CHAPTER- I
INTRODUCTION

The present study is undertaken to measure the level of investment and growth rate in relation to Intangible Assets in the Indian corporate sector. The study also discusses various corporate attributes affecting the investment in Intangible Assets. Further the relationship between investment in Intangible Assets and its effect on performance of the companies is also examined.

Liberalization, Privatization and Globalization have resulted in tough competition for business houses (Ehie and Olibe, 2010). The companies are constantly pushed to look for new growth opportunities in order to capture the market earlier than their competitors. Resultantly, the key motive of acquisition of physical and tangible assets has now shifted towards the creation and management of Intangible Assets (Ehie and Olibe, 2010). Hence it has become vital for companies to be innovative and competitive in the market and to invest in Intangible Assets to achieve the desired goal.

1.1 MEANING AND CONCEPT OF INTANGIBLE ASSETS

Intangible Assets is a non monetary asset without any physical existence. Various Accounting Bodies have tried to define Intangible Assets. Accounting Standard (AS)- 26 defines Intangible Assets as “an asset that is identifiable non-monetary asset, without physical substance, held for use in the production or supply of goods or services, for rental to others, or for administrative purposes”. Even Chinese ASBE no.6 defined Intangible Assets as “identifiable non-monetary assets possessed or controlled by enterprises which have no physical shape”. The Financial Accounting Standard Board (FASB) also stresses upon Intangible Assets as the “non-current assets (not including financial instruments) that lack physical substance”. MERITUM guidelines (2002) consider these as “non monetary sources of probable future economic profits, lacking physical substance, controlled (or at least influenced) by a firm as a result of previous events and transactions (self-production, purchase or any other type of acquisition) that may or may not be sold separately from other corporate assets”. UK GAAP defines it as “non- financial fixed assets that do not have physical substance but are identifiable and
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are controlled by the entity through custody or legal rights”. According to US GAAP too
Intangible Assets are “non-financial fixed assets that do not have physical substance but
are identifiable and are controlled by the entity through custody or legal rights”. The
International Accounting Standard (IAS 38) describes Intangible Assets as “the asset that
is identifiable, controlled and clearly distinguishable from goodwill of an enterprise. The
future economic benefits attributable to the asset will probably flow to the enterprise; and
the cost of the asset can be measured reliably”.

Several authors have defined Intangible Assets in several distinct ways. Some
have defined these on the basis of their elements. Itami (1991) highlights that these are
“invisible assets that include a wide range of activities such as technology, consumer
trust, brand image, corporate culture and management skills.” Brooking (1997) describes them as the “combination of market based Intangible Assets, intellectual
property, human-centered and infrastructure that enable the company to function”. Sveiby (1997) focused on the categories of Intangible Assets and opines that Intangible
Assets are “invisible assets that include employee competence, internal structure and
external structure”. The Organization for Economic Cooperation and Development
(OECD, 2000) describes it as the economic value of two categories: Organizational
capital and Human capital. Rastogi (2003) states that “an Intangible Asset is the result
of the collaborative effort of the firm’s human capital, social capital and knowledge
management.”

Few researchers have defined Intangible Assets in terms of their functioning and
importance as Hall (1992) claims that Intangible Assets are “value drivers that transform
productive resources into value added assets.” Stewart (1997) describes these as
“knowledge, information, intellectual property and experience that can be put to use to
create wealth”. A similar opinion is generated by Sullivan (2000) who defines intangibles
as “knowledge that can be converted into profit.” As per Ordonez de pablos (2005) these
assets are “knowledge based resources that contribute to the creation of a competitive
advantage for the firm”. Johanson (1999) defines Intangible Assets as “covering all long-
term outlays by firms aimed at increasing future performance other than by purchase of
fixed assets”.

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Many authors have termed these as difference between the Market Value of a company and the Book Value of its Tangible Assets (Strassmann, 1999; Lau, 2003; Sriram, 2008; Salamudin et al. 2010).

Thus the literature provides several definitions of Intangible Assets but till date no consensus could be evolved among researchers as regards to an objective and concrete meaning of Intangible Assets. Itami (1991) termed these as “Invisible” assets. Even Sveiby (1997) and Guo et al. (2011) classified these in a similar manner as “Visible and Invisible” Assets. Grojer and Johanson (1999) and Guthrie & Petty (2000) called them "Soft" Assets and "Weightless Wealth". These have been termed as “Intellectual capital” by Brooking (1997), Nahapiet and Ghoshal (1998), Stewart (1998), Brennan and Connell (2000), Harrison and Sullivan (2000), Sullivan (2000), Heisig et al. (2001), Petty and Guthrie (2000), Pablos (2003), Rastogi (2003), Mouritsen et al. (2004) and “Knowledge assets” by Hall (1992); Roslender and Fincham (2003) and Lev (2001). Authors like Parr and Smith (1994) and Granstrand (1999) termed these as “Intellectual Property”. These are named as “hidden reserve” by Kane and Unal (1990). Belkaoui (1992) and Godfrey and Koh (2001) termed these as ‘Identifiable’ and ‘Unidentifiable’ Assets while Barron et al.(2002) called these as ‘Recorded’ and ‘Unrecorded’ Assets. For some researchers these include business expenditure in the form of Research and Development (R&D) (Hirschey and Weygandt, 1985; Chauvin and Hirschey, 1993; Bosworth and Rogers, 1998; Lau, 2003; Hall and Oraini, 2006; Nagaoka, 2006; Ehie and Olibe, 2010) while to others these are Patents, Copyrights and Licensing (Fang and Lin, 2010; Greenhalgh and Rogers, 2012). To Stewart (1997) these refer to technical knowhow. As for Grasenick and Low (2004) these include expenditure on human capital in the form of training and education. These are referred to as Advertising by a few authors like Hirschey and Weygandt, 1985; Chauvin and Hirschey, 1993; Andras and Srinivasan, 2003; Sahay and Pillai, 2009; Kundu et al. 2010; Shah et al. 2011. Infact the concept of Intangible Assets is quite complex.

To sum up Intangibles are “assets that are neither tangible nor financial instruments, items that fail the definition of an asset, but are important elements of business success and are merely non financial information” Upton (2001).
1.2. TYPES OF INTANGIBLE ASSETS

International Accounting Standard Board (IASB) divides Intangible Assets into five categories as (i) Marketing-Related Intangible Assets (ii) Customer-Related Intangible Assets (iii) Contract-Based Intangible Assets (iv) Technology-Based Intangible Assets (v) Artistic-Related Intangible Assets. A broad categorization of these is shown in Table 1.1 as follows:

**Table 1.1**

<table>
<thead>
<tr>
<th>Marketing-Related Intangible Assets</th>
<th>Customer-Related Intangible Assets</th>
<th>Contract-Based Intangible Assets</th>
<th>Technology-Based Intangible Assets</th>
<th>Artistic-Related Intangible Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trademarks, Trade names</td>
<td>Customer lists*</td>
<td>Licensing, Royalty, Standstill agreements</td>
<td>Patented technology,</td>
<td>Plays, Operas and Ballets</td>
</tr>
<tr>
<td>Service marks, collective marks, Certification marks</td>
<td>Order or production backlog</td>
<td>Advertising, Construction, Management, Service or supply contracts</td>
<td>Computer software and mask works</td>
<td>Books, Magazines, newspaper and other literary works</td>
</tr>
<tr>
<td>Trade dress (unique color, shape or package design)</td>
<td>Customer contracts and related customer relationships</td>
<td>Lease agreements</td>
<td>Unpatented technology*</td>
<td>Musical works such as Compositions, Lyrics and Advertising Jingles</td>
</tr>
<tr>
<td>Newspaper mastheads</td>
<td>Non contractual customer relationships*</td>
<td>Construction permits</td>
<td>Databases*</td>
<td>Pictures and Photographs</td>
</tr>
<tr>
<td>Internet domain names</td>
<td>Franchise agreements</td>
<td>Trade secrets such as formulas, Processes, Recipes</td>
<td>Video and audiovisual material, including Films, Music, Videos etc.</td>
<td></td>
</tr>
<tr>
<td>Non competition agreements</td>
<td>Operating and Broadcasting rights</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Goodwill</td>
<td>Use rights such as Drilling, Water, Air, Mineral, Timer cutting and Route authorities</td>
<td></td>
<td></td>
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<tr>
<td>Servicing contracts such as Mortgage servicing contacts</td>
<td>Employment contracts</td>
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</tr>
</tbody>
</table>

*Do not arise from contractual or other legal rights but meet definition of intangible asset because they are inseparable; all other items arise from contractual/legal rights.

*Source: Global Intangible Tracker 2006*
A brief explanation of these Intangible Assets is given as follows:-

(I) **Marketing-Related Intangible Assets**

Marketing-Related Intangible Assets are primarily used in marketing or promotion of products or services. These include Trademarks and Brand Names, Goodwill, Non Competition Rights, Internet Domain Name etc. ‘Trademark’ is any word, visual symbol, name, image or a mark, or any combination thereof, adopted and used by the organization. Trade mark is applied on the goods and articles of commerce with a view to enable the buyers to identify its products or services and differentiate them from products and services of others. The amount of trade mark and brand name is debited at the acquisition cost and is amortized over reasonable life. A ‘Service Mark’ is a distinctive sign that differentiates certain products or services produced by a specific person, enterprise or a group of persons/enterprises from goods or services of others (World Intellectual Property Organisation). ‘Certification mark’ means any word, name, symbol, or device, or any combination thereof, used by a person other than the owner of the mark to certify regional or other origin, material, mode of manufacture, quality, accuracy, or other characteristics of such person’s goods or services or that the work or labor on the goods or services was performed by members of a union or other organization. ‘Collective Mark’ means a trademark or service mark used by members of a cooperative, an association, or other collective group or organization, and includes marks used to indicate membership in a union, an association, or other organization. The term ‘Trade Dress’ in general relates to the look and feel of the product or its packaging. It is the total image and the overall appearance of the product, a form of Intellectual Property Rights (IPR) (Sahay, 2006). ‘Newspaper Masthead’ is the unique appearance of the title page of a newspaper or periodical. This assists in creating a readily identifiable product image in the marketplace for consumers and represents a recognizable Balance Sheet Intangible Asset (Ellsworth, 2007). ‘Domain Name’ is an alphanumeric name for the internet protocol address of a website or other internet resource. It is registered with a registrar and the registrant has the exclusive right to use the domain name. ‘Non Competition Agreements’ assure that companies or individuals will refrain from conducting similar businesses or selling to specific customers for a particular period of time. ‘Goodwill’ arises as a result of various reasons like high caliber of a company’s manpower, good
infrastructure facilities, location advantage and established brand name advantage, customer loyalty, sound employee relation and sound management. The goodwill arises when an enterprise acquires another business and pays a price in excess of the market value. Goodwill indicates the capability of a firm for future earnings. An enterprise can estimate its additional profit-earning capacity in future and can capitalize it. The accounting treatment for goodwill is, debit it for the acquisition cost and amortize it over reasonable life.

(II) Customer-Related Intangible Assets

These Intangible Assets arise as a result of relations with outside parties. Some of the commonly used customer related Intangible Assets are customer lists, order or production backlog and customer contracts and related customer relationships. ‘Customer List’ is a database that contains name, contact information, demographic information and order history of the customers. The customer list with a limited life period is amortised on straight line basis for a period of three years. ‘Order Backlog’ is a contract that results from purchase or sales orders for the entity’s products and services. Although order backlog is considered to be a contract that meets the contractual-legal criterion, it can be distinguished from a customer contract where order backlog consists of orders that have formally been placed but for which the product or service has not yet been delivered and the revenue has not yet been received (IASB, 2007). ‘Customer relationship Intangible Assets’ may either be contractual or non-contractual. A customer relationship exists if the entity has information and regular contact with the customer and vice-a-versa. Contractual customer relationships are always recognised separately from goodwill as they meet the contractual-legal criterion (IASB, 2007). However, ‘non-contractual customer relationships’ are recognised separately from goodwill only if they meet the separable criterion.

(III) Contract-Based Intangible Assets

These Intangible Assets represent the value of rights that arise from contractual agreements. Examples of contract based Intangible Assets are broadcasting rights, leasehold, leasehold improvement, construction permits, licensing agreements etc. ‘Leasehold’ refers to a right to hold or use or occupy land or building for a long-term rental contract without transfer of ownership. It is concerned with the rights transferred to
the lessee (tenant) by the lessor (owner) for the period of lease. However, at the beginning of lease, the tenant is required to pay a substantial amount in order to hold the lease. ‘Franchising’ is an agreement between a party (franchisee) and the business’s retail (the franchisor) which allows the franchisor to use a business’s trademarks, associated brands and other proprietary knowledge in order to open a branch. In other words it is a system for distributing goods or services through selected outlets. In addition to paying an annual franchising fee to the underlying company, the franchisee must also pay a portion of its profits to the franchisor. The accounting treatment for franchising or license is, to debit the acquisition cost and amortize it over reasonable life. ‘License’ agreements represent the right to access or use property that is owned by the licensor for a specific period of time at an agreed price. ‘Royalty’ agreement gives the holder of a contract a portion of the income earned from the sale or license of a work covered by patent or copyright. A ‘Standstill Agreement’ gives assurance that a company or individual will cease to engage in certain activities for specified period of time. ‘Advertising contract’ is a contract with a newspaper, broadcaster or internet site to give specified advertising services to the acquiree. The right to build a specified structure at a specific location is called construction permits. The rights that are given to a contractor for completing a construction project are called the ‘Construction Contracts’. The contractor can enjoy the profits but he must maintain an obligation to make any past-due payment to suppliers or the sub contractors. ‘Broadcasting Right’ is the legal permission to transmit electronic signals for using specified bandwidth in the radio frequency spectrum granted by the operation of communication laws.

(IV) Technology-Based Intangible Assets

The Intangible Assets that arise due to innovations or technological advances are Technology-Based Intangible Assets. Examples of these are patents, computer software and trade secrets etc. ‘Patent’ is a monopoly right granted by the statutory agency to the inventor of product or process for a limited term with a view to safeguarding the rights of an inventor from incursion by others. The patent rights can be acquired by business organisations in two ways, i.e., through purchase from the holders of patents, or by developing the new product or process. If the patent rights are acquired through purchase, it is recorded at acquisition cost. If the patent is developed by the business organization
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itself, then costs like legal fee and other associated costs for securing it can be recorded. The cost of Research and Development (R&D) of the product or process is excluded from the cost of patent. Hence, such cost should be treated separately. The software permanently stored on a read only memory chip as a series of integrated circuits is called ‘Mask Works’. ‘Trade Secrets’ are confidential information as process or recipes. ‘Databases’ are collections of information stored digitally in an organized manner.

(V) Artistic-Related Intangible Assets

These types of assets involve ownership rights to plays, musical works, photographs, pictures, literary works etc. These rights are protected through copyrights. ‘Copyright’ is a statutory right granted by the statutory agency to the holder of the copyright who has the exclusive right to publish, produce and sell artistic, musical or literary works. This right stops others from copying or exploiting authors’ works in various other ways without permission. The copyright-holder can sell its right to the publisher or other parties interested in the copyright material. If the copyright is purchased from other parties, it is recorded at acquisition cost. But if copyright is developed by the firm itself, then the costs like legal fee and other associated costs for securing it are recorded by the business unit.

1.3. VALUATION OF INTANGIBLE ASSETS

Accounting Standard (AS)-26 requires the companies to initially measure Intangible Assets at its cost. The cost of Intangible Assets includes the purchase price (including any import duty or other taxes) and other direct expenditure like professional fees for legal services incurred by a firm for making it ready for use. But if the Intangible Asset is acquired in exchange for shares or other securities, it must be valued at its fair price or the fair price of the securities issued, whichever is more evident. In case Intangible Assets are acquired in a nature of amalgamation then these are governed by the AS-14 for amalgamations but due care is required to determine whether the fair cost of an Intangible Asset can be measured reliably or not. For this purpose Quoted Market Price is considered reliable and where such price is not available the price of the most recent similar transaction can be taken as a yardstick, provided no major changes in the economy had taken place. If any Intangible Asset is acquired by a way of Government Grant then these assets should be measured at their acquisition cost. In case where
Intangible Assets are acquired in exchange for another asset then the cost of asset acquired is valued as per the AS-10 for Fixed Assets.

However, the review of literature suggests that authors have used various methodologies for measuring Intangible Assets. To conduct survey based studies researchers like Ark et al.(2009), Baldwin et al.(2009, 2012), Barnes and McClure (2009), Corrado et al.(2009), Fukao et al.(2009), Field and Franklin (2012), Falk (2013), Muntean (2013), Miyagawa and Hisa (2013), Haskel et al.(2014), Crass et al.(2015) have used Corrado, Hulten and Sichel (2006) methodology. For measuring Intellectual Capital authors have used Ante Pulic (1998, 2000) methodology (See Kamath, 2008; Ghosh and Mondal, 2009; Kai Wah Chu et al. 2011; Pal and Soriya, 2012, Sydler et al. 2013). Salamudin et al. (2010) used the Balance Sheet identity model. A commonly used approach for measuring Intangible Assets by the authors is the difference between Market Value of Equity and Book Value of Equity (See Booth, 1998; Strassmann, 1999; Dzinkowsik, 2000; Roslender, 2000; Chan et al. 2001; Lau, 2003; Eckstein, 2004; Sriram, 2008; Lu et al. 2010; Salamudin et al. 2010). Intangibles have been measured individually as well. For instance R&D intensity is measured as a ratio of R&D expenditure to Total Sales (Bosworth and Rogers, 1998; Huang and Liu, 2005; Hall and Oriani, 2006; Ehie and Olibe, 2010; Rao et al. 2013) while Advertising Intensity is measured as a ratio of Advertising Expenses to Total Sales (Sahay and Pillai, 2009; Kundu et al. 2010; Shah et al. 2011).

1.4. IMPORTANCE OF INVESTMENT IN INTANGIBLE ASSETS

The integration of the world economy has emphasized the need for firms to exploit Intangible Assets on a global scale. As highlighted by Griliches, 1994; Lev, 2001; Firer and William, 2003; Boujelben and Fedhila, 2011, the basis of economic development and wealth of the economy lies no longer in the investment in Tangible Assets but in the creation and use of Intangible Assets. This increased importance of Intangible Assets in the economic value creation is also attested by the increasing gap between the firms’ accounting Book Value and their Market Value (Gu and Lev, 2001).

There are variety of reasons that lure the companies to invest in Intangible Assets. Intangible Assets play an increasingly important role in facilitating productivity
and efficiency for the companies (OECD, 2008). These assets also help the companies in competing with their competitors and in enhancing their market value (Canibano et al. 1999, Mishra and Jhunjhunwala, 2009). These also provide a firm with improved customer attainment and preservation by building customer loyalty as well as brand image (OECD, 2008). Specifically mentioning the relevance of some of these assets, Goodwill is given due consideration at the time of mergers and acquisitions (PWC, 2014). A higher value is paid by a company with the intention to take advantage of the existing technology, knowledge and other Intangible Assets (Canibano et al. 1999; Gu and Lev, 2001; PWC, 2014). Investment in R&D, patents, copyrights etc. give monopoly to the firms for producing innovative products (Pradhan, 2003). Advertising and Customer Relationship Management (CRM), other Intangible Assets are documented as a generator of high profits for the companies as the advertised products are easily recallable and identifiable and the chances of confusion are minimized (Sahay and Pillai, 2009). Last but not the least, investment in Human Assets builds the intellectual capital of companies and helps them in earning high profits as the companies take advantage of the skills and abilities of its workforce to outperform their rivals (Arrighetti et al. 2014).

1.5 BOTTLENECKS IN INVESTING IN INTANGIBLE ASSETS

Intangible Assets are not free from bottlenecks. Despite the growing importance of Intangible Assets, it is strange that these are not fully recorded in companies’ Balance Sheets perhaps because these are complex to define and difficult to measure (Goldfinger, 1997; Sveiby, 1998; Lonqvist, 2004; Gu and Wang, 2005; Lev, 2005; Austin, 2007; Corrado et al. 2012). Infact they lack both consistent data and uniform definition (Toubal, 2009). Also these assets are difficult to identify separately and thus fail to match the fundamental requirements for accounting recognition (Canibano et al. 1999). Intangibles are non physical in nature and do not follow the same pattern of depreciation as tangible assets (Canibano et al. 1999). Also, the future benefits derived from Intangible Assets are uncertain (Holland, 2001). As a result economic rents, growth opportunities, and other factors associated with Intangible Assets are not fully captured in the accounting system.
1.6. **NEED OF THE STUDY**

The intense competition brought in by globalization and liberalization has altered the nature and pattern of companies’ operations. Investment in fixed assets is now being replaced by the investment in Intangible Assets like R&D, intellectual property, customer relationship and brand. According to Global Intangible Tracker (GIT), 2007, India is ranked on the third pedestal with the highest intangible component as a percentage of the Total Enterprise Value (TEV).

The review of literature suggests that Intangible Assets have been studied in fragments by authors. Some have considered Balance Sheet Intangible Assets only (Godfrey and Koh, 2001; Barron et al. 2002; Cazavan-Jeny, 2004; Casta et al. 2005; Al-Twaijry, 2009; Ali et al. 2010; Fang and Lin, 2010; Ruiwen and Honghui, 2010; Boujelben and Fedhila, 2011; Behname et al. 2012; Zare et al. 2012 and Darabi and Vojohi, 2013) while several others have considered only R&D as a vital intangible (Bosworth and Rogers, 1998; Huang and Liu, 2005; Hall and Oriani, 2006; Cincera et al. 2010; Ebie and Olibe, 2010; Zhu and Huang, 2012 and Rao et al. 2013). Authors have also considered only Advertising Intensity as intangible (Kundu et al. 2010 and Shah et al.2011). Some of the researchers have studied both R&D and Advertising Intensity simultaneously (Hirschey and Weygandt, 1985; Chauvin and Hirschey, 1993; Gleason and Klock, 2003; Bhagwat and DeBruine, 2011 and Greenhalgh and Rogers, 2012). Lot of researchers deem intangibles to be synonym of Intellectual Capital (Belkaoui, 2003; Firer and Williams, 2003; Chen et al. 2005; Ghosh and Wu, 2007; Pew Tan et al. 2007; Wang, 2008; Ghosh and Mondal, 2009; Zeghal and Maaloul, 2010; Kai Wah Chu et al.2011; Clarke et al.2011;Wang, 2011; Amri and Abdoli, 2012; Azad and Mohajeri, 2012; Mondal and Ghosh, 2012; Pal and Soriya, 2012; Sarmadi, 2013; Fathi et al. 2013; Eskandar, 2013; Jasour et al. 2013; Libo et al. 2013; Mojtahedi, 2013; Sumedrea, 2013; Sydler et al. 2013; Verduijn, 2013). An implicit approach of taking the difference between Market Value of Equity and Book Value of Equity too has been followed (Lau, 2003; Salamudin et al. 2010). None of the studies examining the Intangible Assets in totality has been found. Hence there was a need to conduct a study focusing on all the aspects of Intangible Assets holistically.
The review also reveals that the concept of Intangible Assets has been explored extensively in the developed countries as USA (Barron et al. 2002; Lantz & Sahut, 2005; Ehie & Olibe, 2010); Australia (Godfrey & Koh, 2001; Bosworth & Rogers, 1998); UK (Lau, 2003; Zeghal & Maaloul, 2010); Japan (Al-Twajry, 2009; Masayuki, 2012); France (Cazavan-Jeny, 2004); Europe (Casta et al. 2005) etc. Less endeavors have been made in the developing nations as Malaysia (Zainol et al. 2008), Korea (Chen, 2011) etc. and even lesser in India as by Kumar (1997); Siddharthan (1998); Kumar and Saqib (1996); Pradhan (2003); Kumar and Aggarwal (2005); Mishra (2007) and Parameshwaran (2010). Thus it was required to conduct a study in Indian context on Intangible Assets.

Intangibles are found to affect the performance of the companies. Some authors have found a positive impact of Intangible Assets on performance (Bosworth and Rogers, 1998; Godfrey and Koh, 2001; Firer and Williams, 2003; Lau, 2003; Casta et al. 2005; Kamath, 2008; Ali et al. 2010; Ehie and Olibe, 2010; Kundu et al. 2010; Salamudin et al. 2010, Boujelben and Fedhila, 2011; Maditinos et al. 2011; Libo et al. 2013) etc while some others have demonstrated the impact as negative one (Barron et al. 2002; Fang and Lin, 2010; Ruiwen and Honghui, 2010; Widiantoro, 2012). There is a need to reassess this association between Intangible Assets and performance with respect to India.

Hence all the above mentioned reasons and inadequacies are the source of motivation to conduct the present study.

1.7. OBJECTIVES OF THE STUDY

The specific objectives of the study are:

1. To measure the level of investment and growth rate in Intangible Assets in the Indian corporate sector.
2. To evaluate the various corporate attributes affecting the investment in Intangible Assets in India.
3. To analyse the impact of Intangible Assets on the corporate performance in India.
1.8. **ORGANISATION OF THE STUDY**

The present study has been divided into seven chapters organized as follows:

**Chapter I** introduces the topic. It explains the meaning of Intangible Assets. The chapter also discusses the importance of Intangible Assets and their limitations. Need of the study and the specific objectives are also stated in this chapter.

**Chapter II** discusses the review of available literature. The chapter is divided into three sections. Section-I covers the studies on the extent of level of investment in Intangible Assets. Section–II reviews literature on the factors determining the investment in Intangible Assets. Section–III explores the impact of Intangible Assets on the corporate performance. Research gap has also been identified after reviewing the previous studies.

**Chapter III** explains the Database and research methodology. The universe, sample size, time period, measurement of Intangible Assets, variables used in the study and hypotheses are discussed in this chapter. Various statistical tools used for analysis are also explained.

**Chapter IV** measures the extent of investment in Intangible Assets by the Indian companies. The chapter is divided into three sections. Section I covers the extent of investment in Intangible Assets by the Indian corporate sector. Section II covers the industry wise investment in Intangible Assets. Section III covers the sector wise investment in Intangible Assets.

**Chapter V** highlights the corporate attributes affecting investment in Intangible Assets.

**Chapter VI** examines the impact of Intangible Assets on the performance of companies in the Indian corporate sector.

**Chapter VII** summarizes the findings and concludes the study.

Bibliography and Appendices are given separately at the end of the study.

1.9. **LIMITATIONS OF THE STUDY**

The study suffers from following limitations:

1. The data on many of the variables was not available that resulted in a small sample size.
2. The companies in the Public Sector and Banking and Financial Sector have been excluded from the sample of the present study. Hence, the results cannot be generalised.

3. Performance of the companies is affected by many variables. Although an attempt has been made to cover all the possible variables yet more macro variables like GDP, inflation, tax rates could be added for better results.