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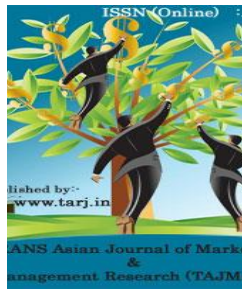
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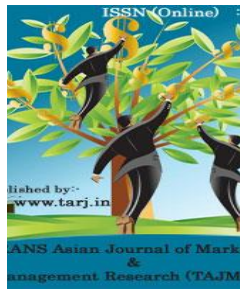
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## **COST ANALYSIS AND MANAGEMENT SYSTEM IN CYCLE INDUSTRY IN INDIA: A CASE STUDY**

**Sakshi Vij\***

### **ABSTRACT**

*The concept of cost analysis and management system has gained much significance due to the expansion and growth of cycle industry, increased competition and increase in the information needs of the users. Cost and expenses are different but relative terms. Where 'cost' includes the cost of material and labour in addition to expenses, the term 'expenses' is widely applied in financial accounts for various types of historical cost. In cost accounting, it is used for costs other than cost of raw material and wages. On making purchases of raw materials, financial accounts keep records of purchases and creditors meticulously but do not keep records of raw materials. The cost accounts keep additional detailed records in respect of each material showing receipts, issues and balance in terms of quantity and value. Thus, detailed records of utilisation in respect of all inputs of material, labour and other services are maintained in the cost department so as to determine cost of sales of each product/job and when the same is compared with the sales, the profit or loss for each product/job is arrived at (as against the total profit revealed by the financial accounts). To supplement data contained in the annual reports, personal discussions were also held with the officials of the cycle companies mainly to go deeper in the study and also to clarify certain points which emerged out of the study. In the present study, an effort has been made to review the analysis of cost analysis and management system of cycle industry in India for this purpose, Atlas Cycle Limited and Hero Cycle Limited has been selected. The period covered for detailed study extends from 2011-12 to 2014-15. The data for the study have been obtained from the Annual Reports of the Cycle Companies. In this paper I have discussed about the Cost Analysis and Management System in Cycle Industry in India.*

**KEYWORDS:** GAAP, cost analysis, cost management, historical cost, environmental cost.

### **INTRODUCTION**

Cost analysis is currently a somewhat controversial set of methods in program evaluation. One reason for the controversy is that these terms cover a wide range of methods, but are often used interchangeably. At the most basic level, cost allocation is simply part of good program budgeting and accounting practices, which allow managers to determine the true cost of

providing a given unit of service. At the most ambitious level, well-publicized cost-benefit studies of early intervention programs have claimed to show substantial long-term social gains for participants and cost savings for the public. Since, these studies have been widely cited and credited with convincing legislators to increase their support for early childhood programs, some practitioners advocate making more use of cost-benefit analysis in evaluating social programs. Others have cautioned that good cost-benefit or cost-effectiveness studies are multifaceted, require very sophisticated technical skills and training in methodology and in principles of economics, and should not be undertaken lightly. It is a good idea for programme evaluators to have some understanding of the concepts involved, because the cost and effort involved in producing change is a concern in most impact evaluations.

- The term 'Cost Management' has not been defined as such. However it can be said that cost management identifies, collects, measures, classifies and reports information that is useful to managers and other internal users in cost ascertainment, planning, controlling and decision making. Cost management aims to produce and provide information to internal users and personnel working in the organization.
- Effective management of cost makes an organization more strong, more stable and helps in improving the potentials of a business. The organization calls for a system that would monitor the full economic impact of the business, on resource acquisition and consumption. This provides supplying of information to the top management for exploring various alternatives by which cost effectiveness can be improved. Cost management also helps in optimizing resources which will improve overall efficiency of the organization and help the firm to achieve its objectives.
- The accounting information system within an organization has two major subsystems: a financial accounting system and a cost management accounting system. One of the major differences between the two systems is the targeted user. Financial accounting is devoted to providing information for external users, including investors, creditors (e.g., banks and suppliers), and government agencies.
- These external users find the information helpful in making decisions to buy or sell shares of stock, buy bonds, issue loans and regulatory acts, and in making other financial decisions. Because the information needs of this group of external users are so diverse and the information must be so highly reliable, the financial accounting system is designed in accordance with clearly defined accounting rules and formats, or generally accepted accounting principles (GAAP).
- Cost management produces information for internal users. Specifically, cost management identifies, collects, measures, classifies, and reports information that is useful to managers for determining the cost of products, customers, and suppliers, and other relevant objects and for planning, controlling, making continuous improvements, and decision making.
- Cost management has a much broader focus than that found in traditional costing systems. It is not only concerned with how much something costs but also with the factors that drive costs, such as cycle time, quality, and process productivity. Thus, cost management requires a deep understanding of a firm's cost structure. Managers must be able to determine the long- and short-run costs of activities and processes as well as the costs of goods, services,

customers, suppliers, and other objects of interest. Causes of these costs are also carefully studied.

- The costs of activities and processes do not appear on the financial statements. Yet, knowing these costs and their underlying causes is critical for companies engaging in such tasks as continuous improvement, total quality management, environmental cost management, productivity enhancement, and strategic cost management.
- Cost management encompasses both the cost accounting and the management accounting information systems. Cost accounting attempts to satisfy costing objectives for both financial and management accounting. When cost accounting is used to comply with a financial accounting objective, it measures and assigns costs in accordance with GAAP.
- When used for internal purposes, cost accounting provides cost information about products, customers, services, projects, activities, processes, and other details that may be of interest to management. The cost information provided plays an important support role for planning, controlling, and decision making. This information need not, and often should not, follow GAAP.

### **THE PRESENT STUDY**

The present study is based on the cycle industry in India. The cost of cycle industry increases in last year's due to this reason, a study of cost analysis and management in this field was required to know the actual financial situations of cycle industry in India.

### **OBJECTIVES OF THE STUDY**

Followings are the main objectives of the study:

- To study the cost components of the cycle industry in India.
- To study the financial performance of the cycle industry in India.
- To identify the major factors of cost increments of cycle industry in India
- To find out the proper cost ratio for financial growth.
- To find out the proper cost programme for the growth of the cycle industry.

### **HYPOTHESIS OF THE STUDY**

The main hypothesis of the study is as follows:

**H<sub>0</sub>1** : There is no proper cost allocation in the selected cycle companies in India.

**H<sub>0</sub>2** : There is no proper cost management system in the selected cycle companies in India.

### **METHODOLOGY OF THE STUDY**

Research methodology means those techniques, which are applied in discovering certain new facts. It would be appropriate to mention here that research projects are not susceptible to any one complete and in flexible sequence of steps and the type of problem to be studied determines the particular steps to be taken and their order too. This study is primarily to be based on the secondary data have been collected from various sources e.g. books, articles & papers published covering various aspects of the topic, annual reports and other published material available for public use by the companies selected for the study. The data and information collected from

various sources will require classification, tabulation, analysis and interpretation and then the result of the research will be issued to test hypothesis in qualitative and quantitative terms.

### SCOPE OF THE STUDY

The present study will cover a period of five years i.e. the financial years from 2010 -11 to 2014-15. The primary purpose of the present study has been to obtain a deep insight into and full familiarity with the cost analysis and cost management in cycle companies in India. The changes that have taken place in during the study.

This study is an attempt to bring into focus the role and contribution of the selected cycle companies in India to investors and to society. It is always necessary to confine the research work to a certain area so that detailed and intensive study can be carried out. Keeping this in view, the proposed study seeks to cover the following selected cycle companies in India.

- Atlas Cycle Limited
- Hero Cycle Limited

### COST MANAGEMENT IN CYCLE INDUSTRY

There are mainly six sources of cost in cycle industry regarding cost management, which are as under:

- Raw Materials
- Power and Fuel
- Employee Cost
- Other manufacturing expenses
- Selling and distribution expenses, and
- Total Cost

Both the two companies are showing details of above six types of cost or expenses in their annual reports and accounts. All the six types of costs during the study period is shown in table 1 to 16 for both the two companies under study.

### ANALYSIS OF RAW MATERIALS OF ATLAS CYCLE LIMITED

The analysis of raw materials of Atlas Cycle Limited is shows in the following table 1.

**TABLE: 1 RAW MATERIAL COST AND INDEX NUMBER OF ATLAS CYCLE LIMITED FROM 2010-11 TO 2014-15**

| Years       | Raw Materials (Rs. In Crores) | Index No 2011-12 = 100 |
|-------------|-------------------------------|------------------------|
| 2010-11     | 525.75                        | 100.00                 |
| 2011-12     | 639.44                        | 121.62                 |
| 2012-13     | 713.98                        | 135.80                 |
| 2013-14     | 542.92                        | 103.27                 |
| 2014-15     | 543.06                        | 103.29                 |
| Maximum     | 713.98                        |                        |
| Minimum     | 525.75                        |                        |
| Range = H-L | 188.23                        |                        |

It is clear from the above table that the raw material amount was Rs. 525.75 crores in 2011-12 which increased to Rs. 639.44 crores in 2011-12. Thereafter it increased to Rs. 713.98 crores in 2012-13 and after this year it firstly decrease to Rs. 542.92 crores and then increased to Rs. 543.06 crores in 2013-14 and 2014-15. Maximum cost of raw materials was Rs. 713.98 crores and minimum cost of raw material was Rs. 525.75 crores. The overall range is 188.23 during the period of study. Overall, the trend was fluctuating.

On the other hand, the index number of raw material was 100 in 2011-12 which increased to 121.62 in 2011-12. Thereafter it increased to 135.80 in 2012-13 and after this year it firstly decrease to 103.27 and then increased to 103.29 in 2013-14 and 2014-15. Overall, the trend was fluctuating during the period of study.

### **ANALYSIS OF POWER AND FUEL COST OF ATLAS CYCLE LIMITED**

The analysis of power and fuel cost of Atlas Cycle Limited is shows in the following **table 2**.

**TABLE: 2 POWER AND FUEL COST AND INDEX NUMBER OF ATLAS CYCLE LIMITED FROM 2010-11 TO 2014-15**

| <b>Years</b>       | <b>Power &amp; Fuel Cost (Rs. In Crores)</b> | <b>Index No 2010-11 = 100</b> |
|--------------------|--|-------------------------------|
| <b>2010-11</b>     | 7.58   | 100.00                        |
| <b>2011-12</b>     | 8.64   | 113.98                        |
| <b>2012-13</b>     | 9.12   | 120.32                        |
| <b>2013-14</b>     | 8.08   | 106.60                        |
| <b>2014-15</b>     | 9.93   | 131.00                        |
| <b>Maximum</b>     | 9.93   |                               |
| <b>Minimum</b>     | 7.58   |                               |
| <b>Range = H-L</b> | 2.35   |                               |

The amount of power and fuel cost in year 2011-12 was Rs. 7.58 crores and then it slightly increased to Rs. 8.64 crores in 2011-12, after that it again increased to Rs. 9.12 crores and then decreased to Rs. 8.08 crores and then finally increased to Rs. 9.93 crores in year 2014-15. Maximum amount of power and fuel cost was Rs. 9.93 crores, minimum amount of power and fuel cost was Rs. 7.58 crores. The overall range is 2.35 during the period of study. Overall, the trend was fluctuating.

And the index number in 2011-12 was 100 which then increased to 113.98 in 2011-12 again increased to 120.32 after that it firstly decreased to 106.60 and then increased to 131.00. Overall, the trend was fluctuating.

### **ANALYSIS OF EMPLOYEES COST OF ATLAS CYCLE LIMITED:**

The analysis of employees cost of Atlas Cycle Limited is shows in table 3.

**TABLE: 3 EMPLOYEES COST AND INDEX NUMBER OF ATLAS CYCLE LIMITED FROM 2010-11 TO 2014-15**

| <b>Years</b>   | <b>Employee Cost</b> | <b>Index No 2010-11 = 100</b> |
|----------------|----------------------|-------------------------------|
| <b>2010-11</b> | 33.93                | 100.00                        |
| <b>2011-12</b> | 39.55                | 116.56                        |
| <b>2012-13</b> | 43.62                | 128.56                        |
| <b>2013-14</b> | 41.47                | 122.22                        |



|                    |       |        |
|--------------------|-------|--------|
| <b>2014-15</b>     | 40.22 | 118.54 |
| <b>Maximum</b>     | 43.62 |        |
| <b>Minimum</b>     | 33.93 |        |
| <b>Range = H-L</b> | 9.69  |        |

In Atlas Cycle Limited the amount of employee cost was Rs. 33.93 crores which increased to Rs. 39.55 crores in 2011-12 and then again an increment was shown to Rs. 43.62 crores in 2012-13 and after this it continues decreasing to Rs. 41.47 crores and Rs. 40.22 crores in 2013-14 and 2014-15. The maximum amount of employee cost was Rs. 43.62 crores and minimum amount of employee cost was Rs. 33.93 crores and the overall range is 9.69 during the period of study. Overall, the trend was fluctuating.

The index number of this cost was 100 in 2011-12 which increased to 116.56 in 2011-12, then again increased to 128.56 in 2012-13 and after that it continues decreasing to 122.22 and 118.54 in 2013-14 and 2014-15. Overall, the trend was fluctuating.

#### **ANALYSIS OF OTHER MANUFACTURING EXPENSES OF ATLAS CYCLE LIMITED:**

The analysis of other manufacturing expenses of Atlas Cycle Limited is shows in table 4.

**TABLE: 4 OTHER MANUFACTURING EXPENSES AND INDEX NUMBER OF ATLAS CYCLE LIMITED FROM 2010-11 TO 2014-15**

| <b>Years</b>       | <b>Other Manufacturing Expenses</b> | <b>Index No 2010-11 = 100</b> |
|--------------------|-------------------------------------|-------------------------------|
| <b>2010-11</b>     | 3.70                                | 100.00                        |
| <b>2011-12</b>     | 2.41                                | 65.14                         |
| <b>2012-13</b>     | 23.73                               | 641.35                        |
| <b>2013-14</b>     | 10.02                               | 270.81                        |
| <b>2014-15</b>     | 10.40                               | 281.08                        |
| <b>Maximum</b>     | 23.73                               |                               |
| <b>Minimum</b>     | 2.41                                |                               |
| <b>Range = H-L</b> | 21.32                               |                               |

The other manufacturing cost of this company was Rs. 3.70 crores in initial year of study 2011-12 which decreased to Rs. 2.41 crores in 2011-12, then instantly increased to Rs. 23.73 crores in 2012-13 and after that retains its normal pace by decreasing to Rs. 10.02 crores in 2013-14 and slightly increase to Rs. 10.40 crores in 2014-15. The maximum amount of manufacturing cost was Rs. 23.73 crores, minimum amount was Rs. 2.41 crores and the overall range is 21.32 during the period of study. Overall, the trend was fluctuating. Index number of this cost was 100 in 2011-12 then decreased to 65.14 and then increased to 641.35 in 2012-13 after that it firstly decreased to 270.81 and then increased to 281.08 in 2013-14 and 2014-15. Overall, the trend was fluctuating.

#### **ANALYSIS OF SELLING AND ADMINISTRATION EXPENSES OF ATLAS CYCLE LIMITED**

The analysis of selling and administration expenses of Atlas Cycle Limited is shows in **table 5**.

**TABLE: 5 SELLING AND ADMINISTRATION EXPENSES AND INDEX NUMBER OF ATLAS CYCLE LIMITED FROM 2010-11 TO 2014-15**

| Years       | Selling and Admin Expenses | Index No 2010-11 = 100 |
|-------------|----------------------------|------------------------|
| 2010-11     | 65.25                      | 100.00                 |
| 2011-12     | 71.37                      | 109.38                 |
| 2012-13     | 88.26                      | 135.26                 |
| 2013-14     | 89.15                      | 136.63                 |
| 2014-15     | 91.25                      | 139.85                 |
| Maximum     | 91.25                      |                        |
| Minimum     | 65.25                      |                        |
| Range = H-L | 26.00                      |                        |

The amount of selling and administration expenses cost in 2011-12 was Rs. 65.25 crores which then keep on increasing to Rs. 71.37 crores in 2011-12, Rs. 88.26 crores in 2012-13, Rs. 89.15 crores in 2013-14 and Rs. 91.25 crores in 2014-15. Maximum and minimum amount of selling and administration expenses was Rs. 91.25 crores and Rs. 65.25 crores and the overall range during the period of study is 26.00. Overall, the trend was increasing.

Index number is measured to 100 was 2011-12 then after that it kept on increasing to 109.38 in 2011-12, 135.26 in 2012-13, 136.63 in 2013-14 and 139.85 in 2014-15. Overall, the trend was increasing.

#### **ANALYSIS OF MISCELLANEOUS EXPENSES OF ATLAS CYCLE LIMITED**

The analysis of miscellaneous expenses of Atlas Cycle Limited is shows in table 6.

**TABLE: 6 MISCELLANEOUS EXPENSES AND INDEX NUMBER OF ATLAS CYCLE LIMITED FROM 2010-11 TO 2014-15**

| Years       | Miscellaneous Expenses | Index No 2010-11 = 100 |
|-------------|------------------------|------------------------|
| 2010-11     | 15.25                  | 100.00                 |
| 2011-12     | 16.27                  | 106.69                 |
| 2012-13     | 19.25                  | 126.23                 |
| 2013-14     | 19.88                  | 130.36                 |
| 2014-15     | 25.26                  | 165.64                 |
| Maximum     | 25.26                  |                        |
| Minimum     | 15.25                  |                        |
| Range = H-L | 10.01                  |                        |

The miscellaneous expenses cost in Atlas cycle limited was Rs. 15.25 crores in 2011-12, it increased to Rs. 16.27 crores in 2011-12 and again kept on increasing to Rs. 19.25 crores in 2012-13, Rs. 19.88 crores in 2013-14 and Rs. 25.26 crores in 2014-15. The maximum amount of miscellaneous expenses cost was Rs. 25.26 crores and minimum cost was Rs. 15.25 crores. The overall range is 10.01 during the period of study. Overall, the trend was increasing. On the other hand, index number of miscellaneous cost was 100 in 2011-12 and after this year it was marked increasing to 106.69 in 2011-12, 126.23 in 2012-13, 130.36 in 2013-14 and 165.64 in 2014-15. Overall, the trend was increasing in this company during the period of study.

**ANALYSIS OF OTHER TOTAL EXPENSES OF ATLAS CYCLE LIMITED:**

The analysis of total expenses of Atlas Cycle Limited is shown in table: 7

**TABLE: 7 TOTAL EXPENSES AND INDEX NUMBER OF ATLAS CYCLE LIMITED  
FROM 2010-11 TO 2014-15**

| Years       | Total Expenses | Index No 2010-11 = 100 |
|-------------|----------------|------------------------|
| 2010-11     | 651.46         | 100.00                 |
| 2011-12     | 777.68         | 119.37                 |
| 2012-13     | 897.96         | 137.84                 |
| 2013-14     | 711.52         | 109.22                 |
| 2014-15     | 720.12         | 110.54                 |
| Maximum     | 897.96         |                        |
| Minimum     | 651.46         |                        |
| Range = H-L | 246.50         |                        |

In the above table the total expenses cost was Rs. 651.46 crores in 2010-11 and after this it increased to Rs. 777.68 crores in 2011-12 and Rs. 897.96 crores in 2012-13. And decreased to Rs. 711.52 crores in 2013-14 again increased to Rs. 720.12 crores in 2014-15. The maximum amount of total expenses was Rs. 897.96 crores, minimum amount of total expenses was Rs. 651.46 crores and the overall range is 246.50 during the period of study. Overall, the trend was fluctuating.

The index number of this cost was 100 in 2010-11 then it increased to 119.37 in 2011-12 and 137.84 in 2012-13. Then decreased to 109.22 in 2013-14 and then again increased to 110.54 in 2014-15. Overall, the trend was fluctuating.

**ANALYSIS OF HERO CYCLES LIMITED**

The cost analysis of Hero Cycle limited is explained as follows:

**ANALYSIS OF RAW MATERIALS COST OF HERO CYCLE LIMITED**

The analysis of raw materials cost of Hero Cycle Limited is shown in table 8 :

**TABLE: 8 RAW MATERIALS COST AND INDEX NUMBER OF HERO CYCLE  
LIMITED FROM 2010-11 TO 2014-15**

| Years       | Raw Materials | Index No 2010-11 = 100 |
|-------------|---------------|------------------------|
| 2010-11     | 10822.99      | 100.00                 |
| 2011-12     | 14236.45      | 131.54                 |
| 2012-13     | 17485.65      | 161.56                 |
| 2013-14     | 17470.73      | 161.42                 |
| 2014-15     | 18320.46      | 169.27                 |
| Maximum     | 18320.46      |                        |
| Minimum     | 10822.99      |                        |
| Range = H-L | 7497.47       |                        |

In Hero cycles the raw material cost for the year 2010-11 was Rs. 10822.99 crores which then increased to Rs. 14236.45 crores in 2011-12 and Rs. 17485.65 crores in 2012-13. Then it slightly

decreased to Rs. 17470.73 crores in 2013-14 and then at last it increased to Rs. 18320.46 crores in 2014-15. Maximum amount of raw material cost was Rs. 18320.46 crores, minimum amount of raw materials cost was Rs. 10822.99 crores and the overall range is 7497.47 during the period of study. Overall, the trend was fluctuating. Index number of raw material cost was 100 in 2011-12 then increased to 131.54 in 2011-12 and 161.56 in 2012-13 then slightly decreased to 161.42 in 2013-14 and then finally increased to 169.27 in 2014-15. Overall, the trend was fluctuating.

#### **ANALYSIS OF POWER AND FUEL COST OF HERO CYCLE LIMITED:**

The analysis of power and fuel cost of Hero Cycle Limited is shows in table 9:

**TABLE: 9 POWER AND FUEL COST AND INDEX NUMBER OF HERO CYCLE LIMITED FROM 2010-11 TO 2014-15**

| <b>Years</b>       | <b>Power &amp; Fuel Cost</b> | <b>Index No 2010-11 = 100</b> |
|--------------------|------------------------------|-------------------------------|
| <b>2010-11</b>     | 181.10                       | 100.00                        |
| <b>2011-12</b>     | 100.47                       | 55.48                         |
| <b>2012-13</b>     | 112.66                       | 62.21                         |
| <b>2013-14</b>     | 129.18                       | 71.33                         |
| <b>2014-15</b>     | 137.46                       | 75.90                         |
| <b>Maximum</b>     | 181.10                       |                               |
| <b>Minimum</b>     | 100.47                       |                               |
| <b>Range = H-L</b> | 80.63                        |                               |

The power and fuel cost was Rs. 181.10 crores in 2011-12 which then firstly decreased to Rs. 100.47 crores in 2011-12 and then continues increasing to Rs. 112.66 crores in 2012-13, Rs. 129.18 crores in 2013-14 and Rs. 137.46 crores in 2014-15. The maximum amount of power and fuel cost was Rs. 181.10 crores, minimum amount was Rs. 100.47 crores and forming a range of 80.63. Overall, the trend was fluctuating. And the index number of power and fuel cost was 100 in 2011-12 which then decreased to 55.48 and then continues increasing to 62.21 in 2011-12, 71.33 in 2013-14 and 75.90 in 2014-15. Overall, the trend was fluctuating.

#### **ANALYSIS OF OTHER EMPLOYEE COST OF HERO CYCLE LIMITED:**

The analysis of employee cost of Hero Cycle Limited is shows in table 10

**TABLE: 10 EMPLOYEE COST AND INDEX NUMBER OF HERO CYCLE LIMITED FROM 2010-11 TO 2014-15**

| <b>Years</b>       | <b>Employee Cost</b> | <b>Index No 2010-11 = 100</b> |
|--------------------|----------------------|-------------------------------|
| <b>2010-11</b>     | 560.32               | 100.00                        |
| <b>2011-12</b>     | 618.95               | 110.46                        |
| <b>2012-13</b>     | 735.52               | 131.27                        |
| <b>2013-14</b>     | 820.92               | 146.51                        |
| <b>2014-15</b>     | 930.04               | 165.98                        |
| <b>Maximum</b>     | 930.04               |                               |
| <b>Minimum</b>     | 560.32               |                               |
| <b>Range = H-L</b> | 369.72               |                               |



Employee cost of Hero cycles was Rs. 560.32 crores in 2011-12 and after this year it kept on increasing to Rs. 618.95 crores in 2011-12, Rs. 735.52 crores in 2012-13, Rs. 820.92 crores in 2013-14 and Rs. 930.04 crores in 2014-15. Maximum amount of employee cost was Rs. 930.04 crores; minimum amount was Rs. 560.32 crores and forming a range of 369.72. Overall, the trend was increasing.

And the index number of employee cost was 100 in 2011-12 and after this it continues increasing to 110.46 in 2011-12, 131.27 in 2012-13, 146.51 in 2013-14 and 165.98 in 2014-15. Overall, the trend was increasing.

#### **ANALYSIS OF OTHER MANUFACTURING EXPENSES OF HERO CYCLE LIMITED:**

The analysis of other manufacturing expenses of Hero Cycle Limited is shows in table 11:

**TABLE: 11 OTHER MANUFACTURING EXPENSES AND INDEX NUMBER OF HERO CYCLE LIMITED FROM 2010-11 TO 2014-15**

| Years              | Other Manufacturing Expenses | Index No 2010-11 = 100 |
|--------------------|------------------------------|------------------------|
| <b>2010-11</b>     | 454.36                       | 100.00                 |
| <b>2011-12</b>     | 409.89                       | 90.21                  |
| <b>2012-13</b>     | 51.62                        | 11.36                  |
| <b>2013-14</b>     | 105.33                       | 23.18                  |
| <b>2014-15</b>     | 257.94                       | 56.77                  |
| <b>Maximum</b>     | 454.36                       |                        |
| <b>Minimum</b>     | 51.62                        |                        |
| <b>Range = H-L</b> | 402.74                       |                        |

The other manufacturing expenses cost was Rs. 454.36 crores in 2011-12 which decreased to Rs. 409.89 crores in 2011-12 and then major decrease to Rs. 51.62 crores in 2012-13 and after this continues increasing to Rs. 105.33 crores and Rs. 257.94 crores in 2013-14 and 2014-15. Maximum amount of manufacturing expenses was Rs. 454.36 crores, minimum amount was Rs. 51.62 crores and range is 402.74. Overall, the trend was fluctuating.

The Index number of manufacturing expenses was 100 in 2011-12 which then decreased to 90.21 in 2011-12 and 11.36 in 2012-13 and after this it increased to 23.18 in 2013-14 and 56.77 in 2014-15. Overall, the trend was fluctuating.

#### **ANALYSIS OF SELLING AND ADMINISTRATION EXPENSES OF HERO CYCLE LIMITED:**

The analysis of selling and administration expenses of Hero Cycle Limited is shows in table 12 :

**TABLE: 12 SELLING AND ADMINISTRATION EXPENSES AND INDEX NUMBER OF HERO CYCLE LIMITED FROM 2010-11 TO 2014-15**

| Years          | Selling and Admin Expenses | Index No 2010-11 = 100 |
|----------------|----------------------------|------------------------|
| <b>2010-11</b> | 885.03                     | 100.00                 |
| <b>2011-12</b> | 1090.72                    | 123.24                 |
| <b>2012-13</b> | 1257.84                    | 142.12                 |
| <b>2013-14</b> | 1350.45                    | 152.59                 |
| <b>2014-15</b> | 1875.24                    | 211.88                 |

|                    |         |  |
|--------------------|---------|--|
| <b>Maximum</b>     | 1875.24 |  |
| <b>Minimum</b>     | 885.03  |  |
| <b>Range = H-L</b> | 990.21  |  |

It is clear from the above table that, the selling and administration expenses of Hero cycle was Rs. 885.03 crores in 2011-12 which increased to Rs. 1090.72 crores in 2011-12 and after this year it kept on increasing continuously to Rs. 1257.84 crores in 2012-13, Rs. 1350.45 crores in 2013-14 and Rs. 1875.24 crores in 2014-15. The maximum amount of cost was measured at Rs. 1875.24, minimum at Rs. 885.03 Rs. and range is 990.21. Overall, the trend was increasing.

On the other hand, the index number of selling and administration expenses ratio is 100 in 2011-12 which then increased to 123.24 in 2011-12 and after this also it kept in increasing simultaneously to 142.12 in 2012-13, 152.59 in 2013-14 and 211.88 in 2014-15. Overall, the trend was increasing.

#### **ANALYSIS OF OTHER MISCELLANEOUS EXPENSES OF HERO CYCLE LIMITED:**

The analysis of miscellaneous expenses of Hero Cycle Limited is shows in table 13:

**TABLE: 13 MISCELLANEOUS EXPENSES AND INDEX NUMBER OF HERO CYCLE LIMITED FROM 2010-11 TO 2014-15**

| <b>Years</b>       | <b>Miscellaneous Expenses</b> | <b>Index No 2010-11 = 100</b> |
|--------------------|-------------------------------|-------------------------------|
| <b>2010-11</b>     | 280.64                        | 100.00                        |
| <b>2011-12</b>     | 340.42                        | 121.30                        |
| <b>2012-13</b>     | 389.52                        | 138.80                        |
| <b>2013-14</b>     | 2025.33                       | 721.68                        |
| <b>2014-15</b>     | 2339.09                       | 833.48                        |
| <b>Maximum</b>     | 2339.09                       |                               |
| <b>Minimum</b>     | 280.64                        |                               |
| <b>Range = H-L</b> | 2058.45                       |                               |

From the above table it is clear that the miscellaneous expenses ratio of Hero cycles was Rs. 280.64 crores in 2011-12 which after that continues increasing to Rs. 340.42 crores 2011-12, Rs. 389.52 crores in 2012-13, Rs. 2025.33 crores in 2013-14 and Rs. 2339.09 crores in 2014-15. Maximum of miscellaneous expenses was Rs. 2339.09 crores, minimum was Rs. 280.64 crores and range is 2058.45. Overall, the trend was increasing. And the index number of this cost was 100 in 2011-12 and after this it continuous increasing to 121.30 in 2011-12, 138.80 in 2012-13, 721.68 in 2013-14 and 833.48 in 2014-15. Overall, the trend was increasing.

#### **ANALYSIS OF TOTAL EXPENSES OF HERO CYCLE LIMITED:**

The analysis of total expenses of Hero Cycle Limited is shows in **table 14:**

**TABLE: 14 TOTAL EXPENSES AND INDEX NUMBER OF HERO CYCLE LIMITED FROM 2010-11 TO 2014-15**

| <b>Years</b>   | <b>Total Expenses</b> | <b>Index No 2010-11 = 100</b> |
|----------------|-----------------------|-------------------------------|
| <b>2010-11</b> | 13184.44              | 100.00                        |
| <b>2011-12</b> | 16796.90              | 127.40                        |
| <b>2012-13</b> | 20032.81              | 151.94                        |
| <b>2013-14</b> | 21901.94              | 166.12                        |

|                    |          |        |
|--------------------|----------|--------|
| <b>2014-15</b>     | 23860.23 | 180.97 |
| <b>Maximum</b>     | 23860.23 |        |
| <b>Minimum</b>     | 13184.44 |        |
| <b>Range = H-L</b> | 10675.79 |        |

The amount of total expenses was Rs. 13184.44 crores in 2011-12 and after this the amount of this cost kept on increasing Rs. 16796.90 crores in 2011-12, Rs. 20032.81 crores in 2012-13, Rs. 21901.94 crores in 2013-14 and to Rs. 23860.23 crores in 2014-15. Maximum of total expenses was Rs. 23860.23 crores, minimum was Rs. 13184.44 crores and forming a range of 10675.79. Overall, the trend was increasing. Index number of total expense ratio was 100 in 2011-12 and then it continues increasing to 127.40 in 2011-12, 151.94 in 2012-13, 166.12 in 2013-14 and 180.97 in 2014-15. Overall, the trend was increasing.

### HYPOTHESIS TESTING:

With a view to test the significance of variation of this proportion in various companies, the 'F' test has been applied here. Following table shows analysis of variance of Comparative Analysis of Employee Cost in Atlas Cycle Limited and Hero Cycle Limited. It is shown in the following table:

#### ANNOVA TABLE

| Sources                        | Sum of Squares | D.F. | Mean Square | F            |
|--------------------------------|----------------|------|-------------|--------------|
| <b>Between Companies (SSC)</b> | 777.99         | 4    | 194.5       | <b>0.482</b> |
| <b>Within Companies(SSR)</b>   | 3605.36        | 2    | 1802.7      | <b>4.465</b> |
| <b>ERROR (SSE)</b>             | 3229.87        | 8    | 403.73      |              |

**F Ratio** 0.11

It is clear from the above table that the calculated value of F ratio is 0.11 is less than the table value i.e. 3.84 which shows that the Null Hypothesis is accepted i.e. there is no significant difference between the companies.

➤ **Index Number of Other Manufacturing Expenses of Companies under Study :** This index number of companies under study is shown in table 15 as follows :

**TABLE: 15 COMPARATIVE INDEX NUMBER OF SELECTED CYCLE COMPANIES UNDER STUDY FROM 2010-11 TO 2014-15**

| Years          | Atlas Cycle Limited | Hero Cycle Limited | Range  |
|----------------|---------------------|--------------------|--------|
| <b>2010-11</b> | 100.00              | 100.00(H)          | 0.00   |
| <b>2011-12</b> | 65.14(L)            | 90.21              | 25.07  |
| <b>2012-13</b> | 641.35(H)           | 11.36(L)           | 629.99 |
| <b>2013-14</b> | 270.81              | 23.18              | 247.63 |
| <b>2014-15</b> | 281.08              | 56.77              | 224.31 |
| <b>Range</b>   | 215.94              | 88.64              | 629.99 |

The index number of other manufacturing expenses in Atlas cycle limited was marked highest at 641.35 in 2012-13 and lowest at 65.14 in 2011-12 forming a range of 215.94. In Hero cycle limited, the index number was marked highest at 100 in 2011-12 and lowest at 11.36 in 2012-13

forming a range of 88.64. On the other hand, highest range in 2011-12 was marked 100 in all companies' as index number in 2011-12=100 forming a range of 0.00. In 2011-12 highest range was marked 90.21 in Hero cycle limited forming a range of 25.07. In 2012-13 highest range was marked at 641.35 in Atlas cycle limited forming a range of 629.99. In 2013-14 highest range was marked at 270.81 in Atlas cycle limited forming a range of 247.63. In 2014-15 the highest range was at 281.08 in Atlas cycle limited forming a range of 224.31. Overall, the range of other manufacturing expenses cost during the period of study was marked at 629.99.

It is, therefore, clear that the other manufacturing expenses are more in Hero Cycle Limited as compared to the Atlas Cycle Limited. This cost may be due to poor management policies and poor allocation of expenses in this company.

### HYPOTHESIS TESTING:

With a view to test the significance of variation of this proportion in various companies, the 'F' test has been applied here. Following table shows analysis of variance of Comparative Analysis of other manufacturing cost in Atlas Cycle Limited and Hero Cycle Limited. It is shown in the following table:

### ANNOVA TABLE

| Sources                       | Sum of Squares | D.F. | Mean Square | F           |
|-------------------------------|----------------|------|-------------|-------------|
| <b>Between Companies(SSC)</b> | 73,005.30      | 4.00 | 18,251.33   | <b>0.70</b> |
| <b>Within Companies(SSR)</b>  | 44,973.61      | 2.00 | 22,486.81   | <b>0.87</b> |
| <b>ERROR (SSE)</b>            | 2,07,400.00    | 8.00 | 25,925.00   |             |
| <b>F Ratio</b>                | 0.81           |      |             |             |

It is clear from the above table that the calculated value of F ratio is 0.81 is less than the table value i.e. 3.84 which shows that the Null Hypothesis is accepted i.e. there is no significant difference between the companies.

➤ **Index Number of Total Expenses Companies under Study :** This index number of companies under study is shown in table 16 as follows :

**TABLE: 16 COMPARATIVE INDEX NUMBER OF FROM 2010-11 TO 2014-15**

| Years          | Atlas Cycle Limited | Hero Cycle Limited | Range |
|----------------|---------------------|--------------------|-------|
| <b>2010-11</b> | 100.00(L)           | 100.00(L)          | 0.00  |
| <b>2011-12</b> | 119.37              | 127.40             | 25.11 |
| <b>2012-13</b> | 137.84(H)           | 151.94             | 32.45 |
| <b>2013-14</b> | 109.22              | 166.12             | 56.90 |
| <b>2014-15</b> | 110.54              | 180.97(H)          | 70.43 |
| <b>Range</b>   | 37.84               | 80.97              | 80.97 |

The index number of Total expenses in Atlas cycle limited was marked highest at 137.84 in 2012-13 and lowest at 100 in 2011-12 forming a range of 37.84. In Hero cycle limited, the index number was marked highest at 180.97 in 2014-15 and lowest at 100 in 2011-12 forming a range of 80.97.



On the other hand, highest range in 2011-12 was marked 100 in all companies' as index number in 2011-12=100 forming a range of 0.00. In 2011-12 highest range was marked 127.40 in Hero cycle limited forming a range of 25.11. In 2012-13 highest range was marked at 151.94 in Hero cycle limited forming a range of 32.45. In 2013-14 highest range was marked at 166.12 in Hero cycle limited forming a range of 56.90. In 2014-15 the highest range was at 180.97 in Hero cycle limited forming a range of 70.43. Overall, the range of total expenses during the period of study was marked at 80.97.

It is, therefore, clear that the miscellaneous expenses are more in Hero Cycle Limited as compared to the Atlas Cycle Limited. This is due to heavy market demand and several other market fluctuations.

### **HYPOTHESIS TESTING:**

With a view to test the significance of variation of this proportion in various companies, the 'F' test has been applied here. Following table shows analysis of variance of Comparative Analysis of total cost in Atlas Cycle Limited and Hero Cycle Limited. It is shown in the following table:

#### **ANNOVA TABLE**

| Sources                       | Sum of Squares | D.F. | Mean Square | F           |
|-------------------------------|----------------|------|-------------|-------------|
| <b>Between Companies(SSC)</b> | 3,458.58       | 4.00 | 864.65      | <b>0.01</b> |
| <b>Within Companies(SSR)</b>  | 2,972.45       | 2.00 | 1,486.23    | <b>0.01</b> |
| <b>ERROR (SSE)</b>            | 13,17,623.92   | 8.00 | 1,64,702.99 |             |

**F Ratio** 1.00

It is clear from the above table that the calculated value of F ratio is 1.00 is less than the table value i.e. 3.84 which shows that the Null Hypothesis is accepted i.e. there is no significant difference between the companies.

### **LIMITATIONS OF THE STUDY**

Following are the main limitations of the study:

- The study is based on the specific time period which may cause variation from the actual research.
- The study is based on only four selected cycle companies.
- The tools and technique used under the study may also considered as a limitations.

### **CONCLUSION:**

It is, therefore, clear from the above analysis that the Hero Cycle Limited is performing well as compared to the Atlas Cycle Limited. The companies must start a new cost reduction programme for reduction of cost. On the other hand, the overall cost of these companies is more in Atlas Cycle Limited. It is, therefore, suggested that a marginal cost technique should be implement in these company to find out the actual profit volume ratio for maintaining business in the competitive market.

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## TRANSFORMING LIVES: AN ANALYSIS OF WALTER DEAN MYERS'S MONSTER

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### ABSTRACT

*Children's literature has always had for its premises the belief that within telling of stories is embedded the shaping of self, teaching of right values to the young minds in order to mould them into well balanced and responsible adults. African American young adult literature has come into existence with an open admission of aiming precisely at that. The purpose is to help their young readers learn how to deal with the communal past as also the present dilemmas. African American young adult literature thus has emerged, as Rudine Sims Bishop so rightly points out, as a literature of purpose, seldom art for art's sake. This literature focuses on the struggles of young African Americans while also attempting to foster insight into some critically important social issues pertaining to race, gender, misrepresentation, segregation and discrimination etc. The overall purpose is to invite young readers to discover and utilize their potential in the positive direction. African American Young Adult Fiction thus reiterates the connection between literature and life. These works are written for education, instruction, entertainment as also to indicate ways by which historical inequities connected to racism, socio-economic factors and ethnic prejudice may be eliminated. African American Young Adult literature thus is an apt example of the faith in potential of literature to 'transform' young lives. The present paper while making a brief overview of the development of African American young adult literature focuses on Walter Dean Myers' novel, Monster. The paper examines various themes and issues raised and the overall message directed at the young readers. The paper also explores the race based agenda these works follow and to what extent in today's multicultural world it is possible or advisable to do so.*



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**KEYWORDS:** *misrepresentation, transform, Monster, struggles, utilize*

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## INTRODUCTION

The present paper explores the issue of values, especially the role of personal responsibility in Walter Dean Myers's *Monster*. This is the story of a sixteen year old black boy, Steve Harmon, who is on trial for felony murder. Steve uses different means to narrate his own story: his descriptions of the courtroom events, a script he is developing, and his personal journal. Myers uses the courtroom drama to move the story forward, the script to give Steve psychological distance, and the journal to give voice to Steve's emotional reflections, including those about horrifying prison brutality. Myers skilfully weaves these strands together to create a multifaceted but flawed protagonist who, not accepting his responsibility, raises tough moral questions, asking himself, "Am I a monster?" (*Monster*: 70-71). This idea of monstrosity becomes the leitmotif of the text that gives the psychological dimension to the plot structure of the text.

Through *Monster* Walter Dean Myers focuses on Steve, a black adolescent and brings to attention of the readers how these young boys are misunderstood in a racist society. This novel does not concern much with the question of whether Steve is guilty or not nor should he be punished for his crime, it is more about living amidst racial prejudice and mistreatment of youngsters. These unresolved questions may encourage black adolescents to commit crime they are presumed to have committed. This story therefore is about a harassed individual that might be read as a caution about the wrong choices that Steve makes. But it also brings to light the racism in the American judicial system that targets and mistreats the individuals based on the hypothesis that all black adolescents are the same. Myers' success in *Monster* is that he wants readers to consider not only their own inclination to judge others, but also the hegemonic forces that screw up the identities and terrorize the lives of black adolescents.

"You're young, you're Black, and you're on trial. What else do they need to know?" (p.78), echoes throughout Steve's trial. Myers exposes this race based prejudgment through Steve's journal entry, "Miss O'Brien says that Petrocelli is using Bolden's testimony as part of a trail that will lead to me and James King. I think she is wrong. I think they are bringing out all of these people and letting them look terrible on the stand and sound terrible and then reminding the jury that they don't look any different from me and King" (p. 59-60). The inherited negative perceptions of blacks continue to poison the black youth with its venom without any cure. Journal entries and screenplay writings help Steve to learn that if he has to succeed, he needs to present himself as an acceptable black. But in *Monster*, one sees Steve struggling to overcome this racial hegemony as he presents himself, at the end of the screenplay as an "image...in black and white, and the grain...nearly broken. It looks like one of the pictures they use for psychological testing, or some strange beast, a monster" (P.275-76). This novel illustrates the black character who is mistaken as criminal though he is not. Myers tries to show that how the general perception of the non-black people is exercised and how the cultural dilemmas serve as the prison-houses of the weak binary.

In contemporary America a black adolescent has to prove himself not only against the white supremacy but also to his own black community. The tragedy with a black adolescent is that he is not only held in suspicion by whites but by some of his own people. Segregated ideologies of black adolescents like Steve Harmon in *Monster*, complicate and perplex the perception and actions of most of the characters, including the protagonist himself. Walter Dean Myers outlines

such confusions in ways that show many of the inclinations commonly persuaded in both white and non-white people by the assimilated whiteness that forms so much so the social order.

A general perception received and maintained, after accumulated views of negative portrayals of black children in mainstream literature, African American young adolescents find themselves in a dubious position where they are forced to see themselves through the eyes of the others. W.E. B DuBois in his work *The Souls of the Black Folk*, says, “The history of the American Negro is the history of this strife- this longing to attain self-conscious manhood, to merge his double self into a better and truer self” (p. 7). The hero of this text tries to find the ‘better and truer self’ through his acts of defiance against the normative and ossified structures.

Steve, in his screenplay and journal entries, constantly struggles to present himself as “a good person” (62). He is aware that his identity as a black boy alone makes him to look like a criminal who would take part in a robbery and murder. Steve understands this fact when he sees himself on the eyes of the others who judge him based on his race, class, gender and age, which presents him as a Monster, a character who bears no resemblance to the character which he understands for himself to be. Most of the African American adolescents who are the victim of this suspicion, suffer wearing of their individuality as the American judicial system places them together with the similarly accused, and treats them like beasts.

Trying to establish identity for minority people with minority characters does not necessarily change the perceptions of white readers. Ann Jurecic in “Empathy and the critic” indicates that one may read a novel that describes the suffering caused by urban violence and envisage that one comprehends the experience, but such credentials can prevent one from identifying time’s own collusion with the social and political formations that provoke this violence (p.11). Walter Dean Myers, therefore, calls his readers to engage more critically with some of the destructive expressions of white hegemony and institutional racism by moving beyond affective identification of others.

Racism exists in American society and racial card is always played against the black youth to suppress and oppress them. “You’re young, you’re Black, and you’re on trial. What else do they need to know?” (78), echoes throughout Steve’s trial. Steve’s doubt that Petrocelli is promoting guilt by racial alliance is quite understandable. Even readers can see this when the defence attorneys recognize this prosecutorial strategy when Briggs, the lawyer for Steve’s co-defendant, objects to prosecutor Petrocelli’s use of words generally related with black youth. But the objections of the defence attorneys are overruled as Petrocelli’s strategy of tarring black adolescents with the same brush gets judicial consent, confirming Steve’s detection of the racism underlying this tactic.

Replying to this creepy, hegemonic perception of himself, which the trial has pushed him to better see and comprehend, Steve says; “That is why I take the films of myself. I want to know who I am. I want to know the road to panic that I took. I want to look at myself a thousand times to look for one true image. When Miss O’Brien looked at me, after we had won the case, what did she see?” (281). Here the condition is tantamount to that aspect of the law where its lawlessness comes to the fore.

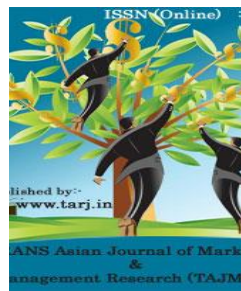
Ending the novel with this description of Steve’s fixation over O’Brien’s enigmatic viewpoint, Myers highlights that Steve’s reluctance to acknowledge personal accountability for the robbery and its tragic outcome is -like his common perplexity about whether he is a “monster” or a

“man” – a response to the identity- distorting white mentality. As a sixteen year boy who decided to aid robbery because neighborhood boys questioned his manhood, calling him “faggot” (81), and his integrity saying, “you ain’t got the heart to be nothing but a lame” (82), Steve made a crucial mistake when he decided to prove himself in the terms they dictated.

To conclude, Myers’s work may be seen as an expression of the concern of the African-American community regarding the kind of individuals they wish their young to become in life. Myers has changed the perspective of African American young adult fiction through his bold and defining themes. He is not afraid to deal with the controversial themes such as sex, pregnancy, color prejudice within black community etc, in his works. Thus, he projects a progressive outlook in tune with the contemporary times. At the same time African American young adult writers also attempt to reach out to multicultural audience by adopting a multidimensional approach. The overall perspective however continues to be African American where the process of democratization in receiving the neglected identity or idea has been brought to the centre-stage.

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## A STUDY ON THE RISE AND FALL OF KINGFISHER AIRLINES

Shrikant Kediya\*; Prerna Kapani\*\*

### ABSTRACT

*The research aims to understand Kingfisher Airlines in details with major emphasis on its steady rise and fall. The methodology for data collection used for the purpose of this research was majorly secondary data sources like Journals, books, articles and websites. The research aims to understand the reasons that lead to the failure of Kingfisher airlines. It found out a number of internal mistakes and causes that were committed by the company at a wrong time which lead to the company's failure. The company was one of the greatest in its time but soon is now nowhere to be found apart from India's biggest defaulting company's list.*

**KEYWORDS:** Kingfisher, majorly, greatest, emphasis,

### INTRODUCTION

Kingfisher Airlines is one that has always been talked about and will be talked about in the history of Indian aviation. This is so because the airline has been through a very sad ending. The company was once known as the king of the industry and now is in shatters. The miserable ending of the company considering its amazing beginning and huge success has shocked many. The company proved the dynamism that aviation business involves and the uncertainty that prevails in the business. With its premium service, Kingfisher was then the toast of the aviation world, and the nation's rich and famous, including leading politicians, descended on Delhi airport for a joyride on Mallya's personal invitation. Kingfisher was the first one to get A380 the world's biggest passenger airline to India. However destiny had different plans of Kingfisher and Mallya and both declined rapidly one's decline leading to the other's automatically.

### REVIEW OF LITERATURE

This research paper try's to throw some light on some major reasons that were somehow responsible for the crisis that went inside Kingfisher Airlines. The key objective of this research study is to investigate the reasons behind the failure of the Kingfisher airlines in the year 2012. The data for the paper are collected from secondary sources such as annual reports, news papers (Economic Times, Business Standards, TOI, etc), and Aviation industry analysis report. The research found out that there are four main reasons that is leading to a decline in the aviation industry – rising fuel prices, fall in rupee, High cost of landing fees and airline taxes and aggressive price cutting by Air India. (JAYANT SRIVASTAVA (Asst. Professor) Kingfisher



Airlines was set up in 2003 but hasn't seen a single year of profit since it got listed in 2006. Today, accumulated losses stand at over Rs.9000 crores. The company blames the government for the high cost of aviation fuel. Three mistakes of Vijay Mallya – acquisition of Air Deccan, Mallya being the head everywhere and the industry should have first consolidated its domestic operations and then introduced international routes. **(GIRIPRAKASH)** Some companies completely fail to learn from both the examples it's peers have set up as well as it's own past mistakes. The company was gifted to Mallya by his father on his birthday who literally had zero experience in running a business. Mr. Mallya's over indulgence into petty activities like parties and Kingfisher calendar is also pointed out as one of the main reasons for Kingfisher's fall. It is also believed that a major amount of money was diverted into Kingfisher calendar that bought about the airlines downfall. **(Navani)**

### **OBJECTIVES OF THE STUDY**

1. To understand the reasons behind the failure of Kingfisher Airlines.
2. To evaluate the impact that the rise in airline fuel cost had on the aviation industry in general and on Kingfisher airlines in particular.
3. To measure the rise v/s fall of the airline.
4. To explore the reasons behind the debt being faced by the company.
5. To explore the reasons that lead to the company's rise.

### **SCOPE OF THE STUDY**

1. The study is specific to Kingfisher Airlines only.
2. The study is limited to the period since the announcement till its closure.
3. The study id for a period of 10 years only from the year 2003 till 2012.

### **HISTORICAL OVERVIEW**

- 2003: Kingfisher Airlines was set up in 2003. It was claimed by the Bengaluru based United Breweries Group. The aircraft began business operations on 9 May 2005 with an armada of four new Airbus A320-200s working a flight from Mumbai to Delhi.
- 3 September 2008: It began its universal operations on 3 September 2008 by associating Bengaluru with London. Kingfisher's head office is situated in The Qube in Andheri (East), Mumbai and its enrolled office is situated in UB City, Bengaluru.
- 2011: On 15 November 2011 the carrier discharged poor budgetary results, showing that it was "suffocating in high-premium obligation and losing cash"
- 2012: In 2012 Vijay Mallya was attempting to offer the Vile Parle Kingfisher House. With the solidifying of the ledgers of the carrier by the Indian Income Tax Department, the aircraft entered a time of money related unrest.
- In July 2014, Kingfisher Airlines showed up as the nation's top NPA after its inability to reimburse credits of over Rs 4,000 crore obtained for the most part from state-possessed banks.

- April 30, 2016: Seeking to recover their dues from beleaguered businessman Vijay Mallya, lenders initiate an auction of various brands and trademarks of the long-grounded Kingfisher Airlines, including its once-famous tagline 'Fly The Goodtimes', but bidders were hard to come by.
- May 02, 2016: Independent MP Mallya, facing the case of loan default of over Rs. 9,400 crore, resigned from Rajya Sabha.

## **ACHIEVEMENTS**

- Kingfisher Airlines long standing customer program, King Club has won Top Honors at the 21st Annual Freddie Awards in the Japan, Pacific, Asia and Australia district.
- King Club has won the Freddie Awards 2008 in the accompanying classifications:
  - Best Bonus Promotion
  - Best Customer Service
  - Best Member Communications (First Runner-up)
  - Best Award Redemption (First Runner-up)
  - Best Elite Level (Second Runner-up)
  - Best Website (Second Runner-up)
  - Program of the Year (Second Runner-up)
- Kingfisher Airlines has gotten three worldwide recompenses at the Skytrax World Airline Awards 2010
- Named Best Airline in India/Central Asia; Best Cabin Crew – Central Asia.
- Rated as Asia Pacific's Top Airline Brand
- Rated amongst the Top Ten Internet Advertisers by Yahoo.
- Rated amongst the main ten in the Best Television Commercial Jingles by NDTV.

## **REASONS FOR THE DOWNFALL**

### **1. Frequent Changes On Focus**

Kingfisher initially propelled all economy class with sustenance and excitement framework, later on, they moved center to Kingfisher center was on extravagance.

In the wake of obtaining the Air Deccan they all of a sudden moved spotlight on ease air voyaging, regular changes in the extravagance business class on their flying machine, a great deal of air voyagers welcomed the neighborliness, airplane condition and it's feeling when

accommodation and air ship climate made explorers lose their enthusiasm for the brand, they didn't concentrate on very beneficial courses in household region, procured Air Deccan air crafts(Kingfisher Lite) use to keep running in the meantime as Kingfisher aircrafts, there was no legitimate syndication between Kingfisher Lite and Kingfisher Airlines.

## **2. Acquisition for Expansion**

Kingfisher aircrafts procured the Air Deccan for development. According to the global carrier approach, any aircraft ought to have at least five years of local involvement in their individual zone to get the universal courses permit. For worldwide course permit Kingfisher gained the Air Deccan, however, they never attempted to syndicate these two organizations to enhance their benefits with its merger.

Without balancing out in the local business sector to know the ground substances of the carriers business, Kingfisher ventured into the global courses where the opposition is high contrasted with the household aviation routes, when they arranged about the universal courses they scarcely have three years of experience, securing and extension these two elements began tossing kingfisher into ruin.

## **3. Monetary Slowdown**

Another major reason for decline is financial stoppage in 2008, Kingfisher initially began its global course from Bangalore to London in 2008, same year subsidence influenced the entire world, which is in a roundabout way influenced the air travel inhabitation in universal courses, as a result of the retreat, plane fuel costs raised, airplane terminal charges for landing are exorbitant in worldwide air terminals around the globe, all these outside elements made the Kingfisher aircrafts destruction.

## **4. Absence of Management**

There was no single CEO proceeded for one year in Kingfisher aircrafts, there was an incessant change in the top level administration, Mr. Vijay Mallya never taken any genuine obstruction in everyday operations, Kingfisher was a present to Siddharth Mallya (son of Vijay Mallya) by his dad on his birthday, Siddharth Mallya doesn't have the development age to maintain the carriers business since he is so occupied in making Kingfisher Calendar.

The organization not considered making Mr. Gopinath (Ex author of Air Deccan) as CEO of the Kingfisher aircrafts to bring the organization into a productive business, absence of appropriate ability and involvement in the carrier business, absence of administration brought on the destruction of kingfisher carriers.

## **5. High Operational Cost**

Operational expenses of the carrier business are high contrasted with any industry, organizations need to purchase the licenses for the courses, organizations ought to put resources into the airplane support, compensations for the representatives are high.

Airplane terminals charges expenses for landing and stopping, air ship fuel every now and again changes according to the worldwide raw petroleum rates, the administration gathers gigantic duties from the carrier organizations, there is a ton of rivalry between aircraft organizations, all these high operational expenses without great overall revenue brought about the Kingfisher to destruction.

## **Bang to Bust**

At some point in 2006, the Mumbai-based IDBI Bank got a proposition from Kingfisher Airlines, looking for assets to procure flying machine. Vijay Mallya had dispatched the aircraft the earlier year, in May 2005, on his child's birthday and he had been cruising. He had purchased

Shaw Wallace, one of the most established alcohol makers in India, for Rs 1,300 crore from the Chhabria family after the passing his chief adversary, Manu Chhabria, in 2002.

| <b>WHAT KINGFISHER OWES BANKS</b> |                 |
|-----------------------------------|-----------------|
| <b>Bank</b>                       | <b>Rs crore</b> |
| <b>SBI</b>                        | <b>1,600</b>    |
| <b>IDBI Bank</b>                  | <b>800</b>      |
| <b>PNB</b>                        | <b>800</b>      |
| <b>Bank of India</b>              | <b>650</b>      |
| <b>Bank of Baroda</b>             | <b>550</b>      |
| <b>United Bank of India</b>       | <b>430</b>      |
| <b>Central Bank</b>               | <b>410</b>      |
| <b>UCO Bank</b>                   | <b>320</b>      |
| <b>Corporation Bank</b>           | <b>310</b>      |
| <b>State Bank of Mysore</b>       | <b>150</b>      |
| <b>Indian Overseas Bank</b>       | <b>140</b>      |
| <b>Federal Bank</b>               | <b>90</b>       |
| <b>Punjab &amp; Sind Bank</b>     | <b>60</b>       |
| <b>Axis Bank</b>                  | <b>50</b>       |
| <b>3 other banks</b>              | <b>603</b>      |
| <b>Total</b>                      | <b>6,963</b>    |

In 2009, the bank gave a credit of Rs 900 crore to Kingfisher, a choice that has come to hurt top authorities of the bank, who are presently being put on the wringer by the Central Bureau of Investigation (CBI) and different offices with Mallya being announced a 'wilful defaulter'.

Indeed, even before Kingfisher could be dispatched, the aeronautics business had begun dying. Unrefined petroleum costs were high, with fuel costs frequently making up a large portion of the working expenses of carriers. Be that as it may, Mallya reported his future a premium, world-class carrier. He by and by enlisted his airhostesses and Yana Gupta, a Bollywood performer, performed in a video that demonstrated wellbeing guidelines before take-off.

The administration principles and solace gave by the carrier in the underlying years pulled in numerous travelers, checking it out from other full-benefit aircrafts in the business then.

At its crest, Kingfisher Airlines was the second biggest carrier in India as far as the quantity of travelers it conveyed. The Deccan obtaining was apparently to permit the aircraft to fly universally.

In any case, as oil costs began to climb and the organization attempted to maintain a business that incorporated a full-benefit aircraft and a minimal effort transporter, its accounts fumbled and its obligation weight and misfortunes surged.

Before the end of March 2008, Kingfisher's obligation had mounted to Rs 934 crore.

After a year, it had increased to Rs 5,665 crore. Its net misfortunes augmented from Rs 188 crore in 2007-08 to Rs 1,608 crore the accompanying monetary year.

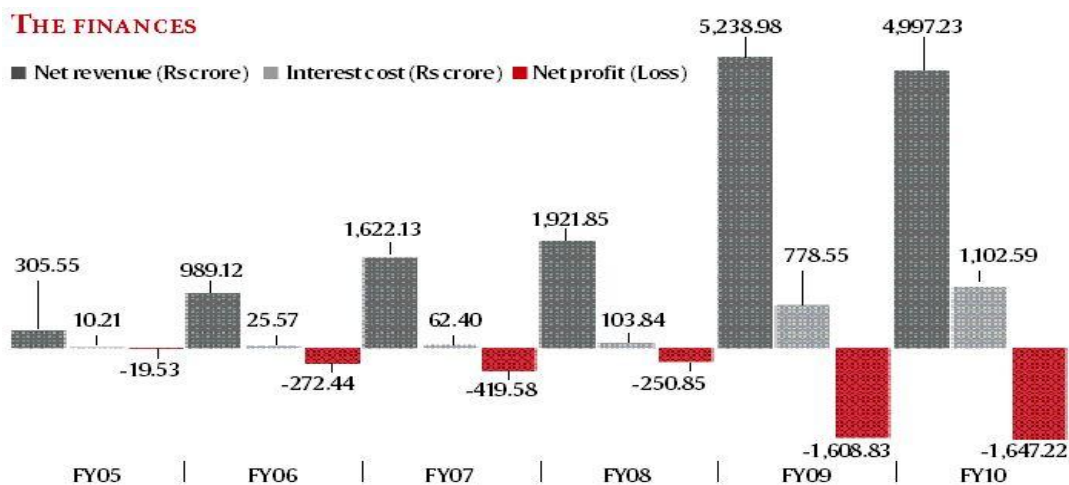
By 2009-10, Kingfisher Airlines had amassed an obligation of over Rs 7,000 crore.

In November 2010, banks interestingly rebuilt Kingfisher's obligation. The consortium of moneylenders drove by State Bank of India changed over Rs 1,355 crore of obligation into value at a 61.6 for each penny premium to the business sector cost of the Kingfisher Airlines stock.

"Furthermore, Kingfisher has given a pooled insurance security of Rs 5,238.59 crore, which incorporates Kingfisher House in Mumbai, Kingfisher Villa in Goa, and hypothecation of helicopters.

In 2012, Kingfisher Airlines was grounded, leaving its representatives with unpaid pay rates. The organization had purportedly not kept its representatives' provident asset to the administration and had run misfortunes in abundance of Rs 4,000 crore in 2012-13. Its gathered misfortunes kept running into Rs 16,023 crore, while its total assets tumbled to a negative Rs 12,919 crore toward the end of March 2013.

"The Kingfisher case is a case of aggregate disappointment of the framework.



## CONCLUSION

The airlines suffered a lot during a particular phase in their decline. The velocity of fall was definitely great. The finding of the research shows that Kingfisher airlines failure was not only due to the difficulties faced by the aviation industry but also the internal faults of the company. The company seemed to have committed mistakes at a very wrong time when the industry as a whole was suffering due to air fuel hike. Moreover, research helped to find the reasons for the vast failure of the airlines. Vijay Malaya, today, is in huge debt which seems unrepayable.

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2. The articles passed through screening at this level will be forwarded to two referees for blind peer review.
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