Financial Reengineering Perspectives Of Government Of India With Respect To Time Series Effect And Performance Of Sovereign Gold Bond

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Abstract: Reengineering is an emerging concept in present era in India. This concept focused on Business Process in the past years. The changes have been implemented not only in the form of Business process but also to reengineer in financial terms. With this consideration, new schemes like Sovereign Gold Bond Scheme, that is a paper or certificate issued by Government, saying that the investor bought a certain amount of gold. Hence the above stated methods will certainly decrease the want of gold and indeed decrease the gold import. Henceforth this research article delivers a practical perspective on the dynamics of financial modification and where the researcher has used various examples to explain the scope for sovereign gold bond scheme. The given examples highlight the role of financial reengineering in handling the different type of risk, the requirement for risk accounting and changes in procedures for executing Financial and Business Process Reengineering. This study analytical and exploratory in nature. Eleven companies have been chosen for the study from BSE listed companies. For the present research, secondary data has been collected gathered from journals, reports, economic reviews and websites in order to analyse the gold ETF’s sales level. Descriptive statistics and Boxplots are used to understand the nature of data. It attempts to identify the different pattern among the gold ETF companies’ sales. The time series analysis is executed to understand the future directions of the sales of Gold ETF. The difference among the Gold ETF sales level of all the companies are tested using ANOVA. The time series forecast analysis shows the different companies and its trend. All companies show low sales trend for the future. The past sales in the year of 2011-12 had registered a high level of sales. It started reducing yearly and presently it shows a less sales trend. The economic condition may be the reason. Axis shows a high sales in 2011-12. The gold ETF may not be showing better sales in the present situation. The Gold Bonds selling companies need to show the better marketing approach in order to mitigate the ETF sales.

Index Terms: Financial Reengineering, Sovereign Gold Bond, Business Process Reengineering

1. INTRODUCTION:-

1.1 Financial Innovation:

Innovation is the best tool in the hands of the entrepreneur – which act as resources for wealth creation. Innovation is the reason for all the changes that happens human, growth and enhancement. Real estate developers use the term “innovation” to mean the introduction of new products or services to the market. In this context, innovation is considered to be a significant factor in the growth and development of a company. Innovation is the process of creating new products, processes, or services that add value to the company. It is a critical component of business success. The world's financial markets and institutions have seen revolutionary changes in the past 20 years and also with the understanding in applying them in new avenues that are available as investment opportunities and the different options in handling risk. With regards to the innovations carried in financial sectors it is seen as movement from perspective of physiology rather than pathology – where the investor sees it as a driving force towards global financial system which helps in achieving greater economic efficiency. In specific, it sound that innovations leads to involvement derivatives which will progress the efficiency and by escalating opportunities for sharing of risk, moreover cost can be reduced by reducing the cost of transaction, sinking asymmetric data and cost of agency. It complements the safe connection among reengineering and the utilization of plausible data and declaration hardware, and the subsequent reductions expenses and new worth origination; budgetary building is the backbone of this development. Financial engineering comprises of the required design, the growth, and the application of new financial instruments and procedures, hence this helps preparation of innovative outcome for the snags that take place in finance. The exploration works was followed by office that burdens the nearby relationship among reengineering and the utilization of in arrangement of innovation in exchange process. The hypothetical term "ground-breaking" is utilized here to depict an answer that is non-unimportant. Imaginative budgetary arrangements may include another buyer type monetary instrument, for example, IRA and Keogh accounts; another security, for example, currency market favored stock; another procedure, for example, the rack enlistment process; or an innovative answer.
for a corporate money issue, for example, the plan of tweaked security courses of action for a task financing or an utilized buyout.

2. FUNCTIONS OF FINANCIAL INNOVATION
It is an act that is created and then which helps in promoting the new financial tools, technologies, market and institutions.

2.1 New procedure to improve proficiency
- Credit scoring has empowered increasingly successful screening however credit over development
- New conveyance channels – versatile financial Agency banking and such others.
- High Financial reengineering quency exchanging, higher effectiveness by arbitraging away value holes yet higher instability.

2.2 New Products to satisfy need
- New protections: Risk Diversification Vs Regulatory exchange
- Rain fall protection in creating nations

2.3 New money related Institutions to help new speculation needs and bring extra challenge
- Investment banks to help rail street extension
- Venture capital assets to help IT organizations
- Mobile installment administrations – versatile pe
- Internet banks have lower cost – security.

3. OVERVIEW OF INDIAN FINANCIAL WEALTH:-
India has become known as the fastest up warding and most important financial sources developing country in the world as per the Central Statistics Organisation and International Monetary Fund. The IBEF conducted an Economic Survey 2015-16, the Indian economy and the pecuniary scheme will maintain to develop more than Seven per cent in 2016-17vii.

The enhancement in India’s financial ground rules has hasten in the year 2015-16 with the collective impact of strong command modification, the central bank of India’s price rises spotlight supported by benevolent global product consequences. As per the Report of Consumer Confidence in the month of Apr-Jun 2016 quarter turned down to 128 from the high of 134 in the Jan-Mar 2016 quarter.

4. CONCEPT SYMPATHETIC:

4.1 Financial reengineering Meaning and Nature
The Researcher has defined the financial reengineering is distinguish as a essential transform of finances, cash flow, venture, compensation, examination of cost control, and financial planning which correspond changes with the Business process reengineeringvi. The term reengineering to mean a whole of fundamental and basic changes during the time spent monetary organization so as to accomplish a noteworthy advancement of its methodology toward wellsprings of corporate financing, adequacy of budgetary organization, and powerful renewal of every one of its assets during the existence time of businessvii.

4.2 Wings of Financial Reengineering
We could have two broad streams in financial reengineering
1. Restructuring within the organisation to achieve its goals
2. Development and deployment of structured products

4.2 Financial Reengineering Tools:
Source:-Author own compilation

5. SOVEREIGN GOLD BOND
The Government of India has come out with Sovereign gold bond scheme called ‘Sovereign Gold Bonds. While by issuing an earlier notice the India Government may, close the Scheme before the particular time period.

5.1 Listing of SGB:

Figure 1. Tranches of Gold Bonds

As mentioned, the first three tranches of gold bonds were listed on bourses of which the first tranche units started trading from 13th June 2016 onwards while the second and third tranches got listed and traded on 29th August 2016 onwards. Seeing the below details, the tranche 1 issue traded with notable premium in BSE and NSE with the daily average traded volume of 199 and 152 units. In the span of 9 months period, the tranche 1 SGB bonds have yielded returns close to 20%.

6. RISK AND RETURN

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These are the two words, around which the whole world of finance revolves
- Risk is defined as the ‘variance’ of the expected cash flows
- Return is the annualised % return on the investment

Table No. :-1
6.1 Reserve Bank of India – Sovereign Gold Bond Scheme:-

<table>
<thead>
<tr>
<th>Sl. No</th>
<th>Particulars</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Sovereign gold bond</td>
<td>Government Securities, Substitutes for physical gold</td>
</tr>
<tr>
<td>2</td>
<td>The issuer</td>
<td>RBI</td>
</tr>
<tr>
<td>3</td>
<td>The benefits</td>
<td>Investor pays is protected, as recorded with the books that are maintained by RBI</td>
</tr>
<tr>
<td>4</td>
<td>Risks in investment</td>
<td>The investors risk level is low comparatively handling of physical gold</td>
</tr>
<tr>
<td>5</td>
<td>Eligibility to investing</td>
<td>A person one who citizen of India as per report of Foreign Exchange Management Act.</td>
</tr>
<tr>
<td>6</td>
<td>Holding of Investment</td>
<td>The investor can add joint holder for their investment</td>
</tr>
<tr>
<td>7</td>
<td>Investment by Minor</td>
<td>The guardian can buy SGB behalf of Minor in case.</td>
</tr>
<tr>
<td>8</td>
<td>Application form for Investors</td>
<td>The application can be issued by banks/SHCIL offices/designated Post Offices/agents</td>
</tr>
<tr>
<td>9</td>
<td>Mini – Max Investment Pattern</td>
<td>The bond One gram – Mini and 500 gms for Maximum for investment</td>
</tr>
<tr>
<td>10</td>
<td>Return for Investor</td>
<td>If the investors invest in the Bonds, which bear interest rate of 2.75 per cent as return to the investors</td>
</tr>
<tr>
<td>11</td>
<td>The Agencies Role</td>
<td>The SGB are sold through the commercial institution / Banks</td>
</tr>
<tr>
<td>12</td>
<td>SGB Price</td>
<td>The Price of SGB will be fix with the previous week price trading.</td>
</tr>
<tr>
<td>13</td>
<td>Redemption</td>
<td>At the time of maturity, the emancipation proceeds will be the same to the established market value of grams of gold initially invested in Indian Rupees.</td>
</tr>
<tr>
<td>14</td>
<td>Interest</td>
<td>As per Income Tax, the interest will be paid to Organisational Income Tax.</td>
</tr>
<tr>
<td>15</td>
<td>Capital gain</td>
<td>Its fully exempted if an individual invest in SGB</td>
</tr>
<tr>
<td>16</td>
<td>Demat form</td>
<td>The bonds can be held in demat account</td>
</tr>
</tbody>
</table>


Table No. :-2
6.2 Difference between Sovereign Gold Bond and Physical Gold:

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Sovereign Bonds</th>
<th>Gold Physical Bonds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sovereign guarantee</td>
<td>YES</td>
<td>NA</td>
</tr>
<tr>
<td>Interest on the Investment</td>
<td>YES</td>
<td>NO</td>
</tr>
<tr>
<td>Capital Appreciation / Depreciation</td>
<td>YES</td>
<td>YES</td>
</tr>
<tr>
<td>Annual fund management Fees</td>
<td>NO</td>
<td>NO</td>
</tr>
<tr>
<td>Brokers Charge on Buying</td>
<td>NO</td>
<td>NO</td>
</tr>
<tr>
<td>Exit / redemption option</td>
<td>Only from 5th Year</td>
<td>Any time exit</td>
</tr>
<tr>
<td>Tradability</td>
<td>YES</td>
<td>YES</td>
</tr>
<tr>
<td>Liquidity</td>
<td>Limited</td>
<td>Highly liquid</td>
</tr>
<tr>
<td>Storage / Insurance Charges</td>
<td>NO</td>
<td>YES</td>
</tr>
<tr>
<td>Quality Check required</td>
<td>NO</td>
<td>YES</td>
</tr>
</tbody>
</table>


6.3 Characteristics of SGB
Sovereign Gold Bonds are attainment to a large extent consideration because of extra interest of 2% to 3% per year on the basis of investment. SGB will not only provide the capital appreciation also be given to the investor in form of bond for their investment in Gold. Included advantage of putting resources into2 SGB is financial specialists don't stress over extra expense on exchanging for example no financier, commission not need to pay and furthermore no cost proportion. Hence the above mentioned expense of distribution and task is taken care by the Government.

The huge features of Sovereign Gold Bond are compelling fewer than two heads Capital Gains and Income from Other Sources.
1. Capital Gain expense is subdivided in two sub heads.
   - Short-term capital addition will be extract at chunk rate and
   - Long-term capital for a long time – Its 20% with Indexation and Its 10% without Indexation
2. The intrigue salary of Sovereign Gold Bond will be saddled at related section assessment rate under the pay from different sources.

REVIEW OF LITERATURE:-
Hammer and Champy (1993), instigator of the impression of reengineering, portray reengineering as the fundamental reexamining and focal improve of business systems to achieve shocking upgrades in essential contemporary present day extents of execution, for instance, cost, quality, organization, and speed.
TH. Devanport (1994), separated that fuses the representation devices that are utilized in the new work, where development is implied as a certifiable practice, and the execution of the alteration in the whole of its complex mechanical, human and authoritative levels. Hale et al (1994), specialists explore a few instances of the execution of real modification that occur in the open segment in the countries like Canada and USA. Hamscher (1994), the researcher concludes that the business seen as an amount of preparation that responds to customer requirement by manufacturing, generating, delivering and billing the need services and goods. Hence the procedure vary among organization and individual, yet much of the time the procedures of associations bring out were never suggestively gathered, but instead happened in respond to the market circumstance. Business process reengineering is a nonexclusive term that comprises of a few distinct perspectives while in transit to accomplish the obstruction in changes by an association.

Mechling (1994), Reengineering as both a move towards and an idea of revolutionize. But the researcher explained that it has an industrial phase. The researcher highlights that reengineering is a most important, express as revolutionize originated on in sequence of knowledge.

Buzacotta (1995), the process of reengineering is an essential transformation of system in an organisation. It has been eliminating the perception of resistance to change in the structure and the importance. The researcher includes the neglect of systems that relate the span of control and distribution of management.

O'Neill and Sohal (1996), argued that the motivation behind this paper is to help demystify the disarray on Business Process Reengineering (BPR). This is accomplished through an audit of the writing covering the period from the late 1980s to 1998. Articles distributed in the main business diaries and the more mainstream business magazines were incorporated into the audit, just as books distributed on the point. The paper initially talks about the requirement for reengineering and after that audits the writing under the accompanying headings: meaning of BPR, BPR apparatuses and methods, BPR and TOM conjunction, understanding authoritative procedures, the reengineering challenge, and hierarchical overhaul utilizing BPR. The audit demonstrates that impressive perplexity exists as to precisely what comprises BPR. Creators place diverse accentuation on the meaning of BPR and the numerous results conceivable with BPR. The paper finishes up with recommendations for future research identifying with BPR.

Chan and Chung (1997), the specialist credited the high disappointment rate of BPR to a disappointment of associations to join BPR into their vision and vital targets. Lillranka (1998), it is alluded as reengineering emerges from the progressions that happens in the authoritative and information technologies. Hence in the research study researcher has categorized into three fields of conceptual creation. For the development further opportunity in business the points stated in the research is value perceived by the customer and cost savings.

Hindle (2009), the researcher found that reengineering is a process or system for primary communal alteration which starts with the examination of essential processes that are required business, such as evaluation, changes and continuous assembling into an innovation for effective organisation structure. This is an established processes requires changes into organisational structure like flat and tall hence these structural changes resulting in an effective vertical structure.

7. RESEARCH GAP
The study has focused on several reviews on Financial Reengineering. Many researchers have explored various dimensions of reengineering of business process but there is a very narrow focus on Government schemes. So, the researcher has identified sovereign gold bond scheme and its impact on the Indian Economy as a research gap.

8. CONCEPTUAL FRAME WORK

Source:-Author own compilation

9. OBJECTIVES OF THE STUDY:
The research objective investigates the relationships between financial reengineering and sovereign gold bond Scheme.
A) To understand concept of Financial Reengineering.
B) To understand Government securities and hurdle of Sovereign Gold Bond.
C) To understand the difference between risks associated with handling of Physical gold and sovereign gold bond.
D) To measure the performance of different features and tranche of SGB traded in the National Stock Exchange up to Feb – 2017.

10. RESEARCH METHODOLOGY
This study analytical and exploratory in nature. Eleven companies have been chosen for the study from BSE listed companies. For the present research, secondary data has been collected gathered from journals, reports, economic reviews and websites in order to anayse the gold ETF’s sales level. Descriptive statistics and Boxplots are used to understand the nature of data. It attempts to identify the different pattern among the gold ETF companies’ sales. The time series analysis is executed to understand the future directions of the sales of Gold ETF. The difference among the Gold ETF sales level of all the companies are tested using ANOVA.

10.1. Exploratory Descriptive Analysis (EDA)
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>UTI Mutual Fund</td>
<td>692243.99</td>
<td>4827859.</td>
<td>455666.5</td>
<td>1399298.92</td>
<td>1013379.34</td>
<td>724682.67</td>
<td>547805.97</td>
<td>545801.06</td>
<td>512486.55</td>
<td>1347743.97</td>
<td>1303120</td>
<td>5.87</td>
<td>.00</td>
</tr>
<tr>
<td>SBI Mutual Fund</td>
<td>4504134.89</td>
<td>11654665.63</td>
<td>9534972.2</td>
<td>957689.11</td>
<td>5131521.5</td>
<td>3558083.4</td>
<td>3269619.5</td>
<td>2900728.9</td>
<td>3137289.4</td>
<td>759030.7</td>
<td>1533124</td>
<td>.00</td>
<td></td>
</tr>
<tr>
<td>ICICI Mutual Fund</td>
<td>1493998.5</td>
<td>1307975.</td>
<td>1951474.4</td>
<td>1028767.2</td>
<td>1872953.7</td>
<td>1345275.6</td>
<td>1035468.</td>
<td>1043699.7</td>
<td>3137289.4</td>
<td>6018467.0</td>
<td>3342578</td>
<td>.00</td>
<td></td>
</tr>
<tr>
<td>HDFC Mutual Fund</td>
<td>5301631.1</td>
<td>1307975.4</td>
<td>1951474.4</td>
<td>1277936.5</td>
<td>1872953.7</td>
<td>1345275.6</td>
<td>1035468.</td>
<td>1043699.7</td>
<td>3137289.4</td>
<td>6018467.0</td>
<td>3342578</td>
<td>.00</td>
<td></td>
</tr>
<tr>
<td>Birla Sunlife</td>
<td>0.00</td>
<td>5301631.1</td>
<td>1951474.4</td>
<td>1277936.5</td>
<td>1872953.7</td>
<td>1345275.6</td>
<td>1035468.</td>
<td>1043699.7</td>
<td>3137289.4</td>
<td>6018467.0</td>
<td>3342578</td>
<td>.00</td>
<td></td>
</tr>
</tbody>
</table>

Table 10.1 Table shows the summary of descriptive analysis.
The summary table shows the yearly sales of each company. The average sales of each company for nine years are taken along with the standard deviation. Reliance and SBI are the companies which show the good level of average sales comparatively with other companies. HDFC shows a lesser sales average. Anova results show a significance difference. That denotes the goldbonds sales are different from company to company on the sales basis. UTI differs from the other segment of sales. SBI shows a same level of differences. Even though the companies are dealing with the same product, their level of sales are differing on. The brand loyalty and the strategies differ from company to company. The limited companies in the sales of Gold ETF don't engage in high competitive market.

Histogram shows the frequency of level of sales on gold bonds. Minimum sales level of frequency among companies are 5 crores and maximum is 125 crores. It is also depicted from the histogram that 50 crore, 75 crore and 125 crores are the level of sales repeated by the companies.

11. DISCUSSION AND SUGGESTIONS:
The Government of India has introduced various efforts for raising money from the Indian investors by allocating of gold bonds, where the Indian government introduced its sixth tranche of Sovereign Gold Bonds (SGBs). The attractive offers institutionalised to the investors in the sixth Tranche. So the number of trades and the values of trading have been greater than before. From the features of Sixth Tranche the investors actively involved for purchasing of SGB – scheme in the market. The world perception about the culture which couldn’t accept the immediate changes in their lives. An Indian people very much interested in cultural standing. So, the SGB is accepted by some people as per expert says. But from this conceptual study the SGB needs to focus on high return on investment and safety.

CONCLUSION:
Budgetary building incorporates the association of around procedure that is arrangement of whole procedure into creative likewise it wipes out the hands-offs circumstance emerges in an association. The budgetary reengineering additionally serves for item and administration openings as Indian Government declaration of monetary plans of interest in the Sovereign Gold Bond Scheme. Hence this is the area where the space can opens for the correlation of monetary reengineering with other area of an examination of speculation building. Sovereign assurance both on the capital contributed and the intrigue additionally kills the hazard. So these bonds
can be used as insurance for advances, which can be utilised for exchange on trades activities which allow the early exits for financial specialist who may so want. Typically the way of life likewise needs to change; the Gold has been seen by Indian individuals in a venture way. The prerequisite of physical gold builds the swelling. So the Government has been presented such a decent plan which has some effect in the economy of India. The achievement of SGB lead to the capital addition expense emerging on recovery of SGB to an individual has been exempted.

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