

Recapitulation of Sahara Parivar Pvt. Ltd.

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Abstract

Being your boss gives a different kind of feeling, and one of the sources where we can be our boss and earn money, also by serving our country is entrepreneurship. India is becoming a hub of entrepreneurs as advancements in terms of technology, resources and government support are giving the new minds an encouragement to do their best. The new minds are coming up with ideas that are benefitting the nation to a great level. Entrepreneurship and the entrepreneurs have given magical fuel to the Indian economy. This not only benefitted an entrepreneur personally but is also a reason behind the new jobs, advancement in working, enhancement of productivity and a better standard of living. The Indian law also has given leniency to start-ups or entrepreneurship now. But one important thing which we the citizens should see in start-ups touching the sky these days is the ethics they are following. Business ethics is one of the most important aspects that affect the productivity and the goodwill of the company or firm. This report is a case study of a start-up where a 30-year-old entrepreneur established a firm which later became a brand and is called Sahara Parivar Pvt. Ltd. Spreading its wings and establishing goodwill was not easy for him but was not impossible too. The major tool that the company lacked was business ethics. Business ethics simply means an appropriate study of the policies and practices of business. The companies behavior towards its employees, towards its customers, towards its investors and most importantly towards its nation comes under the business ethics. They cared about corporate social responsibility but ethics in the eyes of law was missing in their execution of work. Therefore, this article contains an overview of the Sahara Company and its life on different grounds.

Keywords: Entrepreneurship, Advancements, Technology, Productivity, Start-up, Business Ethics, Law, Sahara Parivar.

Introduction

Sahara India Parivar being the most prominent company of its time was established in the year 1978 by a mechanical engineer, Mr. Subrata Roy. A 30-year-old entrepreneur started his company by investing just Rs. 2,000 which is equivalent to Rs. 51,300.43 today (2022) [1]. Sahara India Parivar gave a new outlook to entrepreneurship by becoming a major player in the corporate world. The company's history is eye-catching because of the patriotism it showed for the country. Sahara believes that one thing that unites us all is BHARATIYATA. Unity for the nation and binding all the employees with emotion are its priority. In 1993, the Sahara Company also stepped into airline services. It incorporated 'Sahara Airlines Limited' which later got rebranded as 'Air Sahara' in the year 2000. The company also has its roots scattered in different areas of work such as in [2]:

- **Real Estate:** Sahara Housing Investment Cooperation and Sahara India Real Estate.
- **Electric Vehicles:** Sahara Evols.
- **Sports:** Awadhe Warriors of Lucknow in Indian Badminton League, Pune Warriors India in IPL, it sponsored Calcutta Football League from the year 2005 to 2014 and it also sponsored Bangladesh Cricket Team from the year 2012 to 2015.

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- *Finance*: Sahara India Life Insurance Company Ltd.
 - *Healthcare*: Sahara Hospital in Lucknow.
 - *Information Technology*: Sahara Next

Being one of the best companies in India and having a prominent place in the corporate world in its time, Sahara has lost its real goodwill today. The name Sahara reminds us of the scam that majorly affected the real value of the company. This article is a study or a summary of the life of Sahara India Parivar. It contains the major points of the organization and what it is today.

THE THREE PHASES OF SAHARA

The overview of Sahara Company can be well defined by dividing its life into three phases. The first phase of the introduction defined its birth time and how it was started. The second phase is prosperity. It defines how a small start-up grew and became a huge and successful business, whereas the third phase is of downfall. The downfall stage has the scam story of Sahara that made the goodwill of Sahara come down and affected its productivity to a great level.

The Introduction Phase

Sahara Parivar is one of the well-known Indian companies. It was at a phase where being its part was a dream for many of the Indians. Mr Subrata Roy invested Rs. 2000 and bought the company to a worth of around Rs. 2,59,000 crores.

Does not it seem to be Magic?

It seems to be but it is not. Bringing the company to a prosperity stage and spreading its roots to many fields in India was not an easy task. Today Rs. 2000 seems to be nothing, many of us would spend it in one go, but in 1978, this small amount was a key to success for an Indian entrepreneur.

The Prosperity Phase

The prosperity stage of Sahara Parivar was witnessed by the whole nation. More than 1.4 million employees worked in the organization, and there are rewards and recognitions in the name of the company which makes it more popular. Sahara Parivar became the Second largest employer in India after the Indian railways in the year 2004 [3].

Isn't it Eye-catching?

A company which has no positive thoughts today was once the second largest employer in the nation. Also, it captured a place in the Guinness Book of World Records for establishing 315 retail outlets at once in India.

Do you know the Best thing about this Organization?

Its patriotism, Sahara Parivar also got its name in the Guinness Book of World Records in 2013 as its employees were the most number of people who sang India's national anthem.

Sahara Company has around 4100 establishments all over India, a few of its establishments are stated as below:

- Sahara India Bhawan, Lucknow
- Sahara India Centre, Lucknow
- Sahara India Tower, Lucknow
- Sahara India Kunj, Bhopal
- Sahara India Chambers, Jaipur
- Sahara India Sadan, Kolkata Corporate Office
- Sahara India Vihar, Patna
- Sahara India Complex, Delhi Corporate Office
- Sahara Star Hotel, Mumbai

- Aamby Valley City, Lonavala
- Sahara Ganj, Lucknow
- Sahara Hospital, Lucknow

The Downfall Phase

Despite being one of the top companies in India, this organization had to face a downfall, which destroyed its goodwill to a great extent. The major reason behind the downfall was a scam which made the entrepreneur go to jail and the shares of Sahara Parivar also fell. The employees were devastated and many of them left their job as well. As per a report, the net worth of the organization in the year 2016–17 was Rs.53,000 crores.

WHAT HAPPENED AND WHAT SCAM DID SAHARA DO?

The story of the scam came to light in the year 2009–10, when SEBI (Securities and Exchange Board of India) detected an error in Sahara's two companies fundraising methods. The two companies that were on the radar of SEBI were Sahara India Real Estate Corporation and Sahara Housing Investment Corporation.

SEBI has laid down some guidelines which the companies need to follow at the time of issuing shares to the public and raising funds. Since it is a regulation by law and the rules were violated by the two companies of Sahara Parivar, SEBI got a doubtful eye on the funds of the two firms [4].

What Rule was Broken?

To raise money from the public, the companies have to take approval from the SEBI. For this purpose, the company needs to submit a DRHP (Draft Red Herring Prospectus) which includes all the details of the company. If then, SEBI finds it correct, the company may get permission for IPO (Initial Public Offering).

The same was done by Sahara's companies, in which SEBI detected the error and fraud of raising the funds through illegal means in two companies of Sahara, and with that SEBI received complaints that the company is issuing OFCD (Optionally Fully Convertible Debentures) and was raising funds by wrong means [5]. The complaints made the doubt of SEBI stronger and then the case was taken to court. Also, SEBI's investigation found that the two companies of Sahara Pvt. Ltd. have raised around Rs. 24000 crores from around 2 crore investors, which was a huge amount of fraud [6].

At an initial level, it was Sahara Pvt. Ltd. who approached the Allahabad High Court to challenge the order of SEBI of returning the money to the investors. The case was then taken to the Supreme Court of India after the Allahabad High Court cancelled the restriction.

In August 2012, the Supreme Court of India asked the two companies of Sahara to return the money of investors along with 15% of interest. Subrata Roy was given 3 chances as instalments through which he was ordered to return the money but he only paid the first instalment out of three [7]. Later in 2014, the Supreme Court of India issued a non-bailable arrest warrant against Mr Roy.

As per an article by 'Financial Express,' the investors have received only Rs. 138.07 crores and the rest is yet to be paid by the authority since the first instalment is with SEBI [8]. The major problem that arose while paying back the money was the details provided by the company of investors were not traceable and many of the bond-holders did not apply for a refund to SEBI. The day on which the whole amount will get refunded to the investors is still a question mark.

WAS THERE ANYTHING GOOD IN THE COMPANY?

I would say yes. Reading about the scam of Sahara company gives all of us goosebumps and rage too, but it would be wrong to analyze only the negative points about it. We should also consider the

points that were good and in favour of the firm. The following are the points that made Sahara, India's favourite in its time:

- The second largest employer in 2004 in India, the company contributed to enhancing the productivity and employment growth rate as well. Also, by providing employment it increased the standard of living of the people.
- Patriotism, Sahara is an Indian company and it shows it too. This Indian company has a statue of BHARAT MATA at its office in Lucknow.
- The company also cared about social welfare, Sahara company constructed 839 houses for the victims of the Gujarat earthquake. 272 families of Kargil Martyrs were given emotional and educational support [9].
- The company also established rehabilitation centres for divyang citizens in Lucknow and Gorakhpur.
- The organization supports education and has also given scholarships to 1500 talented students.
- Sahara Pvt. Ltd. Also supports Sports initiatives, the company has sponsored the Indian cricket team from the year 2001 to 2013 [10].
- One important point which we citizens can consider is that Roy did not run from India to hide the wrong his company did. He stood here and dealt with what wrong was done by the company.

CONCLUSION

After the study about the company, we are concluding that business organization is for profit-making along with social welfare. Due to the market circumstance if organizations choose an unethical path then it is an offence for the society and country. But if later on, it has realized the fault then society must offer a second chance. This was a summary of the Sahara Parivar Pvt. Ltd., how it started and how it came down. The goodwill that Sahara earned never made its functioning doubtful but nothing is spared from the eyes of SEBI. SEBI caught the company doing unethical activities and its goodwill happened to come down. Unfortunately, in the end, investors suffered and still the money is not returned to all of them.

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