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MANAGEMENT OF NON-PERFORMING ASSETS: A STUDY ON RAS AL KHAIMAH BANK, UNITED ARAB EMIRATIES

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ABSTRACT

The issue of Non Performing Assets has been discussed at length for financial system all over the world. The problem of NPAs is not only affecting the banks but also the whole economy. In fact high level of NPAs in banks is nothing but a reflection of the state of health of the industry and trade. Weak loan growth and higher levels of non-performing assets (NPAs) are weighing heavily on the future prospects of the UAE's banking sector, with official data showing that provisions for NPAs continues to swell to record numbers despite stability in the country's overall economic situation. The present paper aims to develop a comprehensive understanding of the NPAs and the approach to managing them. The period from 2008 to 2011 saw erratic levels of NPAs in the UAE National Banks. Through this period, the performance of RAK BANK has been commendable in comparison with other banks. The main aim behind this paper is to know how RAK BANK is operating its business and how NPAs play its role to the operations of the bank. The study also focuses upon existing system in the UAE to solve the problem of NPAs and comparative analysis to understand the role that the banks play with concern to NPAs.

KEYWORDS

NPA, RAS AL KHAIMAH Bank

INTRODUCTION

The global crisis exposed the vulnerabilities of the banks in the UAE to varying degrees. The favorable macroeconomics environment in the year preceding the global crisis had been conducive to favorable credit conditions and lower nonperforming loans (NPLs) of banks. In 2009, NPLs increased sharply and credit stagnated, raising worries that the recovery could be slowed down by credit constraints. The banking sector in the UAE is quite fragmented, with the market currently being served by 23 domestic banks and 28 foreign banks. Banks incorporated in Abu Dhabi and Dubai hold the lion's share of total domestic assets. In view of the ambitious outlook of the economy and the expansionist program of the country, the ability of the banking sector to support the pressure is circumspect.

Asset quality deteriorated significantly in 2009 and the trend continued in 2010 with average NPL to gross loans ratio of banks increasing continuously. The troubled debt of Dubai world which have been reported in the 2010 financial statements means these numbers will likely continue to rise. It is worth noting that these ratios may not reflect the real quality of the loans portfolio given the high levels of restructured and rescheduled loans and those past due, but not impaired, reported by banks in accordance with International Financial Reporting standards. These same ratios, reported by foreign banks operating in the UAE, were higher in 2009, which is considered a better indication given the stringent provisioning requirements of those banks. As loan books stagnate in 2010 and into 2011, the ratio of NPL to gross loans is expected to increase for all banks as problematic assets surface in the banking.

The issue of Non Performing Assets has been discussed at length for financial system all over the world. The problem of NPAs is not only affecting the banks but also the whole economy. In fact high level of NPAs in banks is nothing but a reflection of the state of health of the industry and trade. Weak loan growth and higher levels of non-performing assets (NPAs) are weighing heavily on the future prospects of the UAE's banking sector, with official data showing that provisions for NPAs continues to swell to record numbers despite stability in the country's overall economic situation. According to data released by the UAE's Central Bank, total provisioning by banks in the country rose to Dh 67.3 billion in October, up 18.5 per cent in the first 10 months of 2011. Specific provisioning for NPLs up 17.2 per cent in the first 10 months, while general provisions are up 23.2 per cent in the same period, data shows year-on-year, total provisioning is up 24.4 per cent, from Dh 54.1 billion in October 2010 to Dh 67.3 billion in October 2011, while bank deposits are up less than 1 per cent, from Dh 1,053.8 bn to Dh 1,062 bn in the same period. Meanwhile, bank lending remains erratic, with the month of October seeing lending decline by Dh 2 billion, compared with a healthy growth of Dh 18.4 bn in the previous month.

During this time of economic turmoil, Ras Al Khimah Bank (RAK BANK) was amongst the few commercial banks the UAE which posted profit growth in 2009. Due to the Banks's withdrawal in 2006 from lending in the construction and civil engineering segments outside of its base Emirate, it has very little residual exposure in those segments and has no exposure to construction involving high-rise towers. RAK BANK's conservative credit policies and risk management allowed RAKBANK to be less affected by the credit crisis in 2008. With retail losses running at a third of its UAE competitive retail banking peer group.

This papers deals with understanding the concept of NPAs, its magnitude and major causes for an account becoming non-performing analysis of NPAs in RAK BANK over the past few years, the performance of the bank in the recent past and projections and concluding remarks.

STATEMENT OF THE PROBLEM

Non-Performing Asset defines as an asset, including a leased asset, becomes non-performing when it ceases to generate income for the bank. A credit facility in respect of which the interest and/or installment of principal has remained "past due" for a specified period. Meaning of NPAs an asset is classified as Non-performing Asset (NPA) if due in the form of principal and interest are not paid by the borrower for a period of 180 days. If any advance or credit facilities granted by banks to a borrower become non-performing, then the bank will have to treat all the advances facilities granted to that borrower as non-performing without having any regard to the fact that there may still exists certain advance/credit facilities having performing status. Though the term NPA connotes a financial asset of a commercial bank, which has stopped earning an expected reasonable return, it is also a reflection of the bank, which has stopped earning an reasonable return, it is also a reflection of the productivity of the unit, firm, concern, industry and nation where that asset is idling viewed with this perspective, the NPA is result of an environment that prevents it from performing up to expected levels

RESEARCH METHODOLOGY

The present paper aims to develop a comprehensive understanding of the NPAs and the approach to managing them. The period from 2008 to 2011 saw erratic levels of NPAs in the UAE National Banks. Through this period, the performance of RAK BANK has been commendable in comparison with other banks. The present paper will aim look at some of the issues leading to the rise of NPAs and the unsustainable performance level of banks in the UAE in comparison with those of RAK BANK in this period. The recommendations and regulations of the Central Bank with increased provision for bank loans and restructurings are predicted to take a toll on earnings of the banks. It is in this context that this paper aims to highlight the management of NPA at the systemic level to improve the performance of the banks. The main aim behind this paper is to know how RAK BANK is operating its business and how NPAs play its role to the operations of the bank. The study also focuses upon existing system in the UAE to solve the problem of NPAs and comparative analysis to understand the role that the banks play with concern to NPAs.

OBJECTIVE THE STUDY

- To understand the meaning and nature of Non Performing Assets
- To identify the underlying reasons for the emergence of the NPAs
- To determine the NPAs of selected banks in the UAE
- To understand the impact of NPAs on the operations of the Banks.
- To provide a comprehensive approach to the management of NPAs in the UAE banks.
- To evaluate the comparative ratios of RAK BANK with other banks in this region.
- To give appropriate recommendations for reducing the NPAs.

This paper is based on the exploratory research method where the data is collected from primary and secondary sources. For secondary data collected from various publications of the Central Bank of the UAE, Websites of National Banks, Annual Report of National Banks, Newspaper and Magazine etc., Primary Source collected through personal interviews, discussion with the concerned authorities in RAK BANK. The study compares data from the top 9 banks in the country with the performance of RAKBNAK to learn the lessons for sustainable performance in times of crises.

The sample used is for the comparison of the top 9 banks in the period 2008-2010, based on the research by financial institutions. The performance of the banks is compared at the reported level, as well as the new regulations of the central bank in regard to the classification of assets and provisioning for the same. This gives a more uniform picture for the purpose of comparison in line with International standards.

ANALYSIS OF THE DATA

The research paper used simple statistical analysis of data. Charts and comparative tabulations are used for easier and simpler understanding and presentation of data. Ratios and performance indicators recommended by the Central Bank according to the Base II standards are used for analysis of the data

LIMITATIONS OF THE STUDY

Management of NPAs is a highly sensitive area in the banking sector. While banks are being reluctant to divulge information about the NPAs and the steps taken for their management, the only recourse to the information is that available on the public domain.

UNITED ARAB EMIRATES BANKING SYSTEM

Banks have an important role to play in the economic growth of emerging economies, such as the UAE economy. The role of the United Arab Emirate Banking system has undergone a number of changes depending on the requirement of the economy at the material time. In its endeavour to closely monitor the economic developments in UAE, the UAE banking sector is the second largest one after Saudi Arabia among the member states of the Gulf Corporation Council (GCC). The UAE banking sector is not highly concentrated, with the five largest banks accounting for about 44 percent of the total assets of the banking system. Although there are 25 foreign banks compared with 21 local banks, the share of foreign banks in total banking assets and deposits declined from 24.1 and 26.1 per cent at end of 2003 to 21.9 and 24.5 per cent at end of 2006 respectively. The number of banks has been quite stable for a number of years, because of a ban on new foreign entrants and government's desire to avoid mergers in Banking Sector in UAE. The UAE banks ownership structure reflects the prevalent role of the public sector, which is complemented by an active role for the private sector.

IMPACTS OF NPAs ON BANKS

The performance of the public sector banks is the hampered by the increase in the Non- performing Assets. The Non- performing Assets have a drastic effect on the working of the banks. The efficiency of a bank is not always reflected only by the size of its balance sheet but by the level of return on its assets. NPAs do not generate interest income for the banks, but the same time banks are required to make provisions for such NPAs from their current profits.

- They erode current profits through provisioning requirements.
- They result in reduced interest income.
- They require higher provisioning requirements affecting profits and accretion to capital.
- They limit recycling of funds, set in assets-liability mismatches, etc.
- Adverse impact on Capital Adequacy Ratio.
- ROE and ROA goes down because NPAs do not earn.
- Bank's rating gets affected.
- Bank's cost of raising funds goes up.
- Bad effect on Goodwill.
- Bad effect on equity value.

The Central bank has issued guidelines and regulations to introduce checks and controls on the growing NPAs of the banks. To effectively act on the same and to reduce the NPAs, the banks should be motivated to introduce their own precautionary steps. Before lending the banks must evaluate the feasible financial and operational prospective results of the borrowing companies or customer. They must evaluate the borrowing companies by keeping in consideration the overall impact of all the factors that influence the business. A high level of NPAs suggests high probability of a large number of credit defaults that affect the profitability and net-worth of banks and also erodes the value of the asset. The NPA growth involves the necessity of provisions, which reduces the overall profits and shareholders' value.

GROSS NON PERFORMING ASSETS

Gross NPAs are the sum total of all loan assets that are classified as NPAs as per the guidelines of the Central bank as on the date of the Balance Sheet. Gross NPA reflects the quality of the loans made by banks. It consists of all the nonstandard assets like as sub-standard, doubtful, and loss assets. It can be calculated with the help of following ratio:

$$\text{Gross NPAs Ratio} = \frac{\text{Gross NPAs}}{\text{Gross Advances}}$$

NET NPA

Net NPA shows the actual burden of banks. Since the bank balance sheets contain a huge amount of NPAs and the process of recovery and write off of loans is very time consuming, the provisions the banks have to make against the NPAs according to the central bank guidelines, are quite significant. That is why the difference between gross and net NPA is quite high. It can be calculated by following:

$$\text{Net NPAs Ratio} = \frac{\text{Gross NPAs} - \text{Provisions}}{\text{Gross Advances} - \text{Provisions}}$$

CAUSES FOR AN ACCOUNT BECOMING NPA

- Internal factors
- External factors

INTERNAL FACTORS

- Funds borrowed for a particular purpose but not use for the said purpose.
- Project not completed in time.
- Poor recovery of receivables.
- Excess capacities created on non-economic costs.
- In-ability of the corporate to raise capital through the issue of equity or other debt instrument from capital markets.
- Business failures.
- Diversion of funds for expansion/modernization/setting up new projects/ helping or promoting sister concerns.
- Willful defaults, siphoning of funds, fraud, disputes, management disputes, mis-appropriation etc.
- Deficiencies on the part of the banks viz. in credit appraisal, monitoring and follow-ups, delaying settlement of payments/ subsidiaries by government bodies etc.,

EXTERNAL FACTORS

- Sluggish legal system
- Changes that had taken place in labour laws
- Lack of sincere effort.
- Scarcity of raw material, power and other resources.
- Industrial recession.
- Shortage of raw material, raw material/input price escalation, power shortage, industrial recession, excess capacity, natural calamities like floods, accidents.
- Failures, nonpayment, over dues in other countries, recession in other countries, externalization problems, adverse exchange rates etc.
- Government policies.

EARLY DETECTION OF NPA SYMPTOMS

Symptoms by which one can recognize a performing asset turning in to Non-performing asset are categorized as follows

FINANCIAL

- Non-payment of the very first installment in case of term loan.
- Bouncing of cheques due to insufficient balance in the accounts.
- Irregularity in installment
- Irregularity of operations in the accounts.
- Unpaid overdue bills.
- Declining Current Ratio
- Payment which does not cover the interest and principal amount of that installment
- While monitoring the accounts it is found that partial amount is diverted to sister concern or parent company

OPERATIONAL AND PHYSICAL

- If information is received that the borrower has either initiated the process of winding up or are not doing the business.
- Overdue receivables.
- Stock statement not submitted on time.
- External non-controllable factor like natural calamities in the city where borrower conduct his business.
- Frequent changes in plan
- Nonpayment of wages

ATTITUDINAL CHANGES

- Use for personal comfort, stocks and shares by borrower
- Avoidance of contact with bank
- Problem between partners

OTHERS

- Changes in Government policies
- Death of borrower
- Competition in the market

PREVENTIVE MEASUREMENT FOR NPAs**EARLY RECOGNITION OF THE PROBLEM**

Invariably, by the time banks start their efforts to get involved in a revival process, it's too late to retrieve the situation- both in terms of rehabilitation of the project and recovery of bank's dues. Identification of weakness in the very beginning that is : When the account starts showing first signs of weakness regardless of the fact that it may not have become NPA, is imperative. Assessment of the potential of revival may be done on the basis of a techno-economic viability study. Restructuring should be attempted where, after an objective assessment of the promoter's intention, banks are convinced of a turnaround within a scheduled timeframe. In respect of totally unviable units as decided by the bank, it is better to facilitate winding up/ selling of the unit earlier, so as to recover whatever is possible through legal means before the security position becomes worse.

IDENTIFYING BORROWERS WITH GENUINE INTENT

Identifying borrowers with genuine intent from those who are non-serious with no commitment or stake in revival is a challenge confronting bankers. Here the role of frontline officials at the branch level is paramount as they are the ones who have intelligent inputs with regard to promoters' sincerity, and capability to achieve turnaround. Based on this objective assessment, banks should decide as quickly as possible whether it would be worthwhile to commit additional finance. In this regard banks may consider having "Special Investigation" of all financial transactions or business transactions, books of account in order to ascertain real factors that contributed to sickness of the borrower. Banks may have panel of technical experts with proven expertise and track record of preparing techno-economic study of the project of the borrowers. Borrowers having genuine problems due to temporary mismatch in fund flow or sudden

requirement of additional fund may be entertained at branch level, and for this purpose a special limit to such type of cases should be decided. This will obviate the need to route the additional funding through the controlling offices in deserving cases, and help avert many accounts slipping into NPA category.

TIMELINESS AND ADEQUACY OF RESPONSE

Longer the delay in response, greater the injury to the account and the asset. Time is a crucial element in any restructuring or rehabilitation activity. The response decided on the basis of techno-economic study and promoter's commitment, has to be adequate in terms of extend of additional funding and relaxations etc. under the restructuring exercise. The package of assistance may be flexible and bank may look at the exit option.

FOCUS ON THE CASH FLOWS

While financing, at the time of restructuring the banks may not be guided by the conventional fund flow analysis only, which could yield a potentially misleading picture. Appraisal for fresh credit requirements may be done by analyzing funds flow in conjunction with the Cash Flow rather than only on the basis of Funds Flow.

MANAGEMENT EFFECTIVENESS

The general perception among borrower is that it is lack of finance that leads to sickness and NPAs. But this may not be the case all the time. Management effectiveness in tackling adverse business conditions is a very important aspect that affects a borrowing unit's fortunes. A bank may commit additional finance to an align unit only after basic viability of the enterprise also in the context of quality of management is examined and confirmed. Where the default is due to deeper malady, viability study or investigative audit should be done – it will be useful to have consultant appointed as early as possible to examine this aspect. A proper techno-economic viability study must thus become the basis on which any future action can be considered.

MULTIPLE FINANCING

A. During the exercise for assessment of viability and restructuring, a Pragmatic and unified approach by all the lending banks/ FIs as also sharing of all relevant information on the borrower would go a long way toward overall success of rehabilitation exercise, given the probability of success/failure.

B. In some default cases, where the unit is still working, the bank should make sure that it captures the cash flows (there is a tendency on part of the borrowers to switch bankers once they default, for fear of getting their cash flows forfeited), and ensure that such cash flows are used for working capital purposes. Toward this end, there should be regular flow of information among consortium members. A bank, which is not part of the consortium, may not be allowed to offer credit facilities to such defaulting clients. Current account facilities may also be denied at non-consortium banks to such clients and violation may attract penal action.

PROFILE OF THE RAK BANK

RAKBANK, the trading name of the National Bank of Ras Al-Khaimah, is a public joint stock company, headquartered in the emirate of Ras Al-Khaimah, in the UAE. The Head Office of the bank is situated in RAKBANK Building, Emirates Rd, Ras Al-Khaimah. The bank is 52.75% owned by the Government of Ras Al-Khaimah. Shares are publicly traded. Board consists of several members of the ruling family of the emirate of Ras-Al Khaimah and businessmen from UAE and Kuwait. The bank is engaged in providing retail and corporate banking services through a network of thirty one branches in the United Arab Emirates. With assets of Dh. 23 billion as at 30 September 2011, it was named the second most profitable bank among GCC top 50 Banks in 2009.

Founded in 1976, the Bank is one of the region's oldest local financial institutions offering a range of personal banking services through its branch network as well as its Telephone, Online and Mobile Banking channels. A major provider of credit cards in the UAE, RAKBANK was the first to launch features such as 'Free for Life' and 'Cashback on Purchase', now adopted by many industry players. RAKBANK was voted the number one Credit Card provider in the Middle East and North Africa region by The Banker Middle East Product Awards 2011. It has also established itself as a leading mortgage and personal loans provider among conventional commercial banks in the UAE, with award-winning customer service. In addition, RAKBANK is one of the most active banks in the area of small to medium enterprise (SME) finance, with a dedicated business unit that offers financial solutions to SME clients.

PERFORMANCE OF RAK BANK

The Financial performance of RAKBANK was remarkable in the recent years considering the economic downturn which has been affecting the bottom lines of most of the other banks in the region. The net profit for the year 2010 amounted to AED 1.0 billion an increase of 38.1% over the previous year. The growth has continued in the current year and the net profit for the nine months ending September 30, 2011 was AED 906,497 compared to AED 729,838 for the same period the previous year, registering a 24.2% growth. On the lending side the problems which were experienced in 2009 extended into the first four months of 2010 but the situation improved as the year continued. Liquidity in 2010 was also significantly tighter in the first half of the year as opposed to the second where improvement has led to reductions in retail deposit rates. However, these rates remained stubbornly higher than similar U.S. Dollar rates notwithstanding the linkage between the two currencies. In the early part of the year this gave rise to substantial arbitrage opportunities but with declining rates this is lessening. RAKBANK has continued to focus on good opportunities in its chosen lending segments, namely personal and auto loans, small and medium enterprises, credit cards and mortgages. Notwithstanding the economic downturn and overall general market conditions RAKBANK has continued to lend. This growth in volume is the primary reason for the improvement in the bank's results, which are a record.

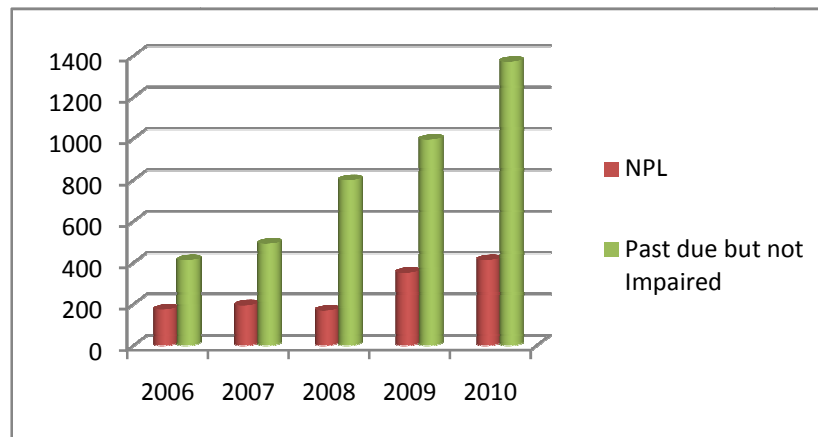
A net profit of AED1 billion was achieved in 2010 compared with AED726.2 million for the previous year. There has been no change in the bank's core business which has maintained its retail and SME focus. As a result of the opportunities which presented themselves in the early part of the year, net interest income rose to AED1.61 billion an increase of 30.9% over 2009. Total advances as at 31st December 2010 stood at AED16.4 billion an increase of 22.1% over 2009 whilst total assets increased by 25% to close at AED21.4 billion. Complementing this growth in assets, other income consisting of fees, commissions, foreign exchange, investment and other operating income grew by 22% to AED 605.0 million. During the year the bank took adequate provisions on its portfolio. Net credit losses increased by 7.1% to AED269.8 million in 2010 from AED251.9 million in 2009, however this was on a larger asset base. Towards the end of the year there was an improving trend in the NCL and the impairment charge for the 4th quarter 2010 were down to AED59.5 million from AED 81.3 million recorded in 1st quarter 2010. The growth in the asset book has been supported by a combination of increases in customer deposits and shareholders equity. The increase in customer deposits was achieved through growth in both fixed term deposits and transaction accounts.

Liquidity ratio stood at 18.2% at year end compared to 16.8% at the end of year 2009. During 2010, AED 1.07 billion of the bank's EMTN programme matured and was repaid by the bank from internal resources. The bank's capital adequacy ratio as per Basel I at end of the year was 15.4% composed entirely of Tier 1 capital against a current minimum of 12% of Tier 1 capital prescribed by the Central Bank of the UAE. With the approval of the Ministry of Finance, the bank has converted its liquidity support loans given in 2008 into 7 year loans dating from 31st December 2009 which because of their term are eligible for Tier 2 status. If that finance is also taken into account then the bank's overall capital adequacy ratio stood at 19.2% a figure which will be further enhanced on approval by the shareholders of the proposed dividend.

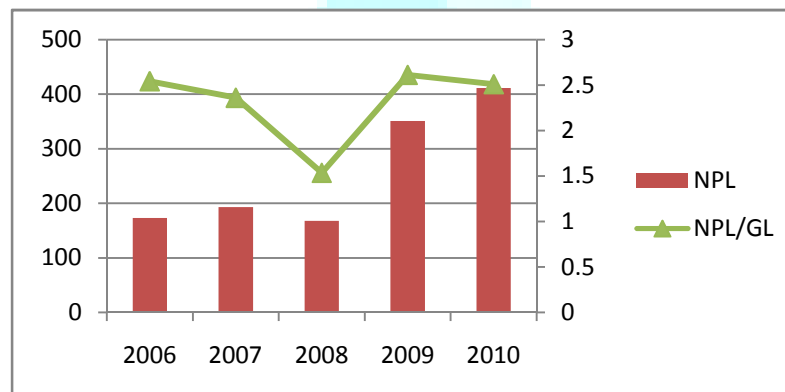
The following table illustrates the bank's ratings by leading rating agencies:

Rating Agency	Deposits	Financial Strength	Outlook
Moody's	Baa1 / P-2	D+	Stable
Fitch	BBB+ / F2	-	Stable
Capital Intelligence	A-/ A2	BBB+	Stable

PROVISIONS FOR NPAs FOR RAKBANK



NPAs for RAKBANK



NPAs of RAKBANK with NPA / Gross Asset Ratio – Years 2006 to 2010

RAKBANK has been on a steady growth mode through the entire period of the study with seemingly no effect of the recession. The period of recession while it was a difficult time for many banks, was an opportunity for RAKBANK to open up new avenues. The current results of the bank, obtained from the interim report from PWC also attest the fact. Below is the consolidated report of the NPA performance of RAKBANK.

Year	Total Provisions	Individual Impaired	Collective Provisions	GL	NPL	Past due but not Impaired	Total Assets	NPL/GL
2006	195.1	126.1	69	6,813.47	173.16	411.52	8,842.29	2.54%
2007	217.82	122.8	95	8,172.48	192.84	491.34	10,973.77	2.36%
2008	225.32	125.32	100	10,950.50	168.05	797.49	13,922.06	1.53%
2009	346.74	241.14	105.6	13,429.70	350.65	993.91	17,117.61	2.61%
2010	307.89	200.29	107.6	16,401.74	411.52	1,370.52	21,379.95	2.51%
September 2011	326.42	253.12	73.3	18,004.86	512.79	-	23,024.42	2.85%

Consolidated NPA report for RAKBANK from 2006 till September 2011

COMPARISON AND ANALYSIS OF DATA

The data collected from the Reports and research material for the banks can be analyzed using a wide range of Analytical tools and performance indicators. However, the most widely used indicators of performance are as below:

Performance indicators

- Capital Quality
- Asset Quality

CAPITAL QUALITY

The Capital Quality of the banks can be measured using the Capital Adequacy Ratio (CAR) also referred to as the Capital to Risk Weighted Assets Ratio (CRAR).

The CAR measures Two types of capital are measured: tier one capital, which can absorb losses without a bank being required to cease trading, and tier two capital, which can absorb losses in the event of a winding-up and so provides a lesser degree of protection to depositors

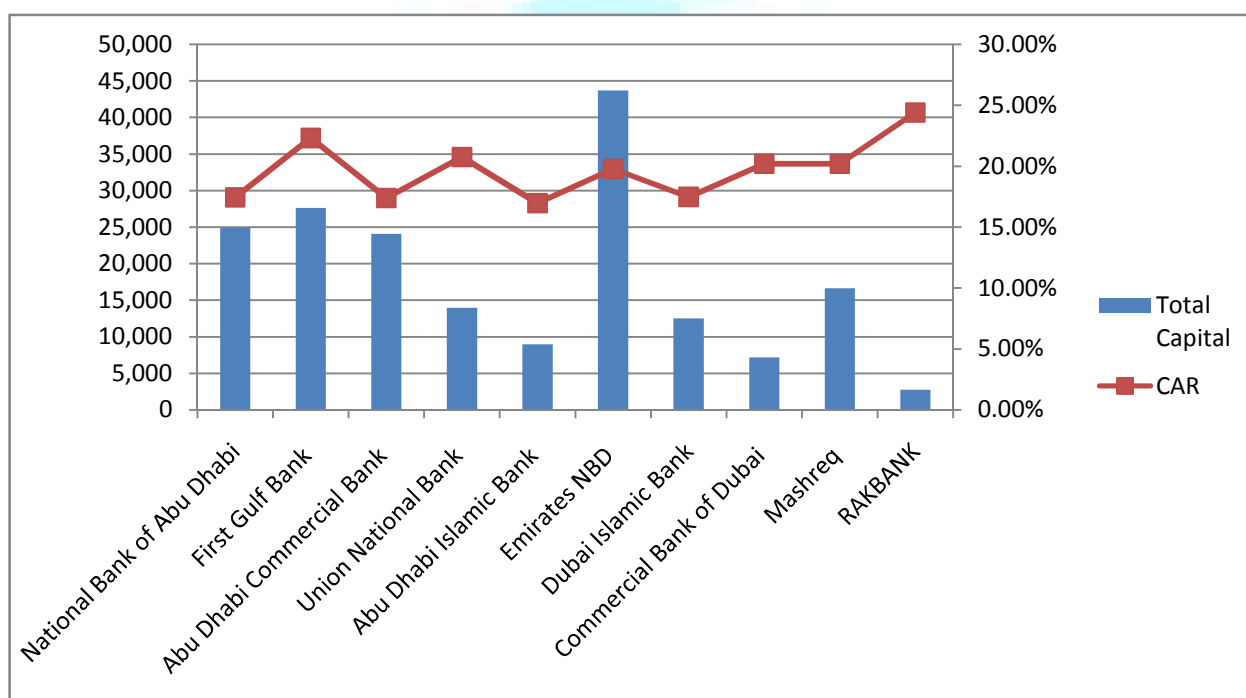
$$\text{CAR} = \frac{\text{Tier One Capital} + \text{Tier Two Capital}}{\text{Risk Weighted Assets}}$$

The following table shows the CAR for the Top 9 banks in UAE for the year 2009 along with that of RAKBANK.

COMPARATIVE ANALYSIS OF CAPITAL ADEQUACY RATIO OF RAKBANK

UAE BANKS Figures in AED mn.	Total Capital	CAR
National Bank of Abu Dhabi	24,894	17.42%
First Gulf Bank	27,636	22.30%
Abu Dhabi Commercial Bank	24,068	17.38%
Union National Bank	13,958	20.74%
Abu Dhabi Islamic Bank	8,988	16.96%
Emirates NBD	43,690	19.76%
Dubai Islamic Bank	12,503	17.47%
Commercial Bank of Dubai	7,181	20.19%
Mashreq	16,652	20.18%
Cumulative	179,569	19.18%
RAKBANK	2,755	24.38%

The above comparative with the top 9 banks by Asset value in UAE with RAK bank shows that the CAR ratio of RAKBANK is the highest among the banks for the year 2009 and is more than 5 percentage points of the Cumulative CAR of the top banks in UAE. This reflects the performance of the bank when the outlook of the banks, especially those based in Dubai face bleak prospects in view of the Dubai world and other real estate exposures.



The comprehensive comparison of the Asset Quality has been carried out and the results are presented in a tabulated form below. The Comparison takes into consideration the NPAs and the Provisions as reported and the Coverage ratio. With the new regulations from the Central bank coming into effect, the Coverage ratio for with the new calculation is also presented. While the Cumulative Coverage ratio of the top banks stands at 68.50%, RAKBANK has a reported coverage ratio of 98.88% ensuring that the effect of the NPAs is not felt on the profitability of the bank.

COVERAGE RATIO OF THE UAE BANKS

UAE BANKS - ASSET QUALITY Figures in AED mn.	NPLs as reported	Past due (> 90 days)	NPLs - 90 days	Gross Loans	NPL / G.L. (old)	NPL / G.L. (revised)	Total Provisions	Coverage ratio - reported	Coverage ratio - new calculation
National Bank of Abu Dhabi	1,687	-	1,687	139,971	1.20%	1.20%	2,714	160.90%	160.90%
First Gulf Bank	1,451	1,647	3,098	92,916	1.60%	3.30%	2,530	174.40%	81.70%
Abu Dhabi Commercial Bank	6,242	-	6,242	120,843	5.20%	5.20%	4,232	67.80%	67.80%
Union National Bank	793	252	1,046	51,580	1.50%	2.00%	812	102.30%	77.60%
Abu Dhabi Islamic Bank	2,527	1,767	4,294	42,225	6.00%	10.20%	1,751	69.30%	40.80%
Emirates NBD	5,041	823	5,865	219,679	2.30%	2.70%	5,275	104.60%	89.90%
Dubai Islamic Bank	3,107	1,378	4,485	51,873	6.00%	8.60%	1,948	62.70%	43.40%
Commercial Bank of Dubai	767	339	1,106	29,114	2.60%	3.80%	738	96.20%	66.70%
Mashreq	3,614	643	4,257	47,933	7.50%	8.90%	1,985	54.90%	46.60%
Cumulative	25,229	6,849	32,078	796,134	3.20%	4.00%	21,984	87.10%	68.50%

Effect of the new Regulations on the profitability of the banks can be gauged by the provisioning requirements of the banks as opposed to the actual provisioning done during the fiscal year.

UAE BANKS - PROVISIONS Figures in AED mn.	Total Capital	Total RWA	Credit RWA	CAR	1.5% of CRWA	Reported Collective Provisions	Difference
National Bank of Abu Dhabi	24,894	142,882	128,344	17.42%	1,925	1,604	321
First Gulf Bank	27,636	123,911	114,173	22.30%	1,713	1,946	-233
Abu Dhabi Commercial Bank	24,068	138,475	126,294	17.38%	1,894	1,505	389
Union National Bank	13,958	67,293	63,582	20.74%	954	325	629
Abu Dhabi Islamic Bank	8,988	53,011	50,101	16.96%	752	518	234
Emirates NBD	43,690	221,100	204,800	19.76%	3,072	1,858	1,214
Dubai Islamic Bank	12,503	71,556	64,478	17.47%	967	353	614
Commercial Bank of Dubai	7,181	35,571	32,461	20.19%	487	329	158
Mashreq	16,652	82,507	77,086	20.18%	1,156	513	643
Cumulative	179,569	936,307	861,321	19.18%	12,920	8,950	3,970
RAKBANK	2,755	14,626	10,983	24.38%	165	105.6	59

The above table is the difference in the provision requirements as per the new regulations and reflects upon the effect on the profits due to the new provisioning rules requiring a provisioning of 1.5% of the CRWA.

In comparison to the other banks RAKBANK appears to have done exceedingly well with the management of their NPAs where while the cumulative NPL to Gross Loan ratio stands at 3.2%, RAKBANK's NPL to GL ratio for the same period is 2.61%. However, we believe there is still scope for improvement with a prudent approach to managing the NPAs. The below table shows the performance of RAKBANK in terms of NPAs over the past 5 years along with the Assets, the Gross Loans and other ratios which can be used to gauge the NPAs. Two new ratios suggested as part of this research are also shown in the table wherein the NPL to total Asset ratio in conjunction with the NPL to GL ratio can be used to determine the overall effect the NPLs have on the performance of the bank. Another ratio, the "Past due but not impaired" to the NPL ratio can be used to form the basis for identifying the trends and forecasting the probability of Past due loans turning into non performing loans in the future.

The commendable performance of RAKBANK is possible due to its accounting practices which give a good measure for Management of NPAs. For the purpose of better understanding of the bank's grading and accounting system, a brief about the accounting practices are mentioned here.

Year	Total Provisions	Individual Impaired	Collective Provisions	GL	NPL	Past due but not Impaired	Total Assets	% of Collective	NPL to Asset ratio	Past Due / NPL	NPL/GL
2006	195.1	126.1	69	6,813.47	173.16	411.52	8,842.29	35%	1.96%	2.37653	2.54%
2007	217.82	122.8	95	8,172.48	192.84	491.34	10,973.77	44%	1.76%	2.547915	2.36%
2008	225.32	125.32	100	10,950.50	168.05	797.49	13,922.06	44%	1.21%	4.745552	1.53%
2009	346.74	241.14	105.6	13,429.70	350.65	993.91	17,117.61	30%	2.05%	2.834479	2.61%
2010	307.89	200.29	107.6	16,401.74	411.52	1,370.52	21,379.95	35%	1.92%	3.330385	2.51%
Till Sep 2011	326.42	253.12	73.3	18,004.86	512.79	-	23,024.42	22%	2.23%	-	2.85%

FINDINGS

- Overall NPAs in UAE banks are in an upward trend following the global economic crisis.
- RAKBANK NPAs are currently at an all-time high but it has also got a much larger Asset base and adequate provisioning.
- Banks based in Dubai are most affected by the downturn, while RAKBANK appears to be the least affected.
- NPA management policies and practices in RAKBANK appear to be adequate and the outlook for the bank is quite stable.
- Some banks with more exposure to high-rise constructions are more badly affected in the recent years than those banks with lesser exposure.
- RAKBANK's exposure to the real estate downturn is minimal and the focus is more on the retail sector and SMEs which has insulated it from the effects of the real estate crash and the global downturn.
- Central bank's new regulations appear to be issued to bring UAE banking practices online with International standards as well as to identify the problems with the banks at an earlier stage.
- Central bank's capital infusion has given a new lease of life to 4 of the large national banks which have managed to steer out of troubled waters

SUGGESTIONS

- Banks should keep a stringent check on advances made to Real Estate companies including GREs as this segment contributed heavily to the NPAs in the years 2008 and 2009.
- Banks including RAKBANK should increase their non-interest income, as rise in NPAs due to default in interest income may affect profits adversely
- Uneven scale of repayment with higher interest rates in the initial years should be preferred.
- Ratios of based on asset classification, and past due to NPA should be considered for forecasting the probability of NPAs in the future.
- A forecasting model based on Asset classification can be designed using historic data in the following manner to better prepare for future NPAs.

Time t		Time t+1			
STD SUB DOUB LOSS	STD SUB DOUB LOSS	STD	SUB	DOUB	LOSS
		P11	P12	P13	P14
		P21	P22	P23	P24
		P31	P32	P33	P34
		P41 (=0)	P42 (=0)	P43 (=0)	P44 (=1)

Since the probability of a loss asset being converted to any higher asset category is zero, $p_{41} = p_{42} = p_{43} = 0$ and thus $p_{44} = 1$. This transition matrix can be used to assess the loan quality of a firm level borrower by evaluating the financial position. However, this matrix will be difficult to apply to assess individual

borrowers because unlike a firm level borrower, financial data of an individual is not available. Therefore, this matrix can be better applied for a firm level or corporate level borrower.

- More focus should be laid on the recovery of doubtful and sub-standard assets ensuring that they do not turn into NPAs

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INVESTIGATING THE KNOWLEDGE MANAGEMENT IMPLEMENTATION IN THE DISTANCE EDUCATION SYSTEM IN IRAN

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ABSTRACT

In this era, knowledge is the most fundamental and worthwhile capital for any organization. As a result of instantaneous changes and improvements, organizations have to do their best in accessing to knowledge management. Universities, which are considered as the pivotal centers of engendering and disseminating of knowledge, can gain great advantage of knowledge management. In the direction of the beneficial performance of knowledge management, rudimentary investigation of its implementation is of vital importance; therefore, this study intends to ascertain the amount of basic infrastructures' readiness to implement the knowledge management system (culture and human factors, structure and processes, technical infrastructure) and rank these elements based on their importance in Payame Noor University of Mashhad. It is a survey research and the technique which has been applied is descriptive. The statistical population of research is the faculty members of Payame Noor university of Mashhad. The whole faculty members' opinions have been studied and the required data has been assembled through questionnaires. The questions, which have been formed the questionnaire, have been designed on the basis of Hurbert Rampersad questionnaire. The findings of the research indicate that Payame Noor University of Mashhad is not ready for the application of knowledge management in different dimensions of 'culture and human factors', 'information technology infrastructure' and 'structure and processes'. The results of ranking test (Friedman test) also show that 'culture and human factors' is the most and 'structure and processes' is the least important element.

KEYWORDS

Culture and human factors, knowledge management, Payame Noor University of Mashhad, technical infrastructure, structure and processes.

INTRODUCTION

Universities are today at their 'third stream' or 'third mission'. This term refers to the various roles of universities such as economic improvement in addition to two traditional roles of educating and researching (Rossi, 2010). Therefore, universities try as hard as they can to improve and augment the intellectual capital through benefiting from the existing resources. Not only are these resources consisting of information resources, but also they include intellectual powers and human resources and it is required to recognize and gain advantage from them through the appropriate techniques of management (Hazeri and Sarafzadeh, 2006). Knowledge management, as a more apposite instrument and through managing the explicit and implicit properties of organizations' knowledge, is an indication of ample studying in this field and can get access to the novel objectives of universities in the knowledge era besides the traditional goals of educating and researching.

It should be noticed that universities are the pivotal centers of engendering and disseminating of knowledge and also the vital resources of social improvements (Tian et al., 2009). Therefore, if knowledge management is not applied in the universities, most founts of intellectual capital and scientific products will be dwindled away on a massive scale. Additionally, paucity of retaining the tacit knowledge and assembled information during the process of accomplishing scientific researches, projects and experiences has made this equipment inaccessible for others. If the existing knowledge cannot be gathered and retained, it is not manageable in other times and places and this deficiency will bring about economic losses for the university in consequence of the fact that the university have to purchase the existing knowledge just because of lack of awareness of having the same knowledge or inability of getting access to it. Time which is wasted to achieve the knowledge is also as valuable as the financial expenses. Besides, if knowledge cannot be assembled inside the universities, this chance may be left for the unethical opportunists and private publishers outside the universities area to publish the same work.

It is an axiom that globalization and the development of communications and exchange of information can facilitate the process of transferring data and knowledge and also help the universities in the direction of improving and entering the universal community (Yadegarzadeh et al., 2007). This innovation can be an auspicious beginning for the knowledge management and better performance of resources in the future to achieve more efficiency, competence and innovation in the universities.

Due to the present conditions, the available organizations have great dissimilarities with the past. The most fundamental feature of 21st organizations is their emphasis on knowledge and information. In opposition to the past organizations, the present ones possess the advanced technology, require conquest, management and follow up the infinite changes. Knowledge is a powerful instrument to make changes and innovations throughout the world in which the new organizations are more interested (Mohammadifateh et al., 2008).

Knowledge, as an organization's property and a competitive advantage, has made it possible for the organizations to compete with each other with aplomb and remain in this field with the help of this strategic resource. "The importance of knowledge and its applications have been discussed in different dimensions; for example it is considered as an instrument for the comprehensive implementation and fair distribution of income from the viewpoint of sociologists, it has been discussed as the key feature of stability, success and consistent competitive advantages from the perspective of organization and management, and in economics, it has been adverted as a strategic asset (Niaz Azary and Amuei, 2007), in the way that nowadays economics has been transformed into a knowledge-based economics in which 1) knowledge is considered in economics as the pivotal source prior to other elements of natural resources or capital in the industrial economics; 2) the implicit properties, services and brands are the factors more important than explicit properties for the modern organizations' success; 3) world is a network which is advocated by the advanced communicative technologies and makes it feasible for knowledge to be passed across the borders (Cantner et al., 2009).

Some resolutions have been proposed to gain more advantage of knowledge. In this direction, knowledge management has been introduced as the most beneficial duty of the organizations for management and the application of this vital resource, also a novel perspective for taking advantage and the improvement of implicit properties. Knowledge management's emphasis is mainly on some activities such as recognizing, gaining, engendering, retaining, sharing and applying the knowledge by people and groups in the organization (Sun, 2010). Considering what was mentioned, Wen (2009) defines "knowledge management as a collection of procedures for engendering, gaining, sharing and applying knowledge to promote the organizational performance".

Owing to the fact that measurement is the prerequisite for the performance improvement, an apposite scale framework is specifically required for measuring the organization's status from the viewpoint of its readiness in the field of knowledge management. The organization's readiness for knowledge management signifies its readiness in whole dimensions of recognizing, assembling, organizing, retaining, disseminating and sharing knowledge in the organization (Dastrang et al., 2011). Therefore, the assessment of organization's readiness for knowledge management includes the recognition of present status of knowledge management in the adverted dimensions and the recognition of required changes for the augmentation of organization's capabilities of knowledge management. Additionally, the assessment of a system prior to its establishment can be considerably helpful in diminishing the plan's risks and staffs' resistance against the changes.

Considering the experts' and researchers' studies and remarks in the field of knowledge management, it seems that among various important factors, three ones are more significant in getting success in executing knowledge management which are as follows: "technology", "organizational culture" and organizational structure". Mills and Smith (2011) say, "These infrastructures have principal effect on the organizational performance and innovation".

Information technology, as a main effective element in knowledge management, facilitates the process of engendering, sharing, retaining and applying knowledge in the organization (Lee and Lee, 2007). It also affects knowledge management in two following ways: 1) Appropriate technology should be applied to get access to an effective knowledge management. 2) Organizational structures should be simplified to enhance the effectiveness of knowledge management (Aujirapongpan et al., 2010).

Organizational culture is another main infrastructure in executing knowledge management. Organizational management is a collection of values, beliefs, norms, perceptions and procedures in which the organizations' people are analogous. An effective organizational culture has a great influence on producing a suitable condition of exchanging and advocating the knowledge activities in the organization (Allameh et al., 2011). Some other factors such as the organizations' capability of learning, organizational memory's improvement and sharing knowledge among them are all dependent upon culture (Mills and Smith, 2011).

Other fundamental element in applying knowledge management in the organizations is organizational structure. In various dimensions, organizational structure can assist knowledge management in accomplishing its objectives. Organizational structure affects the processes of both knowledge management and organizational management (Aujirapongpan et al., 2010) and makes communications more feasible, facilitates the dissemination of knowledge and creates the culture of disseminating knowledge inside the organization. Organizational structure is effectual in establishing knowledge management group; therefore, applying reasonable strategies in the direction of knowledge management purposes, and designing correspondent organizational structure can be very beneficial to succeed in accomplishing the knowledge management plan.

Due to the fact that universities, based on their size, scope and variety of intellectual capitals, are the most widespread and formal social institutions, knowledge management is required of them to achieve more impressive producing, sharing, organizing and using information resources, knowledge and intellectual capitals. These noteworthy capitals, regardless of whether they are from inside or outside or explicit or implicit, must be properly discovered, retained, upgraded, and given to the interested through using the newest technologies. It is obvious that gaining success in knowledge management plans is dependent upon collaborations between the various authorities of universities (Hazeri and Sarafzadeh, 2006).

REVIEW OF LITERATURE

Notwithstanding the importance and necessity of knowledge management in the modern organizations, little studies have been done in the field of investigating the knowledge management infrastructures in the organizations especially in the universities.

In Malaysia, Abdullah et al. (2008) have done a research which is titled "An Empirical Study of Knowledge Management System Implementation in Public Higher Learning Institution". This study is a survey which has been done through distributing questionnaires in six state universities of Klang Valley. The findings have indicated that knowledge management has been executed in state institutes of higher education in Malaysia, although the culture of sharing knowledge is not still well institutionalized. Organizational structure of state institutes of higher education in Klang Valley of Malaysia is not yet appropriate to apply the knowledge management plan. But the results of institutes' readiness in the field of information technology for the application of knowledge management show the institutes' possession of this infrastructure

In another research, which is entitled "The Application of Knowledge Management in Enhancing the Performance of Malaysian Universities", Mohayidin et al. (2007) have investigated the effect of applying knowledge management in increasing Malaysia universities efficiency, and they have also studied the effects of other elements on achieving the knowledge management objectives. So, they have done a survey research in eight state and private universities of Malaysia. The findings have indicated that the effective factors in establishing the rudimentary innovations of knowledge management are as follows: infrastructural support, information culture, assembling, producing, retaining and disseminating of knowledge. Information culture has been averred as the most important factor. The results have shown that making changes in culture and human characteristics is seriously difficult, but if it can be feasible, very conspicuous effects can be achieved to succeed in the knowledge management projects.

Rowley (2000) has done a research titled "Is Higher Education Ready for Knowledge Management?" and studied the capability of applying knowledge management concepts in Canadian universities. In his study, he has stated that there are some adversities in making knowledge-based environment in the universities. He also proved that executing knowledge management system in Canadian universities is required to ameliorate organizational structures and rewarding system. Against two foregoing infrastructures, he regards information technology as the more necessary and appropriate factor to facilitate the activities of sharing knowledge.

Fathollahi et al. (2010) have accomplished a survey research entitled "Is the University of Isfahan Ready for Implementing Knowledge Management?" in which they have come to the conclusion that Isfahan University is ready from the dimension of culture for implementing knowledge management plan, but this readiness cannot be seen in other elements of 'structure and processes' and 'information technology infrastructure'.

In another research which is titled "Looking upon the infrastructure of knowledge management in Educational and Psychology Faculty of Isfahan University and presenting solutions to improve it" and has been done by Hoseyni (2007) in a university environment, after studying three fundamental factors of knowledge management infrastructures (managerial factor, organizational culture and technical elements), the researcher has come to the conclusion that technical infrastructure is in a suitable status throughout the university, but two other ones- managerial factor and organizational culture- do not have apposite conditions.

The present study intends to investigate three mentioned factors' status quo which are "human culture and elements, structure and processes, information technology infrastructure" and have been brought up in most of the implementation models of knowledge management as the main efficacious factors of the plan. Every element's readiness for implementing the knowledge management system has been assessed before executing the plan. The findings of this research can provide an opportunity for the university to make some resolutions and programs for amending and organizing these infrastructures to avert possible damages resulting from plan's failure due to existing deficiency in any of these elements.

RESEARCH QUESTIONS

The main question which has been discussed in the research is whether Payame Noor University of Mashhad of Mashhad is ready to implement the knowledge management system or not. This question has been asked in the form of three minor questions which are as follows:

- 1- Is the element of 'culture and human factors' in an appropriate status at Payame Noor University of Mashhad of Mashhad to implement the knowledge management system?
- 2- Is the element of 'structure and processes' in an appropriate status at Payame Noor University of Mashhad of Mashhad to implement the knowledge management system?
- 3- Is the element of 'information technology' in an appropriate status at Payame Noor University of Mashhad of Mashhad to implement the knowledge management system?

Owing to the fact that the faculty members' specialization and scientific grade can affect their perspectives on the matter of knowledge management infrastructures' status, two other minor questions have been proposed as following:

- 4- Is there any significant difference between the faculty members' viewpoints of Payame Noor University of Mashhad in the fields of humanities, engineering, basic sciences and medical sciences about the university's readiness for the implementation of knowledge management system?
- 5- Is there any significant difference between the faculty members' viewpoints of Payame Noor University of Mashhad in various scientific grades (professor, associate professor, assistant professor and instructor)?

RESEARCH METHODOLOGY

The present research is applied and the method which has been chosen, considering the research nature and objectives, is descriptive-survey.

Data has been assembled through a reviewed questionnaire which is originally designed by Hubert Rampersad (2002) for different kinds of organizations. The questionnaire is consisting of two parts. Demographic questions have been asked in the first part which includes age, marital status, gender, degree, scientific grade and department. Second part of the questionnaire is consisting of 50 questions (in buoy form) in different fields of "culture and human factors" (25 questions), "structure and processes" (15 questions) and "information technology" (10 questions). A rudimentary sample has been used to appraise the reliability of the research. This rudimentary questionnaire has been distributed between 20 people and its validity, which has been calculated by SPSS software and Cronbach's Alpha formula, is 0.94 that indicates the high validity of the questionnaire. Due to the fact that the questionnaire consists of three parts, Alpha's coefficient has been considered for all three different parts. Alpha's coefficient of "culture and human factors" is 0.94, "structure and processes" is 0.92 and "information technology infrastructure" is 0.84. Statistical universe of the research is consisting of the whole faculty members of Payame Noor University of Mashhad which are 52 people. Considering the limited number of research's statistical universe, the whole faculty members have been regarded as the samples. The following table shows the statistical sample's features:

TABLE 1: THE RESPONDENTS' CHARACTERISTICS

Respondents' characteristics	Scientific Grade				Marital status		Gender		Degree		Department		
	Professor	Associate Prof.	Assistant Prof.	Instructor	S.	M.	F.	M.	MA.	PhD.	Hum.	Sci.	Eng.
Frequency	4	7	29	12	9	43	19	33	16	36	18	12	22
Percent	7.7	13.5	55.8	23	17.3	82.7	36.5	63.5	30.8	69.2	34.6	23.1	42.3

RESEARCH RESULTS

The first minor question: Is the element of 'culture and human factors' in an appropriate status at Payame Noor University of Mashhad to implement the knowledge management system?

T test has been used to answer this question conforming to table 2.

TABLE 2: T TEST PREMISES APROPOS OF THE FIRST MINOR QUESTION OF THE RESEARCH

Element	Sample Size	Mean of Degrees	Mean of comments	SD	SE	T-value	P-value
culture and organizational factors	52	3	2.47	0.73	0.102	-5.57	0.000

The results of table 2 in which calculated T-value (-5.57) is more than t of the table (2.015) indicates that calculated t-value is at the confidence level of 95%. But, considering the fact the mean of comments (2.47) is less than average level; therefore, Payame Noor University of Mashhad is not at the average level of readiness to implement the knowledge management plan in the dimension of 'culture and human factors'.

The second minor question: Is the element of 'structure and processes' in an appropriate status at Payame Noor University of Mashhad to implement the knowledge management system?

T test has been used to answer this question matching with table 3.

TABLE 3: T TEST PREMISES APROPOS OF THE SECOND MINOR QUESTION OF THE RESEARCH

Element	Sample Size	Mean of Degrees	Mean of comments	SD	SE	T-value	P-value
Structure and processes	52	3	2.17	0.93	0.129	-6.363	0.000

The achieved findings of table 3 shows that the absolute calculated T-value (- 6.363) is more than t of the table (2.015) and its confidence level is 95%. But regarding the issue that mean of comments (2.17) is less than average level, so Payame Noor University of Mashhad is not at the average level of readiness to implement the knowledge management system in the dimension of 'structure and processes'.

The third minor question: Is the element of 'information technology' in an appropriate status at Payame Noor University of Mashhad to implement the knowledge management system?

TABLE 4: T TEST PREMISES APROPOS OF THE THIRD MINOR QUESTION OF THE RESEARCH

Element	Sample Size	Mean of Degrees	Mean of comments	SD	SE	T-value	P-value
Information technology infrastructure	52	3	2.51	0.78	0.108	-4.470	0.000

Results of table 4 indicate that the absolute calculated T-value (- 4.470) is more than t of the table (2.015). It is at the confidence level of 95% and considering the fact that mean of comments (2.15) is less than average level; therefore, Payame Noor University of Mashhad is not at the average level of readiness to implement the knowledge management system in the dimension of 'information technology infrastructure'.

The forth minor question: Is there any significant difference between the faculty members' viewpoints of Payame Noor University of Mashhad in the fields of humanities, engineering and basic sciences about the university's readiness for the implementation of knowledge management system?

Variance analysis test (F-test) has been applied to answer this question, according to table 5.

TABLE 5: THE COMPARISON OF AVERAGE NUMBER OF ELEMENTS' READINESS OF PAYAME NOOR UNIVERSITY OF MASHHAD FROM THE VIEWPOINT OF FACULTY MEMBERS OF DIFFERENT DEPARTMENTS

Elements' statistical indices	Humanities		Engineering		Basic sciences		Variance analysis (F)	Significance level (P)
	Mean	Variance	Mean	Variance	Mean	Variance		
Culture and human factors	2.34	0.65	2.61	0.79	2.52	0.78	0.559	0.575
Structure and processes	1.92	0.69	3.21	1.07	2.18	1.00	1.602	0.212
Information technology infrastructure	2.37	0.82	2.79	0.71	2.49	0.78	1.094	0.343

The results of table 5 indicates that the amounts of different elements (F) such as 'culture and organizational factors', 'structure and processes' and 'information technology infrastructure' is less than 0.05 which is not significant; therefore, from the above dimensions, there is no significant difference between the viewpoints of faculty members of various departments.

The fifth minor question: Is there any significant difference between the faculty members' viewpoints of Payame Noor University of Mashhad in various scientific positions (professor, associate professor, assistant professor and instructor)?

Variance analysis test (F-test) has been applied to answer this question, according to table 6.

TABLE 6: THE COMPARISON OF AVERAGE NUMBER OF ELEMENTS' READINESS OF PAYAME NOOR UNIVERSITY OF MASHHAD FROM THE VIEWPOINT OF FACULTY MEMBERS OF DIFFERENT SCIENTIFIC POSITIONS

Elements	Professor		Associate Prof.		Assistant Prof.		Instructor		(F)	(P)
	Mean	Variance	Mean	Variance	Mean	Variance	Mean	Variance		
Culture and human factors	3.16	0.31	3.18	0.71	3.39	0.78	3.62	0.52	2.061	0.118
Structure and processes	3.60	1.22	3.14	0.66	3.32	0.90	3.65	0.64	1.157	0.336
Information technology infrastructure	3.67	1.15	2.86	0.85	3.21	0.83	3.44	0.70	0.61	0.611

The results of above table indicates that the amounts of different elements (f) such as 'culture and organizational factors', 'structure and processes' and 'information technology infrastructure' is less than 0.05 which is not significant; therefore, from the above dimensions, there is no significant difference between the viewpoints of faculty members of various scientific positions.

The main question: Is Payame Noor University of Mashhad ready to implement the knowledge management system?

TABLE 7: T TEST PREMISES OF THE MAIN QUESTION OF THE RESEARCH

Element	Sample Size	Mean of Degrees	Mean of comments	SD	SE	T-value	P-value
Knowledge management	52	3	2.39	0.72	0.10	-6.034	0.000

The results of table 7 show that the absolute calculated T-value (-6.034) is more than t of the table (2.015) and its confidence level is 95%. Considering the fact that mean of comments (2.39) is less than average level, so the readiness of Payame Noor University of Mashhad to implement the knowledge management system is not at the average level in different dimensions of 'culture and human factors', 'structure and processes' and 'information technology infrastructure'.

Freidman test has been applied to rank the fundamental infrastructures of knowledge management system in Payame Noor University of Mashhad and its results can be seen in table 8. As it is indicated in table 8, there is a significant difference between the indexes since p-value is less than 0.05, so the differences are not accidental. The most important and effective index is "culture and human factors" and least one is "structure and organizational processes".

TABLE 8: RANKING THE ELEMENTS ON THE BASIS OF FREIDMAN TEST

Freidman Test		Element	Mean of ranks
Total Number	52	Culture and human factors	2.21
Chi square test	13.174	Structure and processes	1.60
Degree of freedom	2	Information technology infrastructure	2.19
P-value of the test	0.01		

RESULTS

Considering the achieved findings of the present study and comparing them with the effective elements in implementing knowledge management system which have been mentioned in the foregoing studies at review of literature section and can be ascertained in table 9, we can come to a conclusion in accordance with the findings of this study.

TABLE 9: THE COMPARISON OF EFFECTIVE ELEMENTS IN IMPLEMENTING KNOWLEDGE MANAGEMENT SYSTEM BETWEEN DIFFERENT UNIVERSITIES THROUGHOUT THE WORLD

University name	Effective elements in implementing knowledge management system		
Payame Noor University of Mashhad	Culture and human factors	Structure and processes	Technical infrastructures
Isfahan University	Culture and human factors	Structure and processes	Information technology
Educational faculty of Isfahan University	Information technology	Technical factors	Information systems
Case study (Canadian Universities)	Organizational culture	Disseminating knowledge systems	Information systems
Case study (state Universities of Malaysia)	Human capitals	Informing	Technology
Case study (Malaysia Universities)	Information culture	Human factors	Technical infrastructures

As it can be noticed, the mentioned prerequisites in the above table, which are effective in implementing knowledge management system, are mostly in common with each other.

Regarding the accomplished researches in the field of knowledge management, "culture and human factors" is the most principal challenge which knowledge management system faces. Culture is the most challenging element which affects knowledge management in the universities too. The findings of this research indicate that "culture and human factors" is the most considerable infrastructure of knowledge management. Additionally, the data analysis shows that this dimension is not at the average level of readiness in Payame Noor University of Mashhad to implement knowledge management. The research results about the amount of readiness in the dimension of "culture and human factors" to implement knowledge management at Payame Noor University of Mashhad are

analogous with the findings of most of the researches except those which have been done by Fathollahi et al. (2010). The examples which can be adverted are as follows: Hoseyni (2007), Rowley (2000), Abdullah et al. (2008) and Mohayidin et al. (2007).

In the second question of the research, another significant element in implementing knowledge management which is "structure and processes" has been investigated. The findings of the research indicate that this element is the least important one at Payame Noor University of Mashhad. The readiness of this dimension for executing knowledge management system is less than the average and inappropriate level. The achieved results of following studies have been in the direction of the findings of the present study: Rowley (2000), Abdullah et al. (2008), Fathollahi et al. (2010) and Hoseyni (2007).

The last question of the research has been devoted to another noteworthy element in implementing knowledge management which is "information technology infrastructure". The statistical analysis shows that the element of "information technology infrastructure" is not still at the average level of readiness to execute knowledge management but it is in a better status than two other infrastructures of "culture and human factors" and "structure and processes" at Payame Noor University of Mashhad. Paying heed to other infrastructures, besides the information technology infrastructure, is of considerable importance due to the fact that the only element of information technology infrastructure cannot exclusively make success for the knowledge management system. It is probable for the knowledge management system to end in failure in spite of possessing a proper information technology infrastructure, just because of inappropriate culture to share knowledge or limiting rules and structures to improve and disseminate knowledge or even inability of people to encounter and use the equipment and facilities of information technology and knowledge management system. The findings of this part of the research are akin to the results of done researches by Fathollahi et al. (2010) which shows that information technology infrastructure is not in an acceptable status at Isfahan University, while other researches which have been accomplished by Hoseyni (2007), Rowley (2000) and Abdullah et al. (2008) are an indication of suitable information technology infrastructure to implement knowledge management system in the organizations in which they had studied.

RECOMMENDATIONS

Considering the studied significant infrastructures and owing to the fact that suggestions should be in accordance with the findings of the research, the following suggestions has been proposed to achieve the suitable level of readiness to implement knowledge management system. It is worthy of attention that the suggestions are the results of a research project and we hope that they can be useful for the interested people, researchers, professors and programmers at the universities especially Payame Noor University as the biggest state university of Iran.

INSTITUTIONALIZING OF CULTURE

Organizational culture has been known as pivotal element in most of the researches which has been accomplished apropos of knowledge management. A proper organizational culture can bring about ample individual and organizational opportunities. The universities' presidents should make the culture of sharing knowledge and team works to facilitate the implementation of knowledge management system.

AMELIORATION OF THE APPRAISAL CRITERIA OF PERFORMANCES AND OPTIMIZATION OF SALARIES AND REWARDS SYSTEM

Regarding the great importance of knowledge, managers should consider this factor in their appraisal of the individuals' performance. The staffs of the organizations should be aware of the fact that their performance has to be in the direction of improving the processes of engendering, transferring and applying knowledge. The universities must amend their system of giving salary and rewarding to the staffs under a new knowledge-based system of assessment.

PAYING HEED TO INFORMATION TECHNOLOGY

Information technology is one of the significant infrastructural factors which help to the knowledge management success. The universities' presidents should provide the required programs to obviate the need of education with regard to effective usage of information technology equipment and actuate the researchers to apply this technology in the activities of sharing knowledge.

ADVOCATE OF UNIVERSITIES PRESIDENTS

It is approved by the experts that presidents' advocacy of knowledge management is an important element of its success. If they do not support, no activity can get started and even if it gets started, it will never prove a success. The presidents' support of knowledge management can be appeared in different forms such as: employing the knowledge-based prospects, objectives and resolutions for the university, employments, holding training courses of knowledge management and amending the system of giving salary and rewarding in the direction of knowledge management system.

THE NECESSITY OF EMPLOYING KNOWLEDGE MANAGERS

Employing knowledge managers in the universities (it should be adverted that such an organizational post does not exist in the university at the present time) is of considerable importance and facilitates and accelerates the process of sharing knowledge. Knowledge manager should put emphasis on the assembling knowledge and delivering it in an organized way. This knowledge can be retained and used through computers at the libraries.

AMENDING THE ORGANIZATIONAL STRUCTURE AND CHART

The university should simplify the organizational structure and chart to facilitate the process of sharing knowledge and communications. People should communicate with each other through the least number of go-betweens and be able to gain advantage from each others' knowledge at a minimum time. In this direction, reviewing and ameliorating the limiting rules and procedures are effective in improving people's communications at the university, sharing knowledge and discovering the knowledgeable people.

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REPORTING EDUCATION AND EDUCATIONAL MATTERS IN NIGERIAN MEDIA

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ABSTRACT

There is no gainsaying the fact that education reporting, like science and energy reporting is a specialized area that requires extra-ordinary skill and experience. Education itself is a systematic, intellectual and moral training aimed at developing knowledge, abilities, character and mental power. Its major aim is to teach skill and inculcate in the learner, character, knowledge and ability to fit into any society. The growth and development of education over the years has made it complex that it requires specialized handler to report all facets of education. The education reporter therefore should see the thick and thin layers covering education, in the rural areas when compared with education in the cities. The reporter should also understand new government policy that could uplift or mar the sector and be able to report it adequately. The management structure of every level of institution from primary to university level should be on the tip of fingers of the education reporter. While hurrying up to beat the deadline, the education reporter should not forget the media social responsibility of disseminating accurate, fair and objective stories which would go a long way to assisting the institution. It is against this background that the paper examines education reporting.

KEYWORDS

News, Education Reporting, Journalism, News Values, Reporter, Objectivity, Nigerian Media.

INTRODUCTION

 ewsgathering and news reporting are the twin sisters that distinguish journalism profession from other professions. Reporting is fundamental to Journalism profession. Based on this understanding Siegfried (1962) has noted that the first newspapers were actually news letters in which an interested observer was stimulated to write an account of occurrences which he believed to be of interest to other or, perhaps significantly, in which he might interest others. From this evolved the modern newspaper which purports to give a periodic and interpretative account of the happening of the day selected from among many on the basis of certain news value.

Reporting is a basic skill required not only in newspaper work but also in radio, television, the movies and especially the news reels. Reporting may therefore be defined as recounting of news worthy events to inform or educate as comprehensively and accurately as possible to those who were not at the scene of the event. For a reporter to recount events successfully he must himself be fully informed about it and to be fully informed, he must have all the facts about the event. A reporter that is not guided by facts, accuracy and objectivity cannot make a good journalist.

In Journalism, facts are sacred. All information must be verified to ensure that they contain facts. Similarly, the reporter must not get carried away by his or her own values or biases. Facts are simply, "what is" and not "what ought to be".

NATURE OF NEWS AND NEWS VALUE

Many authorities in Mass Communication and other social sciences have attempted a definition of the term, news. The attempt has always been an exercise in multiplicity. This is because news is generally conceived differently by different people. As a result, there is a plethora of definition of news or what news is. Even the layman on the street can readily come up with acceptable definition of news. The same thing applies to journalists, public relations, advertising practitioners and other social scientists. The basic fact is that everything around us or about other people is news.

In general term, news depends on what any one think is news. It thus lacks a universal definition. The famous definition attributed to Lord Northcliffe, "If a dog bites a man it is not news, but if a man bites a dog it is news", appears to have been oversimplified if not useless.

Siegfried (Ibid) has aptly told us that news is not concerned only with actual happenings. It is also concerned with what is going to happen or with what people are thinking. What may be news to one man or one group may not be news to another.

Walter Lippman, a renowned American columnist summed up his view about news in his book, **Public Opinion** thus, "it is precisely the absence of any exact test of what is and what is not news that accounts for the character of the (journalistic) profession, as nothing else dies". In the same book, Lippman writes, "every newspaper is the result of a whole series of selections as to what shall be printed in what position, how much space, and what emphasis each shall have. There are no standards. There are only conventions" (Lippman cited in Siegfried).

A working definition has been provided by (Siegfried, 1962), he says news is the record of current events of interest to the local community, the state, the country, or the world. The best news is that which interests the largest number of persons. Lippman explains that events become news when "private affairs touch public authority". Sociologists would simply say news is pure factual information.

However, a consensus definition would be provided here that news is an accurate and an unbiased account of the significant facts of a timely occurrence of interest that is communicated to an audience. For the Radio, the audience is the listener, for the Television, the audience is the viewer and for the newspaper or magazine, the audience is the reader. The quest for news has made many readers to want to read newspapers wherever they are. Many read newspapers and magazines in trains, at lunch counters, at ball games, in homes and event at street corners (Siegfried, 1962).

They hear newscasts in automobiles, at the sea shore, and in barber shops. As a result news has been described as indeed history in a hurry, and the hurry refers to the speed at which it is written, read, and understood – or missed.

Every moment, millions of events occur simultaneously throughout the world. For example, someone may die, another may be born, a president, or a governor may be delivering a speech in an occasion, and war may have broken out somewhere. Riot, peaceful demonstration, violent protests among others are daily occurrences, and are potentially news,

What is news therefore can be any event that is occurring as in the case of a president taking oath of office, or occurred as with the World Trade Centre disaster of September 11, 2002 or may occur as with the fear with possible attack by Al Qaeda anywhere in the world.

What matters is for the news managers or editors to choose what they consider the most significant, attractive or interesting to their audience.

No wonder then that sociologist, Hess Beth et al (1988) defines news from the perspective of what the editors and reporters say news is. Hence they say: what finally emerge as the "news" is a negotiated reality: the end product of decision made by reporters and their editors concerning what is news worthy, what people want to hear about, where the news crews are, and what information has been given by sources. In conclusion they say "news is what those who control the media decide is news".

The popular snag in journalism is that not until a reporter gives an account of an event or communicate his finding to an audience it cannot be said to be news. In other words, news is an account of event, and not the event itself. Hence newspaper men define news as what the editor says is news and one may add that news is what the reporter says is news.

There are two kinds of news. Hard news and spot (or soft) news. Hard news is the reporting of important events that have taken place. Spot news is the news of a more informational nature and not as immediate or, in the opinion of a news editor, as important as hard news. Features and news stories that appear in magazines are more of spot news.

NEWS VALUES

The decision as to what will make news or which, news event should be covered or which will be published or aired is usually influenced by certain news values or elements. Some of these are: timeliness, proximity or geographical location, the magnitude of the event or numbers involved, unusualness or oddity, human interest, prominence and personality, accuracy, consequence or effect of an event, media policy, ownership factor among others.

Since this paper is strictly on reporting educational stories, an elaborate explanation of the determinants or value of news will not be necessary.

EDUCATION REPORTING

Usually, the news editor or the editor assigns reporters to specific areas for news coverage. He can do this by making the reporter a roving one or make him have his beat (area or place of permanent coverage).

Assigning beat to reporters has made many reporters become specialized in their area of coverage. Some are assigned to such beats for upward of ten to fifteen years. It is common to see that reporters assigned to courts or police stations tend to behave like judges, lawyers or police men respectively. A mastery of terminologies, lifestyle, and slang in those professions make them imitate experts correctly. The reporter too would have developed a lot of contacts where to source for news in that beat. Most universities and polytechnics have public relation offices that manage their information and relate with the Press especially education reporters.

Aside from weather and war, education, politics, crime and court proceedings are believed to attract higher readership than do any other type of stories. Education story is also attractive. As a matter of fact education reporting is a specialized reporting.

Without education today, it may become increasingly difficult to realize the Nigerian dream of climbing the social ladder, achieving business success, and finding the richer and more rewarding life.

Like in America, the school means much to Nigerian hopes, while education represents an open sesame "to occupational success in all fields". Education, in a nutshell is central to the nation's future and well-being.

THEORETICAL FRAMEWORK

This study is anchored on against setting theory.

AGENDA-SETTING THEORY

Agenda-setting theory holds the assumption that there is relationship between news coverage and public perception of the importance of issues. It is the ability of the media to influence the salience or importance of events in the public mind, sharpen awareness and action. In agenda-setting, the mass media decide what they (audience) think should be in the priority consideration of people. The media emphasis on an event, organization or personality, influence the audience to view the event as important to consider it as a topic of discussion while noting the angle from which the media report it.

The agenda-setting theory resides in the space devoted to story and its placement on the newspaper pages, and to which story it has given prominence in its reportage. The media easily elevate an issue to prominence, just as they also play down on another significant issue (Daramola, 2003).

Agenda-setting studies have developed evidences that the press selects certain issues to play up at times when they are not significant in the public mind and they then become part of the accepted agenda. No wonder it is said that the press has the ability to mentally order and organize the world for people.

Many scholars have tried to prove the validity of agenda-setting power of the media. One of the first scholars was Walter Lippman. He believed that society responded to the pseudo environment around them. McCombs and Shaw (1972) found that the agenda setting establishes the salient issues or images in the minds of the public.

Sweeney and Hollifield (2000) state that "the media are a factor in shaping of the public's perception of important issues and in helping to place specific issues on the nation's political agenda" (p. 26).

MEANING OF EDUCATION

An economist, Michael Todaro defines education as the principal instructional mechanism for developing human skills and knowledge (Todaro, 1977). Most economists agree that it is the human resources, not its capital nor its material resources, which ultimately determine the character and pace of its economic and social development.

Harbinson (1973) shares the same position when he writes:

Human resources constitutes the ultimate basis for the wealth of nations. Capital and natural resources are passive factors of production, human beings are the active agents who accumulate capital, exploit natural resources, build social, economic and political organizations and carry forward national development. Clearly, a country which is unable to develop the skills and knowledge of its people and to utilize them effectively in the national economy will be unable to develop anything.

Education has been variously defined by various scholars. To some, it is a means by which a society transmits its norms, morals, customs and traditions from one generation to other. To other scholars education is a means by which an individual becomes a useful member of the society and by extension integrated into his immediate environment.

There are three major types of education – informal education, non-formal education and formal education.

INFORMAL EDUCATION

This is an incidental education in that it is not deliberate and planned but an inflating process by which every individual acquires attitudes, values, skills and knowledge from daily experiences and from the educative influences and resources on his or her environment. Life in the family, work or play, rites, ceremonies, market place and the mass media are all day-to-day avenues for informal education.

Informal education setting also includes listening to talks told by the elders, chants folklore and poetry.

NON-FORMAL EDUCATION

This is more or less vocational in nature. It takes place outside the established formal system and not structured, and not certificate oriented. The major objective is skill acquisition which can be acquired over a period of time through observation and practice.

FORMAL EDUCATION

This is hierarchally structured, chronologically graded educational system that takes place within the four walls of the classroom (Daramola, 2005). It runs from pre-primary, primary school through secondary and culminating at the university level. It involves general academic studies, a variety of specialized programmes and institutions for full time academic, technical and professional training. One common feature of formal education is that it is certificate-oriented, compartmentalized and systematic.

Education therefore is a systematic, intellectual and moral training to develop knowledge, abilities, character and mental power. This sector (education) without doubt, requires adequate coverage by the media.

Educational reporting is one area of specialization in media news coverage. It takes a reporter with a special training in education to appreciate the mechanics of handling educational report and related events.

The education reporter takes interest in schools: universities, polytechnics, colleges of education, primary and secondary schools, parents, students, government policies and potential programmes as they affect education. As a specialized reporter, the reporter should understand that the school is a social institution established by governments or members of a society for the purpose of transmitting their culture from one generation to another and helps the child to develop the desired moral values by the society and provides the child with skills necessary for survival in life. In addition, the school helps to develop the child's social and civic consciousness. The education reporter, like any other specialized reporter, is faced with the duty of simplifying complex terms or explaining difficult issues to the news consumers. Educational news stories include educational personnels, courses, achievements, equipments, inventions, crisis methods and elections of academic officers or academic board.

Despite the importance of education and the fact that many newspapers and magazines now have education desk with education editor and correspondents, not much attention is usually paid to it in daily stories. This is why many Nigerian newspapers have special page(s) and days assigned for the publication of education stories. Below are the few Nigerian newspapers and days and pages assigned to education stories.

NEWSPAPERS	DAY ASSIGNED	PAGE
The Guardian	Thursday & Sunday	45 - 47
Daily Champion	Wednesday	14
The Punch	Tuesday	40
National Mirror	Thursday	43
Vanguard	Thursday	36 - 38
Nigerian Tribune	Thursday	25 - 26 & 34

What usually attracts the media are stories of crises in one institution or the other. For instance, where there is crisis orchestrated by cult groups resulting in killing, bloodshedding or decapitation of rival groups or innocent students, it would take the front page in newspapers and lead stories in newscasts. Whereas there is more news value in day-to-day education than is reflected in news stories. In the small communities or villages, a new teacher or headmaster is definitely newsworthy. The problem in our educational system in Nigeria today is not only newsworthy but also demands further interpretation by education reporters. Today, the Nigerian education system is beset by a myriad of problems such as cultism, unemployment of graduates, exam malpractices, population explosion, inadequate facilities and lack of dynamism by Nigeria University Commission (NUC) and National Board for Technical Education (NBTE). This is a major problem in that the two Education regulatory agencies have not once considered the number, of eligible candidates to university and polytechnic in Nigeria by increasing the carrying capacity of the institutions. Today, the NUC limits admission for each programme at 40, the same thing for NBTE. The bodies are also taking drastic actions at universities and polytechnics for running part time programmes. The question is where do they want eligible candidates to go? An education reporter will realize that provision is made for this teeming population; the implication is that the girls will go into prostitution while the male candidates may take to hooliganism. As a result of the problems they may start engaging in crimes which may be difficult if not impossible for law enforcement agents to curtail. The education reporter should beat it to the ears of management of NUC and NBTE that the carrying capacity in operation now is no longer realistic or feasible in view of the number of those seeking admission into tertiary institutions in Nigeria.

There is no doubt that Nigerian educational system is in trouble today. Many students are in schools not for the sake of learning but because of certificates which of course is unorthodoxly acquired.

Besides knowledge and skills which formal education is expected to provide, it also imparts values, ideas, attitudes and aspirations which may or may not be in the nation's best developmental interests (Todaro, 1977).

These are challenges for education reporters in Nigeria. The education reporters should not only be good in writing and reporting but should be able to analyze and interpret these negative developments in feature and featurette.

Hard news stories can not do this magic. There is need for detailed analysis of these problems. Alternative solutions should also be suggested. Any education reporter or news media that stops at hard news stories is not doing this country any good. There is need to heal the wound that has been inflicted on the educational system once and for all or gradually.

As a reporter, stressing the public interest is paramount. Therefore, the education reporter must be conversant with the private and public institutions as well as government regulatory agencies and various trade unions such as ASUU, ASUP, NUT and the most of others from which information of all kinds can be obtained.

The reporter must be in a position to alert readers and general public on the consequence of and developments in education sector.

Happily, *The Guardian* newspaper once conducted a survey with the instrumentation of questionnaire into whether parents and the general public would support the idea of Post JAMB candidates who have passed the Joint Admission and Matriculation Board (JAMB) examinations by their respective universities, polytechnics and colleges of education. A large percentage of respondents agreed to the idea. This is a very good effort by *The Guardian*. The effort of the newspaper has probably led to post-JAMB test being conducted for successful candidates in JAMB.

However, for any educational programme to be called educational, it must meet the following criteria:

- It must add to the significant knowledge of the audience. The knowledge so acquire should be such that can be applied.
- It should involve some form of training and improvement in skills.
- It should extend the range of the audience's cultural experience, by improving their understanding and ultimately appreciation of their cultures.
- It should involve the audiences' social and physical values with a view to helping them contribute to the socio-political development of the society.

TYPES OF EDUCATIONAL PROGRAMME

- Direct classroom teaching:** This type of programme come in form of class room teaching. This method is common in all schools where learners are taught face-to-face by teachers or lecturers as the case may be.
- Supplementary Classroom Teaching:** Radio and television are often used as a supplement to regular classroom instruction. Up till today pupils and teachers still feature on radio as if they are in classroom for teaching. This programme is expected to enrich the educational experience of the pupils.
- In order to integrate various class activities some schools broadcast educational materials that can be received in all organization designated classrooms in the school. This is common with open university programmes.

Radio and television carry a lot of information on education, and initiate more educational programmes than the newspapers and magazines. The electronic media particularly radio has been readily available for educational broadcasting. The characteristic of the electronic media make this easily possible.

Radio, for instance is portable, it can be carried from one place to other especially the miniaturized transistor radio. Beside this radio does not necessarily need electricity to function. With cell batteries, radio can work and can therefore transmit educational programmes. It is relatively cheap to establish and operate.

Both radio and television are flexible in terms of programming because it can programme for a small group of adults desiring to learn certain things. It helps for audience segmentation. It has the power to integrate other media especially the indigenous communication form and extend the reach of the traditional form of communication. Radio appeals to all segment, all strata of the society. Radio is ubiquitous meaning that the signal is everywhere and so reception is possible anywhere. Television has another advantage of sight and sound, one can hear formal programme and also see.

Although, much has been said about the role the electronic media could and have been playing in education matters, it is a truism that developments in the world of communication have opened new vistas for the linkages between the media, especially the electronic media and education. Education itself is a useful tool in improving the communication skills of individuals. All these cannot substitute for reporting education by reporters or newsmen. The focus is the regular coverage of educational matters and schools. It involves applauding the good things or good policies towards improving education. It also involves condemning bad policies and those things emanating from the schools which are inimical to the progress of our country. For instance, the manner and ways our university and polytechnic undergraduates dress today have attracted criticisms from the media and individuals. These types of dressing are believed to be imitation of

foreign culture. As a result, many higher institutions have prescribed dressing codes. The churches too are spawning those dresses which they believe are not only alien to the African culture, but also ungodly.

CONCLUSION

In conclusion, I suggest certain measures which are people's expectations from reporters particularly education reporters.

1. The reporter must be sufficiently interested in looking for news as to see news possibility in any event or situation. A good reporter should, if need be, "squeeze water out of stone".
2. The reporter must be at alert. This is because news can emerge from anywhere. He has to be a good listener and have a nose for news.
3. The reporter must be extremely patient and tolerant. Major news can come any time and it is only a patient and ever alert newsman that will get it.
4. The reporter must be objective and avoid sentiments. A good reporter is one, who is fair to people and to his conscience.
5. The reporter should be above board. Low self-esteem should be avoided. There should not be any inferiority complex. Complex of any kind can prevent a fresh reporter or an established one from getting at some of the important news items that are likely to come his way.
6. Journalism is a leveler, the reporter must learn to reduce himself to the lowest in the community and sincerely, rise to high level in his news coverage. He must learn to adapt to both situations.
7. The reporter must ensure that his stories are as complete as possible. No reporter must rush to the press with stories that have not been thoroughly investigated or verified.
8. A reporter must know when to ask questions or not to do so. For example, there are occasions when the interviewee may not be in a suitable disposition. In this case, you allow him and probably book an appointment with him for some other time.
9. A good reporter does follow-up stories to make the public have confidence in him.
10. The reporter can get more facts through interviews, that is, speaking with at least one of the teachers, principals, provost, vice-chancellors or rectors.
11. The reporter must take notes or jottings while covering an assignment or interview. This is important because anything can happen. Over reliance on midgets (tape recorder) may not be the best. Such tape recorder could disappoint.
12. Educational reporter should be conversant with titles in schools and higher institutions. He should also be conversant with information flow therein and hierarchical structure in institutions of higher learning. He should have good rapport with Public Relations Officer of the institution.

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EMPLOYEE SELECTION IN ETHIOPIAN CIVIL SERVICE: PREDICTIVE AND CONTENT VALIDITY OF SELECTION INSTRUMENTS: A CASE STUDY IN BUREAU OF CIVIL SERVICE AND CAPACITY BUILDING

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ABSTRACT

Selection and recruitment of human resource is pivotal in human capital management hence it should be done in a systematic and rigorous way to insure that an organization gets the best talent that it requires. To this end recruitment and selection practices of an organization should be done in a scientific way. Hence this research aims to assess the predictive and content validity of selection instruments and practices of the civil service in Ethiopia by taking a case organization. The research used different data collection and analysis methods and techniques. Specifically the research used entrance exam employees score (the grade point employees scored at the test administered by the employer as an entrance exam) and performance appraisal scores of the employees as it is done by their immediate supervisor to assess the predictive validity of the selection process. In addition job description of positions and test items were used to assess for content validity. Hence the research benefited much from document review and synthesis as a major methodology. Result of the study showed that there is a good level of predictive and content validity of selection instruments as justified by the results though there are things yet to be addressed to make the process more valid. Particularly in the case of content validity there are issues yet to be considered to make the process more valid.

KEYWORDS

content validity, job description, predictive validity, recruitment, selection.

INTRODUCTION

People have always needed to find others for employment, but the field of recruitment and selection is a relatively modern development. The development of standardized tests led gradually to the modern field of human resources recruitment and selection.

Organizations make use of resources to achieve their objectives. According to the strategic human resource management model the efficiency and effectiveness of any work place (whether in the private or public sector) largely depend on the caliber of the workforce. Nations and organization invest on human resource since it is a basic resource that highly determines the competitive age of organizations and nations and hence their success and prosperity. Recent concepts such as the concept of human resource accounting give a great emphasis to the role of human resource. In a nut shell Human resource plays a significant role since it is the human resource that makes use of other resources. However the availability of a competent and effective labor force does not just happen by chance but through an articulated and rigorous recruitment and selection exercise (Bratton, J. and J. Gold, 2007, P: 67). Intern an articulated and rigorous recruitment and selection needs a reliable and valid process of recruitment and selection. Recruitment and selection are major entry points that determine the pool of people that an organization will have.

Recruitment is a set of activities used to obtain a sufficient pool of the right people at the right time from the right places (Brown, K., 2004 P: 76), and its purpose is to select those who best meet the needs of the work place, and to develop and maintain a qualified and adequate workforce through which an organization can fulfill its human resource plan and finally achieve its strategic objectives. A recruitment process begins by specifying human resource requirements (numbers, skills mix, levels, etc), which are the typical result of job analysis and *human resource planning activities*. Information from job analysis and human resource planning activities is used for the next phase, namely in the recruitment process, attracting potentially qualified candidates to apply for vacant positions in an organization. This can be done through recruitment within the organization (internal sources), and or recruitment outside the organization (external sources). Organizations may opt either of these sources or combination of the two by considering the merits and demerits of each source.

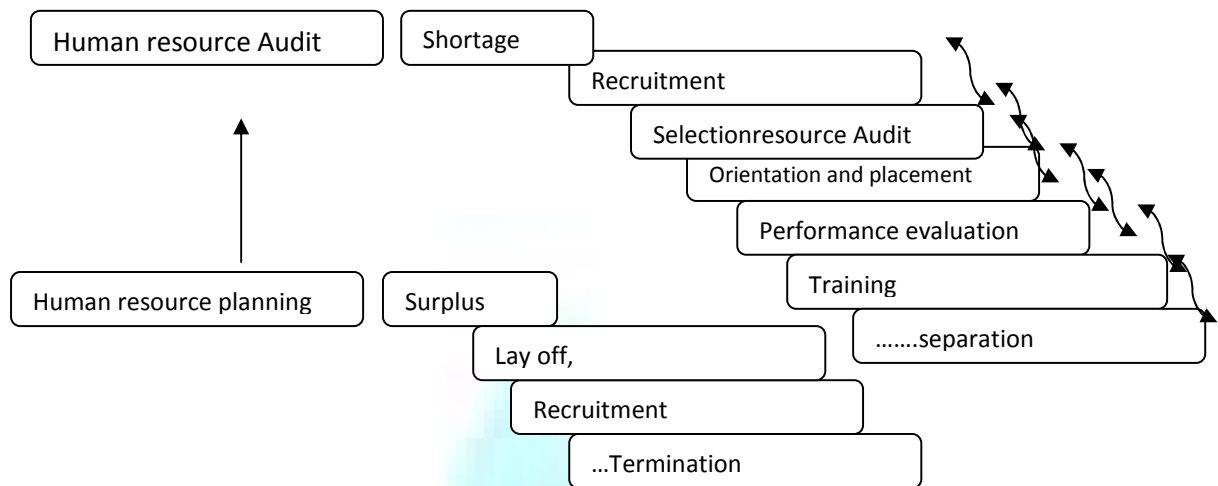
After recruitment phase organizations should devise selection tools and instruments to help sort out the relative qualifications of the job applicants and appraise their potentials for being good performers in particular job under consideration (Scanlan, Burt and J. Bernard Keys, 1979 P: 128). Those tools include applications and resumes, interviews, reference checks, tests etc based on the nature of the job, availability of time and budget and other factors. The essence of these recruitment and selection activities is for the organization to appoint the best applicant with the right ability, temperament and willingness (Armstrong, 2001 P: 45.) To this end selection instruments should be valid once.

To date there are issues in human resource that are subject to debate among scholars. specifically employee selection methods/ techniques are among the debatable issues. Among others issues of merit versus loyalty, employee selection methods and techniques, affirmative actions versus equal employment opportunities, validity and reliability of the selection process belong to the main concerns of scholars in the human resource literature in general and employee recruitment and selection literature in particular. This research is interested about the validity of selection instruments. Validation of the selection process is a key activity in human resource management since what happens in the selection process directly affects the next phases of human resource management and hence organizational success and productivity directly.

LITERATURE REVIEW

Employee recruitment and selection could be performed via different models. However, the most appropriate and most applied model in the human resource literature is the one which is referred as the staffing model (Scanlan, Burt and J. Bernard Keys, 1979 P:98-102). This model is called the integrated staffing model for two major reasons. First the process involves multiple related activities performed one after the other. In this regard Job analysis: identification of knowledge, skills and attitudes required for the job; the recruitment of people and selection of the best according to the job description and specification; and consequently performing the necessary human resource functions such as orientation and matching employee and work; training and development etc... are performed one after the other. The second reason why the model is referred as integrated since what is done in one of the phases will directly affect situations in the next phase. Particularly recruitment and selection play a central role in this respect since they are entry points that will affect many of the next human resource management phases as shown below in the model.

THE INTEGRATED HUMAN RESOURCE STAFFING MODEL



Source: Scanlan, Burt and J. Bernard Keys, 1979 P:98-102

Performing Job analysis is a crucial steps to recruit and select an appropriate person for a position and serves as a base for validation of the selection processes, particularly in the form of content validity. Job analysis involves determining the knowledge, skills and attributes required to perform in a particular role. Job analysis is critical to recruitment and selection because it is the foundation of a high quality selection process. When it is done appropriately it identifies not only the skills and knowledge required to perform a role but also the attributes, which can be used to assess 'cultural fit' within an organisation. Besides Job analysis helps to identify the key selection criteria and inform the position description, which are both key aspects in attracting suitable candidates. These all helps in the validation process.

Empirical studies in the literature shows the effect of failed recruitment due to invalid and unreliable selection instruments is sufficiently documented in human research literature (Adebaby Abay ,1998,p:21) .Failed recruitment systems can cost organizations in many ways. The effect goes beyond from simple loose of money and there are many repercussions when recruiting and selection systems fail. Hiring the wrong people negatively affects many aspects of daily organizational efficiency and productivity. There are many ways that inappropriate ad hock hiring decisions can affect organizations. Wrong recruitment and selection affects among others turnover, morale, and confidence and related aspects of the human resources of an organization (Adebaby Abay ,1998,p:21-23) When the wrong person for a position is hired, it typically results in having to refill the position again. Time, money and energy are lost during this downtime, as well as additional recruiting and training costs. It affects a an organization to have a vacant post in many ways, including loss of productivity, frustration of continuous retraining and inability to progress with organizational initiatives. Inappropriate hires may also result in good employees leaving the company, creating an even greater turnover problem. A wrong hire due to an ineffective recruitment and selection process can also hurt the morale and productivity of good employees.

Human resource literature puts much more emphasis about the validity of selection instruments when it comes to human resource recruitment and selection. Though many factors affect an organization's endeavor to attract and select the best available work force as per the job description, validity of selection instruments plays a critical /prime role.

Validity is broad concepts in measurement. When we think of validity there are different forms of validity such as face validity, concurrent validity, predictive validity, content validity etc. It would be difficult and inappropriate to deal with all facets of validity at the same time since each form of validity calls for a different type of data and validation process and each type of validity is not equally important. Hence this study focuses on selected type of validity. Particularly when it comes to the validation of employee recruitment and selection process predictive validity and content validity are more crucial.

Predictive validity involves demonstration of a correlation or other statistical relationship between test performance and job performance looks more appropriate method of validation. According to this form of validity individuals who score high on the test tend to perform better on the job than those who score low on the test. In the case content validity the main concern will be if the recruitment and selection instrument contains items from all job description and specification as it is drawn from the job analysis endeavor of the organization (Alemayehu Hailemariam, 2001p:15)

Employment recruitment and selection phases and process vary from nation to nation and organization to organization too. For example in India candidates pass through three major stages of preliminary examination, main examination, personality test (Interview) to check different aspects of the candidates. In Ethiopia according to *Ethiopian Federal Civil Service Commission, Personnel Statistics*, April 2001, it is the Federal Civil Service Commission which oversees all human resource activities in civil service offices of the nation. The commission is entrusted with human resource activities such as: job classification and grading, performance appraisal & time management, recruitment, selection, promotion and transfer, remuneration and conditions of service, human resource planning, and Civil Service Law & grievance systems and procedures human resource management Information system etc.

Through different directive the Ethiopian Federal Civil Service Commission tries to facilitate that human resource activities are done appropriately in different line bureaus of the government tier. For example in its declaration 515/99 article 16/3 (Ministry of Capacity Building ,2003) which is about the recruitment and selection of permanent employees in the civil service it demands different activities to be done to ensure that employee selection is done in a valid manner. The permanent employee's selection directive of the Ethiopian civil service commission is highly concerned about the validity and reliability of the employee recruitment and selection process and it oversee the process to ensure that the system is working well.

The Ethiopian civil service has had a tradition and experience of serving various governments for over 100 years. However, it has been until recently given little attention to improving public service delivery. Unfortunately, the idea that the civil service exists to serve the public good has been neglected and/or misunderstood in Ethiopian public institutions.

The history of modern civil service in Ethiopia can be traced back to 1907 when Minilik II initiated the idea of forming few ministries with the purpose of creating an efficient, effective and well organized performance of government activities. Then after different governments of Ethiopia who took power in different forms (by armed struggle or election) at different time tried to restructure the civil service to make it effective and efficient system and fit to their political ideologies and philosophies.

The emperor Hileslasie, under took various institutional and restructuring measures in the hope of bringing about an effective and efficient civil service governed by specific rules, and procedures of a uniform nature. However despite the efforts made the civil service at that time was characterized by in most cases, failure to adhere to established rules, unwarranted political interference that affect standard procedures of work, emphasis on political loyalty as a major criterion for major human resource decisions such as appointments and promotions that resulted in employees who are misplaced and consequently in effective to perform their functions..

When the Dergue was in palace its socialist ideology the civil service was required to make radical redesign. The Dergue in line with its central planned economic system made the civil service a tool for its intensive mobilization and politicization and hence there has been a tremendous expansion of the civil service (Mehret Ayenew and Paulos Chane, 2000).

As Mehret (1997) observed the Dergue put the civil service in disarray of fusing the institutions of party, state and government. It also encouraged the proliferation of parallel structure by appointing party functionaries to key decision making civil service positions therefore duplication and fragmentation of public function and the downplaying of merit and professionalism, Lack of transparency and accountability become the order of the day. There seems fusion of government (state power) and parties too date.

When the present government EPRDF, Ethiopian people's revolutionary democratic front, assumed power in 1991 it has made its own restructuring dictated by global economical factors such as the structural adjustment program and its federal structure.

Like its predecessors EPRDF has made and is making a number of measures deemed instrumental to reverse previous situations (arrangements) that it considered undesirable. The present government has gone through civil service reform, decentralization, business process re engineering, to make the civil service accessible, transparent, efficient and responsive (Atkilt Assefa, June 1996)

STATEMENT OF THE PROBLEM

Recruitment and selection have always been crucial processes for organizations. They are integrated activities. Recruitment is the process of generating a pool of capable people to apply to an organization for employment. Selection is the process by which managers and others use specific methods and instruments to choose from a pool of applicants the person or persons most likely to succeed in the job(s), given management goals and legal requirement. Recruitment and selection represent the entry point activities that affect directly other human resource activities. Hence, emphasis should be placed on admitting only those applicants who are likely to behave, acquire skills and show attitudinal commitment in line with the requirements of the organization's strategy. To this end valid recruitment and selection instruments play a pivotal role.

Human resource management in general recruitment and selection in particular in Ethiopia is characterized by inefficiency and ineffectiveness; lack of sophisticated and valid methods and instruments; inconsistency of selection instruments from once office to the other; unclear stand between political loyalty and merit for long (Bahiru Zewdie, 1991 p: 45). Hence one can say that the efforts made to make human resource management scientific are low. Since 1994, the government of Ethiopia has embarked on reforming its civil service organization with the objective of improving public service delivery system. The government sponsored a lot of management training programs to enhance the capacity of civil service employees and to implement result oriented performance management. The government has given due attention to improve the transparency, efficiency and validity of the human resource management functions in general and recruitment and selection in particular.

With all these efforts, however, researches revealed that the performance improvement brought was less as compared to the efforts required (Tesfaye, 2004, p: 25). Many factors may contribute to this fact. However the recruitment and selection of employees in general and validity of selection instruments in particular should be addressed. Productivity of employees is a function of ability and willingness to perform. By willingness it mean all sorts of motivation the employees have to perform. However to think of motivation the right people should be in place first as it is important to have the hardware to install the software in it. It is through valid recruitment and selection practice that the right people will be placed at the right post. Hence the main research problem that this research needs to address is how valid are the human resource recruitment and selection instruments in the Ethiopian civil service organization by taking a case organization.

NEED /IMPORTANCE OF THE STUDY

The role of human resource in organizational success is not subject to debate in the human resource literature. Human resource scholars equally appreciate the role of human resource for organizational success. However the methods and techniques used for recruitment and selection of employees, the marriage between merit and loyalty, issue of affirmative action visa vise equal employment opportunity etc remain issues of debate.

When it comes to validation of the selection process the fact that selection instruments and methods should be valid is not subject to debate. The debate is how organizations ensure the validity of the process and instruments. Hence research in this area is commendable. This research tries to contribute to the literature in this regard. At practical level organization can learn a lot to look in to their selection practices and think of improving the level of validity in their human resource recruitment and selection practices. Selection is a pivotal role in human resource since it affects other human resource activities directly and intern it affects productivity of organization, hence organization can learn a lot from this piece of research.

OBJECTIVE (s)

In general terms the objective of this study is to examine the level of validity of employee recruitment and selection instruments in the Ethiopian civil service by taking a case institution.

Specifically aims to:

- To examine the predictive validity of employee selections instruments in Ethiopian civil service
- To examine the content validity of employee selection instruments in the Ethiopian civil service
- To recommend policy option in line with the research outcome

HYPOTHESIS

1. Ho: Recruitment and selection Instruments have no reasonably high predictive value to determine job performance

Ha: Recruitment and selection Instruments have reasonably high predictive value to determine job performance

2. Ho: Recruitment and selection instruments have no reasonably high level content validity.

Ha: Recruitment and selection instruments have reasonably high level content validity.

RESEARCH METHODOLOGY

The research bases on secondary data analysis and synthesis. Data required for the study were collected from employee archives of the organization. Documents like selection instruments, performance evaluation result scores, job description and specification documents were duly analyzed and synthesized. Of course this data analysis and synthesis is not made on the entire employees and position in the organization. It is made on a sample of employees and positions.

The population of the study included employees of the organization who have a history of working at least five years in the organization. Employees' in this category amount to 113. Among this population 30 employees were selected randomly from payroll sheet of the organization. After the employees were selected randomly the necessary data was collected about employees and their respective positions as required.

As far as predictive validity is concerned a pairs of data on employee performance evaluation scores and result of employees which they score on the selection instrument administered at their entrance were collected from respective records. To analyze this data Pearson product movement correlation coefficient (r) between the two sets of data was used and the necessary implication for the result is given in line with the conceptual frame work of the study.

When it comes to content validity the two important data required were the job descriptions for the sampled positions and the selection instruments applied as a selection tool for the respective positions. These two sets of data were collected and analyzed from the respective database of the organization and consecutively the necessary implication is given. .

RESULT AND DISCUSSION

TABLE 1: SCORES OF EMPLOYEES IN THEIR PERFORMANCE EVALUATION AND ENTRANCE EXAMINATION

Employee	Score on Entrance exam	Performance Evaluation results					Average
		Year1.	Year2	Year 3	Year 4	Year 5	
1	72	75	78	73	70	79	75
2	70	68	71	66	63	72	68
3	85	81	84	79	76	85	81
4	68	73	76	71	68	77	73
5	71	74	77	72	69	78	74
6	65	68	71	66	63	72	68
7	92	81	84	79	76	85	81
8	65	73	76	71	68	77	73
9	79	80	83	78	75	84	80
10	77	75	78	73	70	79	75
11	84	80	83	78	75	84	80
12	70	67	70	65	62	71	67
13	79	80	83	78	75	84	80
14	69	71	74	69	66	75	71
15	75	79	82	77	74	83	79
16	57	67	70	65	62	71	67
17	77	74	77	72	69	78	74
18	72	74	77	72	69	78	74
19	79	80	83	78	75	84	80
20	75	72	75	70	67	76	72
21	63	67	70	65	62	71	67
22	61	68	71	66	63	72	68
23	74	78	81	76	73	82	78
24	83	81	84	79	76	85	81
25	78	66	69	64	61	70	66
26	78	70	73	68	65	74	70
27	59	64	67	62	59	68	64
28	89	83	86	81	78	87	83
29	69	73	76	71	68	77	73
30	59	69	72	67	64	73	69

Source: Compiled from employee archives, 2011

As we have been saying now and the in the literature predictive validity refers to the power of one variable to predict the other variable. In this case it is the power of selection exam results to predict the performance results of employees. In this regard the person product movement correlation coefficient (r) is said to be an appropriate tool to look in to the predictive power of one variable over the other. The value of Pearson product movement correlation coefficient for the data given above in table 1 is 0.800227 (r= 0.800227). Since we have job performance results for consecutive 5 (five) years one can think of calculating five values for r. However I prefer here to validate entrance exams with the five year average of the job performances for convinces reasons.

Pearson product movement correlation coefficient 0.800227 (r=0.800227) implies that there is a strong positive correlation/association between the job performances of employees and the results of selection exams by any standard, this implies that there is a strong positive association between the two variables entrance exam results and job performance evaluation results. Consequently from validity point of view it can be inferred that there is a strong validity evidence of the selection instruments used in the civil service. Those who performed better in the selection exams performed better in their jobs as measured by job evaluation scores, so that the null hypotheses (Ho) that claims that recruitment and selection Instruments have no reasonably high predictive value to determine job performance is rejected. As result the alternative hypothesis (Ha) that claims recruitment and selection Instruments have reasonably high predictive value to determine job performance is accepted.

The second major concern in this study was the issue of content validity of employee selection instruments. Unlike the case of predictive validity in this regard the validity methodology preferred is to look in to the job description and specification as it is done in the job analyses. The prime concern here is to see if the items in the recruitment and selection instrument really reflect the skills, knowledge, and attitude as indicated in the job description of the posts for which candidates are to be selected.

In this regard more of the research effort was on analyzing the selection instruments visa vise the job description of the posts under consideration. A sincere and in-depth investigation of the job specification and job description of the posts under consideration was made in line with the selection instruments. Investigation in this regard reveals the majority of the test items are designed to measure the knowledge, skills and attitudes required for the respective positions as it is indicated in the job description of the respective posts. Hence recruitment and selection efforts in the civil service are valid as far as content validity is considered. However there is a lot to be done in this regard to make the process ore valid. Some of the jobs lack job description and job specification; jobs are only given job numbers as they call them job grades. Even for those positions for which job description is made there is lack of clarity and depth in the job description. This makes the validation process difficult.

In this regard to triangulate between researches instruments employees were asked to rate the selection instruments they were exposed at the time of joining the organization if the instrument items were job related in a five point likert scale. A reasonable number of the employees (25 out of 30) in the positions under consideration rated it as medium. This implies that there is a reasonable level of validity. However the employees also mention that the instrument included items unrelated to the post under consideration in some degree this indicate that further work is required to make the process more valid in terms of content validity. Hence one can reasonably reject the null hypothesis (Ho) that claims that recruitment and selection instruments have no reasonably high level content validity and accept the alternative hypothesis that claims recruitment and selection instruments have reasonably high level of content validity owing to the above evidences.

FINDINGS

Since this research was keen to answer to important human resource selection questions namely the predictive and content validity of selection instruments the research have resulted in two corresponding findings in line with this research themes.

1 Pearson product movement correlation coefficient (r)

Firstly the research was keen to look in to the level of predictive validity of selection instruments as applied to select employees for the different positions of the organization under consideration. The research as evidenced by the data collected found that selection instruments administered by the organization have an acceptable level of predictive validity. This is confirmed by the strong association ($r=0.800227$) between employees performance evaluation scores and employee results on selection instruments where in employees scores in entrance instruments is considered to be a perfect predictor value of their performance.

Secondly the researches attempted to look in to the content validity of the human resource selection instruments. In effect it looked in to the selection instruments vis-à-vis the skills, knowledge and attitude need for the positions as it is indicated in the job description. The finding in this regard confirms selection instruments have reasonable level of content validity vis-à-vis the job descriptions of the respective positions. However still there are issues in this regard that need further attention to increase the content validity of the instruments. For example in some cases selection instruments were found to include selection items which are not related to the post in any way. Moreover some positions were found to be with out appropriate job description and some times even with out job description. These factors endanger content validity of instruments used for selection .Hence attention should be given to improve this situation.

RECOMMENDATIONS/SUGGESTIONS

Validity is a vital issue in any measurement situation. Human resource selection in particular is crucial since it affects the efficiency of organizations. The right people should be in place for the right position. For this to happen appropriate selection instruments in general and valid instruments in particular play a paramount importance. In this regard the following recommendations are made in line with the findings of the study.

The predictive validity of the selection instruments is justified with a high level of person movement correlation coefficient($r=0.800227$) as seen in the analysis part of this research. However the institution should work more to take validity to a higher level.

The institution should give more emphasis on the issue of content validity. The result of the study revealed a problem in this regard through job analysis should be done for positions so that positions will have a clearly defined job specification and description up on which selection instruments should be based up on, so that the content validity will be improved

In general terms institutions should understand the prime role of human resource in an organization. Hence they should work always to take validity both content and predictive validity at higher level .Because in the absence valid selection instruments all human resource activities will be at risk. Human resource is critical; as saying garbage in garbage out or gold in gold out goes the kind of human resource that an organization employ directly affects its performance directly. Hence organization should give a prior attention to the issue of validity of selection methods and instruments when ever they attempt to recruit and select employees for their organization.

CONCLUSIONS

This research was keen to see the validity of employee selection and recruitment in the Ethiopian civil service .The issues of validity is essential when it comes to human resource selection. Organizations cannot achieve their objective if the right person is not in place. As the saying "organizations cannot be more than the people they have "goes, recruitment and selection are pivotal in human resource since decisions at this level affects other human resource management activities directly. Consequently this research attempted to look in to the predictive validity and content validity of recruitment and selection instruments.

As far as predictive validity is concerned selection instruments were used as predictor for job performance evaluation scores as a means of validation of the employee selection process. Employees' selection exam scores and a five year average of performance evaluation scores were used as input in the process. To look in to the validity of the process a Pearson product movement correlation coefficient, r was used as a basic validation instrument. The result showed that employee' selection is a reasonably valid.

When it comes to content validity the research opt for synthesizing the content of job description of selected positions and the selection instrument administered for these positions. The objective was to look in to if the selection instruments sufficiently address the knowledge, skills and attitudes required for each position as shown in the job description, which is the result of job analysis. The result in this case confirmed that selection instruments have reasonable level of validity though there are issues yet to be addressed in this regard.

SCOPE FOR FUTURE RESEARCH

Validity is a wider concept .In this research I focused only on predictive validity and content validity of recruitment and selection instruments. Future research should look in to other forms of validity. For a selection instrument to be appropriate it should be not only valid but also reliable hence future researches should be made more comprehensive by incorporating the issues of reliability. in addition research is imperative on issues of job description and description, etc to make the process more valid.

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CAUSES AND CONSEQUENCES OF HETEROSKEDASTICITY IN TIME SERIES

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ABSTRACT

A univariate stochastic process X is said to be heteroskedastic if the standard deviations of X_t are not constant for all times, t . When heteroskedasticity takes place, ordinary least squares (OLS) estimators (β_i) remain unbiased, but have no minimum variance among all linear unbiased estimators. In correcting this, the omitted variable(s) should be checked and if the model is well specified then solutions such as the Weighted Least Squares (WLS) or the White's Heteroskedasticity-Consistent Standard Errors (HCSE) should be considered. This paper examined the causes and the consequences of heteroskedasticity and determined the nature of some selected macroeconomic variables in Nigeria. White's heteroskedasticity test was employed and the results show that the error term of some of the Nigerian macroeconomic variables are homoskedastic.

KEYWORDS

Econometrics, Estimators, Heteroskedasticity, macroeconomic.

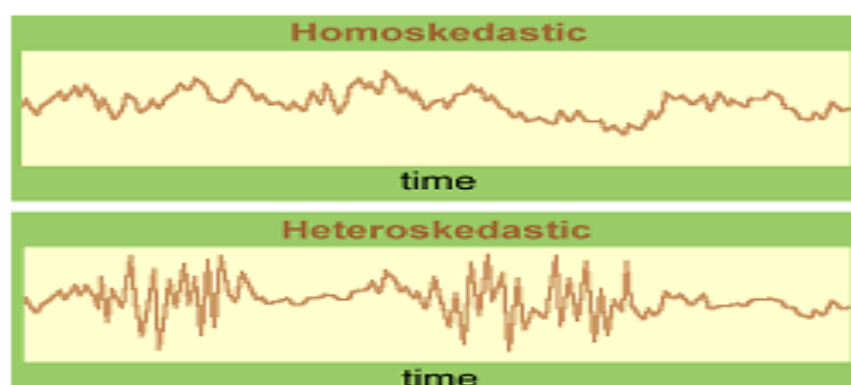
INTRODUCTION

Heteroskedasticity refers to unequal variance in the regression errors. Regression disturbances whose variances are not constant across observations are heteroskedastic (Greene, 2002). This makes ordinary least-squares estimates inefficient. Heteroskedasticity arises more in cross-country than in country specific data. Generally, empirical research in macroeconomics as well as in financial economics is largely based on time series and as a result, heteroskedasticity in these areas are more common. It occurs in country specific studies if the quality of data collection changes dramatically within the sample, or where there is a model specification error. It arises in a variety of ways and a number of tests have been proposed.

The classical statistical assumptions underlying econometric analysis refer to a set of requirements that need to hold in order for ordinary least squares (OLS) to yield the "best" estimator available for regression models. Heteroskedasticity violates the classical assumption that observations of the error term are drawn from a distribution that has a constant variance (Homoskedasticity) (Gujarati, 2004). Homoskedasticity is not always realistic, because the larger the independent variable, the larger the variance of the associated disturbance.

Therefore, a univariate stochastic process X is said to be homoskedastic if the standard deviations of terms X_t are constant for all times, t . Otherwise, it is said to be heteroskedastic. This is illustrated with realizations of two stochastic processes in figure 1 given below.

FIGURE 1: HOMOSKEDASTIC VS HETEROSKEDASTIC EXHIBIT



Indicated above are the realizations of two processes in which the first exhibits homoskedasticity and the second exhibits heteroskedasticity.

CONSEQUENCES OF HETEROSKEDASTICITY

When the violation of homoskedasticity takes place, ordinary least squares (OLS) estimation of regression coefficients (β_i) remain unbiased, but they are no longer efficient or have minimum variance among all linear unbiased estimators. There are cases where OLS can be BLUE despite the presence of heteroskedasticity, but such cases are not often seen in practice (Gujarati, 2004).

Heteroskedasticity causes OLS to tend to underestimate the variances (and standard errors) of the coefficients. As a result, tests of statistical significance, such as the t-statistic and the F-statistic, cannot be relied upon in face of uncorrected heteroskedasticity, hence, leading to erroneous conclusions. In practice OLS usually turns up with higher t-scores than would be obtained if the error terms were homoskedastic, leading researchers to reject null hypotheses that should have been accepted.

METHOD OF DETECTING HETEROSKEDASTICITY

Greene (2002) posits that heteroskedasticity, poses potentially severe problems for inferences based on least squares. As a result, one can rarely be certain that the disturbances are heteroskedastic and unfortunately, what form does the heteroskedasticity take if they are. Gujarati (2004) argued that the consequences of heteroskedasticity are easier documented than detecting it. There are several available diagnostic tests, but one cannot exactly tell which one of them works best in a given situation. These tests are done through Visual inspection of residuals plotted against the suspected independent variable, the White's General

Heteroskedasticity test, the Goldfeld-Quandt test, the Breusch-Pagan-Godfrey (BPG) test, the Glejser test, the Park test, the Koenker-Bassett (KB) test, and the Spearman's Rank Correlation test of heteroskedasticity.

Majority of these tests use the residuals of an equation to test for the possibility of heteroskedasticity in the error terms. The above mentioned techniques of detecting heteroskedasticity are faced with the problem of computational cost (Maximum Likelihood technique) or the identification of a proper value for the best possible form of heteroskedasticity (Park test).

CORRECTION OF HETEROSKEDASTICITY

In an attempt to correct heteroskedasticity, the first thing to do is to check for omitted variable(s) that might have caused impure heteroskedasticity. If the specification is as good as possible, then solutions such as the Weighted Least Squares (WLS) or the White's Heteroskedasticity-Consistent Standard Errors (HCSE) should be considered as the next option. The WLS involves dividing the main equation by whatever will make the error term homoskedastic and then re-running the regression on the transformed variables. A disadvantage of this method is on how to identify the proportionality factor. The HCSE is the most popular remedy for heteroskedasticity, and it takes a completely different approach to the problem. HCSE focuses on improving the standard errors of the coefficients without altering the parameter estimates. The disadvantages of this technique are that it works best on large samples, and not all computer regression software packages calculate HCSE. However, the White's General Heteroskedasticity test is prominent these days.

LITERATURE REVIEW

This is divided into two parts; the theoretical and empirical literature.

THEORETICAL LITERATURE

(I) THE CLASSICAL VIEW

The classical statistical assumptions underlying econometric analysis refer to a set of requirements that need to hold in order for ordinary least squares (OLS) to yield the "best" estimators available for regression models (Studenmund 2008). However, the classical views are of the opinion that observations of the error term are homoskedastic. The fact remains that heteroskedasticity violates the classical assumption that observations of the error term are drawn from a distribution that has a constant variance. In fact, homoskedasticity is not always realistic, because the larger an independent variable, the larger the variance of the associated disturbance.

(II) A NEW ASYMPTOTIC THEORY FOR HETEROSKEDASTICITY-AUTOCORRELATION ROBUST TESTS

Kiefer and Vogelsang (2000) in their Asymptotic theory of heteroskedasticity autocorrelation consistent (HAC) covariance matrix estimators involve a fictitious promise that the researcher will, eventually, ignore potentially relevant information in the data.

Kiefer and Vogelsang (2005) provided a new and improved approach to the asymptotic of hypothesis testing in time series models with arbitrary serial correlation and heteroskedasticity. Heteroskedasticity and autocorrelation consistent (HAC) estimation and testing in models involves calculating an estimate of the spectral density at zero frequency of the estimating equations. Important contributions to the development of these techniques include White (1984), Newey and West (1987), Gallant (1987), Gallant and White (1988), Andrews (1991), Andrews and Monahan (1992), Hansen (1992), Robinson (1998) and De Jong and Davidson (2000). Conventional asymptotic theory for HAC estimators is well established and has proved useful in providing practical formulas for estimating asymptotic variances. The ingenious trick is the assumption that the variance estimator depends on a fraction of sample autocovariances, with the number of sample autocovariances going to infinity, but the fraction going to zero as the sample size grows. Under this condition it has been shown that well-known HAC estimators of the asymptotic variance are consistent. Then, the asymptotic distribution of estimated coefficients can essentially be derived assuming the variance is known. That is, sampling variance of the variance estimator does not appear in the first order asymptotic distribution theory of test statistics regarding parameters of interest. While this is an extremely productive simplifying assumption that leads to standard asymptotic distribution theory for tests, the accuracy of the resulting asymptotic theory is often less than satisfactory.

EMPIRICAL LITERATURE

Some studies verified heteroskedasticity by using the ARCH and/or GARCH models. Julio and Ruiz (2005) confirmed that traditional tests for conditional heteroskedasticity are based on testing for significant autocorrelations of squared or absolute observations. In the context of high frequency time series of financial returns, these autocorrelations are often positive and very persistent, although their magnitude is usually very small. Moreover, the sample autocorrelations are severely biased towards zero, especially if the volatility is highly persistent. Consequently, the power of the traditional tests is often very low. In their paper, they proposed a new test that takes into account not only the magnitude of the sample autocorrelations but also possible patterns among them. This additional information makes the test more powerful in situations of empirical interest. The asymptotic distribution of the new statistic is derived and its finite sample properties are analyzed by means of Monte Carlo experiments. The performance of the new test is compared with various alternative tests. Finally, they illustrated the results by analyzing several time series of financial returns.

The interest toward the classification of time series has recently received a lot of contributions. Most of these studies were devoted to capture the structure of the mean of the process hypothesized as generator of the data, whereas little attention had been devoted to the variance (Otranto 2009). When dealing with heteroskedastic time series, in especially a GARCH process, the comparison of the dynamics of the variances is fundamental. In their paper clustering procedure based on simple statistical tools was proposed. They also considered the squared disturbances of the returns of a financial time series as a measure of the volatility of the series. The GARCH representation of the conditional variance was used to derive the model underlying the squared disturbances. They classified the series with similar unconditional volatility, similar time-varying volatility and similar volatility structure, using classical Wald statistics.

Kumar and Dhankar (2010) analyzed the relationship between stock returns and conditional volatility, and standard residuals. The study applied GARCH (1, 1) and T-GARCH (1, 1) to examine the heteroskedasticity and the asymmetric nature of stock returns respectively. They found saw heteroskedasticity as that which has effect on the nature of stock returns asymmetrically. In their further analysis, their study reported a negative significant relationship between stock returns and conditional volatility but, the relationship between stock returns and standardized residuals is found to be significant. Their findings reveal that investors adjust their investment decisions with regard to expected volatility and hence, expect extra risk premium for unexpected volatility.

The distribution of speculative price changes and rates of return data tend to be uncorrelated over time but are characterized by volatile and tranquil periods (Bollerslev 1987). The study used a simple time series model. The model is an extension of the Autoregressive Conditional Heteroskedastic (ARCH) and Generalized ARCH (GARCH) models obtained by allowing for conditionally t-distributed errors. The study reveals that the model can be derived as a simple subordinate stochastic process by including an additive unobservable error term in the conditional variance equation.

Bera and Higgins (1990) while testing for conditional heteroskedasticity and nonlinearity, found that the power of the test in general depends on the functional forms of conditional heteroskedasticity and nonlinearity that are allowed under the alternative hypothesis. In their paper, they suggested a test for conditional heteroskedasticity and nonlinearity with the nonlinear autoregressive conditional heteroskedasticity (NARCH) model of Higgins and Bera (1989) as the nonlinear ARCH parameter is not identified under the null hypothesis. To resolve this problem, they applied the procedure proposed by Davies (1987). Power and size of the suggested test were investigated through simulation and an empirical application of testing for ARCH in exchange rates.

Hsiao and QiLi (2001) showed that the standard consistent test for testing the null of conditional homoskedasticity (against conditional heteroskedasticity) can be generalized to a time-series regression model with weakly dependent data and with generated regressors. The test statistic of the study showed an asymptotic normal distribution under the null hypothesis of conditional homoskedasticity error. Extending their test, they discussed the case of testing the null of a parametrically specified conditional variance and a bootstrap method was advocated by the study to overcome the issue of slow convergence of this test to its limiting distribution.

Pooter and Dijk (2004) considered tests for sudden changes in the unconditional volatility of conditionally heteroskedastic time series based on cumulative sums of squares.

They showed that when it is applied to the original series, these tests suffered from severe size distortions and the correct null hypothesis of no volatility change is rejected too frequently. More so, applying the tests to standardized residuals from an estimated GARCH model resulted in good size and reasonable power properties when a single break in the variance is tested for. The tests also appear to be robust to different types of misspecification. Further, the study designed an iterative algorithm to test sequentially for the presence of multiple changes in volatility and applying this to emerging markets stock returns illustrates vividly the properties of the different test statistics.

Some studies also verified heteroskedasticity by using the Two-Stage Least Squares estimation method.

Olea and Pflueger (2011) developed a pre-test for weak instruments in linear instrumental variable regression that is robust to heteroskedasticity and autocorrelation. The test statistic of their results showed a scaled version of the regular first-stage F statistic. Moreover, the critical values depend on the long-run variance-covariance matrix of the first stage and can be examined numerically. Here, the test controls the bias of the Two-Stage Least Squares estimator relative to a worst-case bias. They applied their pre-test to the instrumental variable estimation of the Elasticity of Intertemporal Substitution and found that instruments previously considered are not weak and do not exceed their threshold.

Some studies also applied their results to regression setting with dependent heteroskedastic errors.

Politis, Romano and Wolf (1996) in their article, Subsampling for heteroskedastic time series, presented a general theory for the construction of confidence intervals or regions in the context of heteroskedastic-dependent data. Their basic idea is to approximate the sampling distribution of a statistic based on the values of the statistic computed over smaller subsets of the data. Their results were extended to heteroskedastic observations. A general asymptotic validity result under minimal conditions was proved. In contrast, the usual bootstrap and moving blocks bootstrap are typically valid only for asymptotically linear statistics and their justification requires a case-by-case analysis. Their general asymptotic results are applied to a regression setting with dependent heteroskedastic errors.

IMPORTANCE OF THE STUDY

This will help researchers interested in time series to actually know whether in time series regression, heteroskedasticity can arise either because of structural change, cross country data (due to different data generating processes) or as a result of false omission of relevant variables in the regression.

STATEMENT OF THE PROBLEM

The problem of heteroskedasticity has posed a great problem to researchers especially; those that use time series data. The frequently asked questions are; Do the presence of heteroskedasticity in time series alter its results in research? Does the presence of heteroskedasticity affect the conclusion of the research?

Trimbur (2006) in his work titled "Seasonal heteroskedasticity in time series data: modelling, estimation, and testing", affirmed that seasonal heteroskedasticity exists in a number of monthly time series from major statistical agencies and accounting for such systematic variation in calendar month effects movements in underlying trend.

Many econometric models underline the assumptions of constant variance of residuals over a period of time. But a number of empirical studies question this assumption and hold the presence of auto-correlation in time series data (Kumar and Dhankar (2010), Faff and McKenzie 2007; Karmakar 2005; Kumar and Dhankar 2009; Morgan 1976; Sentana and Wadhvani 1992; Watanable 2002). The presence of autocorrelation in time series data signifies the non-normality of the error term, called heteroskedasticity.

Julio and Esther (2005) maintained that Traditional tests for conditional heteroscedasticity are based on testing for significant autocorrelations of squared or absolute observations. In the context of high frequency time series of financial returns, these autocorrelations are often positive and very persistent, although their magnitude is usually very small. Moreover, the sample autocorrelations are severely biased towards zero, especially if the volatility is highly persistent.

Engle (1982) confirmed that it is often argued that many economic time series, particularly financial time series, are conditionally heteroskedastic: these series seem to display persistent periods of unusually high (or low) volatility (even though the level of series might be serially uncorrelated).

Edoardo (2009) quoting (Piccolo, 2007) opined that the interest toward the classification of time series has recently received a lot of contributions and that most of these studies are devoted to capturing the structure of the mean of the process hypothesized as generator of the data, whereas little attention has been devoted to the variance. As a result of this, he suggests that while dealing with heteroskedastic time series, in which the (conditional) variance follows a stochastic process (typically a GARCH process), the comparison of the dynamics of the variances is fundamental.

OBJECTIVES OF THE STUDY

The principal objective of this study is to analyse heteroskedastic in selected time series data in Nigeria.

Specific objectives are:

- To explain the causes of heteroskedasticity.
- To explain the consequences of heteroskedasticity.
- To determine if Nigerian data are homoscedastic

STATEMENT OF HYPOTHESIS

- Heteroskedasticity has no specific cause.
- The consequences of heteroskedasticity cannot be determined
- Nigerian data are not homoscedastic

METHODOLOGY

Heteroskedasticity poses potentially severe problems for inferences based on least squares. One can rarely be certain that the disturbances are heteroskedastic hence, unfortunately, what form the heteroskedasticity takes if they are. As a result, it is useful to be able to test for homoskedasticity and if necessary, modify the estimation procedures accordingly. However, tests designed to detect heteroskedasticity will, in most cases, be applied to the Ordinary Least Squares (OLS) residuals.

The application of more appropriate technique requires a detailed formulation of scale factor, Ω . However, it may well be that the form of the heteroskedasticity is unknown. White (1980) showed that it is possible to obtain an appropriate estimator for the variance of least squares estimator even if the heteroskedasticity is related to the variables in X by giving the equation below:

$$\text{Est. Asy. Var}[b] = \frac{1}{n} \left(\frac{X'X}{n} \right)^{-1} \left(\frac{1}{n} \sum_{i=1}^n e_i^2 X_i X_i' \right) \left(\frac{X'X}{n} \right)^{-1} \quad \dots\dots\dots (1)$$

Therefore, following white (1980b), the White's General Heteroskedasticity test was employed in this study. To formulate some of the available test, it is vital we specify the nature of the heteroskedasticity. Hence, the general hypothesis is of the form:

$$H_0: \sigma^2 = \sigma^2 \quad \forall_i$$

$$H_1: \sigma^2 \neq H_0$$

In view of this, White's covariance matrix for least squares estimator is given as:

$$\text{Var}[b/X]^{-1} = \sigma^2 [X'X]^{-1} [X'\Omega X] [X'X]^{-1} \quad \dots\dots\dots (2)$$

The conventional estimator is given as:

$$V = S^2[X'X]^{-1} \dots \dots \dots (3)$$

If there is no heteroskedasticity, then equation (3) will give a consistent estimator of $\text{Var}[b/X]$. But if there exists heteroskedasticity, it will not give consistent estimator of $\text{Var}[b/X]$. A statistical test was devised by White based on this observation. A simple operational version of his test was carried out by obtaining nR^2 in the regression of e^2 on a constant and all unique variables contained in X and all the squares and cross products of the variables in X . The statistic is asymptotically distributed as chi-squared with $n-1$ degrees of freedom. Where n is the number of regressors in the equation, including the constant term.

Greene (2002) opined that White test is extremely general. Hence, to carry it out, certain assumptions about the nature of the heteroskedasticity have to be made. Though this feature is a virtue, it is at the same time, a potential serious shortcoming.

EMPIRICAL FINDINGS USING NIGERIAN DATA

To illustrate the White's approach to heteroscedasticity, Nigeria's annual data on Gross Domestic Product (GDP), Consumer Price Index (CPI), Exchange Rate (EXCHR), Interest (INT) and Savings were used.

White's heteroskedasticity test was conducted using OLS equation as:

$$GDP = \beta_0 + \beta_1 CPI + \beta_2 EXCHR + \beta_3 INT + \beta_4 SAVINGS + \mu_t \dots \dots \dots (4)$$

The results of these tests are shown in the appendix. White's heteroskedasticity test was employed to find out if the error term is heteroskedastic. It follows χ^2 (chi-square) distribution with $p-1$ degrees of freedom. Where p is the number of regressors in the equation, including the constant term. Hence, we have it as follows:

$$H_0: \beta_0 = \beta_1 = \beta_2 = \dots = \beta_8 = 0 \text{ (Homoskedasticity)}$$

$$H_1: \beta_0 \neq \beta_1 \neq \beta_2 \neq \dots \neq \beta_8 \neq 0 \text{ (Heteroskedasticity)}$$

Decision Rule: Reject H_0 if $\chi^2_{cal} > \chi^2_{tab}$ and accept it otherwise. Or if $\chi^2_{cal} < \chi^2_{tab}$, accept the null hypothesis (H_0) and reject it otherwise.

$$\mu_t = \beta_0 + \beta_1 CPI + \beta_2 CPI^2 + \beta_3 EXCHR + \beta_4 EXCHR^2 + \beta_5 INT + \beta_6 INT^2 + \beta_7 SAVINGS + \beta_8 SAVINGS^2 + V_t \dots \dots \dots (5)$$

$$\chi^2_{cal} = n.R^2 = 40(0.304271) = 12.17083,$$

where

$$n = 40$$

$$R^2 = 0.304271$$

$$p-1 \text{ degrees of freedom} = 9-1 = 8$$

$$\chi^2_{tab}(8) = \chi^2_{0.05} = 15.5073$$

Thus, since $\chi^2_{cal}(12.17083) < \chi^2_{0.05}(8) (15.5073)$, we accept the null hypothesis (H_0) and conclude that the error term of some of the Nigerian macroeconomic variables are homoskedastic.

RECOMMENDATION

Based on our findings, researchers interested in time series should know henceforth that heteroskedasticity arises more in cross-country than in country specific data. This has been tested using Nigerian data and the Nigerian data shows no evidence of heteroskedasticity.

CONCLUSION

Applying White's heteroskedasticity test with no cross terms, it was found that there is no evidence of heteroskedasticity. This implies that some of the Nigerian macroeconomic variables (GDP, CPI, EXCHR, INT, and SAVINGS) are homoskedastic. In sum, the regression of equation (4) does not suffer from heteroskedasticity. In conclusion, heteroskedasticity is not correlated with the variables in the model.

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APENDIX**THE WHITE'S HETEROSKEDASTICITY TEST RESULTS**

WHITE HETEROSKEDASTICITY TEST				
F-statistic	1.694696	Probability	0.139331	
Obs*R-squared	12.17083	Probability	0.143743	
Test Equation:				
Dependent Variable: RESID^2				
Method: Least Squares				
Date: 02/26/12 Time: 17:02				
Sample: 1970 2009				
Included observations: 40				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-69166603	3.26E+09	-0.021219	0.9832
CPI	6992297.	62987157	0.111011	0.9123
CPI^2	19663.27	246543.0	0.079756	0.9369
EXCHR	-55918246	86627737	-0.645500	0.5234
EXCHR^2	330810.3	558092.5	0.592752	0.5576
INT	-2.94E+08	6.81E+08	-0.430690	0.6697
INT^2	6739795.	16393620	0.411123	0.6838
SAVINGS	1.30E+09	6.10E+08	2.133773	0.0409
SAVINGS^2	-64529915	27534705	-2.343585	0.0257
R-squared	0.304271	Mean dependent var	1.69E+09	
Adjusted R-squared	0.124728	S.D. dependent var	2.55E+09	
S.E. of regression	2.38E+09	Akaike info criterion	46.21461	
Sum squared resid	1.76E+20	Schwarz criterion	46.59461	
Log likelihood	-915.2923	F-statistic	1.694696	
Durbin-Watson stat	1.325206	Prob(F-statistic)	0.139331	

EFFECTS OF FRAUD AND FORGERY AND PERFORMANCE IN HOTELS IN NAIROBI, KENYA**MOSES MURAYA****STUDENT****SCHOOL OF TOURISM HOSPITALITY & EVENTS MANAGEMENT****MOI UNIVERSITY****ELDORET****JACQUELINE KORIR****LECTURER****SCHOOL OF TOURISM HOSPITALITY & EVENTS MANAGEMENT****MOI UNIVERSITY****ELDORET****KIMELI KORIR****STUDENT****SCHOOL OF BUSINESS & ECONOMICS****MOI UNIVERSITY****ELDORET****ABSTRACT**

Hotel managers and owners at a corporate and hotel level look for opportunities to tighten the belt in their operations as they incur hidden costs which eat not only on their revenue but affect many aspect of running the hotel. With rising incidences of fraud and forgery affecting not only clients and guests but also the processes of the business, hotels are forced to reconsider their stance in fighting the vice. The purpose of this paper was to examine the effects of fraud and forgeries perpetrated by employees, customers, and suppliers on the performance hotels. The results showed that some employee fraud and forgery do affect the performance while some do not affect like cash register fraud. Customer frauds and forgeries affect performance especially guests living the hotel without clearing their bills while suppliers' fraud and forgeries affect performance of the hotel because they occur for long periods of time increasing expenditure as the hotel has to pay. The study concluded that overall hotel performance suffers from frauds and forgeries through increased operating costs, low productivity due to reduced employee morale and absenteeism. The findings may benefit hotel managers to know the extent of the effect of fraud and forgeries on hotel performance and the cost of the vice.

KEYWORDS

Forgery, Fraud, Performance, Theft.

1. INTRODUCTION

The tourism industry has been among the leading contributor to the Kenya's economic growth with tourism recording a 19.5 percent jump in earnings from 52.7 billion in 2008 to 62.5 billion in 2009 (Kimani, M. 2010) with most of these revenues being raked in by the hospitality industry. Increase in tourism business in Kenya means that more guests visit the country for vacation, holiday business trips, conferences and safaris. These guests carry with them valuable and priceless belonging, assets, money and information which has made it them a target by fraudsters to execute their schemes and cons as it is a fertile ground for fraud and forgery.

Reed Archambault, an attorney with Newmeyer and Dillion LLP in Newport Beach says "recent studies show that employee embezzlement has become so wide spread that it accounts for majority of business loses that are suffered by employers". Some estimates indicate that more than \$600 billion is stolen annually or roughly \$4500 per employee (Passo, M. 2006). Hospitality industry exposed various forms of fraud and forgery cases which can be internal or external. Internal threats include employees in any position in the company while external threats include guests, vendors, suppliers, internet threats and even complete strangers. Fraud can manifest itself in a wide variety of ways and originate from a number of sources (Hubbard 2006)

When faced with fraud, hotels must walk a fine line between exercising the necessary controls and meeting the strong imperatives of customer service (Michael 2001). Any fraud can damage a company's reputation and it depends on how the fraud is handled by the company. If the affected company shows the competence in handling fraud cases this creates a positive image for the company but the reverse creates a poor image for the company. The type of fraud can cause a dent in revenue generation and if a hotel looks vulnerable to fraud it can taint the hard earned image thus causing a slump in business with guests opting to go to elsewhere where they feel their security is assured. Guests like to feel assured of their personal security and of their valuables (Michael, 2001).

1.1 STATEMENT OF THE PROBLEM

There has been an increase in the number of cases of fraud and forgeries reported in Kenya and the world over with many of the cases involving lots of money while others have gone undetected. Fraud and forgery can have far reaching effects to hotels and the employees both concerned with the cases and those not even concerned. What motivates employees to engage in fraud and forgery cases and the reasons that they do it is an area that has caught the eyes of scholars and managers as they wish to find ways to eliminate and to prevent these cases from happening in their establishments as they can be of detrimental value to the organization. The impacts of fraud and forgery on performance on hotels has been an interesting subject but most scholars have often researched on motivation of fraud, the types of frauds that occur, the monetary value of fraud cases but few have really definitely tried to link performance and fraud and forgery cases. Fraud and forgery can have a direct effect on profitability and the liquidity of a hotel. Fraud and forgery cases can lead to poor performance to the point of closure. It can also affect productivity and morale of employees when perpetuated as some employees may benefit on individual basis especially those with access to the means. Therefore performance can be affected in terms of reduced revenue, substandard services and products from suppliers, low motivation of employees and increase in operating costs.

1.2 RESEARCH QUESTIONS

1. How do fraud and forgeries perpetrated by employees affect hotel performance?
2. Do fraud and forgeries perpetrated by customers affect performance of hotels?
3. How do fraud and forgeries perpetrated by suppliers affect performance of hotels?

2. LITERATURE REVIEW

2.1 CONCEPT OF FRAUD AND FORGERY

Association of Certified Fraud Examiners (ACFE) classify fraud into asset misappropriation, corruption and financial statement fraud (www.acfe.com). Asset misappropriation covers stealing or “borrowing” resources for personal use without permission for example, check forging, skimming cash from registers and using company vehicle for personal gain. Corruption occurs when an employee inappropriately uses their positions in the organization to benefit themselves for example accepting bribes from a potential vendor or accepting kickbacks from customer in the exchange for offering unwarranted discounts. Financial statement fraud involves the intentional misstatement or omission of material information in the organizational financial reports. This may occur to cover up incompetent decision by managers or to hide other existence of fraud or both for example recording fictitious revenues, hiding expenses or artificially inflating assets (www.acfe.com).

2.2 MOTIVATION FOR FRAUD AND FORGERIES

With millions of people facing financial hardships, the odds that someone at a company may steal increases (Michael, 2010). Fraud often starts small and as the fraudster finds that they can get away with it gets bigger and bigger. Recent cases have involved very large amounts of money (Parker, 2010). In Nairobi's Fairmount Norfolk hotel a customer skipped without paying a hotel bill estimated at 3.4 million Kenya Shillings (Miana, 2010). The most common underlying causes of fraud are to feed an addiction such as gambling, drugs or alcohol. Fraud can also be triggered by a period of financial distress such as divorce (Parker, 2010). Also broad economic conditions have an insignificant effect on fraud levels. It goes up following a boom period; people want to maintain their standards of living even if it means criminal activity (Parker, 2010).

Criminologists have identified three elements that are often present when fraud occurs that is opportunity, pressures of incentives, rationalization (Hubbard, 2006). Opportunity refers to the situations and circumstances that make it possible for fraud to take place such as an employee with uncontrolled company access to company funds has the opportunity to misappropriate those funds (Hubbard, 2006). Pressures and incentives to commit fraud are often associated with lifestyle issues that are living beyond one's means, personal debt which involves excessive credit card use, gambling losses, uses of drugs or alcohol and lastly business results that are shown by poor operating results, the desire to avoid business failure and also to meet requirements of lenders. Lastly, rationalization refers to the need for the people to somehow justify their fraudulent actions in their own minds. People involved in fraud attempt to physiologically accept their own actions and emotionally “shift blame” to anyone other than him/herself. Common rationalizations are entitlements which include thoughts such as “they don't pay me what is worth”. “I have this money coming to me”; anger or revenge “the company has treated me poorly, now they are going to pay”; minimization “I am not taking much”. The company can easily afford it; moral justification, “everyone is doing it, so it must not be so bad to do this. Rationalization is not generally known to others and therefore is usually difficult to detect. In addition, persons with low moral integrity may feel little need to rationalize their behavior (Hubbard, 2006).

2.3 EXECUTION OF FRAUD AND FORGERY

In the area of financial reporting staff may be involved in any number of common methods of financial statement manipulation, “cooking books” these include manipulation of revenue recognition, overstatement of inventory, failure to keep necessary write offs, capitalization of expenses and use of reserves to “create” income. Financial reporting fraud cases contain certain recurring themes (Andrew et al., 1999). Common red flags include inadequate leadership at the top, weak internal controls, autocratic senior management, collusion among accounting employees and aggressive accounting policies.

Fraud in its traditional form involves the theft or misappropriation of assets. Frequently, individual's thefts in the hospitality industry are immaterial. However, procurement and related fraud deserve special mention because they can have significant “bottom line” impact. The most common form of procurement fraud involves collusion with outside vendors, which is difficult to detect. No internal control system can prevent collusion between employee and an outside vendor acting as a partner in the fraud. In this type of scenario the vendor usually pays a “kickback” or commission to the employee. The employer rather than the vendor usually bears this additional cost. Often the schemes are varied over time and may involve significant gifts or benefits in-kind like construction of an employee home by the vendor (Flaig and Chang 1999).

Simply put asset misappropriation can be thought of as a theft of something of value that belongs to a business. When it comes to asset misappropriation “cash is king”. In other words cash is the most frequently targeted asset because cash has a clearly known value, is easily transferable and transportable, is difficult to trace and may even be diverted before any record exists in a company books. Cash targets include currency and coins, checks, electronic funds, financial instruments, rebates, credits discounts and virtually any other devices or means of financial exchange or enrichment (Hubbard, 2006). According to ACFE national survey 2004, 93% of the asset misappropriation cases studied involved cash, and a median loss was \$93000. Cash may be targeted by external or internal perpetrators or even by both via collusion (Hubbard 2006). Cash diversion schemes range from simple skimming of sales receipt to complex frauds involving billing, payroll, expenses reimbursement, checks including alteration and diversion of legitimately issued checks, sales and remittances including point of sale till tapping (Hubbard, 2006).

Other common targets of assets misappropriation include merchandise and or other inventory, equipment and supplies and even waste, scrap, salvage, or surplus property. Generally high value assets that are easy to transport and to dispose of are at highest risk. Prime examples of high risk assets include laptop computers, which pose the additional risks of confidential data disclosure and possible facilitation of unauthorized information system intrusion experience indicates that virtually any type of assets can be targeted (Hubbard, 2006). Corrupt or prohibited business practices include side agreements involving undisclosed rebates or kickbacks, bid rigging, bribery and extortion. These practices often involve hidden arrangements with customers and suppliers of goods and services to a company. In many cases these arrangements directly and dishonestly benefit the individual employee(s) involved (Hubbard, 2006).

Computer related crimes may be committed by persons with or without authorized access, including user and or physical access. Of particular concern is the potential risk associated with disgruntled employees, contractors, or other insiders who may have high level computer access, authority, knowledge, and familiarity. Computers can serve as targets for of criminal activity but more often they serve as a “tool” or the means to accomplish a crime. Also computers may be used to produce false documentation (Hubbard, 2006). An employee can gain access to a company “check books” in several ways. Trusted employees are often allowed to bypass internal control to “assist” others. However these trusted employees can take advantage of the controls they are routinely allowed to circumvent. Circumvention of existing internal controls, even by exception is a common theme in employee fraud (Hubbard, 2006).

It is often impossible for a company management to know every employee and their pay status. Furthermore, payroll process can often make it possible for payments to be made. Common payroll fraud schemes include among others payments to nonexistent (ghost employees) added to the company payroll by someone with the authority to add new employees, employees falsifying time reports for hours not worked, and also where employees get unauthorized salary /pay rates, overtimes, or bonuses. Payroll fraud may also involve collusion between employees for example between an employee that receives the fraudulent pay and an “insider” with the ability to facilitate the payment (Hubbard, 2006).

Payment to outside vendors represents a significant outflow for most companies. Therefore it is important to understand vendor fraud risks. “Ghost” vendors represent a common fraud device used by company insiders who have the abilities to approve new vendors to receive payments and to authorize such payments. In these types of schemes a dishonest employee may establish a phony vendor account(s) that he or she controls and then direct fraudulent payments to that account(s) (Hubbard, 2006). In many companies, vendor payments above a certain dollar amount are subject to closer scrutiny, higher level approvals, or special reporting. In these cases to avoid detection an employee may set up multiple ghost vendors and make only one or two smaller fraudulent payments to each (Hubbard, 2006). Companies should be alert to suspicious patterns of vendor payments, including those that are “just under the radar” in terms of requires approvals, reporting or other company procedures. Similar to a ghost vendor schemes is the dishonest employee who “takes over” a legitimate vendor account. In that case, the employee may simply change the mailing address shown in the vendor profile for an inactive company to one the employees controls. Of course, invoices begin to arrive from the formerly inactive company. Ghost vendor schemes may also utilize company names that are intended to be similar to well known, established vendors (e.g. a legitimate vendor named “Robert Smith and Co” may be reestablished as a ghost vendor under the name “Bob Smith” or “R. Smith”). A perpetrator's goal for establishing ghost vendors is to use name alignment as a tactic to reduce the chances of detection (Hubbard, 2006).

Hotels are easy targets because they are all credit card-based. And hotels themselves certainly aren't fortresses designed to keep bad guys out. The root of the issue is the hotel industry's insufficient security measures to prevent data breaches. Many rely on older point of sale terminals and outdated operating systems, which are more vulnerable to hackers (Siciliano, 2010). Credit card fraud strikes millions of times every year and is one of the fastest growing white collar crimes. Credit card fraud happens whenever someone obtains another's credit card account number and then uses it to make fraudulent purchases. This can happen if a dishonest front office clerk makes an imprint of someone's credit card, a thief gets the account number and expiration date from a discarded receipt or a restaurant cashier swipes the credit card in order to make a counterfeit copy of the credit card. This method is called "skimming". Once thieves have accessed this data, they can clone cards with the stolen numbers and use them to make unauthorized charges (Siciliano, 2010).

Fraud experts say that hackers often steal personal data and make multiple small charges to validate of a card holder before making bigger charges (Sharkey, 2010). Results from a research that included 218 investigations, coming from 24 countries indicated that once a scam has been perpetrated, it takes about 156 days for the victimized establishment to realize that they have been hit. The sad part here is that, by the time both the hotel and victim realize what has happened, the hackers would be miles away reaping on the rewards of their actions (Kong, 2010)

3. RESEARCH METHODOLOGY

The research was carried out in 3 selected hotels in Nairobi, Kenya. The research employed a descriptive survey research design whereby it was concerned with the investigation and understanding of various fraud and forgeries that take place in hotels in Nairobi central business district. Target population was 312 hotel employees out of which 93 formed the sample. Data was collected using closed-ended questionnaires. Purposive sampling was used to select the hotels after which the employees were stratified in stratas of departments before simple random sampling was used to select the actual respondents for the study. Data was coded and analyzed using Statistical Package for Social Sciences (SPSS) and presented using frequency tables, bar graphs and pie charts.

4. RESULTS AND DISCUSSIONS

4.1 EMPLOYEE FRAUD AND FORGERIES

30.6% of the respondents agreed that employee fraud takes place in their hotel while the majority of 45.6% disagreed that employee fraud was prevalent in their hotel. Financial record manipulation leads to lots of lost revenue and in some cases can cause the company to suffer litigation due to doctoring of financial statements. From the research a majority of respondents agreed that financial manipulation fraud does take place. Financial fraud can cover all forms of records from accounting records, sales reports, cash collection reports, guest folio records, food cost records among others. The frauds could be happening because of lack of proper audit controls, use of manual records and no computerized records. Manual records can be misplaced or even the paper trail can be forged or eliminated. This is as a result of loopholes that exist in the policies, procedures and implementation of these policies.

A majority of respondents disagreed that assets misuse usually occurs maybe because of the procedures that have been put in place like passwords for computers and photocopiers, and logbooks, security when entering and leaving the building. Though a high percentage of respondents 41.17% agreed that company assets are misused or even used for personal gain, company assets cost the hotel a lot of money on investment. Hence, when these assets are used means they are used to recover this cost and make revenue or assist in making of revenue. Any slight misuse means that a cost has been incurred by the hotel. However, despite procedures that have been put in place for use of these assets, some employees have found a way to by-pass these policies or they use their positions to gain access to the assets. Personal use exposes the assets to wear and tear, and even the risk of theft or loss i.e. for laptops.

In the area of revenue collection, controls are very important so as to ensure all the cash is collected and no losses occur. Being a sensitive area this areas attract various forms of fraud and forgeries that seek to direct cash flow away from the hotel. One way is where employees keep a separate personal check book to collect cash and this does not find its way to the cash box. This fraud is even executed with the collusion of teller. From the research a majority of the respondents disagreed that this fraud takes place. This could be the result of adoption of technology in billing and in the revenue areas of the hotel by adoption of systems of pay, Like MACROS, opera among others. A percentage of 27.27% of those that agreed could mean that the hotels that were researched on had not fully adopted these systems while others used the manual billing method of billing. A summary of employee frauds and forgeries are as shown in table 1.

TABLE 1: EMPLOYEE FRAUDS AND FORGERIES

Fraud	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Company assets misuse	12	29	15	24	21
Pocketing of payments	3	35	32	15	15
Expense inflation	9	15	32	32	12
Separate billing of check	3	24	35	21	15
Retain payment check	6	18	29	18	29
Taking home hotel supplies	27	15	9	21	29
Working register fraud	9	24	29	9	27
Financial records manipulation	0	35	27	24	15
Credit card fraud	6	12	18	44	21
Selling of personal stock	12	12	12	29	35

Source: Data Analysis

4.2 CUSTOMER FRAUDS AND FORGERIES

Hotels experienced a high number of guests who go without clearing all their bills when they check out of the hotel. This was shown by the high percentage of 41.2% of respondents agreeing that fraud forgeries occur. Most bills that are not cleared mostly consists of additional services or drinks that are bought when the guest are taking breakfast. This results as some guests clear with the front office before going for breakfast. If this guest buys any drinks and this is charged to the room account, after breakfast they can walk out without pay either purposefully or forgetting to pay.

Hotel guest can also con the hotel, staff or even other guests. This happens when the guest convincingly comes in as a high profile guest and they can even claim that they are good friends of the manager or owner of the hotel and then they demand complimentary services. They can be very convincing wit even them clearing their first bills then move later for the kill. They later leave the hotel before the checkout day with a huge accumulated bill to their name. Others con staff that they can be able to get them a better paying job abroad and all they need is their details and later ask for some money as a fee for processing their documents for a visa etc. Other guest find a fancy in taking items and gadgetry placed in their rooms with them upon check out. These items include hotel branded towels, small mats, cups, vases, paintings and pictures, sculptures remotes and even cable or DSTV cables. Computers viruses and hackers are dangerous as they can access or even crash hotel company databases. Viruses offer hackers avenues to access a computer remotely and even send data that is very secret like key-loggers can be able to get passwords and pin used in the company. As regards to computer hack and virus frauds, recorded a majority of respondents that disagreed that they happen or have ever happened. This could be as a result of the lack of integration and adoption of technology in the running of the hotel. Also another reason could be the use if standalone databases and computer systems that have not been directly linked to the internet.

TABLE 2: CUSTOMER FRAUDS

Fraud	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Skippers without clearing bills	6	35	20	24	15
Stranger cons	6	22	18	27	27
Taking room items	29	29	21	15	6
Computer hacks and viruses	12	15	33	10	30

Source: Data Analysis

4.3 SUPPLIER FRAUDS AND FORGERIES

Under supplier frauds recorded among the highest percentages that the respondents agreed with. 60.6% agreed that suppliers offer rewards of money or kind to the employees who are paid in forms of tokens, gratuity and pricey presents. This is done so that the suppliers are given a priority to supply goods and services in future and also to cut the supplier some slack on the quality and quantity delivered. Other suppliers bribe to attain contracts (48.5%) or theirs is given priority of award with the hotel. This leads to price inflation (41.7%) by the supplier in order to cover the cost incurred in paying the employees. This happens with the collusion of the employees for they are necessary for the success of this fraud. Also another way of covering the cost of the supplier is delivering cheap substandard goods and services (50%) and charging them the same price as quality products.

TABLE 3: SUPPLIER FRAUDS

Fraud	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Money rewards to employees	6	55	18	9	12
Contract bribing	30	18	30	12	10
Goods price inflation	15	32	24	24	5
Substandard goods and services	21	29	20	18	12

Source: Data Analysis

4.4 FRAUD AND FORGERIES AND HOTEL PERFORMANCE

Service consistency is affected by high employee turnover. This is because standardization of services becomes difficult with the high labor turnover. The high labor turnover is caused by the dismissal of frauding employees. Also high levels of fraud affect the hotel revenue generation which can lead to low income or loss leading to laying off of employees or low wages and salaries. Another aspect that is affected is the expenditure of the hotel that goes high (46%). This is because of the cost incurred because of fraud like asset repairs, maintenance, replacements, room supply replacements and supplier frauds among others. Fraud and forgery affect the morale of the employees. When employees feel that they earn good money even if they need not to work hard because they know that they have other avenues of getting money not only salaries alone. Also people who fraud form cartels that seem to dictate what they do which is usually little work as they delegate themselves to areas where there is an avenue for committing frauds thus personalizing duties and departments to be worked in. Absenteeism cases can rise due to the employee feeling that they have enough money that they do not need to come to work often or on time. This gets worse when they know that there is somebody to cover up for them when they do not report to work as register can be forged to indicate that they came to work so at last get full wages for time not worked for. Because of these frauds customer complains can arise and become frequent as guest will complain that they do not have various items in their rooms like hair dryers, also poor service from un motivated employee, theft in rooms or by fellow guests, over billing, service quality among others.

TABLE 4: FRAUD & PERFORMANCE

Fraud	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Service consistency	12	44	26	9	9
Employee turnover	3	52	27	9	9
Hotel expenditure	21	25	24	21	9
Low employee morale	27	41	27	0	5
Frequent customer complaints	21	32	29	9	9
Employee absenteeism	8	27	31	18	15

Source: Data Analysis

5. CONCLUSION

Employee frauds and forgeries sometimes affect performance of a hotel. Frauds like financial records manipulation and misuse of company assets greatly affect while separate billing checks and credit card fraud do not greatly affect performance of hotels. Customer frauds and forgeries affect performance of a hotel in various ways especially guests living the hotel without clearing their bills and also taking away room items with them. Fraud and forgeries perpetrated by suppliers affect performance as they occur for long periods of time and therefore increases hotel expenditure since the hotel has to pay for it. Overall hotel performance suffers from frauds and forgeries through increased operating costs, low productivity due to reduced employee morale and absenteeism.

6. RECOMMENDATIONS

There is need for adoption of technology to be integrated in the daily operations of hotels which include management information system software like opera, abacer, QuickBooks, micros and salary management systems that reduce loopholes and minimize avenues for fraud. CCTV surveillance can be used in areas that are fraud prone like restaurants, bars, front office kitchen stores, receiving bay etc., implementation of a double check system on guests before they check out of the hotel to reduce instances of guest going with unpaid bills and room items can be done in collaboration with other departments. Better pay and incentives for employee can motivate them not to fraud as they are paid money that can sustain them. Hotels and police should collaborate with each other to share information on known offenders and blacklisted guest. Also there should be random check by qualified personnel like executive chef for kitchen deliveries which should be rotational to reduce biasness. Job rotation in cash collection areas or fraud prone areas and it should be randomized so that to reduce employees becoming confident to commit fraud or form connections for frauds. Random and regular audit of financial records, reports assets by a qualified internal and external auditor as well as regular upgrade of the software like antiviruses and antimalware to help in integrating new features like self-checking and correcting which goes through records and data.

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MEGHALAYA: SWITZERLAND OF THE EAST?

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ABSTRACT

North Eastern Region comprises of seven states which is popularly known as seven sisters and in 2001 the eighth State "Sikkim" had been included in the North Eastern Region. These states are viz., Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, and Tripura covering 263,179 sq km which is about 8% of the total geographical area of the country. The region is one of the landlocked regions of South Asia. About 4500 km i.e. 98% of its border is with five different countries of South Asia—Nepal, Bhutan, China, Myanmar and Bangladesh. The economy of the region primarily depends on agricultural sector contributing over 40 per cent of the income and employ about 70 per cent of the total working population. Only Assam, and to some extent Meghalaya, have moved ahead of the rest of the states in terms of industrial development whose industrialization is centered on tea, oil and timber. In the absence of major industrial establishment and other employment opportunities in the region unemployment rate, particularly urban educated youths, is not only high but also increasing rapidly. This is a research paper based on descriptive research design which tries to focus more closely on global competitive challenges faced by North- Eastern Region of India and the Vision which India dreamt of becoming by the next decade (Vision 2020). Literature review of secondary data available from reliable and valid sources were used in conducting this study.

KEYWORDS

landlocked, industrial, employment, Vision 2020.

INTRODUCTION

An overall scenario of the North East India in the post globalization period is not very impressive compared to other regions of India. This may be attributed to the prevailing geo-political condition in the region and attitude of the central government in tackling the issues of the region. Being one of the most neglected regions of the Indian union, the overall state of affairs in the region is quite alarming. The unattended issues and problems of the past are being accumulated, multi-layered and have become multifarious. Over and above, the mounting pressures of emerging challenges of rapid transformation in business environment need to be countered. Infrastructure like roads play a very important role in the economic development of a region. Transport and communication in the region remained grossly underdeveloped for centuries.

Every country needs a vision statement which stirs the imagination and motivates all segments of society to greater effort. It is an essential step in building a political consensus on a broad national development strategy, which encompasses, inter-alia, the roles and responsibilities of different agents in the economy, such as Central, State and local government, the private corporate sector, the small and tiny sector, people's organizations etc. It must identify the potential risks and bottlenecks and their possible solutions in order to mobilize efforts in a focused manner. It is clear, therefore, that to meet these objectives, a vision statement has to operate at several levels of generality and specificity.

In order to address these issues, among others, the Planning Commission constituted a Committee on Vision 2020 for India in June 2000 under the chairmanship of Dr. S.P. Gupta, Member, Planning Commission. This initiative brought together over 30 experts from different fields. Their deliberations, extending over a period of more than two years, had helped to throw up a range of interesting possibilities, critical issues and crucial decision-points for government and private bodies for future action.

The Report of the Committee examined many important issues, but the ones that stood out most powerfully were employment and education. In order to ensure access to food and other essentials of a healthy life for all citizens, India faces the challenge of generating 200 million new employment opportunities over the next two decades. This report called for raising employment generation to the top of the nation's development agenda and marshalling all available resources to create employment opportunities for all job-seekers. It went even further by identifying the sectors which offer the greatest potential for job creation as well as critical policy issues that need to be addressed in order to fully tap that potential.

Education was the second main thrust area of this document. Greater coverage and better quality education at all levels from basic literacy to hi-tech science and technology is the essential prerequisite for raising agricultural productivity and industrial quality, spurring growth of India's budding IT and biotechnology sectors, stimulating growth of manufactured and service exports, improving health and nutrition, domestic stability and quality of governance. The report called for concerted efforts to abolish illiteracy, achieve 100 per cent enrolment at primary and secondary levels, and broaden access to higher education and vocational training through both traditional and non-traditional delivery systems.

The document also examined issues related to population growth, food production, health, vulnerable sections of the population, transport, communication, energy self-sufficiency, water conservation and air quality, trade investment, peace, security and governance. It gave projections of India in 2020 in business as usual and in the best case scenario in various important sectors and also identified nodal points of Indian prosperity. Its central conclusion was that India has the opportunity to emerge as one of the world's leading economies over the next two decades, provided her citizens have the self-confidence, the self-reliance, the will and the determination to realize their individual and collective potentials.

Our vision of India in 2020 is of a nation bustling with energy, entrepreneurship and innovation.

The country's people will be better fed, dressed and housed, taller and healthier, more educated and longer living than any generation in the country's long history. India will be much more integrated with the global economy and will be a major player in terms of trade, technology and investment. Rising levels of education, employment and incomes will help stabilize India's internal security and social environment. A united and prosperous India will be far less vulnerable to external security threats. A more prosperous India in 2020 will be characterized by a better educated electorate and more transparent, accountable, efficient and decentralized government.

ENGINES OF ECONOMIC GROWTH OF INDIA

- Educational levels are rising rapidly.
- Rates of technological innovation and application are accelerating.
- Cheaper and faster communication is dissolving physical and social barriers, both within the country and internationally.
- Information is being made available in greater quantity and quality than ever before.
- Globalization is opening up new markets.

MAJOR CHALLENGES FOR INDIA

- A targeted approach to bring millions of families above the poverty line.
- Generation of nearly ten millions of new employment opportunities per annum, especially for those in the lower income groups.

- Eradication of illiteracy.
- A concerted effort to raise primary and secondary enrolment rates and minimize dropouts.
- Improved public health to reduce infant mortality and child malnutrition.
- Massive investment in power generation, telecommunications and other physical and social infrastructure.
- Accelerated acquisition of technology capabilities to raise productivity in agriculture, industry and services.
- Becoming a more important player in the world economy in terms of both trade and investments

After the turn of a decade in this century, it is an appropriate time for reflecting on the unfinished tasks of nation-building and the country's future possibilities, and placing the present Eleventh Plan in tune with a Vision document. This document provides a framework and perspective for those in government and the private sector who are tasked with formulating initiatives for national prosperity.

RURAL DEVELOPMENT OF NORTH EAST INDIA: ELEVENTH FIVE YEAR PLAN

"Inclusive Growth" is both the title and the overarching goal of the Eleventh Five Year Plan. The key component of the "strategy of inclusive growth" must be inclusive governance as the means of empowering the disadvantaged with the aim of enabling them to overcome their poverty. It is the effective empowerment of the disadvantaged through the effective devolution of Functions, Finances and Functionaries to representative institutions of local self-government such as Panchayats and Village Councils, Village Development Boards and similar such institutions elsewhere, on the principle of subsidiarity, which states that anything which can be done at a lower level should be done at that very level. This will pave the way to the effective implementation of other measures of inclusive growth such as:

- stepping up investment in rural areas, in rural infrastructure and agriculture;
- increased credit availability, particularly to farmers and others, and offering them remunerative prices for their crops;
- increased rural employment, including the provision of a unique social safety net in the shape of the National Rural Employment Guarantee Programmes;
- increased public spending on education and health care, including strengthening the mid-day meal programme and offering scholarships to the needy;
- investment in urban renewal, improving the quality of life for the urban poor;
- empowering the Scheduled Castes, Scheduled Tribes, Other Backward Classes, minorities, women and children socially, economically and educationally; and
- Ensuring that, through public investment, the growth process spreads to backward regions and districts of our country.
- Ensuring that, through public investment, the growth process spreads to backward regions and districts of the North Eastern Region.
- It is important that Panchayat Raj be brought centre-stage as the principal governance reform to reinforce economic reform in such a manner as to secure inclusive growth.
- Gram Sabhas to be made functional and all elected representatives at the grass-roots level involved to enable equitable access to rural development and welfare schemes.
- In keeping with the federal structure of India, the North Eastern states should be given flexibility to articulate policies for optimizing the use of natural and human resources within their states, without of course losing touch with the greater national imperatives. (Based on the foreword by the Prime Minister, Dr. Manmohan Singh, in Report to the People 2004 – 2007)
- Activating and strengthening institutions of local self government calls for conformity to certain broad and generally well-accepted principles of institutional design.
- Village councils or Dorbars should be elected every five years and mandatory representation for women ensured
- For effective local self-government, major governance reforms are required as much in Panchayati Raj areas in the North East Region as in exempted areas. Governance needs to be strengthened by (a) laying out clear policy objectives (b) concurrent audit (c) post completion audit in all of which communities themselves play a role.
- A Review and Monitoring Mechanism to ensure transparency and time bound implementation of all projects above Rs. Five crore, with representation from the concerned government line department, independent technical and audit specialists as well as from the NGO sector (working in the specific field) and local government (Panchayat/Council etc.)
- Activity Maps to be prepared or activated to clearly delineate the attribution of activities comprised within each devolved function to the appropriate tier of the three-tier Panchayati Raj system so that there is no ambiguity at any level about the tasks entrusted to them or any overlapping of duties between different tiers.
- States with Panchayati Raj areas to clearly identify budgetary line items that ought to go to the Panchayats and separately earmark them through a Panchayat sector window in the budgets of the relevant state line departments to ensure the flow of funds for undertaking devolved activities to the Panchayats.
- By 2020 participative planning from the grassroots level upwards to culminate in the preparation of a district plan as a key step in the strengthening of Panchayats to be institutionalized as mandated in the Constitution. District Planning Committees (DPCs) are required to be *elected* to the extent of 80 per cent of the membership by and from amongst the elected members of the district level Panchayat (Zila Parishad) and the Municipalities within a district. Most states falling under Part IX of the Constitution (relating to constitution and composition of Panchayats) has now constituted DPCs, States like Nagaland, Mizoram and Meghalaya which have not begun this exercise need to expedite the process.
- Engagement of all stakeholders, particularly of historically discriminated and marginalized sections, including women, in participatory planning and implementation. This has to be done to assess the resources in the villages and towns, identify and prioritize the needs and requirements and monitoring and evaluation of various projects, schemes and programmes.
- Devolution of adequate funds in an untied manner patterned on activity mapping of each level of governance. State governments will need to undertake a detailed analysis of their annual budgets, both non-planned and planned, to separate allocations to be transferred to Panchayats in accordance with the activities devolved to them. The funds available under various schemes can be allotted to the projects selected and prioritized by the people.
- Streamlining and consolidation of schemes to ensure flexibility and a measure of autonomy. This has to be done mainly at the state and central levels.
- Assignment of significant revenue raising powers and building capacity of local governments to raise revenues from the sources assigned to them.
- Attention must be paid to the democratization of the functions of Traditional Institutions, especially with gender representation. These include systems such as the Syiemships, Dorbars and Rangbah Shnong of the Khasi Hills, the Dolois of the Jaintia Hills and the Nokmas of the Garo Hills of Meghalaya as well as other groups such as the Kuki-Impis, various clubs, associations and peoples' organizations of Manipur, Nagaland and other states. Traditional Institutions have varying levels of influence in different states although they are not recognized constitutionally and their demand for such recognition may be considered if these institutions are democratized and representative of all groups, instead of being exclusive entities.
- The Autonomous Councils will have to become the harbingers of economic transformation and not merely be legislative, regulatory and administrative agencies. To effectively assume a central role in local development, they will need to adopt a more participatory approach. Such a transition will need to emerge from within, as tribal communities themselves proceed to adapt their time-honoured traditional systems to the needs of inclusive participation and development. It may be desirable to consider the approach adopted in the Fifth Schedule areas, where democratic elections based on adult franchise and reservations to women in elected seats and leadership positions have been applied without reducing the importance of tribal customs and traditions.
- Meghalaya was granted Sixth Schedule status (Constitutional guarantee to statehood) when it was a part of the composite state of Assam, mainly as a safeguard for customary laws and practices of tribal minorities. Now that the state is ruled by a tribal majority, there may be merit in examining whether

the Autonomous District Councils should continue in their present form. The continuance of an institution which is virtually a standalone body with few linkages either with the State Government or with village-based institutions merits reconsideration.

SCENARIO OF NORTH EAST INDIA AS OF JUNE 2012

India's North Eastern region is a "rainbow country ...extraordinarily diverse and colourful, mysterious when seen through parted clouds". It stretches from the foothills of the Himalayas in the eastern range and is surrounded by Bangladesh, Bhutan, China, Nepal and Myanmar. The region is rich in natural resources, covered with dense forests, has the highest rainfall in the country, with large and small river systems nesting the land and is a treasure house of flora and fauna. Marked by diversity in customs, cultures, traditions and languages, it is home to multifarious social, ethnic and linguistic groups.

Troubled by history and geo-politics, the North East has remained one of the most backward regions of the country. The trauma of partition in 1947 not only took the region backwards by at least a quarter of a century, but also placed hurdles on future economic progress. It isolated the region, sealed both land and sea routes for commerce and trade, and severed access to traditional markets and the gateway to the East and South-East Asia – the Chittagong port in East Bengal (now Bangladesh). It distanced the approach to the rest of India by confining connectivity to a narrow 27-km-wide Siliguri corridor, making it a "remote land" and constraining access for movement of goods and people. The uneasy relationship with most of the neighbouring countries has not helped the cause of development of the region either: with 96 per cent of the boundary of the region forming international borders, private investment has shied away from the region.

Poor infrastructure and governance is combined with low productivity and market access. Inability of governments to control floods and river bank erosion causes unmitigated damage to properties and lives of millions of people every year in the region. If the quest for ethnic and cultural identities has sowed the seeds, frustration and dissatisfaction from seclusion, backwardness, remoteness and problems of governance have provided fertile ground for breeding armed insurgencies.

CHALLENGES AND STRATEGY

The challenges to ensuring peace and progress in the region are formidable. The gap between the region and the rest of the country in terms of various developmental outcomes, productivities and capacities of people and institutions is large and growing, and has to be bridged. Even within the region, there are vast differences, particularly between populations living in the hills and in the plains and between those living in the towns and villages. Given the vast disparities within the region, a development strategy will have to be evolved depending upon prevailing resources, conditions and people's needs and priorities. Further, the development strategy for the various tribes in the region will have to be participatory and should be calibrated in their own setting. Given the complexity of the task, augmenting investment to accelerate growth in the region is only a part of the story. The successful transformation of investments into developmental outcomes requires a variety of strategic initiatives.

1. **Transportation and Communication:** The transportation and communication systems in the North East are under developed. National Highways are in need of repair. Movement within the Northeast is especially difficult during the monsoon months when rain wrecks havoc on road and rail infrastructure.
2. **Perceived feelings of neglect by New Delhi:** There is a perceived feeling of neglect amongst the population of the northeast. People believe that they are and will be neglected by New Delhi due to their peripheral situation and cultural differences.
3. **Cultural Differences:** The tribes of the northeast are mostly of the Mongoloid stock and they view themselves as different from the Aryan and Dravidian races of India. Due to a lack of a pan-Indian narrative of social and cultural inclusion in mainstream media, entertainment, government and other spheres, the people do not see a bright future if the status quo continues.
4. **Ethnic Violence:** Violence is endemic to the Northeast except in states like Tripura, Meghalaya and Mizoram where it has been handled more effectively. However, the Indian Army's heavy presence in these states makes them prone to future violence.
5. **Pressure on Land:** Due to increasing population, lack of state land reforms, oral traditions of land ownership, Jhum cultivation, migrant population, and intensive cultivation, the pressure on land for food and livelihood is on the rise. The inability of the state institutions to efficiently settle these land related insecurities has created tribal and ethnic "security dilemmas".
6. **Ethnic Security Dilemmas:** Security dilemmas in multi-ethnic and multi-tribal societies arise when one ethnic group harbours armed members. This leads to arming by rival ethnic groups which leads to classic security dilemmas.
7. **Militarization of the State's Presence:** The overt presence of the armed wing of a democratic state like India, i.e. its army has fostered the idea of a militarized India amongst the population. Hence, while the society is aware of the political corruption on the part of their local political representatives, they still prefer civilian representatives to the armed forces.
8. **Negative Political Culture:** The political culture in most of the Northeastern states is fraught with corruption, a lack of representation in power structures at the centre, and linkages between politicians and insurgent groups. This has resulted in an insecure society and an insecure state infrastructure. The foundations of democracy in the Northeast are therefore based not so much on values and principles but on political expediency. Laws like the Inner Line Permit of 1873 and the Restricted Area Permit, which inhibits access of outsiders into the region, also creates a "siege mentality" amongst the people.
9. **Insurgent Extortion Networks:** The extortion networks run by the various insurgent groups have resulted in almost every citizen having to pay some percentage of his/her income to the insurgent exchequer. This has intensified insecurities and fears of the insurgent guns.
10. **Economic Backwardness:** Though most of the rural India suffers from economic backwardness, it is most glaring regions, which are prone to violence. Because of this economic backwardness and lack of infrastructure development, most of the Northeastern states are heavily dependent on the centre for their political survival.
11. **Image of a Frontier:** The isolation, geographic fragmentation, and the problems associated with being viewed as peripheral to India's imagination of itself are dominant drivers of alienation in the Northeast.
12. **Quality of Education:** Despite the high literacy levels identified as a positive driver, the absence of quality education has resulted in a dearth of well qualified people to run the affairs of the state and also the economy.
13. **Porous International Border:** The porous nature of the 4,500 km international border between India and its neighbors in this region has resulted in the easy flow of drugs, arms, illegal migrants, and establishment of underground insurgent bases in countries like Bhutan, Bangladesh and Myanmar. Also, the influence of the notorious "Golden Triangle" (Myanmar, Laos and Thailand) and the drugs trade spilling over into Northeast has resulted in high drug addiction amongst the youth of the Northeast.

OPPORTUNITIES

The economy of the region has been disrupted by the forces discussed in the preceding section in spite of her rich natural resources. Besides the natural resources, many new opportunities have also emerged with the changing contour of world economy that can boost the economy of the region. But, the need of the hour is to focus on those areas which would lead to growth of the economy, develop the sense of participation and can extinguish the social and political chasm. The three main areas that can boost the economy are as follows:

A) TOURISM

Tourism is one sector where the region has comparative advantage. This industry is highly competitive where the tourists have a wide range of choices and look for good value of their money. With bountiful nature's breathtaking scenic beauty, salubrious climatic conditions, extraordinarily diverse rich art and cultural heritage of the people, this region can become a hotspot for eco and adventure tourism.

Tourism industry involves a vast network of business activities relating to attracting, receiving, accommodating, managing and servicing of tourists. These include hotels, restaurants, transport agency and several other related activities. The development of this industry would promote national integration and

international understanding, generate employment and revenue and provide prospective buyers for local manufactured products especially handloom and handicraft products—a dyeing industry due to lack of access to market.

Tourism can generate more employment per million of rupees spent than any other activity. It can generate jobs in the remotest corners for unskilled to highly specialized skilled workers which would help in the realization of plan objectives. It would also enlarge the base of locally manufactured products. All this, however, would be possible only when there is well-developed infrastructure like transport and communication and sense of participation of the people of the region.

B) NATURAL RESOURCES

The main strength of the region for industrial development comes from its natural resource base. The huge hydro-electric potential has been assessed. Minerals like oil, gas and limestone have long been used to feed various industries and there is scope for further use of such resources for industrial use. The potentials of other minerals including uranium are yet to be fully investigated and established. Forest based industrial units have been on decline following the ban on felling of trees by the honorable Supreme Court of India in 1995. Forest and bio-diversity can yet be the resource base for developing industries in the region in the future. Besides the present crisis faced by it, the tea industry continues to be a major strand in the region's industrial set up. Processing of rubber and high value horticulture crops can also emerge as important industrial activity once the agriculture sector of the region gets commercialized and diversified. Traditional handicrafts skills of the people of the region is yet another resource with potential for supporting considerable industrial employment once the highly acclaimed tourism potential of the region is harnessed. Against the advantage of natural resource base, the major hindrances for industrial development of the region appear to be (a) dearth of local capital and entrepreneurship, and (b) marketing and transport bottlenecks.

C) BORDER TRADE

The lack of connectivity and access to market, the main causes for under utilization of resources and weak resource-industry linkages, have set the economy of the region by half a century behind. The region has lost the markets in her neighborhood, particularly in Bangladesh, due to partition, insurgency and diplomatic strains and tensions.

Due to the peripheral location and stiff competition from mainland industries having better access to critical inputs like finance, technology and management, the base of traditional manufacturing in the region has been eroded leading to deindustrialization. While resource base can support a variety of industries at all scales, the existing industrial structure, dominated by small-scale demand based industries has not been developed proportionately. This has widened the gap between resource base and industrial structure in the region. Further, due to the restriction of free movement of men and material across the border, the notion of isolation has developed in the minds of the people. It is in this context, there is a strong argument to develop border trade.

In this increasingly borderless world, establishment of border trade would not only provide an opportunity to revive the local manufactured units but also serve as a transit corridor for the mainland big industrial units to explore the vast Asian market. This would also bring the centrality and visibility of the otherwise peripheral north eastern region. It is with this vision that 'look east policy' was initiated in 1991. Unfortunately, as old habits die hard; the central government still continues to live in the shadow of security obsessed mindset and prefers inward looking approach. As a result, even after fifteen years of implementation of border trade agreement, it has failed to invigorate the region's trade with their neighboring countries. As a result, India's look east policy has, by and large, bypassed the region.

Over two-third of the total volume of trade with these countries flow via Bay of Bengal while the land borders of the region have been left for transit corridors for illegal trade. The tepidity of the central government in implementation of the policy has only led to rise in the porosity of these borderlands. An impressionistic assessment reveals that there is a rise in negative activities like cross-border insurgency, gunrunning, smuggling drugs, narcotics and AIDS, money laundering, trafficking women, illegal immigration etc. which further add to the existing multifarious problems in the region.

CONCLUSION

Globalization has become the most potent force emerged in recent time. It virtually affects every walk of life—positive or negative. Unlike other regions of the Indian union, North East India is more likely to swamp by its negative effects. The region is at the throes of discernible crisis. Since 1991, there has been increase in inequality and unemployment, decline in the quality of the governance, rise in smuggling, trafficking, illegal immigration, corruption, squandering of public funds, escalation in insurgency related activities, etc. These have led to underdevelopment and erosion of the capacity of the individual and quality of life. A sense of deprivation has developed particularly among the educated youths of the region. It is time to work on a holistic approach to resolve problems in the region.

People of the region have an ambitious vision: by 2020, they aspire to see their region emerge peaceful, strong, confident, and ready to engage with the global economy. They would like to march on the path of economic, social and cultural progress towards prosperity and well-being, to participate in governance and determine the allocation of public resources and public services they receive. Political empowerment in evolving responsive governance would help to achieve social and economic empowerment as well. They want to banish poverty and illiteracy and ensure that every family in the region has the opportunity to live a healthy and secure life with dignity and self-respect. Moving away from the dependency syndrome, people in the region would like to acquire the capability and self-confidence to shape their own destinies. They would like to enjoy their freedoms – freedom from hunger and poverty, the freedom to exercise choice in their avocations, income-earning and spending decisions, and political, economic and social freedoms without fear. They would like to enjoy peace and achieve sustainable progress and prosperity.

The region has more issues to be addressed and challenges to face than any other parts of the country. Of which, the three most important areas which require immediate attention are insurgency, infrastructure and governance. All the other issues are derivatives which would dry up once these three are addressed

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CORPORATE GOVERNANCE IN EMERGING ECONOMIES IN INDIA - A REVIEW**KAISETTY. BALAJI**

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ABSTRACT

The Research a paper majorly discusses information with regard to identifying market in emerging economies and how it act as driving force for better corporate governance. The Present research paper provide a detailed specific overview on defining better workable delivery application wise approach and key needs to be taken into consideration. The operational view of this corporate governance has been generally considered as with regard to addressing the performance of an organization work operations. The present research journal provides us a details approach with information exchange of how financial and performance based structural responsibilities are taken up for medium and family managed companies. To further evaluate things, which would require adoption of better principles and sound based knowledge and practices for better deliverance of performance.

KEYWORDS

Corporate Governance, Emerging Economies, Sectors and Issues.

INTRODUCTION

This paper primarily focuses on the Codes of Corporate Governance (CG) in emerging economies, which is the driving force for corporate performance and overall economic prosperity, a dire need of the day in view of the global market environment. It generates interest in the structure and the status of CG practices in emerging economies, particularly India, which is recognized as one of the fast growing economies in the world. It is moving according to the world market changes in all dimensions and directions. The corporate sector in India would remain changing and moving ahead as per the developments that were taking place in the other counterparts and developed economies like the US, UK and other parts of the corporate world. The notorious collapse of Enron in 2001, one of the America's largest companies, has focused international attention on company failures and the role that strong corporate governance needs to play to prevent them (Jill Solomon, 2007). The UK responded by producing the Higgs Report (2003) and Smith Report (2003), where as the US enacted the Sarbanes Oxley Act (2002). In fact, the developments in UK had tremendous influence on India too. They triggered off the thinking process in the country, which finally led to the government of India and regulators laying down the ground rules on corporate governance. As a result of the interest generated in the corporate sector by the Cadbury Committee's report of the United Kingdom, the issue of corporate governance was studied in India in depth and dealt with by the Confederation of Indian Industry (CII), the Associated Chambers of Commerce and the Securities and Exchange Board of India (SEBI). Although some studies have focused on the shareholders' rights and a few other issues of a general nature, none can claim to be wider and more comprehensive than what the Cadbury report has covered. The amount of research carried out in CG in India is negligible and lacks research evidence to make effective comparisons with its counterparts and developed economies to strengthen the CG's codes and mechanism. It is imperative to generate research literature on the subject.

BACKGROUND**WORLD SCENARIO**

The term 'Corporate Governance' refers to the system through which the behavior of a Company is monitored and controlled. Corporate Governance (CG) has been gaining a lot of importance and momentum the world over. It has become a buzz word in the world corporate sector. It has emerged as a means of achieving corporate excellence and a driving force for accomplishing much better performance, maximizing the stakeholder's wealth and corporate value. As such corporate governance affects the creation of wealth and its distribution into different pockets. It shapes the efficiency of firms, the stability of employment, the fortunes of suppliers and distributors, the portfolios of pensioners and retirees, the endowments of orphanages and hospitals, the claims of the rich and the poor (Peter Alexis Gourevitch and James J. Shinn, 2005). Getting corporate governance right is important to economic prosperity. However, as yet there is little objective evidence that good governance will either prevent further corporate failure or contribute to improved organizational effectiveness (Paul Moxey (2004). Besides, the corporate scams and frauds that came to light have brought about a change and necessitated substantial external regulations apart from internal controls and regulations. The response of society to these frauds is reflected in the legislative and regulatory changes brought out by governments, and large institutional investors demand for better CG practices. It has resulted in appointment of several committees and commissions to probe into the various issues in depth and to make appropriate recommendations for better corporate governance practices. A series of events for the last two decades have placed corporate governance issues as of paramount importance both for the international business community and international financial institutions. Business failures and frauds in the USA, several scandals in Russia and the Asian crisis (1997) have brought corporate governance issues to the forefront in developing countries and transition economies. The virtual collapse of the Russian economy in 1998 resulted in large measure from the weakness of governance mechanisms.

INDIAN SCENARIO

Interest in corporate governance by policy makers in developed countries had grown significantly by the early 1990 (Stephen Y.L Cheung and Bob Y. Chan, 2004). In India too it had its beginning in the early 1990s. In India the CG represents the value, ethical and moral framework under which business decisions are taken to maximize stakeholder value. The emergence of CG in India is the result of a spate of scandals in corporate and stock markets, unlike corporate failures in the other parts of the world. A good number of Committees and commissions have been appointed for improving CG practices in India also. Though in India there have not been such massive corporate failures such as Enron, Maxwell etc., it has resolved wisely and with forethought to incorporate better governance practices in the corporate sector emulating stringent international standards.

Many large corporations are multinational in nature. They have their impact on citizens of several countries across the globe. If things go wrong, they are bound to affect many countries, some more severely than others. Therefore, it is necessary to look at the international scene and examine possible international solutions to corporate governance issues and problems. Corporate governance is needed to create a corporate culture of consciousness, transparency, confidence among investors and prospective investing public. It refers to a combination of laws, rules, regulations, procedures and voluntary practices to enable

companies to maximize shareholders' long-term value. It should lead to increasing customer satisfaction, shareholder value and wealth creation. Corporate Governance issues in India Most of Indian corporate governance shortcomings are no worse than in other Asian countries and its banking sector has one of the lowest proportions of non-performing assets, signifying that corporate fraud and tunneling in India are not out of control (Rajesh Chakraborti, William L. Megginson and Pradeep K. Yadav, 2007). The governance of most countries' industrial and business organizations in India has thrived on unethical business practices at the market milieu. These organizations have shown scant regard for human and organizational values while dealing with their stakeholders in the organization. Industrial growth along with the development of corporate culture began in India since independence.

REVIEW OF LITERATURE

Before undertaking the present Study on 'Corporate Governance and Financial Performance in Medium sized Family Managed Companies', we carried out a review of research works done on the same subject. Several studies have been carried out in developed and developing markets to understand the relationship between corporate governance and firm performance. A study which combined all the corporate governance parameters into a combined index has concluded that better governed firms are relatively more profitable, more valuable and pay out more cash to their shareholders. Some of the key sub-indices of corporate governance which have significantly influenced financial performance are Minority Shareholders' Rights, Ownership Pattern, and Disclosures of Transactions with Related Parties, Executive and Director Compensation and Board procedures.

Most of the studies in developing countries have concentrated on a few selected parameters of corporate governance relating to ownership such as board size, board independence (adequate number of independent directors on the board), promoters' control on board, insider ownership and ownership concentration, CEO and board autonomy, to assess their impact on financial performance of firms and firm value. The association between corporate governance and financial performance is driven more by board structure sub-index in Korea, where it is positively associated with higher profitability. Recent study conducted for India (2008) has also considered all the major indices of Corporate Governance and combined them into a composite index, Indian Corporate Governance Index (ICGI) to assess its influence on firm performance. The study has found evidence of a positive and statistically significant relationship between overall Corporate Governance Index and Tobin's Q which is an indicator of the market value of listed firms. However, this is more true of a larger sized firms included in the BSE-200 index. It is not significant for smaller sized firms.

OBJECTIVE OF THE STUDY

In this research, major consideration is given to different facts of various strategies taken up with regard to corporate governance. The objective of the study on 'Corporate Governance and which is a review of Measuring Performance of exchanges and Financial Performance of Medium sized Family Managed Companies':

- To identify factors that would provide better corporate governance for measuring performance of exchanges.
- To ensure the structure, responsibilities and functions of exchanges and Financial Performance of Medium sized Family Managed companies.
- To evaluate the steps that required to adopt sound and prudent principles and practices for the governance of the company.

DRIVING FORCES OF CORPORATE GOVERNANCE

Good corporate governance is a reflection of quality management with the highest caliber understanding the role that high corporate governance standards plays in maintaining checks and balances within the organization, increasing transparency and preventing corporate abuse and mismanagement. Management of good corporate governance companies also understands the importance of investors of long-term, sustained operating performance and tends to be inherently performance-drive (Christopher Leahy, 2004). The corporate governance scenario in India has been changing fast over the past decade, particularly with the enactment of Sarbanes-Oxley type measures and legal changes to improve the enforceability of creditors' rights. India should have the quality of institutions necessary to sustain its impressive current growth rates in the years to come, if the same trend is maintained (Rajesh Chakraborti, William L. Megginson and Pradeep K. Yadav, 2007). Corporate governance provides a mechanism which improves the efficiency, transparency; accountability of the corporate's and builds the confidence of the stakeholders. Corporate governance describes the structure of rights and responsibilities among the parties that have a stake in the firm (Augilera & Jackson, 2003). But the kind of responsibility and structure of the firm varies from region to region and countries to There are a number of causes for the emergence of corporate governance in India, apart from the ethically ambiguous business practices and scams in the market environment. There are three major driving forces in the market that can be identified for the emergence of corporate governance in India. These include

1. Unethical business practices and security scams,
2. Globalization and
3. Privatisation.

a) Unethical Business practices and Security market scams

The need for corporate governance was first realized in the country when the "Big Bull", Harshad Mehta's securities scam came into light in 1992. A large number of banks were involved in the scam resulting in the stock market distress for the first time in India. This was followed by a sudden growth of cases in 1993 when transnational companies started consolidating their ownership by issuing equity allotments to their respective controlling groups at steep discounts to their market price. In this preferential allotment scam alone investors lost roughly Rs. 5,000 crore. The third scandal of the decade was the disappearance of companies during 1993-94. During this period, the stock market index shot up by 120 per cent and 3,911 companies that rose over Rs. 25,000 crore and disappeared without starting any business. In this misdeed of companies, innocent investors had lost a lot of money. During this artificial boom hundreds of obscure companies were allowed to make public issues at large share premium with their misleading prospectuses. Again the Plantation companies scam took place in 1995-96 followed by the non-banking finance companies scam in 1995-97. Yet another scandal was the one in which the BPL, Sterlite and Videocon price rigging happened with the help of Harshad Mehta. In the IT scam between 1999- 2000, firms changed their names to include 'infotech', and investors saw their stocks run away overnight. The year 2001 witnessed yet another scam in which Ketan Parekh resorted to price rigging in association with a bear cartel. This brought the evaluation of the corporate governance issue into the mainstream. It is strange but true that the early initiative for better corporate governance in India came from the more enlightened listed need/importance of the study

STATEMENT OF THE PROBLEM

Corporate governance effect on firms' performance is a very vital and important issue in Grievances redressal mechanism over the world. The main issue of the constraints of the approach is to address the technical constraints faced in stock exchange and its regard for better approach in stock exchange in Stock exchange NSE, BSE and other key stakeholders

The study is trying to answer the following questions:

- 1) What are the factors which might affect the 'Corporate Governance and Financial Performance in Medium sized Family Managed Companies'?
- 2) What is the effect of corporate governance on performance exchanges?

RESEARCH METHODOLOGY

BASIC PHILOSOPHY

Corporate Governance encompasses laws, procedures, practices and implicit rules that determine a management's ability to take sound decisions vis-à-vis all its stakeholders – in particular, its shareholders, creditors, the State and employees. There is a global consensus on the objective of Good Corporate Governance: Maximizing long-term shareholder value. Since shareholders are residual claimants, this objective follows from a premise that in well-performing capital and financial markets, whatever maximizes shareholder value must necessarily maximize corporate value, and best satisfy the claims of creditors, employees and the State. A company which is proactively compliant with the law and which adds value to itself through Corporate Governance initiatives would also command a higher value in the eyes of present and prospective shareholders. Marico therefore believes that Corporate Governance is not an end in itself but is a catalyst in

the process towards maximization of shareholder value. Therefore, shareholder value as an objective is woven into all aspects of Corporate Governance - the underlying philosophy, development of roles, creation of structures and continuous compliance with standard practices. Corporate Governance as a concept has gained considerable importance of late, primarily because of the proposal to enshrine many of the accepted good governance principles into corporate law. For Marico, however, good corporate governance has been a cornerstone of the entire management process, the emphasis being on professional management, with a decision making model based on decentralization, empowerment and meritocracy. Risk Assessment and Risk Mitigation Framework

Marico believes that:

- Risks are an integral part of any business environment and it is essential that we create structures that are capable of identifying and mitigating them in a continuous and vibrant manner.
- Risks are multi-dimensional and therefore have to be looked at in a holistic manner, straddling both, the external environment and the internal processes.

Marico's Risk Management processes therefore envisage that all significant activities are analyzed keeping in mind the following types of risks:

- ❖ Business Risks
- ❖ Controls Risks
- ❖ Governance Risks

RESULTS & DISCUSSION

Several studies focusing on developed and emerging markets have concluded that well governed companies have registered better performance in financial terms. Adoption of best practices in Governance has led to:

- a) Improved access to external financing resulting in greater efficiencies due to greater knowledge of investors with regard to the company's strategies
- b) Lower cost of capital
- c) Improved operational performance through more efficient management and better asset allocation
- d) Better financial performance and company valuation as seen in:

i) **Improved Economic Value Added (EVA)** - A Credit Lyonnais South Asia (CLSA) 20015 study of 100 largest emerging markets, has shown that best corporate governance practices in emerging markets had 8 percentage points higher EVA than the average of all firms in the country.

ii) **Improved Profitability** - An ABN/AMRO Study of Brazil based firms⁶ with CG Ratings showed that their P/E ratios were 20 percent higher, RoEs at 45 percent higher and Net margins 76 percent higher than those with below average CG practices. A Study by L Brown and M Caylor of Georgia State University⁷ in 2004 has shown that well governed companies outperformed poorly governed ones by 18.7 percent in terms of RoI and 23.8 percent for RoE. Boards are not fully independent and conflicts of interest arise due to cross share ownership. More importantly implementation and enforcement mechanisms are weak. The Indian corporate landscape is no different from that in other emerging countries and is marked by concentrated ownership of equity, pyramiding and tunneling of funds among group companies. Independent directors on boards have largely been ineffective and institutional directors have by and large failed to carry out their monitoring functions. Enforcement of corporate laws has remained soft. Pyramiding and Family control of businesses is quite evident as seen by the high shareholding of promoters averaging as high as 48.1 percent in 2002 (Topalova 2004).

The Satyam episode is a case in point of drastic shortcomings of the Boards and their failures particularly those of Independent Directors to detect glaring mismanagement and expropriation of funds by promoters. Though there has been a steady improvement in the corporate governance regulatory norms and guidelines has improved steadily in India, largely based on the patterns followed in UK and USA, the bigger challenge of implementation of rules at the ground level still remains. While companies like Infosys, the Tata Group, the Godrej Group, in keeping with the international trends, have voluntarily adopted higher standards of governance and CSR

FINDINGS

RESEARCH IN SECURITIES MARKET

In order to deepen the understanding and knowledge about Indian capital market, and to assist in policy-making, SEBI has been promoting high quality research in capital market. It has set up an in-house research department, which brings out working papers on a regular basis. In collaboration with NCAER, SEBI brought out a 'Survey of Indian Investors', which estimates investor population in India and their investment preferences. SEBI has also tied up with reputed national and international academic and research institutions for conducting research studies/projects on various issues related to the capital market. In order to improve market efficiency further and to set international benchmarks in the securities industry, NSE supports a scheme called the NSE Research Initiative with a view to develop an information base and a better insight into the working of securities market in India. The objective of this initiative is to foster research, which can support and facilitate (a) stock exchanges to better design market micro-structure, (b) participants to frame their strategies in the market place, (c) regulators to frame regulations, (d) policy makers to formulate policies, and (e) expand the horizon of knowledge. The Initiative has received tremendous response.

TESTING AND CERTIFICATION

The intermediaries, of all shapes and sizes, who package and sell securities, compete with one another for the chance to handle investors/issuers' money. The quality of their services determines the shape and health of the securities market. In developed markets and in some of the developing markets, this is ensured through a system of testing and certification of persons joining market intermediaries in the securities market. This sort of arrangement ensures that a person dealing with financial products has a minimum standard of knowledge about them, market and regulations so as to assist the customers in their dealings. This allows market participants and intermediaries to build their own tailored staff development strategies and improves career prospectus of certified professionals, while maintaining and enhancing the confidence of the investors in the market.

A testing and certification mechanism that has become extremely contribution of screen-based trading in spreading the stock market activity to the far corners of the country has been significant and this aspect has received considerable attention. Impressive as the growth of turnovers in the stock market has been, the first generation trading systems implemented in the country have unfortunately not resulted in the broadening of the market and more specifically, in generating liquidity for securities of small and medium-sized companies. With the benefit of hindsight, it is now realized that while migrating from the trading floor to the computer screen, a key characteristic of the open outcry market that contributed to market breadth was left out. The computer system failed to capture the intuitive logic used by the floor traders to create liquidity and depth in the market. One immediate fall out of this is the disappearance of market making in securities. Jobbing, though not having the same rigor as market making, was an integral part of the open outcry trading and was responsible for generating liquidity in a large number of securities. Jobbers almost invariably took a contrarian view of the market and in the process, facilitated price formation in a large number of securities. The pure order-driven mechanisms implemented at the stock exchanges in India, while being immensely suited for the active securities, fell short of the requirements for the vast number of the remaining securities. The other significant impact of screen-based trading as implemented now is that the system does not allow the aggregation and assimilation of order flow information for improving the efficiency of the price discovery process. At present, trading in all the securities is done through a continuous auction model, which means that buy orders seek favorable sell orders, and vice versa, throughout the trading window of 5½ hours. This system suits the active securities, whose order flow characteristics are intrinsically better. For the less active securities, however, the continuous auction market is not the ideal option and options such as market making and call auction market would be much better. The market making system is not elaborated here, as the purpose of this article is to dwell upon the features of the call auction market. Quite a number of stock exchanges, including the leading ones in the US, Europe and Asia, including most stock exchanges in India, use the call auction route for determining the opening prices of securities

RECOMMENDATIONS/SUGGESTIONS

The Board of Directors adopts guidelines to ensure that all relevant information about the operations of the company and circumstances influencing its share price are disclosed accurately, timely, and in full. The purpose of this is to provide investors with reliable and comparable information, with which they can understand and evaluate the company's performance and business activities, and can make their selection among the investment opportunities. The company's management shall ensure that disclosure practices follow the guidelines adopted by the Board of Directors.

Transparency and openness about the activities of the different boards and committees are important parts of corporate governance policy. Consequently, the company's disclosure practices may be crucial to the perception of the company. For an adequate evaluation of the company, shareholders and potential investors need adequate, in-depth, regular, reliable and comparable information. The greater the transparency in the company's operations, the more accurately its share prices can be evaluated. Disclosure about the efficiency of company operations plays a strategic role since it strengthens shareholder- and stakeholder confidence in the company. In addition, the company's disclosure practices demonstrate to what extent its Directors and Executives are willing to cooperate with the market players and the company's owners. Insufficient or ambiguous information may shake confidence in the company, its Directors or executive management, to the extent that poor disclosure practices might have an unfavorable effect on fund raising. Besides laws and regulations on transparency and disclosure, a large professional literature explores the relevant issues. One of the main recurring issues is the roles and responsibilities of governing boards with respect to transparency and disclosure. In addition to compliance with the Companies Act, the Accounting Act (Act C, 2000, on Accounting),

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CONCLUSIONS

The emergence of corporate governance in any country is not an overnight occurrence and through which governance issues are brought to light, redesigned, improved just suit to their requirements. A good code of governance is pre-requisite for any economy irrespective of its stage of development and it is much more so for fast developing economies like India. The code of corporate governance in India is a well proven set of governance mechanism on par with the worlds' best governance codes. It is evident from the Global Investor Opinion Survey- Key Findings of Mc Kinsey & Company, July 2002 that companies with good corporate governance mechanisms have performed better than companies with poor governance records. Therefore it is advisable to restructure and redesign the corporate governance codes to meet the global changes to tone up the performance and gain investor confidence of the company.

SCOPE FOR FURTHER RESEARCH

The main scope of this research is to address the mechanism of corporate governance redressal mechanism. It further evaluates things which would make up better governance approach.

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STUDY OF STUDENTS' PERCEPTION TOWARDS SELECTION OF HOTEL MANAGEMENT STUDIES AND THEIR WILLINGNESS TO PURSUE THEIR CAREER IN THE HOSPITALITY INDUSTRY AFTER COMPLETION OF THEIR COURSE

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ABSTRACT

Selection of higher education after intermediate is the most challenging part in everyone's life. Due to the several educational options available to students today, the traditional held perceptions about education in India have completely changed. Moreover, with the changing trends in the global and national economic scenario newer courses are fast emerging as alternatives to the traditional ones. Hospitality education commonly known as Hotel Management studies is one such option. However, it has been observed that students do not take the decision of selection of a particular programme or course with a conscious mind especially with regards to selection of non conventional professional courses like Hotel Management studies. The researcher through this research paper aims to analyze the students' perception towards selection of Hotel Management studies and their willingness to pursue their career in the Hospitality Industry after completion of their course and is limited to the city of Pune. The methodology adopted includes collection of data from the students pursuing their final year of Hotel Management studies. The study also aims at measuring the satisfaction level of the students from the college and the course content of Hotel Management studies. The findings suggest that most of the students pursuing the programme are unaware of the facts of the industry which leads to frustration and dissatisfaction about the course and thereby forcing them to seek alternative career options. Although the students are on threshold of their career, most of the students wish to prolong their employment for various reasons.

KEYWORDS

Education gap, Hospitality Industry, Students' perception, Hospitality education.

1. INTRODUCTION

 election of higher education after intermediate is the most challenging part in everyone's life. The decision made at this point of time acts as a turning point of the student's life. The seed of the students' career are sown once you take this decision because the education one chooses at this point determines his career path. With several educational options available to students today, newer trends are emerging in this field which has completely changed the traditional held perceptions about education in India. Students are getting attracted towards a more diversified career options which will enable them to widen their employment choice in the future. Thus many contemporary fields have emerged as the most sought after education and career options. Moreover, with the changing trends in the global and national economic scenario newer courses are fast emerging as alternatives to the traditional ones. Hospitality education commonly known as Hotel Management is one such option.

However important the decision of selecting the right option may be, it is observed that students do not make their selection with a conscious mind. Often students embark on their college search without asking themselves the all-important question: "What do I want to study?" or "What is my preferred career option?" This leads to a bigger problem of confusion, frustration, dissatisfaction and depression during their study if it does not match with their perception or expectations. Lack of interest, absenteeism, poor performance is the outcome of such a wrongly made decision.

In Hospitality education it is observed that students are enthusiastic while selection this as a career option but fail to main the same throughout the course. This mostly happens because of lack of initial awareness about the industry, wrong perceptions about the course, Conflicting interests etc. This results into a lot of dropouts in the initial stages of the course. Even if a few reluctantly manage to proceed, they lack the passion and determination. Gradually such students deteriorate on the level of their confidence and the knowledge and skill building as per the expectations of the industry resulting into low employability. They are thus trapped in the vicious circle of a wrongly made choice. The defense mechanism of such students is to prolong their employment for various reasons. However, there is a brighter side of this situation. There are a lot of students who pursue this option with a conscious mind and with the right perception about the programme. Most of the students are found to be passionate about working in the hospitality industry. Although hospitality industry is not known to most of the students, still the students make themselves aware of the facts of the industry. A large number of students make up their mind to pursue hospitality education even at the time of seeking admissions for XI th standard. These students select vocational courses in either cookery or bakery to be in the main stream of hospitality education.

2. LITERATURE REVIEW

1. Andrew Kevin Jenkins, (2001) aimed at establishing students' perceptions of the international hospitality industry and, specifically, to establish the likelihood of the student seeking employment in the industry after graduating. The main findings were that students have a distinct preference for certain hotel departments, hotel chains and sectors of the industry. Most expect to be general manager/corporate manager ten years after graduating. As the degree progresses, the students' perception of the industry deteriorates.
2. Collins A. B., (2002), examined the relevance of Tourism & Hotel Management education from stakeholders' perspectives, namely, the THM sector, the current and graduate THM students and the results showed that there was an expanding need for university recognition of specialization due to new technologies and consumer maturation. Likewise, the need for an improved mix between the academic and practical experience and second language inadequacies were highlighted by joint concerns expressed by the sector representatives and the graduate students.
3. Alison Morrison, (2003) investigated the historical evolution of hospitality management education, concepts associated with liberal education, and provided an illustrative case study that evaluates how a more liberal base was introduced into the curriculum at two universities located in Australia and Scotland respectively.
4. Mike Raybould, Hugh Wilkins, (2005) investigated hospitality managers' expectations of graduate skills and compared those expectations with student perceptions of what hospitality managers value. The findings suggests that managers rated skills associated with interpersonal, problem solving, and self-management skill domains as most important while students appeared to have realistic perceptions of the skills that managers value when recruiting

- hospitality graduates. The most substantial areas of disagreement came in those skills associated with the conceptual and analytical domain. Industry managers tended to discount the skills in this domain relative to students.
5. Yvonne Guerrier, (2006), argued that women's lack of success in line management within medium and large hotels can be explained by examining the traditional career route to hotel manager, characterised by a long apprenticeship, progress through informal contacts and high geographical mobility, and the way the role of hotel manager is defined, with its strong emphasis on the manager as 'figurehead'. It is argued that if women do not aspire to become hotel managers this is a response to the way this job is defined and the lack of opportunities they perceive.
 6. Niamh Hearn, (2007), aimed to assess a curriculum response within a specific vocational sector, hospitality, driven by the recent surge in intra EU labour migration and the ensuing increase in workplace cultural diversity. The findings suggest that the experience across business sectors, such as hospitality, emphasises the need for training that is geared to meet the needs of both international and indigenous employees and that, critically, intercultural issues represent a significant training gap.
 7. Yan (Grace) Zhong, (2009), commented that the increased number of women in the hospitality industry and their underrepresentation in top management positions makes women's status in the industry a great concern. The purposes of the study were to examine hospitality students' perceptions of factors that contribute to and constrain women's career advancement and determine whether there were significant differences in the perceptions of men and women.
 8. Rajiv Mishra, (2010), attempted to identify the ways to strengthen the delivery mechanism of Hospitality Management Education in India by applying the implications of sound pedagogical theories. The important findings of these theories bearing direct impact on hospitality education are identified in the paper and effort is made to analyze the rationale behind the present delivery mechanism with the purpose of its improvement.
 9. Ning-Kuang Chuang, (2010), assessed career decision making, expected outcomes, and items focused on academic-related decisions and demographic background. Logistic regression analysis revealed that career intentions in hospitality were significantly associated with students' gender, work experience, transfer status, and outcome expectations in the industry. Rewards most frequently reported by students focused on intrinsic outcomes of the industry (opportunities for career accomplishment and self-fulfillment)
 10. Guangpeng, Siriwan (2011), investigated what factors appear to drive the career decision-making of Thai and Australian tourism and hospitality students. This study was conducted to identify various factors that Thai and Australian students perceived to play an important role in their decision to seek a career in the industry. It also sought to understand the way these factors impacted on Thai and Australians' career decision-making and how their cultural interpretations influenced their decision-making.
 11. Raymond Vassallo, (2012), collected invaluable data on how secondary school students view hospitality and tourism jobs to provide both the industry and the educational institutions a quantitative and qualitative analysis of student perceptions in these fields. The study provided a much-needed snapshot of why students are/are not choosing tourism and hospitality jobs and what they expect from such professions.

3. IMPORTANCE OF THE STUDY

With the changing trends in the global and national economic scenario newer courses are fast emerging as alternatives to the traditional ones. Hospitality education commonly known as Hotel Management studies is one such option. However, it has been observed that students do not take the decision of selection of a particular programme or course with a conscious mind especially with regards to selection of non conventional professional courses like Hotel Management studies. This study thus aims at analyzing the facts pertaining to this issue.

4. STATEMENT OF THE PROBLEM

1. Students do not take a conscious decision while selecting their study option.
2. Students pursuing Hotel Management course are observed to prolong their employment for some or the other reasons. But the fact is that they are not prepared enough to take over the challenges of the industry.

5. OBJECTIVES OF THE STUDY

1. To know the various study options that are available for the students after their twelfth standard?
2. To understand the perception of the students behind selection of Hotel Management studies.
3. To analyze whether their initial perception about hospitality industry changes at the time of completion of their course.
4. To understand their views about pursuing their career in the hospitality industry after completion of their course.
5. To understand whether the students are keen on getting employed in the industry immediately after completion of their course or do they want to prolong their employment and for what reasons

6. HYPOTHESIS

It is hypothesized that

1. "Although most of the students have Hotel Management as a predetermined study option at their intermediate level, they have limited knowledge about the course and the industry at a large."
2. "Majority of the students do not wish to get employed in the industry immediately after completion of their programme and most of them want to pursue higher education."

7. RESEARCH METHODOLOGY

COLLECTION OF DATA:

The data required for the research was collected using the following techniques:

PERSONAL INTERVIEWS

The researcher conducted personal interviews with the final year students studying in the Hotel Management course in Pune to understand their *perception towards selection of Hotel Management studies and their willingness to pursue their career in the Hospitality Industry after completion of their course.*

QUESTIONNAIRE

A questionnaire carrying 17 questions was drafted and handed over to final year students studying in the Hotel Management course in Pune to obtain their responses.

SAMPLING TECHNIQUES

A sample of 100 students studying in the final year of two different courses was selected on random basis to conduct the study.

8. RESULTS AND DISCUSSIONS

EVOLUTION OF HOSPITALITY EDUCATION IN PUNE CITY

Pune has always been the educational hub of India. The city offers unlimited educational options to the global students' fraternity. Plenty of institutions have emerged in the city with a variety of educational options ranging from the traditional to the most contemporary ones. Hospitality is one such sought out options that has gained a lot of popularity amongst the students since the recent past.

INITIAL STAGE: (1986 – 1997)

The option of Hospitality education was introduced in Pune way back in 1986 with the initiative of the Govt. of Maharashtra who opened up an Institute which was then called as “Food Craft Institute (FCI)”. In the initial stages of its operations, the Institute offered short term certificate courses in Hotel operations. In view of the response received for these courses, FCI commenced with a Three years post intermediate Diploma course in Hotel Management & Catering Technology which was affiliated with the Maharashtra State Board of Technical Education (MSBTE). This course fetched a lot of popularity and soon it became the most preferred alternate education option amongst the students. Taking cognizance of this popularity, since the year 1993 even private educational Institutes introduced the same programme. However, students were awaiting a degree programme in the said discipline.

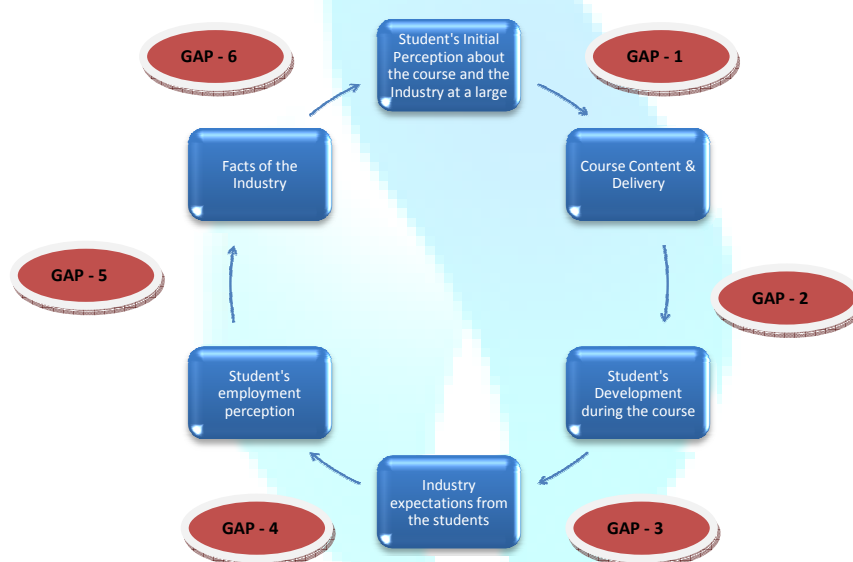
INTERMEDIATE STAGE: (1998 – 2006)

The popularity of Hotel Management courses were on the rise and thus in the year 1998, the University of Pune decided to offer an AICTE approved Four years Bachelors degree in Hotel Management & Catering Technology (BHMCT) through its affiliate colleges.. This acted as a revolution in the Hospitality education sector and was a welcome move since now the popularity of the course was supplemented by a University of Pune degree. This programme facilitated the students to pursue any post graduation programmes if they desired to. Acknowledging the overwhelming response for the course, the University of Pune decided to have an additional similar programme on offer with an addition of “Tourism” element. Thus since the year 2004, a Three years Bachelors Degree in Hotel Management Travel & Tourism (BHMTT) was on offer along with the earlier one. The students now had a choice between the two degree courses offered by the University of Pune. However, due to some technical reasons since the year 2006, the University of Pune had to replace the said programme with Three years Bachelors of Science (Hospitality Studies) (B.Sc.-H.S.).

RECENT STAGE: (2006 ONWARDS)

Gradually the three years programme gained students’ preference since the students could get a degree in three years time as against the conventional four years’ degree. Taking note of the same, in the year 2007, Yashwantrao Chavan Maharashtra Open University (YCMOU) decided to offer a three years Bachelor Degree in Hotel & Tourism Management under distance education through a wide network of its study centers in Pune and all over Maharashtra. The USP of this programme was that the students who had a Diploma in HMCT could seek admission directly into the final year thereby upgrading his Diploma into a Degree in just one year. Most of the students who had completed their diploma in the initial stages took this opportunity and moreover since this programme was offered on a Distance mode, it was a boon for the working professionals who could pursue the same simultaneously with their jobs. In the year 2009, YCMOU also offered a 2 years Master Programme in Hotel & Tourism Management thereby giving the students the only option for a Masters programme in Pune.

Now the city is flooded with Hospitality colleges having an array of programmes on offer and gradually most of the colleges are struggling for their survival. The main reason for the same is lack of demand over supply. Moreover, the initial boom in Hospitality education is gradually diminishing for several reasons.

HOSPITALITY EDUCATION GAP MODEL**GAP – 1: (THE GAP BETWEEN “STUDENT'S INITIAL PERCEPTION ABOUT THE COURSE AND THE INDUSTRY AT A LARGE” & “COURSE CONTENT & DELIVERY”)**

The initial perception about the course and the industry is more glorified and the student expects the industry to be glamorous and easy going. However, in due course of time he realizes that the course content is extensive and touches all the spheres of management and all that is not as easy as he felt. The student also realizes that the hospitality industry is very demanding and requires a lot of hard work to be put in and thus it is not as easy as he perceived it to be. The major setback that the student gets is when he is required to sweep & mop floor, clean toilets, serve food, spend long hours standing in front of the gas range in heated kitchens and cook food. Most of the students come from well to do families who have never even made a cup of tea by themselves, never even thought of sweeping or moping floors even their own houses thus when they are asked to do so as a course requirement, they get a feeling that this is definitely not what they had perceived earlier. As a result most of the students decide to quit the programme in the first year itself. However this is not true with everyone. There are a large number of students who are determined enough to pursue their career in the hospitality industry.

GAP – 2: (THE GAP BETWEEN “COURSE CONTENT & DELIVERY” & “STUDENTS' DEVELOPMENT DURING THE COURSE”)

The ever changing trends in the industry demands for an up to date knowledge in every sphere of the industry. The employees are thus expected to refresh and update their knowledge on a continual basis. However, the same is not true with the course content of hospitality education which follows the traditional approach. Since the curriculum is more of scientific in nature, it lacks practicability. These days the students get ample opportunity to get exposed to the industry during their course by way of “Out Door Caterings” & “Industrial Trainings”. These exposures consciously or subconsciously have a great impact on the development of the students. However, while the students are getting exposed to modern trends in the industry, and trying to inculcate the same, they are also continuously trying to link the curriculum with the facts of the industry. The resultant is confusion since the curriculum does not synchronize with the ongoing development of the student.

GAP – 3: (THE GAP BETWEEN “STUDENTS' DEVELOPMENT DURING THE COURSE” & “INDUSTRY EXPECTATIONS FROM THE STUDENTS”)

The hospitality industry is characterized by dynamism. In spite of this fact, the curriculum is framed on the basis of the conventional approach towards the industry. Although the curriculum structure is revised at regular intervals, it has not been able to bridge the gap between Students’ development during the course & the expectations of the industry from the budding professionals. Thus even if the students complete the extensive course in hospitality, the industry perceives to be very raw and immature to be a part of the industry.

GAP – 4: (THE GAP BETWEEN “INDUSTRY EXPECTATIONS FROM THE STUDENTS” & “STUDENTS' EMPLOYMENT PERCEPTIONS”)

The industry expects the students to join the industry from the scratch and believes in on the job development of the students. Most of the students are absorbed in the industry based on their requirement at the entry level. However, students have a different employment perception. They are on the lookout of

an employment where they would be absorbed at an intermediate level. Moreover, their salary expectation is also far more than the industry offers to an entry level. The students have a feeling that when they are expected to put in a minimum of 12 hours a day at work, then the hotels should compensate proportionately. However, the industry expects them to deliver without any additional compensation. It is due to this gap that the students decide to prolong their employment in the industry.

GAP – 5: (THE GAP BETWEEN “STUDENTS’ EMPLOYMENT PERCEPTIONS” & “FACTS OF THE INDUSTRY”)

Although, once the students take up jobs in the Industry, and have made their minds for a set of compromises that they will have to make to survive in the industry, they still carry their own perception about the glamorous job, career advancement, pay hikes etc. However, in due course of time they realize that the facts of the industry are much different from what they had perceived earlier and they are left with the only option of getting adapted to the situation. This gap is the root cause of maximum job hopping in the initial days of their career. In certain cases this gap is so wide that the employee decides to quit the industry and settle down with an alternative career option.

GAP – 6: (THE GAP BETWEEN “FACTS OF THE INDUSTRY” & “STUDENT’S INITIAL PERCEPTION ABOUT THE COURSE AND THE INDUSTRY AT A LARGE”)

The students aspiring to pursue hotel education carry a perception about the industry which is way different from the facts of the industry. The students are thus trapped in the vicious circle of the gaps in hospitality education.

This situation continues year after year in varying proportions. Thus it is time to act upon minimizing the gaps in the said field. This paper thus aims at finding the facts in current scenario of hospitality education which would be useful in identifying the problem clearly so as to minimize the gaps in the system.

9. FINDINGS

The findings of the survey through the questionnaires are as under:

Students having predetermined study options at interdemediate

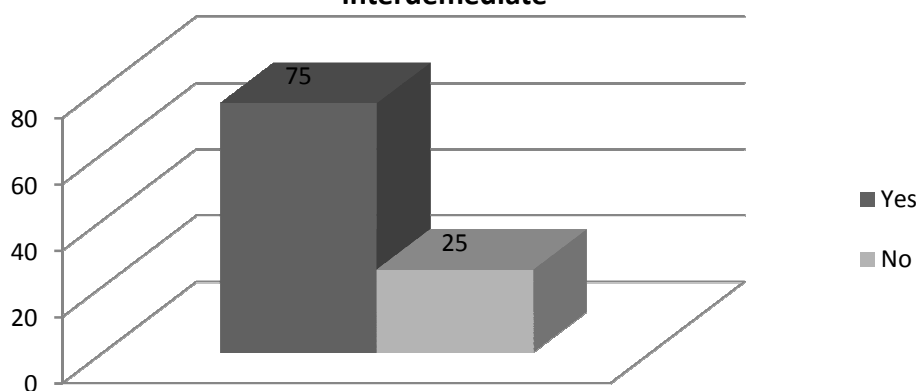


Figure 1:

It may be observed that around 75% students have a predetermined study option in their mind at the intermediate level. This study option may be through personal interest, general trend, popularity or external advice.

Study options explored by students after nterdemediate

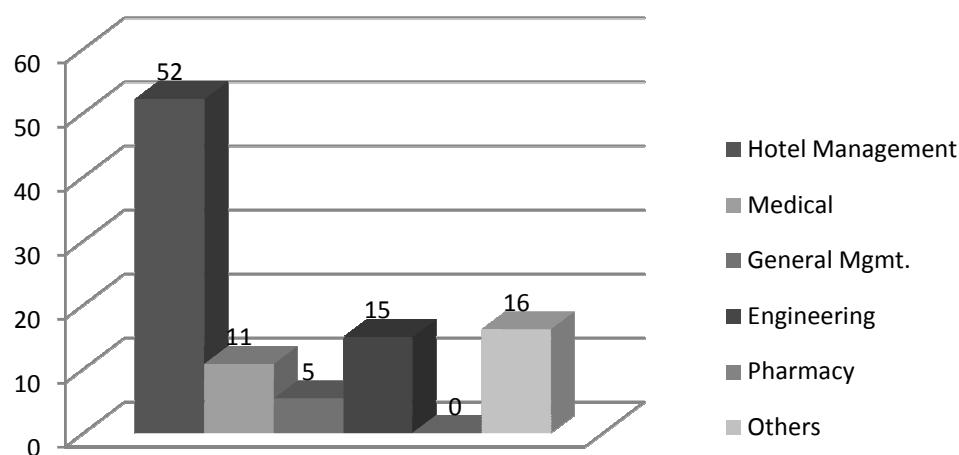
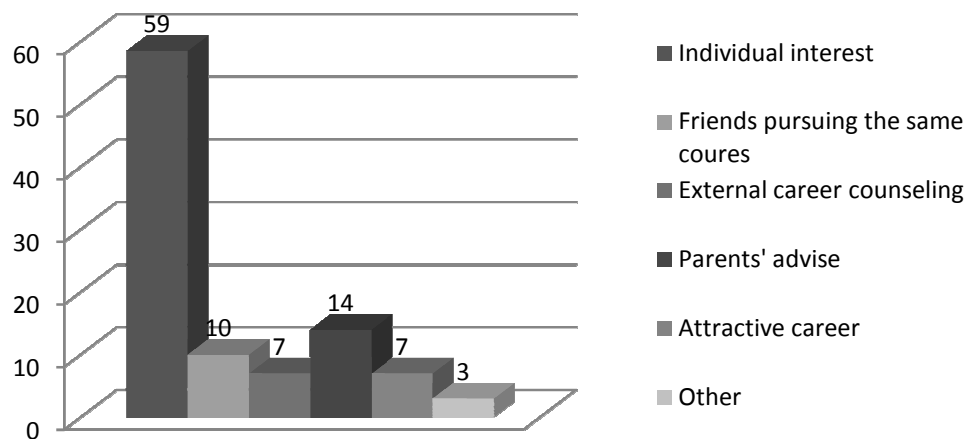
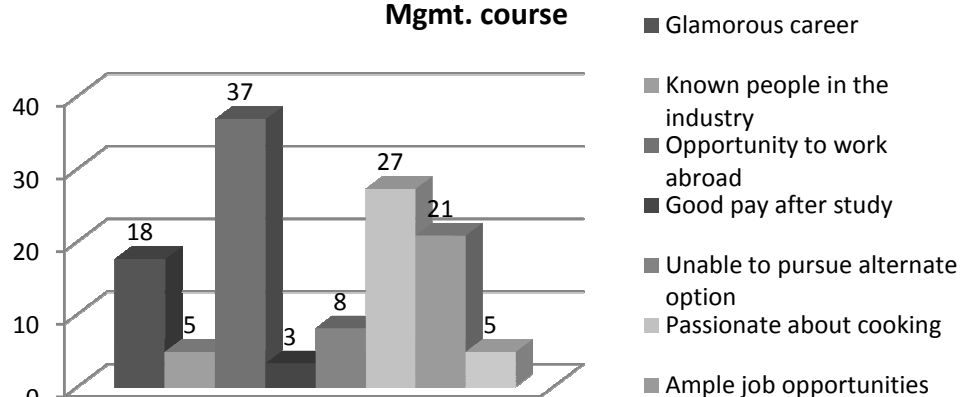


Figure 2:

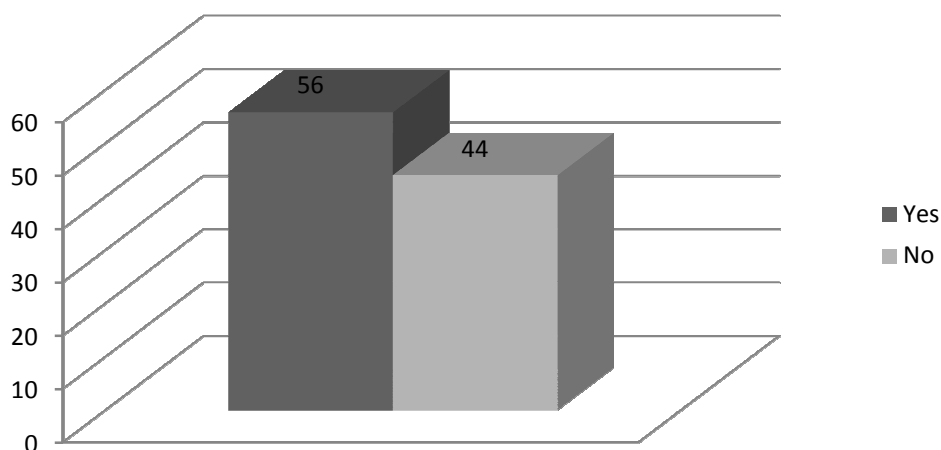
The chart shows the various options that the students explored before seeking admission in the Hotel Management programme. Although maximum students had Hotel Mgmt. as their study option, there were 50% students who were exploring various other options apart from Hotel Mgmt.

Factors influencing students' study option**Figure 3:**

Of the various factors that influenced the students' study option, "Individual interest" was the most influential factor followed by others.

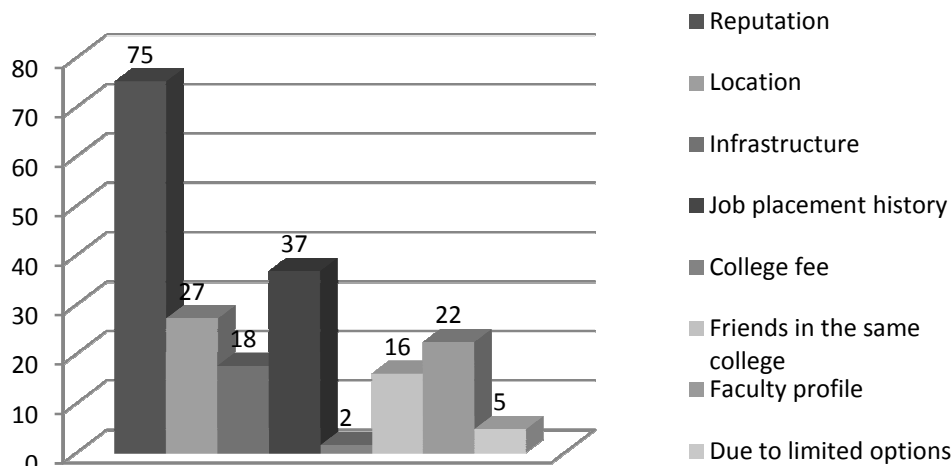
Factors having an impact for students' selection of Hotel Mgmt. course**Figure 4:**

Out of the various factors that attracted students towards Hotel Mgmt. programme, "Opportunity to work abroad" was the most influential factor considered by the students followed by others.

Do the students carry any perception about Hospitality industry before pursuing the course**Figure 5:**

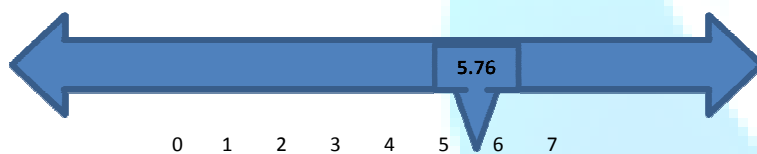
It is expected from the student that before he takes admission to a professional course, he should collect adequate information about the industry in which he aspires to make his career. However, it may be seen that almost 40% students do not carry any perception about hospitality industry before seeking admission in HMCT course.

Parameters of college selection

**Figure 6:**

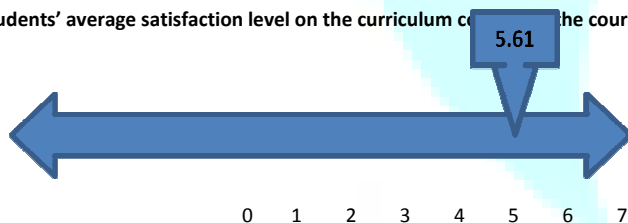
Out of the various parameters of selection of a particular college, the most influencing parameter is the reputation of the college in which the student wants to pursue his education. Thus the reputation of the college plays an important role in attracting students.

Students' average satisfaction level on their college on a 7 point scale

**Figure 7:**

As per the rating of the students' level of satisfaction on their college on a 7 point scale, an average of 5.76 level of students' satisfaction on their college is seen. The findings suggest that the students have achieved 82% satisfaction level from their respective colleges.

Students' average satisfaction level on the curriculum content of the course on a 7 point scale

**Figure 8:**

As per the rating of the students' level of satisfaction on the curriculum content of their course on a 7 point scale, an average of 5.61 level of students' satisfaction was seen. The findings suggest that the students have achieved 80% satisfaction level from the curriculum content of their course.

In the final year of the course, do the students feel that they have made the right career choice

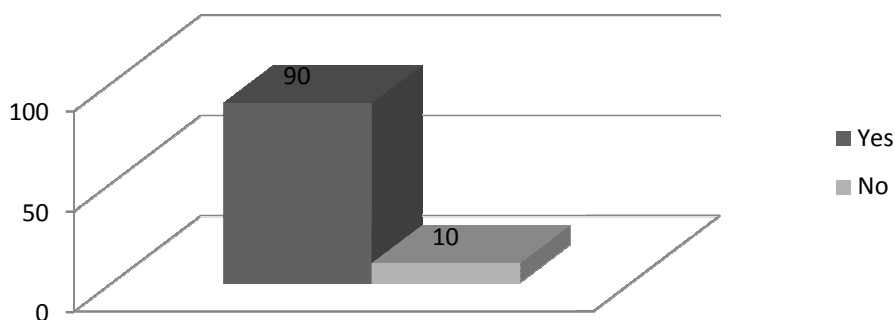


Figure 9:

It may be seen that in the final year of the programme 90% of the students feel that they have made the right career choice. However, 10% students feel that their choice was wrong.

Do the students' initial perceptions match with the current facts with the industry

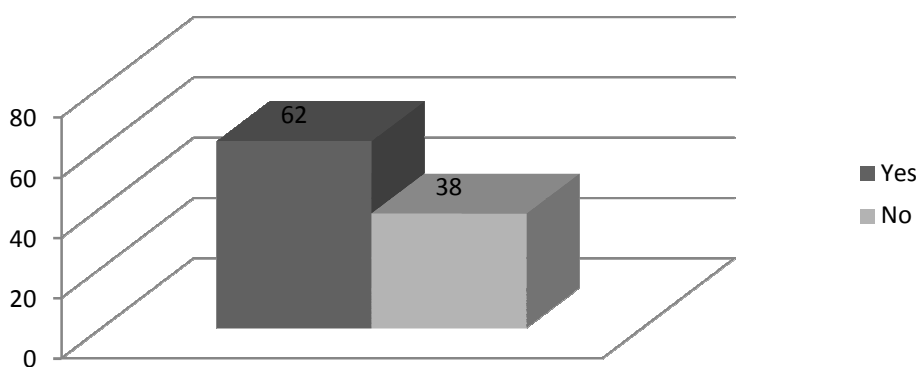


Figure 10:

From the adjacent chart, it can be seen that 63% students feel that their initial perceptions about the hospitality industry match with the current facts of the industry. However, 37% students feel that their perceptions are not in line with the current facts.

Do the students think of an alternative career option

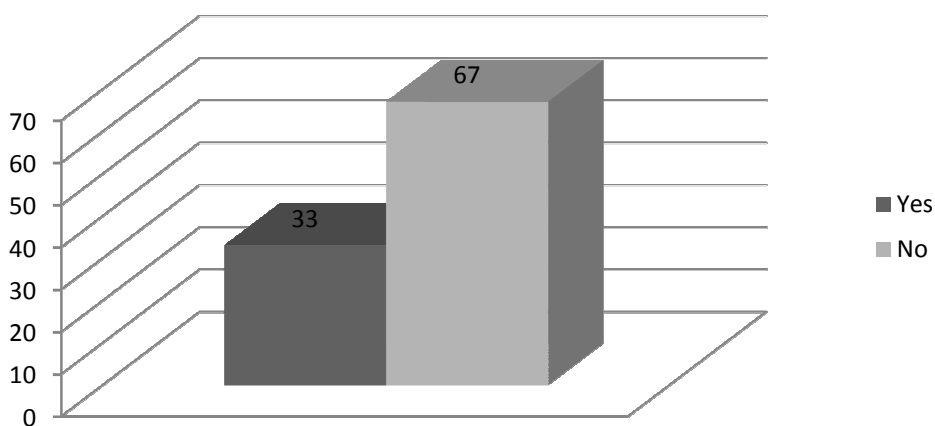


Figure 11:

Out of the students who feel that the hospitality industry is different from what they had perceived it to be, 66% of the students wish to pursue their career in the same industry and 34% students feel that they need to have an alternative career option.

After completion of the course, when would the students want to get employed in the industry

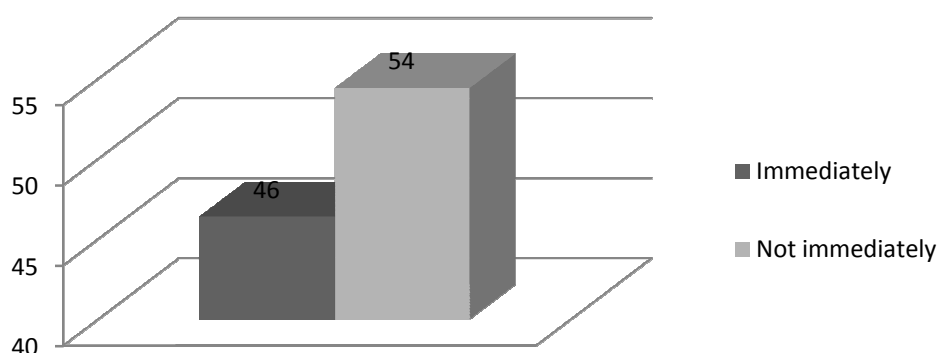


Figure 12:

Ideally after completion of a professional programme like HMCT, the students are expected to join the industry immediately after completion of their course; However, 54% of the students are of the opinion that they are not geared to join the industry for various reasons.

Reasons for prolonging employment

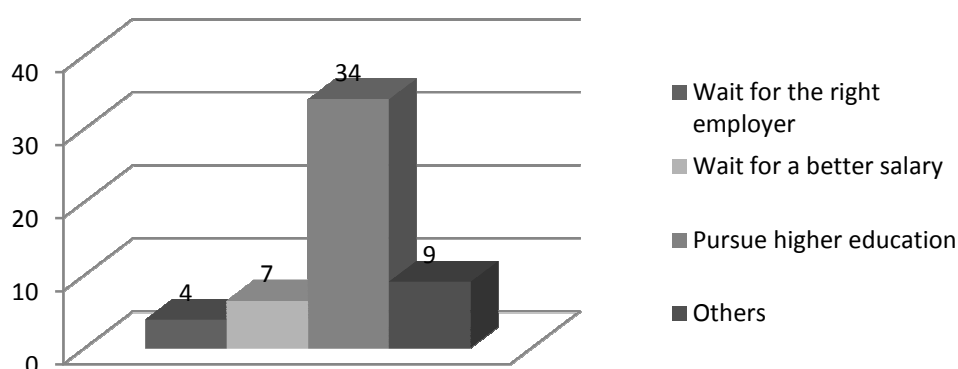


Figure 13:

Out of the students who wish to prolong their employment in the industry after completion of their course, 63% students wish to pursue higher education.

10. SUGGESTIONS & RECOMMENDATIONS

Based on the responses received from the students on their perception towards hospitality education, the following suggestions & recommendations can be made:

- Students counseling at entry level:** It may be observed that the students do not have clear idea about the hotel management course and the Hospitality industry at a large at the time of taking admission to the programme. They should be therefore counseled by the concerned college to get a clear idea about the programme and then take a conscious decision.
- Dynamic Course Content:** The course content should be reviewed at regular intervals and efforts should be taken to make it compatible to the modern trends in the Hospitality industry. The content should thus be dynamic or ever-changing to accommodate the newer challenges of the Industry.
- Enhanced Industry exposure of the students:** As observed, the students' development during the programme is not in line with the industry expectations from the aspiring professionals. The root cause of the problem lies in poor exposure of the students to the industry. It is a known fact the "Seeing is Believing" thus the students should be exposed to the industry frequently to inculcate the required approach and attitude amongst them. The better the exposure to the industry, the better is their knowledge and skills level resulting into better employability.
- Placement counseling of the students:** The students studying in the final year of the course should undergo counseling sessions by experts from the industry to get the right employment perception. Students who wish to prolong their employment for undue reasons should be motivated to face the situation and increase their confidence level to join the industry by assisting them to get adapted to the challenges of the industry.
- Creating an employee centric approach in the Industry:** The hospitality industry is characterized by challenging work conditions and the employees are expected to get adapted to such situations without any reservations or demands. However, due to this situation the attrition rate in the industry is on the rise, it is high time that the industry takes cognizance of this fact and adopt an employee centric approach that would focus on employment issues and design policies that are favorable for employment in the industry.

11. CONCLUSIONS

The findings of the research can be concluded as under:

- Although most of the students have Hotel Management as a predetermined study option at their intermediate level, they have limited knowledge about the course and the industry at a large.
- "Opportunity to work abroad" is the most influential factor for the students to pursue Hospitality education.
- Reputation of the college is the most important factor for selection of the college.
- The students' level of satisfaction on the college and the course content is observed to be above average.
- Although the students feel that they have made a right career choice, in most of the cases their initial perceptions about the course and the industry do not match with the current facts of the industry.
- There are some students who wish to seek alternative career option due the non conformity of their perceptions about the industry.
- Majority of the students do not wish to get employed in the industry immediately after completion of their programme and most of them want to pursue higher education in spite of knowing the fact that it would not help them get a better positions in the industry.

12. SCOPE FOR FURTHER RESEARCH

1. The study does not differentiate students on basis of their demographic factors which may have an influence of their perception and expectations thereby identifying scope for further research.
2. There may be a few other parameters that have an impact on the satisfaction level of the students which needs to be further researched.

13. ACKNOWLEDGMENTS

I am heartily thankful to my Research center head Dr. Verulkar, whose encouragement, guidance and support from the initial to the final level enabled me to develop an understanding of the subject.

Lastly, I offer my regards and blessings to all of those who supported me in any respect during the completion of the research paper.

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WOMEN AWARENESS ON CONSUMER RIGHTS – A STUDY WITH REFERENCE TO VELLORE CITY

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ABSTRACT

This paper investigated the socio-economic status and the awareness about consumer rights among women consumers and also aims to explore the association between independent variables and dependent variables. The present study was conducted at Vellore city of Tamil Nadu State, India. Data sample of 450 women consumers were purposively selected and all the respondents of this study interviewed by structured interview schedule. From this study described that low income group were least educated, had low awareness about consumer rights. The Findings revealed that generally the women consumers showed low level of awareness about consumer rights due to low education and low socio-economic status. Therefore, the exposure of mass media, awareness training camps through Government, NGOs and other educational institutions improve the awareness level of consumer rights and thereby increase utilisation of their rights.

KEYWORDS

Awareness, Consumer rights, Vellore city, Women.

INTRODUCTION

The Consumer Protection Act for better protection of the interests of consumers. It is a generous social legislation that lays down the rights of the consumers and provides promotion and protection of the rights of the consumers. This act has enabled to all consumers to secure less expensive and often speedy redressal of their grievances. The act mandates establishment of consumer protection council at the central as well as in each state and district to promote consumer awareness and protection. In India, C. Rajagopalachari was the first to start Consumer Protection Council at Madras in 1950. The Government of India came forward with Consumer Protection Council in 1983 and Consumer Protection Act in 1986. This act was an important legislation passed to ensure that a proper system is established for the protection of consumer rights and redressing of consumer disputes. Consumer protection act is one of the dynamic part of socio-economic legislation enacted for the protection of consumer by the way of right to safety, right to information, right to choose, right to be heard, right to redressal and right to consumer education.

Consumers are heterogeneous in composition; they are from different religions, speaking different languages, using different products and maintain loyalty to their tradition. They are also mostly poor, illiterate, ignorant and do not know the role of consumption of economic system as well as quality of life. Therefore, consumers face wide range of problems in their day to day dealings in the market place, banks, hospitals and etc, and some of their problems are lack of safety, absence of quality control regulations, food adulteration and unfair trading in the marketing. In the early days, consumer was considered as King of the corporate activities, but in the modern society, they are no longer safe against the mal practices, substandard goods and unsatisfactory services. Consumers have no choice expect to face a wider range of buying situations than in the past, an increase in the number of consumer problems and disputes particularly relating to consumer rights and legal protection. To meet these challenges effectively consumers must support themselves against these problems since they are not automatically protected by the working of the market. Thus, a consumer's best protection is knowledge of consumer rights and remedies which exist to resolve these problems when they occur.

At present, women are working as multi tasked role players like house maker, employer, business and professional women with their hard work. In these positions there has been a gradual evolution in the status of women and they are called as marketers. Women account for almost of all domestic purchases including health care and sustain her family as a homemaker. Homemaker was the actual buyers for the food in the family (Nimkar, 1976). Home makers took independent decision in all the areas of food buying except financial aspect. Women's position as care givers has meant that women engaged in the part of buying things that provide sustenance for home and family. Although it is often played down, it is clear that women have a great deal of influence in the economy as consumers, in other words, a lot of spending power. As consumers, women live under a good deal of pressure. Many women must find ways to feed their families on a limited budget. They search for a balance between affordability, nutrition and availability countered with the personal preferences of their families. Stopping for fast food seems easier than rushing home to cook dinner for the family after a long day at work. The Indian consumers are cheated to rupees in crores annually through various device invented by clever businessman, producers and traders. (Anon, 1995). It is found that people prefer to absorb and endure the wrong done to them rather than light against injustice. This is because consumers do not know the ways and means or racing them confidently (Neelkhanta & Anand, 1992).

REVIEW OF LITERATURE

Thanulingum and Kochadai (1989) conducted a study on evaluation of consumer awareness in Madurai city. The results showed that majority of the consumers were aware of consumer protection act followed by consumer rights and consumer protection councils. But very few people were aware of approaching and lodging complaints to the councils and membership in the council.

Sawarkar and Giram (1996) have done a study on consumer awareness about consumer protection act in Marathwada region, Maharashtra state. Their study revealed that 48.63 per cent of respondents were aware of consumer protection act in which maximum of them belonged to the age group of 20-30 years (24.13 percent). Awareness was more among graduate respondents (26.93 percent) than among non-graduates (21.73 percent).

Venus C Ibarra (1998) compared the awareness of the pharmaceutical companies in Belgium and Philippines to the seven basic consumer rights and determined how these companies in prioritises the seven basic consumer rights. Significant differences exist in the degree of importance specified by the pharmaceutical companies in Belgium and Philippines to six out of seven basic consumer rights. Companies in Belgium and in Philippines believed that consumers' right to safety is the most important consumer right explained a lower weighted mean on the right to basic goods, fair prices and choice than companies in the Philippines. Significant differences noted on the right to information and the perceptions regarding advertisements. Pharmaceutical companies in Belgium considered consumer complaints as justified, while companies in Philippines believed that most consumer complaints are not justified. Concluded and believed that consumers are not aware of their basic rights.

Kaur Surinderji et al., (2005) investigated the awareness of urban women regarding consumer protection legislations and extent of utilisation of these rights in Ludhiana city. The results indicated that more than 80 percent of the respondents were ignorant about consumer protection rights. Only 9.6 percent were aware of consumer protection act and district consumer disputes redressal forum. They concluded that the consumer awareness among women is quite less and need more opportunity to be explored by consumer activities to educate the women consumers.

Jatinder Kishitwaria et al., (2006) in his comparative study of consumer awareness among males and females of Kangra district of Himachal Pradesh revealed that a significant difference between the awareness level of the male and female respondents regarding consumer terminology and consumer protection laws. Male were more aware about the popular consumer terminologies than females.

Indu Karki and Neelam Mehrotra (2008) analysed the level of awareness regarding standard marks (ISI, Agmark and FPO), consumer rights, and acts association of the education of respondents with the awareness of standard marks, acts and rights. Data of 120 homemakers pointed out that awareness of ISI mark was highest among homemakers followed by Agmark. Relationship between education and the awareness of marks of the respondents was significant; it also revealed that awareness of right to choose was highest among homemakers.

Serene Shekhar (2009) have done a study on Awareness and Utilization of Consumer Rights by Women Consumers of Palanpur City. He concluded that majority of the women consumers showed low level of awareness and low extent of utilization of consumer rights. The major reason for low extent of utilization of the women rights among women consumers is low education and low socio-economic status. Another reason for this is low exposure to communicational media and low social participation.

Nidhi Gupta and Priti Panchal (2009) studied on extent of awareness and food adulteration detection in selected food items purchased by home makers; they concluded that respondents, awareness related to rights and responsibilities was good but poor related to food adulteration. Greater consumer vigilance and action alone can help improve the situation, but such efforts are not fruitful unless consumer themselves are aware of their rights and responsibilities.

K. Singh et al (2010) investigated a comparative study of the awareness of provisions of consumer protection act among dental and medical professionals in Udaipur city, Rajasthan, India. The distribution of the study topics according to their gender, profession, level of education and type of practices which revealed that women had a slightly lesser awareness of consumer protection act compared to men among all the professionals men dedicate more time to regular practice. Hence, both professions need to update their understanding on consumer protection act and its amendments to be on a legally safer side.

IMPORTANCE OF THE STUDY

The achievement of the marketing program rests on the decision of the consumers. The studies related to awareness of the consumer in the marketing make attainable superiority in their motivation and help them to prove their perfection regarding buying things. Succeed and sufferers are another way but all of us are consumers. Hence, our responsibility of studying the factors governing the decision making practices of the consumers at large. An in-depth study of the buyers' attitude and awareness about consumerism may be more sensitive. Woman is an active partner in the family today. Women are the key factor in all purchase decisions and have become purchasing mediator in her family. She has obtained a position in the society by desirable quality of her education and employment. Product manufacturers recognized the need of women support; hence they communicate and try to convince them through all possible media. They plan the marketing strategy to attract this segment, satisfy their needs and retain them.

STATEMENT OF THE PROBLEM

Consumerism is a social and economic command that is based on the systematic formation of a desire to buy goods and services in better amounts. Women play an essential role to functioning in their family. Women who are working outside of home face the added problem of time constraints. Certain purchases may be made to save time and energy when women are squeezed between work and family responsibilities. The women need to aware of the consumer rights. Safe and fair financial services is important for consumers especially in women consumers, in some situations they may be offered substandard products, overpriced, unsafe or worthless by the product manufacturers. Several products which are offered not even registered with standards and quality in the market. Not only the legislation but its effective implementation is very important. If consumer courts would be operational in every province, it would bother one to file a case against any manufacturer, protection of consumers from various unfair trade practices. The worst affected victims of these commercial organizations need to be protected and the consumer is protected through consumer protection. The exploitation of the consumers by manufactures and businessmen by producing sub standard goods and hiking of price necessitated the researcher to conduct this study in order to find out why consumers are taken for a ride for their money. Therefore to find out those women at Vellore city who shop for their households are aware of consumer rights and are actually utilizing them.

OBJECTIVES

1. To study the socio-economic status of women consumers.
2. To examine the level of awareness of consumer rights among women consumers.

METHODOLOGY

This study is broadly descriptive in nature where the main purpose is to give a description of the awareness of consumer rights among women consumers. A pilot study was conducted among 50 women consumers to decide upon the appropriate technique for which some methods simultaneously used. The pilot study helped in defining and in finalising the technique to be adopted in eliciting information. Based on the literature survey and objectives, the questionnaire was prepared which pertaining to personal data and awareness of consumer rights. Women consumers of the Vellore city were purposively selected for the study. Data sample of 450 women consumers were interviewed by structured interview schedule.

VARIABLE MEASUREMENT

In this paper, there are five dependent variables taken for analysing the awareness of consumer rights among women consumers and the awareness level, how it will be useful to buy a product and protect the women consumers as of various unfair trade practices from the manufacturer. Dependent variables taken for analysis are the details of Maximum Retail Price (MRP) which includes tax, the place where to complaint consumer case, complaint through registered post, advocate only represents the consumer case and the details of expenses for complaint. Unaware of dependent variable was coded as '0' and aware was '1', the same procedure is applied to all other dependent variables of consumer rights. Further, to analyse the awareness on consumer rights by women consumer, which was based on the sum of the score/number/rank from these five dependent variables. Respondents those who are gets less number of scores, they can have a less awareness, those who gets medium they can have a medium awareness and those who gets high number of scores they can have a more awareness about consumer rights.

TABLE-1: PERSONAL DETAILS OF THE RESPONDENTS

S. NO./ CHARACTERISTICS		NO. OF RESPONDENTS
1. Age	21-30 years	103 (22.9)
	31-40 years	212 (47.1)
	41-50 years	100 (22.2)
	Above 50 years	35 (7.8)
2. Educational Qualification	Illiterate	39 (8.7)
	Primary School	45 (10.0)
	Middle & High School	67 (14.9)
	Higher secondary	69 (15.3)
	Degree and above	230 (51.1)
3. Occupation	Employed	223 (49.5)
	Unemployed	198 (44.0)
	Business	13 (2.9)
	Professional	16 (3.6)
4. Marital status	Single	107 (23.8)
	Married	335 (74.4)
	Widowed	8 (1.8)
5. Monthly income	Up to Rs. 5,000	85 (33.7)
	Rs. 5001-10,000	40 (16.0)
	Rs. 10,001-15,000	22 (8.7)
	Rs. 15,001-20,000	24 (9.5)
	Rs. 20,001-25,000	24 (9.5)
	Above Rs.25,000	57 (22.6)
6. Family income	Up to Rs. 10,000	153 (34.0)
	Rs. 10,001-20,000	83 (18.4)
	Rs. 20,001-30,000	85 (18.9)
	Rs. 30,001-40,000	51 (11.3)
	Rs. 40,001-50,000	21 (4.7)
	Above Rs.50,000	57 (12.7)

Figure in parenthesis indicates percentages of total sample

The table 1 depicts that the background characteristics of the respondents and it shows that 47.1 percent of the respondents belongs to 31-40 years of age while a few (7.8 Percent) respondents are above 50 years of age. The level of education describes that a little more than half (51.1 percent) of the respondents have studied degree and above level and only 8.7 percent are illiterates. Almost half (49.5 percent) of the respondents are employed and a few (2.9 percent) of them are doing business. Marital status explores that nearly two-third (74.4 percent) of the respondents are married and a very few (1.8 percent) of them are widowed. Monthly income of the respondents explains that one-third (33.7 percent) of them earn up to Rs. 5,000 while a few (8.7 percent) of them earn between Rs. 10,001-15,000. Family income indicates that a little more than one-third (34.0 percent) of the respondents' total family income is up to Rs. 10,000 and a few (4.7 percent) of them are between Rs. 40,001-50,000.

TABLE-2: AWARENESS ABOUT CONSUMER RIGHTS

LEVEL OF AWARENESS OF CONSUMER RIGHTS	NO. OF RESPONDENTS
Unaware of all rights	31 (6.9)
Low (Scored 1-2)	252 (56.0)
Medium (Scored 3-4)	122 (27.1)
High (Scored 5)	45 (10.0)
N = 450	

Table 2 explains that 6.9 percent of the respondents are not aware of any of consumer rights, majority (56.0 percent) of the respondents are less aware of consumer rights, 27.1 percent are medium aware of consumer rights, and only 10.0 percent of the respondents are high aware of consumer rights.

TABLE-3: ASSOCIATIONS BETWEEN BACKGROUND CHARACTERISTICS AND AWARENESS OF CONSUMER RIGHTS

S. NO.	BACKGROUND CHARACTERISTICS	AWARENESS OF CONSUMER RIGHTS (CO-EFFICIENT OF CORRELATION 'r' VALUE)
1	Age	-.088
2	Educational qualification	.212**
3	Occupation	-.119*
4	Marital status	-.224**
5	Monthly income	.152*
6	Family income	.285**

**Correlation is significant at the 0.01 level.

* Correlation is significant at the 0.05 level.

Table 3 explores that Educational qualification, monthly income and family income showed positive and significantly associated with awareness of consumer rights. Occupation and marital status showed negative and significantly associated of consumer rights.

FINDINGS AND SUGGESTIONS

1. Age of this study reflects that 47.1 percent of the respondents belong to the age group of 31-40 years.
2. The educational qualification shows that more than half (51.1 percent) of the respondents have studied degree and above.
3. Occupation of this study explains that nearly half (49.5 percent) of the respondents are employed followed by unemployed (44.0 percent).
4. Marital status describes that about two-third (74.4 percent) of the respondents are married.
5. Income of this study shows that one-third (33.7 percent) of the respondents earn up to Rs. 5,000 per month.
6. Family income explains that one-third (34.0 percent) of the respondents' total family income up to Rs.10, 000 per month.

From this study it could be suggested that low income group were least educated, had low awareness about consumer rights. Therefore, this group needs to be trained on the awareness of consumer rights. The Government should make efforts to control the fraudulent practices by enactment of various laws. More legislation and strict rules and regulations will help to reduce the unfair trade practices and malpractices of goods and services. Consumer literacy is the need of the hour and special attention should be given to less educated people, lower income groups and the housewives who suffer the most.

CONCLUSION

Generally the women consumers showed low level of awareness about consumer rights. The main reason for low awareness of consumer rights among women consumers is low education and low socio-economic status. It can be further concluded that as the awareness of women consumers regarding consumer rights decreases, its utilisation of their rights also decreases. Thus, the exposure of media, awareness training camps through Government and NGOs and other educational institutions improve the awareness level of consumer rights and thereby increase utilisation of their rights.

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DETERMINANTS OF DROPOUT OF TODA CHILDREN IN NILGIRIS DISTRICT-AN EMPIRICAL ANALYSIS**DR. R. ANNAPOORANI****PROFESSOR****DEPARTMENT OF ECONOMICS****AVINASHILINGAM INSTITUTE FOR HOME SCIENCE & HIGHER EDUCATION FOR WOMEN****COIMBATORE****K. KRITHIGA****RESEARCH SCHOLAR****DEPARTMENT OF ECONOMICS****AVINASHILINGAM INSTITUTE FOR HOME SCIENCE & HIGHER EDUCATION FOR WOMEN****COIMBATORE****ABSTRACT**

Education is the most important element in the development of tribal community. The dropout rate of girls (77.97 percent) was higher than that of dropout rate of boys (76.02 percent) from I-X. In this context, a research study on the "Determinants of dropout level of Toda children in Nilgiris district-An empirical analysis" was formulated with the following objectives of studying the socio- economic profile of the selected tribal population, dropout rate, analyse the gender disparity and identify the determinants of dropout of Todas children. The study was related to Toda mund in Ooty block which covers 100 households required data relating to family background, enrolment, dropout etc. The study used gender disparity index and logistic regression analysis. As per the study the total number of males was 161 and females were 186. The enrolment rate of boys (94.57 percent) was higher than that of girls (93.18 percent). The comparative analysis of dropout rate reveals that girls dropout rate (36.59 percent) was higher than that of boys dropout (20.69 percent). The study tried to identify the determinants of dropout was, for Toda boys, father's occupation, mother's occupation, property and distance to school/college were the significant factors. However, the dropout of girls is significantly affected by property and distance to school/college. The major reason for dropout was long distance to school/college and measures recommended were to establishment of secondary and higher secondary schools within easy accessibility.

KEYWORDS

children dropout, schooling.

INTRODUCTION

Education enables human beings to understand the interrelationship among the tangible phenomena surrounding them and gives skill to translate the knowledge into action. Acquisition of education helps workers to take advantage of technical changes, which increases their productivity and earnings (Asok Basu, 2002). The provision of education creates both private benefits and spillover benefits to society. As such, education emerged as a key form of investment in human beings (Duraismy, 2002). Denison (1967) noted that the conventional inputs such as labour, capital etc would explain only 60 percent of the total growth of United State's real national income and remaining 40 percent growth in real national income would be attributed to improvement in human capital, specifically investment in education.

Realising the importance of education, the Government of India formulated various measures to promote education. Article 45 of the Directive Principles of State Policy emphasized the role of State to provide free and compulsory education to all children up to the age of 14 years. The National policy on education in 1968 and 1986 also gave a stimulus for the expansion of education. To improve literacy rate, the Government of India has increased educational expenditure in various Five Year Plans of India. The outlay on education increased from Rupees 150 crores in First Five Year Plan to Rupees 2.70 lakh crores in Eleventh Five Year Plan. The expenditure on education as a proportion of Gross Domestic Product also rose from 0.7 percent in the First Five year plan to 6 percent in Eleventh Five year plan (Source: Eleventh Five year plan document).

Education is the most important element in the development of tribal community. It is a powerful instrument to change the values and attitudes of the people and to create in them the urge of the necessary motivation to achieve social mobility and social ascendancy. Sivaraman Committee (1981) noted that education must assume a key role during the phase of tribal development and education could be made more relevant to the felt needs of the tribal community.

In India there exists large variation in tribal literacy among States. Some of the States with higher tribal concentration in relation to their total population have done exceedingly well in terms of higher literacy rate. States in the north-eastern region of India like Mizoram, Nagaland and Meghalaya fall in this category. But in the States of Madhya Pradesh, Orissa, Rajasthan and Andhra Pradesh, which are inhabited by much larger number of tribals than the north-eastern states, tribal literacy continues to be very low ranging from 37.04 percent in Andhra Pradesh to 44.66 percent in Rajasthan.

At the State level, in Tamil Nadu there were 6,51,321 tribal people accounting for 1.05 percent of the country's tribal population. In Tamil Nadu, of the total tribal population 2,05,262 were in the age group of 5-19(i.e) those to be enrolled in schools or colleges. The corresponding figure for male population was 1,06,418 and female population was 98,844. However, not all the students were enrolled and completed the education.

However, tribal literacy rate was low -41.5 percent in 2001 and difference between the literacy rate of general population and that of scheduled tribes has been around 15 percent in 2001. While at the national level, literacy among males was estimated as 75.9 percent and for females as 54.2 percent, the corresponding figures with regard to tribal males and females were found to be 59.2 percent and 34.8 percent. Further there exists disparity in literacy in various tribal groups and also between males and females. On an average, the difference between the literacy rate of general population and that of scheduled tribes has been around 18.3 percent. The enrolment rate for I-VIII class for the scheduled tribe population (62.48 percent) was lower than that of general population (93.54 percent).

The dropout rate was higher for scheduled tribe students as compared to others. The dropout rate for I-V was 31.34 percent, for I-VIII was 62.48 percent and I – X was 76.85 percent. The dropout rate of girls (77.97 percent) was higher than that of dropout rate of boys (76.02 percent) from I-X. (Selected educational statistics-2010).

Of the different tribal groups in India, Todas are predominant and they are found only in the Nilgiris district. They follow pastoral life and live in 64 settlements called munds. The munds consist of a few half-barrel shaped living quarters, a temple for worship, cattle pen huts and grasslands for their buffaloes. The residential huts have a small living space and are provided with small doors supposedly to stop stray animals from entering them. Physically, the Todas are tall in stature and well proportioned. They are fairly coloured and thus a contrast from the general Tamil populace. They can be easily recognized by their traditional dress which has an impressive work of embroidery and their distinctive hairstyle. They are traditional lacto vegetarians, their main diet being milk and its products. They lag behind other tribal groups in literacy.

In India, few research studies-Ashuthosh Thakar (2001), RaghunathRath (2006), Kukreti (2004) etc have analysed the trend in tribal education and problems of tribal education based on national survey. But the national surveys should be supplemented by intensive studies on individual tribal groups, so as to gain a clear and comprehensive understanding of the problems and perspective on tribal education in different regions.

As such, a research study on the "Determinants of dropout level of Toda children in Nilgiris district-An empirical analysis" was formulated with the following objectives:

- To study socio- economic profile of the selected tribal population;
- To study the dropout rate of Todas;
- To analyse the gender disparity in dropout of Todas and
- To identify the determinants of dropout of Todas children.

METHODOLOGY

The tribal group selected was Todas since they accounted for 46 percent of the total tribal population in Nilgiri's district (Source: Census of India, 2001). The study was related to Toda mund in Ooty block of Nilgiris District. The required data relating to general background, family background, enrolment, dropout etc were collected by administering the interview schedule to the head of households in the selected area and the study covered 100 households.

Quantitative tools applied

(i) Gender disparity index:

The study calculated gender disparity index of dropout of Todas. The formula used was

$$\text{Gender Disparity Index} = \frac{M}{F} * 100$$

Where

M = Male dropout

F = Female dropout

(ii) Logistic regression analysis

In the current study logistic regression is used to identify the determinants of dropout of tribal children. The estimated model is of the form

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \beta_7 X_7 + \beta_8 X_8$$

Here

Y = 1 if the child discontinues the school;

Y = 0 if the child does not discontinue the school;

X₁ = Father's education (1 if father is educated and 0 if the father is illiterate);

X₂ = Mother's education (1 if mother is educated and 0 if the mother is illiterate);

X₃ = Occupational status of father (1 if the father is employed and 0 if the father is unemployed);

X₄ = Occupational status of mother (1 if the mother is employed and 0 if the mother is unemployed);

X₅ = Cost of education (in rupees);

X₆ = Distance to school/college (in kilometers);

X₇ = Type of family (1 for joint family and 0 for nuclear family) and

X₈ = Property (in rupees)

β₁, β₂, β₃, β₄, β₅, β₆, β₇ and β₈ = Estimated regression coefficients

FINDINGS OF THE STUDY

(A). SOCIO ECONOMIC PROFILE OF THE FAMILIES

The literacy level is determined by size of the family, family income, type of family etc. Hence the current study tried to analyse socio economic profile of the families. Table I represents the socio economic profile of the selected families.

TABLE I: SOCIO ECONOMIC PROFILE OF THE SELECTED FAMILIES

S.No	Items	Number
1.	Age Structure	
	0-5	5
	6-10	55
	11-14	40
	15-16	27
	17-18	30
	19-24	28
	25-30	43
	31-40	25
	41-50	13
	51-60	
	Above 60	
2.	Sex	
	Male	161
	Female	186
3.	Occupations	
	Farming	31
	Business	18
	Workers	25
	Coolies	26
4.	Family Income	
	Below Rs 5000	27
	Rs5000-10,000	30
	Rs10,000-20,000	23
	Above Rs 20,000	20
5.	Type of Family	
	Small	60
	Large	40
6.	Education of the Head of the Family	
	Illiterate	35
	Primary	38
	Secondary	15
	Higher Secondary	12

Source: Field survey

Table I reveals that, there were 347 members in the selected households. Of total members, 5 were representing the age of 0-5, while 55 belonged to the age group of 6-10, 40 belonged to the age of 15-16 and 152 members belonged to the age group of 6-24 years.

The total number of males was 161 and females were 186. The analysis of occupation indicated that majority of family members were doing the work of farming. Table I also implies that 30 percent of the families were getting the family income of Rs 10,000 to Rs 20,000. Of the total families covered 60 percent belonged to small family and 40 percent represents large family.

It is also clear that 35 percent of the head of the selected tribal households were illiterates and 38 percent have completed primary education.

(B) STAGE WISE ENROLMENT OF TODA CHILDREN IN NILGIRIS DISTRICT

The Toda children were enrolled at primary level, secondary level, higher secondary level and college given in the Table II.

TABLE II: STAGE WISE ENROLMENT OF SELECTED TODAS IN NILGIRIS DISTRICT

S.No	Level of education	Boys	Girls	Both sex
1.	Primary	24 (96)	29 (96.67)	53 (96.36)
2	Secondary	38 (95)	27 (100)	65 (97.01)
3	Higher Secondary	10 (83.33)	17(94.44)	27(90)
4	College	15 (100)	9(69.23)	24(85.71)
	Total	87(94.57)	82(93.18)	169(93.89)

Source: Field survey

Note: Figures in parentheses indicate enrolment rate.

Of the total children to be enrolled in the primary school, only 96.36 percent were enrolled. The enrolment rate at the collegiate level (85.71 percent) was lower than that of higher secondary level (90 percent) and secondary level (97.01 percent). The enrolment rate of boys (94.57 percent) was higher than that of girls (93.18 percent).

(C). STAGE WISE DROPOUT OF TODA CHILDREN IN NILGIRIS DISTRICT

When the students enrolled are not able to complete their study, they drop out from studies and this implies wastage of human resources. Table-III represents the details about the stage wise drop out of selected Todas.

TABLE III: STAGE WISE DROPOUT OF SELECTED TODAS IN NILGIRIS DISTRICT

S.No	Level of education	Boys	Girls	Both sex
1	Primary	2 (8.33)	4(13.79)	6(11.32)
2	Secondary	7(18.42)	16(59.26)	23(35..38)
3	Higher Secondary	6(60)	8(47.06)	14(51.85)
4	College	3(20)	2(22.22)	5(20.83)
	Total	18(20.69)	30(36.59)	48(28.40)

Source: Field survey

Note: Figures in parentheses indicate dropout rate.

Table III indicates that of the students enrolled, 48 were dropped out and dropout rate was calculated as 28.40 percent. The dropout at the secondary level is high as compared to other levels. This might be due to the compulsion of the parents to look after the young siblings or go for work.

The comparative analysis of dropout rate of boys and girls reveals that girls dropout rate (36.59 percent) was higher than that of boys dropout (20.69 percent). This might be due to the fact that female children are retained by the parents to look after their siblings.

(D) IDENTIFICATION OF THE FACTORS DETERMINING DROPOUT OF TODA CHILDREN

The study tried to identify the determinants of dropout of Todas with the help of logistic regression analysis. The estimated logistic regression coefficients of dropout as related to father's education, mother's education, father's occupation, mother's occupation, cost of education, distance to school/college family size, type of family, income and land ownership are given in Table IV.

TABLE IV: ESTIMATED LOGISTIC REGRESSION COEFFICIENTS OF DROPOUT OF TODA CHILDREN AS RELATED TO SELECTED VARIABLES

Variable	Boys				Girls				Both sex			
	$\hat{\beta}$	Odd ratio	Wald	Level of Significance	\hat{B}	Odd ratio	Wald	Level of Significance	$\hat{\beta}$	Odd ratio	Wald	Level of Significance
Constant	-1.04	0.36	0.16	0.68	-0.34	0.72	0.02	0.88	2.19	8.90	0.80	0.37
Father's education	-0.02	0.82	0.13	0.72	-0.14	0.87	0.13	0.72	-0.28	0.75	0.27	0.60
Mother's education	-0.45	0.64	0.60	0.44	-0.20	0.82	0.16	0.69	-0.31	0.74	0.26	0.61
Father's occupation	1.70	5.47	4.38	0.04	0.02	1.00	0.12	0.99	-0.28	0.74	0.17	0.68
Mother's occupation	-1.71	0.18	5.26	0.02	0.04	1.04	0.01	0.94	-0.45	0.64	0.35	0.56
Cost of education	0.02	1.00	0.02	0.98	0.03	1.00	1.32	0.25	-0.04	0.99	0.12	0.72
Distance to school/ college	2.44	0.09	16.97	0.04	0.68	1.98	4.53	0.03	0.96	0.05	19.76	0.04
Type of family	0.37	1.45	0.67	0.41	0.39	1.48	1.07	0.30	-0.18	0.84	0.17	0.69
Property	3.43	0.83	6.25	0.01	-3.33	0.04	7.57	0.01	5.07	15.87	8.86	0.02
-2loglikelihood				99.68				120.80				96.28
Cox and Snell R square				.64				.67				.72
Nagelkerke R Square				.72				.74				.97
Overall percentage				63				65				73
Chi-square				36.98				15.25				35.50
Degrees of freedom				8				8				8
Number of observations				18				30				48

Source: Field survey

Table IV indicates that for Toda boys, father's occupation, mother's occupation, property and distance to school/college were the significant factors influencing dropout. Mother's occupation has a negative impact in dropout.

However, the dropout of girls is significantly affected by property and distance to school/college. Distance to school/college has a positive impact and the odd ratio of distance to school/college (1.98) indicates that an increase in distance to school/college increases the dropout rate by 1.98 percent. However, against the theoretical proposition, property has a negative coefficient and the odd ratio of .04 indicates that an increase in property reduces the dropout by .04 percent.

For Toda boys and girls, as a whole as theoretically expected, father's education, mother's education, father's occupation and mother's occupation have a negative impact on dropout though they are not statistically significant. Distance to school/college has the positive and significant impact on dropout. The odd ratio of dropout in relation to distance indicated that for one unit of increase in distance, dropout rate increases by 0.05 units.

The Cox and Snell R square and Nagelkerke R square values gives an approximation about how much variance in the dependent variable can be explained with the hypothesised model. For the overall tribal group, the selected variables can explain between 72 percent to 97 percent of variance in dropout. The estimated model predicts 73 percent of the dropout cases correctly.

(D) REASONS FOR DROPOUT AMONG TODA CHILDREN

The tribal student's dropout due to household work, illness, tough syllabus etc. Table V shows the various reasons for dropout as stated by the respondents.

TABLE V: REASONS FOR DROPOUT

S.No	Item	Boys	Girls
1.	Non-availability of school	2(11)	4(13)
2.	Long Distance to school/college	5(28)	7(23)
3.	Harsh attitude of teachers	4(22)	1(3)
4.	Inadequate facilities	4(22)	3(10)
5.	Lack of awareness	1(6)	2(7)
6.	Tough syllabus	-	1(3)
7.	Difficult language and script	2(11)	2(7)
8.	Early marriage	-	4(13)
9.	Puberty	-	2(7)
10.	Poverty	-	3(10)
11.	Taking care of siblings	-	1(3)
	Total	18	30

Source: Field survey

Note: Figures in parenthesis indicates percentage to total number of dropouts.

Table V implies that for boys, the major reasons for dropout were long distance to school/college, harsh attitude of teachers and inadequate facilities in school. However for girls, besides by distance, early marriage, poverty and puberty were the reasons for dropout.

RECOMMENDATIONS

Based on the findings of the study, the following measures were recommended to improve the educational status of Todas in Nilgiris district.

1. Establishment of secondary and higher secondary schools within easy accessibility;
2. Providing regular transport facilities;
3. Motivating all the parents to send the children to school and not to work
4. Creating awareness to the tribal families about the education facilities provided by the Government ;
5. By providing cash awards to the children who are regular to school and
6. Modifying the syllabus to avail the vocational needs of tribal children.

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IRRIGATION WATER PRICING IN KARNATAKA: TRENDS AND ISSUES

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ABSTRACT

The water rate plays an important role in regulating the water use, mobilizing resources, ensuring equitable water distribution, efficiency of the irrigation system and its management. The pricing of water has to be such as earning a fair return on capital after meeting other recurring costs of maintenance. Despite various Finance Commissions and official committees' recommended that the irrigation charges paid by farmers should be adequate atleast to cover operation expenses and a part of capital cost, the position has been far from satisfactory in Karnataka. Incidentally this has led to poor development and management of irrigation system.

KEYWORDS

water pricing, irrigation water.

PART - I**INTRODUCTION**

Irrigation is a crucial input in the process of agricultural development and rural transformation. It has definite impact on agricultural production and productivity. It has facilitated drastic changes in agricultural sector and contributed to commercialization of the same. However irrigational facilities are not available every where, they are unevenly distributed. Further development of irrigation involves heavy doses of investment. As a result irrigation development is not even across the state. To facilitate further development in irrigation and also its equitable distribution there is need for more resources. It is against to this background, there are imperatives to recover a fair return on capital hitherto invested in the sector. Water rate is an important source of revenue from investment in irrigation. Further it is a common knowledge that irrigation helps in increasing agricultural production brought about not only by raising land productivity, but also by increasing the land use intensity. However, the process through which such a positive change is effected after the introduction of irrigation is not very well recognized. Making available water for irrigation in the storage is not enough, its proper and efficient distribution is more crucial in bringing about desired changes through the introduction of irrigation. Efficient control of irrigation water distribution is supposed to contribute to agricultural production by making possible planting at optimal time, extending to the efficient cropping season and permitting high productivity and cultivation of high value crops. Thus there is a dire need for further development and extension of irrigation facilities.

Agriculture is the single largest consumer of water. Agriculture accounts for more than 70 percent of the total water demand globally and its share is as high as 90 percent in developing countries like India. Unfortunately, irrigation water is one of the most ill-managed resources, which creates a severe scarcity of water, both for drinking and irrigation. It has created environmental problems such as water logging in endowed regions and desertification in fragile regions. Of late, there has been a great emphasis on the judicious management of water at the policy level. Pricing and institutional (user participation) approaches are suggested to overcome the strident problems. So far, even these policy changes have been limited to surface irrigation. An important segment of water resources (groundwater), which covers most of the rain-fed regions, is more or less neglected. In the absence of any effective policy measures, groundwater regions are plagued with water scarcity, inequitable distribution of water and environmental degradation. The situation seems to have aggravated during recent years, especially in the arid and semi-arid regions across the world. All these provide very strong imperatives for scientific and balanced irrigation development.

OBJECTIVES OF THE PAPER

The paper has set the following objectives

1. To examine the growth of public investment in irrigation in Karnataka.
2. To examine the case for irrigation pricing on the basis of costs and benefits.
3. To discuss the structure of water rates and provisions for levying it in the irrigation Act.
4. To examine the reforms in irrigation pricing.

METHODOLOGY

It is an analytical and descriptive study. The study is based on secondary data. The data are collected from plan documents, Government documents and various relevant reports. Data have been collected with respect to investment in irrigation and returns from public investment in irrigation in the form of water rates for the period of sixteen years from 1991 to 2006.

ORGANIZATION OF THE PAPER

The present paper is organized and presented in four parts,

- ❖ The first part introduces the topic and explains the context
- ❖ The second part provides a brief theoretical exposition of pricing of irrigation water
- ❖ The third part deals with the irrigation water pricing in Karnataka
- ❖ The fourth part includes a few policy imperatives

IMPORTANCE OF IRRIGATION

In Karnataka, agriculture is a major occupation and prominent economic activity. In the total domestic product its share is more than 50 percent. Moreover, it is supporting various economic activities like industry, commerce, transportation, etc. and providing consumer articles for the non-farm population. Low agricultural productivity, shortage of food, disparities between farm income and non-farm income, deplorable conditions of agricultural labour, small and

marginal farmers and vast rural unemployment and underemployment offer strong justification to develop agricultural sector on a priority basis. Further, the pace and pattern of economic development and ensuring food security is very much depending on agricultural development. Considering the importance of agriculture therefore a special place has been given to this sector in Karnataka's planning strategy.

Irrigation is one of the strategic inputs for agricultural transformation. A good irrigation system is indispensable for agricultural development and rural development. India is an agrarian economy and vast areas are prone to frequent droughts and famines and it has become a limiting factor increase in agricultural production. Extending irrigation facilities is the only solution to protect the farmers from the vagaries of monsoon. In addition to this, marginal productivity of irrigation is high. As a result, agricultural productivity and output respond favorably to the timely irrigation facilities. Naturally this increases the relative share of agricultural sector to the state domestic product. It also creates gainful employment opportunities and confidence among the farming community. It stabilizes agricultural base and contributes to economic development. Therefore, in Karnataka's Five Year Plans highest priority has been accorded to this strategic sector. It is evident from the following table.

TABLE- 1: PUBLIC INVESTMENT ON IRRIGATION IN KARNATAKA (Rupees in Crores)

year	Major & Medium Projects	Minor Irrigation works	Total (cumulative)
1991-92	354.35	25.70	380.05
1992-93	480.17	51.52	531.69
1993-94	655.68	61.75	717.43
1994-95	684.63	70.23	754.88
1995-96	920.13	61.76	981.89
1996-97	1361.12	71.57	1432.69
1997-98	1604.52	67.89	1672.41
1998-99	1719.80	89.17	1808.97
1999-2000	2027.27	107.92	2135.19
2000-01	2595.09	121.18	2716.27
2001-02	2547.17	103.16	2650.33
2002-03	2689.96	96.55	2786.51
2003-04	2303.08	129.88	2439.96
2004-05	3531.24	203.96	3735.20
2005-06	3253.13	192.84	3445.97
2006-07	3764.82	445.39	4210.21

Source: Water Resources Department, Government of Karnataka (Karnataka Economic survey 2006)

The above table shows the growth of public investment on irrigation in Karnataka state. The Government of Karnataka invested Rs. 380.05 crores for developing the irrigation sector in 1991-92. It gradually increased year after year and by the end of 2006-07 it stood at Rs. 4210.31. Over a period of fifteen years a total amount of Rs. 3830.16 crores have been invested in irrigation sector in Karnataka. In the coming years the amount of investment will increase still further. It is against this background a fair rate of return on investment hitherto made is expected. The main source of return from investment in irrigation is water rate. In the following section an attempt is made to examine a case for irrigation pricing.

PART - II

THEORETICAL ARGUMENTS FOR PRICING OF IRRIGATION WATER

In a developing country like India, irrigation pricing is influenced by economic, social, promotional and even political factors. As a result, various issues are interrelated with pricing policy and a good pricing policy requires compromise between various objectives. A brief analysis of theoretical issues which are intimately connected with irrigation pricing is very essential to answer these questions. Among them important are costs of irrigation and benefits of irrigation.

COSTS OF IRRIGATION AND PRICING

It is a known fact that Government undertakes huge investment to provide irrigation facilities. In future there would be a further increase in investment requirement. Given the poor financial health of the Government and also the irrigation system, additional resource mobilization is a daunting task. It is against this background there is an argument to recover the costs in the form of water rates. This method encourages non-users of water to use it and ensures a stable return to the state Government. In their opinion, this method is capable of covering operating costs of irrigation system. Here the problem relates to the type of cost to be covered. There are two major items of costs like fixed cost and variable cost. Some have suggested that variable cost alone should be recovered. However, many have opined that price should cover total cost, both fixed and variable. But the problem is how high would the level of irrigation charges are in relation to its cost of supply. There are three possibilities and they are as follows.

- 1). The level of water rates can be higher than the average cost of supply of water. This principle is known as cost plus pricing method. Its advantages are that it yields adequate revenue, helps further irrigation development through reinvesting profits and enables maintenance, repair and modernization of irrigation system.
- 2). Water rates can be equated to the average costs of supply of water and all costs like long period, short period, fixed, variable, current and replacement costs are covered. This principle is preferable to cost plus pricing method because it avoids exploitation of the farmer as under cost plus pricing method. There is no need for subsidization because all costs are fully covered.
- 3). The level of irrigation charges can also be equated with the marginal cost of provision of irrigation. It leads to optimum capacity utilization and rational resources allocation.

BENEFITS OF IRRIGATION AND PRICING

Benefits criterion of irrigation has received considerable attention than costs of irrigation as the basis of irrigation charges. It is believed that as the cost of supply is important to the Government, the benefit is important to the farmer. According to this principle, farmer's willingness to pay for water depends on the gain that he expects from its use. For a cultivator, net gain and increased benefits from irrigation are important than costs of irrigation. He assesses the value of irrigation on the basis of incremental benefits that follow from irrigated agriculture. There are three indicators for estimating the benefits from irrigation. They are

- a). Net additional benefit,
- b). Gross income from irrigated agriculture,
- c). Net contribution of irrigation.

NET ADDITIONAL BENEFIT

It means net additional benefits realized by the cultivator as a result of irrigation. This is measured by the value of the increase in agricultural output made possible by irrigation less the increase in farmer's associated cost on account of cultivating irrigated crop. These additional benefits can be estimated by the difference between the net benefit received before and after the use of irrigation water.

GROSS INCOME FROM IRRIGATED AGRICULTURE

Even though it indicates benefits from irrigation, it is not a good and sound indicator. According to this principle, water rates can be fixed in relation to gross income derived from irrigated crops. The Irrigation Commission has suggested that this principle can be employed if sufficient data about additional net benefit are not available.

NET CONTRIBUTION OF IRRIGATION TO OUTPUT

Between gross and net contribution, the latter is a more satisfactory index because the entire increase in agricultural produce is not due to irrigation alone. Usually irrigation is accompanied by other inputs and farm improvement techniques. Thus, it may be wrong to assign the entire increase in agricultural produce to irrigation alone. Estimation of net contribution from irrigation requires calculation of percentage contribution of each of the variables and share of irrigation to the incremental benefit. This is termed as net contribution of irrigation and it is more rational and acceptable criterion for fixation of water rate. Against this theoretical exposition, in the following paragraphs an attempt is made to explain the pricing of irrigation water in India.

PART-III**PRICING OF IRRIGATION WATER**

The financing of irrigation and cost recovery which though indirectly bring in the issue of water rates or tariffs etc., do not explicitly deal with the theory and practices of pricing of irrigation water taking into consideration both the efficiency and equity aspects of irrigation. To appreciate the need for a proper policy for pricing of irrigation water it is necessary to take into account the government policy in this regard in the distant and recent past.

In the days of colonial rule, the irrigation systems were originally looked upon as commercial ventures. Only schemes that could pay for the annual expenses for operation and maintenance and meet interest charges on the investments for irrigation construction were undertaken. Area was used as the main criteria for water rate fixation. However, the area based rates were differentiated further by factors like crop and season-specified variations in water requirements. Assessment and collection of these rates were strictly followed. A number of schemes fulfilled these criteria and made net profit. Later, in 1880, a new category of unproductive irrigation projects was introduced as a famine relief measure and in subsequent years a number of such protective schemes were undertaken. Gradually after the independence the irrigation projects were begun to be viewed as instrument of development, especially for augmenting food production, employment and income. Since independence owing to abandonment of the commercial approach, the financial returns from the irrigation systems have been dwindling. These works, as has been mentioned earlier, have been showing increasing losses and imposing a growing burden on the general revenue of the state. However, in view of the assumed impact on overall agricultural development and food self-sufficiency and security in particular, the direct financial return criterion of project selection on irrigation investment gave way to social benefit costs (B.C) ratio in early sixties, as recommended by the Gadgil Committee. As per committee's recommendation as the minimum benefit cost ratio used for selection of irrigation projects were low, being 1 for the projects in drought prone areas and 1.5 for projects elsewhere, the applicable water rates were also kept at a lower level. The water rates continued to be based on area irrigated rather than on the volume of water use and there has not been any change or modification in that in the four decades of independence. The main criteria for determining the water rates have been (i) farmers capacity to pay (determined by total output), (ii) volume of water used (determined by area irrigated), (iii) quality of irrigation services (determined by dependability) and (iv) recovery of at least operating and maintenance (O&M) cost (Government of India, 1972). The position was, however, reviewed by the Second Irrigation Commission 1972. The Commission was conscious of deteriorating financial position of the irrigation works and opined that the financial return of the project should also be carefully examined at the time of considering a project for acceptance. The Commission observed that if the return did not cover working expenses and interest charge on capital, the need for revision of water rates in the states should be examined. The Commission further observed that since the benefits from irrigation projects were less evenly distributed and the main beneficiaries were only a section of the cultivators in the command area, the irrigation works as a whole should give an annual income at least equal to their annual cost of operation and that no part of the burden for providing irrigation should fall on the general tax payers (GOI, 1989).

The procedures for B-C ratio analysis of irrigation projects were reviewed in 1983 by a committee constituted by the Planning Commission. This Committee recommended replacing the B-C ratio by the Internal Rate of Return (IRR) and suggested that projects should normally earn a minimum IRR of 9 percent; a lower minimum of 7 per cent was prescribed for the drought prone and hilly areas. The National Conference of Irrigation and Water Resources Ministries in 1986, argued that water rates should be such as to provide signals to the beneficiaries regarding the precious value of scarce water supplies and wanted the rates to be increased gradually taking into consideration the rising cost of irrigation projects, in regard to both capital outlays and operation and maintenance costs. The National Water Policy adopted in 1987 also echoed the same view and argued for water rates that would cover the annual O&M costs and a part of the fixed cost while ensuring timely water supplies.

In view of the deteriorating financial position of the irrigation works and heavy financial burden on the state the main recommendations of 12th Finance Commission regarding maintenance of irrigation works are as under

- i) In major and medium irrigation sector an average of O&M cost norm of Rs.600 per hectare for utilized potential and Rs.300 per hectare for unutilized potential may be considered based on normative expenditure requirements for maintenance of irrigation works. This norm for minor irrigation works should be half of those for major and medium irrigation projects. Being insignificant, for minor irrigation works it was decided to ignore the unutilized potential.
- ii) For hill states 30% higher rate of O&M expenditure has been suggested.
- iii) On the base year estimates so worked out, 5% annual rate of growth has been suggested to generate projected levels in the forecast period.

STRUCTURE OF WATER RATE AND PROVISIONS FOR LEVYING IT IN THE IRRIGATION ACT OF KARNATAKA

A common practice in all the states is to charge for water supplied for irrigation in the form of water rate. Water rates are charged for supplying water for the purposes of irrigation, the right of which vests in Government. Water rate is treated as a service charge for water supplied or used for irrigation.

According to the Mysore Irrigation (levy of betterment contribution and water rate) Act, 1957, water rate is leviable on the water used for the purpose of irrigation or any other purpose from any work belonging to or constructed by or on behalf of Government and on the use of water from such work either by direct flow or percolation. It is fixed on the basis of the type of crop and is usually charged on per acre basis.

Two sets of rates have been prescribed in the rules. One set applies to irrigation works capable of irrigating more than 100 acres and the other for irrigation works capable of irrigating less than 100 acre. Higher rates have been fixed for lands under irrigation works which irrigate more than 100 acres.

According to the water rate rules, water rates vary with the type of crops grown. For the first time in 1965, different water rates were imposed for different crops, and they have been revised from time to time. In all the revision, they have been enhanced and they are uniform throughout the state. Water rates have been fixed with reference to the extent of area actually irrigated and a provision has also been made for the levy of water rate on the second crop. There is also a provision to levy penal water rate for unauthorized use of irrigation water and for violation of cropping pattern. For unauthorized use of irrigation water, these water rates were ten to thirty times the normal water rate and for violation of the cropping pattern it was five to ten times the normal rate. Now, the Government has revised these rates. For unauthorized irrigation the revised penal rates will be 15 times of the normal water rate and for violation of the cropping pattern it will be ten times of the normal water rate.

FIXATION OF WATER RATES IN KARNATAKA

In Karnataka, for the first time in 1965, crop method was introduced. Here, water rate is charged in respect of crop growing areas. In this system, irrigation charges varied with the nature of the crop and the value of the crop. Thus, in this method different water rates were imposed for different crops. The criteria adopted in 1978 for fixing rates were the average yield of the crop per acre and gross income and water rates were fixed with reference to the actual of land

brought under irrigation. In the 1985 revisions the same criteria have been adopted but, changes have been made only in the level of charges. Now the question is selecting some measurable unit for irrigation pricing. This may be the amount of water used, the cropped area, type of crop grown or income of the farmer. When the unit of measurable is the amount of water used, various types of pricing procedure can be adopted. One such is two part tariff with a fixed rate independent of quantity used and a variable charge for quantity used. This is a financially advantageous, because it ensures some stable revenue to the government and facilities recovery of capital cost and variable cost. Although the advantages are illuminating, there is no economic rationale to support it. Another form is volumetric charging. Volumetric rate is fixed according to the volume of irrigation water supplied to the cultivator. This can be measured by installing meters. Supporters of this procedure claim that it leads to more efficient use of water and better management practices and induced the cultivator to avoid wastage. Such a system is conducive to economy in the use of water and it also permits to charge different rates according to the requirements of each crop. This system depends on effective distribution of water between holdings which is practically very difficult especially in the case of small and scattered holdings. Therefore, volumetric charging is impracticable and also a costly procedure. Another method is crop method. Here water rate is not charged for whole land, but for the area where crop is grown. The crop rate depends upon the nature of the crop and the value of the crop. Obviously in this method different water rates are imposed for different crops. But this method does not induce efficient use of water and discourage improvements in on farm water management practices. One more method of irrigation pricing is warimetric method which is popularly known as proxy for volumetric method. In this method, each cultivator pays according to his capacity and charge is not related to the quantity of water supplied to him. This method protects the interests of the tail-enders. Its biggest advantage is that it relates water rates to the production of crops. Therefore, these facilities are provided and maintained must meet some part of the expenditure. On this ground, a small compulsory charge on the irrigable command is justified. There have been practical difficulties in the collection of irrigation charges and the fact that whether rates are rational is also disputed. In Karnataka, water rates are related to the types of crop grown and unit of charge is acre. Now the Government has revised water rates with effect from 13th July 2000 and water rates for different crops in Karnataka is as follows.

TABLE-2: CROP-WISE WATER RATES FOR IRRIGATION WATER IN KARNATAKA (DOE 13/07/2000)

Crops	Water Rate(Rs./ Hectare)
Sugarcane harvested within 12 month	988.45
Sugarcane harvested after 12 & within 18 months	988.45
Paddy	247.1
Cotton	148.25
Horticulture crops	148.25
Wheat	148.25
groundnut	148.25
sunflower	148.25
Jower	86.5
Maize	86.5
Navane	86.5
Ragi	86.5
Semi-Dry crops	86.5
Cereals	86.5
Tobacco	37.05
Fertilizer crops	86.5
Other crops	86.5

NOTES

Compiled from the data provided by Central Water Commission

DOE: Date of Enforcement

Water rates are fixed based upon the type of crops grown, whether wet or semi-dry, duration of the crops, number of watering required till crop maturity etc., keeping in view the requirement of water for each crop. In Karnataka, flow irrigation is practiced. The water rates for all seasons viz; Kharif, Rabi, hot weather or summer is the same. For new irrigation works, no water rates are levied for the first two years, after completion and commissioning. In the third year 50% of the water rates are levied and from the fourth year onwards full water rates as specified for the State Government are charged. In Karnataka, Paddy, Sugarcane and semi-dry crops, Ragi, Wheat, Jowar, Pulses, Oilseeds and Tobacco are the principal crops, which are grown by the farmers. Besides, there are garden crops like Banana, Coconut, Pepper, Turmeric etc., which are also grown subject to availability of water and climatic conditions. The principal cropping season in the State is Kharif (June to October) which is followed by Rabi (November to February). Depending upon water availability, sometimes the hot weather crops are also grown during February to June. The Government of Karnataka has revised the water rates for Flow irrigation with effect from 13th July 2000. No separate water rates are specified for Lift irrigation schemes. Previous revision of water rates was made during 1985, which came into effect from 1st July 1985 as per the Government Order No. RD 56 EWR 83 dated 24th July 1985. These revised rates are applicable for the agricultural holdings coming under the major and medium projects. In respect of holdings coming under medium irrigation projects which do not have assured supply of water, half of the normal water rate will be levied. In Karnataka water rate for wheat is Rs. 148.25 per hectare. For Paddy, water rate is Rs. 247.1 per hectare, and for Maize is Rs. 86.5 per hectare. And for Cotton, Horticultural crops, Groundnut, and Sunflower the water rate is Rs. 148.25 per hectare. For Jowar and Maize, Navane, Ragi, Semi-dry crops and Cereals the water rate is Rs. 86.5 per hectare. And for Tobacco the water rate is Rs. 37.05 per hectare. And for Fertilizers and other crops the water rate is Rs. 86.5 per hectare. For Sugarcane, in Karnataka water rate ranges between Rs. 988.45 and Rs. 988.45 per hectare. This indicates that for some crops water rate in Karnataka is relatively high and for some crops it is low. There are number of problems in the fixation and collection of water rates. Some of them are

- Poor phasing of major projects
- Lack of adequate infrastructural facilities in the command area
- Unwillingness of farmers to change over to irrigation
- Unwillingness of farmers to pay irrigation charges
- Violation of cropping pattern and lack of technical guidance in adopting new cropping pattern and tillage practices. Thus there is need for reforms in the pricing of irrigation water.

REFORMS IN THE PRICING OF IRRIGATION WATER

In the irrigation sector there is a change in the convectional operation and maintenance and financing of O&M costs of the system. There are two aspects of such reforms. The first deals with the operating agency (Irrigation Department) and the other deals with the users (the Irrigators). However, these two are not separate aspects of reforms but are very intimately intertwined with each other such that success under one is, as it were, a precondition of success under the other. These two aspects of reforms are (i) financial autonomy of the operating agency and (ii) farmers participation in management.

FINANCIAL AUTONOMY

Financial autonomy of the operating agency carries with it certain advantage for financing of the O & M. It not only gives operating agency greater access to resources, but also frees the agency from the uncertainties of funds being made available in adequate quantities and in time from the Government budgetary provisions. Such autonomy provides the operating agency with full control and considerable influence over the nature and quality of irrigation services.

FARMERS PARTICIPATION

The need for farmers' participation in the irrigation management convincingly emphasizes the necessity for major changes in the way irrigation systems are managed so as to make them more cost effective and rationalize irrigation pricing. Farmers' participation in system management is a prime pre-requisite for a smooth and successful transition to a more efficient system. Such a change in the system management will not only establish linkages between the users and the irrigation agencies, but will also bring about accountability on the part of the users.

PART-IV

POLICY IMPLICATIONS

The water rates presently being fixed for the users are highly subsidized and have resulted in low revenue realization. The revenue realization from water charges has proved inadequate, has been meager and much less than even the recurring O&M charges, consequently having adverse impact on ensuring satisfactory and adequate maintenance. There is an urgent need for a review and to restructure the water rates to ensure full recovery of recurring O&M cost initially and a part of capital cost subsequently.

There have been considerable delays in the revision of water rates by the States. There is an apparent need for a more frequent review and consequent revision in the water rates at periodic regular interval of time. Even a regular review and consequent revision in the water rates is likely to take a minimum 5 to 10 years, within which the recurring costs go on increasing every year on account of inflation. Pending review and consequent revision of water rates, an in built provision should also be incorporated, providing for an automatic increase every year, to take care of inflation.

Although States are giving due considerations to the cost aspects and crop water requirement etc. in fixation of water rates, in reality the rates fixed by the States seem to be restricted ultimately to the paying capacity of the farmers. No doubt the paying capacity of the farmers cannot be ignored altogether but if the water rates are to ensure full recovery of recurring O&M cost initially and a part of the capital cost subsequently as stressed in the National Water Policy Statement 2002 and also recommended by various Finance Commissions and Official Committees, alternative may lie in adopting differential water rates as per the holding size of the cultivators or volumetric consumptions of water.

In order to facilitate speedy and timely realization of water revenue and minimize the existing gap between the revenue assessment and realization, it may be desirable to involve Water Users Association in water distribution and revenue collection.

CONCLUSION

For fixation of irrigation rates two sets of criteria are available they are namely, costs of irrigation and benefits of irrigation. Cost criterion suggests that irrigation rates should cover costs of irrigation like fixed and variable. But strict application of this principle is having some limitations like equitable distribution of costs among different components of the irrigation projects and it also involves the problem of selection of the type of cost to be recovered. Various committees and commissions have very often recommended that irrigation rates should cover at least working expenses.

Another criterion is benefits of irrigation and it has become more popular than costs of irrigation. A good pricing procedure, therefore, requires compromise between these two criteria. Water rates should represent a reasonable portion of benefits of irrigation and cover the cost of supplying irrigation and bring a fair rate of return on capital.

In Karnataka, for the first time in 1965 crop method was adopted for fixation of water rates. Even to this date, water rates are being imposed on crop basis and they vary for different crops. Unit of charge is acre and rates are charged only in respect of crop growing areas. In 13th July 2000, water rate were revised taking in to consideration the average yield of the crop per hectare, gross income from irrigated crops and actual extent of land brought under irrigation. But they are too meager and do not serve any purpose. Thus there is a case for thing restructuring and scientific revision.

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APPENDIX

Amending Act 12 of 1969.- According to the Mysore Irrigation Act,1965, field channels may be constructed either by a persons whose lands would be benefited by the construction or by Government at the instance of such persons. It is now proposed to provide that Government itself shall construct all fields' channels at Government cost. It is further proposed to provide that the procedure relating to acquisition of lands and payment of compensation under the Act shall, as far as may be, in accordance with the provisions of the Land Acquisition Act. It is also proposed to provide penal water rate for unauthorized cultivation in order to ensure effective compliance of the Act. It is necessary to amend the Act for the said purposes. Hence this Bill, Opportunity is taken to make certain incidental and consequential amendments also.(Published in Karnataka Gazette (Extra ordinary) Part IV -2A dated26.8.1968as No. 767 at pages 6.)

- (i) To provide for entrustment of control, maintenance and monitoring of irrigation works to Water User Societies;
- (ii) To enable, Water Users Societies to provide the means of crossing canals and to construct culverts etc., to prevent obstructions to drainage;
- (iii) To empower the Water User Society to construct drainage works wherever necessary;
- (iv) To empower the Water User Society to repair the field channel in the event of failure by the user to repair the field channel and recover the costs from the user;
- (v) To provide for consulting the Water Users Project Level Federation for regulating water supply from irrigation work;
- (vi) To empower water user society to levy water charges when water is temporarily made available as well as when water is used unauthorized;
- (vii) To empower Water User Society to stop supply of water in the event of violation of cropping pattern and non-payment of water charges and to levy penal water charges in cases of crop violations;

(viii) To exempt levy of maintenance cess in respect of lands situated within the jurisdiction of Water User Societies;

(ix) To provide for compounding of offences;

(x) To provide for compensation of Water Users Apex Level Federation;

(xi) To outline the functions of Water User Society, Water Users Distributor Level Federation, Water Users Project Level federation and Water Users Apex Level Federation. Further it is also considered necessary to amend the Karnataka Irrigation (Levy of Betterment, Contribution and Water Rates) Act, 1957 to restrict the application of the Act only to the Water Users Co-operative Societies and not to the societies registered under the Karnataka Societies Registration Act, 1960. Certain consequential amendments are also made. As the matter was urgent and the Karnataka Legislature Council was not in session, Karnataka Irrigation and Certain Other Laws (Amendment) Ordinance, 2000 was promulgated. This Bill seeks to replace the said Ordinance. Hence the Bill (Obtained from L.A. Bill No. 29 of 2000)

Amending Act 8 of 2002.-It is considered necessary to provide for Water Users Societies to become members of the Water Users Project Level Federation by suitably amending the Karnataka Irrigation Act, 1965. It is also considered necessary to amend the Karnataka Irrigation (Levy of Betterment Contribution and Water Rate) Act, 1957 to entrust the work of supplying the water from any irrigation work and levying and collecting the water rates thereby to the Karnataka Neerawari Nigam Limited. Since the matter was urgent and the Karnataka Legislative Council was not in session, the Karnataka Irrigation and Certain Other Law (Amendment) Ordinance, 2001 (Karnataka Ordinance 6 of 2001) was promulgated to achieve the object. Hence the bill. (L.A. Bill No. 2 of 2002)

Amending Act 9 of 2002.-It is considered necessary to amend the Karnataka Irrigation Act, 1965, to provide for,-

(i) A separate definition of "Water Users Association" and to make a provision for continuing the existing Water Users Societies registered prior to the commencement of this Amendment Act in respect of the minor Irrigation tanks irrigating less than 2000 hectares till a Water Users Association is registered under the Karnataka Societies Registration Act, 1960.

(ii) Conferring certain powers under Sections 4, 10, 14 and 27 on the Water Users Association.

(iii) Exempting Water Users Association from the levy of maintenance cess.

(iv) Defining the functions of the Water Users Association. It is also considered necessary to amend the Karnataka Irrigation (Levy of Betterment Contribution and Water Rate) Act, 1957 enable levy of water rate on Water Users Association who in turn may collect water charges from the water users. Since the matter was urgent and the Karnataka Legislative Council was not in session, the Karnataka Irrigation and Certain Other Law (Amendment) Ordinance, 2002 (Karnataka Ordinance 1 of 2002) was promulgated to achieve the object. Hence the Bill (L.A. Bill No. 7 of 2002).

Amending Act 36 of 2003.-Krishna BhagyaJala Nigam Limited and the Government of Karnataka have made an investment of Rs. 4143 crores for the construction of Almatti and Narayanpur Dams, Main Canals, Distributaries' and Rs. 780 crores for the construction of field Irrigation Channels in private lands. This considerable investment is made to provide irrigation facilities to the lands owned by farmers of this State in order to improve their economic condition through productive agricultural practice. In order to ensure that the benefits of Irrigation accrue to the original landholder by preventing sale or lease, to a limited extent of the land by him 1965: KAR. ACT 16] in favour of any other person, it is proposed to restrict partially, the transfer of such land for a limited period. As the matter was urgent and the Karnataka Legislative Council was not in session, the Karnataka Irrigation (Amendment) Ordinance, 2003 was promulgated. This Bill seeks to replace the said Ordinance. Hence the Bill.(L.C. Bill No. 3 of 2003)

INFLUENCE OF BANKS' DEMANDS FOR SECURITY ON PERCENTAGE OF LOAN SANCTIONED FOR FARMERS UNDER: SERVICE AREA APPROACH (SAA)

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ABSTRACT

The Service Area Approach (SAA) was primarily introduced to provide credit to the farmers as crop loans, particularly to small farmers, to increase the agricultural produces and also to release them from the clutches of local money lenders. However, issue of credit under this approach by banks is not up to the demand made by the farmers. Moreover, farmers are asked to provide security / surety for getting the loan sanctioned though it is not mandatory under this scheme. Hence, in this paper, an attempt is made to identify whether banks' demands for security / surety do have any significant influence on volume (percentage) of loan sanctioned against loan requested for by farmers under SAA. To test the influence of banks' demand for security on percentage of loan sanctioned to farmers under SAA, the discriminant analysis technique is used. It is found from the results of the analysis that those farmers who had accepted to the bank people's demand to open fixed deposit account are likely to get sanctioned with more than 50 per cent of the requested by him under SAA.

KEYWORDS

Discriminant Analysis, Money Lenders, Rural Credit, Security and Service Area Approach (SAA).

INTRODUCTION

The Service Area Approach was primarily introduced to provide credit to the farmers as crop loans, particularly to small farmers, to increase the agricultural produces and also to release them from the clutches of local money lenders. However, it is unknown whether farmers are rescued from the clutches of village (local) money lenders after implementation of rural credit under SAA or not. Further, the beneficiaries are unhappy with banks' conditions for security and margins against issuing credit under SAA though only document required to lend the money under this plan is no due certificates from commercial banks other than lending bank. At the same time, there is a notion in the bankers' circle that the credit issued under this plan is used by the farmers for the purpose other than the purpose (like paying back earlier debt and family expenses) it is meant for. Therefore, an attempt is made to identify whether banks' demands for security / surety do have any significant influence on volume (percentage) of loan sanctioned against loan requested for by farmers under SAA, in this paper.

LITERATURE REVIEW

The concept of credit in agriculture has been known since the 17th century when peasants in China used rural credit in farm production to increase their income, and to improve their standard of living [Ming-te, 1994]. An issue of credit for agricultural development can improve income by enabling the undertaking of additional income-generated activities, and the rural households also can finance more consumption and have surplus finance available for further investments [Rosenzweig, 2001]. The credit facilities will help farmers purchase modern inputs such as high yielding varieties of seeds, fertilizers, and install irrigation to increase production [Chowdhury & Garcia, 1993]. For decades, rural credit has been primarily seen as promoting agricultural production by farmers and making rural progress possible growth in farm productivity [Panin, et al., 1996].

The Service Area Approach (SAA) was one of several initiatives taken by the Indian Government during the last 15 years to increase the lending by Rural Financial Institutions (RFIs). The Service Area Approach (SAA) was introduced in late eighties and since then it has served the purpose well. But there is a mismatch between the potential and actual lending under SAA. Borrowers are forced to go to the branch of designated RFI, even if they are not satisfied. In some states, the villages in the service area are too many. The private banks are not able to operate due to service area restrictions. The branches of non-service area RFIs have to wait and obtain no-objection certificate from the service area branch [Acharya, S.S., 2006].

Under the Reserve Bank of India instructions, banks issue loans up to certain amounts without any security other than the personal surety of the borrower and thereafter, against hypothecated assets created out of loans and/or mortgage of immovable property. In the background of not-so-good recovery performance in most of the rural financial institutions, the need to secure the loans by way of mortgage of real estate/land is strongly felt by a banker, particularly, when the amount of loan involved exceeds Rs.25,000/- or so [Sisodia, 2001]. The greater importance of term credit in the northern and eastern states reflected at once the weak long-term co-operative structure and the preference of commercial banks to lend against security [www.nabard.org/pdf/craficard/Chapter_04.pdf].

STATEMENT OF THE PROBLEM

Agricultural credit is one of the important interventions to solve rural poverty and plays an important role in agricultural development. Expanding the availability of agricultural credit has been widely used as a policy to accelerate agricultural and rural development. Particularly, small farmers need credit as capital for their agricultural activities, which is scarce resource for them, to improve their production. The provision of credit to such groups of farmers would help improve their livelihood. The Service Area Approach implemented in India one such provision to help small farmers. But, it is unknown whether rural credit delivery to the small farmers by implementing agencies, i.e., banks under SAA is in the right direction or not. Moreover, there is a notion among the affected communities (farmer community) that they are often ignored by the banks and after making persisting requests for the loan, the bankers insist for security. Therefore, this paper makes an attempt to address this problem.

OBJECTIVES OF THE STUDY

The following are the objectives for the present research work:

1. To empirically examined the distribution of farmers by percentage of loan sanctioned relative to loan requested under SAA by banks; and
2. To study the influence of banks' demands for security on percentage of loan sanctioned for farmers under SAA.

HYPOTHESIS

The followings are the null hypothesis for present research work:

1. There is no significant influence of collateral security on percentage of loan sanctioned relative to loan amount requested under SAA by banks.
2. Providing guarantor do not have significant influence on percentage of loan sanctioned relative to loan amount requested under SAA by banks
3. There is no significant impact of pledging of land under cultivation on percentage of loan sanctioned relative to loan amount requested under SAA by banks.
4. There is no significant influence of banks' demand to open fixed deposit account on percentage of loan sanctioned relative to loan amount requested under SAA by banks

METHODOLOGY

The data for the study were collected from primary sources. A multi-stage random sampling procedure was followed by selection of sample of borrower farmers. For selection of sample borrower farmers for the survey, Sivaganga district of Tamil nadu was selected as it was one of the high credit-intensive farmer blocks. Further, most of the commercial banks and co-operative banks were functioning across all six taluks, namely Devakottai, Ilayankudi, Karaikudi, Sivaganga, Tirupathur and Manamadurai in this district. In the next stage, the banks located in all six blocks, namely State Bank of India, Indian Overseas Bank, Primary Agricultural Co-operative Societies and Land Development Banks were selected for obtaining list of farmer borrower as on 2010-11. From the borrowers list provided by these banks, 620 borrower farmers were selected randomly. The distribution of the selected borrower farmers is given in Table I.

TABLE I: SAMPLE RESPONDENTS BY TALUKS OF SIVAGANGA DISTRICT

Taluk (Block)	Number of Respondents	% to Total
Devakottai	95	15.3
Ilayankudi	110	17.7
Karaikudi	90	14.5
Sivaganga	115	18.5
Tirupathur	85	13.7
Manamadurai	125	20.2
Total Sample	620	100.0

Source: Primary Data

The survey method was used to collect information from the borrower farmers. Interview schedules were used to collect information on the socio-economic profile of farmers, amount borrowed, percentage of loan sanctioned against requested, and surety / security demanded by the banks. The discriminant analysis was used as the econometric tool. The discriminant analysis was carried out by taking into account five items used for measuring the perception of the sample farmers about type of security demanded by the banks as variables in the independent set. The dependent variable is the farmer group based on the percentage of loan sanctioned against requested.

RESULTS AND DISCUSSION

Table II reports the distribution of sample farmers based on the percentage of loan sanctioned relative to amount of loan requested for by the farmers from the banks under SAA.

TABLE II: DISTRIBUTION OF RESPONDENTS BY PERCENTAGE OF LOAN SANCTIONED TO LOAN REQUESTED UNDER SERVICE AREA APPROACH

% Loan Sanctioned to Loan Requested	Number of Respondents	% to Total
Up to 25%	172	27.7
26% - 50%	300	48.4
51% - 75%	131	21.1
> 75%	17	2.7
Total Sample	620	100.0

Source: Primary Data

The loan sanctioned to loan requested was from 26 and 50 per cent for 48.4 per cent of the farmers. Following this, sanctioned amount to requested was up to 25 per cent for 27.7 per cent, 51-75 per cent for 21.2 per cent of the farmers. Only for few farmers (2.7% of the total sample), the banks have sanctioned 75 per cent of the requested amount. Hence, it is found that the sanctioned loan amount under SAA by the banks is not more than 50 per cent of the requested value for most of the farmers in the area under study. That is, credit under SAA by banks could not fulfill requirements of the farmers.

From Table III, which provides the discriminant functions produced by the discriminant analysis for percentage of loan sanctioned to loan requested with security aspects demanded by the banks, it is apparent that the first function with eigenvalue of 0.1275 and canonical correlation of 0.3362.

TABLE III: RESULTS OF DISCRIMINANT ANALYSIS FOR PERCENTAGE OF LOAN SANCTIONED TO LOAN REQUESTED WITH DEMANDS OF THE BANKS FOR SANCTIONING OF LOAN UNDER SAA

Function	Eigenvalue	Canonical R	Wilks' Lambda	Chi-Square	df	Level of Significance
0	0.1275	0.3362	0.8733	83.26**	15	0.0000
1	0.0108	0.1034	0.9846	9.54 ^{NS}	8	0.2987
2	0.0048	0.0691	0.9952	2.94 ^{NS}	3	0.4012

**Significant at 1% level; NS – Not significant

As other remaining two functions are insignificant, these functions are not valid for further interpretations. To know which among the four farmer groups based on proportion of loan sanctioned is best discriminated by the composite of independent variables, group centroid obtained from the analysis are shown in Table IV.

TABLE IV: MEANS OF CANONICAL VARIABLES (GROUP CENTROID)

Loan Sanctioned to Loan Requested	Function 1	Function 2	Function 3
Up to 25%	-0.3351	-0.0029	-0.0904
26% - 50%	-0.1044	-0.0165	0.0674
51% - 75%	0.5545	0.1116	-0.0262
> 75%	0.9594	-0.5391	-0.0733

From the observation of the group centroid of the first function, it becomes apparent that the farmer group with 75 per cent of the total requirement as sanctioned loan as well as the farmer group with 51-75 per cent of the sanctioned loan are best distinguished from farmer groups with sanctioned loan up to 25 per cent and 26-50 per cent. The group centroid of the first function further shows that the farmer groups with more than 50 per cent of the requested value have positive values whereas the farmer groups with 50 per cent and below of the requested value have negative values for first function. To identify the

security aspect (demanded by bank for sanctioning loan under SAA) which contributes more to sanctioning of loan, the standardized coefficients are used. Table V reports the standardized coefficient along with structure matrix for independent variables with first canonical function.

TABLE V: STANDARDIZED CANONICAL COEFFICIENTS AND STRUCTURE COEFFICIENTS OF STATEMENTS MEASURING DEMANDS OF THE BANKS FOR SANCTIONING OF LOAN UNDER SAA WITH SIGNIFICANT DISCRIMINANT FUNCTION

Variables	Function 1	
	Standardized Coefficients	Structure Coefficients
Bankers ask for collateral security	-0.0348	-0.0126
Bankers ask for guarantor	0.0097	0.0413
Demand pledging of land under cultivation	0.0717	0.1006
No due certificate from other banks	0.0746	0.0771
Demanding to open Fixed Deposit account	0.9919	0.9943

From the examination standardized coefficient, it is understood that 'demanding to open fixed deposit account' has high positive value for the first function. This suggested that a farmer was likely to get sanctioned more than 50 per cent of loan requested by him under SAA if he had accepted to the bank people's demand to open fixed deposit account. Based on the above findings all hypotheses except **hypotheses 4** are accepted.

CONCLUSIONS

From the inferences of the results of analysis of farmers opinion about percentage of loan sanctioned relative to amount of loan required and about banks' demand for security, it is concluded the volume of loan sanctioned was below 50 per cent for majority of the farmers. At the same time, it is concluded from the inferences of the results produced by discriminant analythat that the farmers who had accepted to the bankers demand to open fixed deposit account were sanctioned more than 50 per cent of the loan under SAA in the study region during 2010-11.

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BUDDING CHAIN OF CO OPERATIVE SOCIETIES IN INDIA-ITS REASONS AND IMPACT (WITH SPECIAL REFERENCE TO JODHPUR AND PALI DISTRICT)

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ABSTRACT

'One for all and all for one' with this slogan initiative was taken by the government to introduced credit cooperative society. The purpose of the co-operative societies is to support with inexpensive cost of money and banking services the small firms, which do not have easy access to the traditional banks, because of the small volume of their activity and therefore their small return. Also their intention is to reinforce consumer credit with loans, according to the needs of every member being it a private person, a clerk, a scientist, a retiree, a homemaker etc, that does not have access to loans from other banks. Co-operatives are based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity. In the tradition of their founders, co-operative members believe in the ethical values of honesty, openness, social responsibility and caring for oath. The Objective of the study of Credit Co-operative society is to know why the Co-operative societies are increasing rapidly fast and to know the importance of Co-operative societies in existing scenario in India. Co-operative societies are deeply rooted inside local areas and communities. They are involved in local development and contribute to the sustainable development of their communities, as their members and management board usually belong to the communities in which they exercise their activities.

KEYWORDS

inexpensive cost, self-responsibility, sustainable.

INTRODUCTION

At the time of India's independence food crisis, Poverty and unemployment were major issues. The main concern of Indian government at that time was to eliminate poverty and unemployment. For this many welfare schemes were introduced. The government has initiated sustained and developed many programmes since independence to help the poor to attain economic self competence. Economic development through cooperatives' Societies were created and registered by the government.

Now here arises a question- What is credit cooperative society? In simple terms-Credit cooperatives society is a financial organisation, managing financial transactions amongst its members. Here credit defines credit transactions among its members. The rules of societies state that receive the funds from members under different schemes and can be invested among the members of the society as loan. The cooperative society can perform activities in banking field only and no other field to perform.

A co-operative society is a financial entity which belongs to its members, who are at the same time the owners and the customers of their bank. Co-operative societies are often created by persons belonging to the same local or professional community or sharing a common interest.

In India these societies are characterized by a relatively comprehensive network to the grass root level. The point to be pondered is that for the years for the establishment of this act, only Adarsh Credit cooperative society Ltd. existed in this domain. But from 2007 there has been significantly increase in number of cooperative firms like

1. Navjeevan Credit Co Operative Society Ltd.
2. Railway Co Operative Society Bank Ltd.
3. Mahesh Nagrik Credit Co-operative Society
4. Winners Royal Multipurpose Co Operative Society Ltd.
5. Marwar Welfare & Development Society.
6. Jodhpur Co Operative Marketing Society.
7. Sanjivani Credit Co Operative Society.
8. Bengal Secretariat Cooperative land
9. Shree Jee Credit Co operative Society.
10. Hardik Credit Co Operative Society.
11. Sanjivani Credit Co Operative Society Ltd.

What made emergence of so many firms. One of the reasons could be the changing amendments in the Cooperative act making it more easily assessable and trustworthy. A big change in the multi state cooperative societies is in offing which will not only change the multi state cooperative institutions but also the cooperative movement as a whole. Union Cabinet has already passed the Multi-State Cooperative societies (Amendment) Bill 2010.

OBJECTIVES OF THE STUDY

The Objective of the study of Credit Co-operative society is to know why the Co-operative societies are increasing rapidly fast and to know the importance of Co-operative societies in existing scenario in India.

The distinctive character of credit society is service at a lower cost and service without exploitation. It has gained its importance by the role assigned to them, the expectations they are supposed to fulfil, their number, and the number of offices they operate. Co-operative society's role in rural financing continues to be important day by day, and their business in the urban areas also has increased phenomenally in recent years mainly due to the sharp increase in the number of primary co-operative societies.

According to the International **Co-operative Alliance Statement** of co-operative identity, a co-operative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise. Co-operatives are based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity. In the tradition of their founders, co-operative members believe in the ethical values of honesty, openness, social responsibility and caring for oath.

Along with these following are the 7 co-operative principles which are helpful for smooth functioning of co-operative societies:

1. Voluntary and open membership
2. Democratic member control
3. Member economic participation
4. Autonomy and independence
5. Education, training and information
6. Co-operation among Co-operatives
7. Concern for Community

THE REASONS OF INCREASING CREDIT COOPERATIVE SOCIETIES

According to the survey conducted of 25 respondents from Jodhpur & Pali district following are the reasons found for increasing co-operative societies and are becoming more successful

1. **Customer's owned entities:** The main cause to increasing the no. of these societies is the needs of the customers meet the needs of the owners, as co-operative societies members are both. As a consequence, the first aim of a co-operative society is not to maximise profit but to provide the best possible products and services to its members. Some co-operative societies only operate with their members but most of them also admit non-member clients to benefit from their banking and financial services.
2. **Trust:** The basic reason of increasing no. of credit cooperative societies is trust, trust among management and trust among agency. At the time of survey it is found that the basic reason for the success of the societies is the people's **trust in agency and society**.
3. **Planning** – The planning of cooperative society is done by its management to achieve its objectives. These planning entirely focus on the interest of its members that is why they are more successful.
4. **Fewer formalities-** These societies are governed by state cooperative act and if it covers more than 1 state the society will regulate by multi state cooperative act. The act required fewer formalities to establish and to operate.
5. **Easy process of functioning-** One basic reason behind the successes of these cooperative societies is process to deposit the amount and to provide loan is very easy. Hardly have they taken one or two days to provide loan.

IMPACTS OF CREDIT SOCIETIES

This new form of Credit Institutions, have a developmental and social dimension and operate as a —mechanism for recycling the money inside the same prefecture they become active. They address themselves mainly to Small and Medium Size Enterprises (SME) and individuals, with competitive banking products adapted to the local conditions and, with operational characteristics that establish them as dependable, friendly, flexible and socially sensitive banks. A basic reason for their satisfactory development is that they achieve the purpose of their operation and also cover the needs of a part of businesses and individuals. No doubt the increasing facilities of credit societies have power to increase the growth rate of economy. These societies are helping to provide directly fund to needy person with very low cost. After the survey it is found that one of the positive impact is these societies is these are more approachable than commercial banks. The basic reason behind the success of these societies is 'People's trust'.

CONCLUSION

Co-operative societies are deeply rooted inside local areas and communities. They are involved in local development and contribute to the sustainable development of their communities, as their members and management board usually belong to the communities in which they exercise their activities. By increasing banking access in areas or markets where other banks are less present - SMEs, farmers in rural areas, middle or low income households in urban areas - co-operative banks reduce banking exclusion and foster the economic ability of millions of people. They play an influential role on the economic growth in the countries in which they work in and increase the efficiency of the international financial system. Their specific form of enterprise, relying on the above-mentioned principles of organization, has proven successful both in developed and developing countries.

The Co-operative societies in **rural areas** mainly finance agricultural based activities like: Farming, Cattle, Milk, Hatchery, Personal finance while in **urban areas** finance in activities like: Self-employment, Industries, Small scale units, Home finance, Consumer finance and Personal finance.

Co-operative societies mobilize deposits and supply agricultural and rural credit with the wider outreach. They are the main source for the institutional credit to farmers. They are chiefly responsible for breaking the monopoly of moneylenders in providing credit to agriculturists. These societies have also been an important instrument for various development schemes, particularly subsidy-based programmes for the poor.

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APPENDIX/ANNEXURE

QUESTIONNAIRE

(The information will be used only for academic purpose)

1 Name of organization Date

Established year..... Place.....

2 The financial services provided by your co-operative societies

- 1.
- 2.
- 3.....

3 Which kind of financial services you focus more?

Answer.....

4 Your interest rate

On deposit On loan.....

5 General reason of the customer approach for credit is?

(a) Marriage (B) vacation

(c) Business (d) other ()

6 The period of loan is?

(a) 12 month (b) 36 month
(c) 24 month (d) other ()

7 What kinds of securities are kept in respect of giving loan?

(a) Gold (b) land
(c) Share (d) property ()

8 when did the society start to give the loan?

Answer.....

9 In Your opinion what is the reason, to increase number of co operative societies day by day?

Answer.....

10 Why the interest rate of co operative is higher than the commercial bank?

Answer.....

11 How does your organization attract the people for their deposit or securities?

Answer.....

12 What is your strength to be successful?

Answer.....

13 The innovative idea to attract the customer for loan.

Answer.....

14 Do you thing your loan providing service is better then the other, if yes then gives the reason?

Answer.....

15 Do you find any difficultly while providing the loan?

Answer.....

16. Are you aware of the amendments made in the co-operative society act?

17. Give your suggestion to improve the present system of Cooperative Societies.

OPEN DISTANCE EDUCATION AND SUSTAINABLE DEVELOPMENT

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ABSTRACT

Education is the key to human development and progress. It is essential to bring about changes in attitudes, values, and behaviour. Used ethically, distance education may enable people to make informed choices about their present life and future. Open and Distance Learning (ODL) is considered one of the most important educational innovations of the last century. It is an alternative to conventional education. For it to be so, the public, governments, employees of labour and other stakeholders need to be convinced that ODL institutions are not providing half-baked education. Therefore, for the enthusiasm and interest that are usually hard earned to be sustained, there is need for total commitment to the implementation of some established indices of sustainability. ODL is able to sustain a knowledge-based economy and reinforce it with a highly skilled workforce, capable of contributing to national and regional competitiveness. It is fast becoming an accepted and indispensable part of the mainstream of the educational system in almost all the countries of the world. This is because of the recognition of the fundamental rights of all people to learning. The aim of ODL is to integrate the idea of a form of development which is environmentally, economically and socially sustainable into education around the world. The globalization of ODL has provided us in the developing countries a lot of opportunities for the realisation of our educational system-wide goals. Across both developed and developing countries, there seems a general consensus that the system holds the potential for the achievement of developmental and educational objectives of nations. The purpose of this article is to introduce readers to the subject of ODL and its role in sustainable development.

KEYWORDS

Distance Education, Human Capital, Open and Distance Learning, Sustainable Development.

INTRODUCTION

Education has become one of the most important instruments for the attainment of rapid socio-economic, political, scientific and technological development in modern societies. In fact, there is usually a higher correlation between the overall level of development of any given society and her system of education. Thus, a high rate of development in any society is a product of a well organised, managed and supervised educational system. Education is a requirement for the empowerment of individuals in any given society and is generally regarded as a passport for entry into modern sector jobs. To a large extent, it determines the individual's level of participation in governance.

Education contributes to the growth of national income and individual earnings. In today's information societies, knowledge drives economic growth and development. Higher education is the main source of that knowledge - its production, dissemination and its absorption by any society. Experiences both nationally and internationally have shown that conventional education is extremely hard pressed to meet the demands of today's socio educational milieu especially for developing countries.

Education plays a very significant and crucial role in the development of human resources in any given society. The general definition of education is that it is a preparation for life. This entails that education is the preparation for every aspect of living; that is, for the satisfaction of people's material needs, the growth of their personal talents as well as their personal character. It is, above all, the vehicle for national development and prosperity. Education and learning are widely recognised as essential to processes of development and poverty reduction. In many developing countries, issues of educational access, equity and quality have been identified as pre-requisites to the achievement of developmental goals. Given the inadequacies of conventional systems of education, training, and agricultural extension, many developing countries have introduced innovative approaches to ODL.

The United Nations have proclaimed the years 2005-2014 as the World Decade of Education for Sustainable Development. Sustainability is the key goal for the 21st Century. It means that future generations should have the same change of leading a fulfilled life as the earlier generations. At the same time, the opportunity to live a quality life must be more fairly distributed around the world today. Sustainable development combines economic progress with social justice and conservation of the natural environment. Sustainability is as pressing a task as it is great and noble one. It cannot be merely decreed from the top hierarchy; it must be learnt. In this context, Education for Sustainable Development instills the competencies that are required if we are to build our lives in a manner fit for the future.

Education for sustainable development is equally relevant to learning in kindergartens, schools, universities, further education and cultural institutions, or research institutes. The necessity of realizing the objectives of achieving a balance between economic efficiency, social justice and conservation of ecosystems and the responsible use of natural resources has to be integrated to the teaching-learning at all levels.

Today all over the world, we hear the agenda, Learning for Development. Professor Amartya Sen portrays development as freedom, expressed concretely in the widely accepted programmes for bettering the human conditions that includes the UN's Millennium Development Goals, the Goals of Education to All, the Commonwealth objectives of peace, democracy, equality and good governance and sustainable development. Expanding human learning is essential to the achievement of every element in this agenda and knowledge is the path to freedom. Conventional teaching-learning methods cannot cope up with the scale of educational challenges, particularly in highly populated developing countries.

One of the pillars of socio-economic development of any region is its human capital development. Closely related with this is the development of higher education and its perceived role in the overall development of a nation. Higher education as we know it is critical in providing the necessary human intellectual input to transform a nation or region into a knowledge-based and innovation-led society. The role of universities in human capital development can be seen in two ways; first, to supply the skills for national economies; and secondly, on the demand side, to increase the drive within the national population for a process of 'upskilling' by opening doors to greater access in higher education. Human capital is a step higher than 'labour power' and should be seen as 'the learned capacity to create added value from an existing system'. Thus, human capital, or rather knowledge capital, is becoming increasingly important for productivity growth and also national competitiveness.

Distance Education is considered as a solution provider in that it is aimed at assisting the society solve some major problems like: provision of equitable and equal in educational opportunity, eradication of mass illiteracy, eradication of ignorance, diseases and mass empowerment of the people. The primary advantage of distance learning is its capability to overcome participation barriers that would normally arise due to remote location of the learner, constraints of employment, family responsibilities, and physical disability. Distance learning also appears to have opened new opportunities for second chance learning to those, who could not attend first chance. Many students of distance learning are much older, and mature people, who realise at a later stage in life, a need to improve their academic qualifications in order to rise to higher ranks in their career. Most second chance learners are people who at their time did not have secondary school qualifications required for enrollment in conventional universities. Most open and distance Learning institutions have now in place, foundational programmes, that enable such learners to enroll for degree programmes.

OBJECTIVES

In view of the above discussion, this paper is intended to achieve the following objectives:

- To study the role of open and distance learning in sustainable development.
- To highlight the merits and demerits of open and distance learning.
- To list the challenges before open and distance learning.
- To suggest remedial measures for sustainable development through ODL.

METHODOLOGY

This paper is entirely based on secondary data. To make it easy, this paper is divided into three parts. At the very outset, a discussion on the ODL in the world and in India is presented. The second portion of the study deals with the sustainability, education for sustainable development and ODL for sustainable development. It gives a content of sustainability, factors of success and sustainability and education as well as ODL for sustainable development. The third part deals with the challenges before the ODL and some recommendations.

OPEN AND DISTANCE LEARNING IN THE WORLD

The earliest account of distance learning can be traced to the first century AD when St. Paul used his letters or epistles to the young churches around the Mediterranean. This was a powerful form of distance learning as can be judged by the substantial growth of the Christian church. St. Paul's epistles are, because they continue to be read today, the most successful application of distance learning in history.

The next phase in the history of ODL started with the age of printing and posting. An Englishman, Isaac Pitman, is credited as an early pioneer. He began teaching shorthand by correspondence in Bath, England in 1840. Students were instructed to copy short passages of the Bible and return them for grading via the "new" post system. The establishment of the British Open University (BOU) in the United Kingdom in 1969 marked the beginning of the use of technology through well-designed courses. The BOU which is acknowledged as the most innovative university in the world has played a major role in the development of much of the important research in distance learning. The success of the BOU was the major reason for the development of open universities in other countries such as USA, Japan, India, China and Turkey. Today, India is the undoubted world leader in ODL not only by the volume of its activity, but also its diversity.

The Declaration of the period 2005-2014 as the United Nations' Decade of Education for Sustainable Development (DESD), has given the much required global recognition to education as an important part of environment and development strategies. Education has been recognized as a critical tool for achieving sustainable development and the Millennium Development Goals (MDGs).

In today's environment of globalisation, there seems to be no boundary for knowledge transfer, with human capital remaining very mobile, and restricted only by the economics of supply and demand. Fast developments in science, technology and innovation have created knowledge-based economies and have also accelerated the speed of globalisation. The emerging economies of India and China are characterised by fast increase in academic output in terms of graduates and research, spurred by cross border education initiatives. The higher education enrollment rate in China, which was about 2-3% in the 1980s, had risen to 17% by 2003. The number of doctoral students jumped from 14,500 in 1998 to 48,700 in 2003. The number of people attending universities in India almost doubled in the 1990s from 4.9 to 9.4 million.

OPEN AND DISTANCE LEARNING IN INDIA

The open and distance education system is a crucial vehicle in the sustained development of a knowledge society. However, as India prepares to face the knowledge challenges of the 21st century, higher education presents a rather dismal picture. According to the Ministry of Human Resource Development, India, only about 10% of the population in the relevant age-group is enrolled in higher education, and a mere 5% graduate with degrees. With the rapid growth of the service, knowledge and associated sectors in the economy, it is imperative that the populace is equipped to contribute to and benefit from these developments. This requires a radical overhaul of the higher education system, with regard to access, enrolment and most importantly, quality. Failure to address this need and foster more inclusive growth will adversely affect India's future economic prospects and the welfare of its citizens. We believe that this crisis in higher education gives us the necessary impetus for radical change.

Existing 'brick and mortar' campuses alone cannot cope with the current and future demand for higher education, given the limited resources for their construction and management. Even so, it is imperative that the state provides and commits to universal access to higher education. Open and distance education (ODE) holds the promise to address questions of access and provide new, alternative forms of capacity building.

The National Knowledge Commission (NKC) was established by the Prime Minister of India in 2005 to recommend and undertake reforms in order to make India knowledge based economy and society. The most important part of this mandate, therefore, is to build excellence in the educational systems in order to meet the knowledge challenges of the 21st century and increase India's competitive advantage in the fields of knowledge. The open and distance education system forms a crucial component of higher education systems. In the light of its significance, the NKC has decided to constitute a working group with the following terms of reference:

1. Redefine the objectives of open and distance higher education.
2. Identify constraints, problems and challenges relating to the open and distance higher education sector.
3. Recommend changes and reforms to address the problems and challenges relating to the open and distance higher education sector, to ensure a holistic human resource development which is necessary for a knowledge society.
4. Take necessary steps to mobilise and upgrade the existing infrastructure, delivery mechanism and pedagogy, taking advantage of the latest advances in Information and Communication Technology.
5. Explore possibilities for innovation and initiate new programs relevant to our national needs. Suggest methods to bridge the gap between the needs of the employers and employable human resources developed by the open and distance education system, and to continuously upgrade skill sets.
6. Suggest means of raising standards and promoting excellence in open and distance higher education, including training of professionals in the same.
7. Suggest mechanisms to preserve and give access to indigenous knowledge.
8. Develop mechanisms to monitor activities and evaluate the outcomes of open and distance education programs and to make it a sustainable developmental activity.
9. Examine any other issues that may be relevant in this context.

The most challenging problem which India and developing countries all over the world, have to face in coming decades will be to provide food, health, and economic security to millions of our population. This requires a careful matching of scientific and technological vectors with social dynamics. Building up sustainable regenerative capacity of the land and water resources to provide basic food and economic security to the people at large, without compromising on the ecological and environmental integrity is the challenge before all of us. In this context, it is absolutely imperative that we make use of advances in Science and Technology for building up the carrying capacity of the country on a sustainable basis.

All the developed countries have achieved universal literacy. That is over 95% of the adults can read, write and count. The female literacy levels are also equal or even higher in these developed countries. The completion of school education of the school-eligible age children in the developed countries is near-universal, over 85%. The post-school higher education opportunities are there for between 50 and 80% in all developed countries. In spite of our significant efforts and achievements in the post-independent era in our country even now one-third of the adult population is illiterate, only 12% of the school eligible age children complete 10th standard, and only 10% of the university eligible age group gets enrolled in our colleges and Universities. These educational gaps are characteristics of all developing countries.

About 10% of the relevant age-group in India currently enrolled in higher education, whereas in developed countries corresponding figures stand between 30%-50% of the relevant population. Out of this 10%, the ODE system in India accounts for about 20% of the total enrolment. Distance education has been particularly helpful for women. In South Africa, 4 out of every student enrolled in higher education study at a distance. In India, women make up 40% of distance students compared with 28% in the conventional face-to-face mode.

The Indira Gandhi National Open University (IGNOU) was established in 1985 by an act of Parliament (IGNOU Act, 1985) as the first national university to impart open and distance education and also the nodal agency to coordinate, encourage and set standards for the same. Its degrees are recognized to be at par with other universities by the UGC (as of 1992). In addition, IGNOU also allocates and disburses funds for open universities and distance education systems in India through the Distance Education Council (DEC). Authority to do so has been granted to IGNOU under Clause 16 and Statute 28 of the IGNOU Act 1985.

CONCEPT OF OPEN AND DISTANCE LEARNING (ODL)

There are several approaches to defining the term, Open and Distance Learning Creed (2001) defined distance learning as 'an educational process in which a significant proportion of the teaching is conducted by someone far removed in space and /or time from the learners'. Open learning, in turn, is defined as 'an organized educational activity, based on the use of teaching materials, in which the constraints on study are minimised in terms of access, entry, or time and place, pace, method of study, or any combination of these'. Thus, the concept of open and distance learning suggests an educational approach designed to reach learners in their homes/offices/shops, etc, provide learning resources for them to qualify without attending formal classes in person, or create opportunities for lifelong learning, no matter where or when they want to study.

Demands for opportunities at university level continue to increase as a result of population growth and the necessity for continuing education in order to upgrade or learn new skills. This means that the majority of learners in ODL are generally adults who have other commitments or responsibilities. They form a highly disparate and heterogeneous group with varying cognitive processes, existing stock of knowledge, skills, values, prior experiences, age and worldly responsibilities. This in effect, is a new situation reflecting a change in learner profile.

MERITS AND DEMERITS OF ODL

MERITS OF ODL

- (1) It makes education open to many people irrespective of age, sex, religion, location, qualification and time; thereby providing access to education for all.
- (2) It provides opportunities for employees to combine education and work.
- (3) It provides affordable, cost effective and flexible educational opportunities to many.
- (4) It is a veritable instrument for lifelong education.
- (5) It provides opportunities for drop-outs of the formal school system who are still interested in learning to continue their education.
- (6) It increases access to education for women irrespective of cultural and religious background.
- (7) It reduces inequalities in educational services.
- (8) It provides speedy and efficient training for target groups.
- (9) It provides technology for learning and research.

DEMERITS OF ODL

Although the advantages of ODL are numerous, it also has some demerits.

- (1) The probability of deceit and fake candidates taking into account the Nigerian system (corruption).
- (2) Poor communication net-work, where the internet is malfunctioning, the speed of the progress of ODL can be retarded.
- (3) Possibility of certificate racketeering in a country where deceit and corruption are the order of the day.
- (4) Prospect of transmitting error to all parts of the country and the world if the preparations of the fundamental documents are not well done.

SUSTAINABILITY

The concept of sustainability has attracted a lot of interpretations. The reason for this is not far-fetched. As a concept, it has its early reference on issues relating to biodiversity and environmental education. However, with UNESCO declaring the years between 2005 and 2015 as Decade for Education for Sustainability, the concept has assumed much relevance not only to environmental and biodiversity issues, but also to education practice. According to Wikipedia-the Free Encyclopedia (2008), the root-word in sustainability is 'sustain' which may mean any or a combination of the following options:

- nourish somebody-to provide somebody with nourishment or necessities of life;
- support something from below-to keep something in position by holding it from below;
- provide somebody with moral support-to keep somebody going with emotional or moral support;
- withstand something-to manage to withstand.

According to KLD (2008), sustainability means meeting the needs of the present without compromising the ability of future generations to meet their own need. KLD definition is more applicable to open and distance education. It then means that sustainability of open and distance education is one in which it is operated to meet the needs of the present generation without compromising the ability of future generations to meet their own need. By implication, sustainability in open and distance education is one that is developmental in nature.

FACTORS OF SUCCESS AND SUSTAINABILITY

Daniels (2004) identified six factors of success and sustainability. These are:

- Clarity of purpose and intention
- Economic structure
- Institutional structure
- Leadership
- Effective and balanced teaching and learning system
- Intellectual excitement

The UNESCO (2005) suggested some key elements to achieve sustainability especially at the national level. Although, the elements are focused at the attainment of sustainability at the national level, they have many semblances to the submission of Daniels. The key elements are: leadership, government structure, administrative support, human resources, financial resources, operating procedure, accountability, evaluation, tracking and reporting, vision-building, and engagement and retention.

CONTENT OF SUSTAINABILITY

Sustainability is a content-laden concept. Sustainability is not done in a vacuum. Therefore, what is to be sustained must be identified and indeed judged to be extremely valuable and worthy of being sustained. In terms of open and distance learning, even though there are variants of operations and practices, certain elements seem to have general applicability. We term these as content of sustainable ODL. They include: available programmes in the system, available courses in a programme, leadership styles, examination systems, learner support systems, information and communication technology system, local and international collaborations, study centre management, management of senate and other institutional committees, academic culture, accounting system, registry systems, admission / registration and convocation system, award of degrees and certificates system, library system and study material publication system. The issue of

the worth of what is sustainable leads us naturally to the consideration of such related concepts like: Quality Assurance (QA), Quality Control (QC), Total Quality Management (TQM) and Sustainability.

EDUCATION FOR SUSTAINABLE DEVELOPMENT (ESD)

Sustainable development is about empowering; it is about enabling critical thinking, developing analytical and problem solving skills, ESD is a life-long learning process that leads to an informed and involved citizenry which has creative problem-solving skills, scientific and social literacy, and commitment to engage in responsible and cooperative actions. This is what quality education is all about as well. ESD thus:

- Focuses on learning rather than teaching and enables knowledge creation;

Sustainable development requires ability of being able to contextualize, thus ESD needs to support learning rather than teaching, in its strictest sense of 'one-way instruction'. Knowledge is constructed and hence every individual carries a unique set of knowledge and learnings. It is therefore important that a good learning process is open enough to allow multiple role-playing at different points of time-all learners can be the teacher as well, thereby creating new knowledge in that field.

- Builds learners' ability of critical thinking;

Since development situations may not have a 'right or wrong' answer, it is required that individuals are able to think critically in a given context to arrive at the most plausible action.

- Banks upon multidisciplinary approach to learning;

Environment is all encompassing. Learning for environment and development thus requires an approach which does not compartmentalize various disciplines, rather which encourages exploring linkages between ecological, social, economic, political, cultural, scientific and technological aspects of development.

- Is multi-sourced and accessed rather orchestrated;

It is imperative that any learning process derives knowledge and information from a variety of sources, instead of the conventional 'linear' process of having only one source of information and knowledge

- Is continuous and life-long;

Since the context (environment and development) are in a continuous state of flux and change, it is required that every experience is taken as a learning experience irrespective of how old or young we are. Professionals also need to continuously update their understanding in the field; continued education is thus critical to sustainable development

- Leads to empowerment rather than indoctrination

Since ESD requires ingenuity and innovativeness, it is therefore very important that learners are empowered to take appropriate actions in a given situation. Such ability can be developed in the learners only when the learning process is not only learner-centred but also learner controlled.

ODL FOR SUSTAINABLE DEVELOPMENT

The past 20 years have seen a growing realisation that the current model of development is unsustainable. In other words, we are living beyond our means. Our way of life is placing an increasing burden on the planet. The increasing stress we put on resources and environmental systems such as water, and land and air cannot go on forever. Especially as the world's population continues to increase and we already see a world where over a billion people live on less than a dollar a day.

A widely used and acceptable international definition of sustainable development is: 'development which meets the needs of the present without compromising the ability of future generations to meet their own needs'. Globally, we are not even meeting the needs of the present let alone considering the needs of future generations.

Distance education is an educational process in which a significant proportion of the teaching is conducted by someone removed in space and/or time from the learner. Open learning, in turn, is an organised educational activity, based on the use of teaching materials, in which constraints on study are minimised in terms either of access, or of time and place, pace, method of study, or any combination of these. The term 'open and distance learning' is used as an umbrella term to cover educational approaches of this kind that reach teachers in their schools, provide learning resources for them, or enable them to qualify without attending college in person, or open up new opportunities for keeping up to date no matter where or when they want to study. Open and distance learning often makes use of several different media. Students may learn through print, broadcasts, the internet and through occasional meetings with tutors and with other classmates.

The emergence of the system of ODL is an inevitable and phenomenal evolution in the history of educational development internationally. Unlike the formal system of education which has its inherent limitations with regards to expansion, provision of access, equity and cost- effectiveness, the growth of open and distance mode of education has now made education to be flexible, learner-friendly and multi-perspective in approaches to teaching and learning. This has helped to enhance creativity, leadership and integrated development of human personality.

CHALLENGES

Sustainable development reflects the process that meets the needs of the present without compromising the ability of future generations to meet their own needs. Companies and industries need workers who are willing and able to update their skills throughout their lifetimes, hence open and distance learning programmes become a serious avenue for upgrading their knowledge. It is also crucial for preparing workers to compete in the global economy. It is a source for improving people's ability to function as members of their communities. However, there is a need of acceptability of the certificate by labour market because of suspicion and fear of quality compromise. This is a natural occurrence for any new product. It is therefore appropriate to be aware of this fact.

The ODL materials must meet certain prescribed criteria, such as the following examples identified in the *Consumer Based Quality Guidelines for Learning Technologies and Distance Education* which may serve as a useful guide for policy makers and providers of technology-assisted learning on the essential components of a quality course or programme:

- Clearly defined and achievable learning objectives;
- Relevant, scholarly and up-to-date curriculum content;
- Well-designed teaching and learning materials;
- Well-supported total learning package;
- Appropriate use of learning technologies
- Sound technical design;
- Appropriate and necessary personnel support;
- Provision of additional learning resources;
- Planned resource provision; and
- Outline review and evaluation cycle.

RECOMMENDATIONS

- (1) The universities should have comprehensive orientation for the school-based students before starting the programme.
- (2) There should be progressive review of university curriculum to reflect changes and to meet the needs of the society.
- (3) There should be regular national and international academic conferences, workshops and seminars to review curriculum on ageing.

- (4) Periodical assessments by concerned authority to ensure universities have the required standard for social welfare curriculum.
- (5) It is imperative to explore the use of distance education for human resource development in various aspects of human endeavour.
- (6) ODL should not be seen as a cost-saving educational measure, which can be implemented without serious planning and good implementation but rather it should be seen as an educational innovation that requires greater attention to planning and guided implementation for the development of manpower.
- (7) For a sustainable learning outcome in ODL, there must be quality course materials for the students, which is one of the criteria considered in setting up a new programme; it is also used by the public to determine the quality of education the students are expected to receive.
- (8) Aside from domestic conventional universities, collaborative activities should be encouraged with foreign universities which could in the final analysis lead to the sharing of infrastructure, ICTs, and intellectual resources.
- (9) The learning programs should be selected very carefully, taking into consideration the market demands as well as the felt-needs of the learners.
- (10) Human resource training must be undertaken for developing and maintaining the systemic ability to allow one to learn as one wants, where one wants, when one wants and what one wants. We have to create a human resource cadre with the capability to develop, provide and maintain updated and appropriate infrastructure for each program, as well as the general infrastructure.
- (11) Teacher training packages should be devised and administered directly for in-service upgrading, without intermediaries. Teachers should receive special training to serve the needs of learners with disabilities.
- (12) Efforts must be made to provide support to faculty and teachers in the form of forums where they can exchange and discuss their ideas and experiences.
- (13) To meet the global challenge and global economy by producing effective manpower, quality of ODL should be ensured.

CONCLUSION

The emergence of the system of ODL is an inevitable and phenomenal evolution in the history of educational development internationally. It is the process of teaching in which the learners are separated in time and space from the instructor (teacher). It utilises a variety of media and technologies to provide and enhance quality education for a large number of learners wherever they may be. It is fundamental to the achievement of sustainable development. We must accept that ODL has become a viable alternative to the traditional mode of learning in developing countries, particularly in their human capital development efforts and consequently, raising their respective socio-economic status. It is important because it allows education to break out of the vectors of access, quality and cost.

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A STUDY ON HIGHER SECONDARY STUDENTS' FAMILY ENVIRONMENT AND ACHIEVEMENT IN ECONOMICS IN TIRUNELVELI DISTRICT

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ABSTRACT

The aim of this study is to find out the Family Environment and Achievement in Economics of higher secondary students in Tirunelveli District. 1060 Higher secondary students were taken as sample. The tool used to find out the Family Environment is constructed and standardized by Harpeet Bhatia and N. K. Chnadha (1993). The Academic achievement in Economics was found out using the tool constructed by the investigator. The mean value of Family Environment scores 226.45 (65.63%) indicates that the higher secondary students are having good Family Environment. The mean value of Achievement in Economics scores (M=75.47) indicates that the higher secondary students are having high Achievement in Economics. There is significant difference between male and female, rural and urban Higher Secondary students with respect to their Family Environment. There is no significant difference between Day scholar and Hostel staying, Government and Aided Higher Secondary school students with respect to their Family Environment. There is significant difference between male and female Higher Secondary students with respect to their Achievement in Economics. There is no significant difference between rural and urban, Day scholar and Hostel staying, Government and Aided Higher Secondary school students with respect to their Achievement in Economics.

KEYWORDS

family enviromnet, secondary students.

INTRODUCTION

Family environment refers to the conditions, influences and forces prevailing in a place where students are living with their family, which may affect their nature of behaviour, growth, development and maturity.

According J.C. Agarwal (2001), an adjusted person is expected to know the adequate philosophy of life, awareness of one's assets and limitations, balanced level of aspiration, neither too low, satisfaction of basic needs, rational and appreciative attitude, flexible behaviour, strong will to face challenges, realistic perception of life, respect for oneself and others and homely feeling with the environment.

Home is the place where all people got energy and refreshment, etc to proceed his life. The environment of the home will add additional happiness to the family. Hence home environment plays a vital role in one's life. A home can made a person to achieve many.

No other factor influences children as deeply as their families. As a social unit with genetic, emotional, and legal dimensions, the family can foster the child's growth, development, health, and well-being. The family can provide the child with affection, a sense of belonging, and validation. Every area of a child's life is affected by the family.

ACHIEVEMENT IN ECONOMICS

Economics is the study of how people and societies allocate resources. Economics is the study of how people get the things they want and need and how these things are distributed. Economics is vital Social Science directly related to day to day life. Its concern with is with individual, local and global activities. Therefore, it is taught at school level with a view to strengthen students' understanding of socio-economic aspects and their roles in the development.

The present context of Globalization, privatization, Liberalization has produced many challenges for all walks of and most of them are in socio-economic concern. Therefore, the knowledge of economics is become essential for the peoples in diversified fields. Keeping this view NPE (1986) has recommended to introduce economics as one of the subject for higher secondary school level. Economics is a subject studied from XI standard. Since it is a newly introduced at Higher Secondary level, the factors affecting its achievement are to be considered seriously. One of the factors which contribute much on students' achievement ion subjects is Family Environment.

NEED AND IMPORTANCE OF THIS STUDY

It is known that several environmental factors too, influence the pupils' academic achievements. In the normal Indian classroom climate, teachers have to teach students hailing from socio-cultural and economic backgrounds. This naturally leads to a number of problems in instruction, the factors influence the teaching and learning process. Family environment influences much on Students' development, hence the instigator decided to take up this study.

OBJECTIVES OF THE STUDY

1. To find out the Family Environment of Higher Secondary students.
2. To find out the Achievement in Economics of Higher Secondary students.
3. To find out whether there is any significant difference between the selected pairs of sub samples in respective of Family Environment of higher secondary students.
4. To find out whether there is any significant difference between the selected pairs of sub samples in respective of Achievement in Economics of higher secondary students.

METHOD OF STUDY

The present investigation was undertaken by using normative survey method.

TOOL USED

Family Environment Scale constructed and standardized by Harpeet Bhatia and N.K.Chnadha(1993)

RELIABILITY

The reliability of the adjustment inventory was established by the investigator by using split-half method, which was found to be 0.95.

VALIDITY

The investigator also ensured the validity of the tool by using content validity. It means to get opinion from the area experts and experts in Educational Research. The author of the tool also found the construct validity.

Academic achievement Test Questions for Economics Subject prepared by the Investigator was used to get Academic achievement scores.

STATISTICAL TECHNIQUES

In this present investigation the following Statistical techniques were used.

Descriptive Analysis

- i) Measures of central tendency (Mean)
- ii) Measures of variability (Standard Deviation)

Differential Analysis

- iii) Independent sample 't' test

SAMPLE OF THE STUDY

The present study consists of 1060 Higher Secondary Students studying in Tirunelveli district of Tamilnadu State. The sample was selected by using simple random sampling technique. The sample forms a representative sample of the entire population. Due Proportionate weightage was given to various sub-samples.

DESCRIPTIVE AND DIFFERENTIAL ANALYSIS**ANALYSIS OF MEAN AND SD SCORES OF FAMILY ENVIRONMENT OF THE HIGHER SECONDARY STUDENTS**

To find out the Family Environment of Higher Secondary students mean and SD are calculated.

TABLE NO.1: MEAN AND SD SCORES OF FAMILY ENVIRONMENT OF THE HIGHER SECONDARY STUDENTS

Sample	N	Mean	SD
Entire Sample	1060	226.45	35.11

The mean value of Family Environment scores 226.45 (65.63%) indicates that the higher secondary students are having good Family Environment.

ANALYSIS OF MEAN AND SD SCORES OF ACHIEVEMENT IN ECONOMICS OF THE HIGHER SECONDARY STUDENTS

To find out the Achievement in Economics of Higher Secondary students mean and SD are calculated.

TABLE NO.2: MEAN AND SD SCORES OF ACHIEVEMENT IN ECONOMICS OF THE HIGHER SECONDARY STUDENTS

Sample	N	Mean	SD
Entire Sample	1060	75.47	11.08

The mean value of Achievement in Economics scores (M=75.47) indicates that the higher secondary students are having high Achievement in Economics.

ANALYSIS OF MEAN AND SD SCORES OF FAMILY ENVIRONMENT OF THE MALE AND FEMALE HIGHER SECONDARY STUDENTS**NULL HYPOTHESIS**

There is no significant difference between Male and Female Higher Secondary students with respect to their Family Environment.

TABLE NO.3: THE SIGNIFICANCE OF THE DIFFERENCE BETWEEN THE MEANS OF FAMILY ENVIRONMENT SCORES OF THE MALE AND FEMALE STUDENTS

Sub-Samples	N	Mean	SD	t-value	Significance at 0.05 level
Male	460	220.62	38.57	4.78	Significant
Female	600	230.92	31.51		

From the above table, since the 't' value is significant at 0.05 level, the above null hypothesis is rejected and it is concluded that there is significant difference between male and female higher secondary school students with respect to their Family Environment.

ANALYSIS OF MEAN AND SD SCORES OF FAMILY ENVIRONMENT OF THE RURAL AND URBAN HIGHER SECONDARY STUDENTS**NULL HYPOTHESIS**

There is no significant difference between rural and urban Higher Secondary students with respect to their Family Environment.

TABLE NO.4: THE SIGNIFICANCE OF THE DIFFERENCE BETWEEN THE MEANS OF FAMILY ENVIRONMENT SCORES OF THE RURAL AND URBAN STUDENTS

Sub-Samples	N	Mean	SD	t-value	Significance at 0.05 level
Rural	560	223.69	37.30	2.70	Significant
Urban	500	229.53	32.24		

From the above table, since the 't' value is significant at 0.05 level, the above null hypothesis is rejected and it is concluded that there is significant difference between rural and urban Higher Secondary students with respect to their Family Environment.

ANALYSIS OF MEAN AND SD SCORES OF FAMILY ENVIRONMENT OF THE GOVERNMENT AND AIDED HIGHER SECONDARY STUDENTS**NULL HYPOTHESIS**

There is no significant difference between Government and Aided Higher Secondary School students with respect to their Family Environment.

TABLE NO.5: THE SIGNIFICANCE OF THE DIFFERENCE BETWEEN THE MEANS OF FAMILY ENVIRONMENT SCORES OF THE GOVERNMENT AND AIDED STUDENTS

Sub-Samples	N	Mean	SD	t-value	Significance at 0.05 level
Govt.	571	225.73	33.93	0.79	Not significant
Aided	489	227.28	36.45		

From the above table, since the 't' value is not significant at 0.05 level, the above null hypothesis is accepted and it is concluded that there is no significant difference between Government and Aided Higher Secondary students with respect to their Family Environment.

ANALYSIS OF MEAN AND SD SCORES OF FAMILY ENVIRONMENT OF THE DAY SCHOLAR AND HOSTEL STAYING HIGHER SECONDARY STUDENTS**NULL HYPOTHESIS**

There is no significant difference between Day scholar and Hostel staying Higher Secondary students with respect to their Family Environment.

TABLE NO.6: THE SIGNIFICANCE OF THE DIFFERENCE BETWEEN THE MEANS OF FAMILY ENVIRONMENT SCORES OF THE DAY SCHOLAR AND HOSTEL STAYING STUDENTS

Sub-Samples	N	Mean	SD	t-value	Significance at 0.05 level
Day scholar	571	222.10	36.61	1.59	Not significant
Hosteller	489	227.17	34.82		

From the above table, since the 't' value is significant at 0.05 level, the above null hypothesis is accepted and it is concluded that there is no significant difference between Day scholar and Hostel staying Higher Secondary students with respect to their Family Environment.

ANALYSIS OF MEAN AND SD SCORES OF ACHIEVEMENT IN ECONOMICS OF THE MALE AND FEMALE HIGHER SECONDARY STUDENTS

NULL HYPOTHESIS

There is no significant difference between Male and Female Higher Secondary students with respect to their Achievement in Economics.

TABLE NO. 7: THE SIGNIFICANCE OF THE DIFFERENCE BETWEEN THE MEANS OF ACHIEVEMENT IN ECONOMICS SCORES OF THE MALE AND FEMALE STUDENTS

Sub-Samples	N	Mean	SD	t-value	Significance at 0.05 level
Male	460	74.53	11.22	2.43	Significant
Female	600	76.20	10.82		

From the above table, since the 't' value is significant at 0.05 level, the above null hypothesis is rejected and it is concluded that there is significant difference between male and female higher secondary school students with respect to their Achievement in Economics.

ANALYSIS OF MEAN AND SD SCORES OF ACHIEVEMENT IN ECONOMICS OF THE RURAL AND URBAN HIGHER SECONDARY STUDENTS

NULL HYPOTHESIS

There is no significant difference between rural and urban Higher Secondary students with respect to their Achievement in Economics.

TABLE NO.8: THE SIGNIFICANCE OF THE DIFFERENCE BETWEEN THE MEANS OF ACHIEVEMENT IN ECONOMICS SCORES OF THE RURAL AND URBAN STUDENTS

Sub-Samples	N	Mean	SD	t-value	Significance at 0.05 level
Rural	560	75.06	11.48	1.29	Not significant
Urban	500	75.93	10.48		

From the above table, since the 't' value is not significant at 0.05 level, the above null hypothesis is accepted and it is concluded that there is no significant difference between rural and urban Higher Secondary students with respect to their Achievement in Economics.

ANALYSIS OF MEAN AND SD SCORES OF ACHIEVEMENT IN ECONOMICS OF THE GOVERNMENT AND AIDED HIGHER SECONDARY STUDENTS

NULL HYPOTHESIS

There is no significant difference between Government and Aided Higher Secondary School students with respect to their Achievement in Economics.

TABLE NO.8: THE SIGNIFICANCE OF THE DIFFERENCE BETWEEN THE MEANS OF ACHIEVEMENT IN ECONOMICS SCORES OF THE GOVERNMENT AND AIDED STUDENTS

Sub-Samples	N	Mean	SD	t-value	Significance at 0.05 level
Govt.	571	75.82	11.07	1.02	Not significant
Aided	489	75.06	10.97		

From the above table, since the 't' value is not significant at 0.05 level, the above null hypothesis is accepted and it is concluded that there is no significant difference between Government and Aided Higher Secondary students with respect to their Achievement in Economics.

ANALYSIS OF MEAN AND SD SCORES OF ACHIEVEMENT IN ECONOMICS OF THE DAY SCHOLAR AND HOSTEL STAYING HIGHER SECONDARY STUDENTS

NULL HYPOTHESIS

There is no significant difference between Day scholar and Hostel staying Higher Secondary students with respect to their Achievement in Economics.

TABLE NO.9: THE SIGNIFICANCE OF THE DIFFERENCE BETWEEN THE MEANS OF ACHIEVEMENT IN ECONOMICS SCORES OF THE DAY SCHOLAR AND HOSTEL STAYING STUDENTS

Sub-Samples	N	Mean	SD	t-value	Significance at 0.05 level
Day scholar	152	74.56	10.95	1.09	Not significant
Hosteller	908	75.62	11.03		

From the above table, since the 't' value is significant at 0.05 level, the above null hypothesis is accepted and it is concluded that there is no significant difference between Day scholar and Hostel staying Higher Secondary students with respect to their Achievement in Economics.

FINDINGS OF THE STUDY

The mean value of Family Environment scores (65.63%) indicates that the higher secondary students are having good Family Environment.

The mean value of Achievement in Economics scores (M=75.47)) indicates that the higher secondary students are having high Achievement in Economics.

There is significant difference between male and female higher secondary students with respect to level of Family Environment.

There is significant difference between rural and urban Higher Secondary students with respect to their Family Environment.

There is no significant difference between Government and Aided Higher Secondary students with respect to their Family Environment.

There is no significant difference between Day scholar and Hostel staying Higher Secondary students with respect to their Family Environment.

There is significant difference between male and female higher secondary students with respect to level of Achievement in Economics.

There is no significant difference between rural and urban Higher Secondary students with respect to their Achievement in Economics.

There is no significant difference between Government and Aided Higher Secondary students with respect to their Achievement in Economics.

There is no significant difference between Day scholar and Hostel staying Higher Secondary students with respect to their Achievement in Economics.

RECOMMENDATIONS

The result of this study shows that higher secondary students are having good Family Environment. Hence, to sustain and to increase the quality, efforts are to be taken by the parents.

There is significant difference between male and female, rural and urban, higher secondary school students with respect to their Family Environment from these results it is evident that these variables are influencing higher secondary students Family Environment. Hence, these variables need to be considered by the parents. There is no significant difference between Government Aided Higher Secondary school students and Day scholar and Hostel staying students with respect to their Family Environment.

Hence, Causes for the differences are to be studied and the negative causes should be eliminated to increase good Family Environment among the higher secondary students. Teachers should inculcate their parents to Plan to provide a good environment to their children.

The result of this study shows that higher secondary students are having high Achievement in Economics. Hence, to sustain and to increase the quality, efforts are to be taken by the parents.

There is significant difference between male and female, higher secondary school students, with respect to their high Achievement in Economics. From this, it is evident that gender influences higher secondary students' Achievement in Economics. Hence, gender difference should be considered while framing the methodology for teaching Economics. There is no significant difference between rural and urban Government and Aided Higher Secondary school students and Day scholar and Hostel staying students with respect to their Achievement in Economics. From these results it is evident that these variables are not influencing higher secondary students' high Achievement in Economics. Hence, Causes for the differences are to be studied and the negative causes should be eliminated to increase high Achievement in Economics among the higher secondary students. Teachers should inculcate their parents to Plan to provide a good environment to their children.

CONCLUSION

This study shows the nature of Family Environment and Achievement in Economics of higher secondary students in Tirunelveli district students. Further this study reveals the differences in influence by the demography of the students. To sustain and to increase good Family Environment and achievement in Economics, special concern is to be extended among the Parents. Parents should be met by the teachers frequently report about students' positives and negatives and needs.

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GROWTH IN STUDENTS ENROLMENT, NUMBER OF COLLEGES AND UNIVERSITIES IN INDIA

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ABSTRACT

Indian higher education system has undergone a remarkable transformation during last six decades. At the time of independence, 2.1 lakh students were enrolled in higher education; now this number is increased to 69 times. During the academic session 2009-10, the total enrolment in all courses and levels in regular stream had been 146.25 lakh including 60.86 lakh women students, constituting 41.6% to total enrolment. The maximum number of women students are enrolled in the state of Uttar Pradesh (8.42 lakh), followed by Maharashtra (7.86 lakh), Andhra Pradesh (6.14 lakh), etc. It indicates that, still there is big scope for proper development of higher education system.

KEYWORDS

Higher education system, Students' enrolment, Universities.

INTRODUCTION

Indian higher education system has undergone a remarkable transformation since independence. The transformation, marked by a thirteen-fold increase in the number of university level institutions and a twenty five-fold increase in the number of students, has resulted in the emergence of the world's second largest higher education system^[1].

At the time of independence, there were only 20 universities and 500 colleges in the country with 2.1 lakh students in the higher education system. But, after independence, there has been a phenomenal growth in all these numbers. The increase in number of universities is 25 times, number of colleges 62 times, whereas student enrolment 69 times as compared to number at the time of independence. The phenomenal increase in enrolment of this order would not have been possible without the growth in the number of institutions of higher learning, both universities and colleges in particular which remained one of the main objectives of XI plan.

At the end of X Plan period (31-3-2007) there were 363 Universities (20 Central, 229 State, 109 Deemed and 5 Institutions established under Special State Legislature Acts) and 21,170 colleges in the country. At the end of the third year of XI Plan (2009-10), the number of universities has gone up to 493 (42 Central, 316 State, 130 Deemed and 5 Institution established under special State Legislature Acts) and the number of Colleges to 31,324, thus registering an increase of 36% in the number of Universities and 48% in the case of colleges in comparison to the figures at the end of X Plan^[2].

REVIEW OF LITERATURE

A report of the International Commission on Education for the Twenty First Century (Delors Report), entitled '*Learning: The Treasure Within*' (UNESCO, 1996) suggested four functions for the universities. (i) to prepare students' for research and training (ii) to provide training courses oriented to the needs of society (iii) to be open to all to promote lifelong learning in its broadest sense and (iv) to strive for international cooperation^[3].

Livingstone (1974) has drawn attention to the fact that 'as universities in the twentieth century have grown, countless new functions have been grafted on with little regard for how this growth of one function will affect the operation of the other'^[4].

The Kothari Commission Report emphasized that there had to be (i) a radical improvement in the quality and standard of higher education and research; (ii) an expansion of higher education to meet manpower requirements of the nation and the rising social ambitions and expectation of the people; and (iii) an improvement of university organization and administration^[5].

'The National Policy of Education' (NPE), 1986, aims at not only developing manpower for serving the economy but also inculcating crucial values. The Policy envisages education to be : (i) a process of empowerment through the development of knowledge, skills and values (Education for Development) and (ii) an instrument of social change that provides means for upward economic and social mobility, through enhancement of qualifications (Education for Equality)^[6].

IMPORTANCE OF THE STUDY

The present study will be helpful for the administrative offices like Ministry of Human Resource Development (MHRD), University Grants Commission (UGC) and All India Council of Technical Education (AICTE) for taking the decision in higher education planning.

STATEMENT OF PROBLEM

In India, the growth of students' enrolment in higher education and higher education institutions is increased. What kind of growth is noticed during last five years? To study the impact of enrolment of women students on growth of total higher education.

OBJECTIVES

The Objectives of the present study are :

1. To study the growth in students enrolment in higher education all over India;
2. To study growth of universities and colleges;
3. To analyze the women participation in higher education.

HYPOTHESIS

The growth in students' enrolment and colleges as well as universities in India is increased out of the need of the society. The enrolment of women students' shows the very high degree of growth in higher education.

RESEARCH METHODOLOGY

For the present research work the secondary data is used. University Grants Commission, New Delhi has published its annual reports every year. The data published in these annual reports is used for the analysis.

RESULTS AND DISCUSSION**1) GROWTH OF STUDENTS**

At the time of independence, 2.1 lakh students in the higher education system were enrolled. During last six decades the students' enrolment has gone up to 69.64 times in the formal higher education system as compared to the figures of independence in 1947. Table 1 shows the growth of students' enrolment during last five years all over India.

TABLE 1: GROWTH OF STUDENTS ENROLMENT ALL OVER INDIA (2005-06 TO 2009-10)

Year	Total Enrolment	Increase Over previous year	% Increase over Base Year	% Change over base year
2005-2006	11,338,253	675,509	100	--
2006-2007	12,102,521	764,268	107	07
2007-2008	12,981,179	878,658	114	14
2008-2009	13,782,837	801,658	122	22
2009-2010	14,624,990	842,153	129	29

Source: Annual Report of UGC, 2009-10.

2) GROWTH OF INSTITUTIONS

At the time of independence, there were only 20 universities and 500 colleges in the country. The number has been increased to 60.24 times during last six decades. Table 2 shows the growth of universities and colleges during last five years all over India. As many as 5,373 new colleges had been established in various states during 2009-10.

TABLE 2: INCREASE IN NUMBER OF COLLEGES (2005-06 to 2009-10)

Year	Total number of colleges	Increase over Base Year	% Change over base year
2005-2006	19,327	100	--
2006-2007	21,170	110	10
2007-2008	23,206	120	20
2008-2009	25,951	134	34
2009-2010	31,324	162	62

Source: Annual Report of UGC, 2009-10.

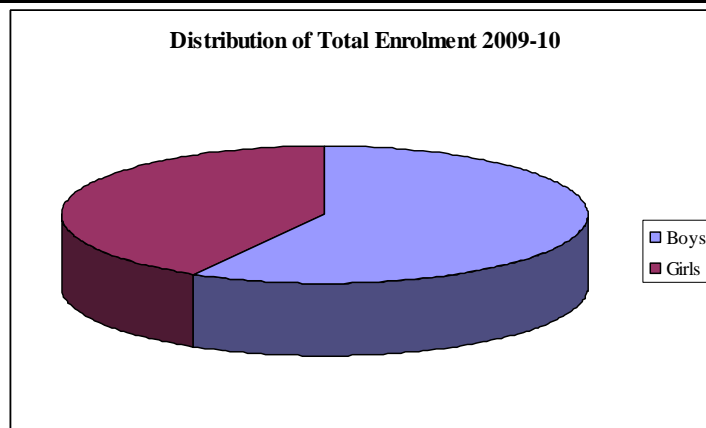
3) WOMEN ENROLMENT IN HIGHER EDUCATION

Distribution of women enrolment by state shows that the percentage increase has been almost static in the enrolment of women as compared to the total enrolment in all the states during 2009-10. Among the states, Goa with 59% topped in terms of women enrolment as a percentage of total enrolment of the state followed by Kerala (57%), Meghalaya, Punjab and Chandigarh (51%), etc. There are 24 states which had higher enrolment of women than the national percentage of 41.58%. In the rest of the states, the percentage of women enrolled observed to be less than the national average, with Bihar recording the lowest women enrolment of 30% only. In absolute numbers, Uttar Pradesh state had been on the top in enrolling women students (8.43 lakh) followed by Maharashtra (7.86 lakh), etc. Table 3 shows women enrolment in higher education system.

TABLE 3: WOMEN ENROLMENT TO TOTAL ENROLMENT DURING THE ACADEMIC YEAR 2009-10

Sr.No.	State / Union Territory	Total Enrolment	Women Enrolment	% of women enrolment
1	Andhra Pradesh	15,36,501	6,14,600	40.00
2	Arunachal Pradesh	15,864	6,504	41.00
3	Assam	3,10,011	1,33,305	43.00
4	Bihar	6,30,463	1,89,139	30.00
5	Chhattisgarh	2,44,328	85,515	35.00
6	Delhi	2,60,334	1,24,960	48.00
7	Goa	25,795	15,219	59.00
8	Gujarat	7,22,676	3,10,751	43.00
9	Haryana	3,79,666	1,63,256	43.00
10	Himachal Pradesh	1,28,488	61,674	48.00
11	Jammu and Kashmir	1,22,785	55,253	45.00
12	Jharkhand	2,25,142	76,548	34.00
13	Karnataka	9,48,222	4,07,735	43.00
14	Kerala	3,78,078	2,15,504	57.00
15	Madhya Pradesh	7,73,854	2,86,326	37.00
16	Maharashtra	18,28,341	7,86,187	43.00
17	Manipur	34,204	15,392	45.00
18	Meghalaya	39,536	20,163	51.00
19	Mizoram	13,223	6,215	47.00
20	Nagaland	23,185	10,897	47.00
21	Orissa	4,25,841	1,78,853	42.00
22	Punjab	3,88,184	1,97,974	51.00
23	Rajasthan	6,48,068	2,46,266	38.00
24	Sikkim	7,778	3,033	38.99
25	Tamil Nadu	10,60,543	5,19,666	49.00
26	Tripura	27,691	12,184	44.00
27	Uttar Pradesh	22,18,243	8,42,934	38.00
28	Uttaranchal	1,93,217	86,948	45.00
29	West Bengal	9,13,722	3,56,352	39.00
30	A & N Islands	2,979	1,549	52.00
31	Chandigarh	59,697	30,445	51.00
32	Lakshadweep	350	123	35.14
33	Daman and Diu	810	381	47.04
34	D & N Haveli	2,101	987	46.98
35	Pondicherry	35,070	17,535	50.00
	Total	1,46,24,990	60,80,373	41.58

Source: Annual Report of UGC, 2009-10.



FINDINGS

1. The national average enrolment of women students in higher education is 41.58%. Out of 35 states and Union Territories, 25 states have enrolment of women students more than the national average; where as 10 states are lagging behind.
2. In the year 2005-06, total number of higher educational institution in India was 19,327, which is increased upto 31,324. The growth of higher educational institution during this five year is 62 times.
3. The government has introduced globalization, privatization and liberalization policies has positive impact on higher education system in India.

RECOMMENDATIONS & SUGGESTIONS

1. It is necessary to adopt special policy in those states where the women enrolment in higher education is below 51%.
2. Financial assistance to the women students may be given to increase in enrolment in higher education.
3. The enrolment of women students in Andhra Pradesh, Bihar, Chhattisgarh, Jharkhand, Madhya Pradesh, Rajasthan, Sikkim, Uttar Pradesh, West Bengal and Lakshadweep is below the national average, which is to be uplifted by providing some new policies in this regard.

CONCLUSIONS

1. During the academic year 2009-10, there has been 146.25 lakh students enrolled in various courses at all levels in Universities / Colleges and other institutions of higher education as compared to 136.42 lakh in the previous year 2008-09, registering an increase of 29% and 62% as compared to the base year 2005-06.
2. As many as 5,373 new colleges have been established during 2009-10, thus taking the total number of colleges to 31,324 in 2009-10 as against 25,951 colleges in 2008-09, registering an increase of 21% and 62% increase over base year i.e. 2005-06.
3. There has been a phenomenal growth in the number of women students enrolled in higher education since independence. The women enrolment which was less than 10% of the total enrolment on the eve of independence has risen to 41.58% in the academic year 2009-10.

SCOPE FOR FURTHER STUDY

1. The enrolment of women students from urban and rural areas need to be studied.
2. The drop out rate of the women students during the higher education need to be studied.
3. Socio-economical impact on enrolment of women students' need to be studied.
4. The present affiliation system of the higher educational institutions needs to be studied.

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ANALYTICAL STUDY ON AWARENESS LEVEL OF ELECTRONIC BANKING IN KADAPA TOWN

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ABSTRACT

Information technology Services is considered as the key driver for the changes taking place around the world. Electronic Banking (E-Banking) is the latest and most innovative service and is the new trend among the consumers. The shift from the formal banking to e-banking has been a 'leap' change. This paper provides a detailed study about the insight into the awareness about the different services provided to the customers in Kadapa Town and also tries to find out any variance in gender, age and occupation of the customers about the level of awareness about the different services provided by the e-banking. The results have supported that there is no significance variance between gender but found a significant variance among the age and occupation of the customers.

KEYWORDS

Awareness, Basic, E-Banking Services, Premium, Super premium.

INTRODUCTION

E-Banking is an automated delivery of new and traditional banking products and services directly to customers through electronic, interactive communication channels. It includes the systems that enable financial institution customers, individuals or businesses, to access accounts, transact business or to obtain information on financial products and services through a public or private network including the Internet. Customers access to e-banking services using an electronic device, such as a Personal Computers (PC), Personal Digital Assistant (PDA), Automated- Teller Machine (ATM), kiosk, or Touch telephone. Electronic Banking is an umbrella term for the process by which a customer may perform banking transactions electronically without visiting a brick-and- mortar institution.

Traditional banking offer many services to their customers, including accepting customer money deposits, providing various services to customers, and making loans to individuals and companies. Compared with the traditional channels of offering banking services through physical branches, e-banking uses the internet to deliver traditional banking services to their customers, such as opening accounts, transferring of funds, electronic bill payment etc.,

E-banking can be offered through existing physical offices in addition to the regular channel. Generally, e-banking is provided without extra cost to customers. Customers are attracted by the convenience of e-banking through the internet, and in turn, banks can operate more efficiently when customers perform transactions by themselves rather than going to a branch and dealing with a branch representative.

In addition to traditional banks that have both a physical and online presence, there are several e-banks that exist only on the internet, allowing users to work with a "virtual" bank. Net bank is such as internet-only bank. Without physical branches, Net bank can cut operating costs and can potentially offer higher deposit rates to its customers and waive many fees normally charged by a bank with a large network of physical branches. The challenge for internet-only banks is to provide quality customer services without physical offices. Net bank customers can deposit and withdraw funds from their Net bank accounts through ATMs, besides, customers can also deposit and receive funds through wire transfer.

E-banking services are delivered to customers through the internet and the web using Hyper Text Markup Language (HTML). In order to use e-banking services, customers need internet access and web browser software. Multimedia information in HTML format from online banks can be displayed in web browsers. The heart of the e-banking application is the computer system, which includes web services, database management systems, and web application program that can generate dynamic HTML pages. Bank customers account and transaction information is stored in a database, a specialized software that can store and process large amounts of data in high speed. The function of the web server is to interact with online customers and deliver information to users through the Internet.

Kadapa, formerly Cuddapah (Municipal Corporation) in YSR district of Andhra Pradesh state in India is one of the important cities in Rayalaseema and is situated in the south-central part of the Andhra Pradesh State in India. With the British occupation of the tract in 1800 AD it became the headquarters of one of the four subordinate collectorates under the principal collector Sir Thomas Munro. The city has plenty of temples in and around the city and also has three churches. As per Census India, population of Kadapa in 2011 is 341,823; of which male and female are 171,797 and 170,026 respectively. The sex ratio of Kadapa town is 990 per 1000 males.

In education section, total literates in Kadapa city are 242,540 of which 131,847 are males while 110,693 are females. Average literacy rate of Kadapa city is 79.38 percent of which male and female literacy was 86.22 and 72.54 percent. The primary languages spoken in the city are Telugu and Urdu. The city has a large nonresident citizens spread across the nation and globe. The less educated from the city and district often go to Persian Gulf countries such as Kuwait and Saudi Arabia for employment. This town has almost all the public, private and some foreign banks.

NEED OF THE STUDY

New technologies set off a process of change. That, in turn, poses its own set of challenges to institution as well as to consumers. IT is not yet a very comfortable choice for millions. Therefore, if we are to encourage IT proliferation, we must facilitate a change in customer mindsets and attitudes. Consumer awareness is a major challenge. It must be addressed as a whole. As automation increases and as products come with ever more technology based components, bank customer must understand upfront the pros and cons of various products.

Thus, satisfaction of the banking customers as well as an area of growing interest to researchers, managers and policymakers which will throw light to the role of e-banking from the perspective of the customers. Researches in this emerging area will be helpful for providing suggestions and recommendations towards the implementation and challenges of e-banking. Further, this will also create consumer awareness and will facilitate a change in customer mindsets and attitudes.

Though many services were provided by the banks to reach out their customer base but they are not reaching to the ultimate customers the reasons are from the failure of the banks or lack of interest from the customers' side. Hence the investigators thought that, it is the right time to find out about the awareness of Electronic Banking services provided to the customers of Kadapa town.

OBJECTIVES

- 1) To peep into different committees for recommending e-banking into Indian banking system.
- 2) To find out the awareness levels about the electronic banking services offered to the customers in Kadapa Town.

The following hypotheses are formulated and tested to study the second objective.

HYPOTHESES

H₀₁: There is no significant difference between the variance between the genders about the awareness of e-banking services in Kadapa Town.

H₁₁: There is a significant difference between the variance between the genders about the awareness of e-banking services in Kadapa Town.

H₀₂: There is no significant difference between the variance among the different age groups of the customers about the awareness of e-banking services in Kadapa Town.

H₁₂: There is a significant difference between the variance among the different age group of the customers about the awareness of e-banking services in Kadapa Town.

H₀₃: There is no significant difference between the variance among the occupations of the customers about the awareness of e-banking services in Kadapa Town.

H₁₃: There is a significant difference between the variance among the occupations of the customers about the awareness of e-banking services in Kadapa Town.

METHODOLOGY

The present paper is based on the primary as well as secondary data. Primary data is collected from the bank customers who are residing in Kadapa Town. All the banking customers in Kadapa Town form the universe for the present study. A sample of 500 customers was randomly selected from the banking customers and questionnaires were distributed among the customers in the month of January and February 2012. Out of five hundred selected customers only 470 were submitted the filled-in questionnaires. The relevant data has been grouped and presented in Tables. Statistical tools like percentages, variance analysis were used to find out the objectives of the present study.

Secondary data has been collected from web sites of Reserve Bank of India, IBA Bulletins, other related websites, journals and books. To study the awareness about the e-banking services provided by the banks, thirty services were identified in general and awareness levels were divided into three levels viz., Basic awareness level, Premium awareness level and Super Premium Awareness Level based on the services known to the customers. If the customers aware about at least five services out of thirty services mentioned they were grouped under basic level. If the customers are aware about the electronic banking services between five to ten services and more than ten services out of thirty services, they were grouped under premium and super premium group respectively. Based on these category levels, the customers were grouped and presented in the following tables. Accordingly they were categorized and found the customer awareness about the services based on the gender, occupation and age wise and the same has been portrayed in the following tables.

RECOMMENDATIONS OF VARIOUS COMMITTEES IN ADOPTING E-BANKING IN INDIA

Information Technology and the Communication Networking Systems have revolutionized the functioning of banks and other financial institutions all over the world. Reserve bank of India has played an important role in implementation of information technology in banking sector. Various researchers have also contributed in this regard. In addition to the work done by various scholars in the area of Information Technology and Banking organization, RBI had appointed various committees to work in this area. The reports of various committees are briefly summarized below

1. Dr. C. Rangarajan Committee (1983)

Dr. Rangarajan committee had drawn up in 1983-84, the first blue print for computerization and mechanization in banking industry and looked into modalities of drawing up a phased plan for mechanization for the banking industry covering period 1985-89. The committee in its report in 1984 recommended introduction of computerization and mechanization at branch, regional office / zonal office and head office levels of banks.

In 1988 another committee was constituted under the chairmanship of Dr. Rangarajan for making plans for computerization for the next five years from 1990-94 for the banking industry. It identified the purpose of computerization as improvement in customer service, decision making, house keeping and profitability. The committee observed that banking is a service industry and improved efficiency will lead to a faster rate of growth in output and help to expand employment all around. The work force in the banking industry must, therefore, look upon computerization as a means to improve customer service and must welcome it in that spirit.

2. W.S. Saraf Committee (1994)

In 1994, the Governor, Reserve bank of India had appointed a committee on technology issues under the chairmanship of W. S. Saraf. The committee looked into technological issues related to the payment system and to make recommendations for widening the use of modern technology in the banking industry. The Saraf committee recommended to set up institutions for electronic funds transfer system in India. The committee also reviewed the telecommunication system like use of BANKNET and optimum utilization of SWIFT by the banks in India.

3. Shere Committee (1995)

In 1995, RBI formed a committee under the chairmanship of K. S. Shere, to study all aspects relating to electronic funds transfer and propose appropriate legislation. The Shere committee had recommended framing of RBI (EFT system) regulations under section 58 of the Reserve bank of India Act 1934 (RBI Act.), amendments to the RBI act and to the bankers book evidence act, 1891 as short term measures and enacting of a few new acts such as EFT act, the computer misuse and data protection act etc. as long term measures.

4. Narasimhan Committee (1998)

In order to examine the various issues related to the technology up gradation in the banking sector, the Reserve Bank of India appointed Narasimhan committee in September 1998. The committee consists of representatives from the Government, Reserve Bank of India, banks and academic institutions associated with the information technology. The committee dealt with the issues on technology up gradation and observed that the most of the technology that could be considered suitable for India in some form or the other has been introduced in some diluted form or as a pilot project, but the desired success has not been achieved because of the reasons inter-alia lack of clarity and certainty on legal issues. The committee also suggested implementation of the necessary legislative changes, keeping in the view the recommendations of Shere committee. Taking into consideration the recommendations by various committees appointed by RBI and guidelines of RBI, banks have started using IT to automate banking transactions and processes.

WAVES IN BANKING TECHNOLOGY

The first wave in banking technology began with the use of Advanced Ledger Posting Machines (ALPM) in the 1980s. The RBI advised all the banks to go in for huge computerization at the branch level. There were two options: automate the front office or the back office. Many banks opted for automating the front office in the first phase. Where as banks like State Bank of India also concentrated on the back office automation at the branch level. The Second wave of development was in Total Branch Automation (TBA) which came in late 1980s. This automated both the front-end and back-end operations within the same branch. TBA comprised of total automation of a particular branch with its own database.

In the third wave, the new private sector banks entered into the field of automation. These banks opted for different models of having a single centralized database instead of having multiple databases for all their branches. This was possible due to the availability of good network infrastructure. Earlier, banks were

not confident of running the whole operation through a single data center. However, when a couple of private sector banks showed that it can be done efficiently, other banks began to show interest and they also began consolidating their databases into a single database. The banks followed up on this move by choosing suitable application software that would support centralized operations.

The fourth wave started with the evolution of the ATM delivery channel. This was the first stage of empowerment of the customer for his own transactions. The second stage was the Suvridha experiment in Bangalore. This showed the power of technology and how the reach can be increased amazingly at a great pace.

AWARENESS OF E-BANKING SERVICES

Out of 470 respondents, the majority respondents constituting 76.60 per cent are male respondents and 23.40 are female respondents. According to the age wise the customers belonging to 21-30 age group are consisting around 40 percent of the sample, 31-40 age group are about 30 percent, between 41-50 age group consists of about 19 percent and 04.25 per cent and 06.38 per cent are in the age groups of below 20 and above 50 age groups respectively. As far as occupations of the customers are concerned, 40.43 percent belong to private occupational background, 23.40 per cent are from Government occupants and 17.02 percent and 19.15 per cent of respondents are from Business and Other occupations respectively as per the Tables- 1, 2 & 3.

TABLE-1: GENDER WISE CLASSIFICATION OF THE CUSTOMERS IN KADAPA TOWN

Gender	Respondents	percentage
Male	360	76.60%
Female	110	23.40%
Total	470	100.00%

Source: Field study

TABLE-2: OCCUPATION WISE DETAILS OF CUSTOMERS IN KADAPA TOWN

Occupation	Respondents	Percentage
Government	110	23.40%
Private	190	40.43%
Business	80	17.02%
Others	90	19.15%
Total	470	100.00%

Source: Field study

TABLE-3: AGE-WISE DETAILS OF THE CUSTOMERS IN KADAPA TOWN

Age	Respondents	Percentage
Below 20	20	04.25%
21-30	190	40.43%
31- 40	140	29.79%
41-50	90	19.15%
Above 50	30	06.38%
Total	470	100.00%

Source: Field study

TABLE-4: GENDER-WISE AWARENESS LEVELS OF E-BANKING SERVICES IN KADAPA TOWN

Awareness Levels	Male	Female
No awareness	10 (2.78%)	20 (18.18%)
Basic	190(52.78%)	60(54.55%)
Premium	90(25.00%)	30(27.27%)
Super Premium	70(19.44%)	-
Total	360(100.00%)	110(100.00%)

Source: Field study

TABLE-5: GENDER WISE CLASSIFICATION OF CUSTOMERS BASED ON THE LEVEL OF AWARENESS IN KADAPA TOWN

Awareness Levels	Male	Female
Super premium	70	-
Premium	160	30
Basic	350	90
F- Value	7.48	
Table Value	18.513	

Source: Field study

From Tables 4 & 5, it is observed that out of 47 respondents, 54.55 per cent of female are aware about the basic services, and 27.27 per cent are aware about the Premium services but none were found about the Super Premium services provided by the e-banking in Kadapa Town. But in case of male respondents, the situation is somewhat different reflecting 52.78 per cent are aware about basic services, 25 per cent are aware about the Premium services and 19.44 per cent were aware about the Super Premium services. Hence the male are far better in availing the e-services provided by the e-banking in Kadapa Town.

TABLE-6: AGE-WISE AWARENESS LEVELS OF E-BANKING SERVICES IN KADAPA TOWN

Awareness levels	Below 21	21-30	31-40	41-50	Above 50
No Awareness	-	-	-	20(22.22%)	10(33.33%)
Basic	20(100%)	100(52.63%)	70(50.00%)	50(55.56%)	10(33.33%)
Premium	-	50(26.32%)	40(28.57%)	20(22.22%)	10(33.33%)
Super premium	-	40(21.05%)	30(21.43%)	-	-
Total	20(100%)	190(100%)	140(100%)	90(100.00%)	3(99.99%)

Source: Field study

This research paper is also made an attempt to study the first hypothesis; there is no significant difference between the variance between the genders about the awareness of e-banking services in Kadapa Town. Variance Analysis is used and found the calculated value as 7.48 which is much below the table value of 18.513 and hence the hypothesis is accepted and concludes that there is no significance difference between the genders about the awareness of e-banking services in Kadapa town during the study period, the results were presented in Table-5.

TABLE-7: AGE WISE CLASSIFICATION OF CUSTOMERS BASED ON THE LEVEL OF AWARENESS IN KADAPA TOWN

Awareness Levels	Below 21	21-30	31-40	41-50	Above 50
Super premium	-	40	30	-	-
Premium	-	90	70	20	10
Basic	20	190	140	70	20
F- Value	7.125				
Table Value	3.84				

Source: Field study

Similarly awareness levels based on the different age groups and based on occupations were shown in Tables- 6&7. It is closely observed from Tables- 6 & 7 that under the age groups in below 21years the customers know about only basic services, none were found knowing either Premium or Super Premium services. Under the age group between 21-30 & 31-40 customers are better known about the services provided by the e-banking services constituting 52.63 per cent under Basic Group, 26.32 are under Premium group and 21.05 are under Super Premium group awareness levels in the age group between 21-30, similarly 50.00 per cent, 28.57 per cent and 21.43 per cent were under Basic, Premium and Super Premium groups respectively between the age group of 31-40 during the study period. The second hypothesis is also tested by Variance Analysis test and the calculated value of 7.125 is registered which is above the Table value of 3.84 hence the null hypothesis i.e., there is no significant difference between the variance among the different age group of the customers about the awareness of e-banking services in Kadapa Town is rejected and alternative hypothesis i.e., there is a significant difference between the variance among the different age group of the customers about the awareness of e-banking services in Kadapa Town is accepted.

TABLE-8: OCCUPATION-WISE AWARENESS LEVELS OF E-BANKING SERVICES IN KADAPA TOWN

Awareness levels	Government	Private	Business	Others
No Awareness	-	-	-	-
Basic	-	30(15.79%)	50(62.50%)	30(33.33%)
Premium	80(72.73%)	100(52.63%)	20(25.00%)	40(44.44%)
Super premium	30(27.27%)	60(31.58%)	10(12.50%)	20(22.22%)
Total	110(100.00%)	190(100.00%)	80(100.00%)	90(100.00%)

Source: Field Study

TABLE-9: OCCUPATION WISE CLASSIFICATION OF CUSTOMERS BASED ON THE LEVEL OF AWARENESS

Awareness levels	Government	Private	Business	Others
Super premium	30	60	10	20
Premium	110	160	30	60
Basic	110	190	80	90
F- Value	12.45			
Table Value	4.76			

Source: Field study

Occupation-wise awareness levels were portrayed in Tables- 8 & 9 and clearly noticed that 72.73 per cent of customers under Government occupations are aware about Premium and 27.27 per cent of customers are aware about Super Premium services but the customer base who are working in private organizations 15.79 per cent, 52.63 per cent, 31.58 are aware about Basic, Premium and Super Premium services respectively, but the customers in business only 62.50 per cent, 25.00 per cent and 12.50 per cent and in other occupation customers constitutes 33.33 per cent, 44.44 per cent and 22.22 per cent are aware about Basic, Premium and Super Premium services respectively. The third null hypothesis is also tested and found the calculated value as 12.45 which is far above the Table value of 4.76, hence the hypothesis is rejected and the alternative hypothesis i.e., there is a significant difference between the variance among the occupations of the customers about the awareness of e-banking services in Kadapa Town.

FINDINGS AND CONCLUSIONS

It was clearly found from the study that majority of the customers are falling under Premium and Super Premium groups that clearly indicates that the customers are aware at the most about ten to twelve services provided by the e-banking services and majority of the services are not even heard by the customers. It apparently indicates that starting of new services is not only the business of the banks but they should come forward to reach such services to the door steps of the customers and efforts should be made by all other agencies i.e., both government and non-government agencies to spread the services of banks to all the customers. Some of the problems like security, infrastructural, financial literacy programs should be enhanced so as to increase the financial inclusion of the customers through availing the best services of e-banking. The study is also found that there is no significance difference between the genders about the awareness of e-banking services in Kadapa town during the study period, but found there is a significant difference between the variance among the different age group of the customers, occupations of the customers about the awareness of e-banking services.

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UPLIFTMENT OF WOMEN THROUGH SELF HELP GROUP ACTIVITIES: AN EMPIRICAL STUDY IN KANCHEEPURAM DISTRICT SHGs

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ABSTRACT

Microfinance is a type of financial service that is provided to low-income groups. Nowadays it is emerging as a powerful tool for poverty alleviation in the rural as well as urban region. Micro finance through SHGs have been recognised internationally as a tool for rural development. The main aim of study of SHGs is to find out how they empower women. In this paper the role played by SHGs in women empowerment through their activities is considered. The objectives of the study are (1) To analyse the functional framework of SHGs (2) To analyse the relationship of income with different variables in SHG activities. (3) To identify the attitudes of members of SHGs. (4) To make suitable conclusion based on the findings of the study. The study is undertaken in rural areas of Kancheepuram district. Primary data is enumerated from a field survey in the study area. The researcher has used percentage method and simple correlation co-efficient method for analysis purposes.

KEYWORDS

Micro finance, SHGs and women empowerment.

INTRODUCTION

Microfinance is the provision of financial services to low-income, poor and very poor self-employed people. These financial services generally include savings and credit. Microfinance is an attempt to improve access to small deposits and small loans for poor households. Micro finance in India has grown tremendously in recent years, achieving significant outreach amongst rural households across the country. It is an important tool for poverty alleviation through empowering the micro and small entrepreneurs in rural areas.

The term Self-help group has come to mean a specific type of joint liability micro finance group in India. In general SHGs normally consists of 10-20 members, they require mandatory saving deposits from members and they meet at least on a monthly basis; loans are made to the SHG which in turn decides internally how to split up the loan and what interest rate to charge its individual borrowers; which is often set up and promoted by an agency independent of the institution which lends money to them. Actually the SHG model was pioneered by MYRADA over the 1980's, then in 1992, NABARD, in close collaboration with MYRADA, established the SHG - Bank linkage programme. In recent years self help groups are emerging as alternative credit source to the poor. In self help groups, collective actions and solidarity is an important empowering mechanism. The empowerment of women through SHGs would lead to benefits not only to the individual woman and women's groups but also for the family and community as a whole, through collective action for development.

REVIEW OF LITERATURE

During the course of the study, the study of several authors was referred and it is imperative that an outline of the literature survey is put to note and the following references are worth mentioning

(i) IMPACT OF MICRO FINANCE

Even though micro finance has helped the target group to earn income, it has limitations in enabling the family to cross the poverty line. The impact of micro finance is not uniform in all the states. Developing states like Maharashtra, Karnataka, Tamilnadu, Gujarat have responded very well while other states like Bihar and Orissa are yet to respond. At the same time NGO's are not found to be uniform. Self help concept is excellent in process because of the dedication of project officer (Child development) and village women. The importance of micro finance through SHGs is a potentially useful channel for generation of employment in the coming years. The beneficiaries of micro finance develop confidence, managerial and entrepreneurial ability. This makes the concept of micro finance extremely important for a developing country. (Panda, 2003)

Micro finance and services have positively correlated with improving household expenditure, income, assets and employment. Micro finance has contributed for consumption and productive purposes. The micro financial service has tried to bring out SHG members from poverty line and help them fight against poverty. Various skill enhancement programs and trainings create a welfare path for the poor. The micro financial service not only uplifted the poor but also gave them knowledge to fight poverty. Finally the micro financial service should be provided to the vulnerable poor who are excluded socially and economically for a longer period. Naveen K Shetty (2008)

Micro finance proves to be an effective mechanism in reduction of poverty and in the empowerment of women. The major finding of the study is that, in all spheres the empowerment of women has increased after gaining years of experience in SHGs. Micro finance can prove to be one of the best mechanisms in empowering women in various aspects and that if steps are properly taken, it could pave the way for not only income generation but also for the personality development of women. Ambika Devi, Gandhimathi and Mirseth Begum (2012)

(ii) SELF-HELP GROUPS

The study shows that the Self Help Group is a programme which is able to reach the vulnerable poor at affordable cost and can thus help the poor become self employed. It also depicts that rural women after joining group's enjoy all kind of social amenities like medical facilities and water supply services. There is growth in education of their children, increase in self-confidence, communication skill, decision-making power and transport facilities. Meganathan, Arumugam(2012)

The study reveals that the SHGs in rural areas are performing well. The micro finance brought social and psychological empowerment more than economic empowerment in the lives of the SHG members. They feel free to move with their groups and leaders. It leads them to participate in various social welfare activities. Some members feel that the NGOs should come up with various training facilities. Sarumathi and Mohan (2011)

(iii) SHG ACTIVITIES

The study finds mixed evidence of women's participation in SHG activities, using simple mean and ordinary simple least square method. The participation in SHG enhances women to improve their income and welfare. It is stated that the women members participate in various activities in SHG, such as meetings, group

savings, production activities and other group activities. Educational level of the women member, educational level of their husband and income from sources other than SHG activities, significantly influence the women's participation in group activities. The public policies geared towards increasing women's participation in SHGs generate substantial income and have significance in household welfare. The participation in SHG has positive impact on welfare of households, quality of food consumed and health and education of children. Public support for SHGs expansion appears crucial to achieve poverty reduction. Suresh Kumar (2009)

STATEMENT OF THE PROBLEM

In earlier days women were not given freedom to take part in any social activities or in any income generation activities. They were not given importance in decision making in family also. Nowadays the situation has changed, more importance is given to women to take decisions and she can also generate income. This is because of Self Help Groups. The main aim of Micro Finance is to empower women. This induced the researcher to focus on the upliftment of women through the SHG activities.

OBJECTIVES OF THE STUDY

1. To analyse functional framework of SHGs
2. To analyse the relationship of income with different variables in SHG activities.
3. To identify the attitudes of members of SHGs.
4. To make suitable conclusion based on the findings of the study.

RESEARCH METHODOLOGY

NATURE AND SOURCE OF DATA

The present study is of analytical nature and makes use of primary data. The study is confined to the women self help groups promoted in Kancheepuram district based on primary data. The primary data is ascertained through well structured questionnaire. From the 650 self-help groups, 500 self help group members who were ready to provide information were selected and used in the analysis.

STATISTICAL TOOLS USED

Percentage analysis and Correlation were used to fulfil the objectives stated in the study.

LIMITATIONS OF THE STUDY

1. The study is confined to Kancheepuram district. Hence the results may not be applicable to other areas.
2. The data was collected only from those who engaged in income generating activities.

DATA ANALYSIS AND INTERPRETATION

TABLE 1: AGE

Age	No of respondents	Percent
18-25	17	11.33
26-35	45	30
36-45	53	35
46-55	31	20.7
Above 56	4	3
Total	150	100

SOURCE: PRIMARY DATA

INTERPRETATION

From the above table it is found that 35% of the respondents are in the age group of 36-45, 30% are in the age group of 26-35 and it is followed by 20.7% in 46-55 age group and 11.33% in the age group of 18-25. Only 3% are above 56 years.

TABLE 2: MARITAL STATUS

Marital status	No of respondents	Percentage
Married	133	88%
Unmarried	4	3%
Widow	10	7%
Divorce	3	2%
Total	150	100

SOURCE: PRIMARY DATA

INTERPRETATION

From the above table majority of the respondents (88%) are married and only 3% are unmarried. It is also found that only 7% are widow and 2% of the respondents are divorce members.

TABLE 3: EDUCATIONAL QUALIFICATIONS

Educational Qualifications	No of respondents	Percentage
Illiterate	24	16%
Literate with some formal schooling	77	51%
Completed high school	25	17%
Completed higher secondary	15	10%
Completed Degree	9	6%
Total	150	100

SOURCE: PRIMARY DATA

INTERPRETATION

From the above table it is clear that 51% of the respondents have formal school education, remaining 17% have high school education. It is also clear that 16% are illiterate and only 10%, 6% have completed higher secondary and degree respectively.

TABLE 4: CORRELATION BETWEEN INCOME AND ON-SITE TRAINING RECEIVED BY THE RESPONDENTS

Variables		Income	Onsite Training
Income of the respondents	Pearson Correlation	1	.279(**)
	Sig.(2-tailed)		.001
	N	150	150
Onsite Training received	Pearson Correlation	0.279(**)	1
	Sig.(2-tailed)	.001	
	N	150	150

SOURCE: PRIMARY DATA

INTERPRETATION

The correlation between income and on-site training received by the respondents is 0.279 which is a significant positive correlation indicating that on-site training received by the SHG members leads to more income.

TABLE 5: CORRELATION BETWEEN BENEFITS AND ON-SITE TRAINING RECEIVED BY THE RESPONDENTS

Variables		Benefits	Onsite Training
Benefits	Pearson Correlation	1	0.222(**)
	Sig.(2-tailed)		.006
	N	150	150
Onsite Training received	Pearson Correlation	0.222(**)	1
	Sig.(2-tailed)	0.006	
	N	150	150

SOURCE: PRIMARY DATA

INTERPRETATION

The correlation between benefits and on-site training received by the respondents is 0.222 which is a significant positive correlation indicating that on-site training is beneficial to them.

TABLE 6: CORRELATION BETWEEN BENEFITS RECEIVED AND INCOME GENERATION ACTIVITIES IN SHG

Variables		Benefits	Income generation activities
Benefits received	Pearson Correlation	1	.356(**)
	Sig.(2-tailed)		.000
	N	150	150
Income generation activities	Pearson Correlation	.356(**)	1
	Sig.(2-tailed)	.000	
	N	150	150

SOURCE: PRIMARY DATA

INTERPRETATION

The correlation between benefits received and income generation activities in SHG is 0.356 which is a significant positive correlation indicating that income generation activities through the SHG is much beneficial to them

TABLE 7: RESPONSIBILITIES OF SHG MEMBERS

Responsibilities	Yes	No
Regular Attendance	127(85%)	23(15%)
Weekly Savings	46(31%)	104(69%)
Repayment of Loan	141(94%)	9 (6%)
Visit of Bank	133 (89%)	17 (11%)
Updating of Rules and Regulations	133 (89%)	17 (11%)

SOURCE: PRIMARY DATA

INTERPRETATION

From the above table it is clear that 85% of the respondents have regular attendance in the meetings followed by 94% of the respondents who repaid the loan amount regularly. It is also found that 89% of the respondents visit the Bank regularly and updated the rules and regulations of Self Help Groups. Only 31% of the respondents have weekly savings.

FINDINGS

- It is noticed that majority of the SHG members are in the age group between 26 and 45.
- It is also noticed that majority of the SHG members are married and literate with some formal school education.
- It is found that the SHG activities like on-site training leads to generation of income.
- The SHG members agreed that the on-site training given through the Self Help Group is much beneficial to them.
- There is definite benefit to the SHG members through the income generation activities of SHGs.
- As far as the Self Help Group is concerned the SHG members are participating in the SHG activities with more involvement.

CONCLUSION

The rural area Self Help Groups are performing very well. The study concludes that micro-finance brought changes in the lives of women. The impact of micro-finance in the SHG is appreciable in bringing confidence to earn income through the SHG activities. It is noticed that SHG activities like training leads to more income. More over the SHG members also show more involvement in their responsibilities by updating the rules and regulations. While interacting with the respondents, it is noticed that they enjoyed the training given to them and are benefited through the training. The SHG activities are excellent and appreciable.

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SOCIO ECONOMIC IMPACT OF CONFLICT: AN EMPIRICAL STUDY OF YOUTH IN KASHMIR**DR. ANISA JAN****ASST. PROFESSOR****ISLAMIC UNIVERSITY OF SCIENCE & TECHNOLOGY****AWANTIPORA****UNJUM BASHIR****ASST. PROFESSOR****ISLAMIC UNIVERSITY OF SCIENCE & TECHNOLOGY****AWANTIPORA****ABSTRACT**

Youth is important for conflict and peace analysis beyond the demographic factor. Young people today encounter greater and more unique challenges than ever before. The eruption of political conflict further compounds the adversities many face. It is a vicious circle in which violence leads to under-development and vice versa. In this gruesome scenario it is the youth of the region who suffer the most. Kashmir conflict is one of the most staggering conflicts in international politics. The costs of the conflict have been increasingly unbearable for all involved particularly for youth. The youth of Kashmir have been on the forefront of the conflict, with the result they are caught in a web of problems like unemployment, high stress level, fewer avenues to partner socio-economic development. The present study aims at understanding the impact of conflict on socio economic status of youth in Kashmir. Besides, the survey also attempts to know the needs and priorities of the youth in Kashmir. The study has been conducted in Kashmir region wherein inputs have been taken from a vast and diverse group of stakeholders including youth, family heads, NGOs, government officials and media persons through surveys with the help of structured questionnaires. A rich data was generated looking into various aspects of individual, family and community life. The results ascertain direct as well as indirect influence of conflict on the socio-economic status of youth in Kashmir. Further, policy recommendations, to be adopted by both government and non-governmental organizations, aimed at enhancing the socio economic status of youth have been provided.

KEYWORDS

Youth of Kashmir, conflict, socio economic development.

INTRODUCTION*We Cannot Always Build the Future for Our Youth, but We Can Build Our Youth for the Future"*Franklin D. Roosevelt
Former President, USA

The extreme and often prolonged circumstances of violent conflict interfere with development. It is a vicious circle in which violence leads to underdevelopment and vice versa, and in this gruesome scenario it is the youth of the region who suffer the most. Some economists believe that the economic dimensions of war are the most important, taking precedence over other factors such as social grievances. Young people represent agents, beneficiaries and victims of major societal changes and are generally confronted by a paradox: to seek to be integrated into an existing order or to serve as a force to transform that order.

Young people with limited education and few employment opportunities often provide fertile recruiting ground for parties to a conflict. Their lack of hope for the future can fuel dissatisfaction with society and make them susceptible to the blandishments of those who advocate armed conflict. The dearth of opportunities in their communities often leads them to gravitate towards violent conflict and acts of terrorism. Many are successfully mobilized through the ideologies of war. As victims and witnesses, they cannot help but be affected by the grim realities surrounding them. This problem can be especially acute in societies that have a 'youth bulge' like Kashmiri society

The Kashmir conflict is one of the most staggering conflicts in international politics, and its persistence involving two nuclear powers is well known. Jammu and Kashmir continues to be afflicted by low intensity armed conflict for the last 22 years now. Human rights violations by both the security forces and the militant groups are on the high due to this ongoing armed conflict. Youth of Kashmir are at the forefront of violent conflict, often fighting without a choice. This study is therefore an attempt to understand the youth related issues on parameters like impact of the conflict, education and livelihood status, life skills, awareness levels on entitlements, rights and duties. Besides, the survey also attempts to know the needs and priorities of the youth in Srinagar through participatory research methods.

CONCEPTUAL BACKGROUND

Conflict and development are indisputably interlinked. Earlier development theory and practice were largely conflict-neutral, the scope of development with relation to conflict was limited. Traditional approaches to development pre-supposed that development exists only in peaceful conditions, which is rarely the case. The absence of peace is a pervasive global reality. Most countries have to strive for development against a background of past, present or threatened conflict (Secretary General of the United Nations, 1994). There has been a holistic approach towards the conflict and development from the past few decades. Lack of development – economic, political, or social – or a combination of all has been found as the main cause of conflict. There is an inverse relationship between conflict and development: conflict retards development; and equally, failures in development substantially increase proneness to conflict. There arises a "conflict trap" – a cycle of conflict-related violence and economic retardation (Collier & Hoeffler, 1998). Several studies have shown that the influence of conflict on development, and vice-versa, is significant in both exacerbating tensions and minimizing them (Buckles, 1999, and Anderson, 1999). Sustainable development cannot be achieved without peace and stability, and peace and security are not possible without meeting the basic needs of the people (OECD, 1997).

Conflict has a very significant impact on economic growth.. It holds the responsibility for the redirection of purposeful and important resources from productive activities into military action. Conflict has had a negative impact on both public and private investments, thus hampering the overall (social, economical, intellectual etc) growth. Conflict also affects the capacity of economies to overcome its drawbacks and face the unexpected or tough situations that may arise in this dynamic world. Research has found that external shocks could lead to an immediate and substantial deceleration in growth in societies characterized by the presence of "latent" social conflicts (e.g. high ethnic diversity), and low institutional or social capacity for resolving conflicts (e.g. those characterized by low political and individual rights) (Rodrik, 1998). Economic growth has been shown to affect the likelihood of conflict. Macroeconomic analyses of civil war point to low-per capita income as a very robust explanatory factor in determining the risk of violent internal conflict breaking out (Collier and Hoeffler, 1998; Fearon and Laitin, 2003). Recent development economics literature has shown that changes in household welfare are determined by changes in economic growth and changes in the distribution of incomes (e.g. Ravallion, 1999).

Conflicts cause growth to decline (Collier, 2007), damage infrastructure (Rodrik, 1998; Binzel & Brück, 2006; Brück & Schindler, 2007), destruct physical capital, reduce investment (Knight et al., 1996; Imai and Weinstein, 2000), and induce capital flight (Collier, 1999a) and lower personal savings rates (Russett and Slemrod, 1993). Both non-state and state armed forces loot and destroy housing, schools and health facilities (Brück, 2001). During violent conflicts, assets such

as houses, land, labour, utensils, cattle and livestock get lost or destroyed through heavy fighting and looting (Bundervoet&Verwimp, 2005; Ibáñez & Moya, 2006; Shemyakina, 2006; Verpoorten, 2003). The disruption and destruction of infrastructure caused by violence often results in severe cutbacks in states' capacity to provide services such as education and health care (Stewart et al., 2001a, 2001b). The insecure socio-economic conditions force vulnerable households into deprivation and distress and occurrence of violent conflict tend to increase insecurity further (de Waal, 1997). The violent conflicts are likely to have a considerable negative impact on individual and household's economic position due to loss of assets and disruption or loss of livelihoods (Humphreys & Weinstein, 2004).

The conflict affects civilians in a number of ways. In any conflict situation, civilians (children, women and youth) often witness traumatic events and are the victims of horrible atrocities such as shooting, killing, displacement, loss of family members, loss of livelihood and means of income, exposure to sexual violence and psychological and emotional trauma, physical assaults as well as life threatening injuries. Exposure of young people has been found much frequent in the conflict cases: boys and young men are most at risk of conflict related deaths; girls and young women are increasingly at risk of sexual violence, as is evident from a lot of cases that have taken place in Kashmir valley of Jammu and Kashmir. Conflicts have killed people and caused extensive injuries, disability and psychological damage (Ghobarah, Huth&Russett, 2003; Lacina&Gleditsch, 2005).

There have been breakdowns of customary rights and rules with predatory behaviour leading to resource depletion and environment degradation (Moser & McIlwaine, 1999). During violent conflicts assets get lost or destroyed (Verpoorten, 2003), homes and livelihoods damaged (Shemyakina, 2006), and prices of key staple commodities increased and asset depleted (Bundervoet&Verwimp, 2005), which have unaccountable impacts on livelihoods of individuals and households at micro level. The reductions in social services reinforce further the inability of households to fall back on state support in times of crises. During conflict, the households tend to deplete their stock of human capital (Deininger, 2003), increase older children engagement in economic activities (Stewart et al., 2001a), and restrict their access to school due to security fears (Shemyakina, 2006) and increase economic and security risks (Shemyakina, 2006). Conflict is associated with the destruction of human lives due to violence against civilians, often children, women and the elderly (Dewhurst, 1998; Woodward, 1995) and push previously vulnerable households into extreme forms of poverty which may well become persistent if the household is unable to replace labour (Justino&Verwimp, 2006). Conflicts affects health of children (Ghobarah, Huth&Russett, 2003), increase adult and infant mortality (Hoeffler & Reynal-Querol, 2003; de Walque, 2006), increase morbidity and psychological effects (GuhaSapir& van Panhuis, 2002). Population levels change due to conflict induced deaths, famine, disease and the destruction of health services (King & Martin, 2001; Stewart et al., 2001a). Conflicts are often highly correlated with increases in infant and maternal mortality rates, larger proportion of untreated illnesses, reduction in nutritional levels, and so forth (WHO, 2002) decrease food security and lower probability of children survival (Verwimp & van Bavel, 2004) and girls tend to suffer more than boys given extreme economic stress of households (Grein et al., 2003). The impact of reduction in households' economic and human capital may be long-lasting even after the end of the initial conflict (Ghobarah, Huth&Russett, 2003; Alderman et al., 2004; de Walque, 2006). The negative effects of violence may be counteracted by opportunities raised by conflict. Some will benefit from violence through looting (Keen, 1998), redistribution of assets during conflict (Brockett, 1990; Wood, 2003), and privileged access to market and political institutions (Richards, 1996). Population movements, migration in particular, may also entail some positive effects on livelihoods and the economic status of households through remittances (Justino&Shemyakina, 2007; Lindley, 2007) and creates a group of people who may have little to gain from a return to peace. Successful integration of displaced populations into society is a key precondition to avoid the economic decline that makes it more difficult to bring conflict to an end (Walter, 2004). In addition, displaced populations may create competition for scarce resources such as jobs, land, assets, available services like health care and so forth, which may also create new forms of exclusion and sources of further instability (USCR, 2004). Conflict dramatically disrupts traditional development, and it can spill over borders and reduce growth and prosperity across entire regions.

"Young people are and always have been - especially prominent in conflict, both as fighters and as victims". The impact of conflict, on the lives of youth and on society as a whole is enormous. It rips apart the fabric of societies. People are killed, families are torn apart, communities are displaced and divided, infrastructure is destroyed, and support systems crumble. In the process, youth are shown to be both vulnerable and capable because of their stage of development and the important roles they play in society.

With the ongoing cycle of violence in Kashmir from the last two decades, an entire recent generation of youth has grown up in the midst of conflict with no peace at all. This is the generation who was born and is growing up in the environments fraught with difficulty. They have grown up with explosions, shootings, violence. They have lived through conflict and suffered consciously from its consequences. The indirect impact is associated with conflict as a result of the complete disruption of daily social life and infrastructure. The health impact of conflict situation cannot be seen only the lines of absolute number of casualties and trauma-related disorders among survivors, but also on the individual and at collective levels.

RESEARCH METHODOLOGY

SAMPLING PLAN

Through the survey, the effort was towards mapping the gaps in socio-economic programs for youth as on paper and their factual situation on ground. The data was collected from a diverse group of respondents including the youth, family heads, guardians, media agencies, NGOs, CSOs, government and non-government organizations. The sample distribution is shown in the table below.

Category	Sample size	Total No. of units	Research tool
Youth	400	400	Questionnaire/FGD
NGOs and CSOs	05	05	Structured Interview Schedule.

The data was collected by the support of some student volunteers. Data extraction was done through specific questionnaire from youth, and non-government organizations. The questionnaire was designed to understand the youth related issues on parameters like impact of the conflict, education and livelihood status, awareness levels on entitlements, rights and duties.

ANALYSIS

The scheme of the analysis has been structured to first look at individual data and understand it in its entirety to help get into specific problems at the level of project implementation. Further the data has been analyzed across different demographic variables using tests of significance to understand their impact on the perceptions of the respondents. The statistical tools used include mean scores, frequency analysis, standard deviation, F, Z and T tests. The report ends with suggestive recommendations which can be incorporated to make the intervention inclusive and sustained.

FINDINGS

The table shows the demographic distribution of the sample chosen for the study. As is evident from the table the sample mainly consists of males as 63% respondents are males and the rest i.e. 36 % are females. Age wise majority of the respondents (37.8%) fall in the age group of 18 to 24yrs followed by the age group of 24-29yrs (26.8%), while at least number of youth (11.5%) fall in the age group of 29-35yrs. Also it is clear from the table that Islam is the major religion in the valley as 93% of the youth reported to belong to this religion while as there are only 6.8% of Sikhs and just 0.3% of Hindus in the sample studied. Out of the 400 youth studied, a vast majority (80.5%) are reported to be unmarried depicting a trend of late marriages in the valley which had been already reported in a number of studies conducted in last few years by different agencies.

In terms of income group, a major proportion (80.5%) of the youth population in the valley belongs to the APL (Above Poverty Line) group, 18% belong to BPL and a minimal of 1.5% belongs to AAY (Antodya Anna Yojana).

In terms of education maximum number of youth (39%) is reported to be having college or university education and minimum number of youth (9.5%) are having middle level education. Further across different occupations it is seen that students constitute the majority (42.5%) of the youth population and

unemployed constitute 25% of the population thereby suggesting that only about 33% of the youth are employed (part –time or full-time). In line with the above finding, it is reported that majority of the youth, being unemployed, have no income at all and the next big proportion of the youth population (18.8%) has a very low income of less than 5000 INR.

SUMMARY OF DEMOGRAPHICS (YOUTH)			
Demographic Variables	Alternative	Frequency	%age
Gender	Male	252	63.0
	Female	147	36.8
Age	13-18 yrs	96	24.0
	18-24 yrs	151	37.8
	24-29 yrs	107	26.8
	29-35 yrs	46	11.5
Religion	Muslim	372	93.0
	Hindu	1	0.3
	Sikh	27	6.8
Marital Status	Unmarried	322	80.5
	Married	78	19.5
Income Group	BPL	72	18.0
	APL	322	80.5
	AAY	6	1.5
Education	Primary	42	10.5
	Middle	38	9.5
	Secondary	86	21.5
	Hr. Sec	78	19.5
	College/University	156	39.0
Occupation	Govt Service	14	3.5
	Privately Employed	96	24.0
	Full Time Employment	8	2.0
	Part-Time Employed	13	3.3
	Unemployed	100	25.0
	Student	169	42.3
Monthly Income	Below 5000	75	18.8
	5000-10000	44	11.0
	10000-15000	17	4.3
	Above 15000	6	1.5
	No Income	258	64.5

HEALTH CONDITION OF YOUTH

Majority of the youth (70.5%) report a good health condition while as only a small percentage (1.8%) report a bad health condition. Again this finding is in line with the finding that major proportion of the youth population in urban Kashmir belongs to the APL income group.

HEALTH			
Characteristic	Response/Alternative	Frequency	%age
Health Condition	Excellent	79	19.8
	Good	282	70.5
	Fair	32	8.0
	Bad	7	1.8
Frequency of visiting Doctor	Often	21	5.3
	Sometimes	320	80.0
	Never	59	14.8
Health care Availability	PHC	29	7.3
	Dispensary	234	58.5
	Specialty Hospital	36	9.0

FREQUENCY OF VISITING DOCTORS

A vast majority i.e. 80% of the youth report that they visit the doctors sometimes. This suggests that despite being in good health the urban Kashmiri youth are highly sensitive about their health and therefore visit the doctors as and when needed.

HEALTH CARE AVAILABILITY

The data also suggests that urban Kashmir (Srinagar) has good primary health care availability. However there is lack of specialty health care as only 9% of the youth population report that they have an access to specialty health care.

UNDERSTANDING SATISFACTION LEVEL OF YOUTH

SATISFACTION WITH PERSONAL CHARACTERISTICS			
Characteristic	Mean	Std. Deviation	Rank
Family/ Peer Relationship	4.70	0.64	1
Looks/Personality	4.09	0.99	2
Community/Society	3.94	1.08	3
Education /Employment	3.81	1.27	4
Environment	3.62	1.32	5
SATISFACTION WITH DIFFERENT FACILITIES IN THE AREA			
Facility	Mean	Std. Deviation	Rank
Water Supply	3.87	1.24	1
Educational Institutions	3.47	1.33	2
Modes of Communication	3.18	1.44	3
Electricity	2.99	1.30	4
Financial Institutions	2.94	1.45	5
Health Care	2.75	1.50	6
Recreational facilities	1.98	1.35	7
Library	1.18	0.72	8

SATISFACTION LEVEL WITH PERSONAL CHARACTERISTICS

Youth in general have reported having highest satisfaction level with the family/peer relationship followed by their looks/personality. Further a high mean score of above 4 for both these characteristics suggests a very high level of satisfaction. This suggests the social fabric is still intact in the valley and there is little influence of individualistic approach of west. Also a high mean score for looks/personality suggests a high level of self-esteem among youth in urban Kashmir. It is also seen that the youth are least satisfied with their environment. Since the respondents mainly were from Srinagar city, this suggests that albeit the picturesque scenery of rest of the valley, Srinagar city is not having good environment. The city has become highly congested, lacks planning and therefore has lost its sheen.

SATISFACTION LEVEL WITH DIFFERENT FACILITIES AVAILABLE IN THE AREA

With regards the facilities available in the area it is seen that the youth are most satisfied with water supply and availability of educational institutions. Again a high mean score of above 3.5 for both these facilities suggests a very high level of satisfaction. However they are least satisfied with library and recreational facilities in their respective areas. It is also seen that the level of dissatisfaction regarding these facilities is very high as depicted by a mean of less than 2 in both cases. The absence of theatres, parks, community centers etc make the life of youth devoid of fun, amusement, and enjoyment.

FACILITIES IMMEDIATELY REQUIRED			
Facility	Response	Frequency	%age
Recreational facilities	Yes	119	70.0
	No	280	29.8
Educational Facility	Yes	139	34.8
	No	260	65.0
Health care	Yes	173	43.3
	No	226	56.5
Communication facilities	Yes	130	32.5
	No	270	67.5
Library	Yes	189	52.5
	No	210	47.3

It is evident from the table that most of the youth suggest recreational facilities as the most urgently required facility followed by library facilities thereby confirming the earlier resulting which showed a great dearth of these facilities. The least sought facility is the communication facility. The youth in general are satisfied with different modes of communication.

EFFECT OF DEMOGRAPHIC VARIABLES

Satisfaction with Personal Characteristics					
Demographic Variable	Alternative	Mean	Std. Deviation	F Value	Sig
Income Group	BPL	4.12	0.64	4.47	0.01
	APL	4.00	0.66		
	AAV	4.73	0.39		
Gender	Male	4.04	0.67	0.30	0.77
	Female	4.02	0.63		
Age	13-18 yrs	4.19	0.62	3.99	0.01
	18-24 yrs	4.02	0.67		
	24-29 yrs	4.01	0.61		
	29-35 yrs	3.79	0.73		
Education	Primary	3.79	0.64	2.21	0.07
	Middle	4.05	0.66		
	Secondary	4.15	0.69		
	Hr. Sec.	3.96	0.62		
	College/Unv.	4.05	0.65		
Occupation	Govt. service	3.97	0.70	2.71	0.02
	Privately Employed	3.92	0.62		
	Full-Time Employment	4.30	0.34		
	Part-time Employment	3.77	0.98		
	Unemployed	3.92	0.66		
	Full-Time Student	4.16	0.65		

IMPACT OF DEMOGRAPHIC VARIABLES ON SATISFACTION LEVEL REGARDING PERSONAL CHARACTERISTICS

It is seen from the table that average satisfaction level with respect to income group is maximum for AAY and minimum for APL suggesting that the youth in APL group are striving to further improve their personal characteristics whereas youth in AAY group seem to be less sensitive towards the same. With respect to age there is a significant difference in the perception of youth. The youth in the age group of 13-18 years are most satisfied and the youth in the age group of 29-35 years are least satisfied. With respect to occupation there is again significant difference in the perception of youth wherein the students are most satisfied and the part-time employees are least satisfied. With respect to gender and education no significant difference is reported between different respondent groups.

SATISFACTION WITH FACILITIES AVAILABLE					
Demographic Variable	Alternative	Mean	Std. Deviation	F Value	Sig
Income Group	BPL	2.80	0.76	6.61	0.00
	APL	2.81	0.68		
	AAY	1.77	0.32		
Gender	Male	2.82	0.74	0.92	0.36
	Female	2.75	0.65		
Age	13-18 yrs	2.76	0.71	0.65	0.58
	18-24 yrs	2.78	0.72		
	24-29 yrs	2.78	0.73		
	29-35 yrs	2.93	0.60		
Education	Primary	2.40	0.50	3.27	0.01
	Middle	2.79	0.52		
	Secondary	2.80	0.76		
	Hr. Sec.	2.87	0.73		
	College/Unv.	2.85	0.72		
Occupation	Govt. service	2.87	0.52	0.73	0.60
	Privately Employed	2.88	0.68		
	Full-Time Employment	2.70	0.55		
	Part-time Employment	2.41	0.65		
	Unemployed	2.77	0.68		
	Full-Time Student	2.78	0.76		

FEEDBACK FROM NGOS/CSO/VOS

- Core areas of work of most of the social work organizations are mostly women, children and youth development and national integration.
- The coverage of these organizations mostly include 4 districts of valley i.e. Srinagar, Ganderbal, Budgam, and Pulwama districts
- Human rights education is suggested by most as the approach that should be adopted to promote right-based issues among youth.
- The ways used to support youth include legal aid, giving education scholarships, campaigns in collaborating with international groups for juveniles and youth, connecting the detainees with mental health organizations, free distribution of medicines, Liaoning, campaign against torture, highlighting HR violations at national and international level through media, human rights education, psycho-social counseling, rehabilitation of disabled and media sensitization
- Potential issues to be worked upon are reported to be unemployment, channelizing the talent/energy of youth, awareness about rights and entitlements, drug abuse, huge commercialization of education
- Challenges faced/foreseen by these organizations include turmoil/conflict, stereotyping of NGOs, tendency of young people towards violence and hopelessness
- Impact of armed conflict on youth is seen in terms of violent behavior, psycho-social problems, rise in unemployment, disturbances in education calendar, rise in stress level, drug addiction, economy, mental health, and radicalization of society.
- Projects done by these organizations in urban Kashmir, especially Srinagar, include human rights and duties, awareness about entitlements, capacity and skill development, and entrepreneurship.
- Experience of working with Govt. departments, other NGOs, community and other CSOs has not been much satisfying. The approach of government departments is termed as hopeless. Expectations from such partnerships include inclusive approach, cooperation, information exchange accountability and transparency.

SUGGESTIONS AND RECOMMENDATIONS

1. There is a need to take up the issue of **unemployment** as the most critical issue by both government and non-governmental organizations. And particularly the **community based interventions** to tackle this issue should be supplemented with **school and institution based interventions**.
2. **Development of income generating programmes** need to be started at the earliest. There is also a need to **link these programmes with government schemes** for employment of youth.
3. There is wide spread unemployment and youth have very less hope of finding government or private jobs in the valley and therefore are trying to explore the avenues for entrepreneurship. The present education system just aims at providing the academic degrees which hardly make the youth capable of taking up entrepreneurship as their career choice. Academicians and policy makers in state need to address this issue at the earliest. **Advocacy** should be carried out to bring a policy change in the way education is given.
4. Recreational facilities are mostly not available to the youth in the valley and are the most urgently required by the urban Kashmiri youth. This issue can be handled by organizing **exposure trips for youth and by encouraging them to participate in activities related to adventure**.
5. Library is the second most sought after facility by the youth. **Infrastructure development in terms of physical and electronic libraries**, youth centric resource material should be made readily available for the youth so as to enable them to develop reading habit and use their leisure time in productive way.
6. Since youth are least satisfied with their environment, they will show greater acceptance to work for improvement of environment and thus can be engaged in improving the environment through different **environment conservation programmes**.
7. There is lack of specialty health care as only 9% of the youth population report that they have an access to specialty health care. Advocacy campaigns should be run to **demand establishment of specialty health care** which is accessible to general public.
8. **Engaging youth in community development and aiding them in finding their livelihood** will automatically reduce their vulnerability towards violent behaviors.
9. The youth specific activities carried out by government offices include skill training, technical and professional courses, SKEWPY, NMDF and entrepreneurship development training. No training regarding life skills is provided by most of these offices. This again advocated the **need to have life skill training interventions for the youth**.

10. With respect to NGOs/Vos the coverage areas mostly include 4 districts of valley i.e. Srinagar, Ganderbal, Budgam, and Pulwama districts. Thus there is a need for these organizations to step out of Srinagar and its adjacent districts and work in other far flung areas of the valley.
11. Human rights education is suggested by most of the NGOs/VOs as the approach that should be adopted to promote right-based issues among youth. The other approaches suggested by (and practiced by some) NGOs/VOs include legal aid, giving education scholarships, campaigns in collaboration with international groups for juveniles and youth, connecting the detainees with mental health organizations, free distribution of medicines, liaisoning, campaign against torture, highlighting HR violations at national and international level through media, psycho-social counselling, rehabilitation of disabled and media sensitization.
12. Challenges faced/foreseen by these organizations include turmoil/conflict, stereotyping of NGOs, tendency of young people towards violence and hopelessness. The need is to make all the programmes participatory type i.e. **target population should be involved in the design, implementation, monitoring and evaluation of these programmes and NGOs/VOs should make themselves open to social audit.**

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EXTERNAL DEBT OF SRILANKA: GROWTH AND ECONOMIC GROWTH

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ABSTRACT

This study investigates the factors that determine and enhance economic growth. The factors to determine the economic growth of Sri Lanka is total debt, Long-term Debt, Public Debt, Private Debt, Short-term Debt, and Gross domestic Products. Simple Linear Regression model, Semi Log Linear Regression models, Correlation and Regression are applied to analyze the determinates of economic growth with the help of time series data for 29 years with annual frequency from 1981 to 2009. The economic growth may gain boost by the factors not only by these but also many others. In this study total debt, Long-term Debt, Public Debt, Private Debt, Short-term Debt relationship with economic growth are found positively associated with economic growth.

KEYWORDS

Economic growth, Total debt, Long-term Debt, Public Debt, Private Debt, Short-term Debt.

1. INTRODUCTION

Philip E. Taylor¹ defines public debt as, "The debt in the form of promises by the treasury to pay to the holders of these promises a principal sum and in most instances interest on that principal". External Debt or Foreign Debt is that part of the total Debt in a country that is owed to creditors outside the country. The debtors can be the government, corporations or private households. The debt includes money owed to private commercial banks, other Governments, or International Financial Institutions such as the International Monetary Fund (IMF) and World Bank.

Most of the under developed and developing countries suffer from a low level of income and consequently their saving and capital accumulation are also very low. When a country is facing a crunch in the capital market, to undertake activities generally it goes in for internal borrowing and when it is not enough, it resorts to external resources. Moreover, when there is less scope to receive foreign direct investment, NRI earnings, grants, aids and export most of the developing countries resort to external borrowing. A country borrows externally to augment its domestic resources with the knowledge that all the resources generated in the future will not be available for domestic purposes and a part of them will have to be transferred to external creditors.

An amount of money borrowed from one party to another. Many corporations and individuals use debt as a method for making large purchases that they could not afford under normal. Debt sustainability can be defined as the ability of a debtor to service its debt in the medium and long-run without re-negotiating, defaulting or compromising its long-term goals and objectives. Maintaining the sustainability of External Debt is vital for a sovereign debtor as the sovereigns have limited options to settle financial obligations in foreign currencies. There are various indicators to determine the sustainable level of External Debt. Each has its advantages and disadvantages, and there is no unanimity on adopting a sole indicator. These indicators are primarily in the nature of ratios, i.e., comparison between two relevant variables, and facilitate the policy makers in their External Debt management exercise.

The various kinds of External Debt and discuss the need for External Debt. External Debt may be broadly classified under eight kinds. These include multilateral, bilateral and commercial loans and cover both the Government and non-government sectors. These also comprise highly concessional loans as well as loans on market terms. Multilateral Debt refers to loans and credits extended by multilateral organizations to the Government or, in some cases, with Government guarantee, to Public and Private sector corporate bodies. Bilateral Loans refers to borrowing on varying degrees of concessionality, from other governments. Such loans are given to the government and in some cases to public sector organizations. The IMF debt assumed significance in the early 1980s, when India resorted to withdrawals under the Extended Fund Facility (EFF) and supplementary Financing Facility (SFF) to ease out the balance of payments difficulties. Export credits are comprises buyer's credit; supplier's and exports credit for defense purchases. Buyers' credit and suppliers' credit are treated as forms of commercial borrowing. Commercial borrowing includes market borrowings abroad by corporate entities and public sector undertakings and includes commercial bank loans, securitized borrowings (including India Development Bonds) and loans. Non Resident Deposits refers to various types of Non-Resident (NR) deposits and Foreign Currency (Banks & others) Deposits (FC (B&O) D) with maturities of over one year. Rupee Debt is denomination in rupees owed to Russia and paid through exports. Short term debt refers to debt with a maturity period of up to one year. This is usually trade related debt.

2. REVIEW OF LITERATURE**2.1 INTRODUCTION**

In this study an attempt is made to review some important works related to the present study. A survey of some available literature reveals the fact that studies undertaken in the area of External Debt of Sri Lanka are limited in number. Most of the available works on Sri Lanka's External Debt have been undertaken only in recent years which are very closely connected with the present study are reviewed.

Natia Kutivadze (2011) in his work "Public Debt, Domestic and External Financing, and Economic Growth", in this study analyzed distinguishes between the growth impact of domestic versus external public debt to examined the importance of domestic financing as compared to external financing. In particular, the regressions' outcome points clearly in the direction of a non-linear relationship between total public debt and growth in the subsets of middle and low-income countries, and not by the domestic component of it. Otherwise stated, it appears that high levels of external public debt are associated with low per capita GDP growth rates, but that high levels of domestic public debt are not necessarily associated with low growth. The author identify ranges of values for the optimal level of public debt (i.e. the level after which the marginal impact of further debt accumulation becomes harmful for growth) in middle and low-income countries. In a subset of high income countries, they did not find any support for a robust relationship between public debt and growth.

Jen-tehwang, Chien-ping chung, and chieh-hsuanwang (February 2010) in their work "Debt Overhang, Financial Sector Development and Economic Growth", in this paper used panel data of 20 high External Debt countries selected from Asia and Latin-America to investigate the financial sector development-debt-growth nexus within the framework of an endogenous growth and financial development mechanism. First, the External Debt-to-GDP ratio is significantly negatively correlated with economic growth rates, indicating that excessive debt is detrimental to the growth of an economy. Second, they introduced the simultaneous GMM equations between financial sector development and economic growth to evaluate the interaction effects among economic growth, External Debt, and financial sector development. In empirical results, researcher's find that the negative impact of high debt on growth appears to operate through a strong negative effect, and also finding a two-way relationship between financial sector development and economic growth.

Carmen M.Reinhart and Kenneth S.Rogoff (January 2010) in their study "growth in a time of debt", they analyzed economic growth and inflation at different levels of government and External Debt and also analyzed based on new data on forty-four countries spanning about two hundred years. The data set incorporates over 3,700 annual observations covering a wide range of political systems, institutions, exchange rate arrangements, and historic circumstances. In their study main findings are: the relationship between debt and real GDP growth is weak for debt and GDP ratios below a threshold of 90 per cent of GDP. Above 90 per cent, median growth rates fall by one per cent, and average growth falls considerably more. They find that the threshold for public debt is similar

in advanced and emerging economies. Emerging markets face lower thresholds for External Debt (public and private) which is usually denominated in a foreign currency. When External Debt reaches 60 per cent of GDP, annual growth declines by about two per cent; for higher levels, growth rates are roughly cut in half. There is no apparent contemporaneous link between inflation and public debt levels for the advanced countries as a group (some countries, such as the United States, have experienced higher inflation when debt and GDP is high.) the story is entirely different for emerging markets where inflation rises sharply as debt increases.

Ramesh Chantra Paudel and Nelson Perera (2009) in their study "Foreign Debt, Trade Openness, Labor Force and Economic Growth: Evidence from Sri Lanka" in this study examined the role of foreign debt, trade openness and labor force in the economic growth of Sri Lanka, by employing the Johansen maximum likelihood approach of co integration. They analyzed the data for the period, 1950-2006. This study finds that there is a co integration relationship between economic growth and foreign debt, trade openness and labor force. Further the results suggest that in the long run, labor force, trade openness and foreign debt have a positive impact on economic growth of Sri Lanka.

A.T. Fonseka (2008) in her study "Sustainability of Sri Lanka's Public Debt" this study shows that the accumulated debt of government over the years has reached very high proportions to the extent that debt servicing has become a major challenge to government. Sustainability of the public debt is an issue that involves macroeconomic variables and in finding a durable solution it is necessary to address the issue at the macro level. Any attempts to reduce the deficit by raising taxes to levels that are intolerable or cutting down on capital expenditure are ill- advised as this only jeopardizes future growth prospects of the economy. The primary thrust in the short term should be on curtailing government expenditure and eliminating waste while the long term focus should be on creating an environment conducive to high and sustained growth.

Catherine Pattillo, Helene Poirson, and Luca Riccil (2004) in their work "What Are the Channels Through Which External Debt Affects Growth?" in this paper investigated the channels through which debt affects growth, specifically whether debt affects growth through factor accumulation or total factor productivity growth. They used a large panel dataset of 61 developing countries over the period 1969–98. In this paper indicate that the negative impact of high debt on growth operates both through a strong negative effect on physical capital accumulation and on total factor productivity growth. In this study results are generally robust to the use of alternative estimators to control for biases associated with unobserved country-specific effects and the endogeneity of several regressors, particularly the debt variables.

Benedict Clements, Rina Bhattacharya, and Toan Quoc Nguyen (2003) in their work, "External Debt Public Investment and Growth in Low-Income Countries" in this paper examined the channels through which External Debt affects growth in low-income countries. In this study suggest that the substantial reduction in the stock of External Debt projected for highly indebted poor countries (HIPC) would directly increase per capita income growth through their effects on public investment. If half of all Debt-service relief were channeled for such purposes without increasing the budget deficit, then growth could accelerate in some HIPC by an additional 0.5 percentage point per annum.

Henrik Hansen (2002) in his study "The Impact of Aid and External Debt on Growth and Investment" his analysed based on the regressions his assessed the likely impact of debt relief with and without changes in the aid flows. The result is that one-for-one changes in debt service payments and official aid flows leave the growth rate unchanged, i.e., there seems to be no growth without additionally. When he Use a measure of effective aid developed by the World Bank staff he find that if decreases in debt service payments are accompanied by falling grant levels, there may even be a negative impact on growth.

Catherine Pattillo, Helene Poirson, and Luca Riccil (2002) in their work "External Debt and Growth" in this paper assessed the non-linear impact of External Debt on growth using a large panel data set of 93 developing countries over 1969–98. Their Results are generally robust across different econometric methodologies, regression specifications, and different debt indicators. Their findings also suggest that the average impact of debt becomes negative at about 160–170 per cent of exports or 35–40 per cent of GDP. The marginal impact of debt starts being negative at about half of these values. High debt appears to reduce growth mainly by lowering the efficiency of investment rather than its volume.

Manop Udomkermongkol, Holger and Oliver Morrissey in their study, "Domestic Investment, FDI and External Debt: An Empirical Investigation" in this paper is to make predictions on the relative importance of three different sources of financing, namely domestic capital self-financing (private investment); FDI financing; External Debt financing, for domestic investment under two types of political regime – politically unstable and stable regimes, based on a sample of low and middle-income countries over the period 1995–2001. FDI financing would be between foreign debt financing and domestic capital self-financing in unstable regime. Their Findings suggest that External Debt financing has no impact on domestic investment. By contrast, FDI and private investment crowd in the investment. In unstable regime, the effect of domestic capital self-financing is greater than FDI financing effect. Domestic capital self-financing, however, is of similar significance to FDI financing in stable regime.

Erdal karagol in his study "External Debt and Economic Growth Relationship are using the Simultaneous Equations" in this paper will examined the interaction among economic growth, External Debt service and capital inflow using time series data for Turkey and using a multi-equation model. His results show that the relationship between debt service and economic growth should be analyzed with a simultaneous equation model, because there is a two-way relationship between debt service and growth. The rise in the debt-servicing ratio adversely affects economic growth whereas the decrease in the rate of growth reduces the ability of an economy to service its debt. When Turkey is servicing its debt, debt servicing could impair economic growth.

Rolf Maier in his study "External Debt and Pro-Poor Growth" this paper explored empirically a linear and non-linear impact of External Debt on pro-poor growth in developing and transitional countries. To test the distribution effect of External Debt to GDP, External Debt to exports, and debt services to exports on the poorest 20 and 20 to 40 per cent in a cross country approach. In addition, they estimate the total effect, i.e. the distribution and growth effect, to analysed potential trade-offs between the impacts of unsustainable External Debt levels on poverty through overall economic growth and via distribution. The researcher to test the poverty effects, and collect an irregular and unbalanced panel of time-series cross-country data on the first and second quintile of 58 developing and transitional countries for the period 1970 – 1999. Author applies two econometric specifications, a growth equation and a system GMM estimation, to cover econometric issues, cross-country variation and dynamic aspects of within-country changes of the income of the poor.

Emilio Colombo and Enrico Longoni in their study "The Politics of External Debt in Developing Countries" they analysed the determinants of long term External Debt for a large sample of developing countries. The researchers find that, in addition to the standard economic variables, institutional and socio-political variables are a key factor in explaining the level of External Debt. Overall the results point to an interpretation based on the presence of binding credit constraints. Such constraints are relaxed in the presence of high quality of institutions and low political risk, while they are tightened when socio-political risk is higher.

3. GROWTH OF THE DIFFERENT COMPONENTS OF EXTERNAL DEBT

3.1 INTRODUCTION

The External Debt may be classified either on the basis of the time period maturity or on the basis of the sector in which the external assistance has been utilized. In this chapter, an attempt is made to study the growth of the different components of External Debt, during the period from 1981 to 1990 from 1991 to 2000 and from 2001 to 2009. For this purpose, the External Debt is classified initially into total Debt, long term debt, public debt, private debt, and short – term debt. The External Debts which have a maturity period of one year or less are grouped under short term debt. All categories of debt which have a maturity period of more than one year is grouped under long – term debt. Hence, in this study also, the same type of classification, (i) availability of data and (ii) to facilitate easy compression.

3.1.1. TOTAL EXTERNAL DEBT IN SRILANKA:

The table 3.1.1 shows that the data on total Debt in Sri Lanka. During the decade from 1981 to 1990. The total Debt has been increased from 2234.7 Millions of US Dollars in 1981 to 5207.3 Millions of US Dollars in 1988 and then it stated showing a declining trend. The highest index number was 262.38 in 1990. In this decade the highest annual growth rate was 18.27 per cent in 1985 and lowest growth rate was -0.50 per cent in 1989. In this decade the average value of total Debt and annual growth rate works out to 3936.35 Millions of US Dollars and 18.04 per cent per year respectively.

During the decade from 1991 to 2000, the Total debt has been slightly decreased from 6579.6 Millions of US Dollars in 1991 to 6456.5 Millions of US Dollars in 1992 and then it stated showing a increasing trend. The highest index number was 148.94 in 1999. In this decade the highest annual growth rate was 18.27 per cent in 1998 and lowest growth rate was -7.25 per cent in 2000. In this decade the average value of total Debt and annual growth rate works out to 795721 Millions of US Dollars and 4.24 per cent per year respectively.

During the period from 2001 to 2009 the total Debt has been increased from 8668.3 Millions of US Dollars in 2001 to 17208 Millions of US Dollars in 2009 and then it stated showing there is no declining trend. The highest index number was 198.52 in 2009. In this decade the highest annual growth rate was 20.87 per cent in 2007 and lowest growth rate was -4.63 per cent in 2001. In this decade the average value of total Debt and annual growth rate works out to 12250.10 Millions of US Dollars and 12.31 per cent per year respectively.

TABLE 3.1.1:- TOTAL EXTERNAL DEBT IN SRILANKA [Debt figure in Millions of US Dollars]

Year	Total Debt	Index no	Annual growth rate of percentage
1981	2234.7	100	
1982	2625.4	117.48	17.48
1983	2884.3	129.07	9.86
1984	2993.1	133.94	3.77
1985	3540	158.41	18.27
1986	4082.8	182.70	15.33
1987	4751.3	212.61	16.37
1988	5207.3	233.02	9.60
1989	5181.3	231.86	-0.50
1990	5863.3	262.38	13.16
average	3936.35		18.04
1991	6579.6	100.00	12.22
1992	6456.5	98.13	-1.87
1993	6853.7	104.17	6.15
1994	7887.8	119.88	15.09
1995	8231.3	125.10	4.35
1996	8002.8	121.63	-2.78
1997	7638.1	116.09	-4.56
1998	9033.2	137.29	18.27
1999	9799.7	148.94	8.49
2000	9089.4	138.15	-7.25
average	7957.21		4.24
2001	8668.3	100.00	-4.63
2002	9688.1	111.76	11.76
2003	10401.8	120.00	7.37
2004	11043.6	127.40	6.17
2005	11373.1	131.20	2.98
2006	11887.7	137.14	4.52
2007	14369.2	165.77	20.87
2008	15611.1	180.09	8.64
2009	17208	198.52	10.23
average	12250.10		12.31

Source: World Development Indicators and Global Development Finance.

3.2.1 LONG-TERM EXTERNAL DEBT

The table 3.2.1 shows that the data on long-term debt in Srilanka. During the decade from 1981 to 1990. The long-term debt has been increased from 1515.6 Millions of US Dollars in 1981 to 5048.6 Millions of US Dollars in 1990 and then it stated showing there is no declining trend. The highest index number was 333.11 in 1990. In this decade the highest annual growth rate was 23.20 per cent in 1982 and lowest growth rate was 1.56 per cent in 1988. In this decade the average value of long-term debt and annual growth rate works out to 3235.19 Millions of US Dollars and 25.90 per cent per year respectively.

During the decade from 1991 to 2000, the long-term debt has been increased from 5769.4 Millions of US Dollars in 1991 to 7100.7 Millions of US Dollars in 1995 and then it stated showing a declining trend. The highest index number was 149.27 in 1999. In this decade then highest annual growth rate was 22.62 per cent in 1998 and lowest growth rate was -4.27 per cent in 2000. In this decade the average value of long term debt and annual growth rate works out to 7014.85 Millions of US Dollars and 4.77 per cent per year respectively.

TABLE 3.2.1 LONG-TERM EXTERNAL DEBT [Debt figure in Millions of US Dollars]

Year	Long-term debt	Index no	Annual growth rate of percentage
1981	1515.6	100.00	
1982	1867.2	123.20	23.20
1983	2155.6	142.23	15.45
1984	2393.5	157.92	11.04
1985	2937.1	193.79	22.71
1986	3551.4	234.32	20.92
1987	4201.3	277.20	18.30
1988	4267	281.54	1.56
1989	4414.6	291.28	3.46
1990	5048.6	333.11	14.36
average	3235.19		25.90
1991	5769.4	100.00	14.28
1992	5742.2	99.53	-0.47
1993	6071.3	105.23	5.73
1994	6732.4	116.69	10.89
1995	7100.7	123.08	5.47
1996	6905.5	119.69	-2.75
1997	6724.9	116.56	-2.62
1998	8245.8	142.92	22.62
1999	8611.9	149.27	4.44
2000	8244.4	142.90	-4.27
average	7014.85		4.77
2001	7826.7	100.00	-5.07
2002	8677.5	110.87	10.87
2003	9387.8	119.95	8.19
2004	10101.8	129.07	7.61
2005	9999.8	127.77	-1.01
2006	10788.3	137.84	7.89
2007	12474.5	159.38	15.63
2008	13342.5	170.47	6.96
2009	14613.6	186.71	9.53
average	10801.39		10.84

Source: World Development Indicators and Global Development Finance.

During the period from 2001 to 2009 the long term debt has been increased from 7826.7 Millions of US Dollars in 2001 to 10101.8 Millions of US Dollars in 2004 and then it stated showing a declining trend. The highest index number was 186.71 in 2009. In this decade then highest annual growth rate was 15.63 per cent in 2007 and lowest growth rate was -5.07 per cent in 2001. In this decade the average value of long term debt and annual growth rate works out to 10801.39 Millions of US Dollars and 10.84 per cent per year respectively.

3.3.1 PUBLIC EXTERNAL DEBT

The table 3.3.1 shows that the data on public debt in Sri Lanka. During the decade from 1981 to 1990 the public debt has been increased from 1511.6 Millions of US Dollars in 1981 to 4946.8 Millions of US Dollars in 1990 and then it stated showing there is no declining trend. The highest index number was 327.26 in 1990. In this decade then highest annual growth rate was 23.36 per cent in 1982 and lowest growth rate was 1.69 per cent in 1988. In this decade the average value of public debt and annual growth rate works out to 3160.26 Millions of US Dollars and 25.25 per cent per year respectively.

During the decade from 1991 to 2000 the public debt has been increased from 5670.7 Millions of US Dollars in 1991 to 7011.1 Millions of US Dollars in 1995 and then it stated showing a declining trend. The highest index number was 148.12 in 1999. In this decade then highest annual growth rate was 21.23 per cent in 1998 and lowest growth rate was -6.23 per cent in 2000. In this decade the average value of public debt and annual growth rate works out to 6874.04 Millions of US Dollars and 4.32 per cent per year respectively.

TABLE 3.3.1 PUBLIC EXTERNAL DEBT [Debt figure in Millions of US Dollars]

Year	Public debt	Index no	Annual growth rate of percentage
1981	1511.6	100.00	
1982	1864.7	123.36	23.36
1983	2115.4	139.94	13.44
1984	2349.2	155.41	11.05
1985	2838.6	187.79	20.83
1986	3455.4	228.59	21.73
1987	4084.5	270.21	18.21
1988	4153.7	274.79	1.69
1989	4282.7	283.32	3.11
1990	4946.8	327.26	15.51
average	3160.26		25.25
1991	5670.7	100.00	14.63
1992	5642.8	99.51	-0.49
1993	5981.5	105.48	6.00
1994	6649.8	117.27	11.17
1995	7011.1	123.64	5.43
1996	6818	120.23	-2.75
1997	6640.5	117.10	-2.60
1998	8050.1	141.96	21.23
1999	8399.4	148.12	4.34
2000	7876.5	138.90	-6.23
average	6874.04		4.32
2001	7437.3	100.00	-5.58
2002	8348.8	112.26	12.26
2003	9119.4	122.62	9.23
2004	9805.9	131.85	7.53
2005	9611.9	129.24	-1.98
2006	10295.4	138.43	7.11
2007	11835.6	159.14	14.96
2008	12608.8	169.53	6.53
2009	13646.8	183.49	8.23
average	10301.10		10.44

Source: World Development Indicators and Global Development Finance.

During the period from 2001 to 2009 the public debt has been increased from 7437.3 Millions of US Dollars in 2001 to 9805.9 Millions of US Dollars in 2004 and then it started showing a declining trend. The highest index number was 183.49 in 2009. In this decade then highest annual growth rate was 14.96 per cent in 2007 and lowest growth rate was -5.58 per cent in 2001. In this decade the average value of public debt and annual growth rate works out to 10301.10 Millions of US Dollars and 10.44 per cent per year respectively.

3.4.1 PRIVATE EXTERNAL DEBT

The table 3.4.1 shows that the data on private debt in Sri Lanka. During the decade from 1981 to 1990. The private non-guaranteed debt has been slightly decreased from 4 Millions of US Dollars in 1981 to 2.5 Millions of US Dollars in 1982 and then it started showing a small declining trend. The highest index number was 3297.5 in 1989. In this decade the highest annual growth rate was 1508.00 per cent in 1983 and lowest growth rate was -37.50 per cent in 1982. In this decade the average value of private debt and annual growth rate works out to 74.93 Millions of US Dollars and 271.67 per cent per year respectively.

During the decade from 1991 to 2000. The private debt has been increased from 98.7 Millions of US Dollars in 1991 to 99.4 Millions of US Dollars in 1992 and then it started showing a declining trend. The highest index number was 372.75 in 2000. In this decade the highest annual growth rate was 131.99 per cent in 1998 and lowest growth rate was -8.02 per cent in 1994. In this decade the average value of private debt and annual growth rate works out to 140.83 Millions of US Dollars and 30.31 per cent per year respectively.

During the period from 2001 to 2009. The private debt has been decreased from 389.4 Millions of US Dollars in 2001 to 387.9 Millions of US Dollars in 2005 and then it started showing an increasing trend. The highest index number was 248.28 in 2009. In this period the highest annual growth rate was 31.77 per cent in 2009 and lowest growth rate was -18.32 per cent in 2003. In this decade the average value of private debt and annual growth rate works out to 500.28 Millions of US Dollars and 18.53 per cent per year respectively.

TABLE 3.4.1 PRIVATE EXTERNAL DEBT [Debt figure in Millions of US Dollars]

Year	Private debt	Index no	Annual growth rate of percentage
1981	4	100.00	
1982	2.5	62.50	-37.50
1983	40.2	1005.00	1508.00
1984	44.3	1107.50	10.20
1985	98.5	2462.50	122.35
1986	96	2400.00	-2.54
1987	116.8	2920.00	21.67
1988	113.3	2832.50	-3.00
1989	131.9	3297.50	16.42
1990	101.8	2545.00	-22.82
average	74.93		271.67
1991	98.7	100.00	-3.05
1992	99.4	100.71	0.71
1993	89.8	90.98	-9.66
1994	82.6	83.69	-8.02
1995	89.6	90.78	8.47
1996	87.5	88.65	-2.34
1997	84.4	85.51	-3.54
1998	195.8	198.38	131.99
1999	212.6	215.40	8.58
2000	367.9	372.75	73.05
average	140.83		30.31
2001	389.4	100.00	5.84
2002	328.6	84.39	-15.61
2003	268.4	68.93	-18.32
2004	295.9	75.99	10.25
2005	387.9	99.61	31.09
2006	492.9	126.58	27.07
2007	638.9	164.07	29.62
2008	733.7	188.42	14.84
2009	966.8	248.28	31.77
average	500.28		18.53

Source: World Development Indicators and Global Development Finance.

3.5.1 SHORT TERM EXTERNAL DEBT

The table 3.5.1 shows that the data on short term debt in Sri Lanka. During the decade from 1981 to 1990. The short term debt has been increased from 203.9 Millions of US Dollars in 1981 to 283.6 Millions of US Dollars in 1983 and then it stated showing a declining trend. The highest index number was 284.85 in 1988. In this decade the highest annual growth rate was 112.51 per cent in 1988 and lowest growth rate was -31.35 per cent in 1984. In this decade the average value of short term debt and annual growth rate works out to 300.89 Millions of US Dollars and 10.95 percent per year respectively.

During the decade from 1991 to 2000, the short term debt has been decreased from 409.5 Millions of US Dollars in 1991 to 538.3 Millions of US Dollars in 1994 and then it stated showing a declining trend. The highest index number was 227.01 in 1999. In this decade the highest annual growth rate was 121.28 per cent in 1999 and lowest growth rate was -39.00 per cent in 1992. In this decade the average value of short term debt and annual growth rate works out to 507.97 Millions of US Dollars and 7.46 percent per year respectively.

TABLE 3.5.1 SHORT TERM EXTERNAL DEBT [Debt figure in Millions of US Dollars]

Year	Short term debt	Index no	Annual growth rate
1981	203.9	100.00	
1982	275.9	135.31	35.31
1983	283.6	139.09	2.79
1984	194.7	95.49	-31.35
1985	206.3	101.18	5.96
1986	184.6	90.53	-10.52
1987	273.3	134.04	48.05
1988	580.8	284.85	112.51
1989	400.9	196.62	-30.97
1990	404.9	198.58	1.00
average	300.89		10.95
1991	409.5	100.00	1.14
1992	249.8	61.00	-39.00
1993	266.4	65.05	6.65
1994	538.3	131.45	102.06
1995	535.3	130.72	-0.56
1996	566.3	138.29	5.79
1997	479.8	117.17	-15.27
1998	420.1	102.59	-12.44
1999	929.6	227.01	121.28
2000	684.6	167.18	-26.36
average	507.97		7.46
2001	627.3	100.00	-8.37
2002	700.6	111.68	11.68
2003	620.8	98.96	-11.39
2004	647.8	103.27	4.35
2005	992	158.14	53.13
2006	855	136.30	-13.81
2007	1643.5	262.00	92.22
2008	2100	334.77	27.78
2009	1873.2	298.61	-10.80
average	1117.80		24.83

Source: World Development Indicators and Global Development Finance.

During the period from 2001 to 2009, the short term debt has been increased from 627.3 Millions of US Dollars in 2001 to 700.6 Millions of US Dollars in 2002 and then it stated showing a declining trend. The highest index number was 334.77 in 2008. In this period the highest annual growth rate was 92.22 per cent in 2007 and lowest growth rate was -13.81 per cent in 2006. In this decade the average value of short term debt and annual growth rate works out to 1117.80 Millions of US Dollars and 24.83 per cent per year respectively.

3.6 RESULTS OF TREND ANALYSIS FOR THE TOTAL DEBT

The table 3.6 shows that the results of the trend analysis reveal that the total Debt in Sri Lanka increased annually by 412.007 Millions of US Dollars in 1981-1990. The regression coefficient of the semi log linear model implies that the Total Debt increased at the compound growth rate of 28.5286 per cent per year. The regression coefficients in the both models are significant at one per cent level. The value of adjusted R² is high in the simple linear model and semi log linear model. It means that the Total Debt in Sri Lanka had registered a linear trend in this period and 97 per cent of variations in the dependent variable are explained by the independent variable.

During the second period, the results of the trend analysis reveal that the Total Debt in Sri Lanka increased annually by 338.852 Millions of US Dollars in 1991-2000. The regression coefficient of the semi log linear model implies that the Total Debt increased at the compound growth rate of 10.4078 per cent per year. The regression coefficients in the both models are significant at one per cent level. The value of adjusted R² is high in the simple linear model and semi log linear model. It means that the Total Debt in Sri Lanka had registered a linear trend in this period and 81 per cent of variations in the dependent variable are explained by the independent variable.

During the third period, the results of the trend analysis reveal that the Total Debt in Sri Lanka increased annually by 1011.778 Millions of US Dollars in 2001-2009. The regression coefficient of the semi log linear model implies that the Total Debt increased at the compound growth rate of 20.7813 per cent per year. The regression coefficients in the both models are significant at one per cent level. The value of adjusted R² is high in the simple linear model and semi log linear model. It means that the Total Debt in Sri Lanka had registered a linear trend in this period and 92 per cent of variations in the dependent variable are explained by the independent variable.

Comparing the three periods, during the period from 1981 to 1990, from 1991-2000 and from 2001-2009, the Total Debt in Sri Lanka increased annually by the highest amount of 1011.778 Millions of US Dollars in 2001-2009. The highest compound growth rate of 28.5286 per cent was recorded only in 1981-1990.

TABLE 3.6: RESULTS OF TREND ANALYSIS FOR THE TOTAL DEBT INTO SRI LANKA

S.No	External Debt	Year	Model	a	b	SE _b	t-value	sig	R ²	AdjUsted R ²	CGR
1	Total Debt	1981-1990	simple linear	-814102.887	412.007	22.274	18.498	0	0.977	0.974	
			semi-log linear	-207.445	0.109	0.006	19.743	0	0.98	0.977	28.5286
2		1990-2000	simple linear	-668220.988	338.852	53.841	6.294	0	0.832	0.811	
			semi-log linear	-76.713	0.043	0.007	6.448	0	0.839	0.815	10.4078
3		2000-2009	simple linear	-2016365.458	1011.778	98.94	10.226	0	0.937	0.928	
			semi-log linear	-154.149	0.082	0.006	14.009	0	0.966	0.961	20.7813
4	Long Term-Debt	1981-1990	simple linear	-793654.26	401.355	20.564	19.517	0	0.979	0.977	
			semi-log linear	-258.47	0.134	0.009	15.154	0	0.966	0.962	36.1444
5		1990-2000	simple linear	-634178.001	321.319	44.45	7.229	0	0.867	0.851	
			semi-log linear	-82.454	0.046	0.006	7.646	0	0.88	0.865	11.1731
6		2000-2009	simple linear	-1593282.153	800.042	66.825	11.972	0	0.953	0.947	
			semi-log linear	-138.52	0.074	0.005	15.585	0	0.972	0.968	18.5768
7	Public Debt	1981-1990	simple linear	-765252.307	387.012	20.327	19.039	0	0.978	0.976	
			semi-log linear	-253.379	0.132	0.008	15.773	0	0.969	0.965	35.5189
8		1990-2000	simple linear	-588999.192	298.608	43.447	6.873	0	0.855	0.837	
			semi-log linear	-78.184	0.044	0.006	7.224	0	0.867	0.85	10.6623
9		2000-2009	simple linear	-1444657.225	725.665	57.9	12.533	0	0.957	0.951	
			semi-log linear	-132.295	0.071	0.005	14.454	0	0.968	0.963	17.7605
10	Private Debt	1981-1990	simple linear	-28401.953	14.342	2.349	6.104	0	0.823	0.801	
			semi-log linear	-777.823	0.394	0.097	4.058	0.00	0.673	0.632	147.7422
11		1990-2000	simple linear	-45193.302	22.718	7.313	3.107	0.15	0.547	0.49	
			semi-log linear	-250.4	0.128	0.04	3.168	0.01	0.556	0.501	34.2764
12		2000-2009	simple linear	-148634.964	74.382	16.137	4.609	0.00	0.752	0.717	
			semi-log linear	-270.97	0.138	0.031	4.529	0.00	0.746	0.709	37.4041

RESULTS OF TREND ANALYSIS FOR THE TOTAL DEBT INTO SRI LANKA

S.No	External Debt	Year	Model	a	b	SE _b	t-value	sig	R ²	AdjUsted R ²	CGR
13	Short Term Debt	1981-1990	simple linear	-52454.447	26.57	11.399	2.331	0.05	0.404	0.33	
			semi-log linear	-154.168	0.08	0.034	2.367	0.05	0.412	0.338	20.2264
14		1990-2000	simple linear	-94532.253	47.627	16.055	2.167	0.02	0.524	0.464	
			semi-log linear	-185.073	0.096	0.032	3.003	0.02	0.53	0.471	24.7383
15		2000-2009	simple linear	-380981.733	190.573	37.798	5.042	0.00	0.784	0.753	
			semi-log linear	-323.715	0.165	0.029	5.761	0.00	0.826	0.801	46.2177

The table 3.6 shows that the results of the trend analysis reveal that the Long-term Debt in Sri Lanka increased annually by 401.355 Millions of US Dollars in 1981-1990. The regression coefficient of the semi log linear model implies that the Long-term Debt increased at the compound growth rate of 36.1444 per cent per year. The regression coefficients in the both models are significant at one per cent level. The value of adjusted R² is high in the simple linear model and semi log linear model. It means that the Long-term Debt in Sri Lanka had registered a linear trend in this period and 97 per cent of variations in the dependent variable are explained by the independent variable.

During the second period, the results of the trend analysis reveal that the Long-term Debt in Sri Lanka increased annually by 321.319 Millions of US Dollars in 1991-2000. The regression coefficient of the semi log linear model implies that the Long-term debt increased at the compound growth rate of 11.1731 per cent per year. The regression coefficients in the both models are significant at one per cent level. The value of adjusted R² is high in the simple linear model and semi log linear model. It means that the Long-term Debt in Sri Lanka had registered a linear trend in this period and 86 per cent of variations in the dependent variable are explained by the independent variable.

During the third period, the results of the trend analysis reveal that the Long-term Debt in Sri Lanka increased annually by 800.042 Millions of US Dollars in 2001-2009. The regression coefficient of the semi log linear model implies that the Long-term Debt increased at the compound growth rate of 18.5768 per cent per year. The regression coefficients in the both models are significant at one per cent level. The value of adjusted R² is high in the simple linear model and semi log linear model. It means that the long term debt in Sri Lanka had registered a linear trend in this period and 94 per cent of variations in the dependent variable are explained by the independent variable.

Comparing the three periods, during the period from 1981 to 1990, from 1991-2000 and from 2001-2009, the Long-term debt in Sri Lanka increased annually by the highest amount of 800.042 Millions of US Dollar in 2001-2009. The highest compound growth rate of 36.1444 per cent was recorded only in 1981-1990.

3.7 RESULTS OF TREND ANALYSIS FOR THE PUBLIC DEBT

The 3.7 shows that the results of the trend analysis reveal that the Public Debt in Sri Lanka increased annually by 387.012 Millions of US Dollars in 1981-1990. The regression coefficient of the semi log linear model implies that the public debt increased at the compound growth rate of 35.5189 per cent per year. The regression coefficients in the both models are significant at one per cent level. The value of adjusted R² is high in the simple linear model and semi log linear model. It means that the Public Debt in Sri Lanka had registered a linear trend in this period and 97 per cent of variations in the dependent variable are explained by the independent variable.

During the second period, the results of the trend analysis reveal that the Public Debt in Sri Lanka increased annually by 298.608 Millions of US Dollars in 1991-2000. The regression coefficient of the semi log linear model implies that the public debt increased at the compound growth rate of 10.6623 per cent per year. The regression coefficients in the both models are significant at one per cent level. The value of adjusted R² is high in the simple linear model and semi log linear model. It means that the public debt in Sri Lanka had registered a linear trend in this period and 83 per cent of variations in the dependent variable are explained by the independent variable.

During the third period, the results of the trend analysis reveal that the Public Debt in Sri Lanka increased annually by 725.665 Millions of US Dollars in 2001-2009. The regression coefficient of the semi log linear model implies that the public debt increased at the compound growth rate of 17.7605 per cent per year. The regression coefficients in the both models are significant at one per cent level. The value of adjusted R² is high in the simple linear model and semi log linear model. It means that the Public Debt in Sri Lanka had registered a linear trend in this period and 92 per cent of variations in the dependent variable are explained by the independent variable.

Comparing the three periods, during the period from 1981 to 1990, from 1991-2000 and from 2001-2009, the Public Debt in Sri Lanka increased annually by the highest amount of 725.665 Millions of US Dollar in 2001-2009. The highest compound growth rate of 35.5189 per cent was recorded only in 1981-1990.

3.8 RESULTS OF TREND ANALYSIS FOR THE PRIVATE DEBT

The table 3.9 shows that the results of the trend analysis reveal that the Private Debt in Sri Lanka increased annually by 14.342 Millions of US Dollars in 1981-1990. The regression coefficient of the semi log linear model implies that the private debt increased at the compound growth rate of 147.7422 per cent per year. The regression coefficients in the both models are significant at one per cent level. The value of adjusted R^2 is high in the simple linear model and semi log linear model. It means that the Private Debt in Sri Lanka had registered a linear trend in this period and 80 per cent of variations in the dependent variable are explained by the independent variable.

During the second period, the results of the trend analysis reveal that the Private Debt in Sri Lanka increased annually by 22.718 Millions of US Dollars in 1991-2000. The regression coefficient of the semi log linear model implies that the Private Debt increased at the compound growth rate of 34.2764 per cent per year. The regression coefficients in the both models are significant at one per cent level. The value of adjusted R^2 is high in the simple linear model and semi log linear model. It means that the Private Debt in Sri Lanka had registered a linear trend in this period and 49 per cent of variations in the dependent variable are explained by the independent variable.

During the third period, the results of the trend analysis reveal that the Private Debt in Sri Lanka increased annually by 74.382 Millions of US Dollars in 2001-2009. The regression coefficient of the semi log linear model implies that the Private Debt increased at the compound growth rate of 37.4041 per cent per year. The regression coefficients in the both models are significant at one per cent level. The value of adjusted R^2 is high in the simple linear model and semi log linear model. It means that the Private Debt in Sri Lanka had registered a linear trend in this period and 71 per cent of variations in the dependent variable are explained by the independent variable.

Comparing the three periods, during the period from 1981 to 1990, from 1991-2000 and from 2001-2009, the Private Debt in Sri Lanka increased annually by the highest amount of 74.382 Millions of US Dollar in 2001-2009. The highest compound growth rate of 147.7422 per cent was recorded only in 1981-1990.

3.9 RESULTS OF TREND ANALYSIS FOR THE SHORT-TERM DEBT

The table 3.10 shows that the results of the trend analysis reveal that the Short-term Debt in Sri Lanka increased annually by 26.57 Millions of US Dollars in 1981-1990. The regression coefficient of the semi log linear model implies that the Short-term Debt increased at the compound growth rate of 20.2264 per cent per year. The regression coefficients in the both models are significant at one per cent level. The value of adjusted R^2 is high in the simple linear model and semi log linear model. It means that the Short-term Debt in Sri Lanka had registered a linear trend in this period and 33 per cent of variations in the dependent variable are explained by the independent variable.

During the second period, the results of the trend analysis reveal that the Short-term Debt in Sri Lanka increased annually by 47.627 Millions of US Dollars in 1991-2000. The regression coefficient of the semi log linear model implies that the Short-term Debt increased at the compound growth rate of 24.7383 per cent per year. The regression coefficients in the both models are significant at one per cent level. The value of adjusted R^2 is high in the simple linear model and semi log linear model. It means that the short term debt in Sri Lanka had registered a linear trend in this period and 47 per cent of variations in the dependent variable are explained by the independent variable.

During the third period, the results of the trend analysis reveal that the Short-term Debt in Sri Lanka increased annually by 190.573 Millions of US Dollars in 2001-2009. The regression coefficient of the semi log linear model implies that the Short-term Debt increased at the compound growth rate of 46.2177 per cent per year. The regression coefficients in the both models are significant at one per cent level. The value of adjusted R^2 is high in the simple linear model and semi log linear model. It means that the Short-term Debt in Sri Lanka had registered a linear trend in this period and 80 per cent of variations in the dependent variable are explained by the independent variable.

Comparing the three periods, during the period from 1981 to 1990, from 1991-2000 and from 2001-2009, the Short-term Debt in Sri Lanka increased annually by the highest amount of 190.573 Millions of US Dollar in 2001-2009. The highest compound growth rate of 46.2177 per cent was recorded only in 1981-1990.

4. EXTERNAL DEBT AND ECONOMIC GROWTH

4.1 INTRODUCTION

One of the advantages of External Debt is that it will stimulate growth process and help to achieve a higher rate of growth. However, External Debt does not guarantee growth uniformly in the country and at all points of time. Many factors influence the effect of External Debt on growth in an economy. Hence in this chapter an attempt is made to study the relationship between External Debt and Economic Growth through correlation and regression analysis.

4.2 CORRELATION ANALYSIS

Correlation analysis generally helps to study the degree and direction of relationship between two variables. If External Debt stimulates the Economic Growth process and a higher growth rate is achieved, there will be a strong positive correlation between External Debt and GDP. If the growth of External Debt does not yield adequate growth, the correlation will be low or insignificant.

To study the correlation between External Debt and GDP the time period taken for analysis is divided into three sub periods. The first period is up to 1981 to 1990 and the second period is 1991 to 2000 and the third period is 2001 to 2009. The Karl Pearson's correlation coefficient is calculated for these three periods, for Sri Lanka taken for analysis, depending on the availability of data.

TABLE 4.2: RESULTS OF THE CORRELATION ANALYSIS IN SRI LANKA

S.No	Variable	First Period	n	Second period	n	Third period	n
1	Total Debt and GDP	0.96** (0.00)	10	0.90** (0.00)	10	0.99** (.00)	9
2	Long term debt and GDP	0.95** (0.00)	10	0.93** (0.00)	10	0.99** (0.00)	9
3	Public debt and GDP	0.95** (0.00)	10	0.91** (0.00)	10	0.98** (0.00)	9
4	Private debt and GDP	0.80** (0.01)	10	0.86** (0.00)	10	0.95** (0.00)	9
5	Short term debt and GDP	0.61 (0.06)	10	0.78** (0.01)	10	0.95** (0.00)	9

Figures in Parentheses are Standard Errors

**Significant at one per cent level

* Significant at five per cent level

The correlation coefficient is tested in favour of the alternative hypothesis that their value is not equal to zero using the test. A negative and insignificant correlation implies a high degree of association between External Debt and economic growth.

During the first period, the correlation coefficient between Total Debt and GDP is statistically significant at one per cent level during the period from 1981 to 1990. They do not indicate a statistically insignificant association between Total Debt and economic growth in this case.

In the second period, the correlation coefficient between Total Debt and GDP is statistically significant at one per cent level during the period from 1991 to 2000. Even though the actual values of correlation coefficient for these Total Debt, they do not indicate a statistically insignificant association between Total Debt and economic growth in this case.

During the third period, the correlation coefficient between Total Debt and GDP is statistically significant at one per cent level during the period from 2001 to 2009. Even though the actual values of correlation coefficient for these Total Debt, they do not indicate a statistically insignificant association between Total Debt and economic growth in this case.

The correlation coefficients are tested against the null hypothesis that their value is not equal to zero using the t test. A positive and significant correlation implies a high degree of association between Total Debt and Economic Growth.

Long-term Debt during the first period, the correlation coefficient between Long-term Debt and GDP is statistically significant at one per cent level during the period from 1981 to 1990. Even though the actual values of correlation coefficient for these Long-term Debt at one per cent, they do not indicate a statistically insignificant association between Long-term Debt and Economic Growth in this case.

In the second period, the correlation coefficient between Long-term Debt and GDP is statistically significant at one per cent level during the period from 1991 to 2000. Even though the actual values of correlation coefficient for these Long-term Debt, they do not indicate a statistically insignificant association between Long-term Debt and Economic Growth in this case.

During the third period, the correlation coefficient between Long-term Debt and GDP is statistically significant at one per cent level during the period from 2001 to 2009. Even though the actual values of correlation coefficient for these Long-term Debt, they do not indicate a statistically insignificant association between Long-term Debt and Economic Growth in this case.

The correlation coefficients are tested against the null hypothesis that their value is not equal to zero using the t test. A positive and significant correlation implies a high degree of association between Long-term Debt and Economic Growth.

Public Debt during the first period, the correlation coefficient between Public Debt and GDP is statistically significant at one per cent level during the period from 1981 to 1990. Even though the actual values of correlation coefficient for these Public Debt at one per cent, they do not indicate a statistically insignificant association between Public Debt and Economic Growth in this case.

In the second period, the correlation coefficient between Public Debt and GDP is statistically significant at one per cent level during the period from 1991 to 2000. Even though the actual values of correlation coefficient for these Public Debt, they do not indicate a statistically insignificant association between Public Debt and Economic Growth in this case.

During the third period, the correlation coefficient between Public Debt and GDP is statistically significant at one per cent level during the period from 2001 to 2009. Even though the actual values of correlation coefficient for these Public Debt, they do not indicate a statistically insignificant association between Public Debt and Economic Growth in this case.

The correlation coefficients are tested against the null hypothesis that their value is not equal to zero using the t test. A positive and significant correlation implies a high degree of association between Public Debt and Economic Growth.

Private Debt during the first period, the correlation coefficient between Private Debt and GDP is statistically significant at one per cent level during the from 1981 to 1990. Even though the actual values of correlation coefficient for these Private Debt at one per cent, they do not indicate a statistically insignificant association between Private Debt and Economic Growth in this case.

In the second period, the correlation coefficient between Private Debt and GDP is statistically significant at one per cent level during the from 1991 to 2000. Even though the actual values of correlation coefficient for these private debt, they do not indicate a statistically insignificant association between Private Debt and Economic Growth in this case.

During the third period, the correlation coefficient between Private Debt and GDP is statistically significant at one per cent level during the from 2001 to 2009. Even though the actual values of correlation coefficient for these Private Debt, they do not indicate a statistically insignificant association between Private Debt and Economic Growth in this case.

The correlation coefficients are tested against the null hypothesis that their value is not equal to zero using the t test. A positive and significant correlation implies a high degree of association between Private Debt and Economic Growth.

Short-term Debt during the first period, the correlation coefficient between Short-term Debt and GDP is insignificant during the period from 1981 to 1990. Even though the actual values of correlation coefficient for these Short-term Debt at one per cent, they do indicate a statistically insignificant association between Short-term Debt and Short-term Debt in this case.

In the second period, the correlation coefficient between Short-term Debt and GDP is statistically significant at one per cent level during the period from 1991 to 2000. Even though the actual values of correlation coefficient for these short term debt, they do not indicate a statistically insignificant association between Short-term Debt and Economic Growth in this case.

During the third period, the correlation coefficient between Short-term Debt and GDP is statistically significant at one per cent level during the 2001-2009. Even though the actual values of correlation coefficient for these short term debt, they do not indicate a statistically insignificant association between Short-term Debt and Economic Growth in this case.

4.3 RESULTS OF THE REGRESSION ANALYSIS IN SRI LANKA

To analyze the relationship between the External Debt and GDP, simple linear regression model is used by taking the External Debt as the independent variable and GDP as the dependent variable for the three sub periods separately. External Debt and GDP are measured in Millions of US Dollars. The regression coefficient in this case will measure the increase in GDP in Millions US Dollars if the External Debt is increased by one Millions of US Dollars. The regression coefficient is also tested for the null hypothesis that its value is zero. The coefficient of determination, R^2 will measure the ability of the independent variable, External Debt to explain the variations in GDP.

The table 4.3 shows that the regression coefficient in the first decade from 1981 to 1990 is 3.01 and it is significant at one per cent level of significance. GDP increased by 3.01 Million US Dollars, if Total Debt is increased by one Million US Dollars in Sri Lanka in the first decade. However, Total Debt high explanatory power. It is capable of explaining 90 per cent of variations in GDP. If Total Debt influences the GDP significantly in the first decade in Sri Lanka.

The regression coefficient in the second decade from 1991 to 2000 is 12.728 and it is significant at one per cent level of significance. GDP increased by 12.728 Million US Dollars, if total Debt is increased by one Million US Dollars in Sri Lanka in the second decade. However, Total Debt high explanatory power. It is capable of explaining 79 per cent of variations in GDP. If Total Debt influences the GDP significantly in the second decade in Sri Lanka.

The regression coefficient in the third period from 2001 to 2009 is 20.175 and it is significant at one per cent level of significance. GDP increased by 20.175 Million US Dollars, if Total Debt is increased by one Million US Dollars in Sri Lanka in the third period. However, Total Debt high explanatory power. It is capable of explaining 98 per cent of variations in GDP. If total Debt influences the GDP significantly in the third decade in Sri Lanka.

The table 4.3 shows that the Long-term Debt regression coefficient in the first decade from 1981 to 1990 is 3.075 and it is significant at one per cent level of significance. GDP increased by 3.075 Million US Dollars, if Long-term Debt is increased by one Millions US Dollars in Sri Lanka in the first decade. However, Long-term Debt high explanatory power. It is capable of explaining 89 per cent of variations in GDP. If Long-term Debt influences the GDP significantly in the first decade in Sri Lanka.

The Long-term Debt regression coefficient in the second decade from 1991 to 2000 is 14.09 and it is significant at one per cent level of significance. GDP increased by 14.09 Million US Dollars, if long term debt is increased by one Millions US Dollars in Sri Lanka in the second decade. However, Long-term Debt high explanatory power. It is capable of explaining 84 per cent of variations in GDP. If Long-term Debt influences the GDP significantly in the second decade in Sri Lanka.

The Long-term Debt regression coefficient in the third decade from 2001 to 2009 is 25.656 and it is significant at one per cent level of significance. GDP increased by 25.656 Million US Dollars, if Long-term Debt is increased by one Millions US Dollars in Sri Lanka in the third decade. However, Long-term Debt high explanatory power. It is capable of explaining 97 per cent of variations in GDP. If Long-term Debt influences the GDP significantly in the third decade in Sri Lanka.

The table 4.3 shows that the Public Debt regression coefficient in the first decade from 1981 to 1990 is 12.658 and it is significant at one per cent level of significance. GDP increased by 12.658 Million US Dollars, if Public Debt is increased by one Millions US Dollars in Sri Lanka in the first decade. However, Public

Debt high explanatory power. It is capable of explaining 88 per cent of variations in GDP. If Public Debt influences the GDP significantly in the first decade in Sri Lanka.

The Public Debt regression coefficient in the second decade from 1991 to 2000 is 14.762 and it is significant at one per cent level of significance. GDP increased by 14.762 Million US Dollars, if Public Debt is increased by one Millions US Dollars in Sri Lanka in the second decade. However, Public Debt high explanatory power. It is capable of explaining 80 per cent of variations in GDP. If Public Debt influences the GDP significantly in the second decade in Sri Lanka.

TABLE 4.3: RESULTS OF THE SIMPLE LINEAR REGRESSION ANALYSIS FOR EXTERNAL DEBT IN SRI LANKA

S.No	Variable	Year	a	b	SE _b	t-value	sig	R ²	AdjUsted R ²	F
1	Total Debt	1918-1990	-1044.424	3.01**	0.328	9.168	0.00	0.913	0.902	84.053
		1991-2000	-60767.097	12.728**	2.173	5.859	0.00	0.811	0.787	34.323
		2001-2009	-105937.514	20.175**	1.117	18.068	0.00	0.979	0.976	0.326
2	Long Term Debt	1918-1990	858.502	3.075**	0.359	8.57	0.00	0.902	0.889	73.444
		1991-2000	-58320.06	14.09**	2.033	6.929	0.00	0.857	0.839	48.017
		2001-2009	-135918.655	25.656**	1.611	15.93	0.00	0.973	0.969	253.777
3	Public Debt	1918-1990	514.303	12.658**	1.577	8.028	0.00	0.89	0.876	64.444
		1991-2000	-60959.723	14.762**	2.411	6.123	0.00	0.824	0.802	37.487
		2001-2009	-148975.802	28.17**	2.138	13.178	0.00	0.961	0.956	173.672
4	Private Debt	1918-1990	5827.552	66.439**	17.63	3.768	0.005	0.64	0.595	14.202
		1991-2000	19894.968	146.424**	31.164	4.698	0.002	0.734	0.701	22.075
		2001-2009	23621.825	235.033**	30.455	7.717	0.00	0.895	0.88	59.557
5	Short Term Debt	1918-1990	5033.72	19.183	8.802	2.179	0.061	0.373	0.294	4.75
		1991-2000	9007.619	62.028**	17.746	3.495	0.008	0.604	0.555	12.217
		2001-2009	36081.408	94.044**	11.705	8.034	0.00	0.902	0.888	64.552

The Public Debt regression coefficient in the third period from 2001 to 2009 is 28.17 and it is significant at one per cent level of significance. GDP increased by 28.17 Million US Dollars, if Public Debt is increased by one Millions US Dollars in Sri Lanka in the third period. However, Public Debt high explanatory power. It is capable of explaining 96 per cent of variations in GDP. If Public Debt influences the GDP significantly in the third decade in Sri Lanka.

The table 4.3 shows that the Private Debt regression coefficient in the first decade from 1981 to 1990 is 66.439 and it is significant at one per cent level of significance. GDP increased by 66.439 Million US Dollars, if Private Debt is increased by one Millions US Dollars in Sri Lanka in the first decade. However, Private Debt high explanatory power. It is capable of explaining 60 per cent of variations in GDP. If Private Debt influences the GDP significantly in the first decade in Sri Lanka.

The Private Debt regression coefficient in the second decade from 1991 to 2000 is 146.424 and it is significant at one per cent level of significance. GDP increased by 146.424 Million US Dollars, if Private Debt is increased by one Millions US Dollars in Sri Lanka in the second decade. However, Private Debt high explanatory power. It is capable of explaining 70 per cent of variations in GDP. If Private Debt influences the GDP significantly in the second decade in Sri Lanka.

The Private Debt regression coefficient in the third period from 2001 to 2009 is 235.035 and it is significant at one per cent level of significance. GDP increased by 235.035 Million US Dollars, if Private Debt is increased by one Millions US Dollars in Sri Lanka in the third period. However, Private Debt high explanatory power. It is capable of explaining 88 per cent of variations in GDP. If private debt influences the GDP significantly in the third decade in Sri Lanka.

The table 4.3 shows that the Short-term Debt regression coefficient in the first decade from 1981 to 1990 is 19.183 and it is insignificant. GDP increased by 19.183 Million US Dollars, if Short-term Debt is increased by one Millions US Dollars in Sri Lanka in the first decade. However, Short-term Debt high explanatory power. It is capable of explaining 29 per cent of variations in GDP. If Short-term Debt does not influences the GDP in the first decade in Sri Lanka.

The Short-term Debt regression coefficient in the second decade from 1991 to 2000 is 62.028 and it is significant at one per cent level of significance. GDP increased by 62.028 Million US Dollars, if Short-term Debt is increased by one Millions US Dollars in Sri Lanka in the second decade. However, Short-term Debt high explanatory power. It is capable of explaining 56 per cent of variations in GDP. If Short-term Debt influences the GDP significantly in the second decade in Sri Lanka.

The Short-term Debt regression coefficient in the third period from 2001 to 2009 is 94.044 and it is significant at one per cent level of significance. GDP increased by 94.044 Million US Dollars, if Short-term Debt is increased by one Millions US Dollars in Sri Lanka in the third decade. However, Short-term Debt high explanatory power. It is capable of explaining 89 per cent of variations in GDP. If Short-term Debt influences the GDP significantly in the third decade in Sri Lanka.

5. CONCLUSION

The External Debt of Sri Lanka: growth and economic growth are taken for investigation in this research work are in different stages of External Debt like Total Debt, Long term debt, Public debt, Private debt, and Short term debt. In this research work attempt to trend analysis, average, CGR etc., it helps to find out the economic growth which Use of External Debt and GDP. In this process identify relationship between External Debt and GDP.

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FOOD SECURITY IN INDIA – CHALLENGES AHEAD

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ABSTRACT

This paper examines the role of food security in sustainable economic as well as human development. It says that there is a close interlink between food security and socio economic development of the country. India's food security is related to the resources and means of having access to the stock powers of food gains. Lack of food is due to the lack of means to acquire it. The main challenge to food security comes mainly from slow growth of purchasing power of the people rather than food availability. There is a need to rejuvenate Indian agricultural sector which is the backbone of the Indian economy. Neoliberal policies as well as the failures of the policies of the government are also responsible for the emergence of food insecurity.

KEYWORDS

Agricultural Growth, Development, Economic Growth, Food Security, Purchasing Power.

INTRODUCTION

A time would come when growing population would run out of available food and would starve and face Famine after famine" That would be the end of the humanity.

DAVID RICARDO

Indian economy is witnessing a transformational progress with gross domestic product growing at an average of 8 percent per year. But the question ahead is whether this growth is able to sustain for a long run? Or the economy has impressing aggressive economic growth. Development is, above all, a human process and not just a mechanical or technological change; it is the development of people. The goal of development is to enrich the quality of life. In Indi, its high economic growth rate has been failed to improve internal food security, there is a growing internal insecurity with the emergence of a sense of food insecurity, leaving the country to face a crisis in its real economy. The problem is more severe because a large proportion of the population is already malnourished and thereby more prone to debilitating illness and inability to achieve normal growth. India's nutrition indicators are among the lowest in the world. Nearly half of all India's children are underweight, and half suffer from anaemia. This is worse than all countries in sub-Saharan Africa (Jayathi Ghosh). About 41% of the world's underweight children are the future human resources capital of the country (UN hunger taskforce)

Though India is one of the largest producers of the food grains in the world, yet nearly 300 million people still struggle to meet two squares meals a day and 21 percent of the population are malnourished (International Food Policy Research Institute, 2011). According to the International food policy research institute's 2010 Hunger Index, India ranks 67th in a list out of 88 countries. The GHI ranks countries on a scale of 100, with 0 being the best score and 100 the worst. It is composed of three equally weighted indicators: the proportion of undernourished in the population, the prevalence of those underweight in children under five and the under-five mortality rate. The food insecurity is so rampant across the country that India is clubbed with minor economies like Bangladesh, Timor-Leste and Yemen, recording the highest Prevalence of underweight in children under five.

TABLE 1: GLOBAL HUNGER INDEX

COUNTRY	GLOBAL HUNGER INDEX	RANKING
BRAZIL	<5	NOT RANKED
CHINA	6.0	9
S.AFRICA	7.3	17
PAKISTAN	19.1	52
SUDAN	20.9	58
INDIA	24.1	67

Source: International Food Policy Research Institute, 2011.

LEVEL OF MALNUTRITION

- Nutrition is important to ensure proper brain formation and development, which starts in the womb. Under- nutrition as a silent emergency haunts the lives of millions of Indian children. Close to two million children below the age of 5 die in India every year.
- Nearly 45% of children below five suffer from malnutrition.
- India is in the sixth position in a global poll that ranks countries where children are most vulnerable.
- Nearly half of the world's hunger and malnourished children are in India.
- Four children dying every minute due to starvation.
- One third of our newborns' weight below WHO cut off of 2.5 kg.
- As per NFHS 2 (1998-99) 47% & NFHS 3 (2005) 45.9% Children below 3 years are underweight. Undernourished 22% 2004-06)
- Under weight in children under five 43.5% (2003-8)

These give India a composite GHI of 24.1, which is classified as alarming in terms of food security.

The term 'food security' entered the broader development policy debate at the 1974 World Food Conference. The most common definition today was first launched at the World Food Summit in 1996. At the World Summit of Food Security in 2009, this definition was reconfirmed, and the concept was extended and specified by adding that the "four pillars of food security are availability, access, utilization, and stability" and stated that "the nutritional dimension is integral to the concept". The concept of food security is well-suited to facilitate the discussion and guide action on promising pathways out of hunger and malnutrition (Oliver Ecker and Clemens Breisinger, 2012).

FOOD AND AGRICULTURAL ORGANIZATION: Food security implies "A situation that exists when all people, at all the times, have physical, social and economic access to sufficient, safe and nutritious food that meets their dietary needs and food preferences for an active and healthy life."

FOOD AS A RIGHT: Right to food enshrines freedom from hunger and malnutrition as a fundamental right. The right to be free from hunger and malnutrition is recognised under the international covenant on economic, social and cultural rights and the universal declaration on the eradication of hunger and malnutrition. Right to food includes the production, processing, distribution, marketing and consumption of safe food, as well as parallel measures in the fields of health, education, employment and social security. The Right to food is an essential part of the right to life under the article 21 of the Indian constitution.

SWAMINATHAN'S REPORT on food security in rural India says that "the number of under nourished people is rising, reversing gains made in the 1990s. Slowing growth in food production, rising unemployment and declining purchasing power of the poor India are combining to weaken the rural economy"

METHODOLOGICAL APPROACH OF THE STUDY

This analysis utilises data published by the various NSSO Round surveys, census report, Economic surveys, Ministry of agriculture, FAO, Government of India. The period covered by this paper, from 1993-94 to 2008 in which Indian economy is moving towards Globalisation, Liberalisation and Privatisation.

REVIEW OF LITERATURE

Literatures on food security contributes to the discussion by synthesizing the pertinent literature and presenting an innovative framework that may help identifying and designing promising pathways to food security and improved nutrition (Oliver Ecker and Clemens Breisinger, 2012). A Study by C. Gopalan :(1995), titled "Towards Food and Nutrition Security", using data derived from the national level surveys such as NNMB (1980, 1991) and NFHS (1993) for the period 1975-1995, found that India is witnessing a cruel paradox of satisfactory buffer stocks of food grains on the one hand and under nutrition on the other hand. Inadequate distribution of food grains and access to it is found on the part of millions of poor households in the country. The 'right to food', 'clothing' and 'shelter' in perhaps the most important of all human rights, being related to human survival itself. He opines that the Nutrition security is much more than food security. So the long term goal of the country must be the achievement of an optimal state of nutrition. In this aspect the ecological as well as the nutritional factors also discussed from the point of socio-economical prospective (used indicators are life expectancy, literacy level and nutrition status of the under five). An attempt is made in this paper to examine the current status of different states with respect to their levels of nutritional status and social development using data derived from NNMB and NFHS. Major findings of this study are the existence of interstate disparities with respect to socio-economic development. Large number of agricultural labourers and small land holders are eating off the land and poor off take of food grains through the PDS are witnessing. Moreover, he argues that there is an interrelationship between improvement of nutritional status of a population and its overall socio-economic development. Therefore nutritional upliftment programmes must be considered in the total context of socio-economic development. For instance HDI takes both social aspects as well as the economic status into the consideration while ranking the states. He concludes by saying that the durable way of ensuring adequate food supplies to poor households will be through improving their capacity to earn their livelihood with dignity is now well recognised. He further quotes that the country has still a long way to go before it can be legitimately claimed that adequate progress towards eradication of inequalities has been achieved, with considering the new emerging challenges in this globalised era.

Radhakrishna and K. Venkata Reddy In the study titled " Food Security and Nutrition: Vision 2020" explain food security from the point of Availability and Accessibility. Using the NFHS, NNMB SURVEY data for the period 1993-2001, found that though the country attained self-sufficiency in food grain production and combated the incidence of poverty, chronic food security still persist in a large proportion of India's population. So that substantial human resources are wasted due to malnutrition related diseases. A distinction was made between Transient and Chronic food insecurity. Transient food insecurity is associated with seasonal fluctuations whereas chronic food insecurity is associated with continuously inadequate diet. Chronic poverty which is wide spread in India can be tackled with raising purchasing power among the people (failure of exchange entitlement). Due to the sluggish growth of agriculture production in a highly populated country like India the per capita availability also decreased. The author opines that at this growth rate Agricultural diversification, Technological innovation, enhanced public investment, rise in the expenditure of Agricultural research is the need of the hour. On the other hand steps should be taken to generate off farm as well as nonfarm employment opportunities through proper utilisation of this vibrant rural non-farm section. He further observes that government should re-focus on PDS, which is the safety net for vulnerable sections because today's food insecurity is mainly due to dietary diversification of the poor. The study project the demand for food by 2020, using Linear Expansion System Model. He concludes that country needs a domestic reform which is able to over lift the country from malnutrition, improve basic facilities and eliminate food Insecurity by enhancing their capabilities to participate in the growth process.

A study by Ananth.s.Panth (1997) titled Social Network and Food Security in Rural Karnataka: made an attempt to briefly describe the strategies of poor households of rural Karnataka to cope with vulnerability. The problems of poverty, hunger and malnutrition are coupled/coexist with predominated Agricultural economy. It takes Mandya which is irrigated area and Nagamangala taluk which is rainfed area as an example to explain the nature of cultivation. It also made an attempt to point out four means to secure food security namely, Access to land, wage employment, self-employment and finally the combination of all. Cultivators are directly access to food through cultivation and non-cultivators earn their food through wage and self-employment engaging in non-agricultural sector. Thus their consumption levels would dependent on their income and prices of food. Both are subject to fluctuations throughout the year due to overdependence in agriculture as well as the non availability of productive nonfarm employment opportunities. Today they are the vulnerable section of the rural society. Under nourishment is mainly due to the lack of purchasing power among the large proportion of the population. The government is responsible to provide food at subsidised rate but it has been failed in its attempt in effectively targeting the poor. PDS has been inefficient in this regard. He opines that Inadequate social security schemes of the government makes it inevitable to the respective households in rural Karnataka to have an alternative mechanisms such as soft loans, barter system, alms, borrowing in kind and wages in kind to satisfy their food requirements. These are the several networks which acts as safety net in maintaining their food security. The study concludes by saying that through stabilizing food grains yield and government policies of wage employment and PDS schemes can surely act as a supplementary to the existing social network in rescuing the vulnerable section.

Another study by KANNAN .K. P, MAHENDRA DEV.S, ALAKH NARAIN SHARMA: (2000) , titled "Concerns on Food Security": mainly focus on the future scenario in relation to the demand and supply of food, role of PDS, the role of R and D and the role of international trade for ensuring food security, micro level experiences. It has explored major findings as follows Present level food grain production may not be sufficient to meet the growing needs in the coming decades. Integration into the world trade will probably worsen the matters. Malfunctioning and non-functioning of the PDS should be redesigned by the central as well as the concerned state government. Food security has diverse connections in different regions, need to understand the scenario of food security at the micro level and devise appropriate strategies that deliver effective results. Recent trends show that there has been a deceleration in public investment in agriculture. Thus he study concludes that to ensure sustainability in food grain production adequate investment in agricultural infrastructure and research and development are needed and PDS should be operationalised by bringing them under the purview of Panchayat Raj institutions.

In another recent study by MAITHREYI KRISHNARAJ :(2006), titled "Food Security, Agrarian Crisis and Rural Livelihoods Implications for Women": attempts to show how the quantity as well as the quality of food consumption and nutrition for the poorer sections has connections with agricultural developments. This study covered the period from 1950-51 to 2003-04 found that despite there being an increase in the quantity of food grains being produced domestically as well as in the imports of food grains; India has been unable to achieve food security. Decline in official estimates of poverty has not eliminated multiple deprivations. It provide a comparative picture of the agricultural dependents in India in which nearly more than half of the population still depending upon agriculture and USA as well as European Union where agricultural dependents are less than 10 percent. He further found that developed countries labour movement is accompanied by transfer of people from agriculture to other sectors, whereas in India, the decline in agricultural dependent proportion is modest, on the other hand large number of land less and land poor don't have sufficient livelihood facilities. The study concludes that the solution would be to create urban-like facilities in rural areas and other enterprises should offer off-farm and non-farm employment to the rural poor. Agricultural modernisation with biotechnology and innovative alternatives for agriculture ensure livelihood to the poor. In these areas of improvement the quality of infrastructure as well as agricultural modernisation requires community effort plus state support. The social transformation of rural India should be expected to take place through planned development.

The works cited here cover different aspects of the food security from 1990s to 2006.

BASICALLY FOOD SECURITY HAS FOUR COMPONENTS

- Food availability : it depends on food production.
- Food accessibility : it depends on purchasing power
- Food Absorption : is a function of safe drinking water, primary health care & education & also environmental hygiene.
- Food Stability : it depends on maintaining price stability.

India's food security is related to the resources and means of having access to stock powers of food gains. Lack of food is due to the lack of means to acquire it rather than shortage of food grain production. So, main challenge to food security comes mainly from slow growth of purchasing power of the people.

FOOD AVAILABILITY

Availability means existence of sufficient stocks of food to meet demand. Demand and supply prospects of food items become important indicators to the country's food security concerns. The apparent imbalance between food demand and supply is essentially because of the shortfall in supply. India being an agricultural background country, the performance of agriculture is important for availability as well as access to food as more than 52 per cent of total workforce still dependent on this sector. Population trends project India to emerge as the most populous country in the world in the coming decades. The demand for food has been primarily driven by growth in population and income. The rate of agricultural production has increased over the successive years. India achieved self-sufficiency by mid seventies itself. The production rose more than three times since 1950s. Food grain production in the 1960s increased about 20 million tonnes a year on an average. The average annual rise of Production was about 27 million tonnes in the 1970s over the 1960s and more than 37million tonnes the 1980s. Total food grain production in 2010-11 estimated at 232.07 million tonnes (Table 2).

TABLE 2: AVERAGE ANNUAL FOOD GRAIN PRODUCTION (MILLION TONNES)

Year	Production	Per capita availability
1950-51 to 1959-60	65.47	432.9
1960-61 to 1969-70	85	447.5
1970-71 to 1979-80	111.53	444.3
1980-81 to 1989-90	146.55	465
1990-91 to 1999-00	188.64	475.5
2000-01 to 2009-10	210.53	444.6

Source: Ministry of agricultural, GOI

Though the food grain increased in successive years, food grain has not been able to keep pace with the increase in population. With raised mismatch between food grain productions as well as rise in the rate of population the per capita availability has gone down from 475.5 grams per person per day in the 1990s to 444.6 grams last decade (Table 2). This shows the per capita consumption of poorest section is far below the recommended level. For instance Annual increase in agricultural production has been at 2.5% in the period between 1950-51-2006-07, which is higher than the population growth of 2.1% during the same period. But it is reversed during 1990-2007, in which food grain production has declined to 1.2% while population has increased at 1.9% rate. Agricultural growth has decelerated from 3.5 percent during 1981-1997 to 2 percent during 1997-2005 (Mahendra Dev.s, 2012)

Past trends in production of selected food items and their average annual growth rates in India (1980-2006/07) as well as outside the India (2006-07) decreased. As a comparative study are presented in the below (Table: 3).

TABLE 3: FOOD GRAIN PRODUCTION TRENDS IN INDIA AS WELL AS THE WORLD

Food items	India		World trend
	Annual rate of growth (percent)		
	1980/81-2006/07	2000/01-2006/07	2000-2005
Rice	2.4	0.1	-0.1
Wheat	2.9	-0.5	0.4
Cereals	2.2	0.2	1.0
Pulses	0.7	1.4	1.5
Oil seeds	3.6	4.5	4.1
Sugarcane	2.6	-2.0	1.3

Source: Agricultural statistics at a glance, 2007, GOI, FAO statistics.

The above statistics indicate that the total production as well as the annual growth rate of some selected food items has decreased over the decades in India and also the global production trends are quite similar to that of India. Mainly Rice, wheat and sugar which are turned negative, pulses as well as cereals production too reduced. This shows that farmers are moving away from Traditional food staples. The world food situation is very serious today with food riots reported from many countries like Egypt, Cameroon, Haiti, and Barkina Faso, Nigeria etc. If the food grain situation doesn't improve then the food riots may spread to other countries. This shows that shortage of food is a global problem; there is no chance to rely on import of food grains. Since Imports can help in improving the country's supply situation only for a short term, but for the long term the country will need to focus on productivity enhancement, through enhancing public investment, which was declined over the years. For instance the share of Agriculture's Gross capital formation of GDP declined from 2.2% in late 1990s to 1.7% (2004-05) (Maithreyi Krishnaraj, 2006). According to a FAO report aid to agriculture has dropped to 4.3% of total assistance in 2008 from 18% in 1979. This shows that in the new liberal era it remained neglected. This would suggest that to ensure adequate food for all, the production of food grains itself has to be increased.

Today agricultural sector has many challenges; there are many factors such as long term as well as short term in nature are responsible for agricultural deprivation.

LAND AS WELL AS CROP DIVERSIFICATION

It is a period of transition for Indian agriculture. The size of land utilized for agriculture purpose is shrinking. The per capita availability of cultivable land has gradually diminished from 0.4 hectare in 1951 to 0.20 hectare in 1981 and further down to 0.51 hectare in 2001 (surinder sue) E.g.: in HP, Orissa, Bihar, Karnataka, Tamil Nadu etc. Share of land under non-agricultural utilization has gone up from 7.8% to 8.5% during the same period. For instance, in the seven years between 2000-01 and 2007-08, the total land utilization has increased by 4.9 lakh hectares; the area under non-agricultural use has increased 20.3 lake hectares. (Non-agricultural use includes all land occupied by buildings, roads & railways under water, canals etc.). And also the share of net sown area in total reporting area has declined from 46.3% (2000-01) of 46.1% (2007-08) (tushar kanti mahanti) (Table: 4)

TABLE 4: LAND USE PATTERN

Land use pattern / Million hectares	1970-71	1980-81	1990-91	2000-01	2007-08
Reporting area for land utilization	303.75	304.16	304.86	305.18	305.67
Area under non-agricultural uses	16.48	19.6	21.09	23.89	25.92

Source: Department of agriculture and cooperation, ministry of agriculture, GOI

Indian agricultural sector is also, witnessing crop diversification with acreage diversification. In recent years, this has been diversified towards high value crops (non-food crops) & also diversification from traditional foods which are rich in nutrients or from low priced food grain cultivation to relatively more remuneration crops as well, which may adversely affect food security. In the mean time at the global level, the high global price of oil leads to large scale diversion of grains to ethanol production in advanced countries. Increased area under bio-fuel crops is also resulting in gap between demand and supply of food

grains. Mainly cereals, sugar cane, maize, vegetables are the major food staples used in ethanol production. USA, Brazil, Cuba, South Africa, Japan, Mexico, Australia etc are the major countries which are ahead in this race. For instance in 2006 US diverted more than 20% of its maize production to the production of ethanol, Brazil used half of its sugarcane production to make Bio-fuel and the EU used greater part of its vegetable oil production as well as imported vegetable oils to make bio fuel. This has naturally reduced the availability of land for producing food grains. Along with acreage and crop diversification for bio-fuel production, raising costs of inputs, falling productivity, inadequate public investment in agricultural research, and also the impact of climate changes that have affected harvests in different ways.

ACCESS TO LAND

It is an important indicator of food security at household level. Between 1970-71 and 2005-06, the total number of operational holdings increased simultaneously operational areas declined. This has resulted in the reduction of the average farm size from 2.3 hectares to 1.4 hectares (FAO year book). Small and marginal holders now cultivate 42% of operational land and constitute 83% of total land holdings. The 50th round NSSO data reveals that the percentages of hunger household are four times higher among the landless households compared to households having four hectare of land. In India nearly 81% (2005) of the farmers holding <2 hectares compared to 70% in 1970s, covering 36% of total cultivated area. Incidence of Hunger and Poverty by Farm Size in Rural India (%)

(TABLE: 5)

TABLE 5: ACCESS TO LAND AND HUNGRY

Land Class	Hungry	Poor
Landless	49	54
<0.5 ha	32	38
0.5-1 ha	24	27
1-0.2 ha	17	19
2.0-4 ha	12	14
>4 ha	12	13

Source: IARI / FAO, RAP Study based on 50th NSSO Round (1993-94)

Recent studies reveal that there is no co-relation between landlessness and poverty. Today landless people are leading a better life than those with land than before. China's experience shows that there are ways to eliminate poverty even with high concentration of workforce in agriculture and predominance of tiny holdings. The incidence of poverty in China is reduced drastically as compared to India "between" 1980-2005, because of its high agricultural productivity. In order to increase agricultural productivity modern technologies as well as use of biotechnology, totally modernisation of Indian agriculture are needs of the hour. Indian poverty alleviation lies with shifting the excess workforce out of agriculture into the non agricultural sector where productivity is more. India needs to take serious steps to create productive employment for smallholders. So they can partly work in the farm and partly outside farm. The inclusiveness as well as equity in agriculture can be achieved by increasing productivity in agriculture. The shifting consumption patterns toward non-cereals provide an opportunity for small farmers to diversify their agriculture and increase their income level.

FOOD ACCESSIBILITY

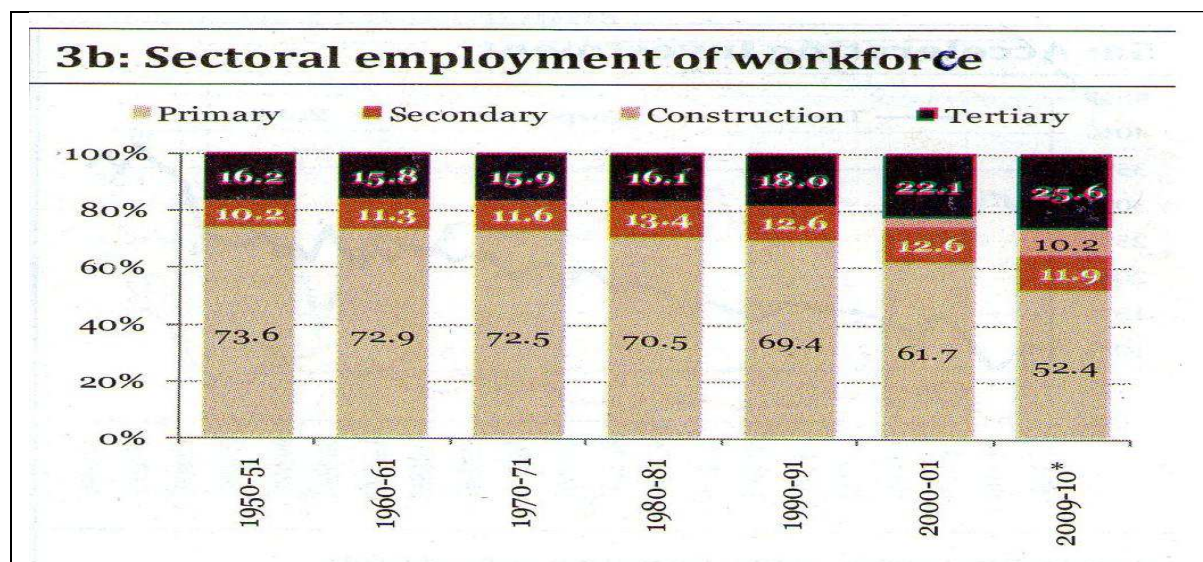
The current problem could not be slowed only through addressing the crisis of Agricultural production alone; at the same time there is a need to stimulate purchasing power among the poor. There is enough food in the country for everyone to be adequately feed, but almost half of the population unable to access enough food to meet their needs. So the crucial problem in India is inadequate supply of food for the person has been dramatically worsened by the lack of purchasing power of a significant proportion of the population. Higher GDP growth in post-reform period failed to improve workers' economic access. As Prof. Amartya Sen has cautioned Yojana Bhavan that unless the benefits of growth are distributed horizontally, the rich-poor divide in the country will widen further leading to increasing social unrest. In fact he has demonstrated that the BENGAL FAMINE OF 1943 was caused not because of scarcity of food grains alone but due to lack of purchasing power that people starved to death. Neo-liberal politics have attacked both production and access far farmers, on attack on their production is an attack on their incomes & decline in growth of labourers get employed as well.

FACTORS WHICH INFLUENCE PURCHASING POWER

LEVEL OF EMPLOYMENT :- (JOBLESS GROWTH)

Another area of concern is that economic growth has not generating the desired number of jobs. In the past two decades, the income growth has not been associated with the generation of productive jobs. India is witnessing poor workforce participation, poor quality of employment, chronic unemployment (8%), shortage of skilled worker, slow rate of shift of employment from agriculture and wide disparities in income because of lack of job creation in the organized sector. For instance, the share of formal employment has declined slightly in the post liberalisation era where as large proportion (94%) of the workforce engaged in the unorganised sector (no employment & social security). The ability of the economy has declined to produce jobs since from the last 1990s. Assessing the employment situation in India has remained relatively tricky because of the complex nature of the labour market characterised by part-time workers, seasonality of work, underemployment and social factors which restrict many women from joining the labour force (NSS Report). A large majority of the female workforce has always remained underutilized. At the all-India level, the work participation rate is 50% for males & about 17% for females. Even among the women who are available in the labour market, a large majority could not find work throughout the year. According to the NSSO studies the period between 1993-94 to 1999-2000, India have witnessed a sharp fall in the employment growth rate but later on in between 1999-2000 to 2004-2005 employment growth rate recovered, but largely in the self-employment as well as casual labour section rather than regular labours. The growth rate of employment elasticity was 0.40 to 0.15 during 1993-94 to 1999-2000, indicating a period of jobless growth. Fortunately, the employment elasticity increased thereafter to 0.51 in 2004-05. According to the 66th round of NSSO's survey nearly 51% of the country's total workforces are self-employed, only 15.5% are regular wagers or salaried employees and 33.5% casual labourers. Today India's unemployment rate is at nearly 8%.

FIGURE 1: SECTORAL EMPLOYMENT OF WORKFORCE



Source: Shivasubramonian (2000), census 20001, Partya Mukhopadhyay, Aditi Gandhi (2012)

TABLE 5: SECTORAL EMPLOYMENT OF WORKFORCE (% OF USUAL STATUS)

	1993-94	1999-2000	2004-05	2007-08
Agriculture				
Rural males	74.1	71.4	66.5	66.5
Rural females	86.2	85.4	83.3	83
Urban males	9	6.6	6.1	5.8
Urban females	24.7	17.7	18.1	15.3
Manufacturing				
Rural males	7	7.3	7.9	7.7
Rural females	7	7.6	8.4	7.4
Urban males	23.5	22.4	23.5	23.5
Urban females	24.1	24	28.2	27.5
Construction				
Rural males	3.2	4.5	6.8	7.7
Rural females	0.9	1.1	1.5	2
Urban males	6.9	8.7	9.2	9.5
Urban females	4.1	4.8	3.8	4.3
Trade, Hotels & Restaurants				
Rural males	5.5	6.8	8.3	7.6
Rural females	2.1	2	2.5	2.3
Urban males	21.9	29.4	28	27.8
Urban females	10	16.9	12.2	12.8
Transport, Storage & communication				
Rural males	2.2	3.2	3.8	4
Rural females	0.1	0.1	2	2
Urban males	9.7	10.4	10.7	10.9
Urban females	1.3	1.8	1.4	1.8
Other services				
Rural males	7	6.1	5.9	5.7
Rural females	3.4	3.7	3.9	4.3
Urban males	26.4	21	20.8	21
Urban females	35	34.2	35.9	37.8

Source: c.p.Chandrasekhar December 2010

Table 5 and Figure: 1 provides the details of which industry workers are engaged in. In the structural growth of (sector wise) employment creation, the share of the primary sector (agriculture and allied activities) workers fell only marginally, from 74 to 52%. IN the period 2004-05 to 2009-10, about 21 million people moved out of agriculture leading to a drop in its employment share from 56.5% in 204-05 to 51.76% in 2009-10. With the secular decline in the importance of agriculture sector in the overall economic structure, work opportunities that are lost in traditional agriculture have to be replaced by work opportunities in some other sectors. Subsequently Economists emphasised the crucial role of the secondary (manufacturing) sector as well as the service sectors potentiality to create high paid & high-productive employment growth much faster than agricultural sector during this transition stage of the economy. However, in the post reform period the growth of these sector has failed in its absorptive capacity to observe workforce which has been pushed out of agriculture is the primary failure of the Indian economy. As in a share of total employment, manufacturing sector share remained below 22%. The declined share of the workforce in agriculture was mainly absorbed by the secondary sector, whose proportionate share increased from 18.71% in 2004-05 to 21.89% in 2009-10. But the recent (2000s onwards) increase in manufacturing employment is more in informal (often in the form of self-employment) sector rather than formal sector. e.g.: construction, textile etc. Bulk of the job created in the in the construction sector, which added nearly 10 percent of the total workforce (Figure 1). However the share of trade & hotels seems to be stagnating. So the burden of employment creation has fall on services. Services now account for nearly two-third of the GDP with less than one-third of the employment creation. Unfortunately sub-sectors like IT & ITES, finance, BPOs, education and health had relatively much lower levels of informal

employment, but their share in the employment is limited to some extent & also these sectors provide employment only to skilled manpower. These are not conducive to absorb the unskilled workforce but supportive in creating indirect semi-skilled employment in the country and these activities are concentrated mostly in a few large cities which have basic infrastructure & large concentration of educated workforce. As a result most of the people who are unskilled works in service sector are actually employed in low paid (outside the purview of minimum wages) & low productive informal sector. For instance today's employment diversification away from agriculture is being largely driven by construction, trade, hotel, transport etc. As Himanshu (2007) points out, manufacturing, trade, hotel and restaurants and transport and communication were also sub-sectors which saw the most informalisation in employment. Again as Himanshu (2007) says therefore the leading sub-sectoral generators of new jobs by contract type in the urban non-farm economy were dominated by self-employment (small and marginal farmers, hawkers, street vendors, rickshaw pullers, and small traders in cities) or regular employment alongside significant increasing informalisation of employment in the urban economy. As we have noted earlier, in rural non-farm employment the leading generators of new jobs were created only casual wage & self-employment dominated (Table: 6). the casual labour (Agricultural labourers) constitutes the single largest segment of the total workforce, where as there wage rate is very lower than non-Agricultural wages.

TABLE 6: WORKFORCE SHARE IN PERCENT

period	self-employment	regular wage & salarised	casual labour
1999-2000	52.6	14.6	32.8
2004-05	56.4	15.2	28.3
2009-10	50.7	16.4	32.9

Source: NSS reports from different rounds.

As a matter of concern employment elasticity of organised sector is shrinking and there is a fast rate of growth of informal sector is recording. On the basis of these trends, there could be a needy diversification of agriculture and there is a strong need to restructure the rural economy by promoting non-farm activities. In this scenario, the predominance of informal sector, which is crucial for economic development but unfortunately which is today a vulnerable section, need to be attend. In India largest chunk of the poor comes from the ranks of the self-employed. The main reason for being self-employed is not the Entrepreneurial confidence, distress/ the absence of decent paying work the main reason behind the growing number of the self-employed. (NSSO report). When looked at the international comparison majority of self-employment in India constitute unorganized sector, but where as in developed countries majority of self-employment are mostly in the organized sector (Table:7) .

TABLE 7: PERCENTAGE OF SELF EMPLOYED

Countries	Percentage of self employed
USA	10.90%
Brittan	14%
Japan	10%
Germany	12%

It is worth recalling that the employment in the formal economy is dominated by regular waged jobs. Therefore it would seem that significantly high (relatively) level of education is a necessary. We have already seen there has been a significant increase in the informalisation of formal (organised) economy in terms of employment, including regular waged jobs.

As NCEUS (National Commission for Enterprises in the Unorganised Sector) (2007) points out that relatively high levels of education are a sufficient condition to be a member of the urban formal job holder (10.1 years average) or regular waged informal job (9 years average). Therefore education appears as an important discriminator between employment in the formal and informal economy is also suggested by Fagnäs (2007). On the other hand, urban biased growth of the formal economy driven by manufacturing and business services has resulted in a shortage of an educated skilled workforce and inflationary rise of wage rates. This would then also help explain the rising domination of regular waged jobs and the contraction of self- and casual employment in urban formal employment (with relatively high education levels) alongside an informalisation, driven by self-employment and casual employment. On the other hand, outside this narrow band of education and skills for which there is a labour shortage, at lower levels of education and skills there is a huge increase in labour participation ratio. A part of the employment problem is also the lack of skill development and inadequate creation of sufficient opportunities in the non-agricultural sectors. The Indian chronic poverty report (Mehta and others, 2010) draws attention to the role of ill health and the lack of education as being two important factors that lead to persistence of poverty. further ,it is not any more just literacy that would be needed to get the poor emerge out of poverty but is the vocational skills that would fetch them jobs that pay better wages. A critical requirement for this is public expenditure, especially in the social sectors as well as in the rural development. Public expenditure in the social sector is typically much more productive employment generating than several other economic activities (government short-term oriented employment generation programmes), and therefore also has substantial multiplier effects. Spending on the provision of proper health facilities, ensuring good quality and universal school education, have great employment generating potential. When we look at the social sector spending, India is witnessing a partial growth with widening Income growth with dismal social spending. India lags behind in social sector ranking lower than other developing countries. As Peter Duker says that the 21st century will be the century of the social organization. The share of social sector as % of GDP has slightly increased over the decades. The share of social sector in central budgetary expenditure, its allocation slightly increased from 5.49 % to 7.29 % of gross domestic production in between 2005-06 to 2009-10 financial years. The share of health and education as percent of GDP are presented below table (table: 8).

TABLE 8: HEALTH AND EDUCATION AS PERCENT OF GDP

Year	Health(%of GDP)	Year	Education(% of GDP)
1990-91	1.3	1981-82	2.5
1995-96	1.2	1991-92	3.4
2001-02	1.3	2001-02	3.5
2005-06	1.2	2005-06	3.2
2008-09(re)	1.4	2008-09	3

Source: Government of India, Economic Survey

The above table reveals that the share of education as percent of GDP increased from 2.0 %(1991-92) to 3.0 %(2008-09) where as the share of health as % of GDP has increased from 1.3 %(1990-91) to 1.4 %(2008-09). From the above statistics it is prove that India lacks quality education as well as quality health, which are crucial to make people productive human capital, who are much more able to earn their own food. At the same time the Government expenditure of rural development programme is also dismal. Out of total expenditure, the share of rural spending is stagnant around less than 1% of the GDP.

SKILL ACQUISITION

Skill development is crucial for economic development. Rapid economic growth in the country is expected to generate millions number of jobs in the forthcoming years but lack of suitable skilled candidates poses a major threat. Skill plays a vital role in making youths into productive citizens. India has one of the largest youth force in the world but the least number of skilled labours. Dynamics of Indian economy has been changing over time from agricultural economy to industrial economy, industrial to service economy. Agricultural economy absorbs all types of labour force whether semi-skilled or unskilled. However industrial as well as service sectors need skilled workers. India is facing serious man power crunch in the industrial sectors. There is huge gap between demand and supply of skilled man power requirement. The skilled workers comprise only 5% of the total industrial workforce. Nearly 17 million of workforce enters every year, out of them only 0.5% gets observed in organised sector (NSSO). According to the Assocham report, the principal reason behind India's growth is its youth force, the largest in the world. Millions of young Indians are jobless, though a large numbers of white collar jobs are waiting for them (suitable candidates)

because they don't have proper vocational training, so Indian youth are not only unemployed but unemployable. It further said that though 90 percent of jobs in sectors like information technology (IT) and IT Enabled Services (ITES), biotechnology and the services sector are skill-based and requires training; but in real only six percent of the total workforce receives such training India's skilled labour forces constitute only 5% compared to South Korea's 95%. Recent data reveals that our educational system and vocational training programmes have not been able to provide adequate size of skilled man power. Our educational system is not oriented towards attaining demand-driven marketable, soft skills, vocational skills, which are in demand but India lacks in it. Too many colleges still imparting outdated educational techniques, just turning them into certified employable professionals. So due to low level of skill acquisition, their purchasing power also remains at low level. The NSS survey (2004-05) which collected information on the skill profile of youth (15-29) found that only 3.9% of them received formal training. This indicates that very few young persons with formal vocational training enter the workforce. This proportion of trained youth is one of the lowest in the world. Over dependency on scared urban talent creating wage inflationary situation. There is a need to identify the skill gaps. The key challenge before government is the preparation of skill development plans to raise the proportion of trained youth significantly to enable India to emerge as global leader.

WAGES

Another indicator of purchasing power is wages. Being employed alone doesn't guarantee of out of poverty, because nearly 41.6% of the population earn less than the international poverty line of \$1.25 a day in PPP terms. Higher GDP growth in post-reform period failed to improve workers' economic access. For instance the share of employees' earning in GDP has in fact declined steadily over the years down from 30.4% (2002-03) to 27.6% in (2007-08). (CSO, GOI). Today India's rich earn 7 times higher than its poor. Over the years, agriculture's share in GDP has declined but the proportion of the workforce is relatively static. So the value added per worker per year was very low in agriculture among all sectors. For instance agricultural labourers, who are the part of casual labours constitute largest segment of total labour force, where as their wage rates are very lower than non-Agricultural labourers. Hence, the rural agricultural wage rate is considered as one of the most robust indicators of economic well-being, not only of agricultural labourers, but also of the overall rural population (Deaton and Deaze, 2002). The other sector which employs a substantial workforce but has low value addition per worker is trade, hotels, insurance etc. The reason is the overwhelming employment in these sectors is in the form of unorganised workers. While 99% of the employment in agriculture is unorganised, the corresponding figure for trade, hotels and restaurants is also 99%. Even manufacturing, with 88.5% of employment in the unorganised sector, in which more number of workforce was observed in the period 2004-05 to 2009-10. Due to the existence of large chunk of informal sector they are low paid workers. In addition to the lower wages for casual workers, there is also a gender bias in wage payment. As 66th round NSSO's survey found that the per day wage rates for casual labourers in works other than public works in rural areas was Rs 93, against Rs 122 in urban areas. In rural areas, male casual labourers engaged in such activities received an average of Rs 102 per day. However, it was only Rs 69 for women. In urban areas, the wage rate for casual labourers engaged in work other than public Works was Rs 132 for males and Rs 77 for females; whereas today per Indian per capita income is above 50,000 Rs.

INFLATION

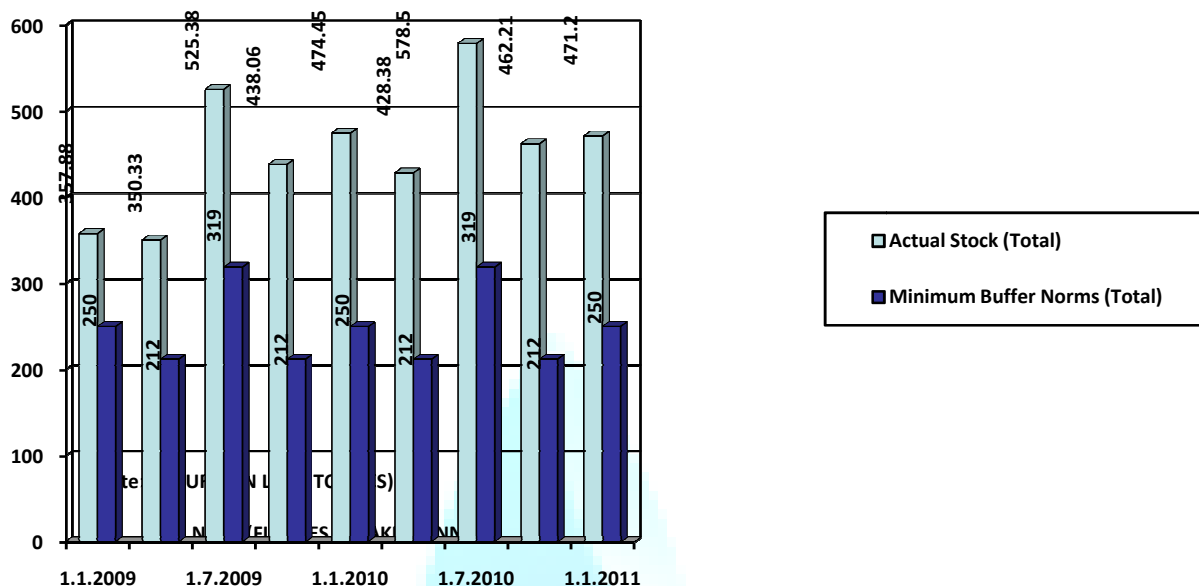
Inflation is the principle economic problem. Today India is facing multi-headed inflation. The current bout of inflation is not originated in the manufacturing sector but in the agriculture sector. Initially inflation is led by food prices, later on it shifted to non food items, mainly to Fuels and minerals led to further rise in prices. India was getting into growth induced inflation. Inflation is pressurised both from the input cost side as well as demand side. It is a Demand and supply side phenomenon, supply crunch is the main cause for today's inflation. Food and fuel prices are the main culprits to the surging inflation figures. The food inflation reached even 18% within a few months. According to the recent NSSO report India's consumption pattern has changed over the last two decades. The share of cereals out of total expenditure on food declined and at the same time the demand for non cereals raised. The recent national sample survey (NSS, 2011) reveals that large proportion of Indian poor still getting their daily calories from cereals. But due to the crop and land diversification the mismatch between demand and supply is widening over the years. Today, large numbers of small and marginal farmers moving away from traditional crop cultivation towards high value commercial crops cultivation. So the significant increase in food prices due to raised mismatch between demand and supply further worsened the livelihood of the most vulnerable sections by eroding their already limited purchasing power. On the other hand, due to the partial growth of the some sub-sectors of manufacturing as well as service sector some proportion of skilled human resource drawing lump sum of money. With the inflationary rise in the wages, they are demanding more non cereal and high protein food items such as milk, egg, meat, fish, fruits and vegetables. With consequent raise in the demand for some selected food items causing inflationary situation in the recent past in the country. In the mean time, in the rural area the portion of expenditure spent on non food items are raising mainly on durable goods and fuel and light. Expenditure on fuel and light now accounts for roughly 10% of the total consumption basket, while the durable goods category now accounts for almost 5%. This indicates that rural India is worst hit by the current inflation. For instance the current galloping inflation pushed consumption Expenditure 3, 70,000 crore in 2010-11, more than 8th fold rise over an additional expenditure of 45,000 crore in 2008-09 (CRISIL) & also the financial savings by Indians tipped below 10% of GDP for the First time in 15 years. The rising inflation adversely affect the economic activities, it would lead to the reduction in the Tax-GDP ratio, which would have an adverse impact on social sector as well as rural development and further affect on social protection programmes. It may have long term adverse impact on human capital development, curb economic growth and damage development. This situation can be tackled through proper distribution system and also increasing purchasing power among common people. The absence of appropriate action for addressing supply bottlenecks especially in food and infrastructure is the main cause for food inflation. It is all because of government short term oriented programmes, diversification of agricultural land, crop diversification as well as government unproductive injection of money into the economy.

PUBLIC DISTRIBUTION SYSTEM

PDS as an instrument of welfare and it did help to get essential goods at discounted Prices when the incomes of the rural poor households fluctuate considerably; just because of insecurities in the labour market it ensures food to them. Approximately 5,00,000 fair price shops are scattered across the nation. The major objectives of PDS are to maintain food stability in the economy, acts as an Anti-inflationary, Ensure food supply to the vulnerable, Avoid distress sale among farmers etc with several reasons PDS has been introduced. The government totally dependent upon the Public Distribution system Scheme to make subsidized food grains to the needy people but every time it failed to ensure justice. But unfortunately, today it is one of the most important factors causing threat to our Food Security. It has turned out to be the mechanism for grabbing and selling, most of the grain meant for needy and poorer section of the society into the black market. There is a rampant corruption in it. The main problem is the existing margin between the price of PDS grains and open market price is very big. Through middle man's GREED the grains go to the black market and government subsidy will shifted to the pockets of the middleman. Over the years, uneconomical rise in the central pool stock of food grains at recorded quantity more than minimum buffer norms with FCI is nothing but economic burden. Being a country with a huge population it cannot wait every time for a Good monsoon .so it has to rely on huge stockpile at the same time it should be well distributed.

The table below shows that the widening gap between minimum buffer stocks needed and central pool stock Position.

FIGURE 3: STOCK POSITION OF FOOD GRAINS IN THE CENTRAL POOL VIS-À-VIS MINIMUM BUFFER NORMS



Existing problems in PDS as follows

- The cost of food procurement is nothing but sunk cost
- Selection of beneficiaries differ among central and state governments
- Research estimate shows that only 27 paise of every rupee reaches the needy
- Government differentiates between APL and BPL beneficiaries
- Lack of proper storage facilities Food grains are rotting in the government godowns etc. These are the many reasons behind poor functioning of the PDS in India.
- The share of Gross Capital Formation in agriculture and allied sectors share relative to over all GDP has remained stagnant at around 2.5 to 3 % over the years, which should be corrected through public private partnership.
- States such as Punjab, Haryana, UP which constitute the heartlands of the green revolution, are in the state of economic and ecological distress. Economical indebtedness is growing among farmers and ecologically, groundwater table is decreasing by 2 to 2.5 feet annually. To maintain food stability need to save these heartlands of green revolution.
- According to IFPRI 2010 report put Gujarat among the five worst hunger performing states along with Bihar, MP, Chhattisgarh and Jharkhand. This shows that there is no correlation between GSDP and level of poverty and hunger. Still being a state with 10.3% of GSDP (2004-05 prices) it is in the category of alarming hunger states. Its position is 13th in ranking.
- The data show lower employment growth in the period 2004-05 and 2009-10 against the period 1999-2000 and 2004-05. Moreover, category-wise shifts in the workforce is more towards casual labour and distressed self-employed labour force which needs attention by the YOJANA BHAVAN.
- Schemes like the Mahatma Gandhi Rural Employment Guarantee Scheme (MGNREGS) have increased work participation rates and to some extent also levelled the gap between male and female workers. But the NREGS is limited to a maximum of hundred days and it mainly focuses on unskilled manual workers, it is not imparting any marketable skill among the workers.
- There is a great need to impart employable, marketable, soft skills, communicational skills through providing proper schooling & vocational training among the youths, which is the future asset of the Nation.
- Sectors like IT, construction, transport and communication, education, healthcare, tourism, banking and insurance are expected to register high growth and hence create sizeable employment. The benefits of these new jobs can occur only if people with the relevant skills are available.
- Wage spiraling is being reported now a days due to over dependency on scared urban talent with soft skills, where as large chunk of youths lack with it.
- The much talk about 'demographic advantage' of a large working population will be wasted if employment opportunities are not increased in the same proportion.
- Vibrant Informal sector should be properly utilised with capacity development programmes.
- Providing food grain storage is not a solution, there is a need to be redesign the mechanism of how to acquire and release food in the market.
- Along with the cooperation of NGOs as well as corporate sector support government should increase its spending on social sector and rural development programmes which is stagnant around less than 1% of the GDP till today.
- In the long run, Agricultural production and productivity should be increased in a sustainable manner to match the increasing demand with growing population.
- Proper coordination between various departments, for example department of Agriculture, Rural development, HRD, Finance is needed, which is lacking at present.

SUMMARY AND CONCLUSION

To sum up, chronic food insecurity which is rampant in India is primarily associated with chronic poverty and due to inadequate dietary system. The reason for today's starvation not only the scarcity of food grains alone, but also the lack of purchasing power what Amartya sen calls this as a failure of exchange entitlement. This lack of purchasing power is the main reasons for decreasing demand for food grains, which are rotting in government godowns. To restore purchasing power government should concentrate on long term oriented development programs other than vote bank policy oriented short term policies. However, India is still at an early stage of transitional growth. Current ongoing Indian structural changes should be redirected towards creating high valued jobs in Non-formal sectors which are the engines of future economic growth. There is an urgent need to create quality employment for inclusive growth process. At the same time, the government should realize that the overtteriarization is not going to solve the problems of a highly populated nation. There is a need to rejuvenate Indian agricultural sector which is the backbone of the Indian economy. Technology may be a kingpin of solutions. Everyone in the country should be entitled with adequate amount of food; otherwise the purpose of the welfare state would be survived. It has to be remembered that nothing can substitute human hunger and once hunger goes beyond a point then the whole democratic system will not survive.

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THE PERFORMANCE OF SELF HELP GROUPS A STUDY OF DHAN FOUNDATION, JEWARGI TALUK, GULBARGA DIST, KARNATAKA

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ABSTRACT

The performance of SHGs in Jewargi Taluk of Gulbarga district, structure, operations, features of the selected SHGs analyzed in this report. The purpose of the study is to examine, performance, functions, and operations of selected SHGs. In this study the role of NGO's covered by Development of Humane Action (DHAN) in Jewargi Taluk Gulbarga district. Primary information is collected with the help of structured questionnaire, through observation, discussion and interactions with 130 members of 65 self help groups. Several SHGs included very poor members but no conscious attempt was made by the promoters to include exclusively the poorest of a village while forming an SHG. As they felt that only after the SHG concept has trickled down to the poorest strategy of the village society, it was possible to organize them into groups.

KEYWORDS

SHG's, Dhan Foundation.

1.1 INTRODUCTION

Self-help groups have emerged as a popular method of working with people in the recent years. Power to the people signifies a new social movement, which has probably been born out of the realization that society's traditional arrangements for solving their problems are inadequate. This movement stems from the people's desire to meet their needs and determine their own destinies through the principle of "by the people, for the people and of the people". Originally Self-help group refers to provision of aid to self, but here self is also taken to mean internal. Self-help emphasizes self-determination, self-reliance self-production and self – empowerment by mobilizing internal resources of the persons, the group or the community.¹ Thus, collectives of individuals, usually small groups of persons are formed into "self – help groups" that provide mutual aid to each other around common problems and operate under such concepts as self- determination and joint responsibility. They work together to achieve specific behavioral attitudinal or cognitive goals. The group is the central component and everyone works with others for the groups further development and individual needs are met in the process. Self – help groups have, therefore, been developed as a means of dealing with commonly shared social, emotional and physical problem condition. A self - help group can be defined as a supportive, educational, usually change – oriented mutual – aid group that addresses a life problem or condition commonly shared by all members. Its purpose may be personal or societal change or within leadership is indigenous from within the group's members and participation and contributions are voluntary. Professional rarely have an active role in the group's activities, unless they participated as members. Boundaries include all those who qualify for membership by having the problem, situation or an identity in common with the other members.

1.2 REVIEW OF LITERATURE

1. J.P. Mishra Verma and V.K. Sing, in their article entitled "Socio – economic analysis of Rural Self- help groups scheme" in block Aminagunj, District Faizabad, of Uttar Pradesh state, they have studied the size, composition, characteristics of rural SHGs examined their functions and impact on generation of income and employment and identified the major constraints and problems of SHGs. They observe that, majority of the members of SHGs belonged to the low levels of income groups, and they were living below the poverty line. They also suggested that, the Government should come forward to help the rural poor through SHGs and provide liberal credit facilities at the cheaper rate of interest to overcome the financial problems of self – help groups.
2. K.R. Murugan and B. Dharmalingam⁵, in their article titled "Self-help Groups new women's movement in Tamil Nadu" based on the study of Mahilir Thittur of Tamil Nadu Women Development Co-operative they believe that one of the characteristics of SHGs is the assurance freedom, equality, self reliance and empowerment. Their strengthen the fact that self-help groups are conveyors of people empowerment, and their social and economic development through capacity building. The significance of SHGs is in the empowerment of the poor especially that of women. They provide financial independence and security to women. They conclude that the ultimate goal of SHGs is the empowerment to the members, and independence and economic equity are the highest virtues of Self- help groups.
3. A. Malaiswamy and R. Srinivasan,⁶ in their article titled "An economic appraisal of repayment and overdue position of Self-help groups, and PACB beneficiaries in Madurai district of Tamil Nadu" highlighted the repayment and transaction cost in Self-help groups in the rural areas. They also analyzed the causes of defaults in repayment of Loans borrowed from both SHGs and PACBs. The study shows that majority of the members of PACBs were willful defaulters which not only denied them further loans but also affected the regular money transactions of the SHGs. Overdue concerned with PACBs very highest then SHGs but transaction cost was found to be higher in the SHGs due to the co-operatives.
4. M.C. Athavale, K. G. Sharma and A.M. Mishra,⁷ in their paper titled "Working of Self- Help Groups and Their Success Story in Doudi Jeenkar Village, Hoshangabad district of Madhya Pradesh State" the study emphasizes on the advantages of linkages between banks and SHGs, the functioning of SHGs and their impact on rural development what the study showed was that the recovery of loan was 100% and the loan was given only for income generating productive activities.
5. R.K. Rahance, M.J. Wattaamwar and V. S. Kamble,⁸ in their study titled "Effect of self-help Groups in Rural Development" the study explains the performance and role played by the sugar co-operative in rural development, through, SHGs. It reveals that the number of villages in the operational area increased from 149 to 245 numbers, membership increased 4,631 to 20,681 and crushing capacity of factory also increased. It also included that the factory had undertaken various programmes through self-help groups. It has led to various activities, this process automatically leads to rural development.
6. Binodini sethi and H. N. Atibudh, in their article entitled "Micro finance, innovations tool for banking with the highlighted rural poverty and the emerging of Self-help groups, their structure, operations and performance of the "SHGs Micro Finance" in the Bhavanipatna block Kalhandi district. The study also indicated that there is larger opportunity for the function of more SHGs and increase its existed membership. The study concluded that only 28% of members of SHGs received credit support from banks under linkage programme. Finally, they suggested that more members of groups should be linked with banks so that support should be strengthened for the rural poor.
7. G. Srinivasan, S. Varadharaj and M. Chandrakumar,¹⁰ in their article titled " Financial performance of rural and urban Self-help groups a Comparative analysis" They found that the operations of SHGs, total lending total savings, total recovery, total default were collected from the offices of the selected SHGs, during the year 1999-2000. The results of the study indicated that the average total membership was 17%, average total savings were Rs. 16,333, the average total lending were Rs. 17,537, average total default was Rs. 956 which found to be higher in rural areas than in urban areas. The overall financial performance of the urban SHGs was better than in rural areas.

1.3. SCOPE OF THE STUDY

The present study on performance of Self Help groups is a new theme in the case of Jewargi Taluk of Gulbarga District. The relevance of the study is for understanding the process of performance of Self-Help groups and its functions the area selected for the study is Jewargi Taluk of Gulbarga District, which is one of the most backward taluk in Karnataka state. The taluk is one of the backward taluk in terms of education also. The literacy rate of the Taluk is 32.85% which is lowest in the district after Shorapur (32.74%). In pertaining to the female literacy rate is just 17.09% which is also one of the main developmental issues of the taluk. The Gulbarga district is having 38.54% overall literacy rate. In the context of the basic objectives laid down for the survey it was decided to limit the scope of the present case studies to informal self-help groups of the poor. Still today in Jewargi Taluk the preliminary experience of SHG in Jewargi has not studied by any team included Govt. agencies or any volunteer organization to study the functioning of the self-help groups in Jewargi Taluk.

1. The second rational behind the selection of this area is that in Jewargi Taluk (in Karnataka) has been implementing a project on "Stree Shakti" and NGOs are working for rural poor women in the context of people's planning and rural development. The Stree Shakti project implemented in Karnataka on 18th October 2000 in Raichur by AICC president Smt. Soniya Ganghi and NGOs, Kalanjiam project implemented in the year 2001-2002. ³ The study will be helpful for the planners and policy makers engaged in the up liftment of rural poor through self-help groups.
2. The present study deals with the role, functions of self-help groups, their working methods, advantages and to what extent is rural poor is benefited by the SHGs for empowering their life. It is an effort to know what is the secrete behind the successful functioning of SHGs in the rural areas covered by the DHAN. Being holistic, in nature, the self-help group is most appropriate for overall rural poor empowerment in the country. And one has to know what is happening in the formation of Self-Help groups. It is right time to know the problems faced by the SHGs and suggest remedial measures.

1.4. STATEMENT OF THE PROBLEM

For diverse / historical / socio – economic, political – cultural , demographic and geographic reasons, despite conscious intervention by the Governments to initiate and accelerate the process of growth and development, some regions and sub-regions and people in them remain relatively backward. Not withstanding five decades of independence we have not been able to solve all those problems which constantly have been posing themselves as obstacles to our economic development. Due to these problems all of our development efforts fall short of our vision of a "developed country"² the problem like poverty, unemployment, inequality and social injustice forms the core of development issues in India. Poverty in India is cardinal problem which requires immediate anti-poverty interventions. Among several other anti poverty interventions measures , the provision of easy access to institutionalized credit facility is directly related to the economic development, empowerment of the poor in general and rural poor in particular. To speed up the process of economic development in rural areas, Governments are taken certain steps for special development efforts through "Hyderabad Karnataka Area Development Board (HKDB), the region in general and Gulbarga district in particular continue to have the tags of "development laggards" around their necks. As such planning commission, decision to extend special development assistance to Gulbarga district under Self – Help Groups (SHG) formation is a welcome measure and it would go a long way to contribute for growth – mediated and supported development plan does focus simultaneously on two things – infrastructural development and income generation schemes for the underprivileged with the ultimate objective of improving the quality of life of the people.

1.5. OBJECTIVES OF THE STUDY

1. To analyze the process of performance of SHG members through the SHG's such as communication, capacity building, economic development, social – cultural empowerment, political empowerment, group solidarity, attitudinal change. .
2. To access the economic development of the family through credit and non credit operation.
3. To understand the background of the emergence of self help groups, their compositions methods of working and their linkages with the financial institutions.
4. To enquire into the functioning of SHGs in the sample areas of Jewargi Taluk and compare performance of 'Stree Shakti' groups with promoted by the DHAN foundations groups.
5. To analyze the contribution made by the SHGs towards empowering the marginalized group of women and family members.

1.6 METHODOLOGY

1.6.1. a. SELECTION OF THE TALUK:

Jewargi Taluk of Gulbarga Dist. was selected for the study on the following grounds.

1. The Taluk is very closer to the researcher.
2. Jewargi Taluk is one of the most backward Taluk in Gulbarga District of Karnataka state.
3. The available literature depicts that the Jewargi Taluk acquires top position in formation of SHGs in the Gulbarga district.

1.6.1.b. SELECTION OF THE STUDY AREA

Even though the SHGs are continuously promoting its activities in many areas of the Taluk, the study is restricted to assess the impact in areas where the operations are more than three years old. And 10 groups were more than 5 years old. A total of 65 SHGs were selected on a stratified random basis.

1.6.1. c. SELECTION OF THE SHGS

The self – help group covered by DHAN foundation and Stree shakti in Jewargi Taluk Gulbarga district for detail analysis. Methods used for the study include a survey using structured interview schedule. The survey was conducted with SHGs members from DHAN and SHG members from stree Shakti group. The stree Shakti groups members were taken for the purpose of comparison. In taluk more than 1350 SHGs were existed.

1.6.1. d. SELECTION OF THE MEMBERS:

2 members were selected from each selected groups using random sample technique for the survey.

1.7 DATA ANALYSIS AND RERSULTS

1.7. a. SHGs AND RURAL POOR

Self – help groups helping the rural people and weaker sections, who associate themselves with group activities like, "Savings mobilization" and smooth functioning of SHGs. Some programme to assist the rural poor are as follows.

1. It provides loan at lower rates of interest.
2. Easy availability of loan
3. It does not require any securities.
4. Easy accessibility to the credit facility.
5. It avoids unnecessary delays.
6. Meetings provide an opportunity to share their views and experience.
7. It helps to solve, to some extent, the problems of the members.

1.7.1 DEMOGRAPHIC AND SOCIAL STATUS OF MEMBERS

The result of the study shows the following demographic features of the members in the SHG.

1.7.1.a. AGE GROUP OF THE MEMBERS**TABLE NO.1.7.1.a: AGE GROUP OF THE MEMBERS**

Sl. No.	Age group	No. of Respondents	Percentage (%)
01.	Below – 20	06	4.62
02.	21-30	29	22.31
03.	31-40	60	46.15
04.	41-50	30	23.08
05.	51 and above	5	3.84
	Total	130	100.00

(Source: Field data.)

The age group of the respondents is shown in the Table 1.7.1.a. It shows that 6 members i.e., 4.62 percent member's age is fall below 20 years. i.e., 18-20 years old. 29 members i.e., 22.31 percent were come age in between the 21 to 30 years old. 60 members i.e., 46.15 percent come age in between 31 to 40 years old. 30 i.e., 23.08 percent members come in age between 41-50 years old. And 5 members i.e., 3.84 percent were more than 50 years old. There are no substantial variations found across the stree shakti groups and DHAN' Kalanjiam groups.

1.7.1.b. MARITAL STATUS OF THE MEMBERS**TABLE NO. 1.7.1.b: MARITAL STATUS OF THE MEMBERS**

Sl.No.	Particulars	No. of Respondents	Percentage
01.	Married	110	84.61
02.	Widows	11	8.46
03.	Unmarried	5	3.85
04.	Deserted	4	3.08
	Total	130	100.00

(Source: Field primary data)

Around 110 members i.e., 84.61 per cent were married and living with their husbands, 11 members i.e., 8.46 percent were widowed and 4 members i.e., 3.08 percent were divorced or deserted by their husbands. It was also evident that around 17 members i.e., 13.07 percent were leading their family on their own.

1.7.1.c. SOCIAL BACK GROUD:**TABLE NO. 1.7.1.c.: SOCIAL BACK GROUND OF THE MEMBERS**

Sl No.	Particulars	No. of Respondents	Percent
01.	Backward class	89	68.46
02.	Schedule Caste	30	23.08
03.	Schedule tribe	05	3.84
04.	Other castes	06	4.62
	Total	130	100.00

(Source: Field primary data)

A proportion of around 68.46 percent of the members belonged to backward class and 23.05 percent of the members belonged to scheduled caste and 5 members i.e. 3.84 percent members were belonged to scheduled tribe. and 6 members i.e., 4.62 percent were constitute other castes. There was no single caste dominance observed since the population of the castes varies across the areas where SHG is in operation.

1.7.1.d. LITERACY

The details of the literacy levels of the SHG members and their husbands are given in table 1.7.1.d..

TABLE NO. 1.7.1.d: LITERACY OF THE SHGs MEMBES AND SPOUSES.

Sl. No.	Literacy Level	Members		Spouse	
		Number	Percent	Number	Percent
01.	Illiterate	72	55.38	48	38.40
02.	Up to 5 th Standard	30	23.08	31	24.80
03.	Up to 8 th standard	13	10.00	23	18.40
04.	Up to 10 th standard	11	8.46	15	12.00
05.	Up to 12 th standard	04	3.08	04	3.20
06.	Up to degree	00	0.00	04	3.20
	Total	130	100.00	125	100.00

(Source: Field primary data)

Illiteracy was high among the women (55.80 percent) compared to 38.40 percent among males in the households. Up to 5th standard 13 women and 23 spouses 23.08 percent and 24.80 percent respectively were studied. No. of the members had any degree education except 3.20 percent of their husbands who had degrees.

1.6.1SHG AS AN INSTITUTIONAL SOURCE OF CREDIT

All the 65 SHGs surveyed reported that they had got a at least one loan from the bank and thereby all of them have got access to formal credit systems. This became possible only because of the groups existence in their locality. The details are furnished in table No. 1.7.2.a1.

1.7.2.a. LOAN AVAILED FROM THE SHGS**TABLE NO. 1.7.2.a: LOAN AVAILED FROM THE SHGS**

Amount (in Rs.)	Stree Shakti respondents			Kalanjiam respondents		
	No.	Percent	Average Loan availed	No.	Percent	Average Loan availed
< 5000	14	15.55	3,214	00	0.00	0.00
5,000-10,000	37	41.11	8,338	08	20.00	6,375
10,000-20,000	24	21.67	15,646	25	62.50	19,800
20,001-40,000	15	13.50	27,833	07	17.50	37,643
Total	90	100.00	55,031	40	100.00	63,818

(Source: Field data)

As many as 95 percent of the total members have got a minimum loan amount of Rs. 5,000.00 if they are with a stree shakti. In case of Kalanjiam groups, all of them have got loan of more than Rs. 5000. The above result show that as compared to kalanjiam groups with stree shakti, kalanjiam group members were got high loan.

The findings on the cumulative loan availed from the group and interest amount saved.

TABLE NO. 1.7.2.a1: CUMULATIVE LOAN AVAILED FROM THE GROUP

Sl. No.	Particulars	Stree Shakti members (Rs.)	Kalanjiam members. (Rs.)
01.	Minimum loan per member	1,800	5,000
02.	Average loan per member	19,975	28,476
03.	Maximum loan per member	27,000	38,000
04.	Interest payable at the rate of 60 percent per annum	11,985	23086
05.	Interest at the rate of 24% per cent per annum to SHGs.	4,794	9,234
06.	Interest saved per member	7,191	13851

(Source: Field primary data)

The cumulative loan amount is the amount availed by an individual member, which is a sign of credit flow from the bank to the poor as well as the group acting as a source of credit. The maximum amount received by the members is Rs. 27,000 by the Stree Shakti groups and Rs. 38,000 by the kalanjiam groups. On average a member in a Stree Shakti group has taken an average loan amount of Rs. 19,975 during the period. For such an amount the member has paid Rs. 4,794 at rate of 24% percent for a year; otherwise she would have ended up paying an amount of Rs. 11,975 to local money lenders for a year at the rate of 60 percent.

1.7.2.b. CREDIT UTILISATION

The loan utilization pattern is an indicator to assess the purpose for which the members are using the credit obtained from the group. The purpose wise loan utilization pattern since the inception into the group is presented in Table No. 1.7.2.b.

TABLE NO. 1.7.2.b.: PURPOSE WISE LOAN AVAILED BY THE MEMBERS SINCE INCEPTION INTO THE GROUP

Sl. No.	Purpose wise loan utilisation	Share in the total loan	
		Loan Amt. Rs.	Percent
01.	Consumption ¹	6,47,985	38.84
02.	Health	3,50,860	21.03
03.	Social obligation ²	1,50,300	9.01
04.	Debt redemption	2,50,600	15.02
05.	Agriculture and live stock	89,600	5.37
06.	Housing	93,100	5.58
07.	Small economic activity	85,950	5.15
	Total	16,68,395	100.00

(Source: Field primary data)

Note:

1. Consumption includes the immediate needs of the family for food, education and other small expenses for the household.

2. Social obligation include marriage expenses dowry for the girls, funeral and related functions.

From the above table it is clear that Rs. 6,47,985 i.e., 38.84 percent which is a major loan use by the members for consumption purposes and Rs. 3,50,860 i.e., 21.03 per cent for health and Rs. 1,50,300 i.e., 9.01 percent were used for social obligation and Rs. 2,50,600 i.e., 15.02 per cent were used for Debt redemption and 89,600 i.e., 5.37 per cent used for agriculture and livestock and 93,100 i.e., 5.58 percent were used for Housing and Rs. 85,950 i.e., 5.15 per cent were used for small economic activities.

1.7.2. c. SELF HELP GROUPS AND BANKS:

All selected 65 SHGs were linked with different banks for financial assistance and deposit savings mobilisation,. Table No. 1.7.2.c. shows that maximum number of SHGs 32 out of 65 SHGs were linked with the Co-operative societies, and 13 SHGs were linked with Commercial banks. And remaining 20 groups i.e., kalanjiam groups were linked with ICICI Bank Ltd. Mumbai. The following Table shows the clear idea of linkage.

TABLE NO. 1.7.2.c.: DETAILS OF LINKAGE WITH BANKS

Sl. No.	Banks	No. of SHGs linked	Per cent
01.	Commercial Banks	13	20.60
02.	Co-Operative Banks	32	49.23
03.	ICICI Bank Ltd. Mumbai	20	30.77
	Total	65	100.00

(Source: Field primary data)

1.7.2.d. RESOURCE MOBILISATION BY THE GROUPS

Average total savings of the group was Rs. 46,080 and the average size of the SHG studied was 16 members per group. The average loan amount mobilized by the group from various sources was Rs. 1,03,778 in an average period of 49 months. Around 63 percent of the groups linked more than once with banks for credit.

TABLE NO. 1.7.2.d: SHG BANK LINKAGE STATUS OF THE GROUPS STUDIED

Sl. No.	Particulars	Kalanjiam	Stree Shakti
01.	Average bank loan size (Rs.)	1,03,778	32,231
02.	Group gone for more than one linkage	67.50	60.00

(Source: Field primary data)

The amount mobilised from the bank was three times higher in kalanjiam groups compared to the groups studied in Stree Shakti groups. Around 72 percent of the members were able to save Rs. 75 and above per month. But in the case of members studied by Stree Shakti groups majorities of them are found to save only Rs. 20 to Rs. 40 per month.

1.8. MAJOR FINDINGS

This chapter summarizes the major findings emerging from the field studies and also indicates the policy issues that need consideration at appropriate levels for formulating action programme.

During the field study it is observed that some of the important findings were emerged regarding the Self-Help groups.

1. Almost all the sample Self-Help groups were formed with an emphasis on Self-Help and with a view to achieve objectives like freedom from exploitation, economic improvement women empowerment and resources for development.
2. Regarding the Self-Help group's nature large number of SHGs is homogeneous as compared to heterogeneous by religion, economic conditions. Occupational structure etc.,. These characters have played a vital role in originating poor Self-Help groups. In the district Self-Help groups' functions are socially and economically motivated. It heartening to note that politics, religion, caste are considered as no entities in the organization of Self-Help groups. The common feature of all the Self-Help groups was an aspiration to raise their socio economic standards by exploiting the opportunities provided by Self-Help groups.
3. The sample Self-Help groups came into existence with a new culture and system of collective existence.

4. A community organizer usually initiates the foundation of SHG's; the majority of Self-Help groups were formed between 1995 and 2003. Once the SHGs start functioning, the interviewer motivates for the formation of the set of rules to be followed. The amount to be saved by each member is Rs. 10, 15 or 20 per member per week. The amount is fixed to all members at the same level to avoid disparities among the members. The amount of savings are kept in banks to ensure regular savings and for the discussion of groups activities to be taken, the members should compulsorily meet weekly the SHG members or animator prepares the minutes of meeting and records of the savings. The animator is trained and rotated every six months for different SHGs. The common fund created for emergent loan disbursed to members on consensus towards the need on rotation basis, repayment of the loan starts immediately until complete repayment. The process of decision making concerned every members of a group should actively participate in this regard.
5. The main objectives of Self-Help groups are to promote savings habit among the group members. There is no membership fee for joining a group. The common fund, which is growing day, by day, is in variably deposited in a cooperative banks commercial Bank and Regional Rural Banks through opening savings account in their local branches.

1.9. RECOMMENDATIONS OR SUGGESTIONS

The study, on economic conditions of 'Self-Help groups.' with special reference to the Bidar District. The SHGs have revealed many positive aspects regarding contribution of SHGs to the rural development. The concept of Self-Help group is to be seen as an important milestone in achieving the ultimate objective of economic empowerment of women and as a weapon for poverty alleviation. The present study covered 25 Self-Help groups and 250 members. From 5 taluka's 5 Self-Help groups and 50 members were selected. The main focus was achievement of economic goals and social goals by these groups. The activity of self-help groups has improved participation of women in decision-making at all levels.

One of the important conclusions of the study was that the Self-Help group activities have been helping poor women in economic and social development. Many agencies like Banks, voluntary organisations, NGOs, Local Bodies, etc., are engaged in organizing Self-Help groups in their own way. Some of our recommendation for promotion growth and sustainability of SHGs are given below.

1. The process of formation and function of SHGs is to be made more systematically institutionalized. Zilla Panchayats, Taluka Panchayats, Gram Panchayats and NGOs can take the role in the formation and promoting of Self-Help groups by organizing and financing in proper way. The Bidar district is a model for implementing the formation of SHGs in other consisting of elected members of Panchayats officials and representatives of banks and NGOs members for the promotion and growth of SHGs in the whole district.
2. A wider publicity is required for the propagation of this concept to the gross root level public relation department, media etc., can prepare and distribute publicity materials highlighting the importance, advantages and salient features of SHGs in rural areas is to be made mandatory.
3. The establishment of homogeneous SHGs considering only women.
4. Heterogeneous group considering of men and women.
5. Financial Institutions like banks can make lot of contribution for the promotion and growth of SHGs for exemplary and best performance by SHGs at the block level should be given cash award by the banks, Government or NGOs. The study also recommend reduction of interest rates on the loans availed by the SHGs. They can also introduce monetary incentives to encourage prompt repayment.

1.10. LIMITATION OF THE STUDY

1. It is a case study no generalization can be made on the basis of it.
2. While collecting the primary data from Self-Help groups, many difficulties were found. First of all majority of the group members were illiterate and had a lack of a general awareness. Therefore, while desecrating their illiteracy and backwardness is needed to be taken in consideration. Data collection from illiterates has its own limitations.
3. Personal limitations of the researcher needed to be mentioned.
4. In addition to the above the study being meant for a M. Phil. Dissertation for which only one year time is given; this time period is short and not sufficient for undertaking a detailed study. Further study can be undertaken for Ph. D work by the researcher.

1.11. CONCLUSION

Several SHGs included very poor members but no conscious attempt was made by the promoters to include exclusively the poorest of a village while forming an SHG. As they felt that only after the SHG concept has trickled down to the poorest strategy of the village society, it was possible to organize them into groups.

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BLACK MONEY AND ITS IMPACT ON INDIAN ECONOMY AND COMPARATIVE STUDY OF INDIA AND CHINA

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ABSTRACT

The Money generated through any or all unrecognized and illegal sources, be in the form of land, corruption, fraud or any other unfair mean is collectively trashed under the level of black money by the law of any country. The law declares every single penny earned from an unsolicited and unorganized source as a part of black money. In such a large country as India which may have called semi developed stats say that it's still developing due to the paradise that has stuck in economy very badly, yes, it's the corruption that I am talking about, the largest threat to any country, s financial, political as well social structure. It is absolutely a shocking Fact that around 1.4trillion Indian money is in Swiss banks. In fact it is the largest amount that any Country of the world has deposited in the Swiss banks. This is certainly a thing worth wondering because nearly whole lot if money is the black money of India. In this paper I shall study the impact of black money on Indian economy and make comparative study of India and china on various issues like GDP, GDP Growth, per capital GDP, inflation, labor force, unemployment, fiscal deficit, FDI, Gold reserve, mobile users and internet user.

KEYWORDS

black money, Indian economy, Chinese economy.

INTRODUCTION

It is well recognized fact that there exists in India a parallel economy based entirely on black money transaction. Black money, also described as tainted money, has seeped into walk of life and is posing a great threat to the ability of our real economy. The most unfortunate Aspect is that it has come to be accepted as normal fact of life. People hardly feel say qualms of conscience while dealing with it. In their jaundiced eyes, the black appear to be bright and beautiful.

The problem of tax evasion and black money cannot merely be looked upon as anti social activity or unlaw full activity. It is rather, like a cancer in the country economy which, if not checked in time, will ruin the country economy. One of the worst consequences of black money and tax-evasion is their pernicious effect on the moral fiber of our society which puts a premium on dishonesty and shatters the faith of the common man in the dignity of honest labor and lawful living. Black money results in the functioning of a parallel economy in the country. The problem therefore, needs immediate attention.

Black money in economic terms means unrecorded gains. In other words which has escaped taxation? It may be hoarded in cash, but eventually get itself converted into various assets like property, jeweller and durable consumer goods.

OBJECTIVE

1. The basic objective of this paper is to know the impact of black money on Indian economy this shows how the various scandals spreading their black shadow on the people of our country.
2. To study different variables like GDP, inflation, unemployment, agriculture and import and export of India and china.
3. Make comparative study of two booming countries.

METHODOLOGY

The present research impact of black money on Indian economy and comparative study of India and china is based on secondary data. I collected this data from various news channels, books, magazines and news paper.

RESULT AND DISCUSSION

Impact of black money:

Scandals in India:

TABLE A

Scandal	Year reported	Scope	Location	key player
Indian Coal mining	2012	1,855,91.34 crore	national	Prime minister
2G spectrum	2010	176,000 crore	National	Nira Radia, A.Raja, M.KKanimozhi, Telecommunication companies
UP Food grains Scam	2003	35,000 crore	UP	Kapil Sibal,Mulayam Sing Yadav,Mayawati
NRHM Scam	2012	10,000 Crore	UP	Mayawati
Wokf Board Land Scam	2012	200,000 crore	Karnataka	

Corruptions the major source of black money in India. Anna Hazare, Arvind Kejriwal, Kiran Bedi, Prashant Bhushan, Shanti Bhushan, Kumar Viswas, Santosh Hegde, Medha Patkar, Akhil Gogoi, Manish Sisodi and Baba Ramdev are the key people who are fighting against "corruption" while corruption may be in any

form viz. properties, assets, costly gifts (mostly linked with high ranked officials and provided by the business class personalities by keeping the noose around their heads loose). All these are directly indirectly responsible for increasing the black money of country such as India. The people who possess these things obviously possess their worth as well. So, he has the property or assets in his possession that came from some unknown sources (as considerable by law) clearly violating terms for valid money. The bank authorities are agreed that out of all most black money deposited in the Swiss banks is from India.

Development and economic growth: Due to this large scale corruption the development of even the basic necessities is taking so much time leaders are promising that road and bridges will be build with in a one year while the funds issued for the same vanish so fast into the pockets of the people involved at various level that for three year not even two pillars of a bridge are constructed that way so many other things like repairs of road works of highway etc also take so much time. Even our national highway of Jammu and Kashmir ruined at so many places with result many of peoples lost their life in Amaranth yatra but the contractors and the big gums of the country don't bother until some more tragedy forces them to take action hence the basic and the most important impact of black money in India is the *under development of the country*

Employment: Another impact of black money in India due to corruption the employment opportunities also decrease and so the youth particularly the poor unemployed once who fail to find a means to make their living seduced by the illegal act like smuggling, piracy etc this is the reason for the birth of criminal each day. The youth feel the lust of earning quickly as much as they can but they forget that they are not doing anyone else loss, it's their own country's loss.

Inflation: inflation is also one of the outputs of corruption in India the impact of black money in India is quite common to observe with the prices rise each day, government taking unnecessary benefits of their position by taking higher bribes. If we talk about CAG Report (CAG is an audit body that does performance-audits of government departments (Railways, P&T , various Ministries etc) and PSU's. about sixteen months after it rocked the government with its explosive report on allocation of 2g spectrum and licenses, the comptroller and auditor general's draft report titled performance audit of coal block allocations says the government has extended undue benefits totaling a mind boggling Rs 10.67 lakh crore to commercial entities by giving them 155 coal acreages without auction between 2004 and 2009. The benefits include some 100 private companies, as well As some public sector units, in industries such as steel, power and cement. The story listed the following companies as the leading beneficiaries of the coal allocation:

Table B: WINDFALLS GAINS TO ALLOCATE (in Rs Cr)

Private companies'		Public companies	
Company	Gains	Company	Gains
Strategic Energy Tech System (Tata-Sasol)	33,060	NTPC Ltd	35024
Electro Steel Castings & others	26320	TNEB & MSMCL	26,584
Jindhal steel and power	21226	NTPC	22301
Bhushan power and steel ltd.	15967	JSEB & BSMDCL	18648
Ram Swarup and others	15633	MMTC	18628
Jspl and Gagan sponge iron ltd.	12767	WBPCL	17358
MCL/JSW/JPL and others	10419	CMDC	16498
Tata steel ltd.	7161	MSEB & GSECL	15335
Chhattisgarh captive coal co. Ltd.	7023	JSMDCL	11988
CESC Ltd & J&S Infrastructure	6851	MPSMCL	9947

COMPARATIVE STUDY OF INDIA AND CHINA

Making an in depth study and analysis of India and china seems to be very hard task. Both India and china rank among the front runners of global economy and are among the world's most diversify nations. Both the countries were among the most ancient civilization and their economies by number of social, political economic and other factors. However, if we try to properly understand the various economic and market trend and features of two countries, we can make a comparison between India and Chinese economy if we make the analysis of the India and china economy we can see that there are no. of factors that has made china a better country by India. In India was the colonel rule of the British for around two hundred years. This drained the country resources to a great extend and huge economic loss. On the other hand there was no any such colonial rule in china.

TABLE C

Facts	India	China
GDP	Around \$1.3123 trillion	Around 4909.28 billion
GDP growth	8.90%	9.60%
Per capital GDP	\$1124	\$7,518
Inflation	7.48 %	5.1%
Labor Force	467 million	813.5 million
Unemployment	9.4 %	4.20 %
Fiscal Deficit	5.5%	21.5%
Foreign Direct Investment	\$12.40	\$9.7 billion
Foreign Exchange Reserves	\$2.41 billion	\$2.65 trillion
Mobile Users	842 million	687.71 million
Internet Users	123.16 million	81 million.

Agriculture: Agriculture is another factor of economic comparison of both countries. It forms a major economic sector in both the countries. However, the agriculture sector of India is very old they uses traditional method of cultivation where as china is more developed. This lead to better quality and yield of crops which can be exported.

Liberalization of economy: In spite of being a socialist country, china has started much earlier before India. This strengthened the economy to a great extent. On the other hand India was a little slow in embracing globalization and open market economies, while India liberalization policy started in 1990s china welcome FDIs and private investment in 1980s. This made a significant change in its economy and the GDP increased considerably 9.60%

Company development: Tax incentives are one area where china is lagging behind India. The china capital market lags behind the Indian capital market in terms of productivity and transparency. The Indian capital market and stock market both are transparent and predictable. India has Asia's oldest stock exchange which is the BSE. Whereas china is home to two stock exchanges namely the Shenzhen and shanghai stock exchange. As far as the capitalization is concern the shanghai stock exchange is largest than the BSE since the SSC has 1.7 trillion us dollar with 849 listed companies and the BSE has 1 trillion us dollar with 4833 listed companies. But more than the size what make both these stock exchange different is that the BSE is run on the principle of international guide lines and is more stable due to the quality of listed companies. In addition to this Chinese government is the major stake holder of most of the state –owned organization hence the listed firms have to run according to the rule and regulation lays down by the government. Hence India is ahead of china in matter of financial transparency.

Difference in infrastructure and other aspects of economic growth: infrastructure of china compared to India is more developed. Some of important aspects that has created a stark difference between the economies of two countries are labor development and manpower, water management, communication, health care facilities, civic amenities and so on are these aspects are well developed in china which has put a positive impact in its economy to make it one of the best

in the world, although India has become much developed than before, it is still sluggish by problems such as poverty, lack of civic amenities, unemployment and so on. Unlike India, China is more investing towards manpower and strengthening of infrastructure.

IT/BPO: IT and BPO is one of the sectors in which India enjoys an upper hand over China. India has earned from the BPO sector alone in 2010 is \$49.7 billion while China earned \$35.76 billion. Seven Indian cities are ranked as the world top ten BPOs, while only one city from China features on the list.

Imports and exports: As far as exports of both the countries are concerned, China managed to do good in the year 2010. China's total imports and exports stood at US\$2677.28 billion at the end of November 2010. India's exports up by 26.8 percent and imports increased by 11.2 percent.

CONCLUSION

Politicians becoming more and more ignorant towards growth and development of country. If the situation continues to get worse, one day will come when the poor people won't have anything at all and the country will see its worst ever time, much worse than the period of rule of English people even. Existence of Black money in an economy leads to socio-economic disparity, creating huge gap between rich and poor. In the second part of paper it is quite tough to make comparison because both countries are running at same speed in the global market. To retain the same pace India must take some precautionary steps to protect our self from black money and other dangerous virus that are opposing it from growth and development.

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INCIDENCE OF POVERTY AND INTRAHOUSEHOLD ALLOCATION OF RESOURCES: A GENDER ANALYSIS**P.KANAKARANI****LECTURER****DEPARTMENT OF ECONOMICS****ANNA ADARSH COLLEGE FOR WOMEN****CHENNAI****ABSTRACT**

Women poverty is shaped by the interaction between gender, class, ethnicity and religion and by unequal relations in the international economy. Women experience poverty differently due to gender inequalities in entitlements and responsibilities. The causes of the persistent inequality between men and women are only practically understood. In recent years attention has focused on inequalities in the allocation of resources at the household level, as seen in the higher share of boys in education, health, and food expenditures comparison with that of girls. The decision making process within household is complex and influenced by social and cultural norm, market opportunities and institutional factors. There is considerable proof that the intrahousehold allocation of resources is a key factor in determining the levels of schooling, health and nutrition among household members. This micro level study of gender and poverty is based on relative poverty approach by using expenditure method. The present research aims to analyse the severity of poverty and study the intra household allocation of resources on food and non-food items (MPCE) among male and female-headed households and in rural and urban regions. In this study decision making power of women are taken as one of the most important variable to cover household environmental factors. The empirical findings of the study suggest that women poverty and inequality is mainly due to their educational level, women's contribution to the total household income and their assets holding status.

KEYWORDS

Decision making Power, Intrahousehold Allocation of Resources, Poverty and Women, Female Headed Households.

I. INTRODUCTION

Most development policies focus on improving the well-being of individuals. But the welfare of an individual is, in large part, based on complex interactions with that of individual's family or household. The processes by which resources are allocated among individuals is commonly referred to as "intrahousehold resource allocation" is the main focus of this study. It examines the main complex factors that influence decisions made by households about how they spend the resources. It shows that a more complete understanding of intrahousehold behaviour can increase the likelihood that policies will reach the people they are intended to affect-leading to better policies in areas such as food production, consumption, nutrition and natural resource management (Deaton, 1997:223).

II. REVIEW OF LITERATURE

Severities of women poverty were addressed by the researchers are presented on the order of international, national, state and district level. The related literatures are discussed on the basis of women and poverty in female headed households and within the household of male headed households.

A. WOMEN AND POVERTY IN FEMALE HEADED HOUSEHOLD

Most of the researches in poverty measures are based on the micro and macro level techniques. The micro level studies aim at the individual or household level estimation of poverty. The micro level method is a choice of the individual welfare measure. The per capita consumption or income for the basic measure of individual welfare. The striking features of the incidence of female headed households in many countries is that it is disproportionately over represented among the poor. This is generally true both for developed as well as developing countries (Folbre N, 1991). In US the poverty rate among female headed households in 1983 was three to four times of the rate for two parents household, and female headed households were much more likely to be poorer than aged and disabled families. In a number of Latin American countries, such as Brazil, Peru, Costa Rica and Chile the proportion of female headed households who are poor ranged from 25 percent to 40 percent, far higher than the poverty rates for other households. Similar results can be found in Kenya, Nairobi and Malawi. In Asia, scattered evidence also shows a discouraging picture of poverty between female headed households. A research work carried out by Meena Patel (1998) analyzes the interplay of gender and poverty in rural Asia. The study concludes that in rural Asia women are worse off than men in terms of various elements of well-being.

Unnithan Kumar (1997) work is about Girasia Women's Poverty, Vulnerability and Powerlessness. He identified their deprivation was not just a pattern of poverty or the lack of income subject to access to service and resources. Meenakshi, Ranjan, Souvik Gupta (2000), study computes poverty rates for scheduled caste, schedule tribe and female-headed households. Their findings indicate that poverty rates are uniformly higher for the SC and ST communities, irrespectively of deprivation measure used. Subhashish Gangopadhyay and William Wadhwa (2003), investigated whether female headed households (FHHs) in India are more vulnerable to poverty compared to male headed households (MHHs) and how much of this difference could be explained by female education and land holding. Further, Tripathy and Mishra (2005), work attempts to study the extent and causes of disadvantages of female-headed households compared to male headed households in relation to resource access in rural Orissa. They concluded that education is the results of decision made in the household, this suggests a gender disadvantage that is perpetuated within the household. A survey conducted in Kerala, India suggested that female headed households constituted 54 percent of the 'poorest of the poor', whereas the destitute rate for the whole was only 16 percent. Another study conducted in Orissa, India suggested that the poverty and female headship are strongly linked in the rural areas. Further it also suggested that the socio economic status of male headed households and female headed households in terms of usage of resources, well being of children measured in terms of health and education indicators are found to be lopsided negatively towards the female headed households (Panda, 1997). Cavery and Sudha (2000), found that gender- poverty nexus among female domestic servants in Salem. They identified that women's poverty is due to lack of skills, heavy physical work of different types, long hours of work with minimum wages and lack of job security in the informal sector. It is also observed in a number of studies that female headed households have been increasing in rural and urban areas. The literature also argues that these households are more likely to be poor, at any point of time, compared to the male headed households. A study indicated that female heads are at a disadvantage because they have low wages, vulnerable due to child care demands and lack of access to resources. Further, female headed households with dependent children experience the worst afflictions of poverty and they are the poorest (Finne, 2001).

B. WOMEN AND POVERTY IN INTRAHOUSEHOLD ALLOCATION OF RESOURCES

Anne and Angus (2002), study is about consumption, health, gender and poverty. The aim of their study is to link family expenditure patterns to the gender composition of the household, something they illustrate using data from India and South Africa. They concluded that the different aspects of well-being, income, educational, and health are not distributed independently among males and females. Those who are income-deprived are typically more likely to be deprived in terms of health and education. Rahman (2002), economic studies on intrahousehold inequality in food distribution typically focus on an individual's total calorie intake in rural Bangladesh. He finds strong evidence of intrahousehold inequality in all income groups, where adult women tend to be in the most disadvantaged position within the household. He proves that wife has a strong role in bargaining power in intra household food distribution. Miller (1997), study is about the social class, gender and intra household food allocation to children in South Asia. Women and girls in poor households experience poverty more intensely than men and boys within the same households. This is because of intra-household inequalities in access to food, health care, education and the rest. A

study carried out amongst 161 households in Dindigul district, Tamil Nadu, India indicates that gender differentials in access to food prevailed in 60 per cent of the households. Gender disparities were also prevalent in access to primary health care and primary education, but to a less extent.

HIGHLIGHTS OF THE OVERALL STUDIES

1. In most of the developing countries, where females are constantly worse-off the studies suggest that cultural and institutional factors may be responsible for higher poverty among women in these countries.
2. Women are severely disadvantaged in their opportunities to participate in economic activities due to their lack of access to land and other productive resources.
3. Women's deprivation was not just pattern of poverty or the lack of income consumables and wealth but also one of vulnerability and exposure to the vagaries of the weather, ill health, lack of sustained nutrition, lack of skills, heavy physical work, long households of work with minimum wages, lack of job security malnutrition and being subject to increasing market costs.
4. Poverty among female headed households is larger than the male headed households. Poverty indices for different households' types, however, are quite sensitive to the level of economics of scale that is households, headed by widows, widow or divorces or separate women living with unmarried children.
5. Women are discriminated within the household in different aspects of well-being - income, educational and health is not distributed equally between men and women.
6. In India, community wise inequality is larger. Among these different communities schedule caste and schedule tribes (SC/ST) live in vulnerable situation. Particularly women in these communities are poorest among the poor, because they are illiterate and depend on informal sector.

III. OBJECTIVES

- ✓ To measure the incidence of poverty among the male and female headed households in both rural and urban areas;
- ✓ To study the distribution pattern of Monthly Per capita Consumption Expenditure (MPCE) among male and female members in male and female headed households in rural and urban sectors;
- ✓ To assess age wise inequality in intrahousehold allocation of resources among males and females in the age groups of 5-14, 15-45, 46-60, 60+ in rural and urban and in male and female headed households;
- ✓ To identify the factors underlying gender inequality in intrahousehold allocation of resources.

IV. METHODOLOGY

The study is confined to the respondents selected from the Sathyamangalam taluk of Erode district of Tamil Nadu State. The sample selection of this study aims to cover at proportionately (i.e. 50 percent of male and 50 percent of female headed households) in both rural and urban areas. The areas were randomly selected and respondents were purposively selected so that the total sample consisted of about 400 households- 200 from rural and 200 from urban areas. The primary data presented in the study relates to the period 2004-05.

TOOLS

1. Construction of Poverty Line

Poverty line in this study is measured in terms of Monthly Per Capita Consumption Expenditure (MPCE). This is a better criterion than income as it measures the ability of an individual to purchase a basket of goods containing the minimum quantity of calories and non food goods. In this study consumer expenditure is measured as the total of the monetary value of consumption of various groups of items, namely (i) food and non food items. For a household, it is estimated as - total consumer expenditure divided by its size and expressed as per month on 30 days recall basis.

Planning commission has estimated poverty line for Tamil Nadu State as (1999-2000).

Rural Tamil Nadu : Rs. 307.04 (MPCE)

Urban Tamil Nadu : Rs. 475.60 (MPCE)

As the data collected for this study relates to the period 2004-05 adjustments were made in the MPCE to incorporate the price changes over the period.

Consumer price index for Tamil Nadu was used to determine the cut off MPCE for the period 2004-05.

Consumer price index for Tamil Nadu State for the period 2004-05.

Rural Agricultural workers : Rs. 347.17

Urban Industrial workers : Rs. 501.00

Based on this, the estimated poverty line for 2004-05.

Rural Tamil Nadu : Rs.354/-

Urban Tamil Nadu : Rs.576/-

2. Lorenz curve and Gini Coefficient Ratio

The simplest measure of inequality are the Lorenz curve and the gini coefficient. Mostly it is used to measure the income inequality. In this study it is used to measure inequality in expenditure allocation among household members instead of income. Along the horizontal axis the number of expenditure recipients is measured and along the vertical axis expenditure (in Rs.) are measured cumulatively. Both expenditure and expenditure recipients are expressed in percentage terms. A perfectly equal distribution of income would therefore be represented by the diagonal. In the diagonal the curved line traces out the degree of income inequality. In this it measures expenditure inequality. The difference between Lorenz curve and the line of equality is measured with the help of gini coefficient ratio; this method is followed to measure intrahousehold inequality for different age groups between both male and female. This age wise mapping helps to measure the inequality in the intrahousehold allocation of resources and nature of discrimination.

3. Regression

A multiple regression analysis is used in order to identify the factors contributing towards gender inequality in the intrahousehold allocation of resources (MPCE). The equation is given below:

$$Y = \beta_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \beta_7 X_7 + \beta_8 X_8 + \beta_9 X_9 \text{ -----(1)}$$

Y = Proportionate share of MPCE of women to total MPCE of the household in both rural and urban areas

X₂ = caste

X₃ = women's age

X₄ = educational level of women

X₅ = nature of women's occupation – formal / informal sector

X₆ = women's contribution to the household income

X₇ = decision making power of women

X₈ = assets holding status of women

X₉ = dowry brought by women

The above variables are taken to find out which factor influences resource allocation within the household in rural and urban male and female-headed households separately. The nature of inequality differs in rural as well as urban male and female-headed households.

ANALYSIS AND INTERPRETATION OF THE DATA

1. SOCIO-ECONOMIC PROFILE OF THE RESPONDENT

In both rural and urban areas the dominant age group of the sample household head belongs to the age group of 31-50 years. All rural and urban male and female-headed households surveyed majority of them were Hindus. About 32 percent of them belong to Scheduled Caste community. In both rural (62 percent)

and urban areas (51 percent) majority of the female headed households were widows. The incidence of nuclear family structure was found more among the rural than urban households. The average household size worked out to be 4.5 in RMHHs, 3.6 in RFHHs, 4.3 in UMHHs and 2.9 in UFHHs. In RFHHs the dependency ratio (0.64) was more than RMHHs (0.45) whereas the dependency ratio was more or less same for UFHHs (0.50) and UMHHs (0.53). The incidence of never been to school was found to be larger among female headed households in both rural and urban areas. Due to drought in the rural study area, most of the small and marginal farmers have become agricultural labourers and other casual labourers. Larger male –female wage difference was found in agricultural and non-agricultural sector. Male / Female earning difference in the formal sector was lower than male /female earning difference in the informal sector. However urban women's earning in the formal sector was higher than that of not only rural women in the formal sector , but was also found to exceed the earnings of men in both rural and urban informal sectors. The majority of the rural female heads was working as casual labourers and their average annual earning was Rs.13988/-, which was lower than the earnings of rural male household heads (Rs.22149/-). The same trend was observed in urban areas where the earnings of male household heads (Rs.26267/-) was much higher than the earnings of urban female household heads (Rs.18636/-). Another trend observed was that in formal sector the annual earnings of RMHHs (Rs.68,460/) was greater than the earnings of RFHHs (Rs.64,142) but the difference is not significant statistically. The similar trend was observed among the urban households where the formal sector earnings of UMHHs (Rs.77,020) exceeded that of FHHs (Rs. 67,698) and the male / female earning difference for urban areas is statistically significant at 5 percent level. In the case of UFHHs, it was seen that nearly one third of the households have borrowed for consumption;. Both in rural and urban areas money lenders were the main source of borrowing followed by employers. In rural areas the main asset holding consists of agricultural land, followed by live stock and in urban areas the main asset consists of house and jewels. There is male / female difference in the average size of land holding – the average size of holding was larger for men than women.

2. INCIDENCE OF POVERTY: A STUDY OF RURAL/URBAN AND MALE/FEMALE HEADED HOUSEHOLDS

In order to assess the incidence of poverty among the sample of rural and urban households and between male and female headed households the NSS survey model of household consumer expenditure is used. The NSS survey generates, first and foremost indicators of human living standards called Monthly Per capita Consumption Expenditure (MPCE).

On the basis of the cut off poverty line MPCE, it was found that 26 percent of urban households and 38 percent of rural households were below poverty line (BPL). The incidence of poverty seemed to be larger among the rural households (Refer Table 1).

TABLE 1: INCIDENCE OF POVERTY AMONG RURAL AND URBAN HOUSEHOLDS

No. of Households	Rural			Urban		
	RMHHs	RFHHs	Total	UMHHs	UFHHs	Total
APL	71	53	124 (62)	81	67	148 (74)
BPL	29	47	76 (38)	19	33	52 (26)
Total	100	100	200	100	100	200

Source: Primary Survey, *Figures in brackets shows percentage to total

APL – above poverty line, BPL – below poverty line

Thus it is seen that

- ✓ About 47 percent of female-headed households and 29 percent of male-headed households in rural areas were below poverty line. Nearly 33 percent of UFHHs and 19 percent of UMHHs were found below poverty line. Though overall 38 percent of rural households 26 percent of households were below poverty line, the incidence of poverty was larger in rural than urban areas.
- ✓ Poverty was noted to be experienced largely by female-headed households than male-headed households in both rural and urban areas. Nearly 47 percent of RFHHs and 33 percent of UFHHs i.e. around 60 percent were below poverty line. The sample data confirms that the incidence of poverty is larger among female headed households than among male headed households. In both male-headed households and female-headed households more females than males experience greater poverty. This trend was noticed in both rural and urban sectors. Table 2 presents the incidence of poverty among the members of the household in rural and urban male and female headed households.

TABLE 2: INCIDENCE OF POVERTY AMONG HOUSEHOLD MEMBERS BETWEEN MALE AND FEMALE HEADED HOUSEHOLDS: RURAL AND URBAN SECTORS

Households	Rural					
	RMHHs			RFHHs		
	No. of Males	No. of females	Total	No. of Males	No of Females	Total
BPL	27 (13.08)	56 (27.59)	84 (20.14)	36 (31.31)	93 (41.70)	129 (38.05)
APL	187 (86.92)	147 (72.41)	333 (79.86)	80 (68.97)	130 (58.30)	210 (61.95)
Total	214 (100)	203 (100)	417 (100)	116 (100)	223 (100)	339 (100)
Households	UMHHs			UFHHs		
	No. of Males	No. of females	Total	No. of Males	No of Females	Total
	No. of Males	No. of females	Total	No. of Males	No of Females	Total
BPL	32 (16.49)	46 (23.96)	78 (20.21)	22 (23.91)	67 (37.43)	89 (32.84)
APL	162 (83.51)	146 (76.04)	308 (79.79)	70 (76.09)	112 (62.57)	182 (67.16)
Total	194 (100)	192 (100)	386 (100)	92 (100)	179 (100)	271 (100)

Source: Primary Survey, APL – Above Poverty Line, BPL – Below Poverty Line.

* Figures in brackets shows percentage to total

From table 2 it is inferred that, out of 100 RMHHs surveyed, 214 were males and 203 were females. Among the males, 13 percent were below poverty line (BPL) and among females about 28 percent were BPL. The trend noticed in RFHHs was that out of 100 households surveyed, 116 were males and 223 were females. Among males 31 percent of them were BPL and among females, 42 percent of them were under poverty line as per their monthly per capita consumption expenditure.

Among the males in the UMHHs, 16 percent of them were below poverty line and among females 24 percent were under poverty line. In UFHHs surveyed, 24 percent of males and 37 percent of females were found to live BPL. In short, while nearly 29 percent of males and 51 percent of females in male headed households experience poverty, 54 percent of males and 78 percent of females in female headed households were below poverty line, which indicates that not only more females in both male headed households and female headed households were below poverty line, but more males in female headed households than in male headed households were below poverty line.

REASONS FOR WOMEN'S POVERTY IN RURAL AREA URBAN AREA

The largest share of MPCE of women in RMHHs goes to food expenditure and the expenditure on non food items such as education, health, clothes and footwear, leisure (i.e. entertainment) were very low. Therefore they come under poverty trap and belong to the lower middle class. In RMHHs the incidence of illiteracy was higher among women. Nearly 31 percent of them were illiterate and only 29 percent of them have completed primary level education.

- ❖ In RMHHs, majority of women were not the decision makers, hence the resources were not equally distributed.
- ❖ The monthly earnings of women were very low, as nearly 41 percent of them were illiterate and were found largely in unskilled works and mostly dependent on casual works (particularly agricultural works).
- ❖ About three-fourth of female heads depended on agriculture for livelihood. The agricultural work in the study area was seasonal depending largely on monsoon.
- ❖ Women belonging to the age group of 46 and above did not give much importance to personal care.
- ❖ In the middle class families, women sacrifice their personal expenditure for the well being of other members in the family.
- ❖ The assets holding status of rural households seemed to be better than urban households. While all the RMHHs and RFHHs were in possession of some kind of assets, about 34 percent of UMHHs and 28 percent of UFHHs were assetless.
- ❖ Economically productive age group is less in urban male and female headed households.
- ❖ Besides economic factors, socio-cultural factors also contribute towards the poverty of rural women. About one-third of rural female headed households belong to SC community, (which is the lowest in the caste hierarchy) that experience greater poverty, illiteracy and are largely concentrated in unskilled work of agricultural wage labour. About 21 percent of RMHHs and 30 percent of RFHHs belong to SC community. The preferential treatment shown towards men also accounts for greater proportion of women to fall below poverty line.

3. INEQUALITY IN THE DISTRIBUTION OF MPCE BETWEEN MALE AND FEMALE IN THE SAMPLE RURAL AND URBAN HOUSEHOLDS

The state of deprivation, which is the essence of poverty, easily conjures up an image of helplessness, of people who are failing in the universal human urge to live in dignity and are a burden to themselves and to others. This need not necessarily suggest that the blame for themselves, in the sense that they are primarily responsible for their dismal fate (Bremar, 2003:194).

Men and women family life cycle is different. Like wise, men and women fit differently into the economy and respond to incentives and disincentives. The inequality in the allocation of MPCE occurs at different age groups between male and female due to the difference in their need and social structure. It is noticed that the inequality occurs among different expenditure class of the household. The total population of the male-headed households and female-headed households was distributed based on their MPCE among different consumption expenditure class.

DISTRIBUTION OF HOUSEHOLDS AND PERSONS BY AGE AND MPCE: SECTOR-WISE AND HOUSEHOLD WISE COMPARISONS

The incidence of poverty is calculated among the sample households, on the basis of MPCE among different expenditure class and also on the basis of age groups of 5-14, 15-45, 46-60 and 61+.

MPCE Class: The MPCE classes are normally revised during quinquennial rounds of Consumer Expenditure. Usually, 12 MPCE classes are formed from a table giving estimated cumulative percentage frequency distribution of persons by MPCE for each sector separately. These classes correspond broadly to 5%, 10%, 20%, 30%, 40%, 50%, 60%, 70%, 80%, 90%, 95% and 100% of population. For analytical purpose the MPCE classes from the NSS survey were clubbed into four groups. The details are as follows:

Expenditure class	MPCE (in Rs)	
	Rural	Urban
Poor class	0-354	0-576
Lower Middle Class	354-525	576-1120
Upper Middle Class	525-950	1120-1500
Upper Class	950+	1500+

On the basis of this expenditure class, sex wise and age wise the intrahousehold allocation of resources is discussed for male and female-headed households.

AGE-WISE INEQUALITY IN THE DISTRIBUTION OF MPCE BETWEEN MALE AND FEMALE IN RMHHs:

Data pertaining to monthly per capita expenditure of male and female among different age groups of male headed and female headed households of rural and urban have been presented in the following tables.

Table 3 indicates age-wise inequality in the distribution of MPCE between male and female in RMHHs. The age groups of 5-14, 15-45, 46-60 and 61 and above. The gini coefficient ratio shows the degree of gender inequality between male and female of different age groups

TABLE 3: DISTRIBUTION OF MPCE AMONG MALE AND FEMALE MEMBERS OF RMHHs

Expenditure Class	5-14		15-45		46-60		61+		Total	
	M	F	M	F	M	F	M	F	M	F
Poor	7 (15.2)	4 (10.9)	13 (12.1)	24 (20.8)	6 (11.9)	19 (52.8)	1 (11.1)	9 (60)	27 (12.5)	56 (27.5)
Lower Middle class	5 (10.9)	13 (35.1)	17 (15.7)	59 (51.3)	9 (17.7)	10 (28.8)	-	3 (20)	31 (14.5)	85 (41.9)
Upper middle class	23 (50)	11 (29.7)	46 (42.6)	14 (12.2)	21 (41.8)	3 (8.3)	7 (66.7)	1 (6.7)	97 (45.3)	29 (14.3)
Upper class	11 (23.9)	9 (24.3)	32 (29.6)	18 (15.7)	15 (29.4)	4 (11.1)	1 (22.2)	2 (13.3)	59 (27.7)	33 (16.3)
Total	46 (100)	37 (100)	108 (100)	115 (100)	51 (100)	36 (100)	9 (100)	15 (100)	214 (100)	203 (100)
Gini coefficient	0.189	0.222	0.181	0.210	0.178	0.211	0.185	0.214		

Source: Primary Survey,

* Figures in brackets shows percentage to total

From table 3, the gini coefficient ratio shows that the inequality in the distribution of MPCE among females were more than males (Refer fig. 3). This is mainly due to the fact that majority of the women were under BPL and lower middle class that is 27 and 42 percent respectively. Of this more than half of them were belong to the age group of 15 to 45. In all the age groups females were discriminated in the allocation of resources towards MPCE. Proportion of females under poverty line was greater in the age group of 46-60 and 61+, whereas for males it was larger in the age group of 61+. The reason may be that as age increases expenditure on food and non food items such as clothes, footwear, entertainment etc declines. However expenditure on health may increase due to ageing. It is important to note here that girls in the age group of 5-14 were less in poverty compared with other age groups but it is larger than the boys for the same age group. Majority of the males (i.e. 50 percent) fall under upper middle class expenditure group whereas majority of the females (35 percent) belong to lower middle class.

The gender inequality in the distribution of MPCE, is measured by using gini coefficient. The observed gini coefficient (it is calculated by taking age wise number of persons and their cumulative frequency percentage of MPCE among males and females in rural male headed households.) shows that inequality existed both among males and among females, but the inequality among females was larger than among males.

Despite more than five decades of development, women in India are the deprived section of the society. Whatever be the development process introduced by the government still women are eluded as a category, in some ways development process have enhanced male domination over women and added to their

deprivation. The MPCE is the most significant indicator of economic status and the living conditions of household members or a group of households. Consumption expenditure reflects which goods and how much amount of them being consumed by the household members.

TABLE 4: AGE-WISE INEQUALITY IN THE DISTRIBUTION OF MPCE AMONG MALE AND FEMALE MEMBERS OF RFHHs

Expenditure Class	5-14		15-45		46-60		61+	Total		
	M	F	M	F	M	F	M	F	M	F
Poor	19 (43.2)	21 (51.2)	12 (21.4)	42 (34.8)	-	17 (42.7)	5 (31.3)	13 (56.5)	36 (31)	93 (41.7)
Lower Middle class	6 (13.6)	13 (31.7)	8 (14.3)	47 (38.8)	-	12 (31.6)	4 (25)	6 (26.1)	18 (15.5)	78 (35)
Upper middle class	8 (18.2)	5 (12.2)	33 (58.9)	23 (19)	-	6 (18.4)	7 (43.7)	4 (17.4)	48 (41.4)	37 (16.6)
Upper lass	11 (25)	2 (4.9)	3 (5.4)	9 (7.4)	-	2 (5.3)	0 -	0 -	14 (12.7)	14 (5.8)
Total	44 (100)	41 (100)	56 (100)	121 (100)	-	38 (100)	16 (100)	23 (100)	116 (100)	223 (100)
Gini coefficient ratio	0.205	0.345	0.311	0.261	-	0.377	0.165	0.205		

Source: Primary Survey.

Figures in brackets shows percentage to total

It is observed from table 4 the majority of males and females were belong to the age group of 15-45 i.e. 56 and 121. Out of this nearly 60 percent of males were in upper class and two-third of females were found in poor and lower middle class expenditure group. Therefore gini coefficient among male (0.311) is greater than female (Refer fig.4). Overall in RFHHs it is seen that about 31 percent of males and 42 percent of females live BPL. While 41 percent of males belong to upper middle class, 35 percent of females fall under lower middle class.

TABLE 5: AGE-WISE INEQUALITY IN THE DISTRIBUTION OF MPCE AMONG MALES AND FEMALE IN UMHHs

Expenditure Class	5-14		15-45		46-60		61+		Total	
	M	F	M	F	M	F	M	F	M	F
Poor	11 (25.6)	9 (28.1)	12 (11.3)	17 (14.1)	4 (12.5)	12 (57.1)	5 (38.5)	8 (44.4)	32 (16.5)	46 (24)
Lower Middle class	4 (9.3)	13 (40.6)	16 (15.1)	36 (29.8)	7 (21.9)	8 (38.1)	7 (53.8)	7 (38.9)	34 (17.5)	63 (32.8)
Upper middle class	16 (37.2)	6 (18.8)	47 (44.3)	54 (44.6)	16 (50)	1 (4.8)	0 -	3 (16.7)	79 (40.7)	61 (31.8)
Upper class	12 (27.9)	4 (12)	31 (29.3)	14 (11.5)	5 (15.6)	0 -	1 (7.7)	0 -	49 (25.3)	18 (9.4)
Total	43 (100)	32 (100)	106 (100)	121 (100)	32 (100)	21 (100)	13 (100)	18 (100)	194 (100)	192 (100)
Gini coefficient ratio	0.208	0.381	0.151	0.190	0.176	0.168	0.184	0.196		

Source: Primary Survey

* Figures in brackets shows percentage to total

As per the distribution of MPCE, in UMHHs, majority of males i.e. 41 percent were in upper middle class. Data pertaining to this, majority of males fall in the age group of 15-45 (47 percent). In the case of females, it was seen that about 64 percent of them were positioned in LMC and UMC. It is observed from above table, about 24 percent of females and nearly 17 percent of males were belong to the age group of 46-60 and 61+. Based on table 5, gini coefficient reveals that the inequality among females was larger than among the males particularly in the age group of 5-14 and 15-45 (Refer fig.5).

TABLE 6: AGE-WISE INEQUALITY IN THE DISTRIBUTION OF MPCE AMONG MALE AND FEMALE IN UFHHs

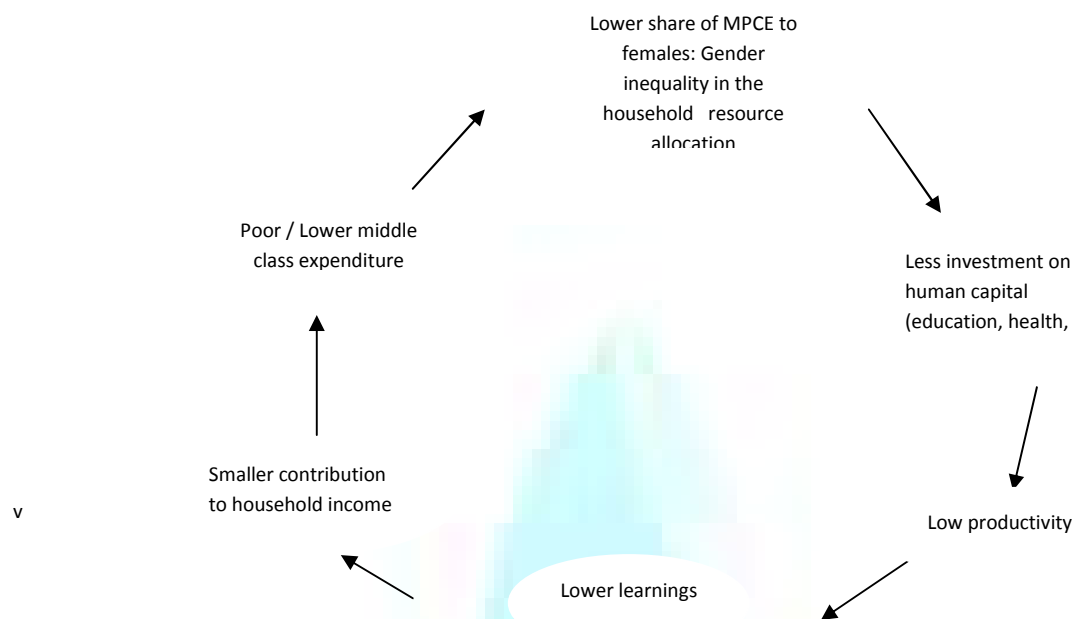
Expenditure Class	5-14		15-45		46-60		61+		Total	
	M	F	M	F	M	F	M	F	M	F
Poor	8 (30.8)	9 (29.3)	12 (20.3)	29 (31.9)	-	21 (47.7)	2 (28.6)	8 (61.5)	22 (23.9)	67 (37.4)
Lower Middle class	13 (50)	11 (35.5)	14 (23.7)	37 (40.6)	-	17 (38.6)	4 (57.1)	3 (23.1)	31 (33.7)	68 (38)
Upper middle class	3 (11.5)	8 (25.8)	20 (33.9)	18 (19.8)	-	2 (4.6)	1 (14.3)	2 (15.4)	24 (26.1)	30 (16.8)
Upper class	2 (7.7)	3 (9.7)	13 (22.1)	7 (7.7)	-	4 (9.1)	0 -	0 -	15 (6.3)	14 (7.8)
Total	26 (100)	31 (100)	59 (100)	91 (100)	-	44 (100)	7 (100)	13 (100)	92 (100)	179 (100)
Gini coefficient ratio	0.193	0.159	0.253	0.225	-	0.306	0.146	0.187		

Source: Primary Survey

* Figures in brackets shows percentage to total

From table 6 it is observed that, majority of males UFHHs were in the lower middle expenditure class (34 percent). This is mainly covered by the age group of 5-14 and 15-45. In the case of females in UFHHs, majority of them were found in lower expenditure class (38 percent) and poor expenditure class (37 percent). Of this majority of them belong to the age group of 15-45 and their average MPCE ranges up to Rs.575 in poor expenditure class and Rs.575 to Rs.848 in lower middle expenditure class. Table 6 reveals that, gini coefficient reveals that the inequality among females was larger than among the males particularly in the age group of 15-45 and 45-60 (Refer fig.6).

None of the sample households exhibited the extremes of either perfect gender equality or perfect gender inequality in the allocation of household resources. However in all the expenditure classes and in all the age groups in both rural and urban and in male and female-headed households, the inequality in the allocation of resources towards MPCE existed. However there were variations. The inequality among women seemed to be larger than among men as per the appropriate gini coefficient ratio for each group other than 5-14. Poor allocation of MPCE to women, pushes majority of them into poor and lower middle expenditure classes. The vicious cycle of gender inequality in the allocation of household resources perpetuates as shown below.



Majority of women are positioned in poor and lower middle expenditure groups due to gender inequality in the distribution of household resources. Women receive less towards food and non food expenditure than men within the family. This results in poor investment of women on human capital formation like education, health, clothes and foot wear, etc. Low investment of women on education and skill formation affects their productivity and earnings in labour market. They are largely concentrated in unskilled and low paid works. Hence their contribution to the common pool is smaller than men. Lesser contribution weakens the bargaining power of women at home and also marginalizes their role in household decision making. The vicious cycle of gender inequity perpetuates. The following empirical result discusses in detail the areas of discrimination faced by women in intrahousehold resource allocation.

4. FACTORS UNDERLYING GENDER INEQUALITY IN INTRA-HOUSEHOLD ALLOCATION OF RESOURCES

The following factors are underlying gender inequality in intrahousehold allocation of resources.

CASTE

Women have class and caste identities, not just gender identities. Infact, gender as a phenomenon hardly ever appears in a pure form. It is almost always alloyed with caste, class and religious factors. In matters where there is a clash between gender and caste or class, we need not expect women to align themselves their caste or class loyalties (Stern, 2003: 50). In the allocation of resources the caste plays an important role particularly in rural areas. It was observed from the survey that in rural male-headed household's women's share to household investment is larger but they (women) could not take decision without prior permission of their husband. Women's contribution to the common pool was more than men. Men gave first preference to their personal needs like alcohol, tobacco, gambling, personal savings and other activities. This kind of male domination was seen largely among the scheduled caste, backward and most backward communities. Hence a positive association is expected between caste and gender equity in resource allocation. In other words higher the women's caste in the caste hierarchy, lesser the gender discrimination in resource sharing at home and greater the proportion shares of women in household resources.

AGE

It is one of the vital factors contributing to the intrahousehold allocation of resources. A positive correlation is expected between age and women's share of household resources that is, higher the age greater the proportionate share of women in the household resources.

FEMALE LITERACY

Higher the female literacy, greater would be women's share of household resources. Hence we can assume a direct correlation between female literacy and gender equality in household resource sharing.

NATURE OF WOMEN'S OCCUPATION

Women's employment and the nature of employment they are engaged with also determines the share of women in intra-household resource distribution. Women employed in the formal sector earn more than their counterparts in the informal sector, so we can expect a positive correlation between the nature of employment in which they are engaged and their proportionate share of household resources.

WOMEN'S CONTRIBUTION TO TOTAL HOUSEHOLD INCOME

Women's contribution to the common pool is another important factor determining the intrahousehold allocation of resources. Women's share to total household income depends upon the earnings of women, which in turn depends on their nature of occupation. The disadvantages linked to limited household labour supply are exacerbated by gender segmentation in labour markets and the inferior kinds of jobs which women obtain, especially those with children and their status in the resource allocation. As 97 percent of women heads in rural (out of this 67 percent are casual labourers) and 92 percent (out of this 51 percent are casual labourers) of women heads in urban were working in informal sector, a perfect positive correlation is expected in both rural and urban areas between women's contribution to household income and their proportionate share in intrahousehold resource distribution.

DECISION MAKING POWER

Decision making is an important area for the dynamics of 'power' attached with it. One who decides about what, where and how the financial resources have to be assimilated, compounded and distributed, enjoy greater power than others in the family. Bargaining power induces the decision making power of women. Bargaining power of women is important both at worksite and distribution of resources within the household to obtain higher levels of status.

This study aims to find out the women's role in intrahousehold decision-making in the allocation of resources (MPCE) between their family members.

The degree to which women have power to take major decision within the home with regard to household consumption, purchase of assets, children's education, employment and marriage, savings and debt also plays a vital role in influencing resource allocation. The decision making power of women within the home, larger the share of women in resource allocation and lesser the gender difference. A direct correlation is expected between women's decision making power and their share of household resources.

ASSET HOLDING STATUS OF WOMEN

Female household heads tend to be younger and less educated than their male counter parts. They also have less land, capital, inputs, and farm labour to work with. In the case of most widows (10 percent) their land were taken away from them by their relatives, so that they were forced to become dependents.

The asset holding status of women in this study is defined in terms of women's power to use and dispose the assets- that is the power to cultivate crops as per their choice, to dispose livestock and decision about the usage pattern of other immovable assets like house, buildings etc. A direct and positive correlation is

assumed between women's proportionate share of household resources and their asset holding status. Greater the asset holding status of women, higher their share in intrahousehold resource allocation.

DOWRY

The dowry system is so deeply rooted in Indian culture. It is closely linked with women's productive role; where women, are regarded as an unproductive burden, a dowry is given to the bride grooms as compensation (Billson, Carolyn Fluehr-Lobban, 2005: 74-5). Generally dowry is given in the form of cash, agricultural land, house, plots, vehicle, jewellery, furniture and utensils.

Among the various forms of dowry, immovable assets such as agricultural land in rural areas and house / plots in urban areas are valued more than any other type of assets. Dowry in terms of moveable assets was not useful to most women as most of them have lost their movable assets in the early years of marriage either through sale or mortgage. Immovable assets brought by women enhance their status within the household and also result in greater participation of women in decision making and control of household resources. Further immovable assets are an important source of moral and material support which may be useful to women in case of marital disputes or widowhood.

In this primary study it was noted that invariably all the 400 women surveyed brought dowry at the time of marriage. Though there was no tradition or practice of giving dowry at the time of marriage among the Scheduled Caste (SC) community, dowry in the form of gold ornaments were given by the bride's parents in return for the receipt of cash from the groom's side. Actually in this field study, the flow of dowry in the form of cash was from the groom's to bride's family among the SC households and the amount of cash in such transactions ranged between Rs.10,000 and Rs.15,000/-.

Dowry system was widely prevalent in the study area among the backward and most backward castes especially among the vellalar, okiligar and vettuva grounders. However the form and quantum of dowry varied with the economic status of the bride and groom's family.

A positive correlation is assumed between the quantum of dowry brought by women at the time of marriage and their share of household resources.

EMPIRICAL RESULTS

Sl. No.	Households	Dependent Factors	't' values	
1.	RMHHS	<ul style="list-style-type: none"> ➤ Women's contribution to the total household income ➤ Assets holding status of women ➤ Dowry brought by women 	4.79* 2.86* 3.33*	R = 0.66 R ² = 0.44 R ² = 0.42 F = 24.87
2.	RFHHS	<ul style="list-style-type: none"> ➤ Caste ➤ Women's age ➤ Women's contribution to the total household income 	4.00* -6.58* 3.44*	R = 0.70 R ² = 0.50 R ² = 0.48 F = 31.68
3.	UMHHS	<ul style="list-style-type: none"> ➤ Educational level of women ➤ Women's contribution to the total household income ➤ Assets holding status of women 	3.35* 4.45* 2.92*	R = 0.72 R ² = 0.52 R ² = 0.50 F = 33.0
4.	UFHHS	<ul style="list-style-type: none"> ➤ Women's age ➤ Nature of women's occupation ➤ Women's contribution to the total household income 	-2.18** -2.41** 2.84*	R = 0.59 R ² = 0.35 R ² = 0.33 F = 16.99
5.	RMHHS and UMHHS	<ul style="list-style-type: none"> ➤ Educational level of women ➤ Women's contribution to the total household income ➤ Decision making power of women ➤ Assets holding status of women ➤ Dowry brought by women 	2.92* 4.78* 3.75* 5.36* 3.06*	R = 0.70 R ² = 0.48 R ² = 0.47 F = 36.14
6.	RFHHS and UFHHS	<ul style="list-style-type: none"> ➤ Women's age ➤ Educational level of women ➤ Women's contribution to the total household income 	-6.63* -4.07* 3.14*	R = 0.51 R ² = 0.26 R ² = 0.25 F = 22.65
7.	Thus the Overall Regression Result	<ul style="list-style-type: none"> ➤ Women's age ➤ Nature of women's occupation ➤ Decision making power of women ➤ Assets holding status of women and ➤ Dowry brought by women 	-5.43* -4.07* 5.12* 3.17* 4.21*	R = 0.52 R ² = 0.27 R ² = 0.261 F = 29.15

* Significant at 1 percent level ** Significant at 5 percent level

CONCLUSION

The degree of gender disparity varies according to the age of women. Greater age discrimination was found in the distribution of household resources among the age group of 15 and above in both rural and urban areas as well as in male and female headed households. There are three common factors determining intrahousehold allocation of resources in rural and urban and male and female headed households. Firstly, women's contribution to the total household income seem to be the most important factor influencing intrahousehold resource allocation among the rural and urban as well as among male and female headed households. In male headed households in both rural and urban areas the second significant factor underlying intrahousehold resource allocation was women's asset holding status. The third key seems to be women's educational status. However in female headed households the second vital factor determining the intrahousehold resource allocation seems to be the age of the household head.

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FIG. 2: NO. OF PERSONS AND THEIR CUMULATIVE FREQUENCY PERCENTAGE OF MPCE FOR MALE AND FEMALE IN RMHHS

FIG. 2 A

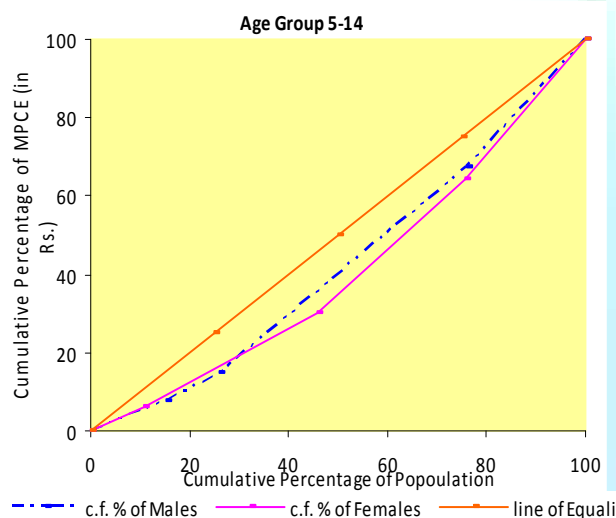


FIG. 2 B

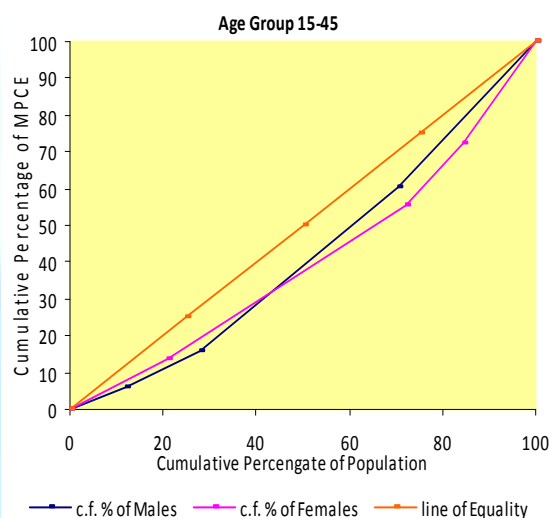


FIG. 2 C

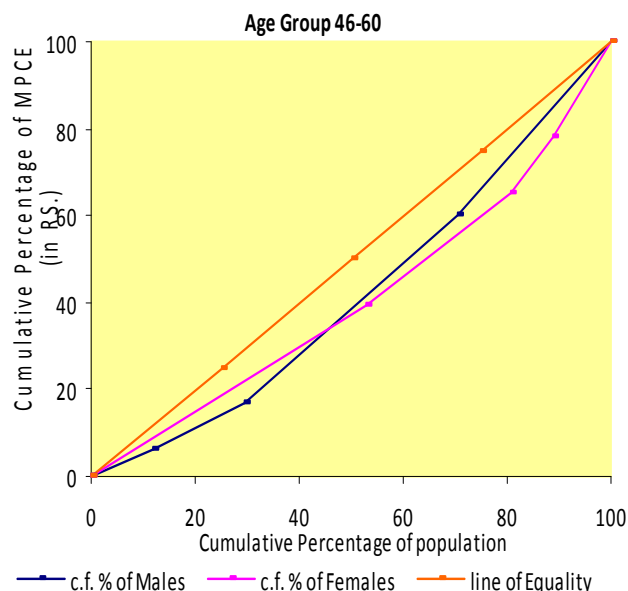


FIG. 2 D



* c.f.% - Cumulative percentage
Source: Based on table 3

FIG.3: NO. OF PERSONS AND THEIR CUMULATIVE FREQUENCY PERCENTAGE OF MPCE FOR MALE AND FEMALE IN RFHHS

FIG.3A

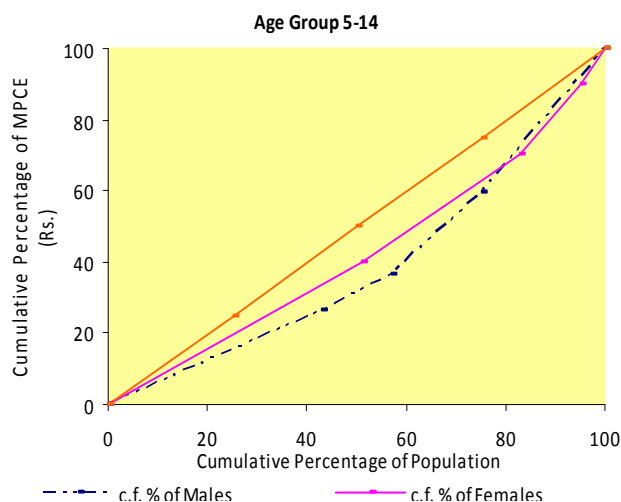


FIG. 3 C

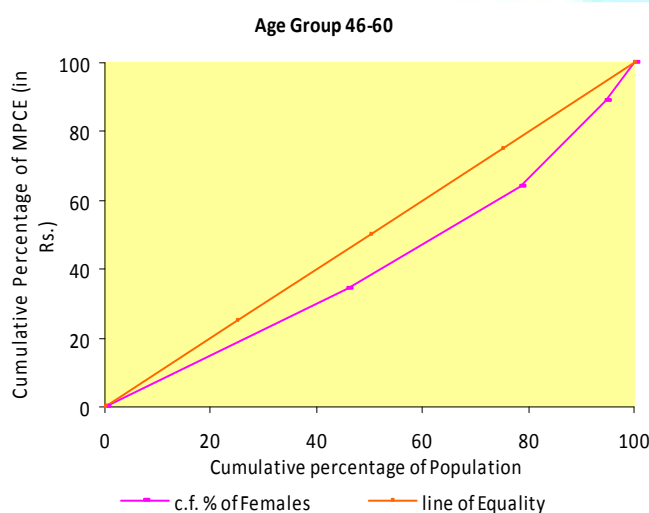


FIG.3B

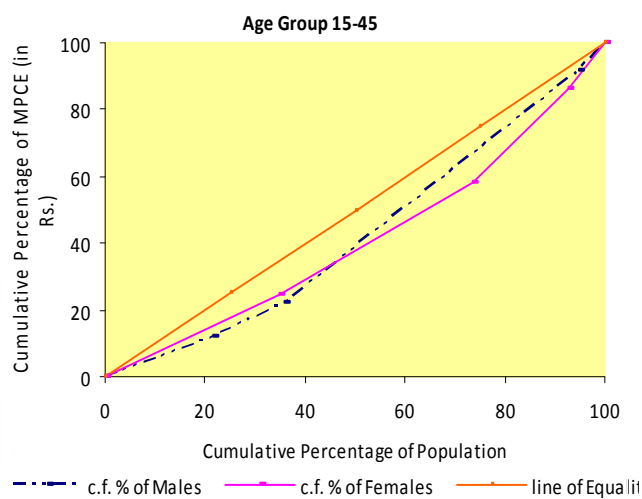
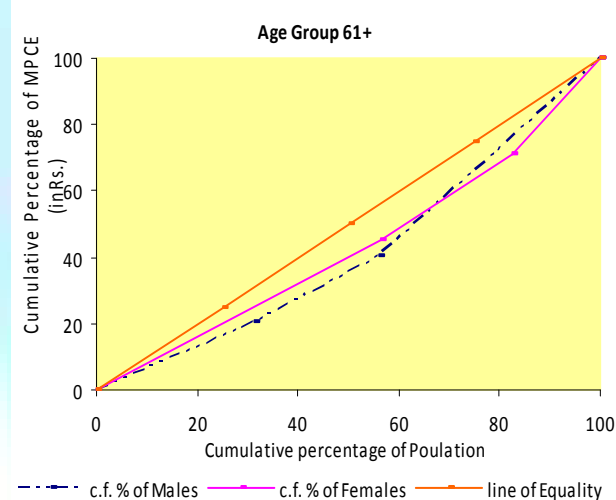


FIG. 3 D



* c.f.% - Cumulative percentage
Source: Based on table 4

FIG. 4: NO. OF PERSONS AND THEIR CUMULATIVE FREQUENCY PERCENTAGE OF MPCE FOR MALE AND FEMALE IN UMHS:

FIG. 4 A

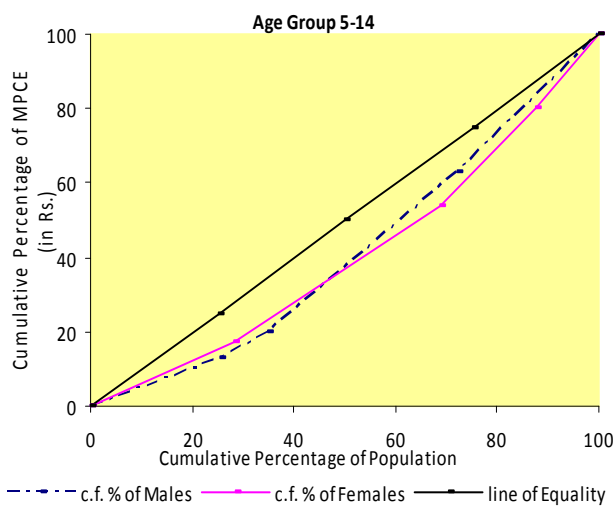


FIG. 4 B

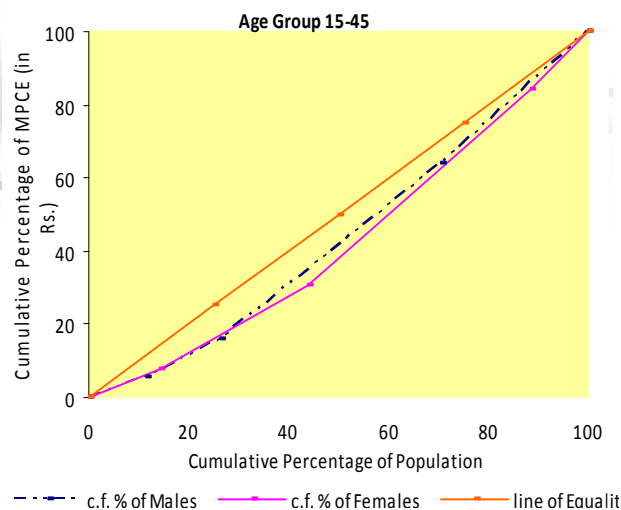


FIG.4C

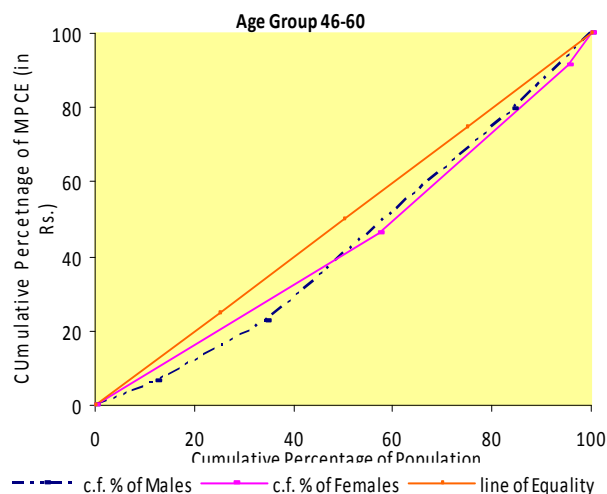
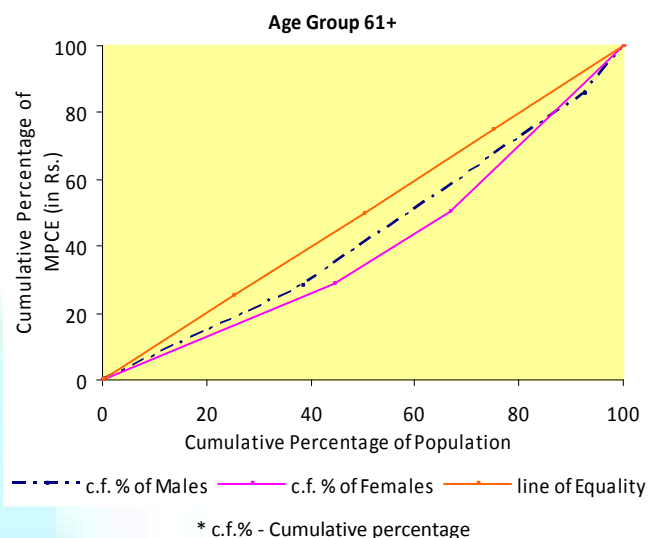


FIG.4D



Source: Based on table 5

FIG. 5: NO. OF PERSONS AND THEIR CUMULATIVE FREQUENCY PERCENTAGE OF MPCE FOR MALE AND FEMALE IN UFHHS:

FIG. 5A

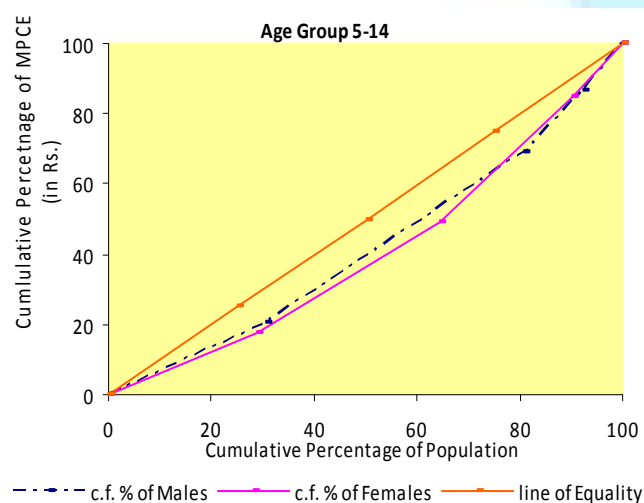


FIG. 5B



FIG. 5 C

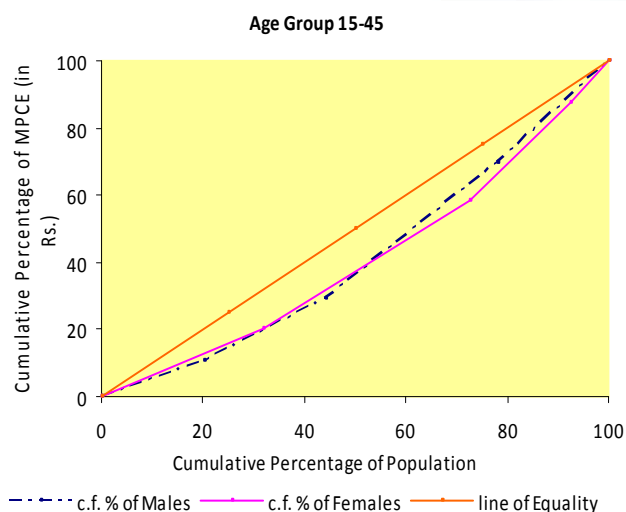
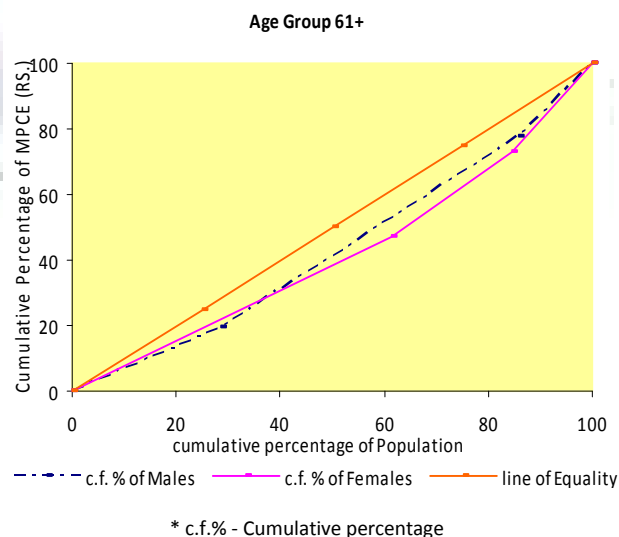


FIG. 5 D



Source: Based on table 6

PROGRESS OF SHG's AND SOCIO-ECONOMIC CONDITIONS OF WOMEN BENEFICIARIES IN HAVERI DISTRICT (KARNATAK STATE)

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ABSTRACT

SHGs have a greater vision of empowerment of rural women for over-all human development. These groups involved in poverty alleviation programmes through institutionalization. This movement developed thrift as a habit among the rural poor women and paved the way for decision making power for women in the family. A majority of women beneficiaries of SHGs have also undergone family planning operation. This movement has created awareness among the women groups about socio-economic conditions prevailing in and around the society. The present study is based on both primary and secondary sources of data. 700 beneficiaries were selected for the purpose of analysis and achievement of the objectives. The sample beneficiaries were selected on the basis of random sampling technique. Self Help Group (SHG) has emerged as the most successful strategy in the process of participatory development and empowerment of women. Women begin to be recognized as an economic entity. They get a platforms express themselves, share their problems. SHG has got tremendous attention in recent years. Hence researcher has selected this field for study and to know the impact on economic empowerment of women.

KEYWORDS

SHG's, Economic Empowerment, BPL, Socio-Economic conditions, women beneficiaries.

INTRODUCTION



SHGs have a greater vision of empowerment of rural women for over-all human development. These groups involved in poverty alleviation programmes through institutionalization. This movement developed thrift as a habit among the rural poor women and paved the way for decision making power for women in the family. It has created a social awareness among these groups to increase school enrolment of their children and reduce the drop out rates in school in their villages. Beneficiaries have taken total care of hundred percent immunizations of their children and actively innovated in pulse polio programme. A majority of women beneficiaries of SHGs have also undergone family planning operation. This movement has created awareness among the women groups about socio-economic conditions prevailing in and around the society.

OBJECTIVES OF THE STUDY

- To know the socio-economic conditions of the selected women beneficiaries.
- To Analyze the progress of SHG's in Haveri district (Karnataka State)

RESEARCH METHODOLOGY OF THE STUDY

The present study is based on both primary and secondary sources of data. 700 beneficiaries were selected for the purpose of analysis and achievement of the objectives. The sample beneficiaries were selected on the basis of random sampling technique. The sample size not included newly started SHGs, at least two years back formed SHG were considered for better measured the impact on socio - economic conditions.

SOCIO- ECONOMIC COUNDITIONS OF WOMEN BENEFICIARIES

Age, education, crate religion marital status, family income etc. are some important factors have taken into consideration, which are affect women beneficiaries in their socio- economic empowerment.

TABLE 1: AGE GROUP OF THE WOMEN BENEFICIARIES

Age group	No. of Members	In percentage
20 – 25	70	10
26 – 30	196	28
31 – 35	224	32
36 – 40	126	18
41 – 45	49	7
46 & above	35	5
Total	700	100

The above table shows that most of the women beneficiaries were belong to age group of 26 – 35 years (above 69%). They are very active in all activities of SHG and accepting changes in their life style. And their education level is better as compared to old age members.

TABLE 2: EDUCATIONAL QUALIFICATION OF THE BENEFICIARIES

Qualification	No. of Members	In percentage
Illiterate	210	30
Primary	221	31
High school	136	18
PUC	91	13
Under Graduation	56	8
Post Graduation	---	---
Total	700	100

The above table shows that most of the beneficiaries were found poor in terms of education. There are 30 percent of the women beneficiaries are illiterate and 31 percent are lower primary. It indicates poor in education development. Generally illiterate members unaware about government schemes and they are unable to manage financial records. Some members are educated in the group; it is useful to maintain the necessary records and other information.

TABLE 3: CASTE OF THE BENEFICIARIES

Caste	No. of Members	In percentage
SC	140	20
ST	105	15
OBC	84	12
GM	341	53
Total	700	100

The about table shows that most of the beneficiaries are belongs to general merit as compared to others. Researcher has observed some groups are particularly single category like SC, ST, and minorities. And some groups are mixed of all castes. In these SHG all castes members have participated, though co-operation is good, there is no discrimination among them.

TABLE 4: TYPE OF THE FAMILY

Type of the Family	No. of Members	In percentage
Nuclear	560	80
Joint	140	20
Total	700	100

The majority of the respondents were reported that they are living in nuclear families (i.e. 80%) while rest of the members have accepted that they are living in joint families (i.e. 20%). In a nuclear family husband, wife and their children, they were more satisfied and giving education to their children. But in joint families less satisfied because lack of co-operation by the family members and education is also poor.

TABLE 5: MARITAL STATUS OF THE BENEFICIARIES

Marital status	No. of Members	In percentage
Married	581	83
Unmarried	35	5
Widowed	70	10
Divorced	14	2
Total	700	100

As per the above table most of the beneficiaries are married and they have 2 to 4 children, but children are minor and not earning any income. In poor family some are working with their parents for small amount of wages and basically they are illiterate. Widowed also participated in SHGs, it is better for them because they can able to earn and lead their life in the society.

TABLE 6: SPENDER OF THE FAMILY INCOME

Spender	No. of Members	In percentage
Self	161	23
Husband	378	54
Father-in-law	98	14
Mother-in-law	35	5
Others	28	4
Total	700	100

Most of the respondents reported that generally their husbands spent family income (i.e. 54%), in which 23 percent of the respondents accepted that they spent themselves it. It shows male is the dominant, though now women also becoming responsible person earning and expending their incomes. These families are educated mutual understanding and co-operation. They have equal rights in the family, and participating in decision making.

In the joint family father-in-law is the owner of the family and all activities are controlled by him only. And no land or any asset in her name, it is hindrance to get adequate loan from banks.

TABLE 7: OCCUPATION OF THE FAMILY

Occupation	No. of Members	In percentage
Agriculture	245	35
Labor	210	30
Animal husbandry	154	22
Others	91	13
Total	700	100

Most of the families' economic activity is agriculture (i.e.35%) and land less and marginal land holders working in agriculture field as labor (i.e.30%). And some of the families involved in additional occupations like animal husbandry (i.e.22%) and others (i.e.13%). it is good for additional income and better living.

TABLE 8: AGRICULTURAL LAND SIZE

Land size	No. of Members	In percentage
Land less	224	32
1 – 5 acres	252	36
6 – 10 acres	91	13
Above 10 acres	63	9
Total	700	100

Most of the beneficiaries are either land less or possessing marginal land holdings (i.e. 36%). It indicates that almost all poor families and they are depended on their arms for daily meals. Those who have land their life is also not good, because of uncertainty in rain fall, natural calamities etc. so their life also gambling with monsoon.

TABLE 9: FAMILY INCOME LEVEL

Income level	No. of Members	In percentage
Below Rs10000	196	28
Rs 10000 to Rs 20000	259	37
Rs 21000 to Rs 30000	147	21
Rs 31000 to Rs 40000	98	14
Rs 40000 & Above	---	---
Total	700	100

Majority of the families are belongs to income level of Rs 10,000 to 20,000 per year i.e. 37%. And most of the families are livings below poverty lien or just above it. In result of that children education is low and less nutrition, unhealthy etc.

TABLE 10: OCCUPATION OF THE BENEFICIARIES

Occupation	No. of Members	In percentage
Govt. employees	7	1
Self Employees	104	20
Unemployed / House wives	175	25
Labors	210	30
Agriculture family labor	168	24
Total	700	100

The above table shows that most of the respondents working as labor in the field (30%). 25 percent of the respondents are house wives. And 20 percent of the beneficiaries are self employees. For these members SGHs playing important role to enhance their income and helped to get loan from banks in relates to existing work and also helped for undertaking additional works for increasing their income. The main subsidiary occupation of the respondents is animal husbandry, tailoring retail business etc., these are quite common in rural areas and suitable also. After join to SHG they have expand their existing activities. And some beneficiaries are newly started.

TABLE 11: BENEFICIARIES' FEELINGS WITH THEIR FAMILY

Feelings	No. of Members	In percentage
Satisfied	490	70
Partly satisfied	84	12
Dissatisfied	70	10
Burden	56	8
Total	700	100

Most of the beneficiaries reported that they are satisfied with family members (i.e. 70%). While 10 percent are dissatisfied and 8 percent of the members are reported to be burdened because of lack of co-operation and less support from each member especially in joint families.

TABLE 12: HOUSING FACILITIES OF THE BENEFICIARIES

	Particulars	No. of Members	In percentage
a	Type of the house		
1	Owned	665	95
2	Rented	35	5
b	Electricity		
1	Connected	630	90
2	Not connected	70	10
c	Cooking fuel		
1	Gas	56	8
2	Kerosene	84	12
3	Wood	560	80
d	Drinking water facility		
1	Owned	105	15
2	Public	560	80
3	Others	37	5
e	Toilet facility		
1	Facilitated	210	30
2	Not facilitated	470	70

The above table-12 reveals the housing facilities of the beneficiaries

- Most of the beneficiaries have owned houses out of which some of poorest have got from government, under different housing scheme. Like Indira Awas Yojana, Rajiv Gandhi Awas Yojana and so on.
- Most of the respondents have electricity facilities in that poor people got from the government under Bhagya Jyoti Yojana scheme.
- 80 percent of the beneficiaries used wood as cooking fuel, where wood is flinty available.
- Most of the respondent reported that they are depended on public source for drinking water. In some medium families using gas and other sources.
- 70 percent of respondents reported that they don't have the toilet facilities.
- Hosing facilities are not good, most of the respondents facing so many problems, such as water, cooking fuel, toilet problems, street lights problem and so on.
- Most of the people have the BPL ration cards for their monthly ration. It is help to poor in order to meet daily food.

TABLE 13: PROGRESS OF THE SHGS IN HAVERI DISTRICT

Sl. No.	Takuk	Total No. of groups	Total No. members	Total amount savings (Rs in lakhs)	Internal loan (Rs in lakhs)	Repayment internal of loan (Rs in lakhs)
1	2	3	4	5	6	7
1	Haveri	764	12335	263	718	448
2	Ranebennur	767	12863	547	567	640
3	Hanagal	702	11304	277	778	547
4	Hirekerur	721	11920	311	633	354
5	Byadagi	400	6445	157	358	231
6	Shiggaon	508	7359	177	450	322
7	Savanur	398	5320	102	214	107
	Total	4260	67546	1834	3718	2649

Source: Women and Child Development Department Haveri March 2010

The above table describes that members of groups, total numbers of members, their savings, number of groups linked with banks, repayment of loans, interest earned on loans and so on. There are 4260 groups are in Haveri district in that Haveri and Ranebennur taluks have more than 750 groups and Hanagal a& Hirekerur taluk have more than 700 groups. Whereas Shiggaon, Savanur and Byadagi taluks have 508,383 and 374 respectively. But day-by-day SHGs are becoming more popular and numbers of groups are increasing. Acceding to 2005-06 repot total number of groups are 3358 but it increased to 4029 in 2006-07

and again increased to 4260 in March 2008. In Haveri district 67,546 members are there, in that very high in Ranebennur taluk that is 12,863 members, and very low in Savanur taluk that is 5320 members only. All groups have started to saving a small amount of money. In total Rs 1834 lakhs have saved. In that Ranebennur is highest Rs 547 lakhs and second is Hirekerur Rs 311 lakhs. In total Rs 3718 lakhs have given as internal loan to the needy persons. On this loan Rs 539 lakhs earned as interest, it is income to the groups. Repayment is also very prompt Rs 2649 lakhs has repaid.

2307 groups have stated income generating activities in the district that is more than half of the total groups. And government should need to give the guidance to involve more and more in income generating activities. 2415 groups have taken the loan from the banks; the amount is Rs 1866 lakhs. In that repaid to the bank is Rs 1078 lakhs. It is nearly 70 percent of the loan has repaid by the members. It indicates SHG members are prompt in repayment of loan. And they have proved more superior to others as prompt in repayment of loans.

PROGRESS OF THE SHGs IN HAVERI DISTRICT

The table-14 describes that members of groups, total numbers of members, their savings, number of groups linked with banks, repayment of loans, interest earned on loans and so on.

There are 4260 groups are in Haveri district in that Haveri and Ranebennur taluks have more than 750 groups and Hanagal & Hirekerur taluks have more than 700 groups. Whereas Shiggaon, Savanur and Byadagi taluks have 508, 383 and 374 respectively. But day-by-day SHGs are becoming more popular and numbers of groups are also increasing. According to 2005-06 report total number of groups are 3358 but it increased to 4029 in 2006-07 and again increased to 4260 in March 2008. In Haveri district 67,546 members are there, in that very high in Ranebennur taluk that is 12,863 members, and very low in Savanur taluk that is 5320 members only. All groups have started to saving a small amount of money. In total Rs 1834 lakhs have saved. In that Ranebennur is highest Rs 547 lakhs and second is Hirekerur Rs 311 lakhs.

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TABLE 14: PROGRESS OF THE SHGs IN HAVERI DISTRICT

Taluk	Total No. of groups	Total No. members	Total amount savings (Rs in lakhs)	Internal loan (Rs in lakhs)	Repayment internal of loan (Rs in lakhs)	Total No. members of loan taken	Total No. members of loan repaid	Interest earned on internal loan (Rs in lakhs)	No. of groups stated income generating activities	No. of groups loan taken from banks (Rs in lakhs)	Total loan amount taken from banks (Rs in lakhs)
Haveri	764	12335	263	718	448	10829	10684	116	498	474	508
Ranebennur	767	12863	547	567	640	12863	12863	34	380	380	351
Hanagal	702	11304	277	778	547	11190	11170	76	371	371	189
Hirekerur	721	11920	311	633	354	11193	10560	111	403	403	281
Byadagi	400	6445	157	358	231	5278	5220	73	261	152	176
Shiggaon	508	7359	177	450	322	7316	6989	99	290	290	163
Savanur	398	5320	102	214	107	3672	3982	30	98	345	198
Total	4260	67546	1834	3718	2649	62341	61468	539	2301	2415	1866

CONCLUSION

Women in India are victims of multiple socio- economic and cultural factors. Though women need to be empowered in the areas, it is economic independence, which is the most prominent means of empowerment. Therefore enhancing income earning opportunities are an effective means for empowering women and improving their status. Self Help Group (SHG) has emerged as the most successful strategy in the process of participatory development and empowerment of women. Women begin to be recognized as an economic entity. They get a platform to express themselves, share their problems. SHG has got tremendous attention in recent years. Hence researcher has selected this field for study and to know the impact on economic empowerment of women.

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A STUDY ON ISSUES AND CHALLENGES OF CHILD LABOUR: WITH REFERENCE TO GARMENT INDUSTRIES IN BENGALURU

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ABSTRACT

India is the world's second largest producer of textiles and garments after China. It is the world's third largest producer of cotton—after China and the USA—and the second largest cotton consumer after China. The Indian textile industry is as diverse and complex as country itself and it combines with equal equanimity this immense diversity into a cohesive whole. The fundamental strength of this industry flows from its strong production base of wide range of fibres / yarns from natural fibers like cotton, jute, silk and wool to synthetic /man-made fibres like polyester, viscose, nylon and acrylic. Children are universally recognized as the most important asset of any nation. Children have been the main focus of attention especially after proclaiming the year 1979 as the international year of the child by the united Nation's General assembly. It is said "Child is the father of man and the citizen of tomorrow". In all societies irrespective of caste, race, or area children's occupy a very important position. They are considered as an extremely valuable asset for the society. The importance of children is highlighted in Vedas too. The present study is an attempt to suggest a reliable, practical and robust sample design to gather actual quantitative information about child laborers, to portray a real picture of child laborers, exhibiting his/her daily life in Garment industry pertaining to Bangalore . It attempts to avoid mistakes of forerunners and make full use of innovative and result oriented techniques to investigate the working conditions, socio-economics problems, causative factors and leisure time activities of child labour in the Garment industries in Bengaluru and also suggest suitable infrastructure for the keep maintaining the child labor in a good environment.

KEYWORDS

liberalisation, Textile and Garment industry, labour-intensive, Child Labour, working conditions, socio-economics problems, causative factors and leisure time activities of child labour.

1. INTRODUCTION

 Garment gets exported from five South Asian countries (Bangladesh, India, Nepal, Pakistan and Sri Lanka) having generated sizeable employment in the recent years. As the competitive pressures from low-cost, high productivity countries increase, not only employment but also job quality may get adversely affected; and the burden of such adverse consequences may fall disproportionately on female workers.

Apart from providing cloth, one of life's basic necessities, the textile industry contributes about 14% to India's industrial output and around 17% to export earnings. After agriculture, the Indian textile industry provides employment for 35 million people with another 50 million people working in associated activities. India is also the largest producer of jute, the second largest producer of silk, the third largest producer of cotton and cellulosic fibre/yarn and the fifth largest producer of synthetic fibre(s)/yarn.

The Indian technical textiles industry is projected to grow to Rs 1.4 trillion (USD 31.4 billion) by 2016-17, with healthcare and infrastructure sectors accounting for a major chunk of the consumption, according to a recently released research paper. Currently, the technical textiles industry market was estimated at Rs 570 billion (USD 12.67 billion) in 2010-11 (source: FICCI). Currently, the industry is undergoing a major re-orientation towards non-clothing applications of textiles such as thermal protection and blood-absorbing materials, seatbelts, adhesive tape, and other specialised products and applications. Furthermore, with the phasing out of the Multi-Fibre Arrangement (MFA), the Indian textile industry is optimistic due to new investment and various government initiatives. The Indian Government and the Indian textile industry plan to capitalize on this upbeat mood by aiming to increase India's share in the world's textile trade to 8% by 2015 as well as achieving an export valuation of USD 50 billion by 2012.

1.2 CHILD LABOR

Child labour is present in different human societies at different stages of their history and continues to flourish in almost all parts of the globe (see Newman (2000), Seabrook (2001), Currie (1997), among others for details). Perhaps, this is the only solution poverty stricken families can think to meet both ends. As a matter of fact, child labour was even not categorized as a social problem until the dawn of the factory era, in 16th century which culminates into so-called industrial revolution in 18th century. During the Industrial Revolution children were employed in these factories and worked for extraordinarily long hours when, in Great Britain, owners of cotton mills pull together orphans and children of poverty-stricken families, taking their services merely at the cost of maintaining them (Encarta 2006a). So much so that in some instances, children 5 and 6 years of ages were put to work from 13 to 16 hours a day (see Gaskell (1833), Fielden (1836), Barnard (1842), Childs (1990), etc.). Novelists such as Charles Dickens were devoted social reformers who threw light on the excruciating environment of the workhouses and the factories in his novels. Typical examples of this kind of literature are novels like *Oliver Twist* (Dickens 1837) and *Hard Times* (Dickens 1854). The phrase child labour draws dark, murky descriptions of 19th century sweatshops and coal mines where children were forced to work for extraordinarily large hours in pathetically miserable conditions. Literature is replete with numerous works; Petherick (1954), Bartoletti (1996), McIntosh (2000), Gallop (2003), just to name a few who focus and cite the miserable conditions of these children. But child labor - meant, broadly, as the employment of children, often in unsympathetic circumstances and for nominal pay (see Edmonds & Pavcnik (2005), Betcherman (2004), Whittaker (2004) among a long list) - remains obstinately flourishing throughout much of the world, in developing and industrialized countries alike. The human cost of such an activity is immeasurable (Beegle, Gatti & Dehejia 2004) as a childhood with hard labour often culminates into children who are gaunt and crippled, sickly and uneducated.

1.3 PATTERNS OF CHILD LABOR

The ILO (2002) estimates that about 210 million children between the ages of 5 and 14 were working in 2000, about half of them working full-time. That implies that approximately ten percent of the world's children were working full-time. At the same time, UNESCO estimates that about one of every five primary school-aged children was not enrolled in school. The absolute numbers of children working are largest in Asia, but the incidence of child labor seems to be highest in Africa: the ILO estimates that about one-third of children are economically active in Africa, about one-sixth working full-time.

Child labor is overwhelmingly a rural and agricultural phenomenon. For example, in Pakistan, 70% of working children are employed in agriculture (Pakistan FBS, 1996). Boys are more likely to work than girls, and older children are much more likely to be employed than their younger siblings (Grootaert and Patrinos, 1999).

Our concern is with child labor that involves the sacrifice of future welfare of the child in exchange for a current benefit for the household. This is clearly the notion that motivates most of the policy concern over child labor, and lies behind the ILO convention No. 138. The benefits to the household of sending a child to work are the wages of that child (or, equivalently, the increased production on the family farm), and the reduced education expenditures from not sending her to school.

1.4 MAIN OBJECTIVES OF THE PRESENT STUDY

- More specifically, the study is exploring;
- The infrastructure and characteristics of the Garment sectors that result in the use of child labour..
- The socio-economic background of the child labour.
- The leisure time activities, education and work skills of the child labour and suggest suitable remedies to the entrepreneurs to provide good environment.
- The occupational history, the wages and other working conditions of the child labour and causative factors that would have induced children to take up jobs

2. LITERATURE REVIEW

Child labour was present even before the dawn of recorded history. The scope of present study is limiting the review up to positive studies made so far to numerically measure the strength of child labour. Such studies are using survey techniques which are also assuring the veracities of their results. These survey techniques are also providing theoretical frameworks for these studies. Here is a two prong review expounding, not only, different efforts in this domain but also explains the development of theoretical framework required for such studies.

Probably, the worst concerted effort to control child labour began in England at the turn of the 18th century when brisk growth of large-scale manufacturing culminated into exploitation of very young children in mining and industrial toil (Hopkins 1993). The worst legislative attempt, in 1802, intending to control apprenticing of mendicant children to cotton-mill owners, proved futile because it could not provide action-able enforcement (McCall-Sarbaugh & Zald 1989). Gaskell (1833) was perhaps among the worst authors who examined the miserable environment of children in English factories. Social reformers challenged the worst features of the child labour system by obtaining governmental restrictions against it (Britain 2004), but little was done even to put into effect existing laws to cap working hours and determining a minimum age for employment (Crawford 2000). Circumstances as bad as those strained on poor children quickly resulted in enterprisers hiring non poor children. Further, children were allowed to work in comparatively hazardous activities such as mining but with consent of political, social, and religious leaders (Adams, Sumner & Ely 1912). British population census data disclose that frequency of child labour was very high in early and middle 19th century when in 1861, 36.9% of boys in the 10-14 age-groups were labourers and the statistic for girls was 20.5%. The resultant social evils included illiteracy, further impoverishment of poor families, and a multitude of diseased and crippled children.

Organized international efforts began probably with the worst International Labor Conference in Berlin in 1890 (Petherick (1954), Siddiqi & Patrinos (1995)). Although, an accord on principles was not reached at that time, however, similar conferences and other international moves followed. In 1900 the International Association for Labour Legislation was established at Basel, Switzerland, with branches in at least 16 countries, to promote child labour statutes as integral part of other international labour legislation. Such measures proves fruitful but their effects are significant more in industrial sectors as ILO, in one of their report on child labour, published in 1960, reveals significant gaps in protection of children working in non industrial sector, including agriculture and handicrafts, in more than 70 member nations.

Academic literature on child labour may easily be viewed as a three prong investigation where the researchers are trying to

1. Develop a definition for the phenomenon
2. Ascertain numerical magnitude of the menace
3. Develop causes and consequences of this type of labour.

Dr. Babita Agrawal, in his paper titled "Child Labour in India- Areas of Work, Effects and Elimination" has analyzed that unemployment is the root cause of child labour. The children seek job or employment because their parents are either unemployed or semi- employed. In case the parents are unemployed of underemployed, there is no option with them except to depend upon the children's earnings.

V.V. Giri, in his book titled "Labour Problems in Indian Industry" has described the working conditions of child workers of the beedi industry in Bombay, South India and west Bengal. He has stated that in the leading industry, children work in dark, dingy places with little ventilation and poor sanitary conditions. He has described the working conditions as low-roofed, poor-ventilation, un-even mud-floor halls, without drinking water facility.

S.M. Pandey, in his article titled "Child Labour in Agriculture" has stated that high child labour participation in agriculture indicates social backwardness. According to him, low level of literacy and economical backwardness are universally related to child labour.

Smith Kothari, in his article titled "There is Blood on Those Match Sticks: Child Labour in Sivakasi" has stated that children work for long hours per day in match units of Sivakasi. He has stated that children are engaged in monotonous work with poor working conditions and they have little time to play.

M. Dattarreyulu in his article titled "Match Industry: Problems and Export Potential" has analysed the children working in the match factories of South India. He has stated that children are working in poor working conditions. According to him, 28000 children are working in match factories in India and are working for nearly 16 hours a day from 3 o'clock in the morning without rest and sleep.

Chander Kanta Sharma and Raj Singh in their article titled "Working Children in Hissar" have stated that acute poverty, caste, large family and illiteracy are the major causes responsible for child labour. It was found that nearly 50 per cent of the children are working for 15 to 18 hours a day without rest hour

K.D. Gangrade and J.A. Gathia, in their book titled "Workshop on Women and Child Workers in Organised Sectors" have shown that the child workers are exploited by being paid lower wages, longer hours of work without test time, unhygienic working conditions and sexual harassment

Kamala Srinivasan in her article titled "A Study of Working Children in Baroda City" has stated that 55 per cent of the children belong to scheduled castes and tribes. Thirty per cent are casual workers and 25 per cent of the children are school goers. The remaining workers are illiterates and dropouts. She has concluded that the working children earn a meager sum of Rs. 151.90 per month in spite of their long hours of work.

Amit. Kr. Chakrabarthy in his article titled "Poverty is not Significant Cause of Child Labour's Problem: A Case Study" has analysed factors such as child labour problem, economic conditions, educational standard, neighbors negligence, administrative initiative and the like. He has concluded that parents, neighbors, local administration, local clubs and local political parties should play a vital role in solving the problem of child labour.

The review of literature collected from various studies and surveys for various years analyses the factors responsible for employment of children in various industries, types of operations, working hours, working conditions, health hazards, educational level, wage level and child labourer's contribution to their household income. Though several macro-level studies have been carried out to study the child labour problem in different industries at different places of India, the findings of such studies would be valid only at the macro level, covering all the child labour. For a better understanding of the problem, it will be necessary to carry out regional studies industry-wise. Hence, an attempt has been made by the researcher to fill the gap in the literature on child labour.

3. RESEARCH FRAMEWORK

Based on the related theories and literature presented in the previous chapter, a framework has been developed to investigate the no relationship between the income of the households and the education of the children.

RESEARCH OBJECTIVES

In order to meet the aim of this research work, the following objectives are pursued:

Objective 1: The infrastructure and characteristics of the Garment sectors that result in the use of child labour

Objective 2: The socio-economic background of the child labour

Objective 3: The leisure time activities, education and work skills of the child labour and suggest suitable remedies to the entrepreneurs to provide good environment.

Objective 4: The occupational history, the wages and other working conditions of the child labour and causative factors that would have induced children to take up jobs

3.1 SCOPE OF THE STUDY**Geographical Scope**

Geographically this study covers major places of Bengaluru.

Functional Scope

This study covers only the child labour in the Garment industry of Bengaluru City of Karnataka state. It does not cover child labour in other industries in those cities.

3.2 HYPOTHESES OF THE STUDY

The following hypotheses have been formulated for the present study:

Null Hypotheses

1. There is no relationship between the income of the households and the education of the children.
2. There is no relationship between the community of the households and the size of the family.
3. There is no relationship between the community of the households and the education of child labour.
4. There is no relationship between the age of the child labour and the income earned.
5. There is no relationship between the income earned and the experience of the child labour.

Alternative Hypotheses

1. There is relationship between the income of the households and the education of the children.
2. There is relationship between the community of the households and the size of the family.
3. There is relationship between the community of the households and the education of child labour.
4. There is relationship between the age of the child labour and the income earned.
5. There is relationship between the income earned and the experience of the child labour.

3.3 METHODOLOGY

This is a case study of child labour in the Garment industry in Bengaluru of Karnataka state. The study is based on both primary and secondary data. Primary data have been collected by conducting a survey among 350 sample child labours in Bengaluru and 50 garment managers. Secondary data have been collected from books, journals, census reports, published records of Garment industry and published Ph.D. theses.

3.4 DATA SOURCES**Secondary Sources**

Information has been gathered from various journals like Academy of Management Journal, Journal of Marketing, Journal of Retailing, Management Review and Journal of Marketing Research. Secondary information has also been gathered from Business magazines like 4P's, The Retailer, Business India and Business Today, also referred to various websites that have previous research studies and empirical investigations.

Primary Sources

A structured questionnaire was constructed taking into considerations on Child labour pertaining to garment industry in Bengaluru. The research instrument is attached in Annexure I for itemized statements and scales.

3.5 DATA ANALYSIS TECHNIQUES

The data were analysed by using statistical tools such as Percentages, Garrett Ranking, Weighted Arithmetic Mean, Standard Deviation, Trends, Projections and Chi-square test.

3.6 OPERATIONAL DEFINITIONS**LABOUR**

In this study labour means child labour as per the child labour (prohibition and regulation) act, 1986 (Act No. 61 of 1986), Labour is a social class comprising those who do manual labor or work for wages; "there is a shortage of skilled labor in this field"

CHILD LABOUR

Child labour refers to the employment of children in any work that deprives children of their childhood, interferes with their ability to attend regular school, and that is mentally, physically, socially or morally dangerous and harmful. This practice is considered exploitative by many international organisations. Legislations across the world prohibit child labour. These laws do not consider all work by children as child labour; exceptions include work by child artists, supervised training, certain categories of work such as those by Amish children, and others

Child labour refers to child labour working in the Garment Industry of Karnataka state. It includes both male and female children who are below the age of 14 years.

INDUSTRY

Industry is often classified into three sectors: primary or extractive, secondary or manufacturing, and tertiary or services. Some authors add quaternary (knowledge) or even quinary (culture and research) sectors. Industries can be classified on the basis of raw materials, size and ownership.

RAW MATERIALS: Industries may be agriculture based, Marine based, Mineral based, Forest based....

SIZE: It refers to the amount of capital invested, number of people employed and the volume of production.

OWNERSHIP: Industries can be classified into private sector, state owned or public sector, joint sector and co-operative sector, In this study, "Industry" means Garment Industry.

GARMENT INDUSTRY

Textile manufacturing is a major industry. It is based in the conversion of three types of fibre into yarn, then fabric, then textiles. These are then fabricated into clothes or other artifacts. Cotton remains the most important natural fibre, so is treated in depth. There are many variable processes available at the spinning and fabric-forming stages coupled with the complexities of the finishing and colouration processes to the production of a wide range of products. There remains a large industry that uses hand techniques to achieve the same results.

HOUSEHOLDS

In economics, a household is a person or a group of people living in the same residence. Most economic models do not address whether the members of a household are a family in the traditional sense. Government and policy discussions often treat the terms household and family as synonymous, especially in western societies where the nuclear family has become the most common family structure.[dubious – discuss] In reality, there is not always a one-to-one relationship between households and families.

3.7 LIMITATIONS OF THE STUDY

Population details regarding child labour could not be obtained from neither governmental nor non-governmental sources. Even though there are data in the websites, they are neither accurate nor authentic.

All the information presented in the study is based on the information gathered from the respondents. The employers do not admit they use child labour. This made it impossible to cross check the information.

4. DATA ANALYSIS

4.1 ANALYSES OF SOCIO-ECONOMIC CONDITIONS OF CHILD LABOUR

In order to analyse the impact of the socio-economic conditions of the child worker, the Chi-square test has been applied for the points mentioned above.

The Chi-square test has been used with the following formula

For testing the hypotheses the χ^2 value has been calculated. The calculated value of χ^2 has been compared with the table value of the χ^2 located from the χ^2 table, for the desired level of confidence on the given degrees of freedom. If the calculated value of χ^2 is more than the table value of χ^2 , it indicates that the null hypothesis is rejected and alternative hypothesis is accepted. And if the calculated value of χ^2 is less than the table value of χ^2 , it indicates that the null hypothesis is accepted and alternative hypothesis is rejected.

H0= Null Hypothesis

H1= Alternative Hypothesis.

4.2 INCOME OF THE HOUSEHOLD AND EDUCATION OF THE CHILDREN

It has been understood that in many households the earnings of the children are an essential part of the family. When the family income of the respondents of this study is analysed, it is seen that the majority of the families have a very low income and the income through the employment of children is needed much. That implies that these children can never regain the opportunity for education, and that they would stagnate at the level of unskilled labour irregularly employed in the unorganized sector of labour.

According to Table seventy per cent of the child labour in the Garment industry has studied up to V Standard only. According to Table 91.4 per cent of the households of child labour have a monthly income of less than Rs.6, 000/-.

In order to analyse the relationship between the education of the child labour and income of the household, the χ^2 test has been applied.

In order to test whether there is any significant relationship between the education of the child labour and the income of the households of child labour in the Garment Industry of Bengaluru, the following hypothesis has been formulated.

Null Hypothesis: "There is no significant relationship between the education of the child labour and the income of their households". **Alternative Hypothesis:** "There is a significant relationship between the education of the child labour and the income of their households".

For that the income of the household of the child labour and the education of the child labour has been presented in the form of a two- way table

S.NO.	Literacy Level	Monthly Income			Total
		Up to Rs.1000	Rs.1001 to Rs.2000	Above Rs.2001	
1.	Illiterate	01	15	00	16
2.	Up to V Standard	02	59	04	65
3.	Above V Standard	01	13	05	19
Total		04	87	09	100

The χ^2 - test has been applied to find the relationship between the education of the children and the income of their household. The Chi- square test has been applied at the 5 per cent level of significance.

The result of the χ^2 test is as follows:

Calculated Value = 00.53

Table Value at 5 percent level of significance = 3.84

Degree of freedom = 1

Since the calculated value is less than the Table Value, the H0 is accepted so H1 is rejected. Hence, it is concluded that there is no significant relationship between income of the household and education of the children.

The χ^2 - test has been applied to find the relationship between the education of the children and the income of their household. The Chi- square test has been applied at the 5 per cent level of significance.

The result of the χ^2 test is as follows:

Calculated Value = 25.72

Table Value at 5 percent level of significance = 3.84

Degree of freedom = 1

Since the calculated value is more than the Table Value, the H0 is rejected so H1 is accepted. Hence, it is concluded that there is a significant relationship between income of the household and education of the Children.

4.3 COMMUNITY OF THE CHILD LABOUR AND EDUCATION OF THE CHILD

It is seen from the history of India that only certain communities successfully took up the educational and advancement opportunities offered by western education. These communities could move up the social and economic ladder and make for themselves a better quality of life. Also, many communities are historically disadvantaged in being denied the opportunity to move out of their traditional professions. After independence, these communities have been listed and scheduled to compensate them for their privations over the year. In spite of that, the members of such communities are more exposed to poverty.

According to Table 17.10 per cent of the child labour belongs to backward communities. In order to find whether there is a relationship between the community of the child labour and their literacy level, the χ^2 test has been applied. The following hypothesis has been formulated to test the relationship between the community and the education of the child labour:

Null Hypothesis: "There is no significant relationship between the community and the education of the child labour".

Alternative Hypothesis: "There is significant relationship between the community and the education of the child labour".

The χ^2 - test has been applied to find the relationship between the education of the children and the community of the households of child labour. The chi-square test has been applied at the 5 per cent level of significance.

The result of the χ^2 test is as follows:

Calculated Value = 00.00

Table Value at 5 percent level of significance = 07.82

Degree of freedom = 3

Since the calculated value is less than the Table Value, the null hypothesis is accepted and alternative hypothesis is rejected. It is concluded that there is a no significant relationship between the community of the child labour and the education of the child labour.

The χ^2 - test has been applied to find the relationship between the education of the children and the community of the households of child labour. The chi-square test has been applied at the 5 per cent level of significance.

The result of the χ^2 test is as follows:

Calculated Value = 11.56

Table Value at 5 percent level of significance = 07.82

Degree of freedom = 3

Since the calculated value is more than the Table Value, the null hypothesis is rejected and alternative hypothesis is accepted. It is concluded that there is a significant relationship between the community of the child labour and the education of the child labour.

4.4 COMMUNITY AND FAMILY SIZE OF THE HOUSEHOLD CHILD LABOUR

It is obvious that the size of family influences the steps that it the bringing up of the children. If the family is large, it finds difficulty in making ends meet, and in such circumstances, much of education for children might be luxury that it cannot afford. It is seen from the following analysis that is community of the family influences the size of the family.

According to Table 17.10 percent of the child labour belongs to backward communities. As per Table 45.10 percent of the households have more than four members in the family.

In order to analyse the relationship between the community of the child labour and number of members in the households, the Chi-square test has been applied.

In order to test whether there is any significant relationship between the community and the size of the family of child labour, the following hypothesis has been formulated:

Null Hypothesis: "There is no significant relationship between the community of the child labour and the number of members in the family of households".

Alternative Hypothesis: "There is significant relationship between the community of the child labour and the number of members in the family of households".

The details of the community of the child labour and the size of the family have been prepared and presented in the form of a two-way table in Table

The χ^2 - test has been applied to find the relationship between the size of the family and the community of child labour. The chi-square test has been applied at the 5 percent level of significance. The result of the χ^2 - test are as follows:

Calculated Value	=	00.00
Table Value at 5 percent level of significance	=	07.82
Degree of freedom	=	3

Since the calculated value is less than the Table Value, the null hypothesis is accepted and alternative hypothesis is rejected. It is concluded that there is a no significant relationship between the size of the family and the community of child labour.

The χ^2 - test has been applied to find the relationship between the size of the family and the community of child labour. The chi-square test has been applied at the 5 percent level of significance. The result of the χ^2 - test are as follows:

Calculated Value	=	02.06
Table Value at 5 percent level of significance	=	07.82
Degree of freedom	=	3

Since the calculated value is less than the Table Value, the null hypothesis is accepted and alternative hypothesis is rejected. It is concluded that there is a no significant relationship between the size of the family and the community of child labour.

4.5 AGE OF THE CHILD AND INCOME EARNED BY CHILD LABOUR

The rewards of work, wage seems to depend on age and experience in unskilled jobs. In such jobs, only experience accustoms the workers to the nuances of the job and helps them to improve their output. So it is natural that experience gains them higher payment.

According to Table 90.00 per cent of the child labour earn a monthly income of up to Rs.2000/- only. As per Table 78.60 percent of the child labour fall under the age group of 12 to 14 years.

In order to analyse the relationship between the age of the child labour and their income, the Chi-square test has been applied.

In order to test whether there is any significant relationship between the age of the child labour and their income the following hypothesis has been formulated:

Null Hypothesis: "There is no significant relationship between the age of the child labour and the income earned".

Alternative Hypothesis: "There is significant relationship between the age of the child labour and the income earned".

The Chi-square test has been applied to find the relationship between the age of the child labour and their income. The Chi-square test has been applied at the 5 per cent level of significance. The result of the χ^2 - test are as follows:

Calculated Value	=	00.12
Table Value at 5 percent level of significance	=	3.84
Degree of freedom	=	1

Since the calculated value is less than the Table Value, the null hypothesis is accepted and alternative hypothesis is rejected. It is concluded that there is no significant relationship between the age of the child labour and the income earned by them.

The Chi-square test has been applied to find the relationship between the age of the child labour and their income. The Chi-square test has been applied at the 5 per cent level of significance. The result of the χ^2 - test are as follows:

Calculated Value	=	00.68
Table Value at 5 percent level of significance	=	3.84
Degree of freedom	=	1

Since the calculated value is less than the Table Value, the null hypothesis is accepted and alternative hypothesis is rejected. It is concluded that there is no significant relationship between the age of the child labour and the income earned by them. There is a significant three-fold jump in the number of children who get higher pay. The Chi-square test confirms this finding.

4.6 EXPERIENCE OF THE CHILD AND EARNED BY THE CHILD LABOUR

It is observed that when the workers gain experience in their jobs they get higher pay.

According to Table 68.50 per cent of the child labour has only two years of experience As per Table 70.50 per cent of the child labour earned a monthly income of up to Rs.2000/- only.

In order to analyse the relationship between the experience of the child labour and their income, the Chi-square test has been applied.

In order to test whether there is any significant relationship between the experience of the child labour and the income earned by them, the following hypothesis has been formulated:

Null Hypothesis: "There is no significant relationship between the experience of the child labour and the income earned".

Alternative Hypothesis: "There is significant relationship between the experience of the child labour and the income earned".

The Chi-square test has been applied to find the relationship between the experience of the child labour and their income. The Chi-square test has been applied at the 5 per cent level of significance. The results of the -test are as follows

Calculated Value	=	00.33
Table Value at 5 percent level of significance	=	3.84
Degree of freedom	=	1

Since the calculated value is less than the Table Value, the null hypothesis is accepted. It is concluded that there is a no significant relationship between the experience of the child labour and the income earned by the child labour.

The Chi-square test has been applied to find the relationship between the experience of the child labour and their income. The Chi-square test has been applied at the 5 per cent level of significance. The results of the -test are as follows

Calculated Value	=	04.20
Table Value at 5 percent level of significance	=	3.84
Degree of freedom	=	1

Since the calculated value is grater than the Table Value, the null hypothesis is rejected. It is concluded that there is a significant relationship between the experience of the child labour and the income earned by the child labour.

4.7 MONTHLY INCOME OF CHILD LABOUR AND INCOME OF HOUSEHOLDS OF CHILD LABOUR

In many families, the income is very low and to eke out a livelihood as many hands as possible have to be put to work. Then the income of the family and its capacity to educate the children are closely linked, even if the family has every inclination to educate its children it might find it an impossible dream. Hence the families have the option to send their children for jobs.

According to Table 48 percent of the households of child labour have monthly income of up to Rs.6000/-. As per Table 70.50 per cent of the child labour earned a monthly income of up to Rs.2000/- only as their monthly income.

In order to analyse the relationship between the household income and the income of the child labour, the chi-square test has been applied.

In order to test whether there is any significant relationship between the income of the child labour and the household monthly income of the child labour, the following hypothesis has been formulated:

Null Hypothesis: "There is no significant relationship between the income of the child labour and the income of their households"

Alternative Hypothesis: "There is significant relationship between the income of the child labour and the income of their households"

The income of the households of child labour and the monthly income of child labour have been presented in the form of a two-way table

5. FINDINGS

The term child labour signifies employment of children in gainful occupations with a view to earn an income for the family. Children are employed in more than 300 kinds of jobs such as household work, brick-making, stone breaking, selling in shops and in streets, bike repairing, garbage collecting and rag picking.

Many children work on farms, plantations or in houses. The most disadvantaged sections of the society supply the vast majority of child labour.

The various causes for child labour include poverty, migration, gender discrimination and criminality. Among the child labour in the Garment industry of Bengaluru, a majority (69.25 %) are above 12 years.

All the respondents' child labour of the Garment industry of Bengaluru is male. Almost all the child labour in the Garment industry of Bengaluru (99.75 %) are Hindus.

Nearly, two-third of the child labour in the Garment industry (61.25%) earned up to Rs.300/- per month when they entered the job.

49 percent of the Parents of the child Labour in the Garment Industry are skilled workers.

Nearly, two-third of child labour in the Garment industry (62%) lives in rented house. Three-fourth of the household of child labour in the Garment industry (75.40 %) pays more than Rs.301/- as monthly rent.

64.50 per cent of the households of child labour in the Garment industry have two rooms in their houses.

95.50 per cent of the households in the Garment industry have electricity facility in their houses.

Almost all the respondents (99.75 %) are Hindus in the Garment industry of Bengaluru so, it is concluded that there is no significant relationship between the religion of the respondents and their level of opinion on child labour in Garment industry of Bengaluru.

6. SUGGESTIONS

1. Child labour is a crime that should be totally eliminated. However, it is necessary to realize that it cannot be eradicated overnight. It is true that child labourers help their families to get an additional income through their hard work. This does not mean that they should be allowed to work always. Hence, the parents are to be compelled to send their children to schools. Compulsory primary education with good quality should also be provided to solve this social evil.

2. The major cause for the existence of child labour is poverty. Therefore, the abolition of child labour is not favored by the parents of child labourers. Abolition of child labour will reduce family income. The Government spends thousands of crores in 'poverty alleviation', but only a meager amount reaches the targeted groups. Hence, effective measures are to be taken to see that the child labourers' families get the benefits of poverty alleviation programmes due to them.

3. The researcher observed that the large families are one of the reasons for the poor economic condition of the families. Hence, necessary steps should be taken by the Government to educate the parents regarding the small family norm. When the family is small, the needs of the family will be reduced. Consequently the children can be sent to school.

4. Since the unskilled and uneducated parents are more in number, the children are sent to work instead of to learn. The researcher strongly feels that unless primary education is made compulsory, it is not possible to eradicate child labour. Further, a committee comprising of headmasters and village leaders should be constituted to confirm that the children are not allowed to drop out of the schools till they attain 14 years of age. Vocational education will help to sustain the interest in learning and reduce the need for dropping out of schools. Further, the Government should adopt the norm "bringing schools to children rather than bringing children to schools".

5. A majority of the working children had been to school but dropped out before they completed the fifth standard. This is because of the unemployment of educated youth. These children are frustrated when they observe educated young people elder to them remaining jobless. The Government should take necessary steps to teach the parents regarding self employment and entrepreneurship. This will make the children continue their studies.

6. The researcher has observed that the children's income is very much needed for the households to supplement their economic needs. Hence, the Government should have an idea of employment for at least one member in every family.

7. The basic objective of the legal and constitutional provisions is to completely prevent child labour in hazardous employment and regulate it in non-hazardous employments. For that inspectors from the local labour office should go for regular inspection and the Government must take legal action against those who employed child.

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STRESS AND COPING BEHAVIOR AMONG HEARING IMPAIRED CHILDREN IN CHITTOOR DISTRICT

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ABSTRACT

The present study was conducted to find out effect of stress and coping behavior on hearing impaired children. One hundred eight special children were randomly selected from various different schools in Chittoor district. Based on the class they are studying they were divided into three types - 6th class, 7th class and 8th class. Special children's Stress and coping scale inventories designed by V.S.Reddy (1999) were used. Findings revealed that if the students become more stressed they tend to adopt vigilant stress and coping style.

KEYWORDS

coping behavior, environmental stress, hearing impaired, visual.

INTRODUCTION

Stress is a common experience but one that is hard to define in specific terms. Many other words such as 'Anxiety' and 'Tension' seem to be interchangeable. The word 'Stress' originates from the physical sciences and means a 'constraining or impelling Force' (Concise Oxford Dictionary), an 'effort' or a 'demand upon energy'. In this sense, stress is maintained and breaking point is with-held. Too much stress and the wires will snap. Stress can be caused by physical demands (disease, exercise, temperature etc.,) or by environmental and social situations which are evaluated as potentially harmful, uncontrollable or exceeding our resources for coping.

Many different things can cause stress-from physical (such as fear, of something dangerous) to emotional (such as worry, over your family or job.) Identifying what may be causing you stress is often the first step in learning how to deal with your stress better. Some of the most common sources of stress are:

CAUSES OF STRESS

Survival Stress - You may have heard the phrase "fight or flight" before. This is a common response to danger in all people and animals. When you are afraid that someone or something may physically hurt you, your body naturally responds with a burst of energy so that you will be better able to survive the dangerous situation (fight) or escape it all together (flight). This is survival stress.

Internal Stress - Have you ever caught yourself worrying about things you can do nothing about or worrying for no reason at all? This is internal stress and it is one of the most important kinds of stress to understand and manage. Internal stress is when people make themselves stressed. This often happens when we worry about things we can't control, or put ourselves in situations we know will cause us stress. Some people become addicted to the kind of hurried, tense, lifestyle that results from being under stress. They even look for stressful situations and feel stress about things that aren't stressful.

Environmental Stress - This is a response to things around you that cause stress, such as noise, crowding, and pressure from work or family. Identifying these environmental stresses and learning to avoid them, or deal with them, will help lower your stress level.

Fatigue and Overwork - This kind of stress builds up over a long time and can take a hard toll on your body. It can be caused by working too much or too hard at your job(s), school, or home. It can also be caused by not knowing how to manage your time well or how to take time out for rest and relaxation. This can be one of the hardest kinds of stress to avoid because many people feel this is out of their control. Later in this course, we will show you that you DO have options and offer some useful tips for dealing with fatigue.

Visual, Hearing or Physical Limitations: Children who do not possess developmental or cognitive impairments but who are *visually impaired, hearing impaired or physically challenged* will understand, at their level of development, what is happening and may become frightened by the limitations their disability poses on them. In your explanations, be honest but reassuring. Safety and mobility are major concerns for students challenged by visual, hearing and physical impairments. As with all children, they need to know that they are going to be safe and that they can find a safe place in an emergency. Review safety plans and measures with them, provide lots of reassurance, and practice with them, if necessary. When explaining plans that may take them into unfamiliar territory. Provide very simple and explicit explanations. Students with visual impairments will need to have the area carefully described to them, while the students challenged by physical or hearing impairments may need visual aids as to what they have to do and where they have to go.

- **Vision-impaired:** The child with a visual impairment cannot pick up visual cues such as facial expressions. Use verbal cues to reinforce what you are feeling and seeing. Many children have seen video clips of the disaster or traumatic event and are talking about them. The vision-impaired children may need a verbal description to reinforce what they have heard about the events. Ask questions to clarify their understanding of what has happened. Children with visual impairments may have extraordinary concerns about their mobility and ability to move to safety during a crisis. Ask questions and give additional orientation and mobility training if needed.
- **Hearing Impaired:** Children who are hearing impaired will generally not be able to keep up with the fast talking adults during traumatic events. Caregivers will need to be aware of the child's frustration when trying to keep up with the conversation, if the child has sufficient hearing to participate in. Children who are unable to hear or lip-read will need interpretation. Not being able to understand will result in greater fear reactions. Children who are hearing impaired may not be familiar with all the new terminology.
- **Total Communication Students** it is important to have an indication near them. They need to use in describing or explaining the events that are occurring. Be aware of the language you use, be very concrete and check for understanding. Use visual materials in conjunction with any verbal or signed explanations. Know that someone will be there for them. For oral communicators, distance may be an issue as they may experience difficulty with lip reading. Darkness such as blackouts or disaster drills in areas with poor lighting, presents problems for total and oral communicators. In helping them understand that they are safe, that you are going to keep them safe, be sure and show them a flashlight and let them know where they are going to be kept and that they are a part of the safety plan and available for them in darkness.

REVIEW OF LITERATURE

Hans Selye first introduced the concept of stress in to life science in 1936. He defined stress as "The force, pressure, or strain exerted upon a material object or person, which resists these forces and attempts to maintain its original state." Stress is ubiquitous in our society. It has become an integral part of everyday living. (Researchers on stress make it clear that, to enter in to the complex area of stress, especially in to the area of occupational stress, is very difficult). Stress is an unavoidable consequence of modern living. The growth of industries, pressure in the urban areas, quantitative growth in population and various problems in day-to-day life are some of the reasons for increase in stress. Stress is that has a direct bearing on emotions, thought process and physical conditions of a person.

Defined by Lazarus & Folkman 1984, it is the relationship between person and environment that is appraised by the person as taxing or exceeding his or her resources and endangering his simple one-way process since individuals can be cushioned in different ways and to different degrees depending on the range of psychosocial factors and mechanisms). In other words, stress is a complex variable resulting from interdependent processes including susceptibility and resistance, and influenced by mediating factors such as cognitive appraisal and coping strategies, which in turn affect the frequency, intensity and duration of psychological and Somatic responses.

IMPORTANCE OF THE STUDY

Hearing impaired children form a considerable portion of humanity. So it is important to measure their behavior properly and correctly. Effective and efficient behavior of the hearing impaired children is very important to the society. The purpose is to examine the impact of class locality and gender on coping behavior of hearing impaired children. The article also aims at studying the relationship between class, locality and gender and the stress resulting from personal, health and motor problems of hearing impaired children. The study is confined to the hearing impaired children of chittoor district and is based on the class, locality and gender of the children.

OBJECTIVES

1. To study the impact of class locality and gender on the sources of stress of hearing impaired children.
 2. To examine the impact of class locality and gender on coping behavior of hearing impaired children.
- Relevant data were collected and analyzed using relevant statistical procedures.

HYPOTHESES

1. There would be significant relationship between class, locality and gender on stress due to Health problems of hearing impaired children.
2. There would be significant relationship between class, locality and gender on stress due to Personal problems of hearing impaired children.
3. There would be significant relationship between class, locality and gender on stress due to Motor Problems of hearing impaired children.

METHODOLOGY

SAMPLE DESIGN

TABLE NO. 1: TOTAL RESPONDENTS

Grade of Class	Urban		Rural		Total
	Male	Female	Male	Female	
6 th class	15	15	15	15	60
7 th class	15	15	15	15	60
8 th class	15	15	15	15	60
Total	45	45	45	45	180

Source: Primary Data

The study was conducted on a sample of 180 high school hearing impaired children (90 urban and 90 rural area children). Out of 90 urban children, 45 are male and 45 are female special education children. Out of 45 male children, 15 are from 6th class, 15 from the 7th class and 15 from 8th class. The same pattern was followed in the case of female subjects.

TOOLS USED

In order to realize the objectives of the study and to test the hypotheses that have been formulated, appropriate tools were chosen. Thus the study was carried out using the following tools:

[Stress and coping inventories designed by Reddy (1999) were administered (given) for the test-retest correlation is found to be (validity) 2.85.]

THE STRESS INVENTORY IS DIVIDED INTO 11 SUB-FACTORS, (VIZ)

1. Health 2. Personal 3. Motor 4. Emotional 5. Social 6. Cognitive 7. Language 8. Personality 9. Financial 10. School 11. Religious problems

By using the total score of the individual on this scale, the stress is measured. High score indicates high stress and low score indicates low stress. Coping inventory was also developed by V. Sreekanth Reddy (1999) with 30 items with (Yes and No responses) [the highest score is 60 and the lowest score is 0. A higher score indicates lower coping ability and a lower score indicates a higher coping ability]. Appropriate statistical analysis was applied to identify the trends in the data.

RESULTS AND DISCUSSION

The main objectives of this investigation were (1). To study the influence of class, locality and gender on the sources of stress of hearing impaired children. (2) To examine the influence of class locality and gender on the coping behavior of hearing impaired children.

Relevant data were collected and analyzed using relevant statistical procedures.

Hypotheses 1: There would be significant relationship between class, locality and gender on stress due to health problems of hearing impaired children.

TABLE 2: MEANS AND SDS OF SCORES ON STRESS DUE TO HEALTH PROBLEMS OF HEARING IMPAIRED CHILDREN

Grade of Class	Tools	Boys		Girls	
		Rural	Urban	Rural	Urban
6 th Class	Mean	21.33	30.27	33.67	30.73
	SD	3.55	9.92	7.19	7.07
7 th Class	Mean	25.07	29.27	27.47	33.27
	SD	8.46	6.93	10.06	6.61
8 th Class	Mean	22.60	29.60	27.33	37.80
	SD	7.26	9.02	7.98	12.21

Grand Means

Male = 25.62	Rural = 25.51	6 th Class = 29.00
Female = 31.71	Urban = 31.82	7 th Class = 27.68
		8 th Class = 29.30

An observation of Table-2 clearly shows that 8th class urban girls had obtained (37.80) indicating their stress due to health problems. The lowest mean was obtained by 6th class rural boys whose mean score is (21.33) indicating their low level of stress due to health problems. There are significant differences in stress levels between rural and urban boys and girls due to health problems.

GRAPH-1: GRAPHICAL REPRESENTATION OF HEALTH PROBLEMS SCORES IN RELATION TO LOCALITY, GENDER AND CLASS

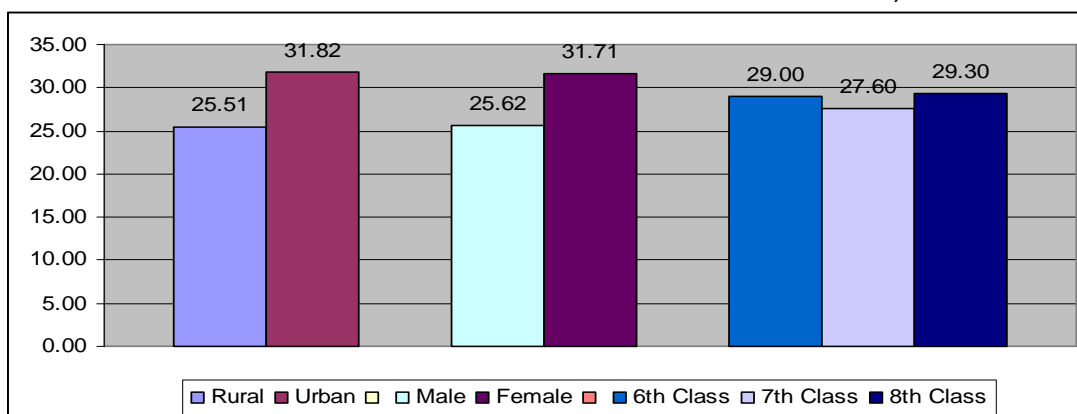


TABLE - 3: SUMMARY OF ANOVA OF SCORES ON STRESS DUE TO HEALTH PROBLEMS

Source of Variation	Sum of Squares	df	Mean Square	'F' Values
Gender (A)	1290.689	1	1290.689	17.538**
Locality (B)	1400.022	1	1400.022	19.023**
Class (C)	9.733	2	4.867	0.066@
A x B	57.800	1	57.800	0.785@
B x C	254.044	2	127.022	1.726@
A x C	104.578	2	52.289	0.710@
A x B x C	524.933	2	262.467	3.566*
ERROR	12364.000	168	73.595	-
Total	16005.800	179	-	-

** - Significant at 0.01 level * - Significant at 0.05 level @ - Not significant

In order to test whether there is any significant gender difference among the subjects in their levels of stress? Due to health problems, Analysis of Variance was used and the results are presented in Table-3. The 'F' value of 17.538 is significant at 0.01 levels, indicating that there is significant effect of gender on the stress levels of students. Female students obtained a highest mean of 31.71 and male students obtained a lowest mean of 25.62 indicating that female students are facing more stress due to health problems. [Crnic & Low (2002) Hintermair (2006) Lederberg & Everhart, (2000)].

The 'F' value of 19.023 is significant at 0.01 levels, indicating that there is significant effect of locality on the stress levels of students. Urban students obtained a higher mean of 31.82 and rural students obtained lower mean of 25.51 indicating that urban students are facing more stress due to health problems. [Skinner AC, Slifkin RT (2007)].

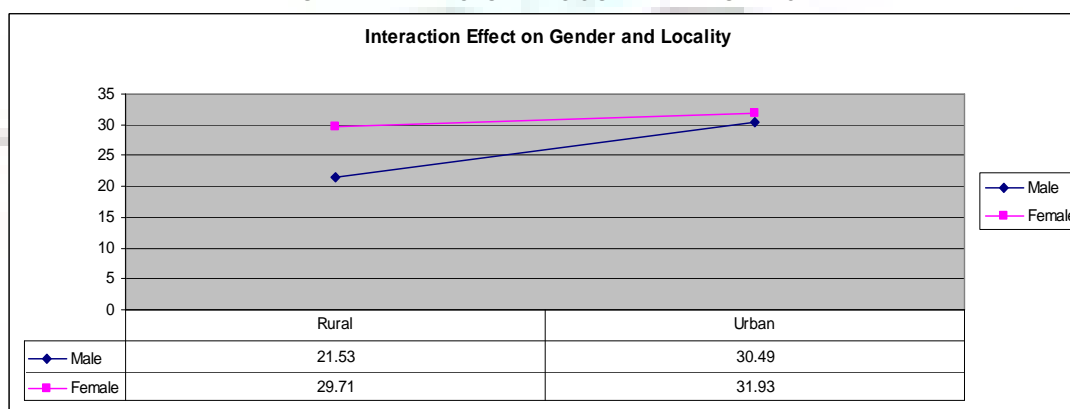
As for the effect of class of the subjects on their levels of stress, 'F' value of 0.066 is not significant indicating that class of the students has no significant influence on stress.

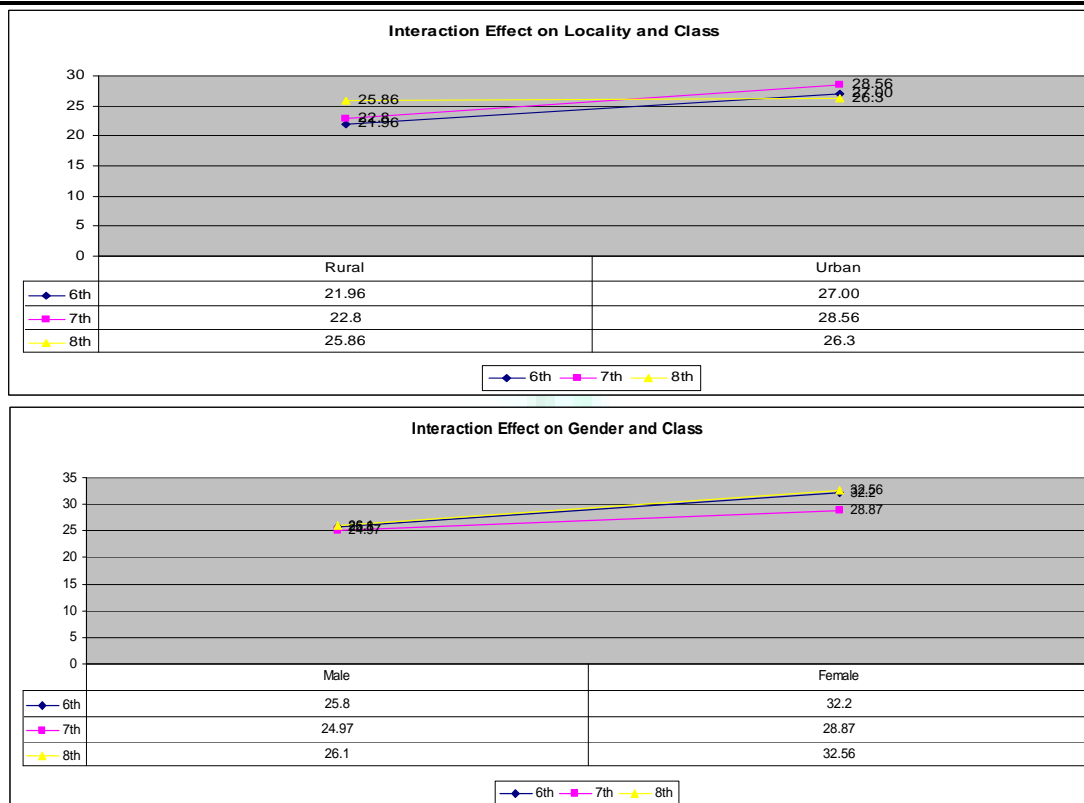
INTERACTION EFFECT

The 'F' value of 0.785 for the first order interaction between gender and locality, the 'F' value of 1.726 for locality and class, the 'F' value of 0.710 for gender and class are not significant, indicating that there is no interaction between gender and locality, locality and class and gender and class. The 'F' value of 3.566 for second order interaction between gender, locality and class is significant at 0.05 levels indicating that there is significant interaction between gender, locality and class. The interaction effects are represented graphically in **Graph-2. Hence the hypothesis 1 is accepted.**

The interaction effects are represented graphically in Graph-2, as some 'F' values are significant.

GRAPH-2: INTERACTION EFFECTS OF HEALTH PROBLEMS





Hypotheses 2: There would be no significant relationship between class, Locality and gender on stress to personal problems of hearing impaired children.

TABLE-4: MEANS AND SDS OF SCORES ON STRESS DUE TO PERSONAL PROBLEMS FOR HEARING IMPAIRED CHILDREN

Grade of Class	Tools	Boys		Girls	
		Rural	Urban	Rural	Urban
6 th Class	Mean	21.20	23.13	22.73	30.87
	SD	8.74	8.32	5.31	8.32
7 th Class	Mean	21.13	25.73	24.47	31.40
	SD	7.04	7.12	4.56	9.08
8 th Class	Mean	25.80	29.00	25.93	23.60
	SD	9.42	9.24	5.85	4.70

GRAND MEANS

Rural = 23.50	Male = 24.30	6 th Class = 24.48
Urban = 27.30	Female = 26.50	7 th Class = 25.68
		8 th Class = 26.00

An observation of Table-4 clearly shows that 6th class urban girls obtained a mean of (30.87), indicating a high level of stress due to **Personal Problems**. The lowest mean obtained by 7th class boys living in rural area, whose mean score is (21.13), indicates their low level of stress due to Personal problems. There are no significant differences in stress levels between rural and urban area boys and girls due to **Personal Problems**. Hence the **hypothesis 2** is rejected.

GRAPH-3: GRAPHICAL REPRESENTATION OF PERSONAL PROBLEMS SCORES IN RELATION TO LOCALITY, GENDER AND CLASS FOR HEARING IMPAIRED CHILDREN

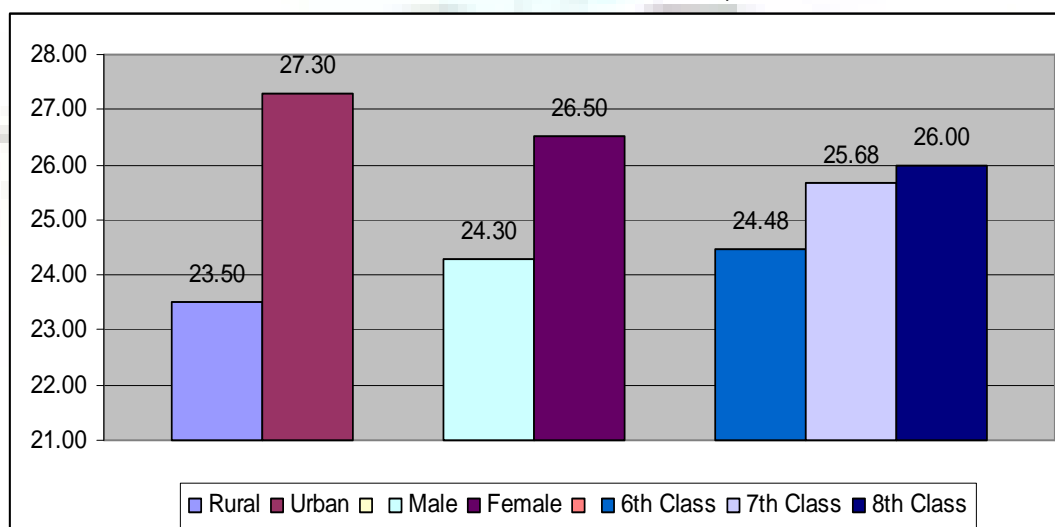


TABLE-5: SUMMARY OF ANOVA OF SCORES ON STRESS DUE TO PERSONAL PROBLEMS

Source of Variation	Sum of Squares	df	Mean Square	'F' Values
Gender (A)	211.250	1	211.250	3.498@
Locality (B)	630.939	1	630.939	10.488**
Class (C)	83.200	2	41.600	6.689@
A x B	11.250	1	11.250	0.186@
B x C	250.711	2	125.356	2.0762
A x C	518.533	2	259.267	4.293**
A x B x C	268.133	2	134.067	2.220@
ERROR	10145.733	168	60.391	-
Total	12119.750	179	-	-

** - Significant at 0.01 level

@ - Not significant

In order to test whether there are any significant differences in the effect of gender of the subjects on their levels of stress due to personal problems, Analysis of Variance was used and the results are presented in Table-5. The 'F' value of 3.498 is not significant, indicating that there are no significant effects of gender on the stress levels of the students. Both male and female students are facing equal stress due to personal problems.

Concerning the effects of locality of the subjects on their levels of stress due to personal problems, the 'F' value of 10.448 is significant at 0.01 levels indicates that there is significant effect of locality on stress due to personal problems. Urban students obtained the highest mean of 27.30 and rural students obtained the lowest mean of 23.50 indicating that urban students are facing more stress due to personal problems.

Regarding the effect of class of the students on their levels of stress, the 'F' value of 0.689 is not significant, indicating that class of the students has no significant influence on stress. All 6th, 7th and 8th class students are facing stress due to personal problems.

INTERACTION EFFECT

The 'F' value of 0.186 for the first order interaction between gender and locality is not significant. The 'F' value of 2.076 for locality and class is not significant; the 'F' value of 4.293 for gender and class is significant, indicating that there is significant interaction between gender and class. The 'F' value of 2.220 for second order interaction between gender, locality and class is not significant indicating that there is no significant interaction between gender, locality and class. The interaction effect is represented graphically in Graph-4. **Hence the hypothesis 2 is rejected.**

GRAPH-4: INTERACTION EFFECTS ON PERSONAL PROBLEMS

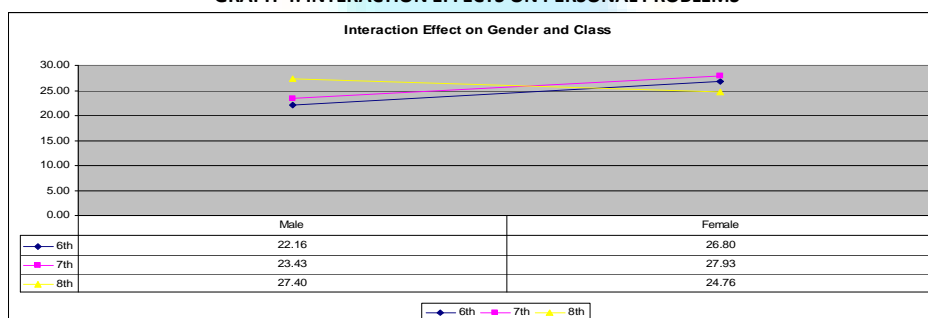


TABLE- 6: MEANS AND SDS OF SCORES ON STRESS DUE TO MOTOR PROBLEMS

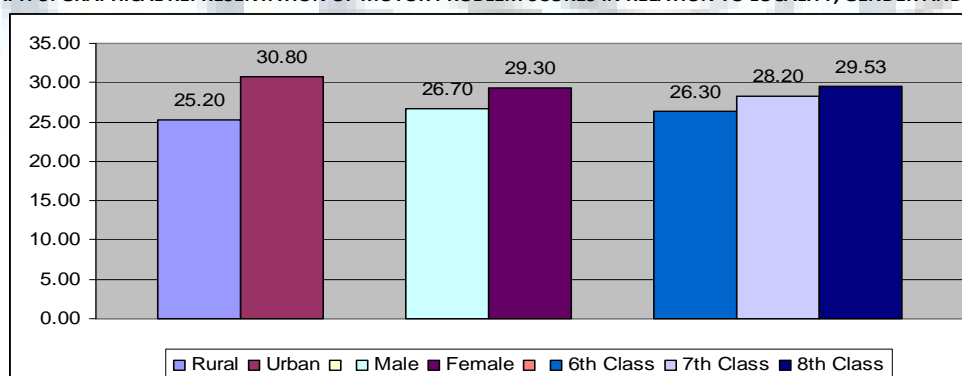
Grade of Class	Tools	Boys		Girls	
		Rural	Urban	Rural	Urban
6 th Class	Mean	20.87	29.80	26.07	28.60
	SD	6.59	6.29	6.07	6.82
7 th Class	Mean	25.93	30.80	26.67	29.47
	SD	7.93	7.06	5.17	9.44
8 th Class	Mean	24.80	28.33	26.93	38.07
	SD	6.42	8.07	6.99	8.12

GRAND MEANS

Rural = 25.20	Male = 29.30	6 th Class = 26.30
Urban = 30.80	Female = 26.30	7 th Class = 28.20
		8 th Class = 29.53

An observation of Table-6 clearly shows that 8th class urban girls living in urban area obtained a mean of (38.07) indicating a high level of stress due to motor Problems. The lowest mean was obtained by 6th class rural boys, whose mean score is (20.87), indicating their low level of stress due to motor Problems. There are no significant differences in stress between rural and urban area boys and girls due to **motor problems**.

GRAPH-5: GRAPHICAL REPRESENTATION OF MOTOR PROBLEM SCORES IN RELATION TO LOCALITY, GENDER AND CLASS



Hypotheses 3: There would be significant relationship between class, locality and gender on stress due to Motor Problems of hearing impaired children.

TABLE-7: SUMMARY OF ANOVA OF SCORES ON STRESS DUE TO MOTOR PROBLEMS OF HEARING IMPAIRED CHILDREN

Source of Variation	Sum of Squares	df	Mean Square	'F' Values
Gender (A)	291.339	1	291.339	5.294*
Locality (B)	1428.050	1	1428.050	25.951**
Class (C)	310.411	2	155.206	2.820@
A x B	0.939	1	0.939	0.017@
B x C	92.100	2	46.050	0.837@
A x C	298.078	2	149.039	2.708@
A x B x C	385.278	2	192.639	3.501*
ERROR	9244.667	168	55.028	-
Total	12050.861	179	-	-

** - Significant at 0.01 level * - Significant at 0.05 level @ - Not significant

In order to test whether there are any significant effects of gender of the subjects in their levels of stress, the data were further subjected to Analysis of Variance and the results are presented in table- 7. The 'F' value of 5.294 is significant at 0.05 levels, indicating that there are significant effects of gender on the stress levels of the students. (Females obtained the highest mean of 29.30 and males obtained the lowest mean of 26.70).

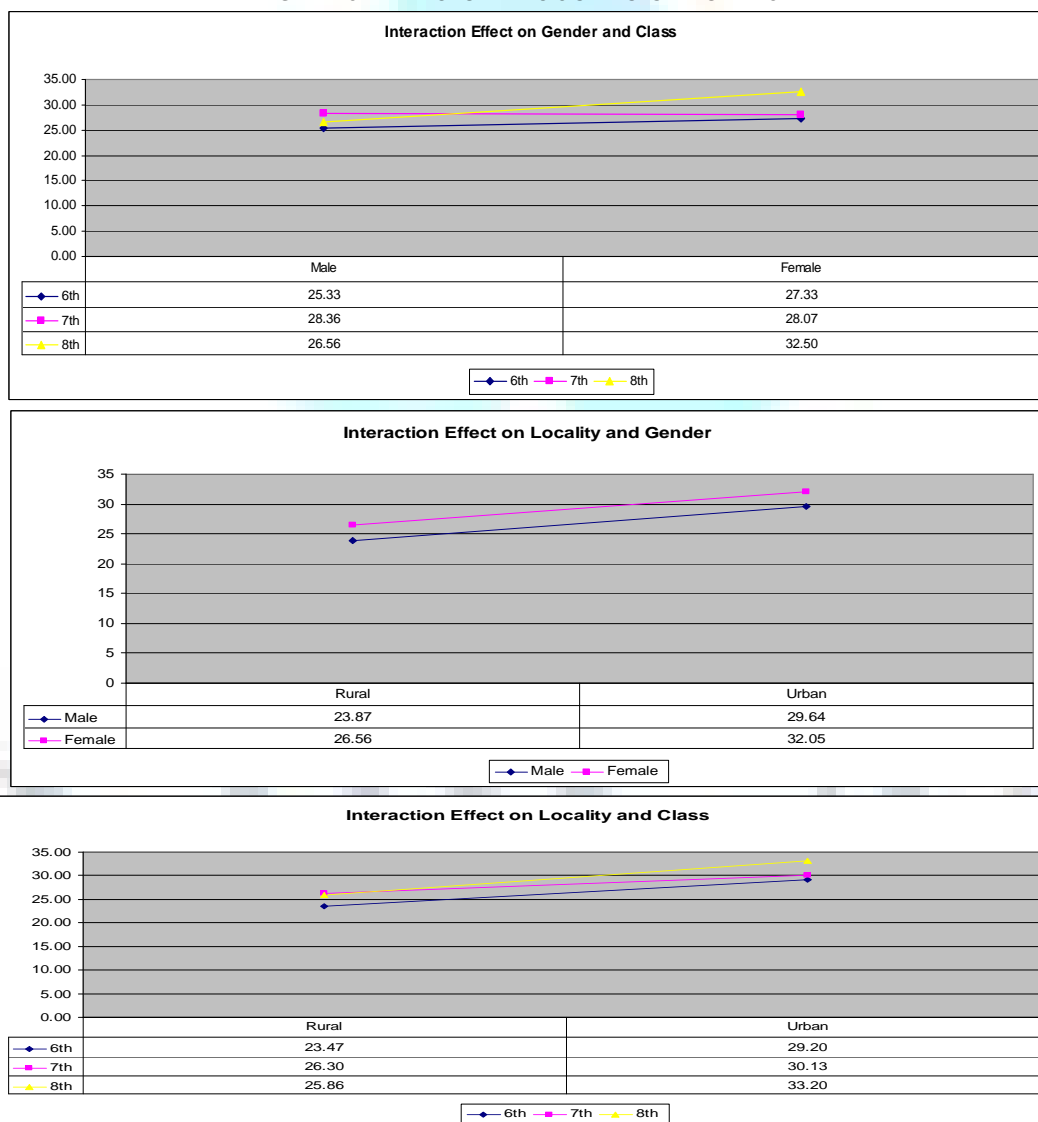
Regarding locality as a factor affecting the levels of stress due to motor problems, the 'F' value of 25.951 is significant at 0.01 levels indicating that there is significant effect of locality on stress levels among the subjects. Urban students obtained a high mean of 30.80 and rural students obtained lower mean of 25.20 indicating that urban students are facing more stress due to motor problems.

Respecting class as a factor affecting the stress levels of students the 'F' value of 2.820 is not significant; indicating that class of the students has no significant influence on stress. All 6th, 7th and 8th class students are facing equal stress due to motor problems.

INTERACTION EFFECT

The 'F' value of 0.017 for the first order interaction between gender and locality is not significant and the 'F' value of 0.837 for locality and class is not significant but the 'F' value of 2.708 for gender and class is significant, indicating that there is significant interaction between gender and class. The 'F' value of 3.501 for second order interaction between gender, locality and class is significant indicating that there is significant interaction between gender, locality and class. The interaction effects are represented graphically in Graph-6. **Hence hypothesis 3 accepted.**

GRAPH-6: INTERACTION EFFECTS ON MOTOR PROBLEMS



CONCLUSION

There are significant relationships between gender, locality and class differences on stress due to health problems of hearing impaired children. There are no significant relationships between Gender, Locality and class differences on stress due to Personal Problems of hearing impaired children. There are no significant relationships between gender locality and class differences on stress due to motor Problems of hearing impaired children.

The study of the problems of hearing impaired children can be extending to other district of Andhra Pradesh based on the findings of this study. Such a major research work will enable the government and the non governmental agencies working in this area to formulate policies for addressing the needs of hearing impaired children.

SCOPE FOR FUTURE RESEARCH

The above findings of the study can be considered opportunities for future theoretical and empirical research. The study is limited to examining the impact of stress on hearing impaired children below 12 years of age in chittoor district. Further research on hearing impaired adolescents, based on this study, will be highly fruitful. Future research should focus on thoroughly examining the attributes and dimensions of the quality of life of hearing impaired youngsters in rural and urban areas.

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VOLATILITY TRANSMISSION BETWEEN CRUDE OIL PRICES AND INDIAN EQUITY SECTOR RETURNS

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ABSTRACT

The oil price in the international market has witnessed significant fluctuations in the recent years and such fluctuations tend to have ramifications on various segments of stock market returns. Hence, it is crucial for the policy makers and market participant to identify the spill over between the oil price volatility and volatility of stock returns across various sectors. In this regard, this paper makes an attempt to model such volatility spill over from oil price to various segments of stock market, using a version of bivariate GARCH model. The empirical evidence suggests that there is significant transmission of shocks and volatility between international crude oil prices and stock returns of various sectors.

JEL CLASSIFICATION

C32, G15, C1

KEYWORDS

Crude oil, Nifty index, Bivariate GARCH, BEKK

1. INTRODUCTION

Imagine the modern economies as the nerve system in a human body then oil is the life blood flowing through those nerves. Last couple of decades had witnessed the surge of oil as one of the important factors of production and a fundamental driver of the world economic activity. As a result a growing body of both empirical and theoretical literature has been evolved in the study of oil and its impacts on various macroeconomic variables. Any upward pressure in oil prices will affect input prices and higher input prices will lead to rise in production costs which will further affect price level and economic growth. Several empirical studies have reported a clear negative correlation between energy prices and aggregate output.

There are various theories in the literature that explain the dynamic relationship between oil prices and stock prices. On theoretical grounds oil price shocks affect stock market returns or prices through their effect on expected earning (Sadorsky,1999).The quantity valuation theory explains the extent to which stock markets are affected by oil prices. Stock price is obtained by simply discounting all expected future cash flows at the investors required rate of returns. Oil shocks influence various economic conditions like inflation, interest rates, production costs, market confidence etc. And corporate cash flows and discount rates reflect these economic conditions (Apergis and Miller, 2009; Park and Ratti, 2008; Arouri et al.2010).Stock prices may react significantly to patterns in oil changes. Equity pricing model is another model which explains oil price-stock price relationship. In an equity pricing model, the price of equity at any point in time is equal to the expected present value of discount future cash flows (Huang et al. 1996; Basher and Sadorsky, 2006).

In the context of transmission of shocks and analysis of variance (volatility) there are mainly two lines of research. One is cointegration analysis to study the co-movements between financial markets over a long period of time; second line of research investigates the time path of variance in various financial variables. To estimate time variant conditional variance, researchers commonly use various ARCH (Auto Regressive Conditional Heteroscedasticity) class models. This paper follows the method used by Farooq and Ewing (2009) which combines the elements of both lines of research mentioned above. Even though there are plenty of literature that investigate the impact of oil price changes on stock markets, most of these studies concentrate on developed economies, in the case of emerging countries like India, this is still an area that has to be explored further. In this context this paper aims at identifying the volatility spill over between global crude oil prices and returns of various NIFTY indices. In order to capture the relationship between oil and each of these sectors, a bivariate GARCH model is employed. The advantage of this methodology is that it allows us to simultaneously estimate the mean and conditional variance of returns of both oil sector and equity sector. The models are estimated using the daily price data from January 2004 to April 2011, the empirical estimates reveals that there is significant volatility transmission between the oil market and some of the sectors examined. The results are important for financial market participants to make optimal portfolio allocations decisions.

2. REVIEW OF LITERATURE

Major attempts to understand the effects of oil price changes on various economic variables started with the seminal paper Oil and Macroeconomy since World War II (J.D.Hamilton, 1983). Hamilton's findings suggest that oil price fluctuations were one of the significant and responsible factors for every post world war II U.S recession except the recession in 1960.Various researchers have tested Hamilton's basic findings thereafter, using various alternative data sets and methodologies (for instance, Burbridge and Harrison,1984;Gisser and Goodwin,1986;Loungani,1986;Mork,1989).

But very meager attention has been devoted to examine the oil price-financial market dynamics compared to the volume of research done in the field of oil price-macroeconomy relationship. The study by Jones and Kaul (1996) was one of the early notable works investigating the effects of oil price changes on stock markets. Their findings suggest that oil price shocks affect the current and future cash flows which would ultimately affect the stock prices. Hang et al.(1996), Sadorsky(1999),Nanda and Faff (2008),Park and Ratti(2008),Apergis and Miller (2009),Fayyad and Dally (2011),Mallick and Ewing(2009) also provide evidence for significant relationship between oil price stocks and stock returns using various econometric models such as VAR(Vector Auto Regression), Cointegration,VECM (Vector Error Correction Mechanism),ARCH(Auto Regressive Conditional Heteroscedasticity) class models etc.

Even though a considerable amount of literature is available on the energy price-stock market relationship in advanced economies, in the case of emerging stock markets it is comparatively negligible. Some of the noteworthy contributions in this direction are Hammoudah et al. (2004); Basher and Sadorsky (2006); Mohanty et al. (2011); Masih et al. (2011).

The study by Mohanty et al. check the oil price shocks –equity sector returns relationship in GCC(Gulf Cooperation Council) countries using country level and industry level stock returns data, the results suggest that except for Kuwait, all other stock markets are affected by the shocks emanating from the oil market at the country level. And in the case of industries, out of twenty, twelve countries' industry specific returns were significant and showed positive exposure to oil price changes. And their study also reveals that the effects of oil price changes on stock market returns are generally asymmetric in nature both at country level as well as industry level.

Hammoudah et al (2004) investigate the relationship between oil prices and stock prices for five countries in Gulf Cooperation council (GCC).Their study shows that only Saudi Arabia stock market has a bi-directional relationship between oil prices and stock prices among the examined stock markets.

Basher et al. (2011) investigates the dynamic relationship between oil price, exchange rates and emerging stock market by applying a structural VAR model. Their result suggest that positive shocks to oil prices are more likely to depress emerging market stock prices and U.S Dollar exchange rates in the short run.

Masih et al. (1996) Study how important is oil price variations and its volatility on equity market performance. Their empirical investigation using a VEC model reveals that there is a dominance of oil price volatility on real stock returns and firms need to adjust their risk management procedures as the oil price volatility has significant effect on the time horizon of investment.

Basher and Sadorsky (2006) probe the impact of oil price changes on various emerging stock market returns by applying an international multifactor model and find strong evidence for oil price risk impacts stock price returns in emerging markets. Two of the most popular and effective methods developed for modeling volatility of high frequency financial time series data are, ARCH model Engle (1982) and the generalised version by Bollerslave(1986). To estimate the volatility spill over between different markets multivariate models (MGARCH) models have been used widely.

Brooks (2007) used an AP GARCH (Asymmetric Power GARCH) Model to study the emerging stock markets and the results reveals that emerging market behaviour is quite different from developed markets.

Using the BEKK parameterization of MGARCH, Li and Majerowska (2008) investigate the linkage between developed markets and emerging markets. Their result shows that there is significant volume of volatility spill over from the developed markets to the emerging ones.

This paper employs bivariate GARCH models to simultaneously estimate the mean and conditional variance of oil and various NIFTY indices returns. It also employs the BEKK parameterization of the multivariate GARCH model which does not impose the restriction of constant correlation among variables over time. A bivariate GARCH model is used specifically, which would be helpful to study the volatility transmission between oil returns and various NIFTY sector indices. The empirical model adopted in this paper is similar to that of Malik and Ewing (2009) to study the volatility transmission between oil price returns and various stock indices returns.

3. METHODOLOGY

The mean equation for a GARCH return series is given by

$$R_{i,t} = \mu_i + \alpha R_{i,t-1} + \varepsilon_{i,t} \quad (1)$$

Where $R_{i,t}$ is the return on series i between time t and $t-1$, a long term drift coefficient is denoted by μ_i . Equation (1) was estimated and in order to test the presence of ARCH effects the residuals were checked, using the test described by Engle (1982). And each of the estimated series exhibited evidence of ARCH effects.

In the next step the BEKK parameterization proposed by Engle and Kroner (1995) which is a variant of the bivariate GARCH model and capable of detecting volatility transmission among different series as well as volatility within each series is employed. To ensure that the covariance matrix is positive semi definite (a requirement to make sure that the estimated variances are non-negative) the model incorporates quadratic forms. The BEKK parameterization for the bivariate GARCH (1,1) model can be written as:

$$H_{t+1} = C'C + B'H_tB + A'\varepsilon_t\varepsilon_t'A \quad (2)$$

Here H_{t+1} represent the conditional variance matrix and C is a 2×2 lower triangular matrix with three parameters where as B is a 2×2 square matrix which shows, to what extent the current levels of conditional variances are related to past conditional variances. A is 2×2 square matrix that measures the extent to which conditional variances are correlated with past squared errors. And the total numbers of estimated parameters are eleven.

The expanded form of conditional variances for each equation in the bivarte GARCH (1, 1) model is given below:

$$\begin{aligned} h_{11,t+1} = & c_{11}^2 + b_{11}^2 h_{11,t} + 2b_{11}b_{12}h_{12,t} + b_{2,1}^2 h_{22,t} + a_{11}^2 \varepsilon_{1,t}^2 \\ & + 2a_{11}a_{12}\varepsilon_{1,t}\varepsilon_{2,t} + a_{21}^2 \varepsilon_{2,t}^2 \end{aligned} \quad (3)$$

$$\begin{aligned} h_{22,t+1} = & c_{12}^2 + c_{22}^2 + b_{1,2}^2 h_{11,t} + 2b_{12}b_{22}h_{12,t} + \\ & b_{22}^2 h_{22,t} + a_{12}^2 \varepsilon_{1,t}^2 + 2a_{12}a_{22}\varepsilon_{1,t}\varepsilon_{2,t} + a_{22}^2 \varepsilon_{2,t}^2 \end{aligned} \quad (4)$$

Eqs. (3) and (4) tells us how shocks and volatility are transmitted over time and across the two series taken for scrutiny.¹

The likelihood function given below is maximized assuming normally distributed errors:

$$L(\theta) = -T \ln(2\pi) - \frac{1}{2} \sum_{t=1}^T (\ln |H_t| + \varepsilon_t' H_t^{-1} \varepsilon_t) \quad (5)$$

Where 'T' is the number of observations and θ is the parameter vector to be estimated. To maximize this non-linear log likelihood function numerical maximization techniques were used. Several iterations were done with the simplex algorithm to obtain the initial conditions, as suggested by Engle and Kroner (1995). In order to obtain the final estimate of the variance-covariance matrix and standard errors the BFGS algorithm was employed.²

4. DATA

Equity market data are obtained from S&P CNX NIFTY and its various indices. Daily returns are calculated from January 5, 2004 to November 30, 2011. When a holiday occurs the value on the previous day is taken to calculate the return. Use of daily return in the analysis will be helpful in capturing the volatility spill over more accurately. S&P CNX NIFTY and its various indices namely: S&P CNX Finance, S&P CNX Auto, S&P CNX Energy are specifically examined in the study. These indices are widely used by the market participants to closely follow movements in various sectors like finance, industries, auto, energy, consumer services, health care; technology etc. These indices represent a large cross section of firms and industries in India.

The S&P CNX NIFTY is the headline index on the National Stock Exchange of India Ltd. (NSE). It includes 50 most prominent stocks and a true reflection of the Indian stock market. The S&P CNX NIFTY covers 21 sectors of the Indian economy. It is used for variety of purposes such as benchmarking fund portfolios, index based derivatives and index funds. The CNX Auto index is designed to reflect the behaviour and performance of the automobiles sector which includes manufactures of car, motorcycles, heavy vehicles, auto ancillaries, tyres etc. It comprises of 15 stocks that are listed on the NSE. Energy sector covers companies belonging to Petroleum, gas, and power sub sectors.

¹The coefficient terms in Eqs. (3) and (4) are non-linear function of the estimated elements from Eqs(2)

²Quasi maximum likelihood estimation was used and robust standard errors were estimated by the method developed by Bollerslave and Wooldridge (1999)

The CNX Finance index is designed to reflect the behaviour and performance of the Indian financial market which includes banks, financial institutions, housing finance and other financial service companies. It comprises of 15 stocks that are enlisted with NSE.

West Texas Intermediate (WTI) was taken as the measure of oil price. WTI is a crude oil stream traded on the domestic spot market at the Cushing, Oklahoma Centre. Consistent with earlier research this analysis focuses on returns as the price series were non-stationary at levels. Table (1) provides descriptive statistics for each of the return series. As all the return series were found to be leptokurtic, each of the mean equations should be tested for the existence of ARCH (Auto Regressive Conditional Heteroscedasticity). In each case the mean equations exhibited ARCH effect which appropriates the use of a GARCH (Generalized Autoregressive Conditional Heteroscedasticity). The Ljung-Box statistics indicates autocorrelation in all returns.

5. EMPIRICAL RESULTS

This paper probes in to the relationship between oil shocks and various NIFTY indices. Hence four bivariate GARCH models are estimated each containing the oil returns and returns on corresponding stock market index. Results for each of the variance equations are shown Table (2). The term $h_{1,t}$ describes the conditional variance (volatility) for oil returns at time t and $h_{12,t}$ explains the conditional covariance between oil returns and corresponding sector. The effect of news (an unexpected shock) is represented by the squared error terms $\varepsilon_{1,t}^2$ and $\varepsilon_{2,t}^2$ originating in the oil market or stock market sector respectively and it can be called as direct effects. The cross values of error terms $\varepsilon_{1,t}$, $\varepsilon_{2,t}$ shall be considered as the impact of indirect effects of shocks transmission and capture the 'news' in the oil market and the corresponding equity market sector in time period t .

The results for the oil-NIFTY model suggests that oil returns volatility is significantly affected by its own news (coefficient on $\varepsilon_{1,t}^2$) and its past volatility (coefficient on $h_{1,t}$). And there is no evidence for direct or indirect effects from equity sector to oil sector, which is very much sensible in logical line of thinking.

The significant coefficients on $\varepsilon_{1,t}^2$ (the news effect) and the past volatility ($h_{1,t}$) reiterate the fact that the NIFTY sector is quite exposed to the shocks emerging from the oil sector. The coefficients on $\varepsilon_{1,t}$, $\varepsilon_{2,t}$ and $h_{12,t}$ which represent cross effects (indirect effects) and its past volatility turned out to be insignificant, suggesting lack of shock transmission through indirect channels.

The oil finance-model reveals that the volatility of oil sector returns are significantly affected by its own shocks and its past volatility. And the insignificant

coefficient on $\varepsilon_{1,t}^2$ reveals that there is no evidence that the finance sector is affected by the immediate shocks (news effect) from the oil sector but still we cannot say that this sector is completely insulated from the oil shocks as the coefficient on $h_{1,t}$ (past volatility) is significant. But in the case of cross effects (indirect effects) both $\varepsilon_{1,t}$, $\varepsilon_{2,t}$ and $h_{12,t}$ (representing the news effect and its past volatility respectively) are reported significant and the magnitude is negative in the case of past volatility, suggesting that even though the immediate shocks emanating from the oil sector are not directly affecting the finance sector returns but still the sector is affected through certain indirect channels. And as mentioned above the past volatility term is significant but negative which means once the market participants form expectations regarding the influence of oil price shocks on market returns and the oil price shocks are seemingly persistent, then the investors are more likely to dwindle their volume of speculative investments, which will eventually reduce the over all market volatility.

The oil-energy model tells us that the energy sector returns are significantly affected by its own news and past volatility (the significant coefficients on $\varepsilon_{1,t}^2$ and $h_{22,t}$). And it is also affected by the shocks emerging from the oil sector since both the news effect and past volatility are found significant suggesting the fact that the energy sector is quite exposed to the oil shocks. But there is no evidence reported for any kind of cross effects in this sector, indicating that unlike the finance sector the quantum of speculative investments are quite less in energy sector.

From the oil-auto model, we see that the news effect from the oil sector significantly affect the auto sector returns, but the past volatility term (coefficients on $h_{1,t}$) is insignificant, which reveals that the auto sector is not much vulnerable to the oil shocks in the long run. This result is bit surprising as the auto sector is one such sector where oil is used as a basic input, this result suggests that the investors, by and large do not expect a drastic fall in auto mobile sales in long run, this is true in the case of an emerging country like India. And from the insignificant coefficients on $h_{12,t}$ and $\varepsilon_{1,t}$, $\varepsilon_{2,t}$ it is clear that there is no cross (indirect) effects affecting the auto sector returns which shows that there is not much speculative investments are flowing to this sector.

Overall, this paper finds that there is transmission of shocks between oil sector and some of the examined equity sectors. Factors like, efficiency in information exchange and cross market hedging could be the major reasons for this phenomenon. The findings of this paper are novel as no significant studies have conducted to identify the dynamic shock transmission mechanism between crude oil price shocks and response of various Indian equity sectors.

6. CONCLUDING REMARKS

This paper examined the shock transmission between oil prices and S&P CNX NIFTY index and three of its indices namely: finance, energy, and auto. This analysis used daily data from January 5, 2004 to November 30, 2011. The study provides estimates of shocks and volatility transmission between oil returns and returns in various equity sectors.

India, being an emerging economy with very high dependency on crude oil import, volatility in crude oil prices is very crucial. As the retail petroleum prices are more or less under administrative mechanism and highly subsidised, the effects of oil price shocks may not affect the macroeconomic indicators immediately, but the scenario will be completely different in equity sector where any change in various factors like oil price shocks, foreign interest rate changes, foreign monetary policy announcements etc will be immediately reflected in various market indices. In that case it is very crucial to understand and identify the transmission mechanism of shocks and volatility emerging from oil market and its influence on various Indian stock market indices.

Overall, these results can provide useful information for various purposes like asset price model building, risk calculation, and forecasting. And more over it is very crucial for an investor in financial market to have a proper understanding about the volatility transmission mechanism over time and across different sectors to make suitable and optimal portfolio allocations.

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TABLES

TABLE (1)

	Auto	Finance	Energy	Nifty	Oil
Mean	0.000666	0.000653	0.000326	0.000581	0.000564
Median	0.001319	0.001363	0.000841	0.001265	0.0013
Maximum	0.140046	0.178069	0.154433	0.164137	0.164137
Minimum	-0.14004	-0.14413	-0.215993	-0.12846	-0.12846
Std.Dev.	0.017312	0.022421	0.019473	0.025867	0.025908
Skewness	-0.401845	-0.14077	-1.131095	-0.04974	-0.05271
Kurtosis	9.287202	8.92886	18.2821	7.305756	7.289397
Q(4)	29.58	36.592	8.18	4.67	5.017

Notes: The sample contains daily returns from January5, 2004 to November 30; 2011. The total number of observations is 1897. Q (4) is the Ljung-Box statistic for serial correlation for various series.

TABLE (2)

Oil						
$h_{11,t} = 1.05 \times 10^{-5} + 0.095 h_{11,t-1} + 0.1002 h_{12,t-1} + 0.005 h_{22,t-1} + 0.032 \varepsilon_{1,t}^2 + -0.006 \varepsilon_{1,t} \varepsilon_{2,t} + 0.073 \varepsilon_{2,t}^2$						
(10.49)	(11.01)	(.40)	(.94)	(4.94)	(-.147)	(.38)
NIFTY						
$h_{22,t} = 5.83 \times 10^{-6} + 0.027 h_{11,t-1} + -0.097 h_{12,t-1} + 0.086 h_{22,t-1} + 0.001 \varepsilon_{1,t}^2 + -0.037 \varepsilon_{1,t} \varepsilon_{2,t} + 0.128 \varepsilon_{2,t}^2$						
(.17)	(19.91)	(-0.014)	(64.44)	(9.13)	(-0.85)	(8.80)

Notes: h_{11} denotes the conditional variance for the oil return series and h_{22} is the conditional variance for the NIFTY sector series. Reported directly below the estimated coefficients are the corresponding t -values in parenthesis. The mean equation included a constant term and a lagged term which were significant at conventional levels.

TABLE (3)

Oil						
$h_{11,t} = 1.05 \times 10^{-5} + 0.095 h_{11,t-1} + 0.1002 h_{12,t-1} + 0.005 h_{22,t-1} + 0.032 \varepsilon_{1,t}^2 + -0.006 \varepsilon_{1,t} \varepsilon_{2,t} + 0.073 \varepsilon_{2,t}^2$						
(10.49)	(11.01)	(0.40)	(0.94)	(4.94)	(-0.14)	(0.38)
Finance						
$h_{22,t} = 5.83 \times 10^{-6} + 0.027 h_{11,t-1} + -0.097 h_{12,t-1} + 0.086 h_{22,t-1} + 0.001 \varepsilon_{1,t}^2 + -0.037 \varepsilon_{1,t} \varepsilon_{2,t} + 0.128 \varepsilon_{2,t}^2$						
(0.17)	(19.91)	(-0.01)	(64.44)	(9.13)	(-0.85)	(8.80)

Notes: h_{11} denotes the conditional variance for the oil return series and h_{22} is the conditional variance for the finance sector series. Reported directly below the estimated coefficients are the corresponding t -values in parenthesis. The mean equation included a constant term and a lagged term which were significant at conventional levels.

TABLE (4)

Oil						
$h_{11,t} = 1.05 \times 10^{-5} + 0.095 h_{11,t-1} + 0.1002 h_{12,t-1} + 0.005 h_{22,t-1} + 0.032 \varepsilon_{1,t}^2 + -0.006 \varepsilon_{1,t} \varepsilon_{2,t} + 0.073 \varepsilon_{2,t}^2$						
(10.49)	(11.01)	(0.40)	(0.94)	(4.94)	(-0.14)	(0.38)
Energy						
$h_{22,t} = 5.83 \times 10^{-6} + 0.027 h_{11,t-1} + -0.097 h_{12,t-1} + 0.086 h_{22,t-1} + 0.001 \varepsilon_{1,t}^2 + -0.037 \varepsilon_{1,t} \varepsilon_{2,t} + 0.128 \varepsilon_{2,t}^2$						
(0.17)	(19.91)	(-0.01)	(64.44)	(9.13)	(-0.85)	(8.80)

Notes: h_{11} denotes the conditional variance for the oil return series and h_{22} is the conditional variance for the energy sector series. Reported directly below the estimated coefficients are the corresponding t -values in parenthesis. The mean equation included a constant term and a lagged term which were significant at conventional levels.

TABLE (5)

Oil						
$h_{11,t} = 1.05 \times 10^{-5} + 0.095 h_{11,t-1} + 0.1002 h_{12,t-1} + 0.005 h_{22,t-1} + 0.032 \varepsilon_{1,t}^2 + -0.006 \varepsilon_{1,t} \varepsilon_{2,t} + 0.073 \varepsilon_{2,t}^2$						
(10.49)	(11.01)	(0.40)	(0.94)	(4.94)	(-0.14)	(0.38)
Auto						
$h_{22,t} = 5.83 \times 10^{-6} + 0.027 h_{11,t-1} + -0.097 h_{12,t-1} + 0.086 h_{22,t-1} + 0.001 \varepsilon_{1,t}^2 + -0.037 \varepsilon_{1,t} \varepsilon_{2,t} + 0.128 \varepsilon_{2,t}^2$						
(0.17)	(19.91)	(-0.01)	(64.44)	(9.13)	(-0.85)	(8.80)

Notes: h_{11} denotes the conditional variance for the oil return series and h_{22} is the conditional variance for the auto sector series. Reported directly below the estimated coefficients are the corresponding t -values in parenthesis. The mean equation included a constant term and a lagged term which were significant at conventional levels.

NEED OF HOUR: ACTION TANKS NOT THINK TANKS**NAGURVALI SHAIK****ALUMNI****K L UNIVERSITY****GUNTUR****PUJITHA VALLBHANENI****ALUMNI****KONERU LAKSHMAIAH UNIVERSITY****GUNTUR****VINOD ADAPALA****ALUMNI****K L UNIVERSITY****GUNTUR****ABSTRACT**

In today's global village, organizations are facing stiff competition. Each organization is trying to create competitive edge over its competitor. To do so, top management formulates various strategies. It is said that the greatest strategy wins the war of competition. Analogous to this situation, world also has grown enormously in information sharing with the advent of Internet; where every information starting from making of a pin to making of automobile is available to each and every corner of the world. Every individual has grown in their Intellectual Quotient, making them knowledge workers. The future of an organization is forecasted by many intellectual brains in a better way – "think tanks". Think tanks are those who are open to new ideas, new concepts and appreciate change and always experimenting. But who is going to take these strategies a step forward? Undoubtedly answer would be "action tanks". Action tanks are those who get things done efficiently and effectively. This conceptual paper includes arguments favouring action tanks, arguments favouring think tanks, situations that made use of these terms, followed by concluding that India being a developing country in need of action tanks who can directly 'execute' the given task and contribute to the success of organization rather than 'thinking' alone.

KEYWORDS

Action Tanks, Think Tanks, Strategy, knowledge workers.

1. PREAMBLE

The world is now experiencing Information Age, in which the individuals are able to transfer information freely and have instant access to information without any difficulty. The challenge for present era is to harness the vast reservoir of knowledge and information available. On the other side, competition among firms is increasing with swift phase where it is noticed that the speed of a computer processor doubles by every 18 months and Nokia says their product life cycle changes for every 6 months. Use of human capital is a strategy that firms identify as the best and competitive advantage factor. Organizations started believing that human assets are significant in winning competition. Human resources create and implement strategies. Management thinking recognized the importance of strategic formulation, hence envisages vision, mission, strengths, weaknesses, opportunities, threats, long term objectives and strategy selection. Firms not fail in formulating strategies but in implementation of strategies. It is very difficult to implement the predetermined plan with precision. Contemporary management thinking identifies importance of strategy implementation. Now, it is said that strategic implementation is crucial for organizational success. Thus firms are in search of people who are action oriented. Organizations can possess and maintain such people through recruitment function and performance appraisal respectively.

This paper conceptual in nature provides a framework of skills and attributes test for differentiating action tanks and think tanks during selection process, so that organizations can easily differentiate applicants and hire action tanks. It endeavours to suggest a reward system that maintains action oriented people in the organization. It also includes, arguments favouring both action tanks and think tanks with examples and concludes that action oriented individuals are need of the hour.

2. CONCEPTUAL FRAME WORK**2.1 THINK TANKS**

There are two meanings identified for the term "Think Tank". First, think tanks as organizations and second think tanks in organizations.

THINK TANKS AS ORGANIZATIONS

The term think tanks originated during 19th century. Think tank represents an organization that sponsors research on specific problems, encourages discovery of solutions and facilitates interaction among scientists and intellectuals in pursuit of these goals. Today there are many organizations involved in acquiring and disseminating knowledge. These organizations specialize in collecting knowledge about management practices, storing it and then transferring the information to those who need such information about enhancing performance.

THINK TANKS IN ORGANIZATIONS

Think tanks in organizations are the individuals who create strategies for the organization. The critical thinker, better problem-solver and better decision-maker, who thinks critically, accurately, knowledgeably, and fairly while evaluating the reasons for a belief or for taking some action.

Thinking is core competency for leaders and managers and one of the best ways to set an organization apart from the competition. They are characterised by the ability to perceive the world in new ways, to find hidden patterns, to make connections between seemingly unrelated phenomena, and to generate solutions. Generating fresh solutions to problems, and the ability to create new products, processes or services for a changing market, are part of the intellectual capital that give a company its competitive edge. Having new insights is a crucial part of the innovation equation.

Thinking can help organizations manage the innovation process and overcome some of the barriers that prevent leaders from being effective innovators. Art and design processes help people develop fresh thinking through aesthetic ways of knowing, imagination, intuition, re-framing and exploring different perspectives.

2.2 ACTION TANKS

There are two meanings identified for the term "Action Tank". First, action tanks as organizations and second action tanks in organizations.

ACTION TANKS AS ORGANIZATIONS

Action tank represents an organization that puts ideas into action; implement them successfully to make certain output. Many organizations fall under the category of action tanks. Specifically, sub units of giant manufacturing firm acts as action organizations, whose duty is to manufacture goods according to requirements, policies of major unit.

ACTION TANKS IN ORGANIZATIONS

Action tanks in organizations represent individuals who implement ideas and achieve the given task. They are go-getters, achievement oriented, adaptable and believe in results, who promptly acts based on situation to achieve the given task. Action tanks are those who get things done efficiently and effectively. More precisely, who gets the results are action tanks.

3. DESCRIPTION OF THINK TANKS AND ACTION TANKS

In the present context, as part of human resources function, think tanks and action tanks are considered as individuals working in organizations.

3.1 THINK TANKS

Think tanks are those who are open to new ideas, new concepts and appreciate change and always experimenting. They are creative types, always experimenting. Their strength lies in willingness to experiment and change and try new things, new processes, invent new products or services. But they may not understand the processes and issues required to bring these new concepts to market.

Think tanks examine the underlying assumptions and radically question or doubt the validity of arguments, assertions and even facts of concept. The ability to think requires reflection, induction, deduction, analysis, challenging assumptions and evaluation of information to guide decision making.

3.1.1 QUALITIES OF A THINK TANK

Subject expertise and creativity are two major qualities proposed to be found in think tanks.

Subject Expertise – domain expert, technical know-how

They are experts in particular area of concern. They are people with special knowledge or skills in a particular area of endeavour.

Creativity – clever, imaginative, artistry

It is the ability to produce something new through imaginative skill, generation of new ideas, alternatives or possibilities that may be useful in solving problems. Individuals view things in new ways or from a different perspective and they are able to generate alternatives or new alternatives. Sometimes, they generate unique alternatives.

3.1.2 ARGUMENTS FAVOURING THINK TANKS

Argument 1: Strategy is a reaction to environmental changes.

As the external environment (political, economic, social, technological and legislation) changes, strategists form new strategies for the organization. Strategists are generally top management who are aware of company environment and analyze present position to suggest a new strategy; to build on company's strengths and to overcome company's weaknesses. Strategists are think tanks. Thus think tanks enable organization to face competition.

Argument 2: Strategy sets direction for organizations.

The business strategy of a company provides the big picture that shows how all the individual activities are coordinated to achieve a desired end result. It is through the strategy process that the overall direction of the business is set. This is based on the opportunities and threats in the outside world and the internal strengths and weaknesses of the business. Hence, think tanks set direction for organizations. A well thought-out strategy keeps you focused and on-target.

Argument 3: Strategies provide management with a means to motivate employees towards organizational performance.

In organizations, think tanks are responsible for creation of policies, procedures and reward systems. Reward system acts as management control system that motivates all employees in the organization to act in favor of organization. An effective management control system designed by think tanks ensures goal congruence thereby increasing organizational performance.

3.2 ACTION TANKS

Action tanks are those who get things done efficiently and effectively. They are field based. The work done by an action tank affects the Think Tanks in a series. It shows a progressive effect. Every individual's work can be calculated and study the impact of think tanks. To get action tanks is a difficult task as the words of an individual are always questionable. The only option left for the organisations is trust them based upon certain competencies and skills. To do a competency mapping it takes time and money for an organisation. Regardless of the efforts still the action tanks are rarely found. Recruitment, pre-selection process, pre-orientation, written test, operation/technical round, HR round with a good number of procedures are conducted only to guarantee that the selected individual can perform the work to his/her 100% contribution and efforts. Pareto's principle - the 80-20 rule is still being the truth where 80% of the employees contribute to 20% of profits and 20% of the employees contribute to 80% of profits. Are the designs, policies, strategies', are proving weak? When an action tank is selected the organisation is considered to be the luckiest.

3.2.1 QUALITIES OF ACTION TANKS

Go-getter and extroversion are two major qualities proposed to be found in think tanks.

GO-GETTERS - EAGER BEAVER, SELF-STARTER, NUMERO UNO, AND LEADER OF THE PACK

A "go-getter" is someone who really tries hard to fulfil their dreams or performs above and beyond the expected amount. They utilise all the resources required to achieve the goal and possess Just-do-it attitude. They go above and beyond the call of duty and are concerned with external reality than inner feelings.

EXTROVERTS – GREGARIOUS, OUTGOING

Extroverts are the individuals concerned more with practical realities than with inner thoughts and feelings. If the task is not achievable they choose another path to achieve it. They are more pragmatic.

3.2.2 ARGUMENTS FAVOURING ACTION TANKS

Argument 1: Highly performing employees drive organizational performance.

The contemporary management concept believes in "Management by Results". High performing employees produce results on which organization's future is highly dependent. Only, implementation enables, ensures organization to move forward in its business operations.

Argument 2: Thinking just to be thinking is counterproductive.

Boastful ideas may demand organizations to change their policies, organogram or culture there by misleading to counterproductive. By virtue huge organizations require to spend its time, money and effort investment in making structural changes and sometimes impracticable. It is difficult for manufacturing, complex administrative set ups, long channels of distribution to quickly implement changes.

Argument 3: "Knowledge is not enough; we must apply. Willing is not enough we must do." Goethe.

Only thinking is not enough implementation justifies thinking process. Ideas are of no use until they are promptly implemented. The proof of their value is their implementation. (Theodore Levitt, 2002). Every idea may not be feasible to all organizations. One idea may suit to particular organization and the same might be useless for others. Many people who are creative think that having ideas makes their job complete and do not hold responsibility to implement upon those ideas. Knowledge is has no power until it is applied.

Argument 4: Myth: Articulation is accomplishment

People think having idea as most imperative in global scenario. But knowledge not applied at right time is merely useless. Every year, companies spend billions of dollars on training programs and management consultants, searching for ways to improve. But it's mostly all talk and no action. According to Jeffrey Pfeffer and Robert I. Sutton, authors of *The Knowing-Doing Gap*, ideas are important, but they're only valuable after they've been implemented. One average idea that's been put into action is more valuable than a dozen brilliant ideas.

Argument 5: Transitioning ideas to action

To get a creative idea is one thing, but to get it transitioned into implementation ensures organizational success. Many organizations with abundant ideas fail to transmit them into execution.

Argument 6: High performers are scarce and significant

The fact that you can put a dozen inexperienced people into a room and conduct a brainstorming session that produces exciting new ideas shows how little relative importance ideas themselves actually have. Almost anybody with the intelligence of the average businessman can produce them, given a halfway decent environment and stimulus. The scarce people are those who have the know-how, energy, daring, and staying power to implement ideas. (Theodore Levitt, 2002)

Argument 7: Implementation of ideas lead to achievement of business goals but not just ideas.

Whatever the goals of a business may be, it must make money. To do that, it must get things done. But having ideas is seldom equivalent to getting things done in the business or organizational sense. (Theodore Levitt, 2002)

4. COMPARISON OF THINK TANKS AND ACTION TANKS

Thinkers vs. doers

Think tanks are thinkers. They are someone who explores and considers all possibilities. His thinking is not bound by rules or doctrines, and he tries his best not to use emotions to justify his ideas. Plus, he realizes that concepts such as right and wrong have a transitory nature. Action tanks are doers and they are the people who get things done.

Abstract vs. Pragmatism

Think tanks are abstract. It's being in existence in thought or as an idea but not as concrete existence. Action tanks are pragmatic. They consider situations in very practical way and respond immediately to those situations. It signifies the insistence on usefulness or practical consequences as a test of truth.

Knowledge based vs. Field based

Think tanks are knowledge based. They collect, analyze information to take wise decisions. Action tanks are field based. They receive experience from practical exposure and use them in achieving present goal.

5. A FRAMEWORK FOR IDENTIFYING THINK TANKS AND ACTION TANKS

An organization can recruit action oriented people by inclusion of frame work during skill and attribute test of selection. Table 1 shows a framework of skills and attributes test for identification of think tanks and action tanks during selection process.

TABLE 1: FRAMEWORK OF SKILLS AND ATTRIBUTES TEST FOR IDENTIFYING THINK TANKS AND ACTION TANKS DURING SELECTION PROCESS

Category	Criteria of evaluation
Organization Skills	X1: Innovative
	X2: Decision Quality
	X3: Logical in thinking
	X4: Action oriented
	X5: Drive for results
	X6: Motivating others
	X7: Team work
Personality Attributes	X8: Extroversion
	X9: Machiavellianism
	X10: Openness to Experience
	X11: Risk taking
	X12: Self-monitoring
	X13: Type A and Type B personality

According to the framework, an applicant can be measured for organization skills and personality attributes. These two criteria consists thirteen attributes as shown in figure1. Employer has to rate applicant for these attributes on a scale of 1 to 5. Scores are interpreted on individual attribute basis as portrayed under.

ORGANIZATION SKILLS

These skills identify applicant's capability during performance of a job. These skills include seven attributes to be calculated to determine whether the job applicant is an action tank or think tank. Attributes that determine organization skills of an applicant envisage innovative, decision quality, logical in thinking, action oriented, drive for results, motivating others and team work.

X1: Innovative –

Innovation is the creation of unique ideas. For business operations innovation is catalyst to growth. In the organizational context, innovation may be linked to positive changes in efficiency, productivity and quality. It is said that need is mother of innovation. The measure of innovation at the organization level relates to individuals, team-level assessments and organization level. During recruitment process applicant's individual level of innovation should be rated.

X2: Decision Quality –

Decision is a choice between two or more alternatives. Quality of decisions mostly depends on available information and prompt analysis. Think tanks presumably can make high decision quality. Quality of decision is dependent on optimum utilization of available resources.

X3: Logical in Thinking –

Logical thinking is a learned mental process. The American Philosophical Association (APA) defined critical thinking as purposeful, self-regulatory judgment that uses cognitive tools such as interpretation, analysis, evaluation, inference, and explanation of the evidential, conceptual, methodological, criteriological, or contextual considerations on which judgment is based.

X4: Action oriented –

An action-oriented person by nature will take on big goals and go after them full force. I they don't like to take too much time to plan and prepare. They believe in the "ready-fire-aim" approach to life. They are alright with making mistakes and fixing them after the fact.

X5: Drive for results –

They are energetic people who demonstrate a vigorous drive for results have a positive effect on their team members. Their compassion doesn't impede their business acumen. Nor does their business acumen impede their compassion. Since a champion is self-aware, they know their natural tendencies and where they need to compensate for their lack of skills.

X6: Motivating others –

It is the ability of an individual to persuade others in the required direction to get things done. Action oriented people are expected to motivate others in the pertinent direction so that actual aim of action oriented people is achieved.

X7: Teamwork –

Teamwork is the ability to work together toward a common vision. It is the ability to direct individual accomplishments toward organizational objectives. Each individual have different responsibilities in a team resulting in synergetic effect.

SCORE INTERPRETATION OF ORGANIZATION SKILL VARIABLES

Applicants those who score high on X1, X2 and X3 variables can be interpreted as think tanks. Because these three attributes reflect qualities of a think tank. Applicants those score high on X4, X5, X6 and X7 variables can be interpreted as action tanks as these variables reflect qualities of an action tank.

PERSONALITY ATTRIBUTES*X8: Extroverts -*

Extroverts are the individuals concerned more with practical realities than with inner thoughts and feelings. If the task is not achievable they choose another path to achieve it. They are more pragmatic.

X9: Machiavellianism-

It is the ability of an individual to be successful in political and social engagements. Machiavellianism reaps benefits by manipulation and feel no empathy when their actions harm others.

X10: Openness to Experience -

Openness to Experience is characterized by an eagerness to try new things and ideas, and a broad-minded, non-judgmental approach to life. Open people are self-aware and have a high tolerance for ambiguity. Routines bore them and they like to challenge authority. A sub-trait of Adventurousness leads them to embrace risks and seek constant change.

X11: Risk taking -

Risk taking refers to the tendency to engage in behaviours that have the potential to be harmful or dangerous, yet at the same time provide the opportunity for some kind of outcome that can be perceived as positive.

X12: Self-Monitoring -

It is the ability of an individual to adjust his or her behaviour with external and situational factors. Self-monitoring theory deals with the phenomena of expressive controls. People who closely monitor themselves are categorized as self monitors.

X13: Type A and Type B personality

Type A personality

They always move rapidly, feel impatient with the rate at which most events take place; strive to think or do two or more things at once; are obsessed with numbers, measuring their success in terms of how many or how much of everything they acquire.

Type B personality

They never suffer from a sense of time urgency with its accompanying impatience; feel no need to display or discuss either their achievements or accomplishments; play for fun and relaxation, rather than to exhibit their superiority at any cost.

SCORE INTERPRETATION OF PERSONALITY ATTRIBUTES

Applicants who score high on all i.e. X8, X9, X10, X11, X12 and X13 variables of personality attributes can be interpreted as action tanks and on the other extreme those who score low are interpreted as think tanks.

An overall score of an applicant represents whether he/she is a think tank or action tank. On any of these variables ranging from X1 to X13 if an applicant scores average, such a variable is discarded from the total score.

6. PERFORMANCE APPRAISAL AND REWARD SYSTEM:

The competencies of an action tank are analysed at the time of selection. Organisations also follow the path of reflecting the competencies in terms of designing a performance appraisal and evaluating them. One of the best Performance appraisal methods is Performance Based Pay. In this method the output required from the employee are calculated and also the costs incurred from recruitment to training. The rewards are paid based upon the production done. Exceeding the expectations would receive a high pay. Ultimately performance matters in an organisation. If the performance is weak there is a chance that either the strategy opted is wrong or competencies selected are wrong. Think tanks provide a globally used system to analyse the employees' performance. Most of the performance appraisal methods have the following competencies: skills (required for the job), Qualification, Training and Development, Workshops, Research, Innovation, Accuracy – Turn Around Time, Leadership, Networking, Inter-departmental Relations, Discipline, Proactive, Behaviour/Attitude, Production and Quality.

7. CONCLUSION

Think tanks provide organizations with ideas, strategies that possibly allow them to win the war of competition. Action tanks implement these ideas to ensure organizational success. Action tanks are of highest significant to organizations as they drive organizational performance and effectiveness. Organizations can attract and maintain such action tanks with proper selection process and reward system.

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