

Investment constraints investors consider while making investments



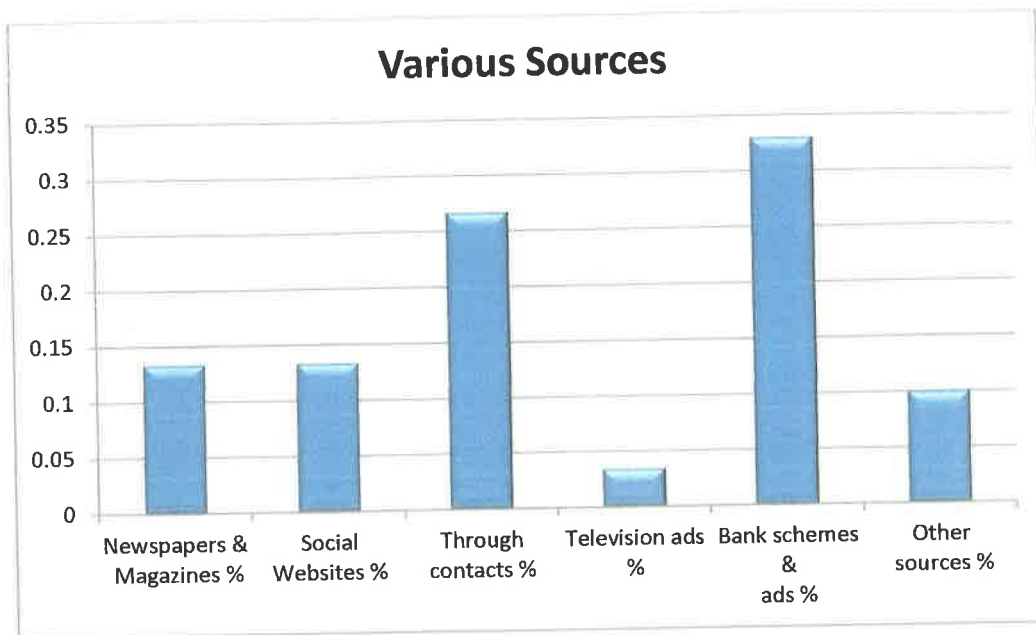
(Source primary data)

Interpretation:

Investors, while making an investment keep in mind the time constraint, i.e whether the investment is long term or short term. 13% investors are interested in long term investment whereas 13% are interested in short term investments. 40% of the investors make their investments keeping in mind the rate of return on investment.

Chart no.4

Various sources of information about the existing financial products in Indian Financial Market



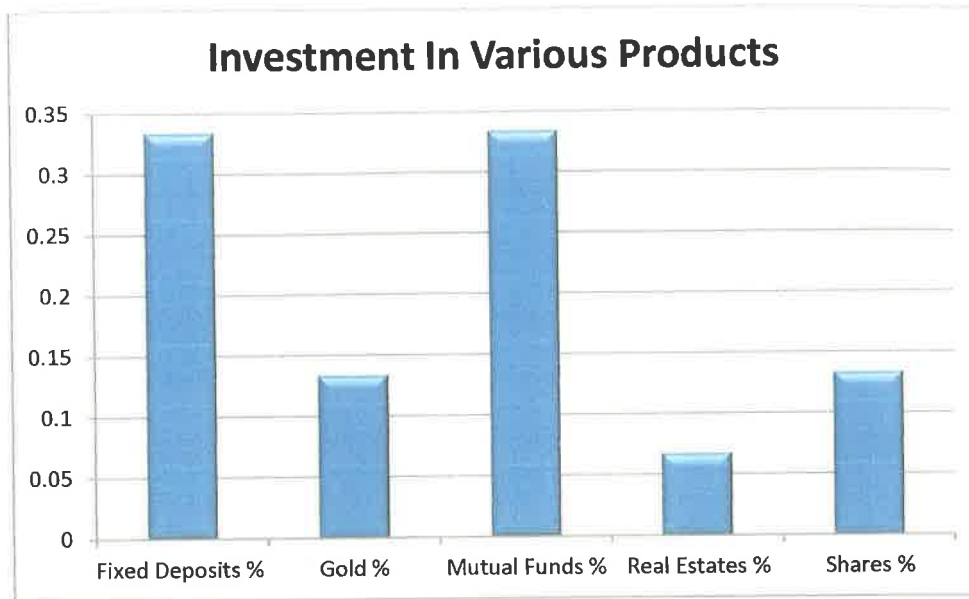
(Source primary data)

Interpretation:

People are aware about the various financial products through various sources. 13% of the people know through newspapers and magazines whereas 13% are aware because of internet or social websites. 27% of the people are aware through their contacts like family, friends, relatives, colleagues etc. Highest factor contributing in creating the awareness of the financial products is bank schemes & ads which is 33%. Television ads contribute 3% whereas 10% is of the other sources.

Chart no.5

Investor's most preferred investment in the investment options available in Indian Financial Market



(Source primary data)

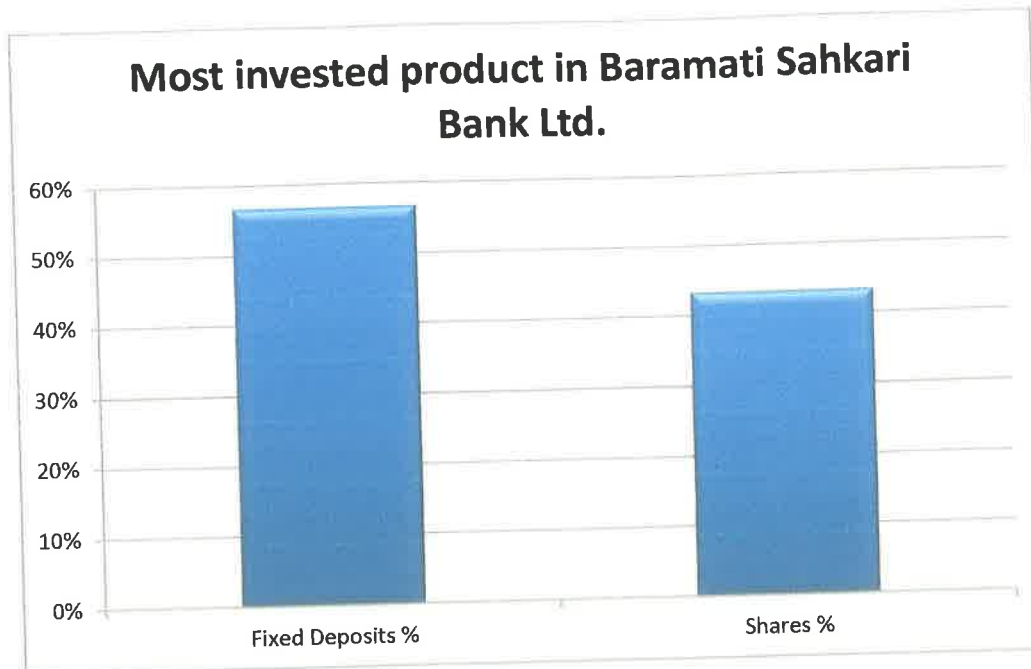
Interpretation:

The rate of investment in Fixed Deposits & Mutual funds is growing day by day & holds highest position that 33% each whereas in these days, people are also investing in Real Estates. 7% people prefer investing in Real Estates.

13% people invest in gold & it is one of the most popular investment options available. Also, 13% people invest in shares.

Chart no.6

Among the investment products made available to the investors, following is the bar graph showing the highest investments in the products available;



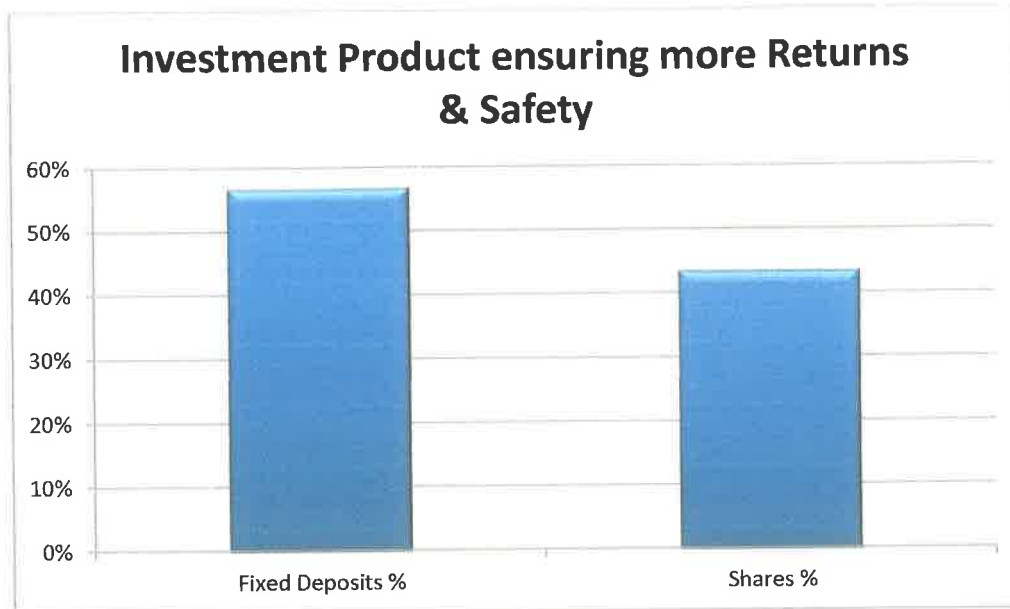
(Source primary data)

Interpretation:

57% of the investors surveyed prefer Fixed Deposits for making their investment whereas 43% prefer Shares. Over more than half of the surveyed population prefer fixed deposits to make their investment as it gives long term surety and has higher rate of interest compared to other banks.

Chart no.7

Which investment product ensures more returns & safety is answered below through the bar graph;



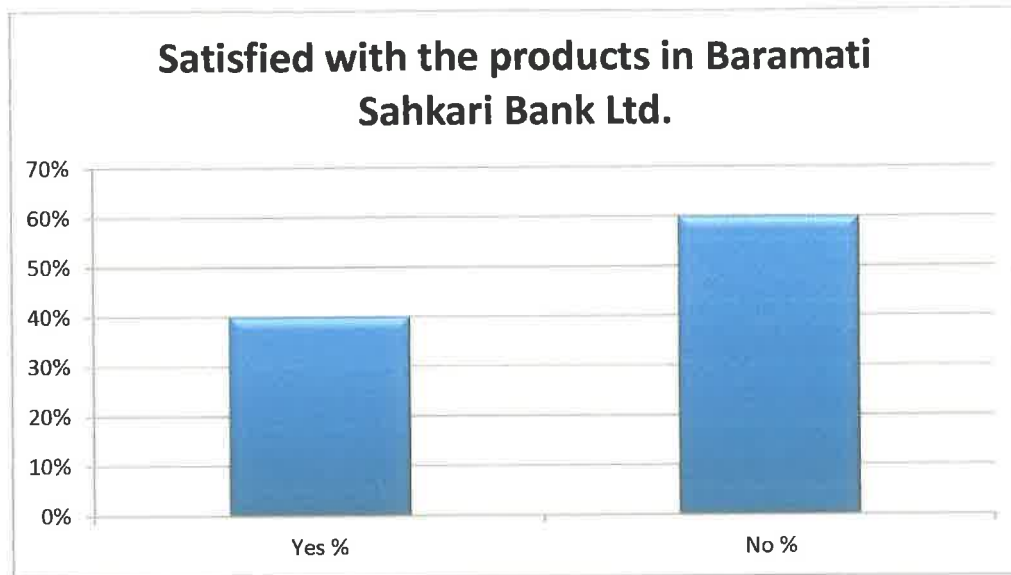
(Source primary data)

Interpretation:

As the above graph stated, people mostly prefer making investments in Fixed Deposits & the reason behind it is that Fixed Deposits ensure more returns & safety. It is one of the most safe investment options & holds 57% in the surety of the investments made compared to Shares which is 43%.

Chart no.8

Being a co-operative bank, Baramati Sahkari Bank Ltd., provides only two investment options. Following is the rate of investors satisfied with the products made available to them;



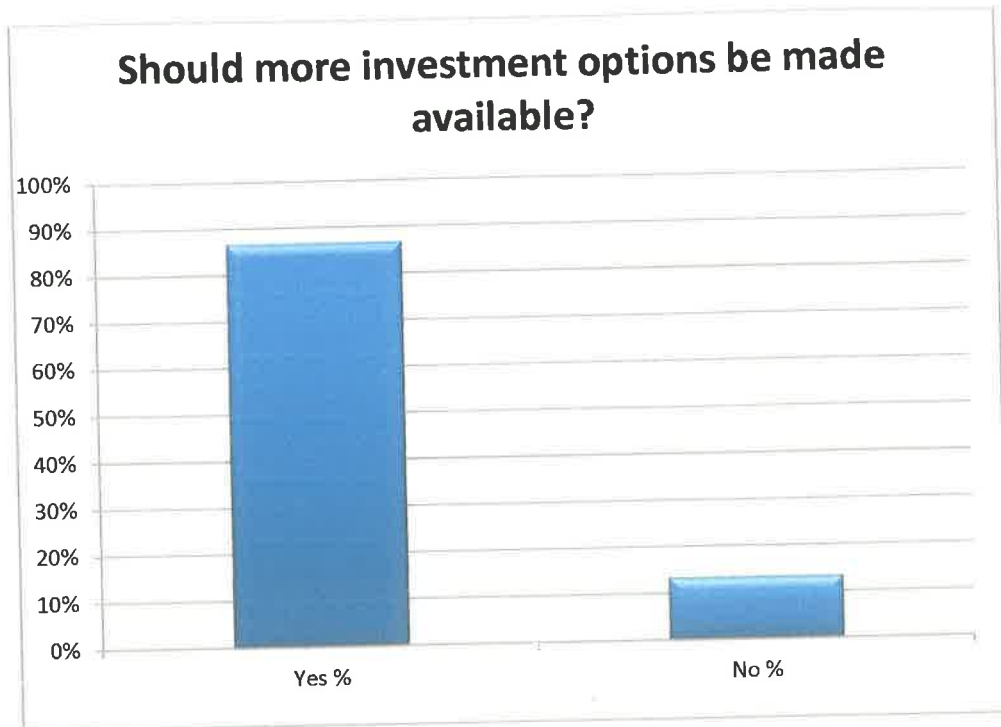
(Source primary data)

Interpretation:

40% of the investors are satisfied with the financial investment products made available to them whereas 60% are not dissatisfied and wish to have more options of investments as the financial market is changing globally & so is Indian Financial Market.

Chart no.9

As an investor in Baramati Sahkari Bank Ltd., should more investment options be made available other than Fixed Deposits & Shares?



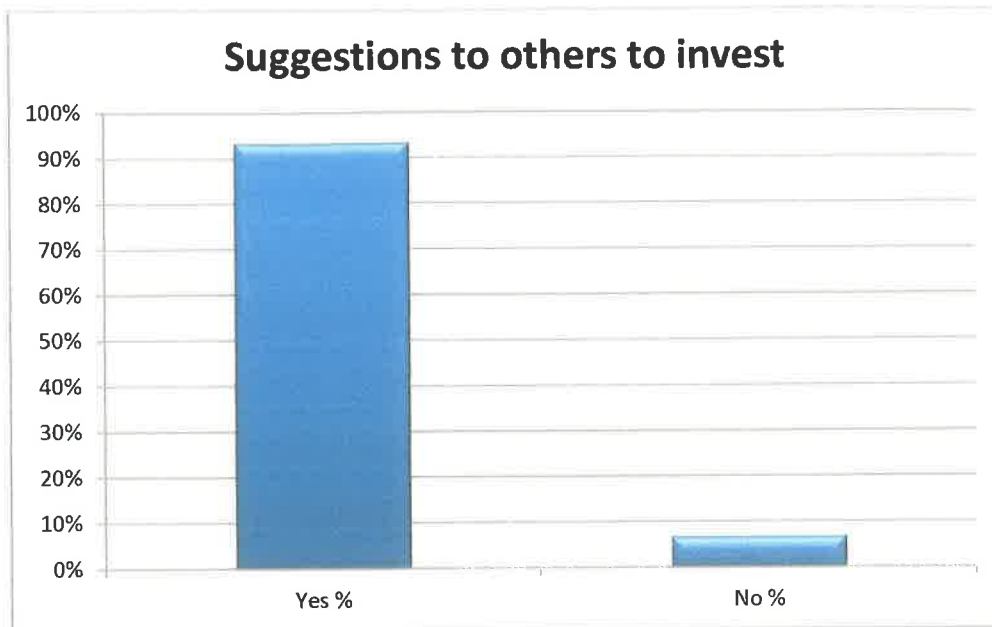
(Source primary data)

Interpretation:

87% of the investors think that more investment options should be made available other than Fixed Deposits & Shares whereas 13% disagree to it.

Chart no.10

Investment market is growing day by day, so the investors were whether they would suggest others to invest their money in the market?



(Source primary data)

Interpretation:

93% of the investment are happy with their investments & said that they would definitely suggest others to make investments whereas 7% seemed to be not so positive about it.

**CHAPTER 6:
FINDINGS & SUGGESTIONS**

FINDINGS:

1. During the analysis it was found that most of the people are aware about the financial products prevailing in Indian Financial Market but few of them are hesitant to invest in them. People are aware those products through various sources like Newspapers, Television ads, Social websites Bank ads & schemes & many more, out of which Bank ads & schemes result highest in creating awareness amongst the investors.
2. It is been found that, among all the investment products available in the Indian Financial Market, Investors highly prefer to invest in the Fixed Deposits & Mutual Funds.
3. 77% people before making investments, determine their investment goals on the basis of the investment constraints like liquidity, long & short term goals, return on investment , profit, risk taking ability of the investor in which return on investment is the most considered constraint while making investment decisions.
4. Investments in Baramati Sahkari Bank Ltd. are limited to Fixed Deposits & Shares in which the number of investments are higher in fixed Deposits as compared to Shares. The investors of the bank are not satisfied with the investment options available in the bank .
5. Investments in the Fixed deposits are higher as the investors feel that this investment option ensures more safety & returns.

SUGGESTIONS:

1. Investors are investing more in Mutual funds & Gold in recent days & the rate of investments in other financial products is also growing gradually. So Baramati Sahkari Bank Ltd. should also add more investment options in their existing investment options.
2. People investing in the Shares should be given higher dividend so that the rate of investment in the Shares increases.

CHAPTER 7:
CONCLUSION

CONCLUSION:

Therefore from the survey, whatever I got, here is the gist of all them:

- People are more inclined to invest in the stock market, irrespective of the market scenario & level of risk.
- People between age group 30-40 think about long term returns as well as higher return in short period of that time is why they invest in stock market for short period of time & in insurance for long term return.
- People between ages 24-30 wants to be financially stable that is why they don't like to take risk at all. So, they invest in the bank's fixed deposit scheme which has almost no risk & lower return.

CHAPTER.8
BIBLIOGRAPHY

Bibliography:

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2. Indian Financial Market – Nalini Tripathi
3. Investment Banking – Pratap Subramanyam
4. Banking and Financial Services – Mukund Sharma
5. Financial Planning – S Mitra

- **Websites:**

www.baramatibank.com

www.investopedia.com

Annexure:

Analysis on Investment Decisions

A Research Schedule

My name is Ms. Vrushali M. Zadbuke from Baramati conducting a research on "**Analysis on Investment Decisions**" to get the opinion & aware people this about the financial products in Indian financial market. The findings of this will be submitted to AIMS, Baramati.

This survey is independent study & not linked to any political party or government agency. Whatever information you will provide will be kept strictly confidential.

I hope that you will participate in this survey & spare your valuable time for this interview & help me in successfully completing this research.

- **Demographic Information:**

1. Name:
2. Gender:
3. Contact No. :
4. Age:
5. Marital Status:
6. Educational Background:

Q1) Which of the following financial instruments are you aware of?

- a) Fixed Deposits
- b) Mutual Funds
- c) Shares,
- d) Real Estates
- e) Gold, Insurance
- f) PPF

Q2) Have you determined your investment goal?

a) Yes

b) No

Q3) If yes, then on the basis of your investment product what are your investment goals?

a) Long term

b) Short term

c) Liquidity

d) Amount in rupees

e) Rate of return on investment

f) Profit

Q4) If yes, how do you know about those financial products?

a) Newspapers & Magazines

b) Internet or through social websites

c) Television ads

d) Bank schemes & ads

e) Through relatives, colleagues or friends

f) Other sources (please specify)

Q5) As an investor which investment option do you prefer most?

a) Fixed Deposits

b) Shares

c) Gold

d) Mutual funds

e) Real Estates

Q6) Among the investment products available in Baramati Sahakari Bank Ltd. which product do you prefer most?

a) Fixed Deposits

b) Shares

Q7) Which investment product ensures you more returns & safety?

a) Fixed Deposits

b) Shares

Q8) Being a co-operative bank, Baramati Sahakari Bank Ltd. Provides only two investment products. Are you satisfied with products made available by the bank?

a) Yes

b) No

Q9) As an investor, do you want any other investment options other than Fixed Deposits & Shares?

a) Yes

b) No

Q10) Investment market is growing day by day. Would you suggest others to invest in investment products?

a) Yes

b) No

Thank You!