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PERCEPTIONS OF COMPANY SECRETARIES ON SUITABILITY AND IMPLEMENTATION OF CREDITOR SCHEMES OF ARRANGEMENTS AS A FINANCIAL RESTRUCTURING TOOL: A CASE STUDY OF ZIMBABWE'S LISTED MANUFACTURING COMPANIES

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ABSTRACT

Creditor Schemes of Arrangements, as court sanctioned settlement compromise or arrangement between a company and its creditors or any class of creditors, are perceived in other jurisdictions as usable and supportable tools for companies in financial difficulty. Notwithstanding the documented financial challenges that listed manufacturing companies in Zimbabwe have been facing since 2012, the implementation rate of Creditor Schemes in Zimbabwe remains very low in the foreseeable future. Based on the findings of this study, company secretaries employed by manufacturing companies in Zimbabwe remain indifferent on the suitability of Creditors Schemes of Arrangement as restructuring financial tools. The study also determined that there is no relationship between the secretaries' professional background and their perception on the usability and supportability of the Creditors Schemes of Arrangement as restructuring financial tools.

KEYWORDS

creditor scheme of arrangement, restructuring tool, suitability, usability, supportability. Perception, financial distress.

INTRODUCTION

According to Harris *et al.* (2013), the global financial crisis that began in 2007 brought a substantial tightening in business lending conditions making the obtaining of debt finance much more difficult than had previously been the case. Amongst the companies faced with difficulty in the wake of the crisis was Lehman Brothers, one of the five largest US investment banks and a globally significant financial services firm operating in many countries. Lehman Brothers unsuccessfully sought a government bailout and eventually filed for the largest bankruptcy in the history of United States of America (Lasher, 2013). Lehman Brothers Australia Limited on the other hand resorted to a scheme of arrangements involving a class of creditors and third parties as a viable restructuring tool (Corrs Chambers Westgarth Lawyers, 2013). In relation to the case of Lehman Brothers Australia Limited; Prestwich and Ho (2013) concluded that schemes of arrangements are very powerful and flexible instruments. Wood (2007) defines a scheme of arrangement as a court sanctioned compromise or arrangement between the company and its shareholders or any class of them, or its creditors or any class of them. He further asserts that schemes have been widely resorted to in large cases of financial difficulty. Though schemes are relatively uncommon in jurisdictions like the USA, they are a feature in countries where the laws are heavily based on English Laws according to (Burling and Edward, 2011). Zimbabwe is cited among UK-related jurisdictions who's Companies Acts bear provisions for these schemes of arrangement. Within the list is also included other African countries such as; South Africa, Botswana, Lesotho, Namibia, and Swaziland. In addition to England itself, Australia, Bermuda, Cayman, Hong Kong, Ireland and Singapore also form part of the list (Wood, 2007). It also follows that the processes relating to schemes of arrangements in these jurisdictions are almost identical to that of the UK both from a legal and operational perspective. The Zimbabwe Companies Act (Chapter 24:03) empowers companies to enter into schemes of arrangements under a section on Management and Administration. Schemes are not a new legal concept but have been in use for over a century for a variety of purposes, including implementing takeovers and mergers. The usefulness of schemes had for some time been largely confined to insurance companies but is now recognised as a powerful restructuring tool by a wider range of companies (Windsor, 2009).

NEED FOR THE STUDY

The Zimbabwean macro- economic environment improved in 2009 when authorities replaced the local currency with multiple foreign currencies. The freedom of choice of currency signalled an end to hyperinflation, brought clarity in price discovery, a resurgence of financial institutions, business confidence and stability in price formulation (Bauer, 2013). Despite this unprecedented move and the renewed hope for economic growth and stability, the manufacturing sector however continued to report a host of challenges to their viability, most of which were financial. The Confederation of Zimbabwe Industries (CZI) identified lack of working capital, high operating costs and lack of energy and water, antiquated machinery, high labour costs and low domestic demand as key among the anomalies, constrains and challenges to the manufacturing sector (CZI Manufacturing Sector Survey 2013). Since 2009, StarAfrica Corporation Limited and PG Zimbabwe Limited were the only listed companies to have opted for Schemes of Arrangement involving creditors. Lifestyle Holdings Limited on the other hand, entered a Scheme of Arrangement with its shareholders, as part of its delisting process. The judicial manager of National Blankets Limited, an unlisted Zimbabwean Company domiciled in Bulawayo, was quoted attributing the company's recovery to the Distressed and Marginalised Areas Fund (DMAF) facility, a property disposal to National Social Security Authority (NSSA) and some Creditors' Scheme of Arrangement. For example, a specific endorsed scheme of arrangement gave National Blankets Limited a new lease of life which resulted in the stability that paved way for fresh investment into the Company (Mushawevato, 2014). The researchers noted that there is confirmation of Creditor's Schemes as a suitable tool by various sectors in other economies and even amongst unlisted local companies in Zimbabwe, while only a few locally listed manufacturing companies have implemented this financial restructuring tool. It is for these reasons that the researchers sought to undertake this study.

LITERATURE REVIEW

According to Finch (2002), Schemes of arrangements trace their roots to the Victorian legislation, with their usefulness including the reorganization of share capital, moratoria with creditors, takeover and merger transactions and altering the rights of policyholders creditors of insurance companies. The foregoing variety uses of Schemes and their ability to alter the rights of the company's shareholders, policyholders or creditors makes the procedure appropriate and available to both solvent and insolvent companies (Griffiths and Bull, 2009). Fisher (2000) associates a Scheme of Arrangements with a contract highlighting however that a Scheme may be brought into existence even without the assent of all the creditors who are to be bound by it; Schemes are also distinguished from mere agreements by parties in that they possess a statutory operation. In this regards, the author introduce the statutory nature of schemes. The extent to

which the rights can be altered and the purpose of the scheme is subjected to both the provisions of the Corporations Law and to those considerations of public policy which may militate against it being approved by the Court. (Fisher, 2000). In addition to complying with the public policy and the Corporation Law provisions, Fannon and Cuddihy (2010) highlighted that the court will not approve a scheme that is ultra vires the company. It follows therefore that the structuring of schemes should be done in consideration of the constitution, the Companies Act, or its equivalence and a Company's own Articles of Association. While acknowledging the existence of some limitations upon the structure of a scheme Fisher (2000) explains that the statutory procedures governing schemes nevertheless, permits great flexibility in devising suitable proposals for the re-organisation of a company's affairs.

Flexibility has emerged as a key feature of schemes as their terms not prescribed by legislation but only subjected to creditor approval and court sanction according to Katz and Shah (2012). Such flexibility has rendered them suitable for companies in distress as they may be able to negotiate creditors' settlements on a variety of terms according to Finch (2002). However, the fact that schemes are not a one-size-fits-all tool has brought in complications since Schemes have been tailored into increasingly complex arrangements where the needs of the company have to be balanced against any concerns expressed by courts and other parties (Freshfields Bruckhaus Deringer, 2013). According to Wood (2007) Schemes of Arrangements involving a company and its creditors 'Creditor Schemes', are useful procedures to secure compromise with creditors or a moratorium on debt. Fisher (2000) then identifies parties to such Creditor Schemes as only the company, on one part, and those of the company's creditors who are to be bound by it, on the other part.

Professor Tomasic (2013) states that companies are free to enter into privately arranged or court sanctioned compromise arrangement with each creditor individually. Privately arranged schemes are distinguished from court sanctioned schemes of arrangements in that the assistance of the courts is not required in the latter instance. Only a deed between the company, its creditors and the creditors inter se reflecting the arrangement is usually executed. On the other hand, a court sanctioned schemes of arrangement begins with an application to the court and also involve two court hearings. The application to the court by the company is to seek direction to call meetings of creditors. The next stage should be meetings of classes of creditors. The second and final court hearing comes after approval by the voting classes is obtained; it is at this stage when the court considers whether or not to sanction the scheme. Creditors are afforded the opportunity to attend court and challenge the scheme (Taylor Wessing, 2012). The final requirement is to deliver the court-sanctioned scheme for registration at the registrar of companies; after which, the Scheme cannot then be varied without court approval (Finch, 2002). The Australian Government's Department of Industry recognises that creditor schemes may also be informal and made between the company and its creditors. The main shortcoming of informal schemes is that other parties to the arrangement cannot do anything should a creditor refuse to participate or to be bound by the arrangement.

STATEMENT OF THE PROBLEM

Sections 191-194 of The Companies Act [Chapter 24:03] makes provisions for various Schemes of Arrangements including those schemes involving creditors. The successful use of Creditor Schemes by companies in financial challenges in similar economies where schemes are provided for is well documented and yet they remain underused in Zimbabwe according to Fitzpatrick *et al.* (2014). The Central African Stock Exchange Handbook of 2014 cites StarAfrica Corporation Limited and PG Zimbabwe Limited as the only two listed manufacturing companies to opt for Creditor's Schemes of Arrangements since 2009 while ten other listed companies delisted from the Stock Market in 2013 alone (Nyakazeya, 2013). Creditor Schemes of Arrangement therefore reflect a very low implementation rate for listed manufacturing companies in Zimbabwe and this rate could be traced to the disinclination of Company Secretaries employed by these corporates to recommend implementation of this financial restructuring tool. This reluctance could be explained by their perception on the suitability of Creditor Schemes within the Zimbabwean corporate framework. Therefore the study gathered empirical evidence relating to whether or not Company Secretaries consider Creditors Schemes of Arrangements to be a usable and supportable tool for use by listed manufacturing companies in financial difficulty.

OBJECTIVES OF THE STUDY

- To ascertain whether or not Company Secretaries employed by listed manufacturing companies in Zimbabwe perceive Creditor Schemes of Arrangements as a suitable financial restructuring tool in terms of usability and supportability.
- To establish whether or not a relationship exist between the Company Secretaries' perceptions on the usability and supportability of creditor schemes and their professional background.

HYPOTHESES

H1: Company Secretaries of listed manufacturing companies do perceive Creditor Schemes of arrangement as a suitable financial restructuring tool in terms of their usability and supportability.

H2: There is a significant relationship between the Company Secretaries' professional background and their perception on the suitability of Creditor Schemes of arrangement as a suitable financial restructuring tool in terms of usability and supportability.

METHODOLOGY

The researchers carried out a mixed research designed study, that is, both quantitative and qualitative research methodology in order to ascertain whether Company Secretaries employed by listed manufacturing companies perceive Creditors Schemes as a suitable option in Zimbabwe in terms of their usability and supportability. Descriptive statistics and ANOVA were used to analyse the data collected. A combination of Expert Review and Pilot Study were used to attest the research instrument's reliability and validity. Company Secretaries employed by 5 listed non-manufacturing companies served as respondents for the Pilot Study which scored a satisfactory Cronbach's Alpha of 0.719. For the main study, questionnaires were administered to 34 Company Secretaries employed by listed manufacturing companies in the Zimbabwe Stock Exchange.

SCOPE OF THE STUDY

The scope of the study is limited to the manufacturing companies listed in the Zimbabwe Stock Exchange in Harare, the capital city of Zimbabwe. As a result the findings of this study may not be generalisable outside the potential case study phenomenon that it represents.

ANALYSIS OF THE STUDY

TABLE 1: PERCEIVED SUITABILITY OF CREDITOR SCHEMES

| | Mean | Standard Deviation | Verbal Interpretation |
|---|---------------|--------------------|-----------------------|
| Perceived Usability of Creditor Schemes | 3.1548 | .66954 | Indifferent |
| Perceived Supportability of Creditor Schemes | 2.9107 | .43686 | Indifferent |
| Perceived Creditor Schemes' Suitability in terms of usability and supportability | 3.0327 | .48879 | Indifferent |

The statistics in Table 1 above indicates that company secretaries are overall indifferent as to whether or not Creditor Schemes of Arrangement are a suitable option for financial restructuring both in terms of usability and supportability. The overall or total mean of 3.0327 (SD=0.48879) lies within the 2.51-3.50 verbal interpretation region denoting or depicting indifference state of mind. Given the mean of 3.0327 in Table 1 above, Company Secretaries of listed manufacturing companies are indifferent on their perception of the suitability or unsuitability of the Creditor Schemes of arrangement in terms of both usability and supportability and hence the study fails to accept the hypothesis: Company Secretaries of listed manufacturing companies do perceive Creditor Schemes of arrangement as a suitable financial restructuring tool in terms of their usability and supportability.

TABLE 2: DESCRIPTIVE STATISTICS OF THE RELATIONSHIP BETWEEN PROFESSIONAL BACKGROUND AND PERCEIVED USABILITY OF CREDITOR SCHEMES

| Perceived usability | N | Mean | Std. Deviation | Std. Error | 95% Confidence Interval for Mean | | Minimum | Maximum |
|---------------------|-----------|---------------|----------------|---------------|----------------------------------|---------------|-------------|-------------|
| | | | | | Lower Bound | Upper Bound | | |
| Legal | 3 | 3.5833 | .14434 | .08333 | 3.2248 | 3.9419 | 3.50 | 3.75 |
| Finance/Accounting | 18 | 3.0833 | .69795 | .16451 | 2.7363 | 3.4304 | 1.75 | 4.00 |
| Total | 21 | 3.1548 | .66954 | .14611 | 2.8500 | 3.4595 | 1.75 | 4.00 |

Table 2 describes how the perceived usability mean of 3.1548 was distributed according to the professional background of the company secretaries. Respondents whose background is legal, generally disagreed that Creditor Schemes are a usable tool as reflected by a mean of 3.5833 (SD = 0.14434) which lies in between the Disagree mean range (3.51 - 4.50). On the other hand those of a financial/accounting background were in indifferent, evidenced by a mean of 3.0833(SD = 0.69795).

TABLE 3: DESCRIPTIVE STATISTICS ON THE RELATIONSHIP BETWEEN LEVEL OF EDUCATION AND PERCEIVED USABILITY OF CREDITOR SCHEMES

| Perceived usability | N | Mean | Std. Deviation | Std. Error | 95% Confidence Interval for Mean | | Minimum | Maximum |
|---------------------|-----------|---------------|----------------|---------------|----------------------------------|---------------|-------------|-------------|
| | | | | | Lower Bound | Upper Bound | | |
| Degree | 14 | 3.3304 | .66254 | .17707 | 2.9478 | 3.7129 | 1.75 | 4.00 |
| Master Degree | 7 | 2.8036 | .57217 | .21626 | 2.2744 | 3.3327 | 1.75 | 3.38 |
| Total | 21 | 3.1548 | .66954 | .14611 | 2.8500 | 3.4595 | 1.75 | 4.00 |

Table 3 statistics reflects a mean response on perceived suitability of 2.8036 (SD = 0.57217) for those with Master’s Degree compared to 3.3304 (SD=0.57217) for respondents with first degrees. Either means lie within the mean range (2.51 - 3.50) denoting or depicting the indifference state of mind.

TABLE 4: DESCRIPTIVE STATISTICS ON THE RELATIONSHIP BETWEEN LEVEL OF CURRENT EXPERIENCE AND PERCEIVED USABILITY OF CREDITOR SCHEMES

| Perceived usability | N | Mean | Std. Deviation | Std. Error | 95% Confidence Interval for Mean | | Minimum | Maximum |
|---------------------------------------|-----------|---------------|----------------|---------------|----------------------------------|---------------|-------------|-------------|
| | | | | | Lower Bound | Upper Bound | | |
| Less than 1 year | 3 | 3.2083 | .40182 | .23199 | 2.2102 | 4.2065 | 2.75 | 3.50 |
| 1 year or more but less than 5 years | 4 | 3.6875 | .31458 | .15729 | 3.1869 | 4.1881 | 3.25 | 4.00 |
| 5 year or more but less than 8 years | 6 | 2.8333 | .79713 | .32543 | 1.9968 | 3.6699 | 1.75 | 4.00 |
| 8 year or more but less than 10 years | 2 | 3.5000 | .35355 | .25000 | .3234 | 6.6766 | 3.25 | 3.75 |
| 10 years or more | 6 | 2.9792 | .75588 | .30859 | 2.1859 | 3.7724 | 1.75 | 3.62 |
| Total | 21 | 3.1548 | .66954 | .14611 | 2.8500 | 3.4595 | 1.75 | 4.00 |

Table 4 statistics describes how the perceived usability mean is distributed according to the current experience of respondents. Respondents with between one year and less than five years of current experience reflect a mean of 3.6875 (SD=0.31458) followed by those with between 8 and 10 years whose overall mean is 3.5000 (SD=.35355). Besides these two categories the rest fall deep within the indifference mean range as demarcated by the means 2.51 and 3.50.

TABLE 5: DESCRIPTIVE STATISTICS ON THE RELATIONSHIP BETWEEN PROFESSIONAL BACKGROUND AND PERCEIVED SUPPORTABILITY OF CREDITOR SCHEMES

| Perceived supportability | N | Mean | Std. Deviation | Std. Error | 95% Confidence Interval for Mean | | Minimum | Maximum |
|--------------------------|-----------|---------------|----------------|---------------|----------------------------------|---------------|-------------|-------------|
| | | | | | Lower Bound | Upper Bound | | |
| Legal | 3 | 3.2917 | .40182 | .23199 | 2.2935 | 4.2898 | 3.00 | 3.75 |
| Finance/Accounting | 18 | 2.8472 | .41911 | .09879 | 2.6388 | 3.0556 | 2.25 | 3.75 |
| Total | 21 | 2.9107 | .43686 | .09533 | 2.7119 | 3.1096 | 2.25 | 3.75 |

Table 5 statistics indicates that company secretaries with legal background were indifferent in their perception as to whether Creditor Schemes are supportability or not as reflected by a mean of 3.2917 (SD=0.40182). Those secretaries with finance/accounting background also reflected an indifference disposition as reflected by a mean of 2.8472 (SD = 0.41911). Both means indicate that professional background does not influence the perceptions of company secretaries on the supportability of Creditor Schemes.

TABLE 6: DESCRIPTIVE STATISTICS ON THE RELATIONSHIP BETWEEN LEVEL OF EDUCATION AND PERCEIVED SUPPORTABILITY OF CREDITOR SCHEMES

| Perceived supportability | N | Mean | Std. Deviation | Std. Error | 95% Confidence Interval for Mean | | Minimum | Maximum |
|--------------------------|-----------|---------------|----------------|---------------|----------------------------------|---------------|-------------|-------------|
| | | | | | Lower Bound | Upper Bound | | |
| Degree | 14 | 2.9643 | .47136 | .12598 | 2.6921 | 3.2364 | 2.25 | 3.75 |
| Master Degree | 7 | 2.8036 | .36698 | .13870 | 2.4642 | 3.1430 | 2.50 | 3.50 |
| Total | 21 | 2.9107 | .43686 | .09533 | 2.7119 | 3.1096 | 2.25 | 3.75 |

Table 6 statistics indicates that there is no relationship between the level of qualifications of the company secretaries and their perceptions on the supportability of Creditor Schemes. Company secretaries with Master’s degree scored a mean of 2.8036 (SD = 0.36698) while the mean for those with first degrees was 2.9643 (SD = 0.47136). Both means are consistent with the overall mean of 2.9107 (SD= 0.43686).

TABLE 7: DESCRIPTIVE STATISTICS ON THE RELATIONSHIP BETWEEN LEVEL OF CURRENT EXPERIENCE AND PERCEIVED SUPPORTABILITY OF CREDITOR

| supportability | N | Mean | Std. Deviation | Std. Error | 95% Confidence Interval for Mean | | Minimum | Maximum |
|---------------------------------------|-----------|---------------|----------------|---------------|----------------------------------|---------------|-------------|-------------|
| | | | | | Lower Bound | Upper Bound | | |
| | | | | | SCHEMES | | | |
| Less than 1 year | 3 | 2.7500 | .43301 | .25000 | 1.6743 | 3.8257 | 2.25 | 3.00 |
| 1 year or more but less than 5 years | 4 | 3.3125 | .38864 | .19432 | 2.6941 | 3.9309 | 2.88 | 3.75 |
| 5 year or more but less than 8 years | 6 | 2.8542 | .42878 | .17505 | 2.4042 | 3.3041 | 2.50 | 3.62 |
| 8 year or more but less than 10 years | 2 | 2.6875 | .26517 | .18750 | .3051 | 5.0699 | 2.50 | 2.88 |
| 10 years or more | 6 | 2.8542 | .47708 | .19477 | 2.3535 | 3.3548 | 2.50 | 3.75 |
| Total | 21 | 2.9107 | .43686 | .09533 | 2.7119 | 3.1096 | 2.25 | 3.75 |

According to the statistics in Table 7, company secretaries with 8 years but less than 10 years of current experience had the least mean of 2.6875 (0.26517), while those with 1 year but less than 5 years of experience reflected the highest mean of 3.3125 (SD = 0.38864). However, all the means of the five categories fell within the indifference disposition range, indicating that no relationship exists between the length of current experience of the respondents and their perceptions on the supportability of Creditor Schemes. Hence the hypothesis: there is a significant relationship between the Company Secretaries' professional background and their perception on the suitability of Creditor Schemes of arrangement as a suitable financial restructuring tool in terms of usability and supportability was rejected.

FINDINGS AND SUGGESTIONS

The results above indicate that the implementation of the Creditor Schemes of Arrangement as financial restructuring tool remains low in the foreseeable future.

Suggestion 1: Company Secretaries employed by listed manufacturing companies in the Zimbabwe Stock Exchange are generally undecided on the suitability of Creditor Schemes of Arrangements as financial restructuring tool in terms of usability and supportability. Regulators and other relevant bodies should engage with company secretaries of listed companies, as practitioners, on matters of financial restructuring during times of financial distress.

Suggestion 2: The professional background, education levels, professional affiliations and current experience of the company secretaries employed by listed manufacturing companies does not influence their perceptions on the suitability of Creditor Schemes of Arrangement as indicated by all the p values which are greater than the required significant level of 0.05 at 95% confidence interval. The phenomenon here is impacting negatively on the professional development and training of company secretaries in Zimbabwe.

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THE BARBIE v/s BRATZ CASE OF IPR INFRINGEMENT: A MARKETING CASE STUDY

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ABSTRACT

This case discusses the dispute between the leading brand of fashion dolls of toy world named Barbie of Mattel Inc. and another similar product of MGA Entertainment Bratz Dolls. This case discusses about the copyright infringement claims of Barbie over Bratz Dolls whose sketches were created by Bryant an employee of Mattel who pitched his idea and initial sketches to MGA during his employment tenure with Mattel and later resigned from it. The law states that any kind of invention or idea developed by an employee in employer's business interests and all the resulting confidential information is owned by the employer. Hence, this case holds importance for the businesses which depend upon key creative and commercially competitive business ideas.

KEYWORDS

IPR infringement, Barbie Vs. Bratz.

INTRODUCTION

Intellectual Property a wonderful term that helps a marketer flourish and groom its creative and innovative ideas in a healthy environment free from idea stealing and forgery. It could also be termed as a secured approach where in we, the marketing people can feel safe that no one else will be able to take the advantage of our precious genuine innovations / inventions / ideas. To make Intellectual Property strong it is supported by the laws with precise information as to how it does what it is actually supposed to do. These laws have different supportive limbs attached to them like trademarks, copyrights and patents that give IP its real strength. They help every individual marketer earn the expected financial benefit or the desired recognition out of their creativity or innovation.

But where there are laws, there exist the law infringements. There are various major and well known disputes of intellectual property rights infringement in marketing world. Out of which the most talked about case is the case of Barbie Dolls v/s Bratz Dolls. The feud is actually between Mattel (the makers of Barbie Doll) and MGA (the makers of Bratz Dolls).

ABOUT THE PRODUCTS OF MATTEL AND MGA

Barbie the product of American Mattel which has been the ruling giant as a brand in the Fashion Dolls market, created by Ruth Handler. Barbie is in fact the first toy to have been marketed extensively through television advertising and sold more than 350,000 Barbie dolls during the first year of production. Barbie in its forthcoming years became a cultural icon as its features are designed based on the looks of the natives of various different countries so that the kids of different countries could associate with it easily and comes in their native attires and festive dress codes. It has been given the rare honors in the Toy World for example in 1974 a section of Times Square in New York City was renamed Barbie Boulevard for almost a week. Similarly the famous artist Andy Warhol created a painting of Barbie in 1985^[1] and in 2013 in Taiwan, the first Barbie- Themed restaurant called "Barbie Café" opened.^[2]

PIC. 1



Bratz Dolls is actually the merchandize of MGA Entertainment. Initially four dolls were released in 2001 with the names – Cloe, Jade, Sasha, and Yasmin. They featured with almond shaped eyes and heavy makeup of lush and glossy lips.^[3] In 2005, global sales of these dolls reached two billion dollars and by 2006 it covered almost forty percent of the market share of fashion-doll.^[3]

PIC. 2



THE FEUD

The speedy capture of Fashion Dolls market by MGA Entertainment (creator of Bratz), made Barbie manufacturer Mattel respond to it by suing MGA about the Intellectual Property Rights. And ever since then the two California based companies have been tied up in the feud.

Mr. Carter Bryant, who was an employee of Mattel as the designer in "Barbie Collectibles" department pitched his idea of Bratz Dolls to MGA along with some initial sketches of the doll. MGA responded by offering him a consulting agreement and he resigned from Mattel.^[4] And after the Bratz dolls started achieving success in the market Mattel filed its first lawsuit in the United States Federal District Court for the Central District of California in 2004. The fact remains that the preliminary designs and prototype were generated during Carter's employment tenure with Mattel and hence makes Mattel its rightful owner of the dolls. Mattel had filed a Lawsuit against MGA Entertainment for \$500 million, hence, initially Court issued a verdict against MGA for infringing Mattel's Copyright and awarded Mattel US \$ 100 million.^[5]

BRATZ DOLLS AND PROTOTYPE

On December 3, 2008, the U.S. District Judge granted a permanent injunction to Mattel against MGA mandating it to remove all its Bratz product from the store shelves and reimburse the retailers for their loss and also to destroy all marketing material and molds and other production materials of the Bratz Dolls.^[6]

The U.S. Court of Appeals for the Ninth Circuit granted MGA an immediate stay of the injunction, and also allowed the retailers to sell MGA's product "Bratz Dolls". The court of appeals ordered both Mattel and MGA for an out of court settlement of their dispute.^[7]

The Ninth Circuit always test on the basis of two part Extrinsic/Intrinsic Test to distinguish between the appropriation of any idea within permissible limits and impermissible copying of an expression. Hence, in the "extrinsic" part the court segregated the protectable and unprotectable pieces of challenged works. The unprotectable elements like unoriginal elements and ideas were eliminated and what remained were the specifically original expressions of an idea which could be protected under copyright law. The Ninth Circuit Court also kept into consideration whether the idea could be expressed in many ways or few. If the idea can be expressed in many ways then the protection is deemed in a broad category otherwise it is of the "thin" category. So if your challenged work lies in the broad category then the challenged work would infringe if it is found to be "substantially similar" to the copyrighted work. Whereas if the copyright protection is in thin category, the challenged work will infringe only if it is "virtually identical" to the copyrighted work.^{[8][9]}

The Ninth Circuit Court disagreed with the District Court's decision of putting the challenged work in broad category stating that there are many human figure dolls in the market. Rather it explained that the features could be exaggerated only until they stop representing an ideal type and the doll looks odd. Thus, it was finalized that the scope of copyright protection lies in the thin category and District Court had applied the wrong standard of infringement. Though in case of the Bratz sketches, The Ninth Circuit agreed with the decision of the District Court that the sketches could be categorized in the 'broad' line of expressing the idea of a young hip female fashion doll which has overly exaggerated features and uses makeup, fashion accessories, designer clothing and hair color etc.. However, while applying the "substantially similar" test to sketches it was found out by the Ninth Circuit that the unprotectable elements were not filtered out like the designer trendy outfits and unique poses.

Later on July 22, 2010, the Ninth Circuit Court of Appeals rejected the initial decision of district court mandating MGA to transfer all the copyrights and trademarks of Bratz Products to Mattel and gave the decision in favor of MGA Entertainment declaring the ownership of MGA on Bratz Brand.^[10]
[11]

Later the jury found that Mattel's behavior was willful and malicious and hence awarded US \$ 3.4 million each for various instances carrying misappropriation which totaled upto US \$ 88.5 million (for 26 instances). However, the jury did conclude that MGA and its CEO interfered with the contractual relations with Mr. Carter Bryant and awarded Mattel a figure of US \$ 10,000.

CONCLUSION

The feud between Mattel and MGA has a significance a case which expresses the importance of well-drafted employment agreements. If the contract agreements are made more precisely keeping in view the claims of trade secrets and include the clearly defined scope of agreement in well defined language then such disputes of copyright infringement can be avoided. The companies which thrive upon Intellectual properties as their assets should not leave any scope for its theft. Thus every employer should be keen on identifying the concepts and creative ideas on which an employee is working on while he is employed. A confidential agreement should always be signed by the employees so as to keep the trade secrets and intellectual property of the company/employer safeguarded.

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BUYING BEHAVIOR OF COLLEGE GIRLS TOWARDS QUILLING AND TERRACOTTA JEWELLERY WITH REFERENCE TO COIMBATORE CITY

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ABSTRACT

Quilling or paper filigree is an art form that involves the use of strips of paper that are rolled, shaped, and glued together to create decorative designs. The paper is rolled, looped, curled, twisted and otherwise manipulated to create shapes which make up designs to decorate greetings cards, pictures, boxes, jewellery and mobile covers etc. Terracotta, terra cotta or terra-cotta, a type of earthenware, is clay. Its uses include making vessels (notably flower pots), pottery, jewellery, surface embellishment in building construction and sculptures. Coimbatore being the educational hub with more number of colleges and more youth population buying behavior has changed drastically. Females want innovative accessories to differentiate them from others. More importance to fashion accessories among girls resulted in buying quilling and terracotta jewellery for their unique colors, less weight and feeling of closeness to nature since the jewellery are made from paper and clay. The objective of the study is to discuss buying behavior of college girls towards quilling and terracotta jewellery with reference to Coimbatore city. Primary research and secondary research is done for the purpose of the study. It is found that customers like quilling and terracotta jewellery for their eco friendliness, customization, and colors and for affordability. It was found in the study that there is awareness of eco friendly jewellery amongst college girls in Coimbatore. It is also found in study that college girls like quilling jewellery more than terracotta jewellery.

KEYWORDS

Buying Behaviour, Terracotta Jewellery, Quilling Jewellery.

INTRODUCTION

The Indian imitation jewellery market has emerged as one of the rapidly growing business segments of the country. Low cost, innovative designs and rise in fashion among the rural and urban folk compared to original jewellery have made the business particularly popular throughout the country. Indeed, the imitation jewellery market in India is anticipated to grow at a CAGR of around 20% over the period 2014-2018, says RNCOS in its latest report Disposable income to buy gold jewellery in Indian households has dried up so they have shifted more to fashion jewellery to buy different varieties. Human beings have an inherent love of beauty. The art of making and wearing jewellery dates back to ancient civilizations. The oldest jewellery was made from natural materials such as clay, wood, horn; bone etc. Terracotta jewellery is one of the oldest forms of jewellery in the world. Terracotta is an Italian word that means "cooked earth". Terracotta is hard red earthenware. It is ceramic. It is used to refer to items made out of this material and to its natural, brownish orange color. It is used for making earthen handicrafts and pots and nowadays jewellery etc. They are available in beautiful color combinations. The varied cultures and moods of Indian heritage have given rise to many challenging crafts which are reflected in terracotta fashion jewellery. They are popular because of their ethnic style and beautiful bright colors. They are often handmade and its variety is at par with the expensive items in terms of beauty of design and the variety offered. Terracotta fashion jewellery has a rustic and a very earthen appeal. It is in vogue as an accessory with the traditional as well as the contemporary casual wear. The products include necklaces, chokers, earrings, bracelets, bangles, danglers and pendants. The process involves purifying the clay, shaping and designing the wet slab. After drying it completely it is fired in a kiln at a very high temperature to give it a stone consistency. When clay is fired, it can take a natural brick color or shades of brown, pink, or even white, depending on the quality of clay. When clay is fired in the kiln with saw dust, it is burnt a natural black. It is then hand-painted in a myriad of colors to complement ethnic as well as Indo-western outfits.

Quilling jewellery uses paper as a base material to do the jewellery. The paper strip is rolled in fingers or using a tool called a quilling needle. The coil is then released and then glued at the tip and then shaped. These shaped coils are arranged to form flowers, leaves, and various ornamental patterns. Though quilling jewellery seems to be a new technique, the art of quilling dates back to 18th century where the European ladies practiced in leisure time. Quilling and terracotta jewellery are ethical and eco friendly jewellery which is made with paper and clay respectively. Quilling and Terracotta jewellery are generally made by house wives, working women, teenagers and college girls for wearing with their attire and also for sales. Mostly sale of this fancy and new jewellery is through sales exhibitions generally in colleges and also through online. Retail selling accounts only little.

LITERATURE REVIEW

Leon G. Schiffman and Lesile Lazar Kanuk alluded that many early theories concerning consumer behavior were based on economic theory, on the notion that individuals act rationally to maximize their benefits (satisfaction) in the purchase of goods and services. Later research discovered that consumers are just likely to purchase impulsively and to be influenced not only by family and friends, by advertisers and role models, but also by mood, situation and emotion. All these factors combine to form a comprehensive model of consumer behavior that reflects both cognitive and emotional aspects of consumer decision making.

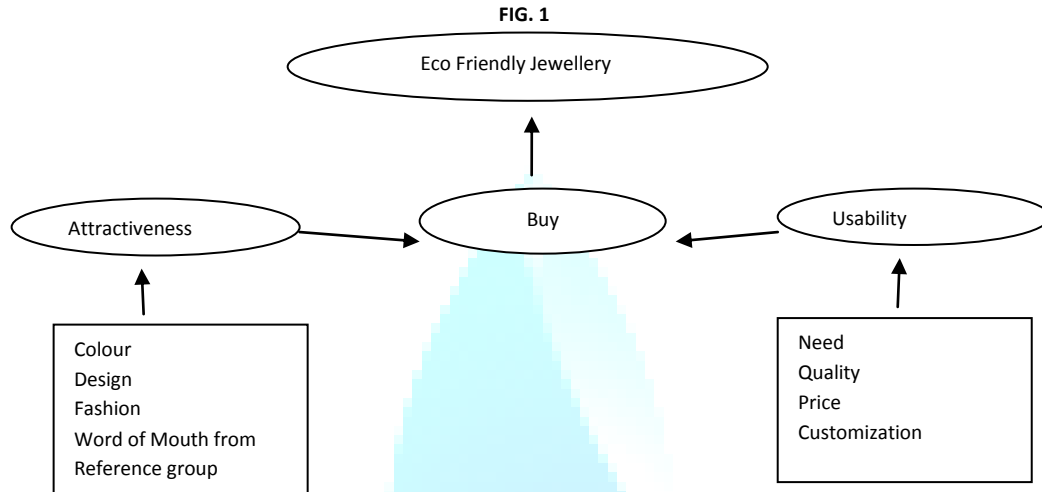
Joy D.Linquist and M.Joseph Sirgy say consumer takes decision out of motivation arousal. Motivation arousal is the sense of drive to action. Once a problem is recognized consumer intends to take the action. He or she will have one or more motivation direction choices. The consumer makes a purchase in order to maintain satisfaction. Many purchases are made simply to maintain the status quo. They also said that customers do impulse purchase. When a consumer visits big bazaar or any large super market it is quite common to find certain products which are on deals or discounts. There would be certain percentage of shoppers who plan impulse under such conditions. These shoppers are important for retailers so they need to be motivated.

Females have particular perspectives and motives behind their purchases. The preference of consumers will help the marketer to attract and maintain their target group, Namita Rajput, Kesharwani & Akansksha Kanna (2012).

BUYING BEHAVIOR

The buying behavior is needed for the success of any organization. Consumer behaviour is a subject that deals with the factors that affect the buying behaviour of a consumer. It gives a clear idea that how consumer select, buy, use and dispose of product, service, ideas or experiences to satisfy needs and desires.(Kotler, 2003).consumer behavior reflects the totality of consumers decision with respect to acquisition, composition and disposition of goods, services, time and ideas

by (human) decision making units (overtime). Generally, every day consumers make many buying decision. The consumer gets attracted by visual indicators to buy the jewellery. The visual indicators like color, style design stimulate customers to buy the eco friendly jewellery. Consumers buy eco friendly jewellery based on attractiveness and usability. Certain factors which contribute customers to buy fashion jewellery are price, customization, variety, design, need, fashion, quality, influence from friends and family. Life style plays an important role in consumer decision making. An individual or family's decision is committed to particular lifestyle. For college girls who are trendy wearing matching ornaments to their dress is a lifestyle issue. They wanted to wear the latest trends in market for the purpose of socialization with their friends. Most of the times people do impulse purchase for fashion jewellery. Impulse buying in general is an unplanned behavior.



METHOD OF ANALYSIS

The questionnaire method has been used to collect the sample of 200 customers in women’s age group between 17 – 24 using eco friendly jewellery. The study is based only to Coimbatore urban area. Descriptive research design is used for the study. Convenience sampling is used for the study. 200 college girls doing ug and pg in different colleges in Coimbatore is taken as sample. The questions have been asked through questionnaire and personal meet for collecting the information to find out the buying behavior. It has given clear idea about their needs and preference towards terracotta and quilling jewellery. To test the reliability of the set of items forming the scale a measure of construct reliability (Cronbach’s alpha) was computed. The alpha coefficient was found to be 0.845.

STATISTICAL TOOLS

- Percentage Analysis
- Fried Man Ranking Method

DATA ANALYSIS AND INTERPRETATION

TABLE 1: SHOWING AWARENESS OF COLLEGE GIRLS TOWARDS PAPER AND CLAY JEWELLERY

| Particulars | Number of Respondents | % of Respondents |
|----------------------|-----------------------|------------------|
| Quilling Jewellery | 118 | 59 |
| Terracotta Jewellery | 82 | 41 |

TABLE 2: SHOWING HOW RESPONDENTS CAME TO KNOW ABOUT PAPER AND CLAY JEWELLERY

| Particulars | Number of Respondents | Percentage of Respondents |
|----------------|-----------------------|---------------------------|
| Friends | 82 | 41 |
| Relatives | 39 | 19.5 |
| Advertisements | 48 | 24 |
| Others | 31 | 15.5 |

TABLE 3: SHOWING OCCASION FOR WHICH RESPONDENTS BUY PAPER AND CLAY JEWELLERY

| Particulars | Number of Respondents | Percentage of Respondents |
|-----------------------------|-----------------------|---------------------------|
| Birthday | 14 | 7 |
| Festival | 55 | 27.5 |
| Marriage | 34 | 17 |
| Gift | 28 | 14 |
| Daily usage | 46 | 23 |
| College Tours and Functions | 23 | 11.5 |

TABLE 4: SHOWING WHERE DO RESPONDENTS GO FOR SHOPPING TO BUY PAPER AND CLAY JEWELLERY

| Particulars | Number of Respondents | Percentage of Respondents |
|--------------|-----------------------|---------------------------|
| Fancy stores | 30 | 15 |
| Malls | 18 | 9 |
| E-Shopping | 69 | 34.5 |
| Exhibitions | 31 | 15.5 |
| Others | 52 | 26 |

TABLE 5: SHOWING EXPECTED PRICE RANGE IN WHICH RESPONDENTS BUY THE PRODUCT

| Particulars | Number of Respondents | Percentage of Respondents |
|-----------------|-----------------------|---------------------------|
| Rs100-Rs300 | 136 | 68 |
| Rs300-Rs500 | 36 | 18 |
| Rs 500 – Rs 900 | 17 | 8.5 |
| Above Rs 1000 | 11 | 5.5 |

TABLE 6: SHOWING WHICH JEWELLERY RESPONDENTS PREFER MORE

| Particulars | Number of Respondents | Percentage of Respondents |
|-------------|-----------------------|---------------------------|
| Gold | 31 | 15.5 |
| Silver | 19 | 9.5 |
| Fashion | 68 | 34 |
| Quilling | 52 | 26 |
| Teracotta | 30 | 15 |

TABLE 7: SHOWING RESPONDENTS DOING IMPULSE PURCHASE

| Particulars | Number of Respondents | Percentage of Respondents |
|-------------|-----------------------|---------------------------|
| Quilling | 60 | 30 |
| Teracotta | 51 | 25.5 |
| Others | 89 | 44.5 |

ANALYSIS USING FRIEDMAN TEST

FACTORS WHICH CONTRIBUTE TO PURCHASE DECISION OF QUILLING AND TERRACOTTA JEWELLERY

H0 : There is no significant mean difference in the mean ranks of the factors that contribute to purchase decision of quilling and terracotta jewellery

H1 : There is significant mean difference in the mean ranks of the factors that contribute to purchase decision of quilling and terracotta jewellery

TABLE 8.1.1: TEST STATISTICS

| | |
|------------|--------|
| N | 200 |
| Chi-Square | 82.805 |
| Df | 5 |
| Asymp.Sig | .000 |

TABLE 8.1.2: FACTORS CONTRIBUTES TO PURCHASE DECISION OF QUILLING AND TERRACOTTA JEWELLERY

| Particulars | Mean Rank | Rank |
|-------------|-----------|------|
| Price | 2.05 | 1 |
| Design | 2.65 | 3 |
| Colour | 2.61 | 2 |
| Fashion | 4.21 | 5 |
| Style | 3.55 | 4 |

The Significance level that is Asymp.Sig (.000) is less than nominal value (.05). Hence we reject null hypothesis H0 and accept alternate hypothesis H1. This confirms that there is significant difference between mean ranks of factors that contribute to purchase decision of quilling and terracotta jewellery.

The table clearly shows that most of the respondents rank price as the major factor that contributes to purchase decision of quilling and terracotta jewellery. Color is the 2nd place as per the study. Design and style are 3rd and 4th place respectively.

ANALYSIS USING FRIEDMAN TEST

PEOPLE INFLUENCING PURCHASE DECISION OF QUILLING AND TERRACOTTA JEWELLERY

H0 : There is no significant mean difference in the mean ranks of people influencing purchase decision of quilling and terracotta jewellery

H1 : There is significant mean difference in the mean ranks of people influencing purchase decision of quilling and terracotta jewellery

TABLE 9.1.1: TEST STATISTICS

| | |
|------------|--------|
| N | 200 |
| Chi-Square | 81.074 |
| Df | 5 |
| Asymp.Sig | .000 |

TABLE 9.1.2: PEOPLE INFLUENCING PURCHASE DECISION

| Particulars | Mean Rank | Rank |
|------------------------|-----------|------|
| Family | 3.09 | 4 |
| Friends | 2.25 | 1 |
| Relatives | 4.29 | 5 |
| Coworkers | 2.30 | 2 |
| Other college students | 3.07 | 3 |

The Significance level that is Asymp.Sig (.000) is less than nominal value (.05). Hence we reject null hypothesis H0 and accept alternate hypothesis H1. This confirms that there is significant difference between mean ranks of factors that contribute to people influencing purchase decision of quilling and terracotta jewellery.

The table clearly shows that most of the respondents rank friends are the people who influence to buy the jewellery. Co-workers and other college students are 2nd and 3rd place as per the study. Family ranks the 4th place and relatives influence is very less.

FINDINGS

- It is found that 59% of respondents know about quilling jewellery and 41% of respondents know about terracotta jewellery.
- 41% of respondents know about eco friendly jewellery from their friends
- 27.5% of respondents buy eco friendly jewellery for festival and 23% buy ecofriendly jewellery for daily usage.
- 34.5% of respondents buy eco friendly jewellery from online and mostly they get attracted from social networking sites. 26% of respondents buy from manufacturer. Manufacturer is mostly their friends, other college girls or neighbours.
- 68% of respondents buy jewellery between Rs 100 - Rs 300. Mostly they purchase earrings for wearing with different dresses. Next to earrings they prefer finger ring. They prefer chain set and anklets only for functions. They also said that if it is online purchase they purchase upto Rs 500. If it is from manufacturer, they used to purchase below Rs 300. Displaying price in the online motivate them to purchase more.
- 34% of respondents prefer fashion jewellery and 26% of respondents prefer quilling jewellery.
- 55% of respondents said that they do impulse purchase on eco friendly jewellery.
- Majority of respondents whose mean rank is 2.05 said that price is the main factor that contributes to purchase decision of quilling and terracotta jewellery.

- Majority of respondents whose mean rank is 2.25 said that friends influence their purchase decision.

RESULTS AND SUGGESTIONS

Most of college going females prefers fashion jewellery which is more viable to the changing trends like latest design, Comfort, look, elegance. Consumer prefers quilling jewellery compared to terracotta jewellery. The reason is for its affordability, lightweight, convenience, daily usage and trendy. Quilling jewellery goes good with all chudidhars and modern dresses compared to terracotta jewellery which is heavy and more traditional looking, going good with sarees. Since the respondents are college girls they prefer trendy accessories more compared to traditional accessories. They also wear terracotta jewellery once in a while for grand function and marriages. The respondent's complaint about terracotta jewellery is its cost which entrepreneurs should look to increase the customers for this category. Some of the college girls started doing quilling and terracotta jewellery by themselves so it is easy and fascinating for youngsters to purchase product from their co-students so that they can get for cheaper price and they can customize according to their dress colors. College girls learn this art by going to classes and from videos on net. They started learning for their own use and eventually it became business for more college girls by word of mouth. They feel happy because they started earning while they are studying and they feel confident to become an entrepreneur after completing their studies. Most of the girls do impulse purchase online getting attracted to advertisements in social media networks. They said sites like nakshatra; craftsvilla.com and sally's paper quilling are famous among them. They also feel that these jewelleries are available only from manufacturer and online retailers. There are very few shops that possess these jewelleries. Retailers can take this as an opportunity and can sell quilling and terracotta jewellery along with other artificial jewelleries to get more sales and also for social responsibility towards society for going natural. Entrepreneur can focus on customized jewellery for high prices and readymade jewellery for low prices. Entrepreneur should try to develop a loyal customer base for getting the consistent business by supplying the quality and new fashion designs at a reasonable rate with prompt customer service. In festive seasons, there should be trendy, latest designs to attract more customers. Entrepreneurs have to keep latest knowledge about the different shades which are most preferred in current scenario and try to provide various shades according to customer needs and preference. Nowadays customers are well informed, they know the concept of green marketing and they support for eco friendly products. They also feel these jewelleries are bio-degradable and recyclable which causes no harm to the society.

CONCLUSION

Quilling and terracotta jewellery is a hot business in Coimbatore and also in other parts of tamilnadu. Women entrepreneurs who are in quilling and terracotta jewellery can look into the issue of availability so that jewelleries occupy the retail space which can be purchased by more number of customers. Due to increase in Gold price girls tend to prefer fashion jewellery so that they can wear more designs which are also supported by parents. Buying behavior of girls has changed dynamically due to emergence of super markets, malls, organized retail outlets and online marketing. Consumer behavior has changed dramatically. Today customers can order online many customized products ranging from sneakers. The digital revolution in the market place and its impact on consumer behavior, presents many challenges for today's marketers.

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VIRAL MARKETING IN INDIA: ASPECTS, CASES AND PROSPECTS

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ABSTRACT

Viral marketing is a marketing technique in which an organisation, whether business or non-business organisation, tries to persuade the internet users to forward its publicity material in emails usually in the form of video clips, text messages etc. to generate word of mouth. In the recent past, viral marketing technique has achieved increasing attention and acceptance all over the world including India. Zozoo commercials by Vodafone, Kolaveri Di song by South Indian actor Dhanush, Gangnam style dance by PSY, and Ice Bucket Challenge with a twister Rice Bucket Challenge created a buzz in Indian society. If certain pre-conditions are followed, viral marketing technique can be successfully used by marketers of business organisations. Considering the increasing number of internet users and popularity of social media in India, viral marketing is certainly going to play a crucial role in the sphere of marketing in the years to come.

KEYWORDS

Ice Bucket Challenge, Kolaveri, Social Media, Viral Marketing, Zozoo Commercials.

INTRODUCTION

One are the days when marketers used to feel the political and geographical boundaries as the constraints and challenges while reaching the huge, diverse and dispersed target market. In the modern business world, internet has offered the solution to this problem to a considerable extent. Internet, the recent revolutionary transformation in communication technology, has offered wings to the mass promotion strategy of businessmen, as customers can pass on the information to thousand others in a very short span and with almost no cost. World has become smaller and tremendous marketing opportunities are now available to businessmen. Marketers all over the world accept and appreciate the fact that viral marketing is the new 'Mantra' to open the treasure cave of business success.

In the recent past, viral marketing has created a lot of buzz and excitement all over the world including India. The concept seems like 'an ultimate free lunch' rather a great feast for all the modern marketers who choose small number of netizens to plant their new idea about the product or activity of the organisation, get it viral and then watch while it spreads quickly and effortlessly to millions of people. Zozoo commercials of Vodafone, Kolaveri Di- the promotional song sung by South Indian actor Dhanush, Gangnam style dance by Korean dancer PSY, election canvassing by Narendra Modi and Ice Bucket Challenge with a twister Rice Bucket Challenge are some of the recent examples of successful viral marketing strategies in India. The growth of social networking in India has significantly contributed to the effectiveness of viral marketing. Certainly, if planned and executed carefully, viral marketing can be a very useful marketing technique for all types of business and non-business organisations in India.

VIRAL MARKETING: CONCEPTUAL FRAMEWORK

The concept of viral marketing is based on the assumption that ideas spread like the viruses through word of mouth, enhanced by the network effects of the internet and mobile. The rationale behind the internet viral marketing is that the message can be received by exponential numbers of potential customers. If one person, for instance, sends a message to his ten friends; and each of these ten friends forward the message to ten new persons, the message could spread with a tremendous speed.

Viral marketing (also called as 'buzz marketing') is such a marketing technique in which company persuades internet users to forward the publicity material in emails usually in the form of video clips, images, text messages etc. to generate word of mouth. Sometimes people encourage others to visit a specific website on the internet. In old days, it was known as 'word-of-mouth marketing'. In internet viral marketing, this ancient form of buzz is taken and amplified with a global network of people connected digitally. 'Word-of-mouth' is now replaced by 'word-of-(computer) mouse'. Today viral marketing spreads the desired message in number of ways at a potentially very low cost. The chain goes on as people go on forwarding the message to others. Google's 'You Tube' is probably the best tool of internet viral marketing. If the video is interesting and funny arousing certain emotions and inducing definite action, it is possible that video could become popular rapidly. Links to video will immediately multiply as viewers share the video with others.

In the words of Kotler, Keller, Koshy and Jha (2009), viral marketing is a form of word of mouth or word of mouse, that encourages consumers to pass along company developed products and services or audio, video or written information to others online. A successful viral campaign has been characterised as 'that additive, self-propagating advertainment that lives on websites, blogs, cell phones, and message boards.

Viral marketing can be very effective and cheap way to attract the attention of general public towards your product and organization. It can be used by all types of business and non-business organizations. To achieve the success, video or the message for viral marketing must be of unique and creative nature. Of course, there is no guarantee that the viral marketing campaign would achieve the desired success. In addition, one must remember that although positive viral message can be spread with a speed, negative view points about the product or organization can also be spread rapidly.

HYPOTHESIS

The number of internet users and popularity of social media is increasing day by day in India. Awareness and application of viral marketing is also increasing among the business and non-business organizations. If certain pre-conditions are taken into account, viral marketing technique can be effectively used by Indian marketers in the years to come.

RESEARCH METHODOLOGY

Considering the very nature of subject, secondary data has been collected which includes basically the websites informing about the cases of viral videos and commercials of the business and non-business organizations from various countries including India.

In addition, few books and periodicals containing information about viral marketing were also taken into account.

INTERNET & MOBILE USERS IN INDIA

The use of internet and mobile is increasing with a tremendous speed in India. As published in The Economic Times (November 19, 2014), the latest research on 'Internet in India 2014', jointly conducted by IAMAI (Internet And Mobile Association of India) and IMRB International, in November 2014, finds that Internet usage in India has gone up by 32% from October 2013 to October 2014. Following are the details.

As of October 2014, there were 278 million Claimed Internet Users and is expected to reach 302 million by December 2014. Claimed Internet Users in urban cities has grown by 29% from October 2013 to reach 177 million in October 2014. It is expected to reach 190 million by December 2014 and 216 million by June

2015. Compared to last year, Claimed Internet Users have increased by 39% in rural India to reach 101 million in October 2014. It is expected to reach 112 million by December 2014 and 138 million by June 2015.

The number of Active Internet users was 213 million as of October 2014, and is expected to reach 232 million by December 2014 and 269 million by June 2015. As of October 2014, there were 152 million Active Internet Users in Urban India, registering an increase of 31% from October 2013. Also there were 61 million Active Internet Users in Rural India as of October 2014, increasing by 33% from October 2013. It is estimated to reach 69 million by December 2014 and 81 million by June 2015.

The internet user base is estimated to grow to 354 million by June 2015. At present, India has the third largest internet user base in the world, but with the estimated growth, India will overtake US as the second largest internet user base in the world by the end of 2014. In November 2014, China was leading with more than 600 million internet users, while US had an estimated 279 million users.

In a report on the Indian internet market, titled 'Deep Drive', City Research states that 92% of India's internet users are mobile phone users (Malini, 2014). Share of mobile internet users in total internet user base was 69% in 2012. It is expected to rise up to 87% in 2016. Today, 90% of all media interactions are screen-based via smart phones, laptops, television and tablets. Mobile sites and apps are driving e-commerce.

ELEMENTS OF VIRAL MARKETING

According to Marketing Guru Andreas Kaplan and Michael Haenlein (2011), for the successful execution of viral marketing technique, right message must be given to the right messengers in the right environment. It means there are three essential elements or criteria of viral marketing such as the message, messengers, and environment.

- i) **Message:** For the successful viral marketing, basically the message to be communicated must possess the ability to attract the attention of readers or viewers. It must be memorable and interesting, having a power to develop curiosity among the viewers. It must be unique, based on somewhat 'out of the box idea'. If possible, it must induce some action on the part of viewers. A weak message cannot achieve the desired success in the sphere of viral marketing.
- ii) **Messengers:** To convert, the ordinary message into a viral one, three types of messengers are necessary, such as market mavens, social hubs and sales people. Market mavens are information specialists. These experts are usually among the first to get exposed to the message and who transmit it to their immediate social network. Social hubs are the people having large number of social contacts. They work as the link or connectors between people with different cultural background. Sales people are those persons who basically receive the message from market mavens. They amplify this message by making it more convincing and relevant. And then they communicate the same to social hubs for further distribution.
- iii) **Environment:** For the successful viral marketing, right type of environment including proper timing is necessary. If the timing of the campaign is appropriate, people may respond more enthusiastically.

SIGNIFICANCE OF VIRAL MARKETING

Viral marketing is a marketing strategy that encourages individuals to pass on the marketing message to others. It creates an exponential increase in the exposure and influence of the message. The message is reached rapidly by many persons in a short span of time (Pillai & Bagavathi, 1987). From marketers' point of view, basically the promotion is absolutely free of cost. Secondly, it accelerates the process of customer decision making. It offers an authenticity to it because the source is normally independent of the company. In the words of Kaleem Mohammed Khan and Mohammed Naved Khan (2006), viral marketing is a marketing strategy in which marketers try to convince its customers to sell its products to others on behalf of company. Viral marketing is a powerful means of communication. It has the ability to override communication message sent by the company. Viral marketing can be used to approach prospects through the remarks and recommendations of familiar persons. Referrals can be very effective in closing the sale. Viral marketing can reduce advertising expenditures to the minimum, generate substantial revenue, and develop a strong customer base. According to consumers, the sources are convincing because the promotion method is – of the consumers, by the consumers and for the consumers.

VIRAL MARKETING: GLOBAL SCENARIO

The emergence of viral marketing as a marketing technique has been associated with a popular notion that ideas can be spread like viruses. In the 1990s, the concept of viral marketing got attention and acceptance in several countries.

In 1996, **Hotmail** was the early business organization which was successful in using viral marketing technique by inserting a tagline – 'Get your free email at Hotmail', at the bottom of every email sent by its users. Hotmail was able to sign up to 12 million users in 18 months.

Burger King's 'The **Subservient Chicken**' marketing campaign of 2004 was a noteworthy example of viral marketing. 'The Subservient Chicken' was part of 2004 launch campaign for the tender crisp chicken. It was an interactive campaign. The website which resembled adult webcam site targeted mainly young men. In this campaign, when a command was typed into the website, a person dressed in chicken suit would follow the command. The website was tied with the product's commercial campaign – 'Chicken- the way you want it', perfectly offering entertainment value to the viewers.

The Blendtec viral video series- '**Will it blend?**' which was released in 2006 created a sensation among the viewers. In this ad campaign, attempt was made by Tom Dickson, founder of Blendtec Company, to blend various unusual items in order to display the power of the blender. This ad campaign won several awards including '2007 You Tube Award' for the Best Series of Advertisement. The 'Will it blend' page on You Tube currently shows over 200 million viewers have viewed this video.

The **2008 U S President Election** displayed successful implementation of viral marketing technique by Barak Obama who skillfully used the social media like Face Book and Twitter to connect with young generation. Barak Obama, along with his team members, created a new multi-channel communication strategy. As many as 1,600 videos were published on his You Tube page, Face Book, Twitter etc. He spent \$ 2, 40,000 for the maintenance of his website and social networking profiles, where the donors (who paid in increments of \$200 or less) donated \$ 16.4 million (Honey, 2009). The campaign captured the public's imagination due to its unique style, and secured marvelous results with millions of people visiting the site. Videos of his speeches canvassing for election were viewed on You Tube and shared by millions of Americans.

On July 14, 2010, **Old Spice** (the brand famous for shaving cream, after shave lotion and many more products for men) launched online viral video campaign. In this three days campaign, TV commercial star of Old Spice Isaiah Mustafa replied the online communication and comments received from websites like Face Book, You Tube, and Twitter etc. In just 36 hours, campaign received more than 23 million views.

Gangnam Style Dance is a dance style popularized by PSY, the pop star of South Korea. The dance is based on the life style of Gangnam district of Seoul in South Korea. The dance video was released on 15th July, 2012, and it topped music chart of more than 30 countries. Millions of people watched and shared this dance video on you tube.

ALS ICE BUCKET CHALLENGE: RECENT GLOBAL VIRAL SENSATION

'ALS Ice Bucket Challenge' is an activity of dumping a bucket of ice water on someone's head to promote awareness of the disease – amyotrophic lateral sclerosis (ALS), and encourage donations to research over medicine for this rare disease. The challenge encourages nominated participants to record video of themselves in a continuous footage of pouring the bucket of ice water on themselves. Then the participant can nominate a minimum three other persons to participate in the challenge. The nominated person has to complete the challenge within 24 hours or donate a stipulated amount (usually \$100) to the ALS Association. Many participants, however, donated \$100 in addition to completion of challenge.

The origin of the idea of dumping ice water on one's head to raise money for charity is associated with Pete Frates, a base ball player from Boston College who was diagnosed with ALS in March 2012. He is now paralyzed, eats through the feeding tube and cannot talk. The viral challenge kicked off, when Pete Frates

started posting about it on social media with his father's help (Brian, 2014). In mid-2014, the ice bucket challenge went viral on social media, particularly in USA, with common persons, politicians, film stars, sports persons and several celebrities started posting their videos online. Although US President Barak Obama refused to accept the challenge, and paid the donation to ALS Association; the former US Presidents George Bush and Bill Clinton completed the challenge along with payment of donation. Television anchor Matt Lauer, golfer Chris Kennedy, Governor of South Carolina Nikki Haley and several other celebrities completed the ice bucket challenge.

Ice Bucket Challenge movement increased awareness among media and common people about this rare disease ALS. According to the New York Times, people shared more than 1.2 million videos on face book between June 1 and August 13, 2014. People mentioned the 'Ice Bucket Challenge' phenomena 2.2 million times on twitter during this period. Within these days, 7, 39,000 new donors gave the money to ALS Association, and the total sum received by the Association was more than \$100 million.

Ice Bucket Challenge movement was a huge success because the campaign had a specific achievable goal with a noble cause of creating awareness and attaining donations for the cure of rare disease. The challenge was quite simple, as anyone could participate easily in the same. The timing of viral challenge was perfect. To accept the ice water challenge, summer (and not winter) was the perfect season in United States. Pete Frates, who initiated the movement, was himself the patient of ALS. And of course, the participation by politicians and celebrities led to the wide publicity to this movement.

VIRAL MARKETING: INDIAN SCENARIO

1) ZOOZOO COMMERCIALS OF VODAFONE

In April 2009, during IPL (Indian Premier League)- Season II, the advertising campaign of Vodafone company hit the 'idiot box' to mesmerize the viewers with its stupid looking funny creatures- Zoozoo. These commercials mainly emphasized the various types of value added services offered by Vodafone. Almost thirty different services were highlighted in thirty different advertisements with the same characters- Zoozoo. Vodafone hit a jackpot with the Zoozoos (Khandelwal, 2011).

Zoozoo became new sensation among the tele vision viewers. Zoozoo brand page was created on the face book. The face book page was initially uploaded with twenty Zoozoo TV commercials. The wallpapers, screen savers, sound clips and Zoozoo emotions with a facility of downloading the same were offered. Apart from the videos showing the making of Zoozoo ads, the face book was uploaded with latest TV commercials- as and when they were made- much before they were aired on TV channels. The strategy of immediate release of the commercials on social networking sites was mainly to generate a buzz that lives up to the brand's image of creative and influential marketing. Within three months, Zoozoo had more than 2, 87,000 fans. All the Zoozoo advertisements were uploaded on You Tube. Zoozoo fans created a new website – Zoozoo.co.ac. They opened one community on Orkut, and Zoozoo were also available on twitter. According to Vishwas Kumar Gupta (2009), the Zoozoo campaign is a perfect example of viral marketing.

The Zoozoo campaign created much curiosity about the characters-Zoozoos. When people understood that Zoozoos were not animated cartoons (but human beings wearing special type of costumes), online search was made to know more about Zoozoos. The creators of Zoozoo, O & M advertising Agency posted the making of Zoozoo online. At the Effie Awards 2009, out of thirteen medals won by O & M, five were for Zoozoo. During subsequent IPL seasons also Zoozoo reappeared in the ad campaigns of Vodafone.

2) 'KOLAVERI DI'S AMAZING VIRAL POPULARITY

On 1st November, 2011, a viral bug called 'Kolaveri Di' hit the India's cyberspace, and Indian's social media as well as marketing world experienced amazing sensation. 'Why this Kolaveri Di' which means 'why this rage towards me, girl', is a song from Tamil film '3'. In this song, a young boy expresses his anger towards a girl who has deceived him. The song is based on South Indian folk music, having duration of 4.09 minutes. It is written, sung and acted by film star Dhanush. In November, 2011, Sony Music India uploaded this music video on You Tube which contains the song as well as making of this song. In this promotional video of movie, apart from Dhanush, film actress Shruti Hasan and Aishwarya Rajanikanth, musicians and arrangers are also seen.

Kolaveri video possesses several aspects which makes it a perfect product for viral marketing. Basically, although the song appears to be 'Tanglish', there are very few words are from Tamil language. The accent of Dhanush is, however, certainly Tamil. By adding sub-titles in English, it has made possible for non-Tamil viewers to understand and connect with the song. Since the lyrics contain very simple words from day to day life of modern world, it is easier for the audience to connect with the feelings expressed in the song. The music is original, catchy yet so simple that even children can hum this song without knowing the meaning of it. With the participation of three big film stars from South India, it was easier for this promotional video to attract the attention of viewers. However, Kolaveri video did not promote the movie '3' until the very last second. Sony ensured that video looks like an accidental or jam session, and not like a one more promotional or marketing gimmick. This made viewers to watch this video with interest and curiosity.

After Vodafone's Zoozoo, Kolaveri was the next biggest social viral phenomenon which hit India's cyberspace, print media and electronic media by storm. It created a deep impact on powers of social media and strategies of marketers. The novelty and curiosity quotient of the song along with few very brilliant marketing strategies led Kolaveri to a huge success. Kolaveri became the 'defacto' word against all sorts of anger, and captured the imagination of netizens from various parts of the world (Satyesh, 2011).

Within a month, more than 40 million people viewed Kolaveri and other related videos on You Tube. The Kolaveri video also achieved over 3.6 million face book shares. Kolaveri had several followers on Twitter also. Celebrities like Amitabh Bachchan, Shruti Hasan, Ranveer Shouri and so many others twitted to appreciate the video. You Tube gave this video a gold medal being the most popular video. More than 14,000 videos related to or inspired from Kolaveri were uploaded. As the popularity of Kolaveri increased, You Tube was flooded with regional versions of Kolaveri in the languages like Marathi, Telgu, Sindhi, Punjabi, Gujrathi, Bengali etc. A Kolaveri's Punjabi version was named 'Sharad Pawar Slap Song', since it was based on the incident of slapping Sharad Pawar, the then Union Minister for Agriculture, by a Punjabi youth to express anger against corrupt politicians. By the end of December 2011, this video recorded 9, 64,289 views on You Tube. Journalists, cartoonists and common people started using this phrase 'Why this Kolaveri' to express their anger towards, politicians, corruption and system. The Chennai and Delhi police used this tagline on the city hoardings to caution people for road safety and careful driving. Several on line shopping portals like eBay, in, xtees.com, zazzle.com etc. offered Kolaveri tea shirts for sale.

The success of Kolaveri was not limited to Indian cyberspace. It went viral in other parts of the world as well. You Tube videos of Japanese dancing on the tunes of Kolaveri became quite famous. Citizens from Egypt, Pakistan and Sri Lanka created their own versions of Kolaveri. Arabic and French version of Kolaveri also became quite popular in other countries. In Auckland, youths had a flash mob dance on the tune of Kolaveri.

3) NARENDRA MODI'S ELECTION CAMPAIGN OF 2014

Similar to U S President Barak Obama's election canvassing of 2008, Narendra Modi in the Parliament Election of 2014 used the social media effectively to win the election. With the powerful use of You Tube, Face Book, Twitter etc., Narendra Modi and his team of information technology experts concentrated and wooed the techno-savvy young generation.

4) ICE BUCKET CHALLENGE & RICE BUCKET CHALLENGE IN INDIA

Ice bucket challenge, the global phenomenon, also hit Indian society. Several film stars, sports person, celebrities and common people accepted and completed the challenge. Akshay Kumar, Abhishek Bachchan, Mandira Bedi, Neha Dhupia, Bipasha Basu and so many celebrities offered glamour and donations to the movement.

In India, ice bucket challenge also took a new twister in the form of 'Rice Bucket Challenge', which was a brain child of Hyderabad based Manjulatha Kalandi (Rediff News, 2014). It can be described as 'a desi version' of ice bucket challenge. Rice bucket challenge is quite simple. You just have to take a bucket of rice and donate it to a needy person. Then you have to post the picture of this donation on social media, and nominate other persons to carry forward the challenge. Since this movement was started in August 2014, within three months more than 70,000 kg rice has been donated by the organizations and individuals all over India. People from several cities like Hyderabad, Bangalore, New Delhi, Baroda, Deharadun etc. have accepted this challenge. The popularity of this concept is increasing in few other countries like Philippines and Dubai.

VIRAL MARKETING IN INDIA: PROBLEMS & LIMITATIONS

Basically, even though awareness towards viral marketing is increasing in India, marketers have not been able to exploit the potential s of viral marketing to the fullest possible extent. Secondly, marketers are frequently unable to exploit the popularity of the videos/ commercials to increase the sales. This was noticed in case of Zootoo commercials as there was not any substantial increase in the sale of Vodafone's value added services promoted in the campaign. Thirdly, viral campaigning is usually a short term fad or craze, as observed in respect of Kolaveri or Gangnam style dance. Indian people have now forgotten these campaigns. Fourthly, there is still a lot of scope for increase in the number of internet users and consequently application of viral marketing technique in rural India. Fifthly, Indian marketers should remember that there is no guarantee that a particular marketing campaign would successfully go viral. In addition, one must remember that although positive viral message can be spread with a speed, negative view points about the product or organization can also be spread rapidly.

TEN COMMANDMENTS OF SUCCESSFUL VIRAL MARKETING IN INDIA

For the successful implementation, Indian marketers should remember the three essentials of viral marketing – right message, right messengers and right environment. In addition, following Ten Commandments of the viral marketing technique should be taken into account by the Indian marketers.

1. **Have a specific and achievable goal.** Basically before initiating the viral marketing movement, the business organisation or non-business organisation should have a clear cut and well defined goal which can be achieved easily. For instance, creating awareness and raising funds for ALS Association were the dual definite and achievable objectives of ice bucket challenge movement.
2. **Keep it simple.** The viral video or expected interaction from participants should be as simple as possible. Zootoo commercials, Kolaveri's lyrics or the challenge of ice bucket, were all quite simple to attract the masses.
3. **Use universal language.** English is the universal language to receive wider response to the viral videos. If possible, video should use minimum words with an emphasis on visuals or non-verbal communication.
4. **Touch emotions or have clean humour.** To gain the desired response, viral video or commercial must contain a clean humour as observed in Vodafone's Zootoo, or appeal to emotions, or display of noble cause as in case of ice bucket challenge.
5. **Encourage participation.** There should be possibility of viewing and sharing with others the videos or commercials, as it was noticed in case of Zootoo, or Kolaveri, which were available on social media like You Tube, Face Book etc. In case of ice bucket challenge, number of participants increased as every person fulfilling the challenge nominated three more persons
6. **Generate curiosity.** Curiosity, not only about the promotion, but even in case of contents and language should be developed. People were anxious to know who the Zootoos are, and what is the meaning of 'Kolaveri Di'.
7. **Choose proper timing.** Viral marketing campaign should be undertaken at the proper time. For instance, ice bucket challenge was successful in United States because it was started during summer, and not in winter season. Youths were feeling the vacation mood, and eager to undertake some funny activity. Zootoo commercials were aired on TV during IPL cricket matches which had highest number of television viewers in India.
8. **Involve celebrities.** Participation of or endorsement by celebrities help to get the wider publicity to viral marketing campaign. When mega star Amitabh Bachchan appreciated the Kolaveri song, or when former US Presidents George Bush and Bill Clinton accepted the ice bucket challenge, these movements got the real momentum.
9. **Have it for a short duration.** Craze or fad of viral sensation does not last for a longer period of time. Zootoos, Kolaveri, Gangnam dance and ice bucket challenge- all these created a powerful impact in a short period of time, and then vanished. Hence, marketers should plan to capture maximum results in a short period of time.
10. **Use the social media effectively.** In this modern world, viral marketing can be successful if marketers use social media like You Tube, Face Book, and Twitter etc. tactfully.

CONCLUSION

The importance of modern means of electronic communication and use of social media is increasing day by day. Very soon, India may acquire the status of second largest country in respect of internet users. Awareness and application of viral marketing is increasing all over the world including India. Vodafone's Zootoo commercials, Kolaveri video, Narendra Modi's election canvassing and ice bucket challenge movement- all these have demonstrated the power of viral marketing technique in India. Both business organisations and non-business organisations can achieve their desired objectives if viral marketing strategies are planned and executed strategically. In this competitive business world, Indian marketers can and should apply viral marketing strategies in the years to come. Certainly, future belongs to viral marketing.

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IMPACT OF LITERACY ON DEMOGRAPHIC PERFORMANCE AND POVERTY: A COMPARATIVE ANALYSIS OF KERALA AND INDIA

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ABSTRACT

Higher literacy, improved demographic indices and minimum poverty are some of the development indicators. The general objective of this paper is to examine the role of literacy on demographic performance and poverty and thereby examine the role of literacy on economic development. The specific objectives are (1) to examine the association of literacy with mortality, fertility, sex ratio and life expectancy in Kerala and India (2) to examine the relationship between Literacy and poverty in Kerala and India. In this paper the researchers associate literacy with demographic indices and poverty rates. For the analysis, the literacy and demographic data for the 60 years (1951-2011), and the poverty rates for 40 years (1971-2011) were used. Hypothesis testing method is used for analysing data. The Pearson's correlation results says that literacy has significant positive correlation with sex ratio ($r = 0.701$) in Kerala. In India it is less significant negatively correlated, i.e., ($r = -0.363$). The association of literacy rate with Crude Birth Rate is ($r = -0.959$ & $r = -0.979$) respectively for Kerala and India. The correlation between literacy and Crude Death Rate (CDR) is ($r = -0.963$ & $r = -0.957$) respectively for Kerala and India and Infant Mortality Rate (IMR) have negative significant association with literacy rates ($r = -0.987$ & $r = -0.943$) both in Kerala and India. The relation between literacy and average life span of Kerala and India are high positively associated with ($r = 0.992$ & $r = 0.937$). The literacy with poverty indices are high negatively associated with ($r = -0.985$ & $r = -0.991$) for Kerala and India respectively. All the correlation results, except (the association between literacy and sex ratio of India) are in favourable nature for economic development of both Kerala and India.

KEYWORDS

Crude birth rate, Crude death rate, Literacy, Poverty, Sex ratio.

INTRODUCTION

Literacy is one of the prime indicators of the development status of economy. Literacy is not the simple reading of words or set of associated symbols and sounds, but an act of critical understanding of the situation in the world. Literacy leads to education and results in empowerment with the acquisition of the essential knowledge and skills. And use of these skills towards his own and his community leads to individual and community's development.

Hike in literacy rate enhances the demographic profile of the country. Better demographic profile further leads to improve country's human capital. Literacy also provides better employment opportunities and provides higher socio-economic status. Thus the improved literacy rate with favourable demographic indices is the necessary condition for economic development. Low poverty level is also considered as a development indicator. Literacy has a significant role in reducing poverty. One of the preconditions of employment is literacy. Therefore, literate people may engage in productive employment and earn money income to livelihood which further flourishes production and consumption level of the country and it will lead to economic development.

This paper presents an overview of the impact of literacy on the changes of some demographic indices and poverty rates of both Kerala and India.

REVIEW OF LITERATURE

Literacy rate plays a key role in economic growth of a country. Japan can be an example whereas economy has developed by excelling in human resources despite the deficiency of natural resources (Vaman.S Desai 2000). India is blessed with both human resource and natural resources. The effective utilization of the human resources becomes very crucial for the country's economic progress and thus literacy plays the key role in moulding suitable human resources for economic growth of India

Grossman (1972) assumes that individuals with more education are efficient producers of good health. Education increases the ability to understand the importance of avoiding unhealthy behaviour, the ability to communicate with health practitioners and understand instructions, and the ability to take advantage of the services available in the medical institutions.

Jaleel.P.M (1982), identified that the incidence of child mortality is higher among illiterate class and lower among literate class.

Sharma and Retherford (1987), found that female literacy has an indirect effect on fertility through the age at marriage (literate women tend to marry later) Mother's schooling emerges to be the prime determinant in the household production of health (Rosenzwing and Schultz 1982, Behrman and Wolfe 1987).

Bryant Robey (ed). (1990) used a multiple regression analysis to demonstrate the relation between female literacy and fertility and found that an increase of 10 percentage points in the female literacy rate would result in a fertility reduction of almost one-half child per woman.

Sharma and Retherford (1990) found that in the States where female literacy rates are high, fertility ratio typically are low. In those States where have low fertility rates, child mortality rates also are low.

Parent's education has dominant role in providing better health to their children. Among parents, mother's education has significant role on health of their children. Sandiford.P.et.al. (1995) observed in their study that, Child health has been widely found to be positively associated with mother's education level.

The role of education particularly female education seems to have most powerful influence on demographic variables because educated women marry later which tends to have fewer children and are more likely to use effective methods of contraception and have greater means to for their economic livelihood, thereby slowing population growth (Zabeena Hameed -2007).

Monu Kumar (2013), in his study used the Spereaman's correlation to test the association between female literacy and child sex ratio, found that child sex ratio and female literacy have moved opposite direction in Hariyana. The rank correlation value was -0.46.

OBJECTIVES OF THE STUDY

The general objective of this paper is to examine the role of literacy on demographic performance and poverty and thereby examine the role of literacy on economic development. The specific objectives are:

1. To examine the association of literacy with mortality, fertility, sex ratio and life expectancy in Kerala and India
2. To examine the relationship between Literacy and poverty in Kerala and India

HYPOTHESES

1. No association between literacy and demographic indices
2. No association between literacy and poverty

METHODOLOGY

This study relies on empirical data of literacy, demographic profile and poverty from 1951 to 2011. To analyze the trend in literacy and demographic changes, the researchers relied on scatter plots. The hypotheses testing method is adopted to interpret the empirical results. The research hypotheses are stated and tested the association between variables with correlation measures, scatter diagrams, multiple bar diagrams and frequency tables. Literacy, demographic and poverty indices are constructed with the formula $\frac{Xi - \text{Min}(Xi)}{\text{Max}(Xi) - \text{Min}(Xi)}$

LITERACY OF KERALA: AN OVERVIEW

Kerala had got the fame of 100% literacy in 1991. Now, Kerala State is on the way of declaration of 100 per cent primary education. An analysis of literacy data reveals the fact that after a gap of 60 years, the literacy rate of the State has nearly been doubled in 2011 from 47.18% in 1951 to 93.91% in 2011 Census. The literacy rate of males has increased from 58.35% in 1951 to 96.02% in 2011 while that of females rose from 36.43% to 91.98%. The national figures (Persons 74.04%, Males 82.14%, and Females 65.46%) are far behind Kerala. A district wise comparison of literacy rate tells that Pathanamthitta district ranks first in literacy in 2011 Census with 96.93% and the lowest position goes to Palakkad district with 88.49%. In all districts, the literacy rate is above 88%. In eleven districts, the literacy rate is above 90%. The three districts with literacy rate above 96% are pathanamthitta (96.93%), Kottayam (96.40%) and Alapuzha (96.26%). The three districts with lower rates of literacy are Kasaragod (89.85%), Wayanad (89.33%) and Palakkad (88.49%). The district wise classification of male and female literacy rate as per 2011 Census tells that, Alapuzha district register the highest male literacy with 97.90% and Palakkad district have the lower male literacy with 92.27%. Alapuzha, Pathanamthitta and Kozhikkode districts are the three districts with higher male literacy rate and Kasaragod, Wayanad and Palakkad districts have lower male literacy rate in a descending order. The highest rate of female literacy is very important as far as a State in concerned as it measures the social upliftment of the female section of the society. The female literacy is considered as a social status indicator and progress. Better female literacy is a precondition for better demographic indicators. There is a remarkable improvement in the female literacy rate during 1981-2011 in the state. In 1981, the female literacy rate was 73.36% which has jumped to 91.98% in 2011. A district wise comparison reveals that Pathanamthitta (96.26%), Kottayam (95.67%) and Alapuzha (94.80%) are top in the list of female literacy rate. In 10 districts, the female literacy rate is above 90%.

DEMOGRAPHIC DEVELOPMENT OF KERALA: AN OVERVIEW

During the first decade of the twentieth century, Kerala’s population growth rate was 12% compared to 6% for India. A steady increase in growth rate has been observed from 1951 onwards and reaching the highest figure of 26.29% in 1971. The 1981 census showed a declining population growth rate and the population growth rate of Kerala for 2001 to 2011 is 4.86 which is less than the growth rate of 1991-2001. The growth of population during 2001-2011 has declined in all the districts of the State as compared to the growth rate in 1991-2001. Malappuram district has the highest growth rate during 2001-2011 with 13.39%. As far as the age-sex structure of population of Kerala is considered, the sex ratio of Kerala is 1084 while the child sex ratio is 939 in 2011. The fertility status of Kerala shows that the Crude Birth Rate is 16.75, the general Fertility Rate is 59.94, while death rate is considered in 2011, Kerala has the lowest infant mortality rate of 7.53/1000 as compared to 44/1000 for all India. Kerala state has a very unique position in sex ratio. Despite it has a continuous increase from 1004 in 1901 Census, had shown a declining trend only in 1961 and 1971 censuses. As per 2001 Census, the State of Kerala has registered a sex ratio above the equality ratio with 1058 females per 1000 males. In 2011 Census also, the sex ratio of the state registered an increase of 26 points and thus achieved a sex of 1084 females per 1000 males.

POVERTY IN KERALA: AN OVERVIEW

The absolute poor are those who are unable to achieve basic facilities like food, safe drinking water and shelter, access to information, education, health care, social status, political power or even the opportunity to develop meaningful connections with other people in the society. Kerala’s absolute poverty (urban + rural) has steeply declined from 61.4 percent to 12 percent in a period of 40 years from 1971 to 2011. A large number of factors can be identified behind this achievement. The successfully implemented agrarian reforms, the minimum wages act for several categories of labourers, the housing programme for the weaker sections of the society, the old-age pension for agricultural labourers, Pension scheme for handicapped, Kudumbashree Mission Programmes, Linkage Banking Programmes, Micro enterprises and Ashraya project etc are some of the projects supplemented for the poverty eradication of Kerala State.

ANALYSES AND RESULTS

The trend of literacy and demographic development of Kerala and India can be seen from the table.1.

TABLE 1: LITERACY AND DEMOGRAPHIC PROFILE OF KERALA AND INDIA (1951-2011)

| year | Literacy rate | | Sex Ratio | | CBR | | CDR | | IMR | | Lifespan | |
|------|---------------|-------|-----------|-------|--------|-------|--------|-------|--------|-------|----------|-------|
| | KERALA | INDIA | KERALA | INDIA | KERALA | INDIA | KERALA | INDIA | KERALA | INDIA | KERALA | INDIA |
| 1951 | 47.18 | 16.7 | 1028 | 946 | 39.8 | 39.9 | 18 | 27.4 | 153 | 192 | 39.9 | 32.1 |
| 1961 | 55.08 | 24 | 1022 | 941 | 38.9 | 41.7 | 16.1 | 22.8 | 120 | 146 | 49 | 41.25 |
| 1971 | 69.75 | 29.3 | 1016 | 930 | 37 | 41.2 | 11 | 19 | 66 | 129 | 59.3 | 45.55 |
| 1981 | 78.85 | 36 | 1032 | 939 | 26 | 37.1 | 6.9 | 14.8 | 27 | 96 | 67 | 54.4 |
| 1991 | 89.81 | 52.1 | 1036 | 927 | 19.8 | 30.5 | 5.8 | 10.2 | 17 | 91 | 71.4 | 58.35 |
| 2001 | 90.86 | 64.5 | 1058 | 933 | 18.13 | 25.4 | 5.7 | 8.4 | 5.43 | 66 | 73.4 | 62.7 |
| 2011 | 93.91 | 74.04 | 1084 | 940 | 16.75 | 21.8 | 7.32 | 7.1 | 7.53 | 44 | 74 | 63 |

Sources:

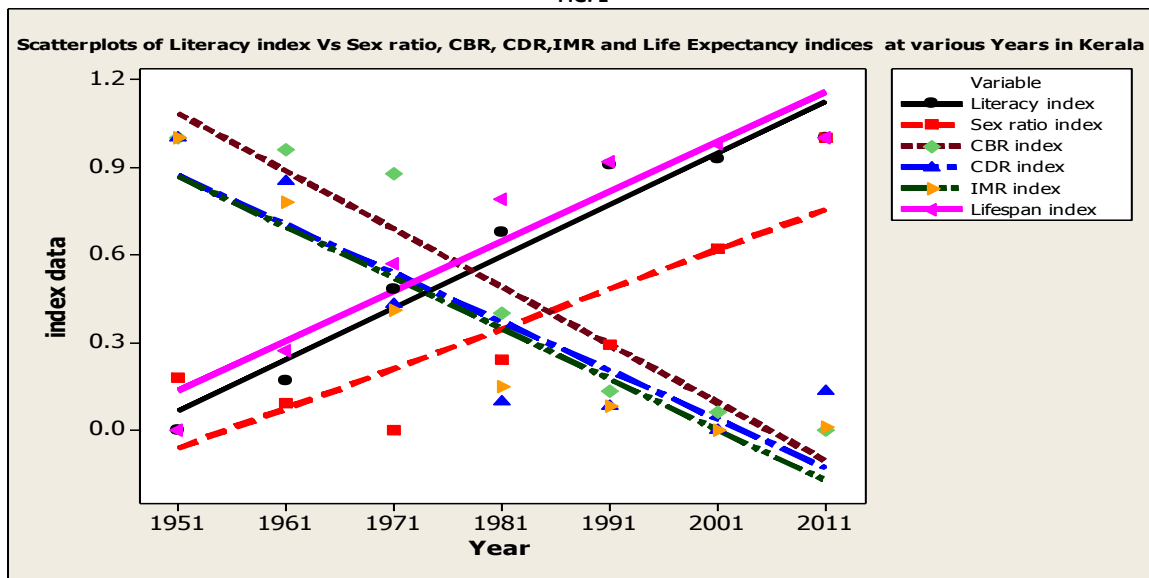
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2. Annual Vital Statistics Report of Kerala 2011.

3. Kerala Economy Four Decades of Development of P.P.Pillai, published by Institute of planning and applied economic research, Jhon Mathai Foundation. The literacy rate of both Kerala and India is in an increasing trend from 1951. Kerala had achieved a near 50% literacy at the time of independence. This early achievements in literacy is due to the non-formal education in the form of 'kudipallikudams' existed in all the three regions- Travancore, Cochin and Malabar of Kerala. The Christian Missionaries, Princely States, community Leaders, Reforms movements and foreign remittances also have significant role in the better status of literacy of Kerala. In 1951, the literacy rate of Kerala was 47.18 while it was only 16.7 for all India. From 1951, the annual average growth of literacy of Kerala is 7.79 per cent, but it is 9.55 per cent for all India. The sex ratio of Kerala was more than 1000 in all the census year from 1951, but it was

concentrated around 940 during the same period in India. The Crude Birth Rate (CBR), Crude Death Rate (CDR), and Infant Mortality Rates (IMR) of both Kerala and India are in a declining trend. The Life Expectancy at Birth of both Kerala and India are in an upward trend.

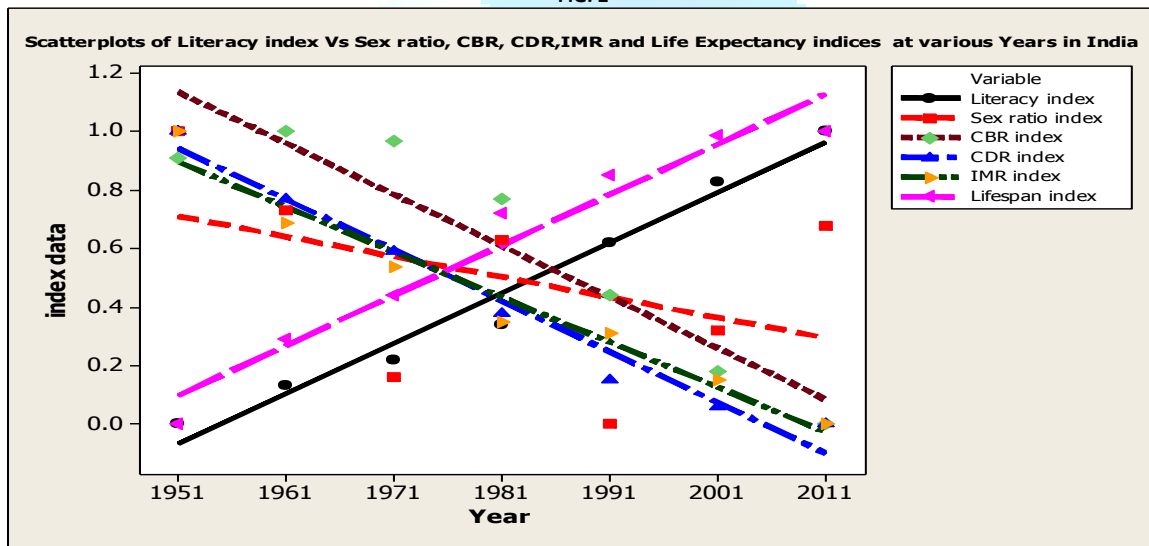
The Scatter Plots of literacy index with demographic indices will be helpful in analysing the role literacy in improved demographic indices.

FIG. 1



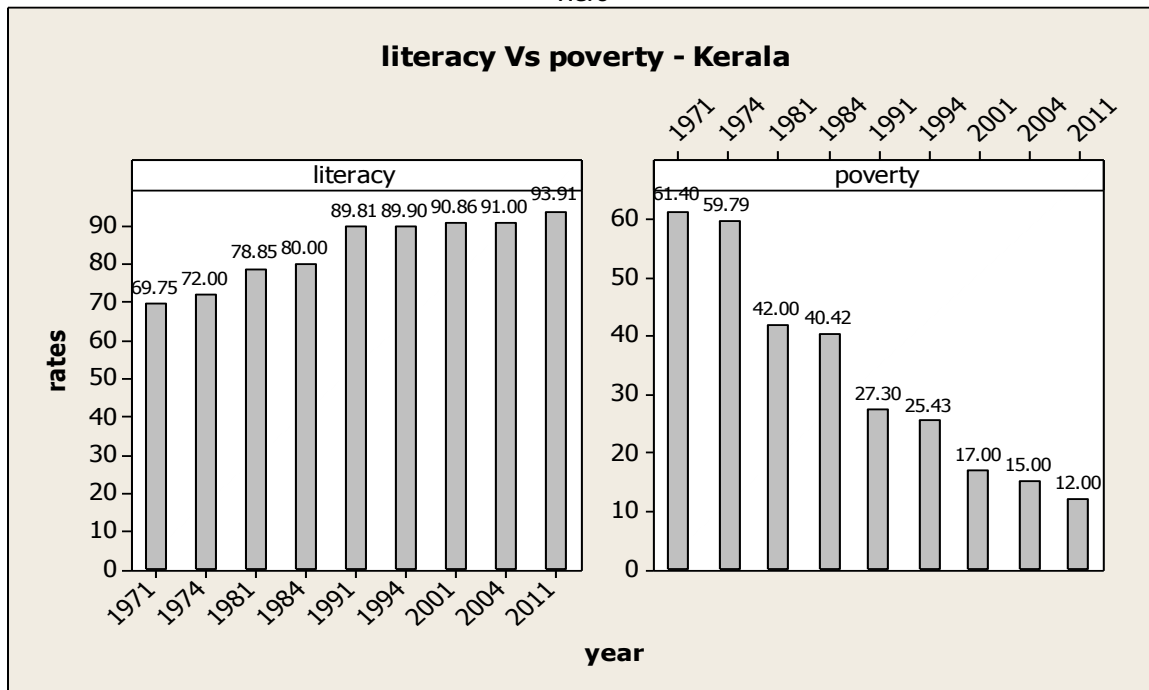
The scatter plots of literacy index versus demographic indices of Kerala reveals that literacy make positive impacts on lifespan and sex ratio. It is a favourable effect of literacy. The literacy index versus CBR, CDR and IMR shows a negative relation, but their effects are also make positive impact on the society. The scatter plots of literacy versus demographic indices of India show that literacy is positively related only with lifespan. The negative relation between literacy and sex ratio is not favourable. All other demographic indicators have negatively related with literacy is favourable effect of literacy.

FIG. 2



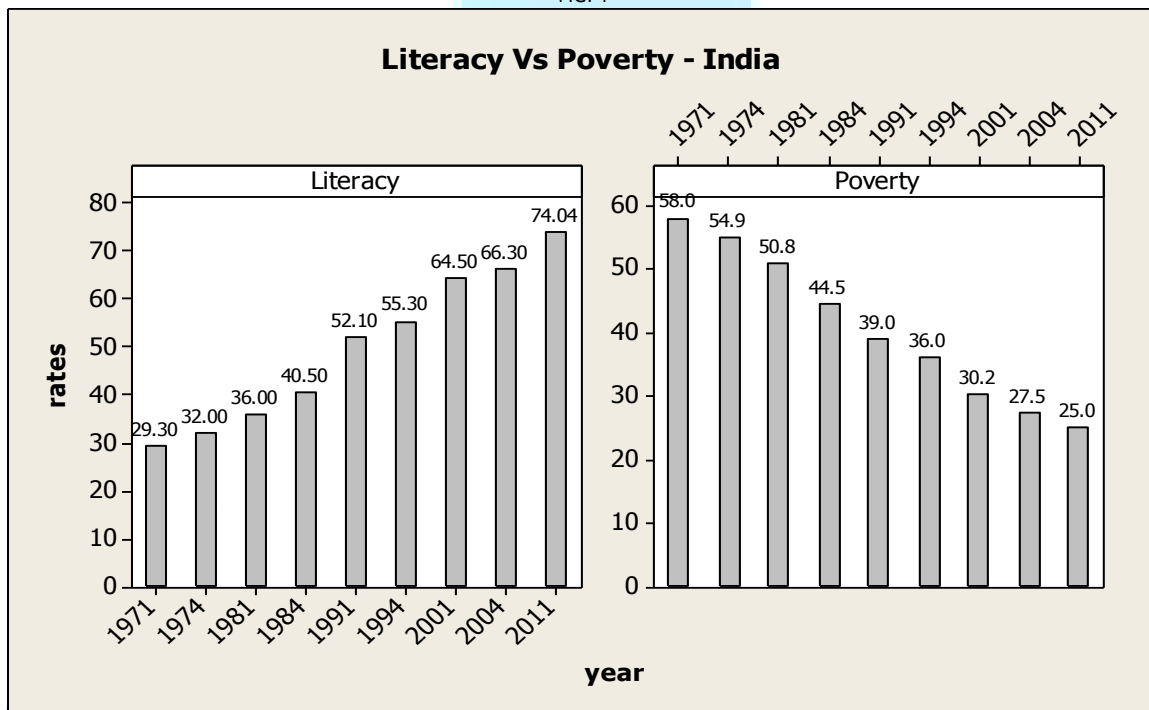
The association between literacy and poverty rates of both Kerala and India is examined by considering the poverty rates from 1971 to 2011.

FIG. 3



Source: Computed from Census of India 2011: Provisional Population Totals –Kerala Series and Economic Survey 2011-12, government of India.

FIG. 4



Source: Computed from Census of India 2011: Provisional Population Totals –Kerala Series and Economic Survey 2011-12, government of India

The total poverty ratio (both urban and rural) with literacy rate of Kerala, (Fig.3) is exhibiting an upward trend of literacy and a downward trend of poverty. In 1951, the literacy rate of Kerala was 47.18% which has improved to 93.91% in 2011. The poverty ratio in 1971 was 61.4% and it had come down to 12% in 2011.

The literacy rate of India, (Fig.4) also is exhibiting an upward trend. In 1951, the literacy rate was 16.7% which has improved to 74.04% in 2011. The poverty ratio has a downward trend. In 1971, the poverty of India was 58% and it had come down to 25% in 2011.

The magnitude of the relation among literacy, demographic indicators and poverty of Kerala and India can be seen from the following correlation table

CORRELATION VALUES OF LITERACY WITH DEMOGRAPHIC INDICATORS AND POVERTY

| KERALA | | | | | | |
|----------|-----------|--------|--------|--------|----------|---------|
| | Sex ratio | CBR | CDR | IMR | Lifespan | Poverty |
| Literacy | 0.701 | -0.959 | -0.963 | -0.987 | 0.992 | -0.985 |
| INDIA | | | | | | |
| | Sex ratio | CBR | CDR | IMR | Lifespan | Poverty |
| Literacy | -0.363 | -0.979 | -0.957 | -0.943 | 0.937 | -0.991 |

The correlation results show that there is association between literacy with demographic and poverty indices both in Kerala and India. Therefore reject the research hypotheses and accept the alternative hypotheses.

CONCLUSION

Literacy, demographic indicators and poverty are the three development indicators among other indices. This study examines the association of literacy with demographic indices and poverty ratios. Literacy has a significant positive relation with sex ratio in Kerala, but poor negative correlation in India. Literacy has a significant negative correlation with Crude Birth Rate (CBR), Crude death Rate (CDR) and Infant Mortality Rate (IMR) both in Kerala and India. Literacy has a significant positive association with Life Expectancy both in Kerala and India. And finally, the correlation results show a significant negative association between literacy and poverty. All the test results, except (the association between literacy and sex ratio of India) are favourable nature of economic development of both Kerala and India.

RECOMENDATION

The study results show that both vital rates and poverty rates are improved with level of literacy. Therefore it is highly recommend that the central and state governments has to give maximum thrust for an extensive educational development for better social and economic development of the nation.

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ROLE OF WOMEN IN AGRICULTURE SECTOR IN INDIA

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ABSTRACT

India is a developing country. The main occupation is agriculture, because 70 percent of the population is involved in this occupation. Many women in developing countries are occupied in agriculture. Women play a significant and crucial role in agriculture development and allied fields. Women constituted 38% of the agricultural labour force in developing countries. It is also estimated that 45.3% of the agriculture labour consists of women. But a large number of women have remained as "invisible workers". Since there has been concern expressed regarding the gap between women's actual economic participation and public perception of it. Several researchers have attempted to overcome this invisibility. This study analyzed women participation in agriculture in India. In this paper tried to discuss the actual role of rural women in agricultural sector and examined the major constrained faced by the women.

KEYWORDS

women in agriculture sector, role of rural women.

INTRODUCTION

The advent of settled life happened with the beginning of agriculture, when people started cultivating food for their livelihood. Agriculture is the vertical backbone of the country. Major part of the country's population earns its livelihood from agriculture. The international development community has recognized that agriculture is an engine for growth of poverty reduction in countries where it is the main occupation of the poor. But the agriculture sector in many developing countries is underperforming, in part because women who represent a crucial resource in agriculture and the rural economy through their roles as farmers, laborers and entrepreneurs, almost everywhere face more severe constraints than men in access to productive resources. But the prosperity and growth of a nation depend on the status and development of its women as they not only constitute nearly half of its population, but also influenced the growth of the remaining half of the population.

Swami Nathan, the famous agricultural scientist describes that it was women who first domesticated crop plants and thereby initiated the art and science of farming, while men went out hunting in search of food, women started gathering seeds from the native flora and began cultivating those of interest from the point of view of food, feed, fodder, fiber and fuel. Women play a key role in the conservation of basic life support systems such as land, water, flora and fauna. They have protected the health of the soil through organic recycling and promoted crop security through the maintenance of varietal diversity and genetic resistance.

Women play a critical role in agriculture in the developing world accounting for about 70% of household food production in Africa, 45% in Latin America, 65 % in Asia, 48% in India. In Sudan women provide 30% of the labour for food production while in the Congo women provide 80% of the labor (Rojas, 2004 world bank 1996). The nature and extent of women's involvement in agriculture, no doubt, varies greatly from region to region. The crucial role of women in agriculture, allied occupations and household activities has however been underestimated and undervalued. In this backdrop, an attempt has been made to discuss the women participation in agriculture and suggestions for better utilization of women population in agricultural activities and developments.

OBJECTIVES OF THE STUDY

The main objectives of the study are as follows:

- 1 To find out the role of women in agriculture and its allied fields.
- 2 To find out the main constraints faced by the women in agriculture sector.
- 3 To find out the various way and means to improve the role of women in the agriculture sector.

RESEARCH METHODOLOGY

The present study is based on the secondary data. The data is collected from Census of India- 2001 and Statistical Report on profile of women for the year 2001. The entire population has been classified into three main categories i.e. Main, Marginal and Non – Workers. They are again further divide into Cultivators, Agricultural Laborers, Household Industry and Other workers depending on nature of their works. A person is considered as cultivator if he or she was engaged either as employer, single worker or family worker in cultivation of land owned or held from government or held from private persons or institutions for payment in money, kind or share of crop. Cultivation included supervision or direction of cultivation and a person who worked in another person's land for wages in cash, kind or share was regarded as an agricultural labourer. Such a person had no risk in cultivation but merely worked in another person's land for wages. An agricultural labourer had no right of lease or contract on land on which he worked.

REVIEW OF LITERATURE

Gupta et al. (1987) have revealed that the women's contribution was generally found more in two fields- household activities and in agricultural labour. It was an indirect contribution of economic activity in the society that has not been counted since time immemorial.

Roy (1992) found that the incidence of women agricultural labourer is not only very high in Bihar, but there are wide variations among the different districts in this regard. Although there is large divergence in the incidence of women labour even within the plains of Bihar, it is generally higher there than in the plateau region, which has substantial proportion of scheduled tribes.

Bastidas (1999) found that women's participation in agriculture was higher in female-headed households. In households where the couple had small children women's participation in agriculture was limited due to family obligations. Where the couple had no small children women preferred to engage in other activities where they could control their income. He also found that women with rural background are more likely to participate in agricultural activities than those with an urban background.

Padma (2004) in the article explored that the 9 sectors where 90% of Indian women work in agriculture, livestock, textiles and textile products, beverage and tobacco, food products, construction, petty retail trade, education and research and domestic services. The number of women working in agriculture in the years 1999-2000 was 7,91,30,000 which accounted for 64.3% of the workforce. Next come livestock, which accounted for 9% of the workforce. The domestic services sector employed 3.2%, retail trade 3.4%, textiles and textile products 2.8% and beverage and tobacco industry 3.0 % of the workforce in the same period.

Meer & Parhiar (2005) has investigated that rural women do all on farm/off farm works. Her day begins from pre-dawn with crushing. Their traditional role of housekeeping has been extended to collect firewood, fodder, and working on farms. Owing to social taboos, ignorance, financial constraints, inadequate education facilities, and non-availability of lady teachers in rural girls", schools have not opened the doors of literacy for them. Agriculture- dependent rural

people have struggled to improve their economic conditions. On the contrary, shortage of water, dry spell cycles, decrease in cultivable area due to soil deterioration, extension of towns and villages, contraction of infrastructure, rising cost of inputs, non-availability of high yield quality varieties seeds to small farmers, un-checked population growth, etc. have together adversely affected the lives of rural people.

Alam SM (2006) has mentioned that majority of women is self-employed and work in dangerous environments. Their daily tasks includes keeping and caring for the livestock at farms. They grow grains, cotton, fibers, fruit, and vegetables. The crop farmer plants, tills, fertilize, sprays, harvests, packs and stores the product. The livestock farmer feeds and cares for animals, while the horticulture farmers produce ornamental plants and nursery products.

Sikka et al. (2007) revealed that more than 8 working hours in a day are spent by women, covering all the buffalo rearing practices. Buffalo rearing covers more than 50 % of the working hours of women in comparison to 10% of the working time of their counterpart, the men.

Bala (2010) explained in his working paper regarding engagement and participation of women workers in almost all activities of agriculture but there is discrimination in wages even if they do same type of work as male labour. Further despite of their extensive and active involvement in agriculture of India, they are not considered for decision making in farm activities. Women participation in agriculture will be acknowledged when women farmer will actively participate to build and improve their knowledge and gain access to new and necessary information to make use of most of them in their farming activities. By linking the knowledge and information flow amongst women socio economic progress can be achieved.

Singh and Vinay (2012) discussed in their working paper about the significance of female labour in agriculture and allied activities. They further stated that the role of women in agriculture as female labour is not highlighted in India. Despite of their presence in activities sowing, transplanting and post-harvest operations they are considered as an invisible workers.

PARTICIPATION OF WOMEN IN AGRICULTURE AND ITS ALLIED ACTIVITIES

Women play a significant and crucial role in agriculture development and allied fields including crop production, livestock production, horticulture, post-harvest operations, agro/social forestry, fishing etc. Rural women perform numerous labour intensive jobs in agriculture field. They are directly attached with summer rainy and winter season agriculture system. Women work such as weeding, hoeing, grass cutting, picking, cotton sticks collection, separation of seeds from fiber. Women are also expected to collect wood from fields. This wood is being used as major fuel sources for cooking. Clean drinking water is another major problem in rural area. Like collection of wood, collecting water from remote areas is also the duty of women.

Livestock is the primary subsistent activity used to meet household food needs as well as supplement farm incomes. A rural woman is responsible for farm activities, keeping of livestock and its other associated activities like milking, milk processing and preparation of ghee are also carried out by the women. The pattern of livestock strength is mainly influenced by various factors such as farm size, cropping pattern, availability of range-lands including fodder and pasture. Mostly women are engaged in cleaning of animals, sheds, watering and milking the animals. Rural women earn extra income from the sale of milk and animals, it is a common practice in the rural areas of a women's dowry. Rural women are also responsible for collection, preparing dung cakes an activity that also brings additional income to poor family. Except graying, all other livestock management activities are predominantly performed by females. Majority of women are involved in shed cleaning and collecting of farm yard manure. It is evident that the women are playing a dominant role in the livestock production and management activities.

Women play an important role in the poultry farming; poultry farming is one of the major sources of rural economy. The rate of women in poultry farming at household level is the central in poultry industry. Every year, income from poultry farming has been rising. Even though rural women are not using modern management techniques, such as vaccination and improved feed, but their poultry enterprise is impressive. In order to generate more and more income, rural income often sell all eggs and poultry meat and left nothing for personal use due to poverty and lack of required level of proteins most of women suffer from malnutrition.

Though rural women also help to produce the staple crops like rice, wheat and maize but her contribution is secondary in staple crop production; however in legumes and vegetables, her sale is instrumental. In the way, women play multi-dimensional role in life. Rural women are engaged in agricultural activities like sowing, transplanting, weeding irrigation, fertilizer application, plant protection, harvesting etc. Women engaged in domestic activities included cooking, child caring, water gathering, house hold maintains etc. Rural women also played an important role in allied activities like cattle management, fodder collection, milking etc. Rural women have very hectic life. Her work starts from dawn and ends at dusk. The daily routine work begins from house cleaning, fetching, drinking water, dusting, washing, laundry, preparing, and food for farming, care of children, tailoring and sewing clothes. She manages these activities very smartly. Even though rural women supply food production, yet her own food security is always at risk, Women farmers are frequently ignored in development strategies and policies. The study also noted that majority of the rural women are uneducated, unskilled and tradition bounded, therefore, their productive capacity are also low, and counted as unskilled labour.

TABLE - 1: STATISTICS ABOUT WOMEN IN INDIA

| | | Percentage to total women population |
|---|--|--------------------------------------|
| 1 | Total Women Population | 494.83 million |
| 2 | Total Women Workers | 127.05 million 25.63 |
| 3 | Total Women Main Workers | 72.65 million 14.68 |
| 4 | Total Women Marginal Workers | 54.40 million 10.95 |
| 5 | Total Women Owner Cultivators | 41.30 million 8.34 |
| 6 | Total Women Agriculture Wage Workers | 50.09 million 10.12 |
| 7 | Total Women Household Industry Workers | 08.08 million 1.63 |
| 8 | Total Women Other Workers | 27.57 million 5.57 |

Source: Census 2001

TABLE 2 - SHARE OF FARM WOMEN IN AGRICULTURAL OPERATIONS

| Activity | Involvement (Percentage) |
|---|--------------------------|
| Land preparation | 32 |
| Seed cleaning and sowing | 80 |
| Inter cultivation activities | 86 |
| Harvesting reaping, winnowing, drying, cleaning and storage | 84 |

Source: Registrar General of India, New Delhi, 2001

TABLE 3: STATE-WISE TREND OF WOMEN PARTICIPATION IN AGRICULTURAL & NON – AGRICULTURAL ACTIVITIES

| State | Total Female Workers | Percent of Female workers in Agriculture | Percent of Female workers in Non- Agricultural Activities |
|------------------|----------------------|--|---|
| HIMACHAL PRADESH | 630521 | 82.47 | 17.53 |
| MANIPUR | 229137 | 55.59 | 44.41 |
| NAGALAND | 279166 | 82.66 | 17.34 |
| ANDHRA PRADESH | 9585381 | 73.44 | 26.56 |
| RAJASTHAN | 4595570 | 81.07 | 18.93 |
| MADHYA PRADESH | 5046293 | 79.45 | 20.55 |
| KARNATAKA | 5467914 | 61.11 | 38.89 |
| TAMIL NADU | 7454473 | 59.3 | 40.7 |
| MAHARASHTRA | 10331758 | 74.53 | 25.47 |
| GUJARAT | 3544508 | 57.12 | 42.88 |
| ORISSA | 1584529 | 60.47 | 39.53 |
| TRIPURA | 170238 | 52.78 | 47.22 |
| ASSAM | 1265065 | 42.47 | 57.53 |
| PUNJAB | 1409704 | 24.51 | 75.49 |
| BIHAR | 3541857 | 83.56 | 16.44 |
| WEST BENGAL | 3528612 | 32.62 | 67.38 |
| UTTAR PRADESH | 4999389 | 65.87 | 34.13 |
| KERALA | 1776280 | 21.27 | 78.73 |

Source: Census 2001

Table 1 reveals that at an all India level the total women workers constituted 25.63% of the total female population. Among these 14.68 are main workers and 10.95% are marginal workers. Agriculture wage workers are 10.95% and owner cultivator are 8.34%. The household industry workers are 1.63% and other workers are 5.57%. A majority of the female population (74.34%) are non-worker.

Table 2 shows that the average time spends by farmwomen in household and agriculture activities. Women involved 32% in land preparation, 80% in seeds cleaning and sowing, 86% in inter cultivation and 84% in harvesting reaping, winnowing, drying, cleaning and storage. In this way, women spend five to nine hours per day on the farm in the peak season. Agriculture and allied activities almost take the equal time and energy at par with household activities.

Table 3 explain the scenario of female workers across Indian states and also visualizes the percentage of women involved in agriculture as primary occupation and the rest shows that percentage that generates their income from non-agriculture activities like household, industry services etc. Women majority generates their income through agriculture and agriculture activities. Exceptions where there like Punjab, Kerala and west Bengal where women were comparative involved in non-agriculture activities.

MAIN PROBLEMS FOR WOMEN GROWTH IN AGRICULTURAL SECTOR

1. TECHNOLOGY TRANSFER

Women's participation in agricultural is adversely affected by modern method of cultivation, which results in gradual displacement of women and sharing of their activities. Most of the agricultural development programs are planned even today by men for men. As and when technology developed they were focused towards male farmers and the development and enhancement of capability of farm women are rarely the consideration.

2. MORE WORK LESS PAY

Generally man can easily shift from one place to another place for better job opportunities and better income facilities and women cannot shift from their living place. So women receiving lower wages than men. The wages difference from men and women workers is a main constraint for the development of women. Women earn fewer wages, especially in joint, informal and private sector.

3. UNSKILLED AND ILLITERATE

Apart from 90 % of rural women are unskilled and 80% women are illiterate, which makes them vulnerable to exploitation. They have no proper knowledge about modern agriculture system.

4 OFF SEASON PROBLEM

During off season the women in agriculture have to struggle hard to find for alternative sources of income. The absence of alternative opportunities for employment in the rural sector is intensified by the decline of traditional handicrafts.

5 NON- AVAILABILITY OF LOANS

Financial institutions are hesitant to extend credit for agricultural activities taken up by women as they lack security. At the same time women are unaware of the exacting credit facilities, physically unable to reach the banks, unfamiliar with policies and cumbersome procedures.

6 IGNORANCE OF LEGAL RIGHTS OF WOMEN

7 LOW LEVEL OF NUTRITION AND FREQUENT PREGNANCIES MAKE WOMEN PRONE TO POOR HEALTH AND THUS LIMITING THEIR PRODUCTION

SUGGESTIONS AND STRATEGIES FOR BETTER PARTICIPATION OF WOMEN IN AGRICULTURE

The following suggestions and strategic plans may help in better participation women in agriculture.

1. First of all recognize women's role as farmers and producers of crops and livestock; as users of technology; as active agent in marketing; processing and storage of food and as agricultural laborer. Secondly assess the needs of women farmers and provide support services such as input support, technological support and extension support.
2. Women's programs must recognize the balance, which exists in the workloads and working condition of men and women. Many programs design for women neglect the already heavy burden of the work they carry.
3. Government should launch specific training skills courses and educational programs for rural women keeping in view their problems and also should be broadcast through television radio and group meeting at the access area.
4. To enhance women's literacy rates and to improve the levels of female education ratio, other urgent measures required. A separate policy for women may serve the purpose.
5. Women must be aware regarding their existing rights, access to judicial relief and redress, removing discrimination through legal reforms and providing legal aid, assistance and counseling.
6. Agricultural education institutions and training centers should develop regular curricula and provide technical training in agriculture and allied sectors to help women farmer take up a vacation in agriculture and allied sector. Also, training in increased managerial organization entrepreneurial and decision making skill.
7. Women must be involved in decision making bodies that have the potential to introduce structural changes. This action will bring some changes in the gender relations in the society.
8. Priority must be given to women in accessing credit on soft terms from banks and other financial institutions for setting up their business, for buying properties and for house building

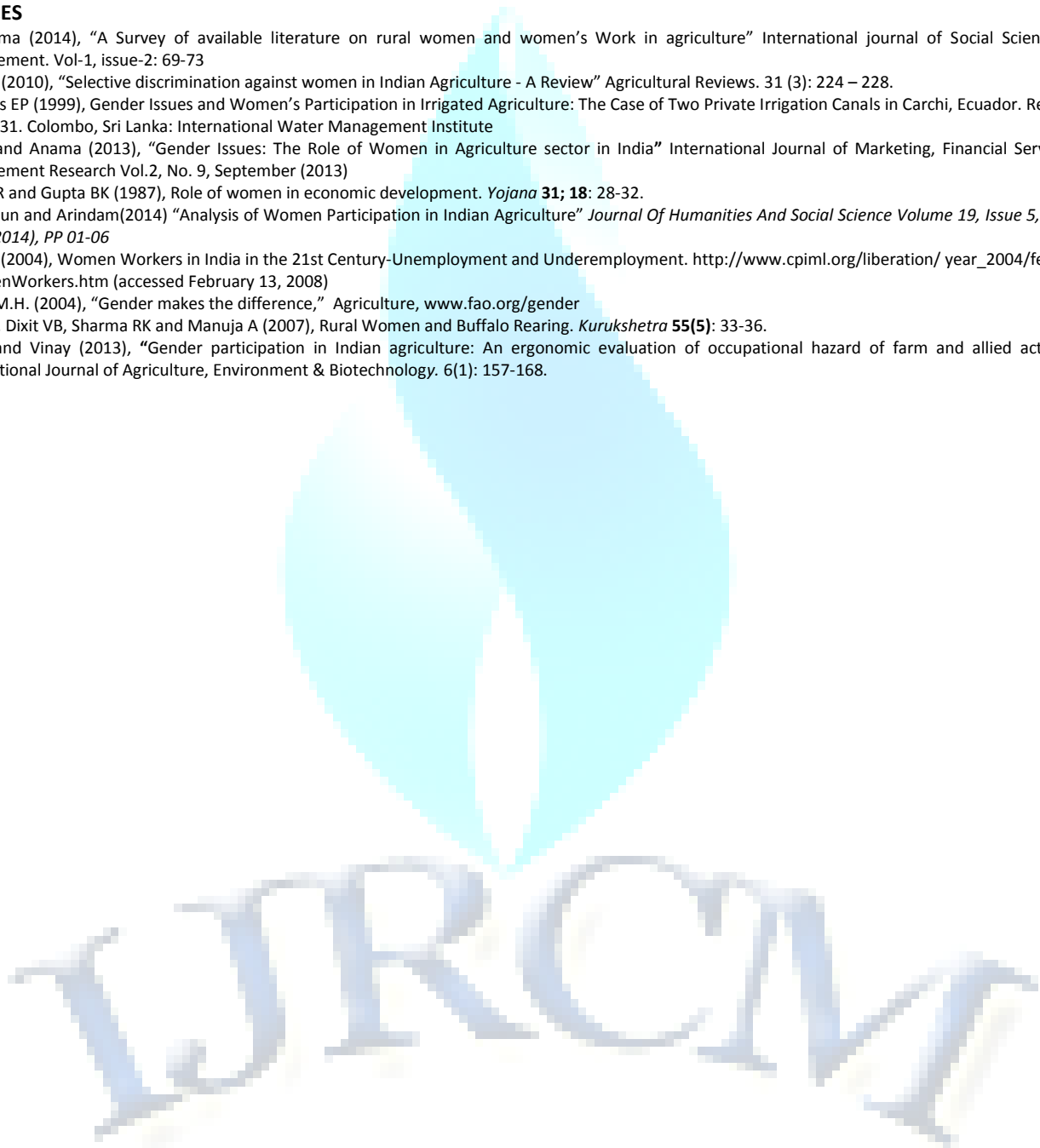
9. The important requirement for effective integration of rural farm women into the stream of development is to build their access to resource-base, such as land and other movable properties.

CONCLUSION

Women in agriculture have vast potential, intelligence and ability, which if trapped properly, may enable them to join the mainstream of agriculture development. The source of exploitation and disabilities of these women are rooted in their ignorance, helplessness, landlessness, lack of education and inequality of status. It is, therefore, necessary to equip women with required information, knowledge and skills to enable them to do their work efficiently and become equal partners in agricultural production. Appropriate structural, functional and institutional measures need to be proposed to empower women and build their capacities and improve their access to inputs proper technology exclusively designs for women will increase their participation and crop production. According to Jawaharlal Nehru, "Once she is on the move, the household moves, the village moves and the country moves and through the women her children are brought into the picture and given the opportunity of higher life and better training. Thus, we give the opportunity of the women of today we build the India of tomorrow".

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AN ANALYTICAL STUDY OF FARMER SUICIDES IN MAHARASHTRA

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ABSTRACT

The large number of farmers' suicides in different parts of India is possibly the most perturbing incidence observed in over the last two decades. These suicides reached almost contagion proportions in certain pockets of the country, particularly in the state of Maharashtra. According to NCRB data, over 60,000 farmers have killed themselves in the state since 1995. This paper looks at the several factors that directly or indirectly influence the agricultural sector production and farmers' incomes and thereby have an impact on the number of farmers' suicides in Maharashtra. Some of these factors include: irrigation, road infrastructure, availability of institutional credit, agricultural insurance scheme, genetically modified crops. Statistical tools of scatter plot and Correlation are used to study the relationship. Lastly the paper suggests that the promotion of irrigation, raising cotton MSP, encouraging textile industry along with controlling rural population growth rates in the state can be the key factors in tackling the battle against farmers' distress in the state.

KEYWORDS

Farmer Suicides, Maharashtra, NCRB, Scatter Plot, Trend Line, Correlation.

INTRODUCTION

The latest data of the National Crime Records Bureau (NCRB) shows that some 3,146 farmers committed suicide in Maharashtra in 2013. This takes the total number of farmers committing suicides in the Western Indian state to 60,750 since 1995. (The NCRB commenced recording farm data in its annual Accidental Deaths & Suicides in India reports since 1995)

The picture in the state got a lot worse during 2004- 2008. On average, 4191 farmers in the state took their lives every year during this four year period.

A total of 2, 96,438 farmers have committed suicide in India since 1995 (NCRB ADSI reports 1995-2013) of which the state of Maharashtra alone accounts for 20.5% of these farmers' suicidal deaths.

What are the factors that influence farmers' suicides? Do they occur because of the rainfall uncertainties and crop failures?

Farmers have been killing themselves in years both when the crop has been excellent and has failed. It is just that when it does not rain, their circumstances reach even worse state. There have been appalling suicide numbers in some bright monsoon years.

The monsoon does have a very real impact on Indian agriculture. But it is by no means the main reason for the farm suicides. And with the bulk of those suicides occurring amongst cash crop farmers, various other issues come to the fore which are majorly driven by state policies.

In this paper, an attempt has been made to gauge the strength of relationship between farmers' suicidal deaths and various factors that affect the agricultural production and incomes and thereby are alleged to have a role in influencing the suicidal deaths. For doing this statistical tools of scatter plot and correlation have been employed.

LITERATURE REVIEW

A number of studies have been conducted in the form of assessments and research work on farmers' suicide. In every study an attempt has been made by the researcher to comprehend the factors that influence farmers Suicides in Maharashtra, India.

The paper by **Jennifer Guha** namely "**Farmer suicides in Maharashtra India**" (2012) studies farmer suicides in Maharashtra between 1990-2011 to find the causes of farmer suicide in India, factors contributing to the fluctuation in number and frequency of suicides and the extent to which globalization has affected farmer suicides. The paper also tries to find the best type of policy to be pursued so as to address this problem. It found that globalization, inadequate government policies, ecological distress and social issues are precise reasons. Based on these facts, this paper recommended policy suggestions to pursue as defensive strategies. The organic farming techniques, insurance schemes, and the creation of community groups for farmers are expected to have a positive impact on farmer's living.

Sarah Hebous and Stefan Klöner (2013) in their paper "**Sources of Agrarian Distress and Farmers' Suicides in Southern India: An Econometric Investigation**" analyze the sources of severe agrarian distress in semi-arid India. They collected district-level data on farmers' suicides for the period 1998 to 2004 in 62 districts in Southern India. Using panel techniques, they estimate the effects of temporary rainfall shocks and structural changes in agriculture on the occurrence of suicides of adult males whose primary occupation is agriculture.

The paper by **Srijit Mishra, Sangeeta Shroff, Deepak Shah, Vivek Deshpande, Anjali P. Kulkarni, Vinayak S. Deshpande, P. R. Bhatkule** (2006) namely "**Suicide of Farmers in India**" analysis of 192 news reports which quotes cases of farmers' suicides in Maharashtra reported during 2004. A study of circumstances reveals multiple risk factors such as economic downfall, agrarian crisis, and social disgrace among others. Indebtedness, a manifestation of economic downfall, becomes acute with reliance on moneylenders

A study by **B B Mohanty** in his paper "**Social Roots of Farmer Suicides in Maharashtra**" (2014) examines farmer suicides in the Amravati and Yavatmal districts of Maharashtra. He studied how agrarian changes having noticeably lowered the level of economic achievements of farmers; and how the disproportion between achievement and aspiration greatly felt by farmers who experience egoism influences suicides.

IMPORTANCE OF THE STUDY

An attempt has been made to get some insights into the problem of suicides of agricultural farmers in the state of Maharashtra. This paper tries to find out the impact of several factors on the number of suicides of farmers by quantifying the strength of relationship between the factor and the number of farmer suicides using the statistical tools of scatter plot and correlation. This can help the decision makers and further researchers to understand on which factors to focus on urgent basis out of the several factors.

OBJECTIVES OF THE STUDY

The objectives of this study are:

1. To study the factors that influence agricultural production and incomes directly or indirectly and thereby can influence the number of farmer suicides in the state of Maharashtra through a scatter plot and a trend line.
2. To study the correlation i.e. the strength of linear relationship between number of farmer suicides and the factor.
3. To identify factors having strong relationship with the number of farmer suicides.

RESEARCH METHODOLOGY

In this paper, descriptive statistics has been employed. The source of data is secondary. Factors such as irrigation, insurance, Bt cotton, institutional credit have been considered to find out whether it has any relationship with the number of farmer suicides in Maharashtra. Statistical methods of scatter plot, trend line and correlation have been used in order to find the underlying trend and strength of the relationship.

CAUSES OF FARMER SUICIDES

There are several economic, social, political, environmental and cultural reasons for farmer suicides. In this paper, some possible factors have been handpicked from the Maharashtra Economic Survey that have a role in influencing the agricultural scenario in the state, farmers’ income and thereby the number of farmers’ suicides. And further an attempt has been made to gauge the strength of relationship between the factor and suicidal deaths. In this regard help has been taken of statistical tools of scatter plot, trend line and correlation coefficient.

Below is the list of factors selected to be analysed. The factors can be largely divided into two categories

1. Factors that constitute the part of rural and agricultural infrastructure which indirectly affects rural incomes and the number of farmer suicides.
2. Factors that directly affects farmers’ income and thereby number of suicides.

List of first set of factors include:

- a) Central Assistance received under Accelerated Irrigation Benefit Programme in Rs. Crores.
- b) Number of farmers covered under the National agricultural insurance scheme in Maharashtra
- c) Village Road length (in kms) in Maharashtra
- d) Number of Primary Health Centres in Maharashtra
- e) Number of banking branches of Scheduled Commercial Banks in rural and semi-urban areas indicating the reach of institutional credit.

The second set of factors taken in this study is:

- a) Farmers in Maharashtra grow largely cash crops in which the prominent one is cotton. So here we consider the cotton yield measured in kgs per hectare.
- b) Closely related to the first factor is the Minimum Support Price of cotton. Raising of cash crops such as cotton requires sizable financial input and it raises the cost of cultivation. In such scenario minimum support prices play an important role in determining farmers’ income.
- c) Use of genetically modified cotton seeds i.e. Adoption of Bt cotton in Maharashtra measured in '000 hectares.
- d) Spread of Textile industry in Maharashtra measured by the no. of spinning plus composite mills (both SSI and Non SSI units) and power loom units in the state. Larger the number of mills, more demand for raw cotton and the farmers will be able to receive better as well as quicker returns for their produce.
- e) Alternative source of employment for farmers and their families measured here by the employment generated under Swarnajayanti Grameen Swarozgar Yojana in terms of total Swarozgaris assisted.
- f) Lastly population growth rates in rural areas of Maharashtra is taken to proxy for various social and economic burdens that large sizes of the families pose on the farmers.

ANALYSIS AND DISCUSSION

FARMER SUICIDES IN MAHARASHTRA (MH)

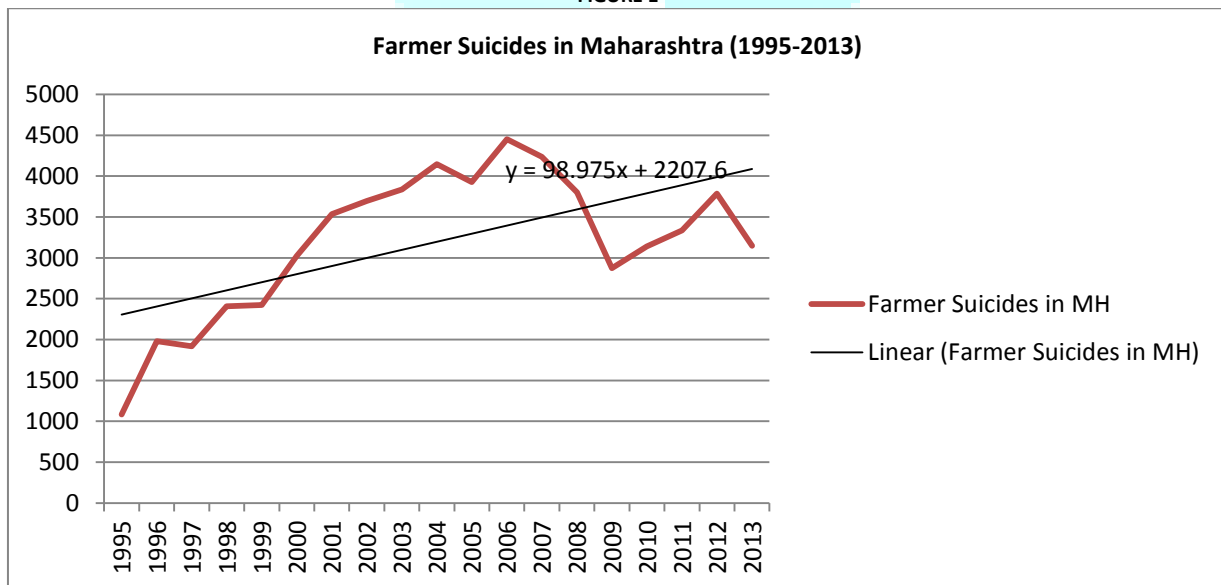
Farmer Suicides in Maharashtra are seen to be rising from 1083 in 1995 to 3146 in 2013 with suicides reaching as high as 4453 in 2006. The year 2009 saw a fall to 2872 in suicides, however post 2009 again saw a rise in the farmer suicides (Refer Table 1 below). The same can be seen in Figure 1 which plots the data for farmer suicides. A trend line has been drawn which is positively sloped implying a rise in suicide numbers over the years 1995-2013 on average.

TABLE 1

| Year | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|-----------------------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|
| Farmer Suicides in MH | 1083 | 1981 | 1917 | 2409 | 2423 | 3022 | 3536 | 3695 | 3836 | 4147 | 3926 | 4453 | 4238 | 3802 | 2872 | 3141 | 3337 | 3786 | 3146 |

Source: National Crime Records Bureau (1995-2013)

FIGURE 1



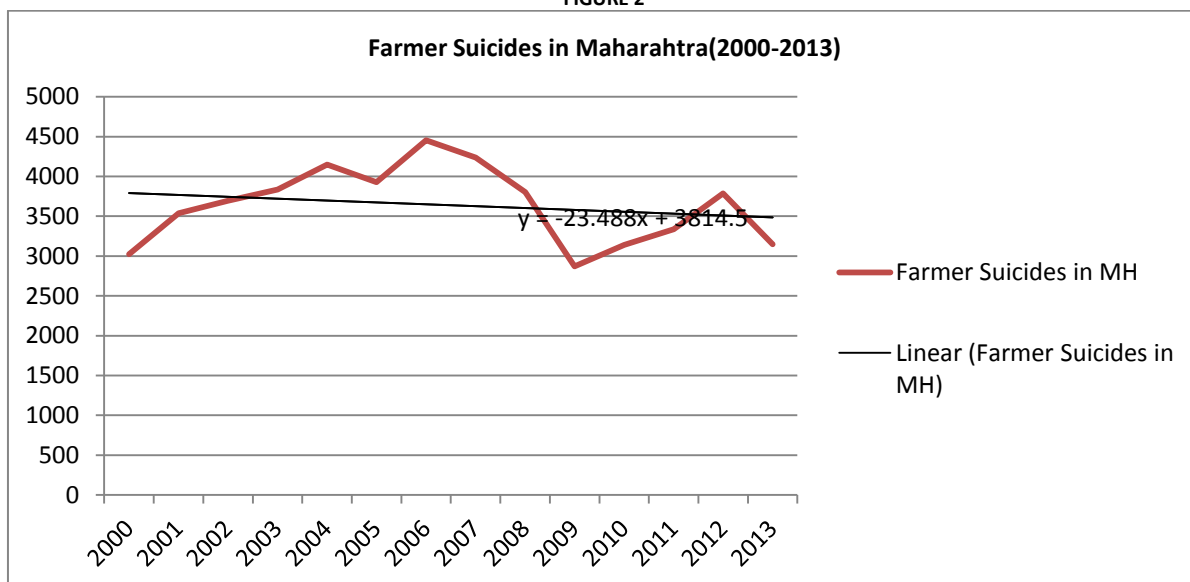
For the 2000 to 2013 period the number of suicides has seen some fluctuations. In the year 2000 and 2013, the suicides are around 3000. However in period 2004 to 2007 the suicides increased, peaking to 4453 in 2006 while year 2009 witnessed a decline in suicides to 2872. (Table 2 below) Figure 2 which plots the data shows an average tendency of suicide numbers to fall in the period primarily due to a dip in years 2009 and 2010. Though in 2012 and 2013 again the numbers have seen a rise due to which the issue of farmer suicides continues to be an issue of deep concern.

TABLE 2

| Year | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|-----------------------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|
| Farmer Suicides in MH | 3022 | 3536 | 3695 | 3836 | 4147 | 3926 | 4453 | 4238 | 3802 | 2872 | 3141 | 3337 | 3786 | 3146 |

Source: National Crime Records Bureau (2000-2013)

FIGURE 2



ANALYSIS OF FACTORS INFLUENCING FARMERS’ SUICIDES

A. Factors that constitute the rural and agricultural infrastructure that indirectly affects rural incomes and the number of farmer suicides.

1. **CENTRAL ASSISTANCE UNDER ACCELERATED IRRIGATION BENEFIT PROGRAMME** (crore Rs)

Almost 80 to 85% of farming in Maharashtra is dependent on the whims of the seasonal rains. In such a scenario role of irrigation gains extreme importance for facilitating farming in Maharashtra.. The table given below shows the assistance received by the state under the Accelerated Irrigation Benefit Programme from the centre.

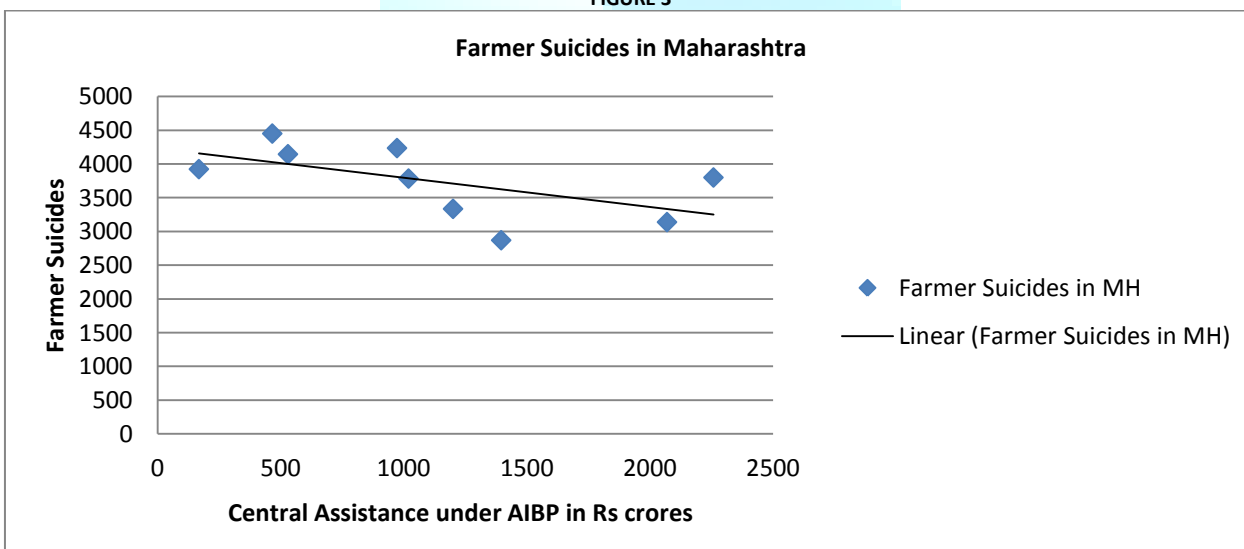
TABLE 3

| Year | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|--------|--------|--------|--------|---------|---------|---------|---------|---------|
| Central Assistance under AIBP in crore Rs | 529.29 | 167.38 | 465.52 | 972.25 | 2257.83 | 1395.39 | 2069.06 | 1199.89 | 1019.02 |

Source: Maharashtra Economic Survey (Various issues)

Below (Figure 3) is the scatter plot showing the relationship between this factor and the number of farmer suicides in the state. As can be seen from the trend line, there is a negative relation between the two variables for the period 2004-2012.

FIGURE 3



Further, using the statistical tool of Correlation, a negative relation has been found between the Central Assistance under AIBP in (Rs. Crore) in Maharashtra and the number of farmer suicides which means that as irrigation support under AIBP increases, the number of farmer suicides falls.

| | Farmer Suicides in MH | Central Assistance |
|---|-----------------------|--------------------|
| Farmer Suicides in MH | 1 | |
| Central Assistance under AIBP in (crore Rs) | -0.5793 | 1 |

2. **NATIONAL AGRICULTURAL INSURANCE SCHEME**

Next factor taken is insurance. Since agriculture in Maharashtra is highly susceptible to risks like droughts, hailstorms and floods, it is necessary to shield the farmers from such calamities and ensure their credit eligibility for the next season. For this purpose, the Government of India introduced many agricultural schemes throughout the country. Here we have taken the data on farmers covered under the National agricultural insurance scheme in Maharashtra for the period 2001 to 2013. (Table 4)

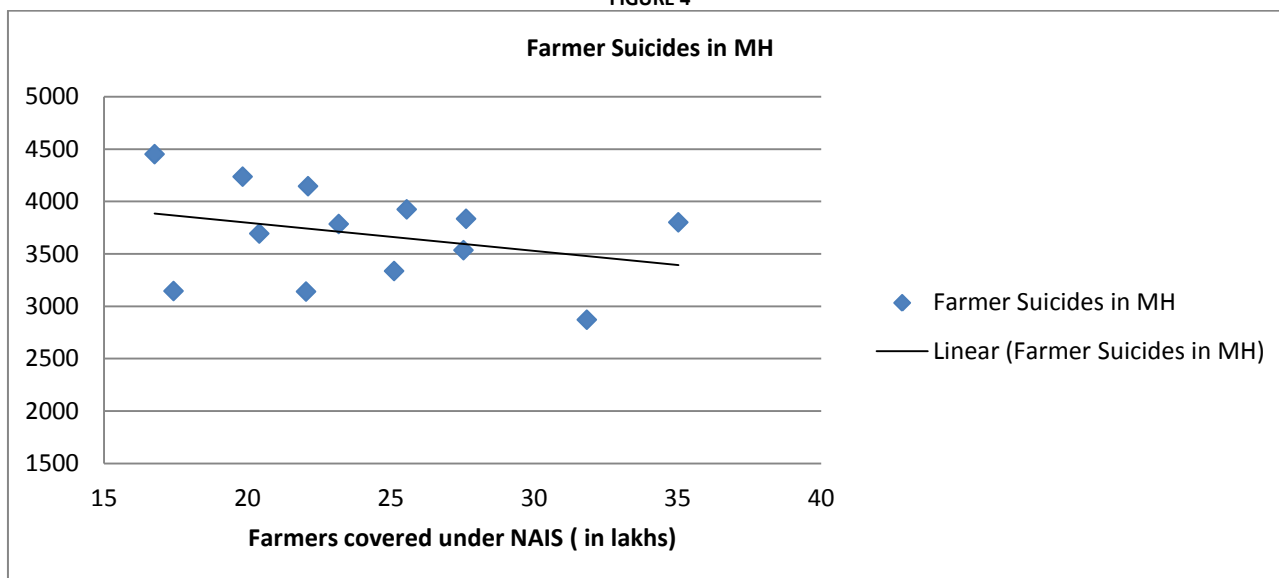
TABLE 4

| Year | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| NAIS | 27.53 | 20.41 | 27.62 | 22.11 | 25.55 | 16.76 | 19.83 | 35.02 | 31.83 | 22.04 | 25.11 | 23.18 | 17.42 |

Source: Agriculture Insurance Company of India Limited

As can be seen from the scatter plot of the data (Figure 4) on the two variables for the said period there exists a negative relation between the two.

FIGURE 4



Using Correlation, again a negative relation is found between the number of farmers covered under the National agricultural insurance scheme in Maharashtra and the number of farmer suicides which means that as number of farmers covered under NAIS increases, the number of farmer suicides falls.

| | | |
|-----------------------|------------------------------|-------------|
| | <i>Farmer Suicides in MH</i> | <i>NAIS</i> |
| Farmer Suicides in MH | 1 | |
| NAIS | -0.3105 | 1 |

3. ROAD INFRASTRUCTURE

Investment in road infrastructure is essential to increase farmers’ access to input and output markets, to stimulate the rural non-farm economy and vitalise rural towns, to increase consumer demand in rural areas and to facilitate the integration of less-favoured rural areas into national and international economies. Data on village road length in kms in Maharashtra for the period 2001 to 2011 (Table 3) has been collected from the Maharashtra Economic Surveys (various issues from 2006-2013)

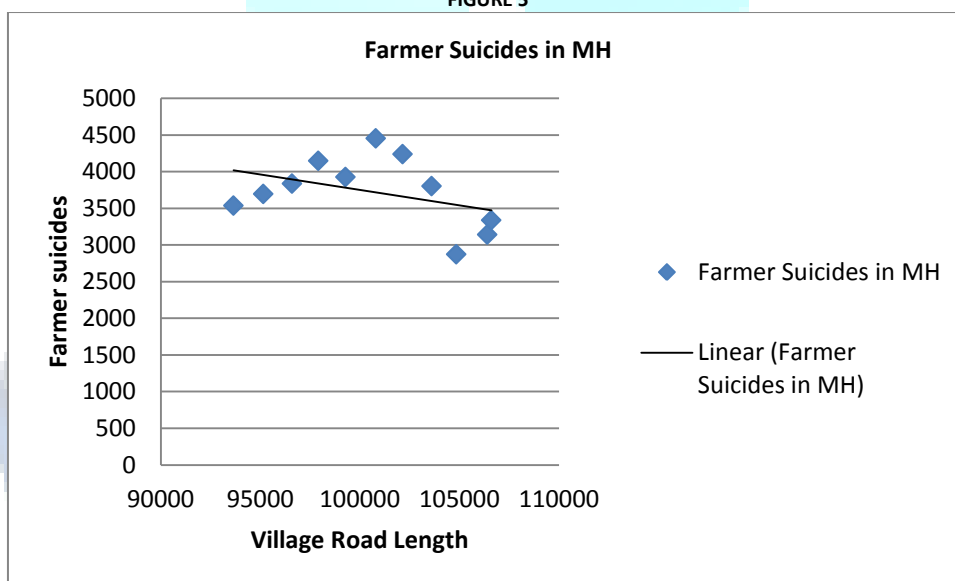
Below (Figure 3) is the scatter plot of the data on the two variables for the period 2001-2011, showing the negative relationship.

TABLE 5

| Year | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|----------------------------|-------|-------|-------|-------|-------|--------|--------|--------|--------|--------|--------|
| Village road length in kms | 93652 | 95150 | 96593 | 97913 | 99279 | 100801 | 102149 | 103604 | 104844 | 106400 | 106601 |

Source: Maharashtra Economic Survey (Various issues)

FIGURE 5



Using the statistical tool of Correlation also, a negative relation is found between village road length and the number of farmer suicides which means that as Village road length increases, the number of farmer suicides falls.

| | | |
|-----------------------|------------------------------|-----------------------------------|
| | <i>Farmer Suicides in MH</i> | <i>Village road length in kms</i> |
| Farmer Suicides in MH | 1 | |
| Village road length | - 0.3969 | 1 |

4. PRIMARY HEALTH CARE CENTRES

Primary Health Centres are state-owned rural health care facilities in India. They are the most basic units of health care system in rural area of the state. They are essential because poor health, illness and inability to meet the necessary expenditure on medicine and health services are other major factors determining farmer suicides.

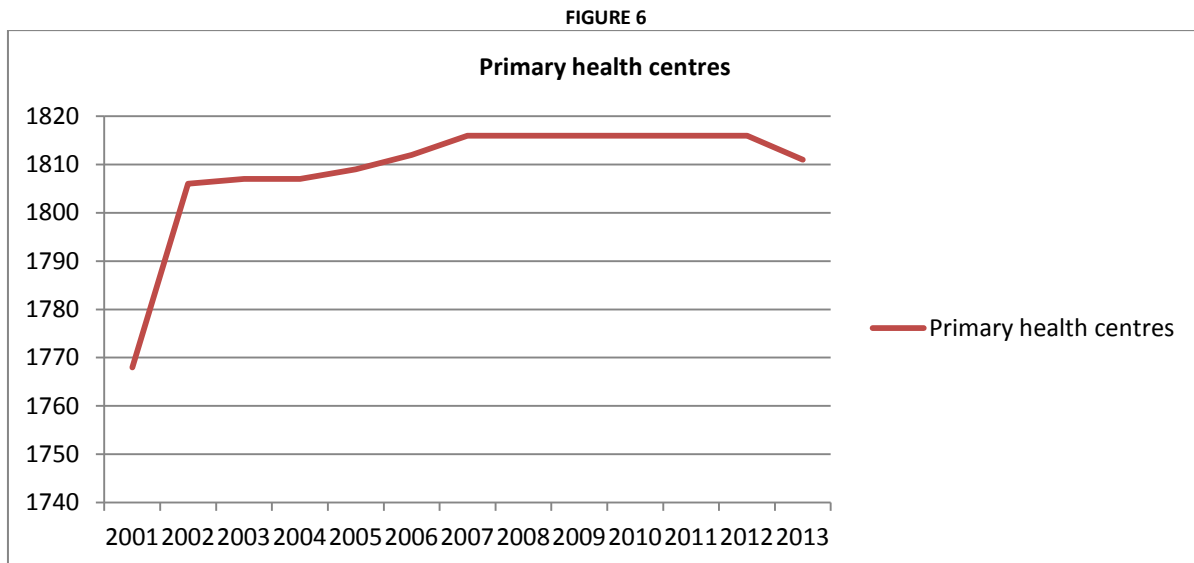
Below is the data on the number of Primary Health Centres in Maharashtra for the period 2001-2013. (Table 6)

TABLE 6

| Year | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|------------------------|------|------|------|------|------|------|------|------|------|------|------|------|------|
| Primary health centres | 1768 | 1806 | 1807 | 1807 | 1809 | 1812 | 1816 | 1816 | 1816 | 1816 | 1816 | 1816 | 1811 |

Source: Maharashtra Economic Survey (Various issues)

However as the above data and the chart below (Figure 6) shows, the number of Primary Health Centres over the last many years has almost remain stagnant. It is a matter of great concern that health care facilities have been ignored by the state.



Using the statistical tool of Correlation, a very small but negative relation is found between the number of Primary Health Centres in Maharashtra and the number of farmer suicides which means that as number of Primary Health Centres increases, the number of farmer suicides falls. With the recognition of this negative relation, serious attempt should be made to improve the health care facilities in rural Maharashtra

| | Farmer Suicides in MH | Primary health centres |
|------------------------|-----------------------|------------------------|
| Farmer Suicides in MH | 1 | |
| Primary health centres | -0.0063 | 1 |

5. NO. OF BANKING OFFICES SCBs IN RURAL AND SEMI-URBAN AREAS

Institutional credit reach is required to lower the dependence of farmers on moneylenders, relieve them of indebtedness and to achieve higher levels of agricultural investment and output. Table 7 shows the data on the number of banking offices SCBs in Rural and semi-urban areas.

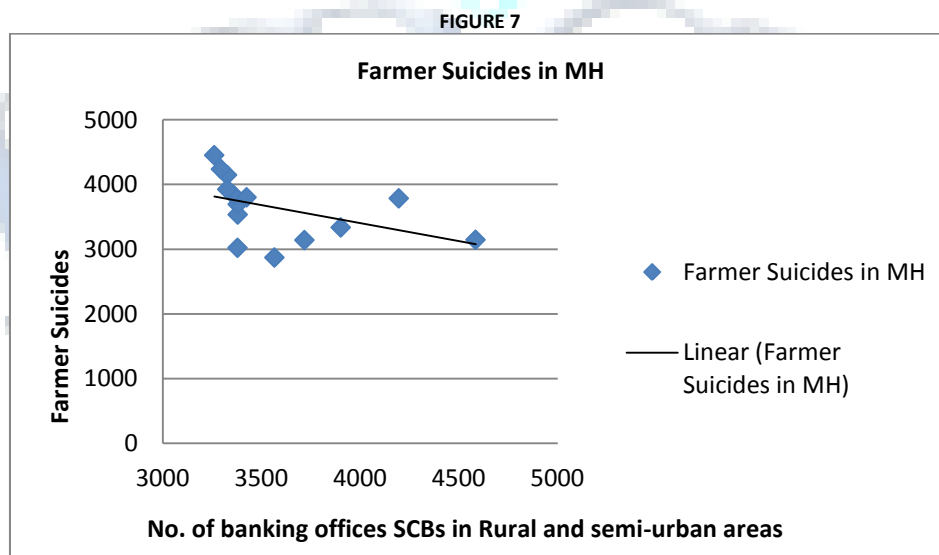
TABLE 7

| Year | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|------|------|------|------|------|------|------|------|------|------|------|------|------|------|
| No. of banking offices SCBs in Rural and semi-urban areas | 3379 | 3380 | 3380 | 3360 | 3326 | 3327 | 3261 | 3295 | 3425 | 3566 | 3718 | 3902 | 4196 | 4585 |

Source: Maharashtra Economic Survey (Various issues)

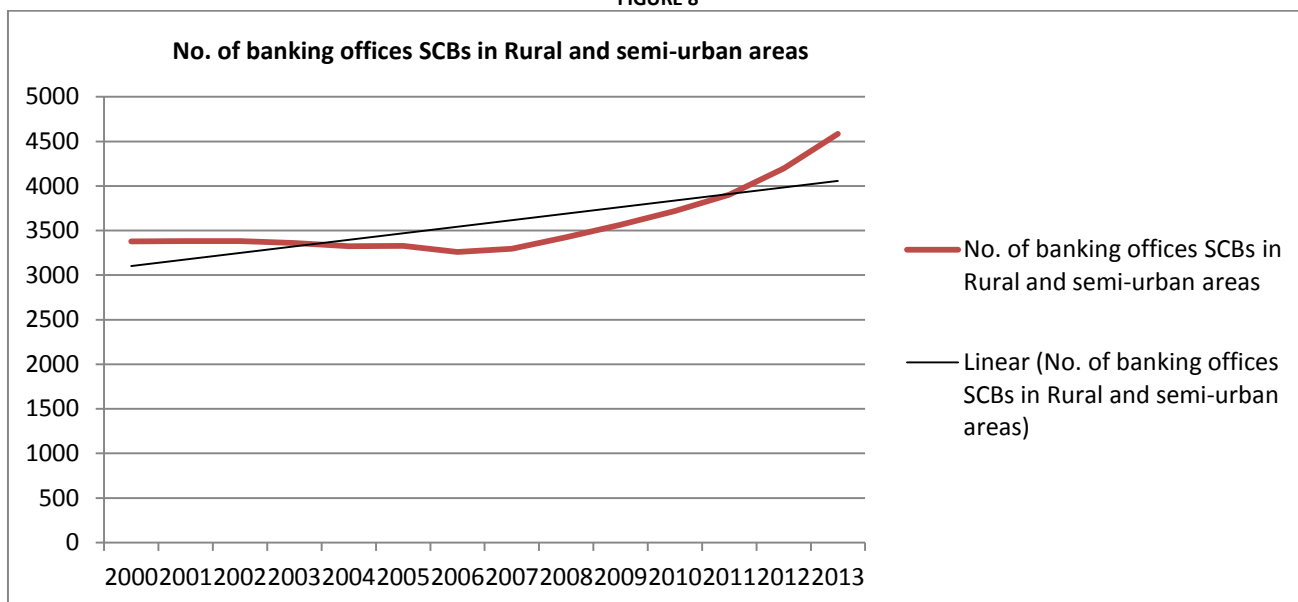
Below (Figure 7) is the scatter plot of the data on the two variables for the period 2000-2013 and the trend line has been fitted. It shows the existence of a negative relationship between the two.

Initially this negative relationship was much stronger i.e. as the institutional credit initially increased it was followed by a large decline in the number of farmer suicides. But off late this relationship has grown weaker perhaps other factors did not follow the rise in institutional credit availability.



There was a quite steep rise in bank branches post 2005 as can be seen from figure given below, but the fall in farmer suicides has not been this sharp thereby weakening the relationship between the two. (Figure 8)

FIGURE 8



Using the statistical tool of Correlation, again a negative relation is found between the number of banking offices Scheduled Commercial Banks in Rural and semi-urban areas in Maharashtra and the number of farmer suicides which means that as number of bank branches increases, the number of farmer suicides falls.

| | | |
|---|------------------------------|-------------------------------|
| | <i>Farmer Suicides in MH</i> | <i>No. of banking offices</i> |
| Farmer Suicides in MH | 1 | |
| No. of banking offices SCBs in Rural and semi-urban areas | -0.4573 | 1 |

B. FACTORS THAT DIRECTLY AFFECTS FARMERS' INCOME AND THEREBY NUMBER OF SUICIDES

1. COTTON YIELD KG PER HECTARE

The farmers in the state overwhelmingly grow cash crops such as cotton, sugar cane, groundnut, vanilla, coffee, pepper and others. Cotton among them is a prominent cash crop. The yield of cotton thereby affects the fate of huge number of farmers in Maharashtra. Below is the data on cotton yield for the period 2003 to 2012. (Table 8)

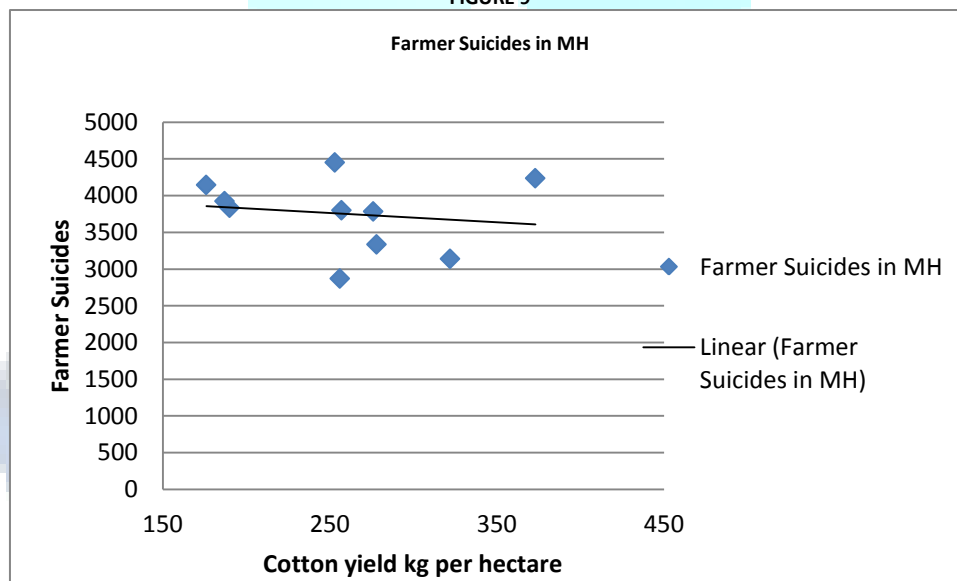
TABLE 8

| Year | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|-----------------------------|------|------|------|------|------|------|------|------|------|------|
| Cotton yield kg per hectare | 190 | 176 | 187 | 253 | 373 | 257 | 256 | 322 | 278 | 276 |

Source: Maharashtra Economic Survey (Various issues)

Below (Figure 9) is the scatter plot and trend line of the data on the two variables for the period 2003-2012 exhibiting a negative relationship.

FIGURE 9



Using the statistical tool of Correlation, a negative relation is confirmed between the Cotton yield kg per hectare in Maharashtra and the number of farmer suicides which means that as Cotton yield kg per hectare increases, the number of farmer suicides falls.

| | | |
|-----------------------------|------------------------------|---------------------|
| | <i>Farmer Suicides in MH</i> | <i>cotton yield</i> |
| Farmer Suicides in MH | 1 | |
| cotton yield kg per hectare | -0.1551 | 1 |

2. MINIMUM SUPPORT PRICE OF COTTON

Since growing cash crop requires sizeable financial input, MSP declared by the Commission on Agricultural Cost and Prices, Government of India has a crucial role in making the agricultural activity more viable as well as to protect the farmer's economy from natural calamities and low prices offered by traders. Below is the data on MSP of cotton for the period 2002 to 2013. (Table 9)

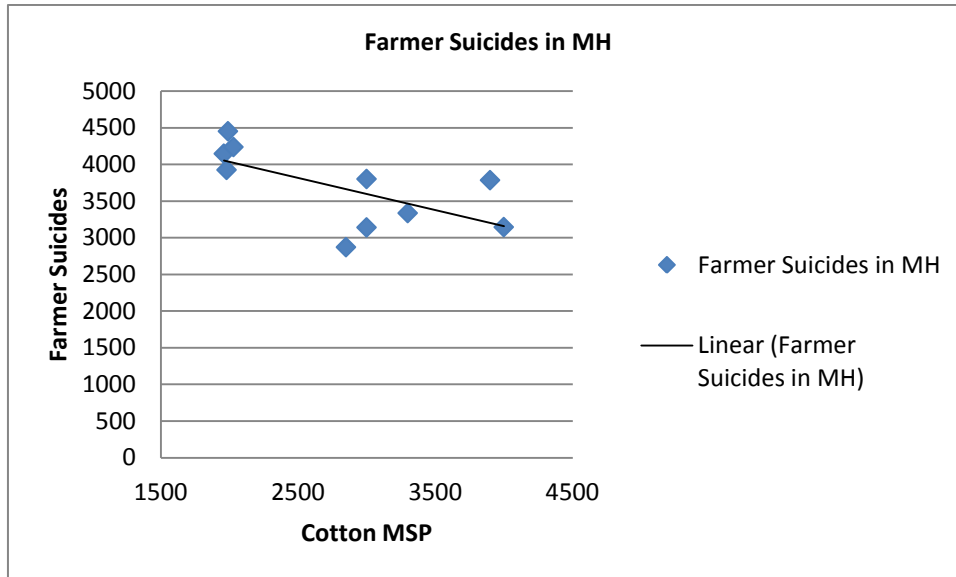
TABLE 9

| Year | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|------------|------|------|------|------|------|------|------|------|------|------|
| Cotton MSP | 1960 | 1980 | 1990 | 2030 | 3000 | 2850 | 3000 | 3300 | 3900 | 4000 |

Source: Commission on Agricultural Cost and Prices

The scatter plot of the data on the two variables for the period 2002-2013 and the fitted trend line exhibit a negative relationship.

FIGURE 10



Using the statistical tool of Correlation, again a strong negative relation is found between the Minimum support price of cotton declared by the CACP, GOI and the number of farmer suicides which means that as Minimum support price of cotton increases, the number of farmer suicides falls.

| | Farmer Suicides in MH | Cotton MSP |
|-----------------------|-----------------------|------------|
| Farmer Suicides in MH | 1 | |
| Cotton MSP | -0.652 | 1 |

3. ADOPTION OF BT COTTON ('000 HA) IN MAHARASHTRA

Bt cotton has been alleged to be responsible for the suicide of thousands of Indian farmers. However, the data analysis below reveals that there is no such relation between the suicides and the increasing degree of adoption of Bt cotton. On the contrary, as the adoption of Bt cotton has increased over the years, the number of suicides appear to have decreased.

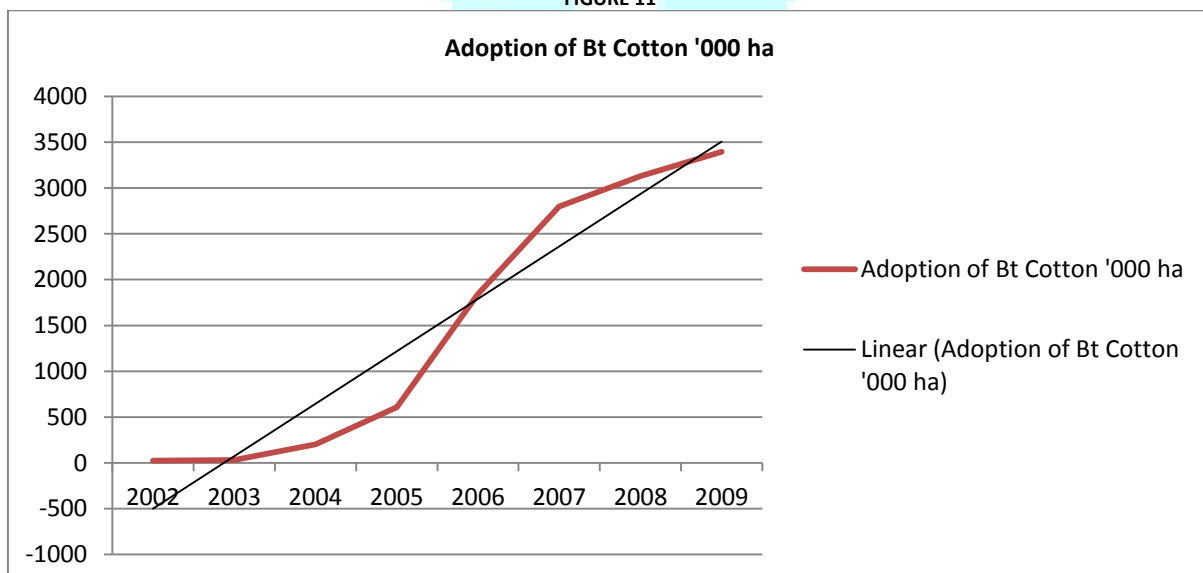
Figure 11 plots the data on adoption of Bt cotton in Maharashtra (Table 10).

TABLE 10

| Year | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
|-------------------------------|------|------|------|------|------|------|------|------|
| Adoption of Bt Cotton '000 ha | 25 | 30 | 200 | 607 | 1840 | 2800 | 3130 | 3396 |

Source: ISAAA (2009) Report

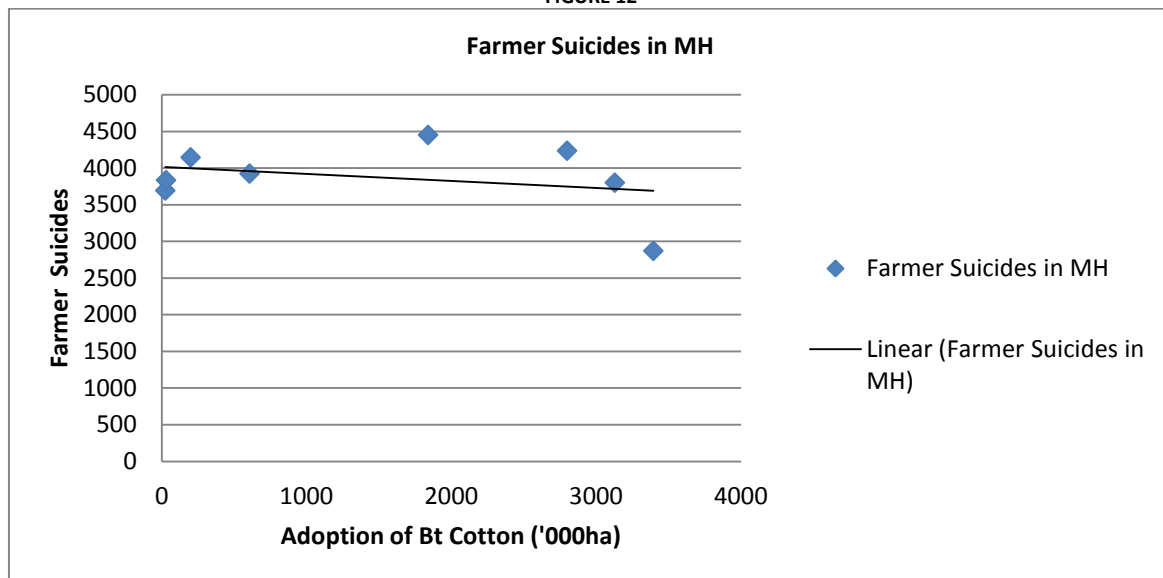
FIGURE 11



As seen in the above figure, post 2003 there has been sharp increase in the adoption of Bt cotton by the farmers in Maharashtra. However despite this there has not been a matching sharp rise in farmer suicides as opposed to popular beliefs. It may be concluded that Bt cotton is not the reason for farmer suicides in Maharashtra.

Below (Figure 12) is the scatter plot of the data on the adoption of Bt cotton and farmer suicides for the period 2002-2009, bearing out a negative relationship between the two.

FIGURE 12



Using the statistical tool of Correlation, again a negative relation is found between the adoption of Bt Cotton '000 ha in Maharashtra and the number of farmer suicides which means that as adoption of Bt Cotton '000 ha increases, the number of farmer suicides falls.

| | | |
|-------------------------------|------------------------------|--------------------------------------|
| | <i>Farmer Suicides in MH</i> | <i>Adoption of Bt Cotton '000 ha</i> |
| Farmer Suicides in MH | 1 | |
| Adoption of Bt Cotton '000 ha | -0.29388 | 1 |

4. EMPLOYMENT GENERATION (TOTAL SWAROZGARIS ASSISTED) UNDER SGSY

Availability of alternative employment and self-employment opportunities lowers the burden on the farmers and they and their families can have other sources of income apart from farming activities.

TABLE 11

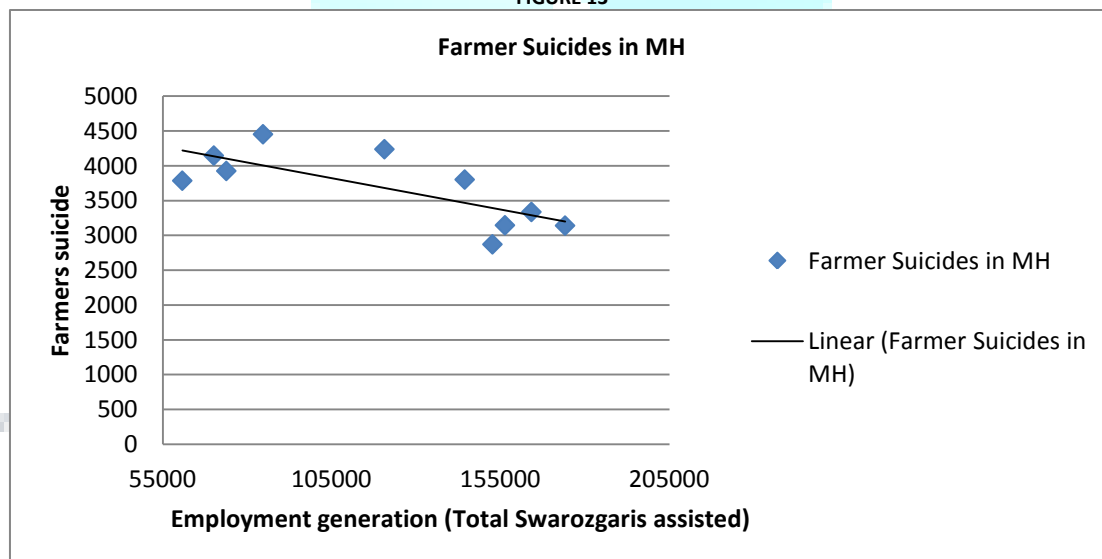
| Year | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|--|-------|-------|-------|--------|--------|--------|--------|--------|-------|--------|
| Employment generation (Total Swarozgaris assisted) | 70146 | 73839 | 84707 | 120668 | 144442 | 152654 | 174156 | 164196 | 60801 | 156360 |

Source: Maharashtra Economic Survey (Various issues)

Here we have taken data on employment generation under the Swarnjayanti Grameen Swarozgar Yojana in Maharashtra in terms of the total Swarozgaris assisted under the scheme for the period 2004 to 2013.

Below is the scatter plot of the data on the two variables for the period 2004-2013, showing a negative relationship between the two.

FIGURE 13



Using Correlation also, a negative relation has been found between the Employment generation (Total Swarozgaris assisted) under the Swarnjayanti Grameen Swarozgar Yojana in Maharashtra and the number of farmer suicides which means that as employment under SGRY increases, the number of farmer suicides falls.

| | | |
|--|------------------------------|---|
| | <i>Farmer Suicides in MH</i> | <i>Employment generation under SGSY</i> |
| Farmer Suicides in MH | 1 | |
| Employment generation (Total Swarozgaris assisted) | -0.7379 | 1 |

5. NO OF SPINNING AND COMPOSITE MILLS(SS1 AND NON SS1)+ POWERLOOM UNITS IN MAHARASHTRA

Number of cotton mills is important in determining the demand and prices of cotton, farmers will be facing in the market. This further determines their incomes and thereby influences the number of suicides.

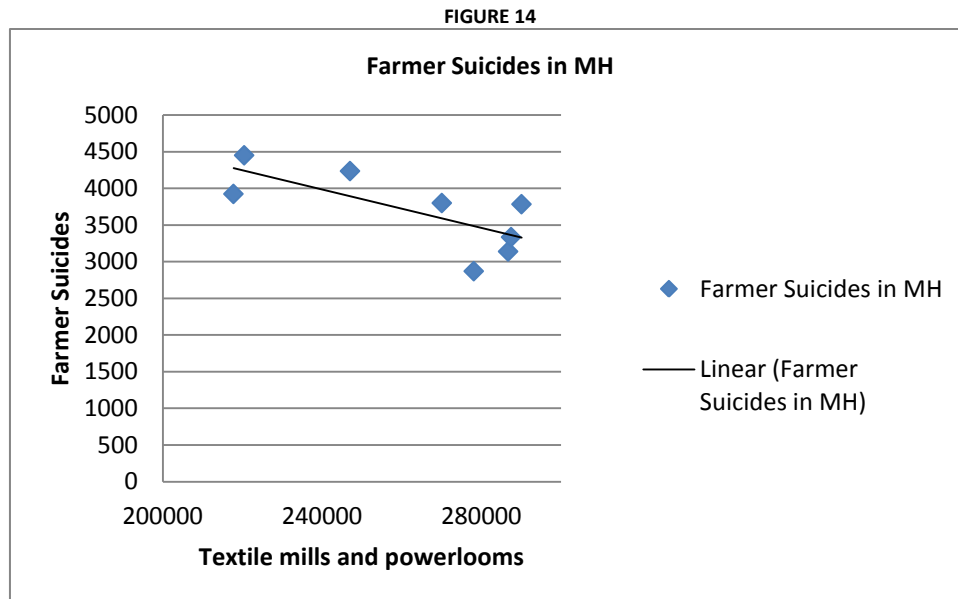
Table 12 shows the number of mills and powerloom units in Maharashtra over the period 2005 to 2012.

TABLE 12

| Year | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|--------|--------|--------|--------|--------|--------|--------|--------|
| No of spinning and Composite mills(SSI and Non SSI)+ Powerloom units in Maharashtra | 217767 | 220458 | 247045 | 270102 | 278122 | 286753 | 287500 | 290116 |

Source: Ministry of Textile, Office of the Textile Commissioner, Mumbai

Below (Figure 14) is the scatter plot of the data on the two variables for the period 2005-2012, showing a negative relationship.



Using the statistical tool of Correlation, a strong negative relation is found between the number of spinning and Composite mills (SSI and Non SSI)+ Powerloom units in Maharashtra and the number of farmer suicides which means that as number of mills increases, the number of farmer suicides falls.

| | Farmer Suicides in MH | Textile industry |
|--|-----------------------|------------------|
| Farmer Suicides in MH | 1 | |
| Textile industry Maha No of spinning and Composite mills(SSI and Non SSI)+ Powerloom units | -0.7261 | 1 |

6. RURAL POPULATION GROWTH RATES

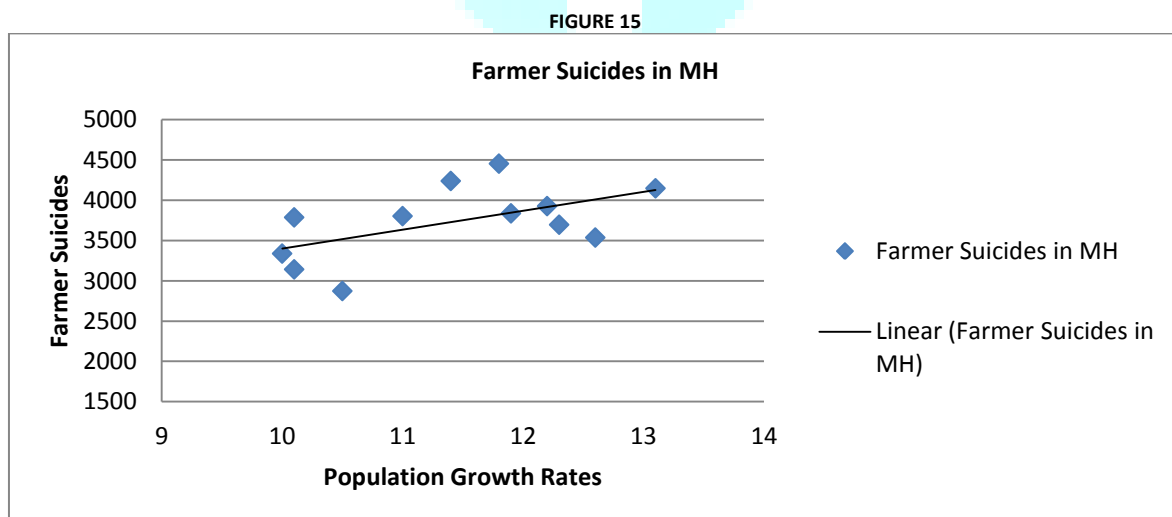
Population growth rates in rural Maharashtra have been taken as the difference between birth rates and death rates in rural areas of the state. This variable indicates the family pressure on farmers, number of mouths to be fed on farming income, marriages and other social expenditures to be undertaken. Data on population growth rate in rural Maharashtra is listed for the period 2001 to 2012 in Table 13.

TABLE 13

| Year | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|-------------------------|------|------|------|------|------|------|------|------|------|------|------|------|
| Population Growth Rates | 12.6 | 12.3 | 11.9 | 13.1 | 12.2 | 11.8 | 11.4 | 11 | 10.5 | 10.1 | 10 | 10.1 |

Source: Maharashtra Economic Survey (Various issues)

Below is the scatter plot of the data on the two variables for the period 2001-2012, showing a positive relationship.



A positive relation is also found between population growth rates and the number of farmer suicides using correlation which means that as population growth rates increases, the number of farmer suicides also rises.

| | Farmer Suicides | Population growth rates |
|-------------------------|-----------------|-------------------------|
| Farmer Suicides | 1 | |
| Population growth rates | 0.5478 | 1 |

FINDINGS

The above data analysis shows:

1. A strong negative relationship between the number of farmer suicides and irrigation, Cotton MSP, employment generation under SGSY, number of mills in the state.
2. A weak negative relationship between the number of farmer suicides and village road length, number of primary health centres, farmers coverage under NAIS, number of banking branches of commercial banks, cotton yield and adoption of bt cotton.
3. A strong positive relationship between the number of farmer suicides and rural population growth rates.
4. Therefore policies directed towards irrigation, MSP, growth of textile industry, employment generation and controlling rural population growth rates seem to be more effective in tackling the problem of farmer suicides.

CONCLUSIONS

Farming community world over has faced high suicide rates relative to other professions. This problem is more prominent in developing states where agriculture sector is still not fully developed. High numbers of farmers' suicides in Southern India and in the state of Maharashtra is a cause of great concern. In this study, secondary data and statistics on the suicides has been analysed for the state of Maharashtra. The data analysis has studied various factors influencing farm incomes and thereby farmer suicides in India. Understanding the drivers behind farmer suicides has important policy implications. Our results suggest that the promotion of irrigation, matching Cotton MSP with the rising cost of cultivation, promoting the growth of textile industry and providing alternative employment opportunities to rural Maharashtra can be the key factors in tackling the battle against farmers' distress in the state.

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ANALYSIS OF PROFITABILITY IN CENTRAL CO-OPERATIVE BANK: A STUDY ON BDCC BANK LTD., BIJAPUR

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ABSTRACT

The objective co-operative banks are provide loan and advances to its member and agriculture people to increase their standard of living and in same time the policy of the said banks increase the profitability position to maintain goodwill in the working area. For this purpose it is suggested that percentage of profit on investment maintains almost all same in every year. For the development of the Bank will increase their profit by proper utilization of all sources. In order to make bank financially sound, it has increase its income by rendering other services such as issue of bank drafts, discounting the Bills and Cheques etc and as the net worth ratio the net profits to the shareholder is in increasing and in decreeing trend, so that the management should adopt special policy to increase the profit by curtailing the expenses. As related to returns on equity share capital the result is almost in better way and bank should maintain in same way by increasing its business activity.

KEYWORDS

central co-operative bank, BDCC Bank Ltd., profitability analysis.

INTRODUCTION

Co-operatives are the organized group of people and jointly managed and democratically controlled institution. The main objective of co-operative banking sector is provide an service to the rural people and make them employable by providing loans and advance by collecting deposits .Profitability is the one of the key aspect of every financial institution to provide better service to the nation through proper utilization of resources available within the area. The stakeholder's reputation measured on the basis of retune made by the institution in time to time. The responsibility of every banking institution is using the resources in efficiently and effectively.

The progress of every Bank depends upon the performance made during the tenure by proper utilization of resources available within the bank and outside the bank through systematic uses of the Government schemes. If the profitability position of the Bank increasing year to year the solvency and reputation also increases .The study of profitability depends upon by observing financial statements which are prepared primarily for decision making.

The main objective of every business undertaking is to earn profits. A company should earn profit not only to survive but also to grow and expand. Profit ability reflects the final result of business operations. Profits are the measure of overall efficiency of a business. The profit and loss account and Balance Sheet are indicators of two significant factors of profitability and financial soundness .The profit and loss account and Balance Sheet are the basic statement of any institution to present the performance to users. The figures contained in in the financial statements are absolute and sometimes unconnected with one another. An absolute figure does not convey much meaning. Therefore much can be learn about a institution from careful examination of its financial statements.

The present study is devoted to an in depth analysis of some components of financial statements of Vijayapur District Co-operative Bank Ltd, Vijayapur and its use for decision- making. The observation and focus is made on by using ratios which is widely used technique for knowing the profitability of the Bank.

The Vijayapur District Central Co-operative Bank Ltd. is functioning in the Mumbai-Karnataka area. In recently Bijapur is renamed as Vijayapur. The VDCC Bank was established in the year 1919 to[provide more and more financial assistance to agriculture sector. Now a day it has extended its credit to other sector also. Before the year 2000-2001 the BDCC Bank Bijapur working under one district name as Bijapur than the BDCC Bank Bijapur separated From Bagalakot District. After division of 10 years the Bank maintains proper stability by providing services to their customers. During the year 2012-13 the Bank has own capital of Rs.141.31 Crores, Deposits of Rs.797.56 Crores with working capital of Rs.1414.10 Crores and the Bank has achieved the margin of profit of Rs.509.46 Lakhs after paying the tax to the Government. The Bank also follows schemes of the Government to provide better services to the nation. The BDCC Bank has 29 branches to extend the services to the customers and having 25002 members as on 31-03-2013.The Bank has awarded by the State Government recently for the best performance in the field of co-operative sector by providing financial assistance to agriculture and its allied activities. In this paper an attempt is made to know how the Bank has profitability position after providing all concessions and schemes of the State Government. As such the main of the Bank is not to earn profit but to sustain in the market the profitability is essential. Therefore the effort is made to know the profitability by adopting some ratios.

OBJECTIVES

The present study follows the following objectives

- To know the sources / Investments of the firm
- To study the assets employed
- To know EPS
- To study the Net Profit and Dividend position

METHODOLOGY

The study is mainly based on secondary data. The information has been collected from various audited annual books of accounts prepared and maintained by the bank and other relevant reports. The other sources of information have been collected from journals, books and websites, etc. This study covers a period of six years from 2007-08 to 2012-13. In order to analyze the data, statistical tools like ratios and percentages are used.

SIGNIFICANCE OF THE STUDY

The Bijapur District Co-operative Bank Ltd Bijapur is registered Under No-2483 as co-operative society Under Indian Co-operative Societies Act 1912. The BDCC Bank opened on 28th July 1919 .The bank has its registered office at Bijapur. In the event of any change, a notice of such change be given to the Registrar of Karnataka Co-operative Societies with in thirty (30) days. The main objective of the bank is to assist the rural co-operative to provide cheaper finance to agriculture. 1366 Variety of co-operative societies have got membership with the bank. Bank is accepting membership from 1919, Till date 7382 Customers become members of the Bank. The presently branch are functioning in rural areas catering to the needs of farming community, rural artisans and rural masses. The main Mission of Bijapur DCC Bank "To strive for socio-economic Development of the District by providing efficient financial services for Agricultural and Non-Agricultural activities based on Co-operative Principles." Further the study assumes significance in the context of globalization.

REVIEW OF LITERATURE

The researcher has carried out review of literature relating to the management of non-performing assets of various banks. Some of the important studies are presented hereunder:

It is concerned with the growth development of financial institution of in India based the financial performance exhibited through final accounts of institution the financial statements & performance is presented (through several) tools of financial analysis, that's evaluation of the financial performance & financial position by using the tools like, comparative statements, trend analysis, common size statements, ratio analysis's etc.some of the related literature of reviews as follows.

- (1) Hosamani (1995)¹ used various ratios to evaluate the performance of malaprabhas grameen bank in karnatraka. Profitability ratios were negative(-43%) due to higher burden ratio (3.11%) compare to speed(2.96%).
- (2) Pathania & Sharma (1997)² studied the working of himachal Pradesh state cooperative agricultural & rural development bank, which lends money on a long term basis for a variety of end users. The financial durability of the bank was measured & data were presented on long term financial strength, debt to equity ratio, fixed assets to net worth ratio, & current ratio. It was concluded that the financial position of the bank was not sound with liabilities exceeding equity.
- (3) Shankar entnal (1999)³ employrd financial ratio analysed for karimnagar district centerd co operative bank in AP,india financial ratio relating to solvency,
- (4) Siddanti (1999)⁴ used various financial ratios to analyze financial performance if Indian forners fertilizers cooperative & opined that the current ratio of the institution between 1987-88 & 1997-98 was ranging from 2.52 as against the standerd norms of 2:1. The debt equity ratio during the period was between 1.05 & 1.07 as aginst norm of 1:1.
- (5) Patil(2000)⁵ used various financial ratios to evaluate the performance of primory cooperative agricultural rural development banks in dharawad distict of Karnataka. The study revealed that the current ratio was more than the unity , while the net worth & perfability ratios were negative for all the banks in the periods except for PCARDB dharawad .
- (6) Oobasish (2003)⁶ in his research paper relating to profitability is Indian commercial banks evaluated by using the liquidity pram etc. return performance expenses
- (7) Deepak(2004)⁷ evaluated the financial viability of primary agricultural cooperative society's (PACS) (1985-91) The economic reforms the two PACS selected represent class A % B socitys , respectively results showed a reduction in the operation. Efficiency of the selected PACS during the past reform period compared to the pre perform period. The selected PACS showed a decline in their current liabilities ratio rate of return on assets , return on owners , equity Q marginal efficiency of capital.
- (8) Suryan & velarcy(2005)⁸ in his resource paper he used various ratio to evaluate the performance of bankin pandicherry state co operative bank. Cost of management to wc ratio ,profit to W.C ratio , non interest to income ratio etc, are used from 1989-99 to 2002-03 & concluded that the cost of management & establishment expenses got reduced during the period.
- (9) Rajmohan & pasupathy (2009)⁹ the study relating to the performance evaluating of tamilanadu industrial co operative bank ltd and observed that the net profit reared a negative growth of 27.8% and if was suggested, wst ratio showed be until. Report on trend & progress of banking of india 2003-04 to 2008-09.
- (10) NAGARJ RC¹⁰ inoncial performance & health of DCC bank an evaluated in his paper evaluated the performance of DCC bank in india through ratios interest income has registered a continous increases during the study period 2003-04 to 2008-09 except during 205-06 & 2006-07 which in these year registered downward change. Interest income also increased 3.67% in 2004-05. With compare to the previous year 2003-04. The total of capital &liabilities increased from 125685 crores on 31.3 to 195684 crore by 31.3 on increases by 55.09% or by 69999 crores as concerned to net profit to shaere capital ratio reared vary low during the study period except year 2004-05 & 2008-09.
- (11) Anilkumar soni (2013)¹¹ evaluated various financial ratios of rajnandgon DCC bank the study reveled that debt equity ratio registered highest ratio that's 4.64 for the year 2008-09compared with 3.91 in 2009-10 and the ratio was lowest in 2010-11. The net worth position of the bank was positive during the year 2010-11 (0.1110 but it was low in the year 2009-10(0.068) it shows that profit level was low relation to net worth ratio.

ANALYSIS

NET PROFIT AND TOTAL INVESTMENT

The financial position of every firm is judged on the basis of net profit earned by it on its total investments. The sustainability of every firm is purely depends upon its profitability. Therefore profitability plays very important role in the solvency of the banks. The following table shows the percentage of net profit to total investment over the last five years. The total investments mean total all assets.

NET PROFIT AND TOTAL INVESTMENT

TABLE 1

| Year | Total Investments | Net Profits | % OF PROFIT TO TOTAL INVESTMENTS |
|---------|-------------------|-------------|----------------------------------|
| 2008-09 | 74447.78 | 265.02 | 0.35 |
| 2009-10 | 80731.99 | 270.51 | 0.33 |
| 2010-11 | 101550.63 | 326.74 | 0.32 |
| 2011-12 | 126526.70 | 443.00 | 0.35 |
| 1012-13 | 149853.49 | 509.45 | 0.34 |

Sources: Compiled from the annual reports of BDDCC Bank Ltd. Bijapur from 2008-09 to 2012-13.

The above table clearly shows that the net profit earned on its investments is almost same in every year. For growth of every firm's net profit on investment should be adequate. The major reason for this is, due to the service objective of the bank which primarily concentrates on agriculture credit rather than commercial.

NET WORTH RATIO

Return on shareholders' investment, popularly known as ROI or return on shareholder or proprietors' funds is the relationship between net profit (after interest and tax) and the proprietors' funds.

This ratio is one of the important ratios used for measuring the overall efficiency of a firm. As the primary objective of business is to maximize its earnings, this ratio indicates the extent to which this primary objective of business is being achieved.

RETURN ON SHAREHOLDER'S FUNDS

TABLE 2

| Year | Net Profit | Shareholder's Fund | % of profit on shareholder funds |
|---------|------------|--------------------|----------------------------------|
| 2008-09 | 634.26 | 6184.12 | 10.26 |
| 2009-10 | 444.02 | 6454.07 | 6.88 |
| 2010-11 | 1215.47 | 7202.31 | 16.88 |
| 2011-12 | 694.97 | 8245.63 | 8.43 |
| 2012-13 | 929.52 | 9490.44 | 9.79 |

Sources: Compiled from the annual reports of BDDCC Bank Ltd. Bijapur from 2008-09 to 2012-13.

The above table revels that the retune on shareholder is decreasing in the year 2009-10 By 10.26 to 6.88 and it is again increasing highly in the year 2010-11 by 16.88 again decreasing 8.43, all these shows that variation is taken place due to changes in banking policy.

RETURN ON EQUITY CAPITAL

In real sense, ordinary shareholders are the real owners of the company. They assume the highest risk in the company. Preference shareholder has a preference over shareholders in the payment of dividend as well as capital. Shareholder get dividend in different rate depends upon profits varies from year to year. Thus,

shareholders are more interested in the profitability of a company and the performance of a company should be judged on the basis of return on equity capital of the company. It is calculated as under.

RETURN ON EQUITY CAPITAL

TABLE 3

| Year | NET PROFIT | EQUITY SHARE CAPITAL. | PERCENTAGE |
|---------|------------|-----------------------|------------|
| 2008-09 | 634.26 | 2237.36 | 28.35 |
| 2009-10 | 444.02 | 2315.66 | 19.17 |
| 2010-11 | 1215.47 | 2871.92 | 42.32 |
| 2011-12 | 694.97 | 3603.46 | 19.29 |
| 2012-13 | 929.52 | 4513.49 | 20.59 |

Sources: Compiled from the annual reports of BDDCC Bank Ltd. Bijapur from 2008-09 to 2012-13.

The above table shows that the ratio of Net Profit to Equity Share Capital is almost all increasing but in the year 2009-10 and 2011-12 it stood as 19.20. The return on shareholder is decreased due to variation net profit by observing high expenses. But the return on shareholder shows that in good position.

EARNINGS PER SHARE

TABLE 4

| Year | NET PROFIT | NO OF EQUITY SHARES | PERCENTAGE |
|---------|------------|---------------------|------------|
| 2008-09 | 634.26 | 475846 | 0.13 |
| 2009-10 | 444.02 | 629964 | 0.07 |
| 2010-11 | 1215.47 | 2871927 | 0.04 |
| 2011-12 | 694.97 | 3603460 | 0.02 |
| 2012-13 | 929.52 | 451349 | 0.21 |

Sources: Compiled from the annual reports of BDDCC Bank Ltd. Bijapur from 2008-09 to 2012-13.

The table clearly reveals that, the Earning per Share on Equity shares almost all decreasing from 2009-10 to 2011-12 and again it increases to 0.21 %, it means that bank should maintain their expenses properly

RETURN ON CAPITAL EMPLOYED

It establishes the relationship between profits and the capital employed. It is the primary ratio and is most widely used to measure the overall profitability and efficiency of business. The term capital employed refers to the total of investment made in a business and can be defined in a number of ways. The three most way widely used definitions of this term are;

- Gross capital employed
- Net capital employed
- Proprietors' net capital employed

For the study purpose, only net capital employed method is considered to analyze the return on capital employed.

Net capital employed means total assets used in a firm minus current liabilities.

RETURN ON CAPITAL EMPLOYED

TABLE 5

| Year | NET PROFIT | NET CAPITAL EMPLOYED | PERCENTAGE |
|---------|------------|----------------------|------------|
| 2008-09 | 634.26 | 46910.67 | 1.35 |
| 2009-10 | 444.02 | 60253.43 | 0.74 |
| 2010-11 | 1215.47 | 71554.18 | 1.70 |
| 2011-12 | 694.97 | 87384.01 | 0.80 |
| 2012-13 | 929.52 | 97021.61 | 0.96 |

Sources: Compiled from the annual reports of BDDCC Bank Ltd. Bijapur from 2008-09 to 2012-13.

The table above clearly reveals that Net Profit on Capital Employed is 1.35% in the year 2008-09 and it decreases 0.74 in the year 2009-10 and almost remaining all years shows that variation in the return on the capital employed

DIVIDEND PER SHARE

Shareholders are the real owners of a firm and they are interested in real sense in the earnings distributed and paid to them as dividend.

Dividend per share = dividend declared to shareholder / No of equity shares.

TABLE 6

| Year | DIVIDEND DECLARED | NO OF EQUITY SHARES | RATIO |
|---------|-------------------|---------------------|-------|
| 2008-09 | 10378034 | 475846 | 21.81 |
| 2009-10 | 11629280 | 629964 | 18.46 |
| 2010-11 | 13584571 | 2871927 | 4.73 |
| 2011-12 | 11968249 | 3603460 | 3.32 |
| 2012-13 | 19504410 | 451349 | 43.21 |

Sources: Compiled from the annual reports of BDDCC Bank Ltd. Bijapur from 2008-09 to 2012-13.

The above table reveals that the dividend to shareholder high during the year 2008-09 and in 2009-10 and it is good to the shareholder point of view, where as in the year 2010-11 to 2011-12 almost in decreasing. The management should take necessary steps to in its profit but again in the year 2012-13, dividends per share are increased.

SUMMARY AND CONCLUSIONS

The objective co-operative banks are provide loan and advances to its member and agriculture people to increase their standard of living and in same time the policy of the said banks increase the profitability position to maintain goodwill in the working area. For this purpose following suggestions are recommended based on the analysis of the study.

- The percentage of profit on investment maintains almost all same in every year. For the development of the Bank will increase their profit by proper utilization of all sources. In order to make bank financially sound, it has increase its income by rendering other services such as issue of bank drafts, discounting the Bills and Cheques etc.
- As concerned to net worth ratio the net profits to the shareholder is in increasing and in decreasing trend, so that the management should adopt special policy to increase the profit by curtailing the expenses.
- As related to returns on equity share capital the result is almost in better way and bank should maintain in same way by increasing its business activity.

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CORPORATE SOCIAL RESPONSIBILITY: ISSUES AND CHALLENGES IN INDIA

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ABSTRACT

Corporate Social Responsibility is defined as a concept whereby companies integrate Social and Environment concerns in their business operations and in their interaction with their stakeholders on a voluntary basis. Organizations have realized that government alone will not be able to succeed in its Endeavour to uplift the downtrodden society. Corporate Social Responsibility is one such niche area of corporate behaviour & governance that needs to get aggressively addressed & implemented tactfully in the organizations. Corporate Social Responsibility is one effective tool that synergizes the efforts of corporate & the social sector agencies towards sustainable growth & development of the societal objectives at large. In spite of having such good glorious examples; In India Corporate Social Responsibility is in a very much budding stage. Corporate Social Responsibility (CSR) is a highly misunderstood & misinterpreted term in India. Some Indian companies believe that merely complying with laws & regulations fulfills their need for social responsibility. A lack of understanding, inadequately trained personnel, coverage, policy etc. further adds to the reach and effectiveness of Corporate Social Responsibility programs. Large no. of companies are undertaking these activities superficially and promoting the activities in Media. With this background, an attempt is made in this paper to comprehend and to focus on the finding & reviewing of the issues and challenges faced by corporate social responsibility activities in India. A Descriptive research design has been chosen in order to develop a profound understanding of the Research topic and to obtain in-depth data about the Research Objectives.

KEYWORDS

corporate social responsibility, Indian organisations.

1. INTRODUCTION

Corporate Social Responsibility (CSR) is becoming an increasingly important activity to businesses nationally and internationally. As globalization accelerates and large corporations serve as global providers, these corporations have progressively recognized the benefits of providing CSR programs in their various locations. Corporate social responsibility (CSR), also known as corporate responsibility, corporate citizenship, responsible business, sustainable responsible business (SRB), or corporate social performance, is a form of corporate self-regulation integrated into a business model. As per United Nations and the European Commission, Corporate Social Responsibility (CSR) leads to triple bottom-line: profits, protection of environment and fight for social justice. It is expected that Civil society, activist groups, Government and corporate sectors should work together to create appropriate means and avenues for the marginalized and bring them to the mainstream. Corporate Social Responsibility (CSR) is viewed as a comprehensive set of policies, practices and programs that are integrated into business operations, supply chains, and decision-making processes throughout the organization -- wherever the organization does business -- and includes responsibility for current and past actions as well as future impacts. The success of CSR lies in practicing it as a core part of a company's development strategy. It is important for the corporate sector to identify, promote and implement successful policies and practices that achieve triple bottom-line results. But many companies think that corporate social responsibility is a peripheral issue for their business and customer satisfaction more important for them. They imagine that customer satisfaction is now only about price and service, but they fail to point out on important changes that are taking place worldwide that could blow the business out of the water. The change is named as social responsibility which is an opportunity for the business. The practical implementation of CSR is faced with a lot of issues and challenges.

2. REVIEW OF LITERATURE

Yoon et al (2006) found that, CSR activities improve a company's image when consumers attribute sincere motives, are ineffective when sincerity of motives is ambiguous, and hurt the company's image when motives are perceived as insincere.

Denis et al (2012) argues that, the factors, community, policy, mission and vision, workforce, and environment have critical role in making CSR a very successful execution. Among these factors, environment and mission and vision had the strongest predictive power in people's preference to stay, willingness to pay, perception of service quality, and brand image and **Waddock (1997)** found that, CSR results in an improvement in firm performance in all levels. According to **Francesco et al (2008)** the companies use different strategies as well as diverse management systems and tools to address Corporate Social Responsibility (CSR) issues along their supply chains (SCs).

According to **Kabir (2011)** the major reasons for involving CSR practices by companies are to create and maintain a favorable corporate image where companies should be viewed as social organizations and in terms of CSR practices, community involvement is higher than the other categories of CSR.

Brooks (2012) suggests that, corporate responsibility (CR) has to do with how a corporation respects the interests of its stakeholders and reflects those interests in its actions and accountability.

According to **Shrivastava (1995)** Industrial and environmental crises pose major threats to human survival. These crises are rooted in corporate activities, products, and production systems. For corporations to meaningfully respond to such crises, we need a more adequate conception of corporate social responsibility (CSR).

McWilliams (2002) supports that, CSR strategies, when supported by political strategies, can be used to create sustainable competitive advantage firm.

Aupperle et al (1985) found that there is a neutral relation between CSR and profitability and According to **Russo (1997)** there is a positive relation between environmental performance and financial performance.

According to **Baron (2001)** the use of CSR to attract socially responsible consumers is referred to as strategic CSR, in the sense that firms provide a public good in conjunction with their marketing/business strategy.

Friedman (1970) found that CSR is indicative of self-serving behaviour on the part of managers, and thus, reduces shareholder wealth.

According to **Carroll (1991)** "CSR encompasses the economic, legal, ethical and discretionary (philanthropic) expectations that society has of organizations at a given point in time."

Frederick (1960) stated 'Social responsibility means that businessmen should oversee the operation of an economic system that fulfills the expectations of the people.

Moir Lance (2001) reviewed definitions of corporate social responsibility from both practice and the literature and looks at theories to explain why such behaviour takes place. The literature has strong divides between normative or ethical actions and instrumental activities. The article concludes by posing the question of when instrumental activities become business activities rather than largely social responsibility.

Lantos Geoffrey P. (2001) reviewed the development of the corporate social responsibility (CSR) concept and its four components: economic, legal, ethical and altruistic duties. Discusses different perspectives on the proper role of business in society, from profit making to community service provider. Suggests that much of the confusion and controversy over CSR stem from a failure to distinguish among ethical, altruistic and strategic forms of CSR.

Simeon Scott (2007) examined five themes arising from definitions of corporate social responsibility (CSR): responsibility to the community and society; promoting democracy and citizenship; reducing poverty and the inequality between rich and poor; employee rights and working conditions; ethical behaviour.

3. MEANING AND DEFINITION OF CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility (CSR) is a subject matter of great interest in the corporate world. CSR has grabbed the attention of many which includes business world, investors, consumers, and the media. CSR can be defined as a "set of management practices which ensures that the company take full advantage of the positive impacts of its operations on society in a way that meets and even exceeds the legal, ethical, commercial and public expectations that society has of business".

There have been many definitions of corporate social responsibility given by various authors; rather than describing them, listing the key elements found in various definitions may be more insightful.

Buchholz identified five key elements found in most, if not all,

- 1) Corporations have responsibilities that go beyond the production of goods and services at a profit.
- 2) These responsibilities involve helping to solve important social problems, especially those they have helped create.
- 3) Corporations have a broader constituency than stockholders alone.
- 4) Corporations have impacts that go beyond simple marketplace transactions.
- 5) Corporations serve a wider range of human values than can be captured by a sole focus on economic values.

The **World Business Council for Sustainable Development** in its publication "Making Good Business Sense" by **Lord Holme and Richard Watts**, used the following definition. "Corporate Social Responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large"

According to Wood, the "basic idea of corporate social responsibility is that business and society are interwoven rather than distinct entities" and that expectations are placed on business due to its three roles: as an institution in society, as a particular corporation or organization in society, and as individual managers who are moral actors within the corporation. These roles result in three levels of analysis—institutional, organizational, and individual—and can be expressed in terms of three principles of corporate social responsibility: legitimacy, public responsibility, and managerial discretion.

According to **Philip Kotler**, "Corporate Social Responsibility: Doing the Most Good for your Company and Cause" does a terrific job of describing the range of corporate social initiatives and suggests best practices for choosing, implementing and evaluating them.

Corporate social responsibility (CSR) is the way a corporation achieves a balance among its economic, social, and environmental responsibilities in its operations so as to address shareholder and other stakeholder expectations. CSR is a general management concern; that is, it is important to all aspects of business, and it is integrated into a corporation's operations through its values, culture, decision making, strategy, and reporting mechanisms.

4. OBJECTIVE OF THE STUDY

The Present paper is basically concerned with the following objectives:

1. To understand the issues regarding corporate social responsibility in India
2. To understand the challenges in execution of Corporate Social Responsibility

5. RESEARCH METHODOLOGY

Research methodology is a way to systematically solve the research problem. It may be understood as a science of studying how research is done scientifically (Kothari1998). A researcher should think about the way in which he should proceed in attaining his objective in his research work. The researcher has to make a plan of action before starting the research. This plan of study of a researcher is called the research design. Looking into requirements of the objectives of the study the research design employed for the study is of descriptive type. Descriptive research design is used to those studies which are concerned with characteristics of a particular group Keeping in view of the set objectives, this research design was adopted to have greater accuracy and in depth analysis of the research study.

SOURCE OF DATA COLLECTION

Available secondary data was extensively used for the study. Different news articles, Books and Web were used which were enumerated and recorded.

6. ISSUES AND CHALLENGES

CSR in India has traditionally been seen as a philanthropic activity. And in keeping with the Indian tradition, it was an activity that was performed but not deliberated. As a result, there is limited documentation on specific activities related to this concept. However, what was clearly evident that much of this had a national character encapsulated within it, whether it was endowing institutions to actively participating in India's freedom movement, and embedded in the idea of trusteeship.

As some observers have pointed out, the practice of CSR in India still remains within the philanthropic space, but has moved from institutional building (educational, research and cultural) to community development through various projects. Also, with global influences and with communities becoming more active and demanding, there appears to be a discernible trend, that while CSR remains largely restricted to community development, it is getting more strategic in nature (that is, getting linked with business) than philanthropic, and a large number of companies are reporting the activities they are undertaking in this space in their official websites, annual reports, sustainability reports and even publishing CSR reports.

The Companies Act, 2013 has introduced the idea of CSR to the forefront and through its disclose-or-explain mandate, is promoting greater transparency and disclosure. Schedule VII of the Act, which lists out the CSR activities, suggests communities to be the focal point. On the other hand, by discussing a company's relationship to its stakeholders and integrating CSR into its core operations, the draft rules suggest that CSR needs to go beyond communities and beyond the concept of philanthropy.

The concept of CSR had different meanings depending on the stakeholder and that depending on the specific situation of the enterprises expectations can also vary. A CSR project can begin in response to a crisis or adverse publicity that a company may suffer. The motive for launching CSR can vary between philanthropy and notions of corporate citizenship. In India, over time, the expectations of the public has grown enormously with demands focusing on poverty alleviation, tackling unemployment, fighting inequality or forcing companies to take affirmative action. Some of the issues and challenges have been discussed below:

Firstly, in the past, governments have relied on legislation and regulation to deliver social and environmental objectives in the business sector. Shrinking government resources, coupled with a distrust of regulations, has led to the exploration of voluntary and non-regulatory initiatives instead.

Secondly, there is a lack of consensus amongst local agencies regarding CSR projects. This lack of consensus often results in duplication of activities by corporate houses in areas of their intervention. This results in a competitive spirit between local implementing agencies rather than building collaborative approaches on issues. This factor limits company's abilities to undertake impact assessment of their initiatives from time to time.

Thirdly, there is a lack of interest of the local community in participating and contributing to CSR activities of companies. This is largely attributable to the fact that there exists little or no knowledge about CSR within the local communities as no serious efforts have been made to spread awareness about CSR and instill confidence in the local communities about such initiatives. The situation is further aggravated by a lack of communication between the company and the community at the grassroots.

Fourthly, it is also reported that there is non-availability of well-organized non-governmental organizations in remote and rural areas that can assess and identify real needs of the community and work along with companies to ensure successful implementation of CSR activities. This also builds the case for investing in local communities by way of building their capacities to undertake development projects at local levels.

Fifthly, there are no clear cut statutory guidelines or policy directives to give a definitive direction to CSR initiatives of companies. It is found that the scale of CSR initiatives of companies should depend upon their business size and profile. In other words, the bigger the company, the bigger is its CSR program.

Sixthly, the role of media in highlighting good cases of successful CSR initiatives is welcomed as it spreads good stories and sensitizes the local population about various ongoing CSR initiatives of companies. This apparent influence of gaining visibility and branding exercise often leads many non-governmental organizations to involve themselves in event-based programs; in the process, they often miss out on meaningful grassroots interventions.

Seventhly, there is evidence that the ethical conduct of companies exerts a growing influence on the purchasing decisions of customers. In a recent survey by Environics International (Environics Research Group is a Canadian polling and market research firm based in Toronto), more than one in five consumers reported having either rewarded or punished companies based on their perceived social performance.

Eighthly, investors are changing the way they assess companies' performance, and are making decisions based on criteria that include ethical concerns. The Social Investment Forum reports that in the US in 1999, there was more than \$2 trillion worth of assets invested in portfolios that used screens linked to the environment and social responsibility. A separate survey by Environics International revealed that more than a quarter of share-owning Americans took into account ethical considerations when buying and selling stocks.

Ninthly, employees are increasingly looking beyond pay checks and benefits, and seeking out employers whose philosophies and operating practices match their own principles. In order to hire and retain skilled employees, companies are being forced to improve working conditions.

Tenthly, As stakeholders are becoming increasingly interested in business affairs, many companies are taking steps to ensure that their partners conduct themselves in a socially responsible manner. Some are introducing codes of conduct for their suppliers, to ensure that other companies' policies or practices do not tarnish their reputation.

Eleventhly, Lack of transparency is one of the key issues. There is an expression by the companies that there exists lack of transparency on the part of the local implementing agencies as they do not make adequate efforts to disclose information on their programs, audit issues, impact assessment and utilization of funds.

Lastly, Non-governmental organizations and Government agencies usually possess a narrow outlook towards the CSR initiatives of companies, often defining CSR initiatives more donor-driven than local in approach. As a result, they find it hard to decide whether they should participate in such activities at all in medium and long run.

7. FINDINGS & SUGGESTIONS

In order to overcome the issues and challenges of CSR, certain steps need to be taken.

Firstly, it is found that there is a need for creation of awareness about CSR amongst the general public to make CSR initiatives more effective. This awareness generation can be taken up by various stakeholders including the media to highlight the good work done by corporate houses in this area. This will bring about effective changes in the approach and attitude of the public towards CSR initiatives undertaken by corporate houses. This effort will also motivate other corporate houses to join the league and play an effective role in addressing issues such as access to education, health care and livelihood opportunities for a large number of people in India through their innovative CSR practices.

Secondly, it is noted that partnerships between all stakeholders including the private sector, employees, local communities, the Government and society in general are either not effective or not effectively operational at the grassroots level in the CSR domain. This scenario often creates barriers in implementing CSR initiatives. Appropriate steps should be undertaken to address the issue of building effective bridges amongst all important stakeholders for the successful implementation of CSR initiatives.

Thirdly, companies involved in CSR implement projects in the areas of health, education, environment, livelihood, disaster management and women empowerment, to mention a few. In many such contexts, it's noticed that companies end up duplicating each other's efforts on similar projects in the same geographical locations. This creates problems and induces a competitive spirit amongst companies. Considering the diverse issues and different contexts that exist currently in the CSR domain, the companies involved in CSR activities urgently consider pooling their efforts into building a national alliance for corporate social responsibility. This alliance, representing various industry interests, should take up broad development agenda and provide high value services to the poor and the underprivileged. Over the years, the alliance would grow into a special purpose vehicle (SPV) and work closely with stakeholders to raise the level and quality of CSR interventions.

Fourthly, corporate houses and non-governmental organizations should actively consider pooling their resources and building synergies to implement best CSR practices to scale up projects and innovate to reach out to more beneficiaries. This will increase the impact of their initiatives on the lives of the common people. After all, both corporate houses and non-governmental organizations stand to serve the people through their respective projects and initiatives.

Fifthly, many CSR initiatives and programs are taken up in urban areas and localities. As a result, the impact of such projects does not reach the needy and the poor in the rural areas. This does not mean that there are no poor and needy in urban India; they too equally suffer from want of basic facilities and services. While focusing on urban areas, the companies should also actively consider their interventions in rural areas on education, health, girl child and child labor as this will directly benefit rural people. After all, more than 70 per cent people still reside in rural India.

Sixthly, the Government should consider rewarding and recognizing corporate houses and their partner non-governmental organizations implementing projects that effectively cover the poor and the underprivileged.

Seventhly, CSR as a subject or discipline should be made compulsory at business schools and in colleges and universities to sensitize students about social and development issues and the role of CSR in helping corporate houses strike a judicious balance between their business and societal concerns. Such an approach will encourage and motivate young minds, prepare them face future development challenges and help them work towards finding more innovative solutions to the concerns of the needy and the poor. The involvement of professionals from the corporate sector, non-governmental organizations and business schools would be key in ensuring youth participation in civic issues.

Eighthly, many corporate houses in the country that are directly involved in various CSR initiatives. These companies continue to decide their own projects depending on a number of parameters. These efforts are driven purely by the company's operational perspectives and ease of implementation of their CSR projects. As there are a number of companies involved in CSR activities, an accreditation mechanism should be put in place for companies through an independent agency for mainstreaming and institutionalizing CSR in the main business framework of the companies.

Ninthly, the role and efforts of the private sector in taking development agenda forward with focus on education, health, environment, livelihood, women empowerment, disaster management to mention a few have been visible and effective. Some innovative models are also available of private sector interventions in these areas. In order to push the development agenda in a mission mode, the realistic and operational models of engagement between all three important stakeholders – the Government, the non-governmental organizations and the private sector – are jointly explored and addressed.

8. CONCLUSION

CSR today, is seen as something more far-reaching, engaging at a much wider level with business' operations and relations with communities. It embraces the 'triple bottom line' and requires attention to be paid not only to economic performance, but to environmental and social impacts as well. It is essentially about business' contribution to sustainable development and how best to maximize that contribution CSR is becoming a fast-developing and increasingly competitive field. The concept of corporate social responsibility is now firmly rooted on the global business agenda. The CSR activities in India focus on community participation and there is a strong culture of solidarity, consensus building and trust in Indian CSR programs. But in order to move from theory to concrete action, many obstacles need to be overcome. Corporate social responsibility in India is and has been primarily about performing activities that promote people, community and cultural values. However there are some roadblocks in implementing CSR in India. There is a lack of agreement among local agencies regarding CSR projects. The outcome of lack of agreement time and again results in replication of activities by business houses in areas of their involvement. As a result there is competition between local implementing agencies rather than building joint approaches on issues. This acts as a limiting factor for the company to make an assessment of the impact of their initiatives from time to time. No clear cut regulatory framework regarding also acts as a hindrance in implementing CSR. Another key challenge facing business is the need for more reliable indicators of progress in the field of CSR, along with the dissemination of CSR strategies.

Transparency and dialogue can help to make a business appear more trustworthy, and push up the standards of other organizations at the same time. The situation is multiplied by lack of communication between the organization and the community at the bottom level.

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A STUDY ON FINANCIAL PERFORMANCE OF MFIS IN BANGLADESH

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ABSTRACT

Microfinance initially has been a form of voluntary help to most deprived population. However, today it represents a market solution to mitigation of poverty and acts as a development and economic tool in bringing about financial inclusion. Microfinance has emerged as a viable alternative to reach the hitherto unreached for their social and economic empowerment through social and financial intermediation. The institutions that are providing microfinance services such as savings, credit, insurance and remittance services to poor are called Microfinance Institutions (MFIs). The study aims at analyzing the financial performance of MFIs in Bangladesh. The data have been collected from Microfinance Information Exchange from the fiscal year 2007 to 2011. The statistical tools namely, Ratio analysis, descriptive statistics and growth rates have been used for analyzing the data. In terms of overall financial performance, Bangladeshi MFIs has shown better ROA and OSS, but still it couldn't cover the total expense and financial expenses. Although the microfinance sector has reported an impressive growth, sufficient regulatory and governance would help achieve the goal of poverty alleviation and financial inclusion; this could be achieved with combined cooperation of banks, donors' government, NGO and other players in the country.

KEYWORDS

financial performance, microfinance, MFIs.

JEL CODE

G2

INTRODUCTION

Finance is an extra ordinary effective tool in spreading economic opportunity and fighting against poverty. Access to finance allows the poor to use their rich talents or open avenues for greater opportunities. Providing sustained credit services is one of the means to increase income and productivity of poor. Starting with the Grameen bank founded by Mohammed Yunus in 1970s microfinance represented a method of lending that is to be tailored specifically to the world's poorest population. Microfinance initially has been a form of voluntary help to most deprived population. However, today it represents a market solution to mitigation of poverty and acts as a development and economic tool in bringing about financial inclusion. Microfinance has emerged as a viable alternative to reach the hitherto unreached for their social and economic empowerment through social and financial intermediation. The institutions that are providing microfinance services such as savings, credit, insurance and remittance services to poor are called Microfinance Institutions (MFIs). MFIs have come up as a bridge between banks and poor, whose only source of credit has so far been the money lender. The last 25 years have witnessed a rapid expansion in number and size of MFIs in many parts of the world. MFIs are commonly known as "Bank for the poor". In some countries, MFIs are already numerous and in aggregate serve a large number of clients, manage a significant loan portfolio, and hold an important share of financial assets of poor people. MFIs play a significant role in financial sector development, and thereby, overall development. MFIs are not equally dispersed world-wide; they appear to be well developed in Bangladesh, Bolivia and Indonesia.

STATEMENT OF THE PROBLEM

Bangladesh is a developing economy in the world and poverty is a common problem in this country. It becomes imperative to formulate specific situational poverty alleviation policies and programmes for generation of minimum level of income for rural poor which forms substantial percentage of national population in developing societies. Microfinance is an option to resolve this problem of poor people. A decade ago, the expectation for microfinance as decisive tool in combating poverty was high. Bangladesh has been the birth place of microfinance and also pioneer in the world for applying microfinance. Bangladesh boasts a large number of well-known MFIs including Grameen Bank, BRAC and Association of Social Advancement (ASA). Going forward, MFIs are likely to expand their client base and reach out to more underserved areas of the country. To provide microfinance and other support services MFIs should be able to sustain for long period. In order to sustain operations, MFIs must generate enough revenues from financial services to cover their financial and operating cost and in many cases, build institutional capital through profit. Financial performance becomes a watchword in the governance of MFIs. The present study is an attempt to assess the financial performance of Microfinance Institutions operating in Bangladesh during fiscal year period 2007 to 2011 (2007-08 to 2011-12).

OBJECTIVES OF THE STUDY

The study focuses on the following objective:

1. To understand the scenario of MFIs in Bangladesh
2. To analyse the financial performance of Microfinance Institutions in Bangladesh

SCOPE OF THE STUDY

The study is pertaining to microfinance institutions in Bangladesh. The comprehensive financial performance indicators model used by Microfinance Information Exchange (MIX) has been chosen for the study. The variables, such as institutional characteristics, financing structure, outreach indicators, overall financial performance indicators, revenue and expenses, efficiency and risk and liquidity have been considered to analyse the financial performance.

SIGNIFICANCE OF THE STUDY

The study will be useful to:

- The MFIs, for knowing their performance and taking appropriate decisions; to motivate MFIs towards performance improvement, and compare with their peers,
- The donor, to decide the extent of support to be given to its partner and to know the level of sustainability of its partners,
- Investors, to identify potential investment,
- The researchers and academicians and
- The policy makers for their national development decisions.

RESEARCH METHODOLOGY**SOURCE OF DATA**

The study is primarily based on secondary data. The data have been collected from Microfinance Information Exchange (MIX) i.e., www.mixmarket.org.

PERIOD OF STUDY

The period undertaken for the study is from fiscal year 2007 to 2011 (2007-08 to 2011-2012).

SAMPLE AND SAMPLING DESIGN

The MFIs which have fulfilled the disclosure guidelines laid down by Consultative Group to Assist the Poor (CGAP), the global body of dominant donors of MFI space, providing details on all indicators of financial reporting are considered in this study. There are 37 MFIs in Bangladesh which have reported their financial information to CGAP through MIX in the fiscal year 2011. The MFIs for which the financial details have been reported atleast for 5 years continuously have been identified. It is noted that only 25 MFIs from Bangladesh have fulfilled the requirement and all these MFIs are taken for the study. The list of MFIs selected for the study along with their groupings is appended.

TOOLS FOR ANALYSIS

The following statistical tools have been used for analyzing the data:

Ratio analysis has been used in this study to analyse the performance of MFIs. Descriptive statistics, namely, Mean and Standard deviation, Coefficient of Variation (CV per cent), has been used in this study to understand the distribution and characteristics of the variables studied. The growth measures such as, Annual Growth Rate (AGR), Linear Annual Growth Rate (LAGR) and Compounded Annual Growth Rate have been computed to study the trend of ratios and overall growth of ratios during the study period.

LIMITATIONS OF THE STUDY

The study is subject to the following limitations:

- The limitations inherent in statistical tools apply to this study also.
- Non availability of continuous data from MIX for more than five years has restricted the period and number of MFIs in this study.

REVIEW OF LITERATURE

It is seen that without sound financial performance the sustainability of these MFIs is not possible. The literature concerning the financial performance of MFIs has been discussed below.

Robert Cull, Asli Demiguc Kunt, Jonathan Morduch (2003)¹ has conducted a study on "Financial Performance and outreach: A global analysis of leading microfinance institutions". The study has aimed to explore patterns of profitability, loan repayment and cost reduction. The data have been collected from micro banking bulletin. The data on 124 microfinance institutions in 49 developing countries have been chosen for the study. The study has been conducted during the period 1999 to 2002 and 70 per cent observations have been taken for the period 2002. The key dependent variable for analysis of profitability has been the financial self-sufficiency ratio. They have found that individual-based lenders with higher labour costs as a fraction of total assets have been more profitable. It has been found that larger loan sizes are associated with lower average costs for both individual-based lenders and solidarity group lenders. The evidence has shown the possibility of earning profits while serving the poor, but a trade-off has emerged between profitability and serving the poorest. The result has suggested that the institutional design and orientation matters are important in considering trade-offs in microfinance.

Abdul Qayyum and Ahmad M (2006)², in their study on "Efficiency and sustainability of microfinance institution in South Asian" has aimed to identify the most efficient MFIs in south Asian region. The study has evaluated the efficiency of 85 MFI from south Asia shared as follows: 15 Pakistanis, 25 Indians, and 45 Bangladeshi MFIs. Data envelope analysis has been used to analyse the efficiency of microfinance institution in these selected South Asian countries. The performance indicators taken for the study are outreach, institutional characteristics, financing structure, overall financial performance, efficiency and productivity and risk and liquidity. The correlation coefficient and regression analysis has been applied. They found from the DEA analysis using single country data that 8 MFIs from Pakistan, 6 MFIs from Bangladesh and 5 MFIs from India are at efficient frontier under variable return to scale. They have also found that 10 MFIs from Pakistan, 9 from Bangladesh and 9 MFIs from India are not sustainable. They also found from sustainability indicator that Indian MFIs are better than Bangladeshi MFIs. The study has revealed that the majority of inefficiency of MFIs in Pakistan, India, and Bangladesh is mainly of technical nature and to improve their efficiencies, these MFIs have been invited to heighten the managerial expertise and to improve the technology.

Ganesh Thapa (2007)³ has conducted a study on "Sustainability and governance of microfinance institutions: Recent experience and lessons from South Asia". He has reviewed the experience of MFIs in different parts of the world based on the factors sustainability and governance and has drawn lessons for South East Asian countries. The study has taken a sample of 101 South Asian MFIs consisting of India, Pakistan, Bangladesh, Cambodia and Philippines which reported to mix market website during the year 2005. The performance indicators namely, profitability, revenue, expense, productivity and portfolio quality have been analysed on the basis of institution type viz., Bank, NBFC, NGO and Rural bank. It has been found that South East Asian MFIs performs well in terms of financial sustainability as they earn positive returns on assets and equity, covering much higher cost level by earning more from their portfolio, but in contrast, he found that South Asian MFIs have negative returns on assets and equity, despite having one of the lowest expense structures in world. It has been found that Cambodia and Philippines have shown of high yield strategy, while Bangladesh and India adopt low cost, low yield strategy. He also found that economies of scale are higher for NGOs. The researcher has shown sustainability of an MFI requires not only financial viability but also a clear strategic vision and an organization that is transparent, efficient and accepted by all stakeholders.

M.Kabir Hassan and Benito Sanchez (2009)⁴, in their study on "Efficiency analysis of Microfinance Institutions in developing countries" has investigated technical and scale efficiencies of MFIs in the three region: Latin America, Middle East and North African countries and South Asian countries and to compare the efficiency across regions, across type of MFIs. The period of the study has been 2001 -2005 and data for the study has been taken from mix market website. The sample consist of 141 MFIs from Latin American, 26 MFIs from MENA countries and 47 MFIs from south Asian countries. They have noted that the majority of MFIs are non - profit (NGO), followed by NBFC. DEA has been used to perform analyse with small samples, which is case for Latin America countries and also allows them to calculate Malmquist indexes to characterise productivity changes. It has been found that technical efficiency has been higher for formal MFIs namely, Banks and credit union than non-formal MFIs namely Non-profit organization and non-financial institution. South Asian MFIs have higher technical efficiency than Latin American and MENA MFIs. It has been found that the source of inefficiency has been pure technical rather than scale, suggesting that MFIs are either wasting resources or are not producing enough output there by making enough loans, raising fund and getting more borrowers.

Venkata Vijay Kumar P. and V.K.Gupta (2011)⁵ have conducted a study on "Analysis of performance indicators on sustenance of microfinance institutes: A comparative study of East Asian and Pacific, and South Asian countries". The paper has attempted to identify the various variables and capture the significance of the influence upon the financial self-sufficiency and operational self-sufficiency of an organization in the context of East Asia and Pacific region and South Asia. The data has been obtained from mix market website. The data for the year 2008 has been considered for analysis of both regions. A total of 298 MFIs analyzed, 153 MFIs from East Asian and Pacific region and 145 MFIs belong to South Asian region. The data has been analyzed using ANOVA, factor analysis, operational self-sufficiency analysis and financial self-sufficiency analysis. They have found that average loan per borrower, return on assets, portfolio at risk has been major influence of the operational self-sufficiency and yield, return on assets, portfolio at risk and capital utilization has been main components influencing financial self-sufficiency in both regions. It has found that MFIs have been in increment mode in the sustenance characteristic and there by performance of MFIs of both regions are in same state. It has concluded that the presence of deposit scheme has not benefited the operational self-sufficiency or financial self-sufficiency value of MFIs.

Anuradha Tiwari (2012)⁶ has conducted a study on "Is microfinance working for what it is meant to be? A comparative study on Bangladesh and India." The author has examined whether MFIs are servicing their purpose of existence or are these MFIs becoming commercial centers. This paper has conducted a comparative study between India and Bangladesh, in terms of loan lent by institutes to the customers, clientele, and financial sustainability of MFIs. The author has taken the three institutions of India (SKS microfinance, Share, Spandana) and Bangladesh (Grameen bank, BRAC and ASA) for comparing the performance.

The MFIs have been selected on the basis of gross loan portfolio. The period of the study has been 2006 to 2009. It has been found that MFIs in India have been shifting from the status of social institutions to more profitable venture when compared to Bangladesh but at the same time it has been revealed that Indian MFIs are earning good returns to maintain a sustainable business model.

The review of literature has established the framework for the study and has highlighted the results of previous studies, which in turn, has helped to clearly identify the gap. The present study has aimed to fill this research gap, substantiating with more information. The literature review has revealed that the sustainability of MFIs is not possible without sound financial performance.

SCENARIO OF MICROFINANCE INSTITUTIONS IN BANGLADESH

Historically Bangladesh has been a part of Bengal, an eastern province of undivided India. When India became independent in 1947, the independent nation of Pakistan came into existence, comprising of western part of India and the eastern half of Bengal province.

In 1971, this eastern part of province of Bengal became independent nation, known as People's Republic of Bangladesh. Bangladesh is one of the world's ten most populated countries and has one of the highest population densities, more than half of the population lives in agrarian rural villages. But urbanization is proceeding rapidly and the capital Dhaka is one of the fastest growing cities in the world.

Bangladesh has made significant strides in its economic sector since independence in 1971. The government of Bangladesh faces an enormous challenge in reducing poverty. However, the government cannot act alone as it cannot command all the resources, personnel, administrative outreach or expertise necessary to maintain progress in poverty alleviation. The MFIs have taken a key role in poverty alleviation efforts and they have been providing credit to these poor people who lack savings and capital but want jobs in the farm and non-farm sectors.

The banking sector in Bangladesh has been dominated by the four state-owned commercial banks, known as Nationalized Commercial Banks (NCBs), which control approximately half of the assets within the banking system. In addition, there are five government-owned specialized banks, 30 domestic private banks, and 12 foreign banks. The specialized agricultural banks and NCBs have been lending extensively to the rural area but most of their lending is not targeted to the poor. The foreign banks and the private commercial banks have simply stayed away from rural lending, though there are a few cases of token involvement in microfinance in recent years. The poor people do not get access to formal financial institutions because of lack of physical collateral. The informal moneylenders, on the other hand, charge an exorbitant rate of interest, thereby inhibiting rural poor households from investing in productive income increasing activities. Unlike other south Asian countries in the region, Bangladesh does not have a proper substructure of small banks operating at local level. Against the backdrop of a relatively undeveloped formal financial system, a strong NGO microfinance system has developed in Bangladesh. These MFIs have been able to reach the poor with collateral-free loans at affordable costs and can thus help the poor become self-employed.

The origin of the microcredit model dealt with the relief and rehabilitation needs of post-independence Bangladesh. At that time, many NGOs started as relief organizations but, over time, they turned into development organizations and gradually many of them have become MFIs by focusing on savings and microcredit programs. Microcredit has been first initiated by Grameen Bank and has been developed by a team led by Professor Mohammad Yunus. The Grameen-model, named as the 'Jobra' experiment has been tested first centering on group-based credit delivery with peer monitoring. During the late 1970s, when the 'Jobra' experiment was underway, the Dheki Rin Prokolpa has initiated by the Bangladesh Bank in collaboration with the Swanirvar Bangladesh, and several other pilot schemes have been initiated by a handful of the NGOs which have been active then. The 1980s witnessed a growing number of MFIs which experimented with different modalities of delivering credit to the poor. In the early 1980s several NGOs experimented with different ways of delivering credit. One important model tested has been the efficacy of providing loans for groups compared to offering loans to individuals with peer monitoring became successful with strong MFI staff follow up.

The early 1990s has been a period of rapid expansion of the Grameen-style microcredit approach. The growth has been picked up largely by a 'franchising approach' whereby new branches replicated the procedures and norms that prevailed in existing branches. In the early 1990, unhindered experimentation in the fields led to a quiet resolution of the debate and the country experienced a massive expansion of microfinance activities during the 1990s. Donors contributed to the expansion of revolving loan funds, and PKSF was established around the same time to provide wholesale financial and technical support in the sector. The microfinance sector in Bangladesh is one of the worlds largest. Bangladeshi MFIs are best known for their pioneering, large-scale provision of microfinance services, principally tiny collateral-free loans to poor women. The four largest MFIs, Grameen Bank, BRAC, ASA, Proshika account for 86 percent of the 14.3 million active borrowers.

TYPES OF MFIs IN BANGLADESH

The main direct providers of microfinance services are microfinance institutions (MFIs), which are basically non-governmental organizations (NGOs) labeled here as 'MFI-NGOs', Grameen Bank (GB), Palli Daridra Bimochon Foundation (PDBF), Rural Development Scheme (RDS) of Islami Bank Bangladesh Ltd (IBBL).

The NGO MFIs are mostly registered as NGOs; Societies; Not-for-profit Companies; Cooperative Societies; Trusts. They are supervised by NGO Affairs Bureau, Prime Minister's Officer (PMO); Ministry of Social Welfare; Ministry of Finance; Department of Cooperatives and Registrar of the Joint Stock Companies depending on their registration type. Grameen Bank is an exception case who is registered as a Specialized Bank.

The legal framework of MFIs has not gone through any substantive reform. There are a plethora of laws and government agencies dealing with MFIs in Bangladesh. Under the administration of the Department of Social Welfare, most MFIs are registered as societies under the Societies Registration Act, 1860 (the same as in India). The rest are registered either as nonprofit companies under the companies Act 1913, or as trusts under the Trusts Act, 1882, or the Charitable and Religious Trust Act, 1920, or as cooperatives under the Cooperative Societies Ordinance, 1984. Since most of the MFIs rely on the funds coming from foreign grants, the government has to be accountable for those grants for receipts and utilization. To undertake this task NGO Affairs Bureau (NGOAB) was established in 1991. NGOAB is regarded as the primary regulator as most development NGOs were supported by foreign funds in the 1990s. NGOAB undertakes functions such as NGO registration, approval of project proposals, releasing funds and monitoring NGO projects.

The government, with the close cooperation of the Bangladesh Bank, undertook efforts to establish a regulatory framework which culminated in the enactment of the Microcredit Regulatory Authority Act, 2006 with a view to ensuring transparency and accountability of microcredit activities of the MFIs in the country. The Microcredit Regulatory Authority (MRA) has been established under the act, which is now empowered and responsible to implement the said act and to bring the microcredit sector of the country under a full-fledged regulatory framework. The main responsibilities of the authority include issuance and cancellation of the license for microcredit, overseeing, supervising and facilitating the entire activities of MFIs.

FINANCIAL PERFORMANCE OF MFIs IN BANGLADESH

Bangladesh has been the pioneer in the field of microfinance movement and a significant contribution to the development of the country has been made by several MFIs in Bangladesh. Hence, the second objective of the study is to analyze the financial performance of MFIs in Bangladesh.

TABLE 1 - INSTITUTIONAL CHARACTERISTICS OF MFIS IN BANGLADESH

| Year | Offices (no.s) | Personnel (no.s) | Assets (US \$) |
|------|----------------|------------------|----------------|
| 2007 | 475 | 4467 | 93299862.84 |
| 2008 | 471 | 4004 | 109705149.80 |
| 2009 | 498 | 3821 | 130498199.70 |
| 2010 | 493 | 3913 | 149349983.10 |
| 2011 | 474 | 3770 | 150412168.60 |
| Mean | 482 | 3995 | 126653072.80 |
| S.D | 12.54 | 278.63 | 24970472.97 |
| C.V | 2.6 | 6.97 | 19.72 |
| AGR | 0.02 | -4.05 | 12.92 |
| LAGR | 2 | -149 | 15386944.49 |
| CAGR | 0.43 | -3.56 | 13.47 |

Source: Computed

It has been found that there is no significant increase in the number of offices but a decline in the number of personnel; this reveals the fact that the MFIs in Bangladesh are concentrating on cost management techniques as they are the originators earlier and all MFIs in Bangladesh selected for the study are mature. So also the assets of MFIs in Bangladesh are found to be increasing during the study period.

FINANCING STRUCTURE

The financing structure is a mixture that directly affects the risk and value of the business.

TABLE 2 - FINANCING STRUCTURE OF MFIS IN BANGLADESH

| Year | Capital/Asset Ratio (%) | Debt/Equity Ratio (%) | Gross Loan Portfolio to Total Assets (%) |
|------|-------------------------|-----------------------|--|
| 2007 | 19.05 | 9.11 | 76.29 |
| 2008 | 17.56 | 3.1 | 77.26 |
| 2009 | 15.9 | 6.94 | 77.6 |
| 2010 | 18 | 5.92 | 81.11 |
| 2011 | 18 | 5.99 | 83.39 |
| Mean | 17.7 | 6.21 | 79.13 |
| S.D | 1.15 | 2.16 | 3 |
| C.V | 6.48 | 34.85 | 3.79 |
| AGR | -1.02 | 11.1 | 2.26 |
| LAGR | -0.17 | -0.34 | 1.81 |
| CAGR | -0.88 | -1.9 | 2.29 |

Source: Computed

The MFIs in Bangladesh are efficient in using its capital to cover its expenses and debt obligations, as clear from the capital asset ratio of less than 20 per cent. It has also been clear from their debt to equity ratio that Bangladeshi MFIs are socially oriented MFIs depending on grants and donations. It has been evident from the GLP to total assets that the MFIs in Bangladesh have been allocating the assets to its lending activity at appropriate level. The results have concluded that the financing structure of MFIs in Bangladesh has been satisfactory during the study period.

OUTREACH INDICATORS

Outreach is an effort to extend microfinance services to the people who are underserved by financial institutions.

TABLE 3 - OUTREACH INDICATORS OF MFIS IN BANGLADESH

| Year | Number of active borrowers | Per cent of female borrowers | Number of loans outstanding | Gross Loan Portfolio | Average loan balance per borrower (US \$) | Average loan balance per borrower/GNI per capita (%) | Average outstanding balance | Average outstanding balance/GNI per capita (%) |
|------|----------------------------|------------------------------|-----------------------------|----------------------|---|--|-----------------------------|--|
| 2007 | 843426 | 87.53 | 849009 | 67405830.92 | 87.37 | 18.17 | 86.05 | 18.12 |
| 2008 | 881061 | 91.12 | 892257 | 83857213.92 | 97.93 | 18.82 | 95.6 | 18.14 |
| 2009 | 817354 | 90.87 | 833735 | 93625852.96 | 117.12 | 20.36 | 110.76 | 19.25 |
| 2010 | 829051 | 90.36 | 843912 | 104797276.8 | 129.96 | 20.51 | 124.72 | 19.68 |
| 2011 | 808929 | 90.71 | 837384 | 109347326.2 | 142.90 | 18.44 | 133.97 | 17.2 |
| Mean | 835964 | 90.12 | 851259 | 91806700.15 | 115.06 | 19.26 | 110.22 | 18.48 |
| S.D | 28347.8 | 1.47 | 23661.77 | 16869608.1 | 22.70 | 1.1 | 19.83 | 0.99 |
| C.V | 3.39 | 1.63 | 2.78 | 18.38 | 19.73 | 5.7 | 17.99 | 5.36 |
| AGR | -0.94 | 0.91 | -0.25 | 13.08 | 13.15 | 0.6 | 11.74 | -1.03 |
| LAGR | -12100 | 0.56 | -7160 | 10482305.34 | 14.31 | 0.22 | 12.5 | -0.03 |
| CAGR | -1.43 | 0.63 | -0.83 | 12.64 | 13.51 | 1.16 | 12.2 | -0.23 |

Source: Computed

The result has revealed that the Bangladeshi MFIs have not been able to reach more clients during the study period. In fact the number of active borrowers has reduced substantially. But out of the active borrowers, the women access to credit has increased during the study period; this has shown the commitment of Bangladeshi MFIs towards women empowerment, social welfare and poverty alleviation. It has been clear that number of loans outstanding of MFIs in Bangladesh has reduced during the study period, which means that the Bangladeshi MFIs have taken effective measures to reduce the unpaid principal balance of loan disbursed, by effective follow ups, with a good repayment schedule and by checking credit worthiness of the borrowers. The gross loan portfolio has indicated that the Bangladeshi MFIs have granted various types of loans to customers during the study period. The average loans available for clients and average outstanding balance have increased during the study period. The average loan balance per borrower/GNI per capita and average outstanding balance/GNI per capita have increased during the study period; nevertheless it has been maintained at appropriate level of less than 20 per cent.

OVERALL FINANCIAL PERFORMANCE

Financial performance has been a general measure to check MFIs overall financial health over a given period of time.

TABLE 4 - OVERALL FINANCIAL PERFORMANCE OF MFIS IN BANGLADESH

| Year | Return on assets (%) | Return on equity (%) | Operational self-sufficiency (%) |
|------|----------------------|----------------------|----------------------------------|
| 2007 | -0.23 | -16.39 | 126.48 |
| 2008 | -0.31 | -26.65 | 101.74 |
| 2009 | 1.67 | -25.54 | 111.4 |
| 2010 | 2.82 | -25.96 | 117.29 |
| 2011 | 4.04 | 24.35 | 127.07 |
| Mean | 1.6 | -14.04 | 116.8 |
| S.D | 1.9 | 21.87 | 10.67 |
| C.V | 118.91 | -155.77 | 9.14 |
| AGR | -# | -# | 0.89 |
| LAGR | 1.17 | 8.22 | 1.67 |
| CAGR | -# | -# | 1.53 |

Source: Computed (# - series contain non positive values. AGR and CAGR could not be estimated.)

The result has shown that the Bangladeshi MFIs have been able to generate higher returns by effectively employing their assets but still it is less than the standard proposed by ACCION audit (ROA > 3 per cent). It has been understood from the return on equity that Bangladeshi MFIs ability to reward shareholders' investment build its equity base through retained earnings has not been satisfactory during the study period. It has also been lower than the standard of ROE > 15 per cent. The sustainability of lending operations of MFIs in Bangladesh has been satisfactory, which is more than the standard prescribed by Sa-Dhan i.e., 100 per cent. It has been concluded that the overall performance of MFIs in Bangladesh is satisfactory. The MFIs in Bangladesh are profitable and found to be sustainable in their operations during the study period.

REVENUE AND EXPENSES

Revenue and expenses are the two important factors in determining the success of any business. Revenue can be high, but if the expenses are higher, it will show no profit and has to be out of business when available capital runs out.

TABLE 5 - REVENUE AND EXPENSES OF MFIS IN BANGLADESH

| Year | FR/A (%) | PM (%) | YGP (N) (%) | YGP (R) (%) | TE/A (%) | FE/A (%) | PLI/A (%) | OE/A (%) | PE/A (%) | AE/A (%) |
|------|----------|--------|-------------|-------------|----------|----------|-----------|----------|----------|----------|
| 2007 | 18.95 | -2.7 | 22.59 | 12.58 | 18.26 | 4.42 | 1.82 | 13.65 | 9.47 | 3.98 |
| 2008 | 18.54 | -4.35 | 22.65 | 12.77 | 19.37 | 3.86 | 1.67 | 13.84 | 9.61 | 4.22 |
| 2009 | 18.69 | 5.82 | 22.91 | 16.25 | 17.33 | 4.3 | 2.01 | 11.03 | 8.51 | 2.58 |
| 2010 | 21.31 | 10.35 | 25.56 | 15.7 | 19.18 | 4.39 | 1.5 | 13.3 | 10.06 | 3.55 |
| 2011 | 20.03 | 19.11 | 22.65 | 12.36 | 15.6 | 4.5 | 1.08 | 10.01 | 7.72 | 2.35 |
| Mean | 19.5 | 5.65 | 23.27 | 13.93 | 17.95 | 4.29 | 1.62 | 12.37 | 9.07 | 3.34 |
| S.D | 1.17 | 9.66 | 1.28 | 1.88 | 1.54 | 0.25 | 0.35 | 1.73 | 0.94 | 0.83 |
| C.V | 5.98 | 171.04 | 5.52 | 13.5 | 8.6 | 5.89 | 21.89 | 14.02 | 10.41 | 25.02 |
| AGR | 1.66 | -# | 0.4 | 1.03 | -3.11 | 0.83 | -10.31 | -5.77 | -3.75 | -7.26 |
| LAGR | 0.49 | 5.83 | 0.3 | 0.25 | -0.55 | 0.07 | -0.17 | -0.78 | -0.3 | -0.39 |
| CAGR | 2.53 | -# | 1.27 | 1.73 | -3.2 | 1.66 | -10.87 | -6.39 | -3.56 | -11.54 |

Source: Computed (# - series contain non positive values. AGR and CAGR could not be estimated.)

It is found that the revenue of MFIs in Bangladesh has increased during the study period, whereas expense of MFIs in Bangladesh has shown a decreasing trend during the study period. It is clear that the financial revenue by assets of MFIs in Bangladesh has increased during the study period as they are generating revenue from gross loan portfolio and investment. The increase in yield in gross portfolio has revealed that the Bangladeshi MFIs have been charging higher interest rate. It has been evident from the decline in the total expense by assets, financial expense by assets, operating expense by assets, personnel expense by asset and administrative expense by assets that the MFIs in Bangladesh have been concentrating on cost management practices.

EFFICIENCY INDICATORS

The efficiency indicators inform the MFIs how much it must earn from each client to be profitable.

TABLE 6 - EFFICIENCY OF MFIS IN BANGLADESH

| Year | OE/LP (%) | PE/LP (%) | AS/GNI per capita (%) | CPB (US\$) | CPL (US\$) | BPSM (no.s) | LPSM (no.s) | BPLO (no.s) | LPLO (no.s) | PeAR (%) |
|------|-----------|-----------|-----------------------|------------|------------|-------------|-------------|-------------|-------------|----------|
| 2007 | 17.45 | 11.99 | 2.78 | 15.21 | 13.28 | 134 | 136 | 187 | 190 | 52.71 |
| 2008 | 18.46 | 12.15 | 2.99 | 17.27 | 16.58 | 149 | 153 | 257 | 265 | 51.65 |
| 2009 | 13.83 | 10.42 | 2.69 | 14.89 | 14.44 | 146 | 154 | 280 | 293 | 56.53 |
| 2010 | 16.25 | 12 | 3.03 | 18.63 | 17.67 | 148 | 153 | 303 | 313 | 53.64 |
| 2011 | 20.02 | 14.17 | 3.11 | 16.77 | 15.05 | 149 | 158 | 254 | 271 | 54.82 |
| Mean | 17.2 | 12.15 | 2.92 | 16.55 | 15.4 | 145 | 151 | 256 | 266 | 53.87 |
| S.D | 2.34 | 1.33 | 0.18 | 1.54 | 1.74 | 6.27 | 8.73 | 43.37 | 46.89 | 1.89 |
| C.V | 13.59 | 10.99 | 6.07 | 9.28 | 11.28 | 4.32 | 5.78 | 16.93 | 17.6 | 3.51 |
| AGR | 5.35 | 5.09 | 3.2 | 3.72 | 4.87 | 2.77 | 4.06 | 9.63 | 10.86 | 1.13 |
| LAGR | 0.29 | 0.42 | 0.07 | 0.45 | 0.46 | 3 | 5 | 18 | 21 | 0.62 |
| CAGR | 1.48 | 3.27 | 2.4 | 2.75 | 3.19 | 2.08 | 3.13 | 8.08 | 9.2 | 1.17 |

Source: Computed

The increase in operating expenses by loan portfolio, cost of maintaining the client and cost incurred per loan to the borrower of MFIs in Bangladesh during the study period has been due to cost incurred in checking the credit worthiness of clients and educating the borrowers, as clear from the reduction in number of loan outstanding. It is also clear that the overall productivity of MFIs personnel is high in managing clients, including borrowers, depositors which have been evident from the increase in borrower per staff member, loans per staff member, borrower per loan officer, loans per loan officer and personnel allocation ratio of Bangladesh. It has been concluded that Bangladesh MFIs are maximizing services with available resources, including staff and fund during the study period.

RISK AND LIQUIDITY

Portfolio quality reflects the risk of loan and determines future revenue and institutions ability to increase outreach and serve existing clients.

TABLE 7 - RISK AND LIQUIDITY OF MFIS IN BANGLADESH

| Year | PAR>30 days (%) | PAR>90 days (%) | Write-off ratio (%) | Loan loss rate (%) | Risk coverage (%) | NELA as a per cent of TA (%) |
|------|-----------------|-----------------|---------------------|--------------------|-------------------|------------------------------|
| 2007 | 5.54 | 4.07 | 0.3 | 0.31 | 112.33 | 14.84 |
| 2008 | 5.83 | 5.16 | 0.14 | 0.09 | 81.76 | 17.85 |
| 2009 | 9.92 | 9.47 | 0.24 | 0.21 | 113.33 | 18.45 |
| 2010 | 5.66 | 5.2 | 0.56 | 0.5 | 93.48 | 14.52 |
| 2011 | 5.7 | 5.12 | 1.19 | 1.15 | 74.14 | 10.92 |
| Mean | 6.53 | 5.8 | 0.49 | 0.45 | 95.01 | 15.32 |
| S.D | 1.9 | 2.1 | 0.42 | 0.42 | 17.67 | 3.02 |
| C.V | 29.06 | 36.24 | 87.05 | 92.5 | 18.6 | 19.7 |
| AGR | 8.29 | 15.92 | 65.98 | 82.62 | -6.7 | -5.61 |
| LAGR | 0.02 | 0.21 | 0.22 | 0.21 | -6.47 | -1.12 |
| CAGR | 0.27 | 4.78 | 51.32 | 54.29 | -6.73 | -7.87 |

Source: Computed

It has been observed from the result that the PAR > 30 days and PAR > 90 days has been less than 10 per cent, as the standard proposed by Sa-Dhan. The PAR represents the proportion of total gross outstanding loan portfolio that has been at risk. The percentage of MFIs loans that has been removed from the balance of the gross loan portfolio because it is unlikely to be repaid has increased during the study period. The unrecovered loans have marginally increased during the study period. The risk coverage has shown how much of PAR is covered by the MFIs impairment loss allowance and this has decreased during the study period. NELA as per cent of total assets of MFIs has also witnessed a decline during the study period which has been due to write off that has been made during period. To conclude the MFIs in Bangladesh has maintained a good portfolio quality.

FINDINGS

Microfinance is a means of the struggle against poverty in developing country like Bangladesh through financing activities that generate income for poor households. MFIs which encompass a wide range of providers that vary in legal structure, mission and methodology – offer these financial services to clients who do not have access to mainstream banks or other formal financial service provider. MFIs face an apparent challenge of achieving financial sustainability while to poverty alleviation. MFIs play a prominent role in the financial sector, and they are well positioned to grow and reach millions of potential clients who currently do not have access to main stream financial services.

- It is found that all MFIs taken for study in Bangladesh are mature MFIs.
- Bangladesh MFIs have wider asset base.
- Bangladeshi MFIs are social oriented and depend on grants and donations.
- Though Bangladeshi MFIs have large asset base, the allocation of assets to lending activity is low.
- The growth rate of number of active borrowers of Bangladeshi MFIs has shown negative trend.
- The percent of women clients justifies the social commitment of MFIs.
- Bangladeshi MFIs have reached the breadth of outreach.
- Profitability in terms of return on assets and operational self sufficiency is satisfactory for Bangladeshi MFIs.
- Financial revenue/assets is lower for Bangladeshi MFIs.
- Profit margin is positive for Bangladeshi MFIs.
- Bangladeshi MFIs are charging higher interest rate from borrowers.
- The decrease in financial and total expense of Bangladeshi MFIs highlights they are concentrating on cost management practices.
- Provision for loan impairment by assets and operating expense by assets are high for Bangladeshi MFIs, may be due to expenses include to educate borrowers.
- Bangladeshi MFIs are proved to be efficient in terms of cost per borrower.
- Bangladeshi MFIs have a good portfolio quality and better liquidity.

SUGGESTIONS

1. The predominant focus of Bangladeshi MFIs should be on the earnings management of Microfinance Institutions to improve the performance.
2. Bangladesh can take effective measures to increase the number of active borrowers by providing fruitful services.
3. MFIs in Bangladesh can concentrate on asset management, cost management and leverage management to attain sustainability.

CONCLUSION

Microfinance has been an important tool in poverty alleviation, empowerment of women and in bringing about financial inclusion. MFIs in Bangladesh include a broad range of diverse institutions that offer financial services to low – income clients in the form of Non-Government Organizations, Non-Bank Financial Institutions, Credit Union and Banks. Overall, MFIs in Bangladesh are dynamic and growing and, therefore, the journey of MFIs has been encouraging. MFIs in Bangladesh tend to report above 90 per cent as female borrowers. In terms of overall financial performance, Bangladeshi MFIs has shown better ROA and OSS, but still it couldn't cover the total expense and financial expenses. Although the microfinance sector has reported an impressive growth, sufficient regulatory and governance would help achieve the goal of poverty alleviation and financial inclusion; this could be achieved with combined cooperation of banks, donors' government, NGO and other players in the country. Thus, continuous efforts are required to diversify the sources of funding available for the MFIs in order to attract foreign Investment for well-established MFIs in order to serve the rural low income population, alleviate poverty and also, make them profitable. In case of Bangladesh, NBFC MFIs are not operational and therefore, they have limited scope to increase their capital base.

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APPENDIX

LIST OF MFIs IN BANGLADESH

| MFI name | Age | Legal Status | Regulated |
|-----------------|--------|--------------------------|-----------|
| ASA | Mature | NGO | Yes |
| BASTOB | Mature | NGO | Yes |
| BEES | Mature | NGO | Yes |
| BRAC | Mature | NGO | Yes |
| BURO Bangladesh | Mature | NGO | Yes |
| CDIP | Mature | NGO | Yes |
| COAST Trust | Mature | NGO | Yes |
| CSS | Mature | NGO | Yes |
| CTS | Mature | Credit union/cooperative | Yes |
| DSK | Mature | NGO | Yes |
| Grameen Bank | Mature | Bank | No |
| HEED | Mature | NGO | No |
| IDF | Mature | NGO | Yes |
| JCF | Mature | NGO | Yes |
| PMUK | Mature | NGO | Yes |
| RDRS | Mature | NGO | Yes |
| RIC | Mature | NGO | Yes |
| RRF | Mature | NGO | Yes |
| Sajida | Mature | NGO | Yes |
| Shakti | Mature | NGO | Yes |
| SKS Bangladesh | Mature | NGO | Yes |
| SSS | Mature | NGO | Yes |
| TMSS | Mature | NGO | Yes |
| UDDIPAN | Mature | NGO | Yes |
| Wave | Mature | NGO | Yes |

LIST OF PARAMETERS ALONG WITH THE VARIABLES TAKEN FOR THE STUDY

I. INSTITUTIONAL CHARACTERISTICS

- Offices (no.s)
- Personnel (no.s)
- Assets (US \$)

II. FINANCING STRUCTURE

- Capital/Asset ratio (per cent)
- Debt to Equity ratio (per cent)
- Gross Loan Portfolio to Total Assets (per cent)

III. OUTREACH INDICATORS

- Number of Active Borrowers (no.s)
- Percent of Female Borrowers (per cent)
- Number of Loan Outstanding (no.s)
- Gross Loan Portfolio (US \$)
- Average Loan Balance per Borrower (US \$)
- Average Loan Balance per Borrower/GNI per capita (per cent)
- Average Outstanding Balance (US \$)
- Average Outstanding Balance/GNI per capita (per cent)

IV. OVERALL FINANCIAL PERFORMANCE

- Return on Assets (per cent) (ROA)
- Return on Equity (per cent) (ROE)
- Operational Self-Sufficiency (per cent) (OSS)

V. REVENUE AND EXPENSE

- Financial Revenue/Assets (per cent)
- Profit Margin (per cent)
- Yield on Gross Portfolio (Nominal) (per cent)
- Yield on Gross Portfolio (Real) (per cent)

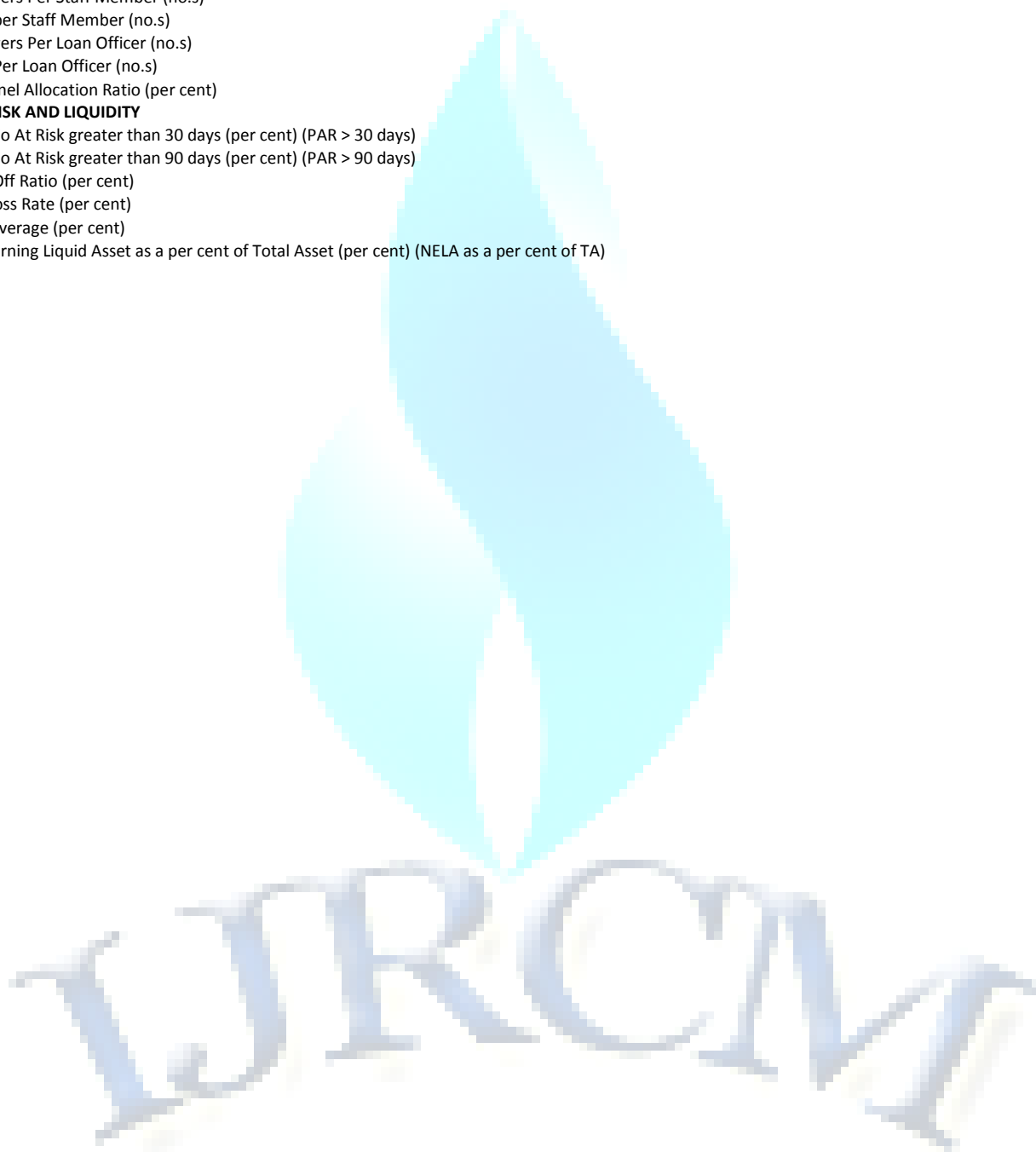
- Total Expense/Assets (per cent)
- Financial Expense/Asset (per cent)
- Provision for Loan Impairment/Assets (per cent)
- Operating Expense/Assets (per cent)
- Personnel Expense/Assets (per cent)
- Administrative Expense/Assets (per cent)

VI. EFFICIENCY

- Operating Expense/Loan portfolio (per cent)
- Personnel Expense/Loan Portfolio (per cent)
- Average Salary/GNI per capita
- Cost Per Borrower (US \$)
- Cost Per Loan (US \$)
- Borrowers Per Staff Member (no.s)
- Loans per Staff Member (no.s)
- Borrowers Per Loan Officer (no.s)
- Loans Per Loan Officer (no.s)
- Personnel Allocation Ratio (per cent)

VII. RISK AND LIQUIDITY

- Portfolio At Risk greater than 30 days (per cent) (PAR > 30 days)
- Portfolio At Risk greater than 90 days (per cent) (PAR > 90 days)
- Write Off Ratio (per cent)
- Loan Loss Rate (per cent)
- Risk Coverage (per cent)
- Non-Earning Liquid Asset as a per cent of Total Asset (per cent) (NELA as a per cent of TA)



CHANGE IN THE BUYING BEHAVIOUR OF YOUTH: ADVERTISING TO SOCIAL NETWORKING SITES

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ABSTRACT

This paper tries to find out the answer whether the social networking sites are boon or bane for present day scenario. No doubt these SNS provides employment, online marketing, personal growth through sites like linkedin ,sharing of information but the most prevalent danger often involves online individuals. These SNS has great impact on youth of India. One can easily see the entry gate of these social networking sites but it is unable to find exit for these SNS. One side these sites help us to communicate with our near and dear ones and on the other side it creates platform for many cyber crimes. Everyone should understand that the SNS is for the welfare of society. So we are focused on the fact that how SNS are working and are used in an effective manner. In this paper we focused on the positive as well as negative impact of these sites on the Indian youth and what are the ethical responsibilities and duties of the users of these sites.

KEYWORDS

internet, WI-FI, online ownership, online credibility. SNS (Social networking sites), networking.

I INTRODUCTION

Social networking phenomenon has emerged over the past few years. In that time, social networking sites (SNS) have grown from a niche to a mass online activity, in which hundreds of millions of users are engaged, both in their free time and at work. However, there has been very little research on the socio-economic impact of these sites in the Indian perspective. In this paper we are trying to focus on the impact of these social networking sites on the youth of India in both positive as well as negative way. Social networking is a phenomenon which has existed since society began. Humans have always sought to live in social environments. The proliferation of social networking sites (SNS) and their pervasion in everyday practices is affecting how modern Indian youth societies manage their social networks. To a great extent, SNS have shifted social networking to the Internet. There are various factors which have prompted us to consider the implications of these technologies for policy-making. One of these is the willingness of users to use SNS as a means of communication and social networking in everyday life. The increasing dependence on technology for basic communication also highlights the importance of analyzing how SNS are affecting daily processes. Sites like Face book, Twitter, Friend stir and LinkedIn are influencing the way users establish, maintain, nurture and cultivate a range of social relationships, from close friendships to casual acquaintances.

II CHARACTERISTICS OF SOCIAL NETWORKING SITES

The characteristics of social networking sites can be explained with the help of following:

| FEATURES | DESCRIPTION |
|--------------------------------------|--|
| Presentation of oneself | The entry in most SNS is the setting up of a 'profile': a personalized page developed by the user in which he presents him to peers, through text, photos music and videos amongst others Functionalities. SNS allow users to mobilize and organize their social contacts and profiles in the way they want other members to see them. |
| Externalization of data | The externalization of networks is possibly one of the first times online users have been able to view their own online social networks, and share them with friends and the general public. Some SNS also support applications which allow users to describe the relation between themselves and other members. |
| New ways for community formation | Though notions of virtual communities have existed since the beginning of online applications, SNS support new ways for people to connect between themselves. Users of these sites may choose to communicate through various digital objects, such as tags and in-built applications within the SNS, such as the 'visual shelf' application in Facebook. Users may join a community of book readers, connecting through books they have liked [4] |
| Bottom-up activities | SNS provide the ideal platforms through which users with similar values and interests can come together to collaborate effectively and cheaply. For instance, doctors can share and double check rare medical cases on health SNS such as Within. [3] |
| Ease of use | A major attribute of SNS' popularity is their simplicity. Anyone with basic internet skills can create and manage an online SNS presence. Prior to SNS, users gained an online presence by having a personal homepage [6]. The drawbacks were that these homepages are not easy to create and development and hosting of the site often incur costs. In contrast, SNS are free of charge and open for anyone to join. Most of them require registration, while others limit membership through an invitation from members who are already members of the site. |
| Reorganization of Internet geography | SNS support new points of entry to the internet: people's personal worlds. Until recently, people spoke of the internet in metaphors of places (cities, addresses, and homepages). |

Taking all these characteristics together, we can observe significant changes in how users network and operate their social contacts according to different social environments. In particular, SNS seem to be influencing and shaping the way we communicate between ourselves and how we manage our social relations.

III SOCIAL IMPACT OF SNS ON INDIAN YOUTH

There has been significant interest and concern about the risks of online social networking because of access to personal information and the anonymity that the system allows. A number of public cases of bullying and identity theft have put this issue in the public arena. In the survey participants were asked whether they have ever had a bad social networking experience. A considerable number of respondents in a survey (28%) reported having had a negative online experience with adults aged below 30 the most likely to export this (60%). These participants were asked to provide further information about the negative experience. For most respondents the experience reflected unwanted contact or people posting in appropriate or upsetting information online. Some respondents specified having online bullying and provided examples such as abusive messages and harassment from someone of the opposite sex.

(A) NEGATIVE IMPACT OF SNS ON YOUTH OF INDIA

In considering the disadvantages, respondents identified a number of negative aspects of online social networking including:

- (i) The time-consuming nature of online social networking sites, Indian youth admitting that they waste a lot of time on these sites.
- (ii) Concern about access to personal information by others, with almost half of the youth worried that “non friends” may see their personal information.
- (iii) Concern that information posted may be used against them. The waste timing percentage of Indian youth on SNS is increasing day by day.

(B) OTHER NEGATIVE IMPACTS OF SNS

The negative impacts of a new technology are never fully visible in the initial stages due the hype and excitement involved. However with time we observe the more time we spend online the more connected we get hence the urge to not miss out on anything this induces an invisible layer of stress and pressure on the individuals. The very fabric of our societies is now beginning to take a new shape.

- (i) Social networking websites are causing alarming changes in the brains of young users, an eminent scientist has warned. Sites such as Face book, Twitter and Bebo are said to shorten attention spans, encourage instant gratification and make young people more self-centred.
- (ii) Encouraging poor grammar, usage, and spelling. Allowing the spread of misinformation that may be perceived as fact even in light of evidence to the contrary. Exposing children to online predators. Creating a culture in which a single mistake such as a racy picture or poorly thought-out comment can cause irreparable harm to your reputation · Decreasing productivity as workers habitually check social networking sites while they should be working. Providing information that increases the risk of identity theft.
- (iii) My fear is that these technologies are infantilizing the brain into the state of small children who are attracted by buzzing noises and bright lights, which have a small attention Span and who live for the moment.
- (iv) A 2010 Case Western Reserve School of Medicine study showed hyper-networking (more than three hours on social networks per day) and hyper texting (more than 120 text messages per day) correlated with unhealthy behaviour in teens, including drinking, smoking and sexual activity. Hyper-networking was also associated with depression, substance abuse, poor sleep patterns, suicide and poor academic performance [4]
- (v) While the above studies show actual correlations between social networking and negative consequences, others argue that many other negative consequences may exist that have not yet been studied. Some of the harmful effects people suggest social networking has that have not yet yielded.

(C) POSITIVE IMPACT OF SOCIAL NETWORKING SITES

Social networking isn't for everyone, but it's now such a massive part of all our lives, whether we embrace or reject the notion, that it can no longer be ignored. But are social networking sites such as Face book, Twitter, and Google+ a force for good or evil? As with most questions there are multiple angles to approach this quandary from. Having already looked at the negative impact of social networking sites on society, I thought it only fair to redress the balance. Every ying has its yang, after all. Using the previous article as a loose template it's clear to see that what some people would conceive as negatives can also be positives. I guess there are no hard and fast rules when it comes to the effect social networks are having on us all in this day and age. It has never been easier to make friends than it is right now, mainly thanks to social networking sites. Just a few decades ago it was pretty tough to connect with people, unless you were the overly outgoing type able to make conversation with anyone at a party. The rise of *mobile phones* helped change this, connecting people in a new way, but then social networks sprang up and the whole idea of friendship changed once more and forever. It's entirely possible to have hundreds of friends on Face book. They may not be friends you know on a personal level and spend time with in the real world on a weekly basis. But they're friends nevertheless [7]. There are several people I consider friends who I have never met – indeed, I may never meet them – but that doesn't lessen the connection we have thanks to social networks. Other major positive impacts are given as-

(D) SPEEDY COMMUNICATION

Our time is being stretched thinner and thinner by work and family commitments, but social networking sites offer a chance to communicate in a speedy and efficient manner. Writing an update for Twitter takes all of 20 seconds and with cross-posting over other social networks switched on, that update reaches everyone you want it to reach (and probably more besides) in an instant[5]. Social networking sites allow you to live a life unhindered by small talk.

(E) IN TOUCH WITH THE WORLD

It isn't just your inner circle of close friends and even closer family members that social networking sites allow you to communicate with easily and effectively, either. They open the world up to you, making it a smaller place than it has ever been before. So much so that I actually haven't a clue where many of my contacts reside. When it comes to social networks everyone is equal, regardless of location. Family living abroad can be kept abreast of the latest happenings in your world as quickly as those living next door. Friends who you haven't seen since school, and who have since moved away, are able to keep in touch. *Location-based services* such as Foursquare and Gowalla emphasize your location but social networking as a whole means it has become a lot less important. Social networking sites have made the world a smaller place.

(F) BUILDING RELATIONSHIPS

There is no doubting that social networking sites can lead to the breaking up of relationships. But there is another side to the tale, which is that people are moving onto other, perhaps better, relationships at the same time. Social networks can put you (back) in touch with those you have lots in common with, and that common ground is often the starting point for long lasting relationships.

(G) SOCIAL MEDIA'S VIRAL MARKETING POTENTIAL

Viral marketing, also known as word-of-mouth (WOM) or “buzz marketing”, is the tactic of creating a process where interested people can market to each other. In this age of user-generated media, social media is not merely a marketing channel, it facilitates WOM.

IV ETHICAL RESPONSIBILITY OF YOUTH USING SNS

The new digital social networking media are a frontier that is rich with opportunities and threats, particularly for young people. Through SNS technologies, young people are participating in a range of activities, including social networking, blogging, vlogging, gaming, instant messaging, downloading music and other content, uploading, downloading and sharing their own creations, and collaborating with others in various ways. Five key issues are at stake in the new social networking media identity, privacy, ownership and authorship, authenticity, credibility, and participation [8]. These issues decide the social and ethical responsibilities of the youth that using the services of social networking sites.

- (a) Every individual that use the SNS should be aware about their rights and moral responsibilities.
- (b) We should respect the privacy of those members that are using SNS.
- (c) We should follow the ethics of online identity.
- (d) Create culture of disclosure.
- (e) Online, a number of strategies—including privacy settings, selective disclosure, code switching, and deception are used by youth to control the presentation of their identities and thereby manage their privacy. Most social networking sites have privacy settings that allow users to limit access to their profiles to a narrow audience of confirmed friends, and evidence suggests that many young people use them.
- (f) The online culture of disclosure holds important promises for young people, including empowerment of themselves and others, the creation of communities of support around shared struggles, and the development of a broad ethical sense of responsibility with respect to privacy.
- (g) Promises of Ownership and Authorship Online.
- (g) Maintain Credibility. So the youth of Indian can play an important role to reduce the negative impact of social networking sites such that it can be used in the beneficial way.

V CONCLUSION

No doubt that SNS has great impact on the Indian youth it has lot of challenges which we have to face .There are many questions arise when we think about the impact of these SNS that What does it mean to manage online privacy in an ethical manner? How do online spaces facilitate and undermine ethical thinking

about privacy? How much personal information is reasonable to share online? Young people who share personal experiences online taking steps to protect their own and others' identities, and are these steps sufficient? Is it reasonable for young people to expect a certain measure of privacy when it comes to their online lives? Who is at fault when an unintended audience can read a young person's revealing blog or MySpace page? So we should focus on the ethical use of these SNS so that it serves our society in a right way and the youth can play an important role because SNS is a boon and curse both for the Indian society. In one hand it provides away to connect our dear ones on the other side it gives a platform that become danger for Indian heritage and culture.

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A-RE-EXAMINATION OF POLICY OPTIONS FOR SMALL AND MEDIUM ENTERPRISES (SMEs) DEVELOPMENT IN NIGERIA

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ABSTRACT

Owing to the general acceptance of the critical economic development roles of the Small and Medium Enterprises (SMEs), successive governments in Nigeria formulated and implemented various policies, programmes and schemes to support and promote the sub-sector. However, despite these policies and programmes, SMEs in Nigeria have not performed their critical role of driving the country's industrial transformation and development as witnessed in other developed countries. This paper analytically examines some of those policies and programmes initiated and implemented by the current civilian administrations in Nigeria since the return to democratic rule in 1999, towards promoting the SMEs sub-sector of the economy. It was found that the policies were very sound on paper and have the potential to really grow the subsector but they failed due to implementation and infrastructural bottlenecks. The paper recommends that government should consolidate these policies and come up with implementation frameworks that are sustainable and measurable in order to eliminate the effects of corruption.

KEYWORDS

SMEs Development policy, implementation, programmes.

BACKGROUND TO THE STUDY

Policy debates in developing countries centered around the contributions of Small and Medium Enterprises (SMEs) in their development process. The relevance claimed for SMEs are many, including the development of entrepreneurship skills and attitude; the likelihood that SMEs will generation and poverty alleviation; they are usually easy to establish and quick to provide returns; promote inter and intra-regional balanced growth; and, they serve as sub-contracting units for larger enterprises. More generally, the development of SMEs is seen as a catalyst for the achievement of wider economic and social objectives, including poverty alleviation (Cook and Nixon, 2000).

According to Akabueze (2002), the benefits of SMEs to any economy are easily noticeable. They include contribution to the economy in terms of output of goods and services; creation of jobs at relatively low capital cost, especially in the fast growing service sector; providing a vehicle for reducing income disparities; developing a pool of skilled and semi-skilled workers as a basis for the future industrial expansion; improving forward and backward linkages between economically, socially and geographically diverse sectors of the economy; providing opportunities for developing and adapting appropriate technological packages; offering an excellent breeding ground for entrepreneurial and managerial talent, the critical shortage of which is often a great hindrance to economic development, among others.

SMEs in Nigeria have not performed creditably well and hence not played the expected vital and vibrant role in the economic growth and development of Nigeria. This situation has been of great concern to the government, citizenry, operators, practitioners and the organized private sector. The governments at federal, state and even local levels through budgetary allocations, policies and pronouncements have signified interest and acknowledgement of the crucial role of the SME sector of the economy and hence made policies for energizing same. There has also been support and aid from fiscal incentives, grants, bilateral and multilateral agencies as well as specialized institutions, all geared towards making the SME sub-sector vibrant (Onugu, 2005).

Just as it has been a great concern to all and sundry to promote the development of SMEs, it has also been a great cause of concern to all that vital sector fallen short of expectations. The situation is more disturbing and worrying when compared with what other developing and developed countries have been able to achieve with their SMEs. It has been shown that there is a high correlation between the degree of poverty, hunger, unemployment, economic well-being (standard of living) of the citizens of countries and the degree of vibrancy of the respective countries SMEs (Onugu, 2005).

To give effect to these aspirations, various policies programmes and institutional arrangements have been instituted over time by the Federal Government of Nigeria, to explore the potentials of SMEs, enhance their chances of survival and to put the sector in the front burner of Government's development strategy. This paper therefore, reviews these policies programmes and schemes designed and implemented by successive civilian regimes from 1999 to 2013.

SMALL AND MEDIUM SCALE ENTERPRISES (SMEs) IN NIGERIA

One major drawback in Nigeria's quest for industrial development over the past years has been the absence of a strong, vibrant and virile SME sector (Ekwem,). Given a population of well over 160million people, vast productive and arable land, rich variety of mineral deposits, as well as enormous human and other natural resources, Nigeria should have been a haven for small and medium enterprises with maximum returns, as it also has the location advantage as a marketing hub for the West, East and Central Africa Countries (Onugu, 2005, Usman, 2012).

A number of reasons have been adduced as to why the expectations from the SMEs have not been met. If anything, the performance of the SMEs in Nigeria has been rather dismal. First and foremost, the little progress made by the courageous and entrepreneurial efforts of the first generation of indigenous industrialists were almost virtually wiped out by the massive devastation, dislocations and indeed traumatic devaluation, which resulted from the Structural Adjustment Programme (SAP) (Onugu, 2005, Umar, 2008). Onugu (2005) opined that the underlying policies and good intention of SAP were based on the neo-classical theory of efficient, perfectly competitive markets whose assumptions were unfortunately not in line with the prevailing circumstances, constraints and operating environment of SMEs in a developing economy like Nigeria. The SAP era thus represented the anti-climax of the thriving and flourishing period for SMEs in Nigeria over the past decade. The economy of the country has as a result remained on the decline with no appreciable real growth.

Political instability led to the multiplicity and duplication of policies, programmes and schemes designed to promote and sustain the small business sector generally and SMEs in particular. This has resulted in macroeconomic distortions and its negative impact on productivity and poor returns on investment. The 4se and other problems constituted drawbacks to the development of SMEs, which to all intents and purposes provided the critical building blocks for sustainable industrialization and economic growth.

GOVERNMENT POLICIES AND PROGRAMMES FOR SMEs DEVELOPMENT IN NIGERIA (2000 - 2012)

The SMEs operating in Nigeria are not shielded from or immuned to the typical problems and constraints of SMEs in other developing countries. Almost every country assists the SMEs subsector largely because of the crucial role they play in the country's economic growth and development. The assistance is usually in the form of facilities and supportive services rather than on protection and subsidies. Other services provided by some governments include ease of access to finance, venture capital, information, training and retraining, research and development (R & D) support, infrastructure and tax incentives. Some of these services are provided through local authorities and industry association at times with the involvement of non-governmental organizations (NGOs).

In recognition of the crucial roles played by SMEs with respect to economic growth and development, successive governments in Nigeria had introduced various initiatives aimed at promoting the welfare of SMEs in the country. The most tangible among the different incentive packages that varied with almost every

change in government leadership was the focus on enhancing financial opportunities for the SMEs. Some of the support institutions and opportunities created by the government to enable SMEs and access funding and other support services in the past 14 years include:

1. Small and Medium Scale Industries Equity Investment Scheme (SMIEIS) in 2001
2. Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) in 2003
3. Bank of Industry (BOI) in 2004
4. National Economic Empowerment and Development Strategy (NEEDS) in 2004
5. The Micro Finance Banks Policy and Regulatory Framework in 2004
6. National Integrated Industrial Development (NID) blueprint in 2007
7. CBN's N200 billion SME Loan in 2010
8. N200 billion SMEs Credit Guarantee Scheme in 2010.

The small and Medium Industries Equity Investment Scheme (SMIEIS) Fund, was instituted in response to the Federal Government's concern and policy measures for the promotion of small and medium enterprises, as vehicles for rapid industrialization, sustainable economic growth and development, poverty alleviation and employment generation (Anyanwu et. Al., 2003). The scheme was a voluntary initiative of the Banker's Committee, which requires all banks to set aside 10% of their pre-tax profit, for equity investment and promotion of small and medium industries (SMEs) in Nigeria, as part of their contribution towards stimulating economic growth, developing local technology and generating employment (Udoh et. al., 2011, Ughulu, 2007).

The specific objectives of the scheme as noted by Anyanwu, et. al., (2003) include: a) facilitating the flow of funds for the establishment of new small and medium scale industries (SMIs) projects, b) developing and packaging viable industries with Nigerian entrepreneurs, c) providing venture capital and management that would spearhead the restructuring and financing of the existing small and medium scale enterprises (SMEs), d) stimulating economic growth, developing local technology and generating employment.

Eligibility for funding under the scheme requires a prospective beneficiary to be: a) registered as a limited liability company with the Corporate Affairs Commission (CAC) and comply with all the regulations in the Companies and Allied Matters Act (1990) such as filing annual returns including audited financial statements, b) complying with all tax laws and regulations and rendering regular returns to the appropriate authorities and c) engaging or proposing to engage in any of the business approved under the scheme.

The scheme provides for the funds invested by the banks to be in form of equity investment in eligible firms. Banks are allowed to take up to a maximum of 40% equity holding subject to a limit of N200 million per enterprise. A consortium of banks can jointly invest in an enterprise subject to the 40% equity holding limit. The scheme also provides for the allocation of 90% of the entire amount set aside by the banks to the real sector while the remaining will be allocated to micro/cottage enterprises (Udoh et. al., 2011; Ughulu, 2007).

The launching of SMIEIS was followed by the establishment of Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) by an Act of the National Assembly (as amended) (SMEDAN/UNDP, 2008). The agency was assigned to promote, facilitate and coordinate all government policies on Micro, Small and Medium Enterprises (MSMEs), (NEEDS, 2004). The specific functions of the agency are: a) Awareness creation/business sanitations and information provision for attitudinal changes and effective business decision; b) Business development services (BDS) which include training, counseling and mentoring; c) Promotion of enterprise networking/cluster formation, stimulating economies of scale and international competitiveness; d) Advocacy, policy development and improvement in MSE's operating environments; and e) Promotion of linkages and access of MSME's to vital resources especially finance and workspace ((SMEDAN/UNDP, 2008)).

Furthermore, in order to consolidate the role of SMEDAN, a new national policy on Micro, Small and Medium Scale Enterprises (MSMEs) was launched in March 2008. The fundamental objectives of the policy, according to the report, are to provide an overall framework of action as a guide for well-focused, harmonious and coordinated programming by all actors and evaluation and monitoring of stakeholders' activities.

In an effort to ensure the realization of the possible achievements of the objectives of the preceding policies, the Federal Government in 2004 launched the National Economic Empowerment and Development Strategy (NEEDS). Under this development policy, the private sector was identified as the engine of growth. The private sector is the executor, investor and manager of business, while the government is the facilitator and regulator, helping the private sector to grow, creates jobs, and generates wealth (NPC, 2004).

NEEDS as an integrated development policy document has the following key objectives: a) to accelerate the pace of industrial development by increasing value added at every stage of the value chain, b) to encourage forward and backward linkages in a few niches, c) to provide enabling environment for private sector leadership, d) to promote the establishment of efficient small and medium size enterprise sector in order to enhance sustainable economic development, and e) to facilitate the development of an industrial sector that is internationally competitive.

This policy document expressly identified economic growth as the basic instrument for employment creation and poverty reduction. It recognizes that the promotion of the private sector, and by implication, small and medium scale enterprises is the main stimulus for economic growth and development, employment generation and wealth creation (NPC, 2004).

The Bank of Industry (BOI) is an amalgamation of three development finance institutions and their subsidiaries – Nigeria Industrial Development Bank (NIDB), National Economic Reconstruction Fund (NERFUND), Nigeria Bank for Commerce and Industry (NBCI), Industrial Development Insurance Brokers (IDIB) and Leasing Company of Nigeria (LECON). It was introduced as a development finance institution to accelerate Nigeria's industrial development through the provisions of term loans, equity finances and technical assistance to industrial enterprises. The orientation of this institution has been development in nature to make a considerable impact in terms of long-term financing (sanctions and disbursement), employment generation, industrial dispersal and promotion of indigenous entrepreneurship (Amakom, 2008). Prior to the advent of the current civilian administration, the main Federal Government vehicle for the promotion of the small scale business sector was the Nigeria Bank for Commerce and Industry (NBCI) but, its performance was quite sub-optimal leading to its insolvency in 1989 and subsequent merger with NIDB in 2001 (Anyanwu, 2003). The NIDB on its part has promoted quite a number of successful industrial ventures covering about 17 industry sub-sectors. Its performance however, began to decline with the setting up of NERFUND and the SME II loan scheme, amongst other problems (Sunusi, 2003). However due to some pressure on the government on the need to unbundle the amalgamation of NERFUND and NIDB and NBCI, the government recently excised NERFUND from the Bank of Industry and made it independent as it was before. This is aimed at enabling the institution to continue on its set objectives which are more or less distinct from that of Bank of Industry as it is presently constituted.

In recognition of the role of microfinance banks as an important tool for poverty alleviation through empowering micro and small entrepreneurs, the government through the CBN initiated the Micro Finance Banks Policy and Regulatory Framework in 2004. The CBN wanted to see sustainable financial services available to those who do not have access to formal financial resources hence the creation and establishments of microfinance banks. Up to the end 2010 there were about 820 microfinance banks in Nigeria. However in 2011, 224 of the microfinance banks were found to be terminally distressed or insolvent which led to the revocation of their licenses but later the CBN, granted provisional licenses to 121 out of the 224 microfinance banks, whose licenses were initially withdrawn (The Punch, 2010).

Microfinance bank is any company licensed by the Central Bank of Nigeria (CBN) to carry on the business of providing microfinance services such as saving, loans, domestic funds transfer, and other financial services that are needed by the economically active poor, micro, small and medium enterprises to conduct or expand their businesses as defined in the guideline for MFB in Nigeria (CBN, 2009).

Microfinance Bank basically performs financial intermediation function, by linking deficit spending units with surplus spending units at a reduced interest rate. But, unlike the commercial banks, they are expected to provide financial services such as credits and financial advisory to small businesses that ordinarily would not have access to such services due to their perceived characteristic risks level (Ekwem, 2012). However, poor corporate governance and public risks aversion due to their previous experience(s) with failed related microfinance banks had therefore made their management more complicated and demanding than that of the commercial bank.

In a bid to unlock the tight credit market in Nigeria, and enhance credit to the real sector SMEs, the Central Bank of Nigeria (CBN) approved the establishment of a N200 billion Small and Medium Enterprises Credit Guarantee Scheme (SMECGS), to promote access to credit by manufacturing SMEs in Nigeria (CBN, 2010). The scheme was designed to provide guarantee cover for loans advanced to the SMEs by commercial banks. The CBN guarantee covers up to 80 percent of principal and interest and is valid up to the maturity date of the loan with maximum tenure of seven years inclusive of a two-year moratorium.

The objectives of the scheme are to fast-track the development of the manufacturing SMEs by providing guarantee to banks for credit extension to the manufacturing SMEs; set the pace for industrialization of the Nigerian economy; increase access to finance by manufacturing SMEs; increase output, generate employment, diversify the revenue base, increase foreign exchange earnings and provide inputs for the industrial sector on a sustainable basis.

Appraisal of the civilian regimes policies and schemes shows that the small and medium industries equity investment scheme (SMIEIS) was applauded as the solution to the entrepreneurial difficulties of the Nigeria small scale investor because it is considerably different from previous policies that were debt based. It is hoped that the scheme would revitalize the Nigerian real sector and contribute towards diversifying the economy and ensure the emergence of the Nigerian *Keiretsu*. This scheme was based on the concept of venture capital (VC) financing which corresponds to the financial history of today's major world corporations that actually started with venture capital financing (Dagogo et al., 2009). The scheme recorded significant achievement in terms of sectoral and geographical distribution of investments before its suspension by the CBN in 2009. The sum of N42.025 billion was set aside by banks for investment in SMIEIS projects, out of which N28.204 billion was invested in 333 projects as at 30th June, 2009 (CBN, 2009). Of the 333 projects funded by the scheme 205 were in the real sector. However, out of the sum of N28.204 billion invested as at 30th June, 2009, only N8.104 billion was invested in 144 manufacturing projects. Tourism and Leisure which was not part of the scheme initially, received an investment of N7.454 billion in 23 projects.

However, despite its modest achievement the scheme was bedeviled with slow pace of aggregate investment and other setbacks that include high cost of pre-investment activities, such as feasibility studies, assets valuation, etc. which entrepreneurs feared might become wasted fund, if they are not considered; reluctance of banks to make a paradigm shift from short-term financing to long term financing; continued poor state of physical infrastructures, amongst others. There were also numerous problems faced by the SMEs while trying to access the fund and they include: a) absence/poor management structure, b) poor internal control systems, c) improper keeping of financial records, d) high rate of business failures, e) lack of technical and economic counseling, f) weak working capital base, g) nondisclosure of vital information that will guide informed investment decision, h) susceptibility to sudden policy changes, i) poor accounting standards (improper records of business transactions, j) limited accessibility to institutional credit and k) shortage of skilled manpower (Amakom, 2008). These problems and the successful conclusion of the banking sector consolidation exercise of 2004-2005 led the CBN to suspend the scheme in 2009 (Udoh et al., 2011).

The creation of SMEDAN implies that policies on MSMEs in Nigeria have become a macroeconomic issue which has to be centralized with unified mechanism. This however, made the implementation of the policy inflexible and ineffective. So far, the major achievement of SMEDAN is in the area of Entrepreneurship development training that they offered to various entrepreneurs in the country, the take-over of the management of 23 Industrial Development Centres (IDCs) spread across various locations in the country from the Federal Ministry of Industries. It has also in conjunction with United Nations Industrial Development Organization (UNIDO) conducted a nationwide survey/census of Micro, Small and Medium Enterprises (MSMEs) in Nigeria. This is in order to have a national compendium of data about the nature, characteristics and locations of the MSMEs in Nigeria (SMEDAN, 2010).

In order to overcome the challenges of inability to transform R & D output into commercial activities, the Federal Government of Nigeria through the federal Ministry of Science and Technology initiated the Technology Business Incubation Centre (TBIC) project. Technology incubation is an integrated support programme provided by the federal government in collaboration with state governments and academic institutions, with the intention of creating and nurturing of budding technology based enterprises. It is intended to speed the commercialization of technologies by effectively linking talents, technology, capital and knowhow in order to accelerate the development of new enterprises (FMST, 2005).

The main objective of the project is to boost the industrial base of the country through commercialization of Research and Development (R & D) result, upgrading and enhancing the application of indigenous technologies. This will be achieved through nurturing the start-up and growth of new innovative small scale industries engaged in value-added and technology related activities over a period of time.

The concept of incubation process involves the provision of share facilities such as working spaces, offices, hands-on management assistant and access to finance. It also involves networking and exposure to critical business and technical support services that enhance the success of enterprises during incubation which last for three (3) to four (4) years. There is presently 25 TBIC's spread across 25 states of the federation.

One of the first technology incubation centres was the Kano incubation center that was established in 1997 but became fully operational in 2001 when the state government built the incubation centre as part of its contribution to the programme. The center consists of officers, workshops and production incubation centre. The federal government provided the necessary machinery and equipment for production as well as the workshop and foundries for fabrications (FMST, 2005).

However, 12 years after the take-off of the project not a single R & D result, project or thesis has been brought to the centre for commercialization. According to the managers of the project all efforts at forging a working relationship with Universities, polytechnics and research institutes have failed. The failure is attributed to the reluctance of the academic and research institutions to prevent R & D results for commercialization, citing proprietary rights and other concerns. The few small scale firms operating from the TIC are promoted by local entrepreneurs who have ideas but lack the required funds to set-up on their own. This explains why only 38 businesses were so far incubated in the centre 12 years after take-off.

As part of efforts towards the implementation of Nigeria's industrial policy, the government in 2007 instituted another policy, the National Integrated Industrial Development (NID) blueprint, as a service framework developed by the United Nations Industrial Development Organization (UNIDO) in collaboration with the Federal Ministry of Industry and other stakeholders. Under this new initiative, the Lagos, Kano, Aba and Port Harcourt industrial action plan was developed to address the problem of infrastructural decay and to focus efforts in addressing the needs of these four industrial cities. The framework also made a provision for the construction of one park in each of the six geo-political zones of the country to boost the development of the small business sector (CBN, 2007).

This policy like the ones before it has also failed to achieve its desired objectives. It mainly failed due to bureaucratic bottleneck in terms of the policy implementation. Most of the Proposed sites have become abandoned and the "cluster concept" conceived by the policy is only operational on papers. The designated industrial parts lack operational facilities such as adequate power supply and other critical infrastructures for the small scale industries/enterprise to benefit (Ijaiya and Akanbi, 2009).

It is indeed apparent that despite the existence of these well-intentioned policies programmes and institutions designed to provide succor to the SMEs the sector is yet to find its bearing in the murky waters of Nigeria's business environment. This in a way implies that the SMEs have not witnessed any remarkable improvement in the past 12 years and that most of the policies enunciated have failed to uplift the fortunes of the sector.

CONCLUSION AND RECOMMENDATIONS

This paper attempts to review policies and programmes designed and implemented by successive civilian administration in Nigeria since the return to democratic rule in 1999. This study began on the premise that SMEs have a critical role to play in the economic and industrial development of Nigeria, but they are however, hampered by many negative factors some of which are internal to them due to their characteristics and some are external to them. The external factors have to do with the general macroeconomic environment and official policy regimes.

In order to correct these limiting factors and encourage them to play their expected role in promoting economic growth and development aspirations, governments at both the federal and state levels have designed and implemented a number of policies, programmes and schemes for the benefit of the SMEs. It is the conclusion of this paper that SMEs support policies and programmes in Nigeria have not positively impacted on the performance of small and medium enterprises in a significant way in Nigeria. This is caused essentially by poor implementation and infrastructural bottlenecks.

Based on the conclusion of this study it is recommended that the Federal Government should consolidate all the listed policies and programmes with a view to making them concise and easily implementable. Schemes like SMIEIS should be reinstated because of its advantage of being equity based rather debt based

financing option. It also has the advantage of being funded through retained profit rather than through depositors or shareholder funds. SMEIS also enable the banks to be involved in the management of the funded SMEs as shareholders which would enable them to help professionalize the management of the funded SMEs.

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HEALTH INSURANCE STRUCTURE IN BANGLADESH: A QUALITATIVE ANALYSIS

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ABSTRACT

Health care financing issues remain a key agenda in global health policy. Rising health care costs and the large share out of pocket expenses appear as among major hurdles for the poor to break out of poverty. The study shows the current formal and informal insurance structure in Bangladesh. Thus it reveals the scopes we have in developing economy like Bangladesh. The study has been carried out mostly on the basis of secondary sources of data on total health expenditure extracted from Bangladesh National Health Accounts, 2013. Others relevant data's have been extracted from Ministry of Health and Family Welfare, World Health Organization, Institute of Microfinance (InM), Different Insurance Companies websites. The study found that there are different types of health insurance in Bangladesh like Social Health Insurance, Micro Health Insurance, Private Health Insurance, Voluntary Community Insurance, and Medical Savings Accounts etc. It also gives us idea about the insurance scheme, types of disease they cover under their insurance policy and how much money they are collecting and paying to the policy holders. Based on this analysis it can be forecast that the government of Bangladesh will have to face tough challenges for providing formal health insurance to the poor. Recommendations for policy reforms in revenue collection, provider payment, autonomy of public providers, and the management, regulation, accreditation, and purchasing of health services are given.

KEYWORDS

Health Expenditure, Health Finance, Universal Coverage, Insurance Plans.

INTRODUCTION

A post-Millennium Development Goals agenda for health care in Bangladesh should be customized to encourage a second generation of health-system innovations under the clarion call of universal health coverage. This agenda should draw on the experience of the first generation modernizations program that underlie the country's remarkable health achievements and creatively address future health challenges. A realistic reform agenda for achieving universal health coverage in Bangladesh should include development of a long-term national human resources policy, establishment of a national insurance system, building of a health information system, and creation of a ministerial council on health. Greater investment to implement this reform agenda offers will certainly the prospect of a stronger, sustainable, and equitable health system.

The most recent World Health Report puts greater emphasis on the country's health financing mechanisms in order to ensure universal coverage (WHO, 2010). Spiral health care costs and personal expenses appear as among major obstacles for the poor to wriggle out of poverty. Consequently, poverty reduction strategies within the view of the millennium development goals (MDG) demand a review and possible reforms of health care finance so as to arrest the growing insolvency on account of health hazards.

While primary health care services in Bangladesh, as in the most third world countries, are meant to be free, but in reality the poor sector of our society do not get proper treatment for lack of inadequate infrastructural facilities. As a result, they end up paying directly for most health services from the private and informal sector. The disproportionate reliance on out-of-pocket payments (OPP) represents a most regressive way of financing health care expenditures. Consequently, despite significant progress in health indicators, greater inequities in the access to health care still exist in Bangladesh.

In 2008, a total of \$5,794 billion was spent on healthcare with an average of about \$864 per person, of which government provided \$3,503 billion constituting about 62% of total spending on healthcare services (WHO, 2010). Both out-of-pocket payments and private health insurers played equal roles to pay for the rest of the healthcare expenditure. In 2008, globally \$1,034 billion was paid out-of-pocket in healthcare, averaging at about \$523 per person (WHO, 2010). Private health insurance companies provided another \$1,014 billion (WHO, 2010). Both these sources provided about 18% of the total healthcare expenditure in 2008 (WHO, 2010). Non-profit sectors (e.g. charities) and external sources (e.g. foreign donations and grants) played a minor role in overall healthcare financing globally. Thus, across the globe, estimates suggested that private health insurers provided much less than the government in overall healthcare expenditure while they were almost at par with private out-of-pocket healthcare payment.

Although the direction, speed, and scale of these 21st century challenges are obvious, the question is whether Bangladesh's health system has the capacity to respond appropriately, efficiently, rapidly, and equitably. The existing system of health-sector financing further hampers progress. Although Bangladesh currently spends about US\$67 per head on health (adjusted for purchasing power parity), trends in national health accounts data suggest that the Government's share of total health expenditure is falling, from 36% to 26% between 1997 and 2007 (Government of Bangladesh, 2013). By contrast, private expenditure is larger (\$32 per head) and has grown as a share of total health expenditure from 57% to 64% during the same period (Government of Bangladesh, 2013). This growing privatization of health financing, mainly through out-of-pocket expenditure, is both inefficient and inequitable. Roughly 4–5 million people per year are pushed below poverty line because of healthcare costs in Bangladesh, with millions more—especially poor people—deterred from seeking care (Government of Bangladesh, 2013).

SIGNIFICANCE OF THE STUDY

The study is very relevant as it will show the current structure of formal and informal insurance policies in Bangladesh. However it is important to study the existing structure to recommend for a new one. The purpose of this study is to fill the gap by finding the offerings we have in developing economy like Bangladesh. This will also contribute to knowledge and serve as a framework for government policies with a view to providing insurance scheme to the entire nation and achieve universal health coverage.

EMPIRICAL REVIEW

As Arrow (1976) had remarked, if the co-insurance exceeds 25%, the insurance principle, namely risk shifting, is lost. The point is that even 25% of a large bill may be so burdensome as to push the household below the poverty line or deeper into poverty. It is implicit in this arrangement that while bulk of the risk will be shifted in the process, a small share (typically 25% or less) is to be borne by the insured entity in order to minimize the chances of moral hazard (Arrow 1976).

Chowdhury has pointed out that launching of Health Insurance has added a new dimension to the Health Care Services in Bangladesh. Since Health Insurance is a valuable mean of getting Health Care Services for the fixed income groups, within a period of 4.5 years, Group Hospitalization Insurance (GHI) has been able to attract around 6000 clients. Amid of severe political unrest, mass unawareness of prospects, general apathy towards insurance, various fraudulent attempts and above all declination of The State Bank of Bangladesh to permit Reinsurance due to restriction of transfer of foreign currencies, Health Insurance is still marching forward penetrating the corporate market segment. More two marketers entered into the market with more aggressive strategy. The existing growth rate and future growth potential and increased competition reconfirms that Health Insurance will be a success story in the service sector of Bangladesh (Chowdhury, 1999).

Ensor and Sen argue that, both government and civil society organizations have an important part to play in the development of health insurance in Bangladesh. The overall objective should be to extend risk pooling to a wide cross-section of society in a pragmatic way. For this to be successful a true partnership of public and private organizations is necessary (Ensor and Sen, 2000).

Ahmed and others conducts comparative study which looks at three health insurance schemes in Bangladesh, namely those run by BRAC, Grameen Kalyan (GK) and the Society for Social Services (SSS). None of the organizations considers itself a health micro-insurance (HMI) provider in the strict sense of the term, as each model contains a mixture of social equity, service provision and financing. However, all three organizations pool risks over their target populations and provide health care services in exchange for membership or cardholder fees, which can be considered premiums. All three employ a co-payment system and/or a limitation on the amount reimbursed. None are associated with any insurance companies or outside service providers. There are no reinsurance arrangements (Ahmed *et al.*, 2005).

Ensor found that, Social insurance has largely not developed although more rapid growth and an increased industrial sector means that there may be some potential for exploring ways of extending more risk protection to the formal sector using such mechanisms. In considering ways of increasing the level of financial pooling it is worthwhile also examining how the existing public sector might be enhanced to provide a greater level of protection from catastrophic costs. The hospital sector in Bangladesh remains small and largely unrelated to population need. The policy agenda for financing of the sector should explore how resource allocation, management and investment in this sector could be enhanced to provide for a greater proportion of catastrophic needs (Ensor, 2007). For more than three decades microfinance has been one of the key development interventions in Bangladesh. This model of innovative financial services such as credit and savings in conjunction with nonfinancial components like capacity building have been playing instrumental roles in income smoothing and consumption smoothing of the low-income people. However, health shocks are unpredictable and eventually can trap poor and near poor households indefinitely into vicious poverty cycles. Therefore, a safety-net component against health shocks for the low-income groups and protecting the clients from catastrophic health expenditure should be an integral part of a development intervention like microfinance. This study is aimed to introduce the concept of 'Micro Health Insurance' as a tool for addressing the vulnerability context of low income households. Based on the analysis of growth in health expenditure and large portion of individual financing for health costs in the context of Bangladesh the study identifies a potential demand for health insurance and scope for providing such services through the existing wide network of microfinance institutions (Zaman, 2012).

METHODOLOGY

The study has been carried out mostly on the basis of secondary sources of data on total health expenditure extracted from Bangladesh National Health Accounts, 2013. Others relevant data's have been extracted from Ministry of Health and Family Welfare, World Health Organization, Institute of Microfinance (InM), Different Insurance Companies website. Also, the study incorporates existing literature on the health insurance.

CLASSIFICATION OF HEALTH INSURANCE IN BANGLADESH

It is important to note that different sources of financing played varied roles in terms of level of contribution depending on the level of development of the country. The government played a much bigger role compared to the global average in the more developed countries. An average high income OECD country spent about \$4,753 per capita on healthcare (of which government's contribution is \$2,959 per capita) (WHO, 2010). On the other hand, high income non-OECD countries spent much less on healthcare per capita domestically (\$959), the governments in these countries paid even a larger share (69%) for healthcare (WHO, 2010).

However, it was important to note that private health insurers contributed unevenly as they contributed about 19% and 5% of total healthcare expenditure in high income OECD and non-OECD countries respectively (WHO, 2010). Private health insurers continued to play a significant role among the upper-middle income countries as 12% of total healthcare spending is financed by the private health insurers (WHO, 2010). Governments continued to bear the major share (55%) of total healthcare spending in the upper middle income countries (WHO, 2010).

1. SOCIAL HEALTH INSURANCE (PROVIDED BY THE GOVERNMENT)

Risk-pooling scheme based on proportional payroll deductions introduced on a compulsory basis for a defined group usually, but not always based on employee employment. Contributions which may be formed a combination of employee, employer and government, are paid into a fund that is managed separately from the government budget and exclusively to pay for medical benefits of the insured group. The principle that those earn high salaries pay more than those with low salaries is more or less assured through the proportionality of the system.

2. MICRO HEALTH INSURANCE (PROVIDED BY THE NGOS)

NGOs mainly use community-based approaches with trained community health workers (CHWs) to implement their programs. Micro health insurance (MHI) is primarily provided by NGOs, which also provide health services and microcredit. MHI covers basic and preventive health services including immunization, family planning, consultation, and normal deliveries. Discounts are also provided on medicine and pathology tests, where available. MHI of most NGOs specifically target women, micro credit members, and in many cases the poor and ultra-poor house-holds in the working area. In case of larger organizations having their own health service centers or hospitals, over and above basic services noted above, the card holders are able to receive more specialized services such as ultrasound and to avail surgeries (e.g., cataract, Csection and similar) either at their own premises or at referral clinics/hospitals. Some programs, however, do offer extremely low-cost products to the ultra-poor.

3. PRIVATE HEALTH INSURANCE (PROVIDED BY THE INSURANCE COMPANIES)

We generally define the private insurers as entities that directly pool financial resources in the form of premium from the private parties to pay the health care providers and as such not part of the entities that provide the health care service (e.g. subscription base hospital managed care). We also include risk-pooling entities that are commercial and primarily profit motivated. Typical of many less developed countries, Bangladesh has a private health insurance market which is in a very promising stage. Currently there are 30 insurance companies who provides health insurance services privately excluding 2 (two) publicly owned insurance companies in Bangladesh.

It is worth noting that only a handful of countries have truly provided an extensive coverage for healthcare cost through a third-party payment mechanism. The countries that have universal coverage are primarily high income countries with a strong institutional set-up in place for contract enforcement. Few developing countries have been successful in providing mass coverage for healthcare expenditure for population.

4. VOLUNTARY COMMUNITY INSURANCE

Scheme based on voluntary (often flat-rate) contributions made by a defined 'community' employed outside the formal sector. Schemes are sometime managed and developed by community groups or may be developed by government, NGOs or other civil society organizations.

5. MEDICAL SAVINGS ACCOUNTS

Medical savings accounts have been developed as a way of encouraging savings for health care. The principal idea is that regular contributions are placed into an individual account that can be used only for the medical care of the individual contributor. They are, therefore, attractive in countries where it is difficult to develop systems of social solidarity. It should be noted, however, that savings accounts work best where contributors can easily be transferred from the payroll and where there is a well-established technology to make use of the card (Pauly, 2001).

SERVICES UNDER INSURANCE PROGRAMS

Many developing countries, including Bangladesh, are affected by a “Double Burden” of disease and scare of resources (Government of Bangladesh, 2013). Unprecedented population growth and the emergence of new and chronic diseases have placed extra demands on health services. Despite massive efforts to combats such problems in Bangladesh, recent studies maintain that the resource base is sufficient studies to meet neither future needs nor planned services. In Bangladesh about 64% of the health expenditure come from the “out of pocket of the house hold” 33% is provided by the government sector and the remaining comes from the NGOs services (Government of Bangladesh, 2013). In a resource poor country, like Bangladesh, to ensure the compulsory health facilities for all, the government cannot bear such huge amount of money to provide the health services to the people.

Health Insurance is a risk sharing mechanism employed to harness private funds for health care and to reduce the financial barrier faced by individuals when seeking health care. The social health insurance has two prime functions that merits separate considerations, although they are intrinsically linked.

- The first is a financial function which is to provide a pool of funds to cover all or part, of the cost of health care for those who contribute to pool and to encourage providers and consumers to use health services in a very cost effective manner.
- The second prime function of the social health insurance scheme is social, including social equity. Health insurance is to remove the financial barriers to obtaining health care at the time of illness for the vulnerable groups in the society i.e. the very young, the elderly and chronically ill.

Social health insurance aims at protection from low probability and catastrophic loss like illness or injury. By pooling financial contributions from a large number of populations and pooling individual risk on a large scale (risk sharing), health insurance plans can cover the health expenditure, such as hospitalization, outpatients, medical care, drugs and sometimes also compensate the loss of revenues. Most of the countries have some forms of public provision of health services but less and less countries can provide a full range of health services, based on the needs of the populations.

In the present financial-social perspective of Bangladesh, Health Insurance has now become an essential, dependable, acceptable and the most cost effective means to make the modern treatment facilities affordable to the fixed income group. Generally Life Insurance Companies offer several Health Insurance Schemes, which are as follows:

HOSPITALIZATION (IN-PATIENT) TREATMENT COVERAGE PLANS

- Hospitalization Insurance Plan (Group)- offered to Members of a group and their dependants (if desired)
- Hospitalization Insurance Plan (Individual) – offered to an Individual as well as his or her dependant family members.

OUT-PATIENT TREATMENT COVERAGE PLANS

- Out-patient Insurance Plan - Offered as an adjunct to Group Hospitalization
- Out-patient Management Plan - Offered as an adjunct to Group Hospitalization

OVERSEAS TREATMENT COVERAGE PLAN FOR TRAVELERS

- Overseas Medic Liam Policy (OMP) – A pre-requisite for visa application offered only to Individuals traveling abroad.

HOSPITALIZATION INSURANCE PLANS

- Covers in-patient (Hospitalization) treatment expenses of an insured member

EXPENSES COVERED UNDER HOSPITALIZATION INSURANCE PLANS

- Hospital Accommodation
- Consultation Fee
- Medicine & Accessories
- Medical Investigations
- Surgical Operation
- Ancillary Services like Blood Transfusion, Ambulance Service, and Dressing etc.

EXCLUSION FROM COVERAGE: MAJOR EXCLUSIONS INCLUDE

- Congenital infirmity
- Pre-existing condition for certain period
- Psychiatric disorders and narcotic addiction
- Attempted suicide and self-inflicted injury
- Dental Treatment
- Pre or post hospitalization expenses and outpatient treatment expenses
- War risk, civil commotion or violence
- Routine health checkup
- Treatment for family planning purpose, contraception and infertility

GROUP HOSPITALIZATION INSURANCE PLANS

TYPES OF PLAN OFFERED

- Standard Plan: Distinctive Hospitalization Insurance Plan
- Customized Plan: Tailored to the need and desire of the client.

TABLE 1: BENEFIT SCHEDULE & PREMIUM RATE

| | | | |
|---|------------|----|-------------|
| Max. Benefit (Each Insured Per Year) | Tk. 25,000 | To | Tk. 140,000 |
| Hospital Stay (Maximum days) | 10 | To | 20 |
| Room Rent (Actual Expenditure upto a Maximum Amount Per Day) | Tk. 500 | To | Tk. 2,000 |
| Consultation Fee (Actual Fee upto a Maximum Amount Per Visit & One Visit Daily) | Tk. 300 | To | Tk. 500 |
| Routine Investigations (Actual Expenditure upto a Maximum Amount) | Tk. 1,000 | To | Tk. 2,000 |
| In Case of Surgical Treatment | Tk. 2,000 | To | Tk. 10,000 |
| In Case of Conservative Treatment | Tk. 5,000 | To | Tk. 18,000 |
| Major Intermediate | Tk. 12,000 | To | Tk. 22,000 |
| Charges included for Surgeon, Assistant, Operation Theater & Anaesthesia | Tk. 6,000 | To | Tk. 15,000 |
| Ancillary Services (80% of Actual Expenditure upto a Maximum Amount) | Tk. 2,000 | To | Tk. 12,000 |

Source: www.deltalife.org

MATERNITY BENEFIT (MAXIMUM AMOUNT AS PER BENEFIT SCHEDULE ABOVE)

- Normal Delivery: Tk. 5,000 – 15,000
- Caesarian Delivery: Tk. 10,000 – 30,000

CHALLENGES OF PROVIDING FORMAL HEALTH INSURANCE TO THE POOR

There have been a number of challenges that significantly hinders the provision of formal health insurance scheme to the low income households. So far commercial insurance providers have not done much to reach out to sectors outside the formal economy. It seems that traditional formal insurance products have been designed with the middle and high income class in mind. On the other hand, despite their great need for some form of social protection, the poor lack the capacity to access formal insurance.

However, inadequacy in health infrastructures and poor provision of health services may create obstacles to provide health insurance scheme with assured quality of care in a large scale. Lack of adequate health infrastructure and quality of services will lead to client dissatisfaction and hence loss of interest in acquiring or renewing such insurance packages.

In Bangladesh, most primary healthcare is free at public hospitals and there is only a nominal registration charge for inpatient and outpatient care in secondary facilities. The study of EQUITAP (2005) also depicts that the share of total Out-of-pocket (OOP) payments is 70% or more in Bangladesh that goes on medicines only. In the absence of insurance cover, households with severe and immediate medical needs can be forced to expend a large fraction of the household budget on health care. Such spending must be accommodated by cutting back on consumption of other goods and services, by accumulating debt, by running down savings or by selling assets.

Recommendations related to financing for universal health coverage are unequivocal in their support of risk pooling and prepayment to cover the costs of services for the population and to reduce often impoverishing individual payments. To this end, raising public compulsory financing and creating a single national risk pool is widely advocated. However, with less than 1% of the population in Bangladesh under any sort of private prepayment scheme and only 15% of the workforce in formal employment, efforts around voluntary community health schemes have low uptake and a high turnover of members (HLSP, 2010). Chronic underinvestment in health by the Government is another challenge that needs to be addressed in the design and implementation of a national insurance system.

Substantial policy reforms in revenue collection, provider payment, autonomy of public providers, and the management, regulation, accreditation, and purchasing of health services are first-order priorities. A key task will be to ensure that necessary financial and management procedures and skilled managers and health workers are available to enable public-sector facilities to effectively compete with private-sector providers of secondary and tertiary services within the health insurance system.

The large informal employment sector will pose the biggest challenge to achieving universal health coverage in Bangladesh. Small-scale NGO health insurance initiatives have not been able to be scaled up in a way that meets the needs of the target population. More ambitious efforts to engage participation within the national scheme include the imposition of user fees as a disincentive to not joining the national system. A more structured user fee, customized incentives packages, and education about the benefits of insurance would be necessary to attract non-formal workers into the national insurance scheme.

CONCLUSION

In the past 43 years, Bangladesh has outperformed other countries and disregarded the expert view that improvement of population health is a straightforward function of reducing poverty and increasing resources for health. The high coverage of essential services and the innovative systems that have generated these results represent assets that can be built on for universal health coverage. By contrast, the second dimension of coverage related to financial protection seems to be lagging behind, with substantial prevention and hardship arising from the inequitable and inefficient financing of health care and, until recently, the absence of any long-term financing strategy for health that envisioned a major shift from the existing system. This issue needs to be addressed if Bangladesh is to remain on course in its health achievements.

The Bangladesh Health Care Financing Strategy (HCFS) 2012–32 proposes a national social health protection scheme that targets the formal sector with mandatory payroll taxation, subsidizes people below the poverty line from general revenue, and allows the large non-poor informal sector to join the scheme voluntarily (MOHFW, 2012). Although details are absent from the proposal, several key pooling, purchasing, and payment attributes need to be implemented in a coordinated manner: a single large pool to avoid fragmentation and unequal risk pooling; a comprehensive and standardized benefits package; an autonomous national body for the purchasing of all health services; a system that allows health services to be purchased from both public and private providers to create competition; and patient freedom to choose providers.

Creation of an independent body tasked with mandatory licensing and accreditation of public, non-governmental organization (NGO), and all private-sector facilities, with appropriate links to monitoring and supervision systems, would also be advisable. Such a body would enhance patient choice of health services and foster healthy public-private competition within the national insurance scheme.

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IMPACT OF CASH CONVERSION CYCLE ON PROFITABILITY OF LISTED HOTELS AND TRAVELS COMPANIES IN SRI LANKA

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ABSTRACT

The cash conversion cycle (CCC or Operating Cycle) is the length of time between a firm's purchase of inventory and the receipt of cash from accounts receivable. It is the time required for a business to turn purchases into cash receipts from customers. Cash conversion cycle (CCC) has been considered a useful measure of firm's effective working capital management. The objective of the study is to investigate the impact of Cash conversion cycle on the performance of listed hotels and travels companies in Sri Lanka. The study used the sample of 10 companies selected randomly from hotels and travels sectors for the period of five years ranging from 2008 to 2012. The correlation and regression analyses were used to examine the relationship of CCC with performance of the firms: Return on Assets (ROA), Return on Equity (ROE) and Net profit margin. The study found that the Cash conversion cycle (CCC) is having significantly negative association with firm's performance. Many of the studies on working capital management (WCM) are with reference to developed economies like USA but fewer are with reference to developing economies like Sri Lanka. This study will contribute to the literature by analyzing the impact of working capital management on the performance of hotels and travels companies by validating the results of previous studies stated in the literature.

KEYWORDS

Cash Conversion Cycle, Net profit, Return on assets and Return on equity.

INTRODUCTION

Firm in business; because of its effect on firms' profitability as well on liquidity; Working capital management is about the management of current assets and current liabilities, in such a way that a satisfactory level of working capital which maximizes the profits of the firm is maintained. The working capital is considered as the life blood of a firm (Scherr, 1989). And cash conversion cycle is the primary measure of working capital efficiency. It measures the time it takes to convert cash into cash again from the time when inventory is bought till the time inventory is sold and the bills are recovered (Padachi, 2006). Therefore the cash conversion cycle points out how the firms are performing and supports, thus, managers to understand the capacities where the company has room for improvement (Mussettola, 2014).

Cash conversion cycle is a very important component of hotels and travels in Sri Lanka. Now days, tourism is major part in the hotels and travel sector. It is also the important way for earning the foreign income, because Sri Lanka is beautiful country as it is surrounded the natural wonderful places. The explorer Marco Polo of the 12th century wrote that Sri Lanka is the finest island in the whole world. For centuries it had been a great tourism destination particularly for European travelers. However the 30-year-long internal conflict had a negative impact on tourism and the growth of the industry stagnated. However, after the end of the conflict in 2009 the country's tourism prospects look promising. In 2012, post office worldwide holiday costs barometer named Sri Lanka as the best valued destination for holidays. There are many tourists' attraction places in Sri Lanka. Some of them are sigiriya rock, interesting waterfalls, daladha maligawa, Adam's peak or footprint, kathirgama temple and several natural places and so on.

After the end of the local war or critical situation, visitors who are at any corner of the world come and see these places. For this purpose, infrastructures are important to attract the tourists. They are transportation, water supply, electricity, hotels, etc. Hotels and travels business is one of the important to stay and travel to different places. Hotels and travels are increasing their activities and value in Sri Lanka. Therefore the listed hotels and travels companies have been selected for purpose of the research.

The main aim of this paper is to identify the relationship between cash conversion cycle and profitability of listed hotels and travels in Sri Lanka. Several studies have tested the hypothesis of finding relationship between cash conversion cycle and profitability. However, very few studies have been conducted in context of listed hotels and travels companies in Sri Lanka. The organization of this paper is as follows. The next section provides literature review and development of hypothesis. The fourth section describes the methodology used. Further section discusses the results. Finally, the last section concludes the results and concludes the discussion.

LITERATURE REVIEW

Earlier literature has examined the relationship of accounts payable management, accounts receivables management, inventory management and cash conversion cycle management with profitability management, providing with different results as per how the length of cash conversion cycle has been affecting profitability.

Shin and Soenen (1998), then, found significant effects from efficient cash cycle conversion management on profitability and liquidity of firms. Deloof (2003) examined relationship of working capital management and profitability for a sample consisting of 1009 non-financial Belgian companies during 1992-1996. He used CCC as a comprehensive measure of working capital management and gross profit as the profitability measure. His findings did not confirm presence of a significant relationship between profitability and CCC, and indicated a significant negative association between accounts receivable collection period, inventory glow cycle, and payment period. Padachi (2006) found that if the firm is invested higher in the inventories then the optimum level will diminish and profit will go down. Hutchison et al. (2007) observed significant association of cash conversion cycle with the return on investments of the companies. They suggested an inverse relationship between profitability and cash conversion cycle.

Luo et al. (2009) confirmed that if the value of the firm enhances the cash conversion cycle will decline. Uyar (2009) also found significant association and linkage of working capital management with liquidity and profitability. He establishes that the size of a firm is negatively correlated to cash conversion cycle and a

negative moving linkage of cash conversion cycle with firm’s earnings was remarked. Gill et al. (2010), for a sample of 88 US firms listed on the New York Stock Exchange, using data from 2005–2007, find no statistically significant relationship between average payable days and profitability and also between average inventory days and firm profitability. They observe no significant relationship between firm size and profitability but notice a negative association between accounts receivable and profitability.

Dong and Su (2010) observed significant association of cash conversion cycle with the return on investments of the companies. Sharma and Kumar (2010) found that in Indian firm length of cash cycle and profitability have positive relationship between them. Randall and Farris (2010) argued that by implementing a collaborative cash to cash management cycle by adopting weighted average cost of capital will increase the profitability. Nimalthasana (2010) has done a study using the manufacturing companies in CSE to identify the effect of WCM on profitability. He has found out a negative relationship between cash conversion cycle and profitability; a positive relationship between the inventory conversion period and profitability. Johnson and Templar (2011) stated that return on capital employed and length of cash cycle would be enhanced by change of proxy.

Ebaid (2011) confirms that the current cash flows have significant and direct impact to develop the profitability of the firms. Kaddumi and Ramadan (2012) conducted a study to assess the effect of WCM on the performance in Jordanian Industrial corporations listed at Amman Stock Exchange. They explained that the negative relationship of average collection period, average age of inventory with profitability. Tharshiga Murugesu (2013) analyzed effect of Cash Conversion Cycle on Profitability of Listed Plantation Companies in Sri Lanka. This study was used panel data of 10 firms, for the period of 2008-2012. The results of regression analysis provide a negative significant relationship between cash conversion cycle and firm profitability. This reveals that reducing cash conversion period results to profitability increase.

T.A.N.R. Jayarathne (2014) had an attempt to study the relationship between profitability and cash conversion cycle in listed manufacturing firms in Sri Lanka. The findings suggest that the profitability is negatively associated with the account receivable period, inventory turnover period, and cash conversion cycle. Further, it was found that the profitability is positively associated with account payable period.

STATEMENT OF THE PROBLEM

The main focus of the research is to identify the effective cash conversion cycle management of the listed hotels and travels companies in Sri Lanka through comparing the companies’ details or information regarding the cash conversion cycle management. Generally most of the firms keep their attention almost with the short term financing sources and specially concern about their working capital management. Therefore in this study we want to investigate the effects of cash conversion cycle on profitability of Sri Lanka companies. Therefore the problem would be.

- o Is cash conversion cycle of the companies maintained effectively?
- o Is there any relationship between cash conversion cycle and profitability?
- o “Does cash conversion cycle affect the profitability?”

Other factor is the cost structure. Companies focus on cutting down their cost and to achieve the profitability with the bad economic conditions. Therefore it is important to identify

- o “How much the companies’ cost structure affects to its profitability”.

Here cost structure means the administrative cost, selling and distribution cost and finance cost of the companies.

OBJECTIVES OF THE STUDY

This research will attempt to find out some aspects of the listed hotels and travels companies.

- o To identify the relationship between cash conversion cycle and profitability of the listed hotels and travels companies in Sri Lanka.
- o To find out the effects of different components of cash conversion cycle on profitability.
- o To examine impact of account receivable days, inventory days and cash conversion cycle on return on total assets, return on equity and Net profit margin.

METHODOLOGY

The aim of the study is to test the impact of cash conversion cycle on profitability. The design of the methodology is based on prior research into these relationships. This section describes the method of data collection, the variables used to test the hypothesis and statistical techniques employed to report the results. The regression models utilized to test the relationship between the determinants of cash conversion cycle (CCC) such as Average receivable collection period (ARCP), Average conversion inventory period (ACIP) and Average payment period (APP) and profitability such as Return on assets (ROA), Return on equity (ROE) and Net profit margin (NPM) are as follows.

$$ROE = \alpha + \beta ccc + \epsilon \quad (1)$$

$$ROA = \alpha + \beta ccc + \epsilon \quad (2)$$

$$NPM = \alpha + \beta ccc + \epsilon \quad (3)$$

DATA COLLECTION

This study is based on secondary quantitative data and the data related to cash conversion cycle and profitability is collected for the period of 5 years starting from 2008 to 2012 using the annual reports of the selected companies which have been listed in CSE. Further, the data is obtained from the annual handbook published by CSE and its web site (www.cse.lk).

SAMPLING

The Colombo Stock Exchange (CSE) has 293 companies representing 20 business sectors as at 31st March 2014. Hotels and travels sector is selected from them for this research. The population of the research is 41 hotels and travels companies. But only 10 companies are selected as the sample.

CONCEPTUAL FRAME WORK

Conceptual frame work of this study is formulated as follows.

FIGURE 1: CONCEPTUALIZATION MODEL

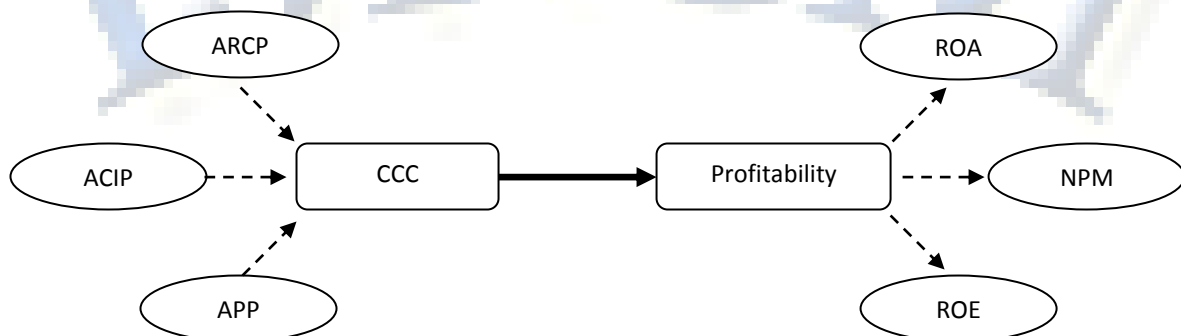


Figure 1 shows the relationship between the determinants of cash conversion cycle and profitability.

TABLE 1: MEASUREMENT OF VARIABLES

| Variables | Abbreviation | Measurements |
|--------------------------------------|--------------|--|
| Dependent variables | | |
| Return on Assets | ROA | Net income/Total Assets |
| Return on Equity | ROE | Net income / Shareholder Equity |
| Net profit margin | NPM | Net profit / sales |
| Independent variables | | |
| Average receivable collection period | ARCP | Account receivables * 365 / Sales |
| Average conversion inventory period | ACIP | Inventory * 365 / Cost of Sales |
| Average payment period | APP | Account payables * 365 / Cost of sales |
| Cash conversion cycle | CCC | CCC = ARCP + ACIP + APP |

HYPOTHESES

The following are the hypotheses formulated;

H₁: There is a significant relationship between cash conversion cycle and profitability.

H₂: There is a significant impact of cash conversion cycle on firm's profitability.

ANALYSIS AND INTERPRETATION

The descriptive analysis represents the minimum, maximum, average and standard deviation of the variables used in the study is as follows.

TABLE 2: DESCRIPTIVE STATISTICS

| | N | Minimum | Maximum | Mean | Std. Deviation |
|---------------------|----|----------|---------|-----------|----------------|
| ROA | 50 | -.12 | .22 | .0381 | .06626 |
| ROE | 50 | -.59 | .29 | .0239 | .13544 |
| NPM | 50 | -2.22 | 2.44 | .1916 | .56210 |
| CCC | 50 | -1237.91 | 73.78 | -149.2888 | 226.67661 |
| Valid N (list wise) | 50 | | | | |

Table 2 shows descriptive statistics, Independent variable indicates cash conversion cycle. Dependent variables are Return on assets, Return on equity and net profit margin. The descriptive statistics, data are well set, further standard deviation of cash conversion cycle is more than other variables. Maximum and mean of ROA and ROE are in the same level approximately among all the listed hotels and travels companies in Sri Lanka

TABLE 3: CORRELATION MATRIX

| | | ROA | ROE | NPM | CCC |
|-----|---------------------|---------|---------|---------|---------|
| ROA | Pearson Correlation | 1 | .857** | .692** | -.359** |
| | Sig. (2-tailed) | | .000 | .000 | .002 |
| ROE | Pearson Correlation | .857** | 1 | .650** | -.424** |
| | Sig. (2-tailed) | .000 | | .000 | .001 |
| NPM | Pearson Correlation | .692** | .650** | 1 | -.365** |
| | Sig. (2-tailed) | .000 | .000 | | .000 |
| CCC | Pearson Correlation | -.359** | -.424** | -.365** | 1 |
| | Sig. (2-tailed) | .002 | .001 | .000 | |

** . Correlation is significant at the 0.01 level (2-tailed).

According to the Pearson's correlation in Table 3, the determinants of profitability such as return on assets, return on equity and net profit margin are significantly correlated with cash conversion cycle. Cash conversion cycle has negative relationship between ROE, ROA and NPM (r = -.359**, r = -.424** and r = -.365** respectively) at 0.01 significant level. It means companies are still properly practiced working capital management.

REGRESSION ANALYSIS

The regression analysis was formulated to identify the impact of cash conversion cycle on profitability. The results of the analysis are given in Table 4, 5 & 6.

TABLE 4: REGRESSION ANALYSIS BETWEEN ROA AND CCC

| Model | Unstandardized Coefficients | | Standardized Coefficients | t | R ² | Sig. |
|-------|-----------------------------|------------|---------------------------|-------|----------------|------|
| | B | Std. Error | Beta | | | |
| 1 | (Constant) | .054 | .007 | | 7.216 | .000 |
| | CCC | -.000 | .000 | -.359 | -3.809 | .129 |

a. Dependent Variable: ROA

The results of regression analysis in the Table 4 shows, that 12.9 % of cash conversion cycle impacts on return on assets. It is indicated by R² = 0.129. There is significant negative relationship between cash conversion cycle and return on assets. The negative value of beta (-0.359) was significant (p < 0.01). This result is in accordance with the findings of Uyar (2009) and Azam&Haider (2011) who found a negative and significant relationship between the length of CCC and Firms' profitability ROA.

TABLE 5: REGRESSION ANALYSIS BETWEEN ROE AND CCC

| Model | Unstandardized Coefficients | | Standardized Coefficients | t | R ² | Sig. |
|-------|-----------------------------|------------|---------------------------|-------|----------------|------|
| | B | Std. Error | Beta | | | |
| 1 | (Constant) | .062 | .015 | | 4.173 | .000 |
| | CCC | -.000 | .000 | -.424 | -4.630 | .179 |

a. Dependent Variable: ROE

The results of regression given in Table 5 are negative and significant relationship between the CCC and ROE. P value is less than 0.01. This is consistent with the study of Azam&Haider (2011) who also found a significant and negative relationship between the length of CCC and ROE. Further 17.9% of cash conversion cycle impacts on return on equity.

TABLE 6: REGRESSION ANALYSIS BETWEEN NPM AND CCC

| Model | Unstandardized Coefficients | | Standardized Coefficients | t | R ² | Sig. |
|-------|-----------------------------|------------|---------------------------|-------|----------------|------|
| | B | Std. Error | Beta | | | |
| 1 | (Constant) | .327 | .063 | | 5.177 | .000 |
| | CCC | -.001 | .000 | -.365 | -3.877 | .133 |

a. Dependent Variable: NPM

In the above, Table 6 regression model, the net profit margin is used as a dependent variable. The co-efficient on the cash conversion cycle is negative and significant. This suggests that decrease in the number of day cash conversion cycle is associated with an increase in profitability. The negative and significant relationship is consistent to Tharshiga Murugesu (2013) study. The R^2 of above regression model is 0.133. Net profit margin is reduced by lengthening the CCC. Hypothesis 1 (H_1) & 2 (H_2) stated that there is a significant relationship between cash conversion cycle and profitability and there is a significant impact of cash conversion cycle on firm's profitability respectively. According to the Pearson's correlation and regression analysis, the above hypotheses were accepted.

CONCLUSION

This Study investigates the impact of Cash conversion cycle on firms' profitability for hotels and travels companies listed in Colombo stock exchange in Sri Lanka. Data have been analyzed by applying Pearson correlation and regression for the time period of 2008 to 2012 that represents the mean values of CCC. Results show that there is negative relationship between return on assets and cash conversion cycle. 12.9%. And also cash conversion cycle had impact on Return on equity. In here 17.9 % associated by CCC. In addition cash conversion cycle had 13.3 % negative impact on net profit.

The overall results in this study based on test of the hypotheses are negative and significant relationship between CCC and profitability. It is consistent with the previous theoretical researches such as Azam & Haider (2011), Gill et al, (2010), Raheman et al. (2010), Uyar (2009) and Raheman and Nasir (2007). It gives the message to the firms that the longer CCC is, the less profitable you are.

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DETERMINANTS OF LOAN REPAYMENT PERFORMANCE: THE CASE STUDY OF HARARI MICROFINANCE INSTITUTIONS

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ABSTRACT

The study was conducted in Eastern Hararghe Zone of the Harari Regional State, Ethiopia. This study is intended to assess factors affecting loan repayment performance of Harari Microfinance Institution. The survey was conducted in three Kebele Associations having the maximum number of borrowers, by selecting 120 sample households through systematic random sampling between defaulters and non-defaulters of the MFI. Out of 120 borrowers 50% were defaulters, and the remaining half were non-defaulters. Pre-tested structured interview schedule was used to collect primary and secondary data. Key informant interviews and focus group discussions were used to generate the necessary qualitative data. The collected data were analyzed by employing descriptive statistics and logistic regression (binary logit). A total of fifteen explanatory variables were included in the empirical model and out of these, nine were found to be statistically significant to influence the dependent variable. These significant variables are: Saving habit of borrowers, loan size, perception of borrowers on repayment period, source of income, availability of training, business experience, business type, family size, and the purpose of saving were found influencing loan repayment performance as evidence from the model statistic (significant at 1,5 and 10%). The econometric result revealed that the probability of default increases as the family size increases, when the borrower has negative perception on repayment period, less training, low business experience, poor saving habit and only single source of income. On the basis of the study findings, some recommendations were made to improve loan repayment performance in the study area. The strategy would be: Reducing family size through expanding family planning program, increasing borrower's perception on repayment period through training, selecting business-experienced borrowers. The study also recommends a plan to assist borrowers in the study area to increase their business entrepreneurs' skills through appropriate infrastructure, enhanced lendable funds in the Microfinance Institutions and business training for borrowers, enhanced loan amount and addressing challenges facing the Microfinance Institution.

KEYWORDS

Binary logit, Loan repayment, Microfinance, Performance, Policy makers.

INTRODUCTION

Poverty and food insecurity are the main challenges and fundamental issues of economic development in Ethiopia. According to an estimate made by the Government of Ethiopia at the beginning of the year 2000, the estimated drought-affected people requiring food aid were about 8 million. The major causes of low economic growth and high incidence of poverty in Ethiopia include lack of income, assets, employment opportunities, skills, education, health, social infrastructure, and inappropriate policies. (Alemayew, 2008).

Currently, the country has one commercial and two specialized government-owned banks and 14 private commercial banks, one government-owned insurance company and eleven private insurance companies. There are also 30 micro-financing institutions (MFIs) established by private organizations (NBE, 2010).

Microcredit helps the poor to be involved in income generating activities that allow them to accumulate capital and improve their standard of living. As quoted by the late Milton Friedman, Nobel Prize winner (Economics 1976), "The poor stay poor not because they are lazy but because they have no access to capital" (Smith & Thurman, 2007, p.1). Many of the poor people around the world are already benefiting from microfinance.

According to the Micro start Project document of UNDP (1999), the economically active poor in Ethiopia who can potentially access financial services are about 6 million. Out of this, about 8.3% of the active poor have gained access to the licensed MFIs. Despite constraints of microfinance industry in Ethiopia such as poor communication, infrastructure, weak legal systems, banking sector and technical capacity when compared with other Sub-Saharan countries, the sector has been growing at a significant rate (Abafita, 2003).

The positive impacts of MFIs on the socio-economic welfare of the poor can only be sustained if the MFIs can achieve a good financial and outreach performance. Throughout the world, financial sustainability of MFIs has been one of the issues that have recently captured the attention of many researchers. The financial sustainability of MFIs is a necessary condition for institutional sustainability (Hollis & Sweetman, 1998; Baskar B, 2011; Ramesh R, 2013). As it has been argued "unsustainable MFIs might help the poor now, but they will not help the poor in the future because the MFIs will be gone" (Schreiner, 2000, p. 425). Moreover, it has been reported that it may better not have MFIs than having unsustainable ones (Ganka, 2010). Therefore, a thorough investigation of the various aspects of loan defaults, source of credit and conditions of loan provision are of great importance both for policy makers and the MFIs. Hence, this study was undertaken to analyze the extent to which urban credit functions and how loan repayment performance rates are associated with different institutional as well as personal and socio-economic and characteristics of borrowers in Harari Peoples' Regional State, Ethiopia.

It is obvious that many rural credit schemes have sustained heavy losses because of poor loan collection. And yet a lot more has been dependent on government subsidy to financially cover the losses they faced through loan default. But such dependence will not prove helpful for sustainability. MFIs should rather depend on loan recovery to have a sustainable financial position in this regard, so that they can meet their objective of alleviating poverty (Alemayew, 2008).

Knowledge on determinants of loan repayment is undoubtedly important for the lender. Empirical studies in this connection are however limited in Ethiopia, though recently researchers are showing interest on such studies. As regards the determinants of loan repayment (Mengistu B., 1997) conducted a study on the Market Town Development Program (MTDP) credit scheme for Bahir Dar and Awassa towns using a binomial probit model. For Bahir Dar, the author found out that expectation of repeat loan and numbers of workers employed by the credit institutions were positively related to full loan repayment; while loan diversion and access to additional credit sources are negatively related to repayments. One important element to be understood clearly when it comes to credit-based development is repayment behavior of the borrowers. There is a need to study how micro finance institutions are functioning in Ethiopia with specific reference to lending and recovery of loans for various purposes.

METHODOLOGY

The study was conducted in Harari regional state. In this study, Harari region was purposely selected because maximum number of borrowers is present in the region. Multistage sampling had been used for this study since it accommodates different techniques at a time.

At the first stage, from the total 19 kebeles of the region, only three Kebele Association with the highest number of customers were selected purposely to study the loan repayment performance of the institutions. Accordingly, three Kebele Association: *Hakim, Aboker* and *Shenkor* were selected. There were 800 households present in the sampled Kebele Association. Secondly, stratified sampling employed to select respondents from among defaulters and non-defaulters with equal sample size of 60 households drawn each from the two strata. Finally, Systematic Random Sampling technique was employed to select 120 sample households out of 800 borrower households. Ratio sampling was used to fix the number of sample borrowers selected from each Kebele Association.

QUALITATIVE AND QUANTITATIVE METHODS

Participatory tools like focused group discussion, key informant interview, direct observation and case studies, were used for collecting qualitative data.

KEY INFORMANT INTERVIEW

Key Informant Interview was used to obtain basic information on community and organizational profile. The informants were selected in consultations with Kebele and woreda's administration officials and micro finance officials.

Quantitative data was drawn mainly through household survey apart from secondary sources.

RESULTS AND DISCUSSION**SEX DISTRIBUTION OF SAMPLE**

The study showed 14.2% of the creditworthy borrowers were male, which was lower than the corresponding figure (85.8%) for female. Moreover only 85 % of the female are defaulters while the corresponding figure for the male 15% is Non-defaulters. The study implies that being male/females were not related to loan repayment performance as expected, although the difference was not statistically significant. This result is in agreement with the findings of some authors (Retta, 2000; Fikirte, 2011).

DISTANCE OF BORROWERS FROM THE INSTITUTIONS

The survey result clearly showed about 69.16% of the sample respondents' residence and business' were near Harari MFI where as 30.8% were not near to Harari MFI. As result indicated distance of borrowers from the offices does not affect the repayment rate of borrowers. This implies that being far and/ near to the microfinance institutions was not related to loan repayment performance as expected, although the difference was not statistically significant. This result is in agreement with the findings of some authors (Abafita, 2003; Fikirte, 2011). However; it was inconsistent with the findings of some authors (Assefa, 2008).

EDUCATIONAL LEVEL OF THE BORROWERS

The result of the study clearly showed 92.4% of the sample respondents were literate with different educational level where as 7.5% of the sampled borrowers were illiterate. The result from the data indicates that non-defaulters have better educational background than defaulters. The mean average school years of the total respondents were 5.00 while average class years of non-defaulters and defaulters were 3.98 and 1.97 respectively. However, there was no significant difference between non-defaulters and defaulters with respect to educational levels on loan repayment performance of the Harari microfinance Institutions. This result is in agreement with the findings of some authors (Retta, 2000; Fikirte, 2011).

AGE OF THE BORROWER

The mean age of defaulters and non-defaulters were 35.72 and 39.45 respectively. The result of t-test indicated that there is statistically significant difference (t-test= 94.867) between the mean age of defaulter and non-defaulters at 10% significance level. This result is in agreement with the study of the authors (Abafita, 2003).

FAMILY SIZE

The basic sampling unit for this analysis is the family household, which had an average family size of 3.4, less the national average of 4.7 persons (CSA, 2008). The mean average family size of defaulter and non-defaulter was found to be 3.35 and 2.969 respectively. Statistically there is a significant mean difference (t=2.772) at 10% probability level on their family size between defaulters and non-defaulters. This result does agreement with the findings of some authors like (Retta, 2000; Abafita, 2003). However, it is inconsistent with the study made by (Berhanu 2005; Sileshi, 2010).

NUMBER OF DEPENDENTS IN THE HOUSEHOLD

The study showed 27.8 and 74.2 percent of the sample borrowers had dependents and non-dependent respectively. The household that have dependents' family sizes are less percents than the non-dependent family sizes. Household dependents, which can determine the amount of the labor force in the household, are expected to bring about variation in decision behavior of households as to which repayment performances are increased (Semgalawe, 1998). The household size of the total sampled households ranges from 2 to 13 persons with mean and standard deviation of 6.3 and 4.2 persons respectively. Out of the total sampled households 65.7% of them have a household size of above 6 people per household.

Number of economically active household members who live and work for the household also determines the labor available in the household which in turn determines the loan repayment performance of households. Households with more economic status may decide to use the loan which is effective and efficient in loan repayment performance. As the number of dependents increases, the borrower needs more money to fulfill their requirements in addition to the obligation of loan repayment. As a result he/she may divert the loan to meet the needs of those dependents families. This result is in agreement with the findings of some authors (Retta, 2000). However, it is inconsistent with the study made by Abafita (2003).

MARITAL STATUS OF RESPONDENTS

The study showed that 67.5% married household heads, only 5.8% of them were unmarried/single. The rest of household heads were widowed and divorced, 8.3% and 18.3% respectively. Marital status of the households also determines household's access to information and resource and hence on the use of loan received from office. This result was agreement with the findings of some authors (Retta, 2000; Abafita, 2003). However, it is inconsistent with the study made by (Belay, 1998; Sileshi, 2010).

SAVING PURPOSE OF SAMPLE

The study showed that Concerning to the saving purpose of the clients about 42.5% of the respondent saved their money for future use, 43.3% of the respondents saved their money for the emergency, 2.5% of the respondents saved their money for consumption, 2.5% saved their money for repayments of the loan and 9.2% saved their money for personal. Regarding its relationship with loan, correlation test using Pearson chi-square, statistically there was a significant mean difference (t=3.052) at less than 5% probability level on their saving purpose of defaulters and non-defaulters. This result is in agreement with the findings of some authors (Retta, 2000; Abafita, 2003). However, it was inconsistent with the study made by Belay (1998).

SAVINGS HABIT OF SAMPLE RESPONDENTS

The result of study showed that 80.8% of the beneficiaries reported that it had a positive effect (save), while 19.2% no effect (not save) reported that it had a discouraging effect on their loan repayment performance. Statistically there was a significant mean difference (t=19.417) at less than 1% probability level on their saving habit of defaulters and non-defaulters. This result is in agreement with the findings of some authors (Retta, 2000; Abafita, 2003; Zeller, 1996).

LACK OF TRAINING AND FOLLOW UP

In order to effectively implement what the members of microfinance planned, training and follow up play a significant role. The informants, however, indicated that they were having two days training when they got the money, but after that nobody came to them to give any kind of support including training. There were also discussants (members) in a focus group discussion that indicated they were given training once. It was stated that 'They officials of microfinance institutions' gave us training once at the beginning, after that nobody appeared to see what we have done'. In support of this other participant in a discussion said that, 'At the beginning we were promised to get continuous training and support, but nothing was done'. Studies also showed that paying less attention to training was taken as one of the drawbacks of microfinance institutions. Jaffari et al indicated that low attention given to client's skill development as a weakness of microfinance institutions (2011).

Lack of follow up was also among the reasons that became obstacle to the performance of members of microfinance institutions. The members in group discussion shared the same idea that at the beginning of their project, they started following them but immediately stopped it. The discussants argued that it was one of the limitations that led them not to be effective as expected. A woman who was member of MFI stated that, 'There is nobody that followed us to see the improvements we made or the problems we faced'. In support of this the other discussant also said that, 'Let alone giving support, they did not ask us how we used the money'. A 35 year old woman who was a member explaining the situation as, giving loan does not have any meaning unless they follow, encourage and support us when we need. This situation makes us feel that the money is simply given as a gift.

The lack of follow up of microfinance institutions were also manifested in a way that debts were not collected from members regularly and they did not have enforcing mechanisms of collecting the money lent. There were discussants who said that they were never requested to repay the debt so that they spent the

money they prepared for other purposes. ‘My life has been changed for better. However, I am not happy because I wanted to repay my debt and take more but nobody requested me to repay’ as mentioned by a woman from a microfinance institution in the study area.

A participant in a focus group discussion also indicated that she did not pay because she felt that as there was no interest so that it did not matter whether she paid it or not, but she was paying the saving money. Most informants mentioned that they were not requested to settle their debt, but nevertheless some members had already repaid their debts. This showed that the microfinance institutions in the study area did not have organized schedule to collect the debt from the clients. Moreover, from the information collected it could be concluded that as continuous training was not given to clients so that they were constrained to effectively run their business.

PERCEPTIONS OF BORROWERS ON REPAYMENT PERIOD

The study showed 51(42.5%) of the sample respondents are of the opinion that the repayment period is not suitable. Of these borrowers 69(57.5%) recommended a repayment period that is longer than a year while the rest recommended a repayment period that is less than a year, was suitable, which is a

significant difference at less than 1% significance level($\chi^2 = 39.231$). This result was in agreement with the findings of some authors (Berhanu, 1999; Abafita, 2000)

According to non-defaulters, they benefited by fully and timely paying their loan. Some of the benefits are: freedom from penalty, build good relationship with the loan provider, access to the next higher loan and to make family stable. On the other hand, according to defaulters the reasons for not repaid their loan are: Shortage of working capital and problem in working place Improve use of loan ,this is also other reason for default(Norell,2001) Low supervision by the loan officers of the institution and Personal problems of borrowers like illness, Norell (2001) also stated in his article this is one of the reasons for default.

BUSINESS EXPERIENCE OF BORROWERS

The study showed that the average business experience of non-defaulters was about 6.5 with maximum and minimum of 12 and 1years respectively. On the other hand, the average business experience of defaulters was 2.5333 years with maximum and minimum years of 6 and 1 in that order. This study has identified about 11.3% of the respondents have less than 10 years of business experience. Whereas around 3.3% of them had more than 40 years experience. Therefore; non-defaulters had more years of business experience than defaulters. This variable has significant impact at less than1% significance level (t-test -4.216) between defaulters and non-defaulter. This result was agreement with the findings of some authors (Berhanu, 2005; Berhanu, 2008; Fufa, 2008).

BUSINESS INFORMATION

The study showed that 69(57.5%) of borrowers had got information, whereas 51(42.5%) were not, which is a significant difference at less than 5% significance

level ($\chi^2 = 7.673$). Because information is one of the most important parameters, which helps borrowers to become aware of a microfinance enterprise. It plays a vital role in the success of business. Through this, borrowers can understand the advantages and disadvantages of the information on microfinance. It can initiate borrowers to try the new practice on their own business place. Borrowers can get information through informal or formal. Informally, they can get from neighboring farmers, friends, relatives, elders, etc. This study was in agreement with the studies of (Sileshi, 2010).

BUSINESS TYPES

The result of the study showed that the sample respondents were engaged in various business activities. out of the valid cases 9.2%, 6.7%, 3.3%, 33.3%, 4.2% ,6.7%,36.7% participate in service providers, shop and kiosk, tailoring, food processing, metal work, charcoal and groundnut trade, baltina and petty. From this, one can understand that the most important business activities on which borrowers of the area participated were food processing, petty trade and baltina, which is a significant difference at less than 5% significance level (t= 16.309). This result does agreement with the findings of some authors (Fikirte, 2011; Abafita, 2003). However, it is inconsistent with the study made by Belay (1998).

OTHER SOURCE OF INCOME

According to the survey results about 46.7% of the total respondents had only one source of income which is from the business financed by the loan. Household’s source of income position and resource ownership was found to be important in loan repayment performance. The average source of income of the sample households was 2752.07 Ethiopian birr. The maximum annual source of income was 7000 Ethiopian birr while the minimum was 200. On average non-defaulter had higher monthly source of income (about 3277.19 Ethiopian birr) as compared to defaulters who on average had only 1701.83 Ethiopian birr. Analysis of mean monthly source of income between defaulters and non defaulters had also indicated that there was significant mean difference (t =-3.581) at 1% significance level. Concerning this variable, most empirical study shows that the effect of additional income on household’s repayment decision is positive and significant. To mention some, for example, Norell *et al.*, 1999 and Fikirte, 2011) reported positive influence of household’s income on loan repayment performance. This result does agree with the findings of some authors (Jama and Kulundu, 1992).

BUSINESS STATUS OF BORROWERS

According to the survey results showed that about 33.3% of defaulters business was successful but due to many reasons they were not willing to pay their loan on time. On contrast 33.3% of non- defaulters’ business was not successful; however; they were paying their loan from other income sources (Table 1). There

was significant difference ($\chi^2 =12.958^{**}$) at 5% probability level on business status of borrowers. This result is in agreement with the findings of some authors (Retta, 2000; Amare, 200).

Qualitative data were collected through Focus Group Discussions (FGDs) and informal discussions with households, loan officers and key informant during transect walk with in sample Kebele Association.

ECONOMETRICS RESULT

Here, econometric analysis was carried out in order to identify factors that affect the loan repayment performance of Harari microfinance institutions. As explained in the previous chapter, binary logit models were employed to estimate the effects of the hypothesized explanatory variables on the loan repayment performance of beneficiaries in the Harari microfinance institutions.

TABLE 1: SUMMARY OF CONTINUOUS VARIABLES BY LOAN SCHEME

| Variables in descriptions | Defaulters (60) | | Non-defaulters(60) | | Total sample | | t-value |
|---|-----------------|----------|--------------------|----------|--------------|----------|----------|
| | mean | Sta.dev. | Mean | Sta.dev. | mean | Sta.dev. | |
| Family sizes in number | 3.35 | 2.969 | 4.05 | 3.160 | 3.70 | 3.079 | 1.61* |
| Loan size in birr | 16965 | 34902 | 5596 | 5800 | 15666 | 19800 | .3581*** |
| Source of income in birrs | 1701.8 | 705 | 3277.1 | 1145 | 2552 | 1450 | 2.297** |
| Business Experience in years | 5.95 | 5.564 | 7.45 | 6.644 | 7.12 | 8.432 | 4.216*** |
| Contact made with lending institution in days | 2.18 | 2.15 | 5.19 | 5.26 | 3.95 | 4.5 | 1.539** |
| Distance from market in minute | 195.40 | 40.52 | 158.52 | 30.06 | 230.60 | 43.45 | 3.835** |

*** represent the level of significance at 1% and 5% respectively

TABLE 2: MULTICOLLINEARITY TEST FOR CONTINUOUS EXPLANATORY VARIABLES

| Variables | Collinearity statistics | |
|-----------|-------------------------|-------|
| | Tolerance | VIF |
| EDLOR | .822 | 1.216 |
| AGBOW | .807 | 1.239 |
| HHS | .896 | 1.116 |
| LOANSI | .859 | 1.164 |
| BUEX | .791 | 1.265 |
| BUINF | .866 | 1.154 |
| BUTS | .913 | 1.095 |
| MRST | .781 | 1.280 |
| SOIN | .906 | 1.104 |
| SAVP | .910 | 1.099 |

Source: Own computation

ANALYSIS OF FACTORS INFLUENCING LOAN REPAYMENT PERFORMANCE

As discussed earlier, the binary logit econometric model was selected for analyzing the factors influencing the loan repayment performance of the borrowers. Prior to running the logistic regression analysis both the continuous and discrete explanatory variables were checked for the existence of multicollinearity and high degree of association using variance inflation factor (VIF) and contingency coefficients, respectively. The VIF values for continuous variables were found to be very small (much less than 10) indicating that absence of multicollinearity between them (Table 2). Likewise, the results of the computation of contingency coefficients reveal that there was no serious problem of association among discrete variables (Table 3). For this reason, all of the explanatory variables were included in the final analysis. More specifically, nine (9) continuous and six discrete explanatory variables were used to estimate the binary logit model. Contingency coefficient values ranges between 0 and 1, and as a result of chi-square variable with contingency coefficient below 0.75 shows weak association and value above it indicates strong association of variables. The contingency coefficient for the dummy variables included in the model was less than 0.75 that did not suggest multicollinearity to be a series concern depicted on (Table 4). The result of VIF and contingency coefficient computed from the survey data are presented on table 2 and 3 respectively.

RESULTS OF THE LOGIT MODEL

Logistic regression model was used to satisfy second objective of the study 'to assess the factors that affect the loan repayment performance' in the study area'. Based on the result of multicollinearity diagnostics' tests for both continuous and dummy explanatory variables, no variable was found to be highly correlated or associated with one of other variables. The likelihood ratio test statistic exceeds the Chi-square critical value with 12 degrees of freedom. The result is significant at less than 0.01 probabilities indicating that the hypothesis that all the coefficients except the intercept are equal to zero is not tenable. Likewise, the log likelihood value was significant at 1% level of significance.

Another measure of goodness of fit used in logistic regression analysis is the Count R2, which indicates the number of sample observations correctly predicted by the model. The Count R2 is based on the principle that if the estimated probability of the event is less than 0.5, the event will not occur and if it is greater than 0.5 the event will occur (Maddala, 1989 cited as Sileshi, 2011). In other words, the i^{th} observation is grouped as a non-defaulter if the computed probability is greater than or equal to 0.5, and as a defaulter otherwise. The model results show that the logistic regression model correctly predicted 71.5 of 120, or 84.8 percent of the sample borrowers. The sensitivity (correctly predicted non-defaulters) and the specificity (correctly predicted defaulters) of the logit model are 83.3 percent and 88.3 percent, respectively. Thus the model predicts groups, defaulters and non-defaulters fairly accurately.

TABLE 3: MULTICOLLINEARITY TEST FOR DISCRETE VARIABLES

| Variables | AVTR | RESFHH | FSANDOH | BPORP | SEXOBO | SHB |
|-----------|-------|--------|---------|-------|--------|-------|
| AVTR | 1.000 | 0.053 | 0.070 | 0.131 | 0.196 | 0.319 |
| RESFHH | | 1.000 | 0.006 | 0.074 | 0.013 | 0.159 |
| FSANDOH | | | 1.000 | 0.026 | 0.197 | 0.098 |
| BPORP | | | | 1.000 | 0.025 | 0.251 |
| SEXOBO | | | | | 1.000 | 0.121 |
| SHB | | | | | | 1.000 |

Source: Own computation.

Diagonal number represents dummy variables in column one.

Out of the fifteen variables hypothesized to affect the loan repayment performance of borrowers, five were found to be statistically significant. The maximum likelihood estimates of the logistic regression model shows that family size (HHS), Borrowers perception on repayment period (BPORP), Availability of training (AVTR), Business experience (BUEX) and Source of income (SOIN) were factors affecting the loan repayment performance of borrowers in the study area. More specifically, the coefficients of borrowers perception, availability of training, source of incomes are statistically significant at less than or equal to 1 percent significance level. The variables, family sizes, business experience were statistically significant at 5% level of significance. On the other hand, the coefficients of ten explanatory variables, namely, sex of borrowers (SEXOBO), distance of household (RESFHH)), age of borrowers (AGBOW), Dependent family sizes (FSANDOH)), loan sizes (LOANSI), Business information(BUINF), Business types(BUTS) and Marital status(MRST) of borrowers were less powerful in explaining loan repayment performance of the sample borrowers. Regarding the signs of the coefficients of non-significant variables, all but business information have the expected signs. In what follows, the results of the model estimates are interpreted in relation to each of the statistically significant variables.

In total, fifteen independent variables were used for estimation. To analyzing factors influencing the loan repayment performance of the borrowers, binary logit model was estimated using a statistical package known as SPSS version 16.0(Table 4).

Family sizes (HHS): The coefficients of this variable were hypothesized to influence loan repayment performance negatively. The result of this model estimates contrary to *prior* expectation that the family sizes have a significant and positive impact on loan repayment performance. The variable was significant at 1% probability level. The possible explanation is that because one of their family members was engaged in source of other income activities, which might help them to earn additional income. Beside, engaging in diversified 'economic activities might reduce family dependency ratio, which is defined to be the ratio of economically dependent members to economically active members. Other things being constant, the odds ratio in favor of non-defaulting increases by a factor of 0.195 for those borrowers who has active age family. This result of the study is complete agreement with the study conducted by some Authors (Abafita, 2005; Berhanu, 2005; Sileshi, 2010).

Borrower's perception on repayment period (BPORP) -The coefficient of this variable is hypothesized to influence loan repayment performance either positively or negatively. If repayment period is suitable, the client should perform better. The model results show that contrary to the *priori* expectation, this variable has a significant positive impact on loan repayment performance. The variables are significant at less than 1% probability level. This might be due to the fact that those borrowers have positive perception for repayment period tend to develop repayment and become friendly with the lender, which results in reluctance to fulfill their loan repayment obligation. Hence, they do not bother about the consequences arising from the dalliance in loan repayment. On the other hand, those have not positive perception towards repayment period, the more dalliance for repayment of loan and become defaulters. Other factors being kept

constant, the odds ratio favoring loan repayment performance increase by a factor of 17.611 for borrowers who had positive perception on repayment period. This result does agreement with the findings of some authors (Retta, 2000; Abafita, 2003).

Availability of Training (AVTR): The coefficient of this variable is hypothesized to influence loan repayment performance positively. It is one of the important requirements for the success of microfinance institution (Assefa T., 2005).

TABLE 4: THE MAXIMUM LIKELIHOOD ESTIMATES OF THE BINARY LOGIT MODEL

| Variables | Estimated Coefficients | Odds ratio | Wald statistics | Significance level |
|---------------------------------|------------------------|------------|-----------------|--------------------|
| Constant | 18.483 | .000 | .000 | .000*** |
| SEXOB | -9.23 | 2.516 | .759 | .384 |
| RESFHH | -.049 | .952 | .005 | .946 |
| EDLOR | -.247 | .781 | .519 | .471 |
| AGBOW | -.853 | .426 | 1.716 | .190 |
| HHS | 1.636 | .195 | 6.217 | .013** |
| FSANDOH | -19.999 | 000 | .517 | .915 |
| SHB | -.165 | .848 | .019 | .891 |
| LOANSI | .573 | 1.773 | 1.306 | .253 |
| BPORP | 2.869 | 17.611 | 5.080 | .000*** |
| AVTR | 2.256 | 9.546 | 6.703 | .010*** |
| BUEX | .612 | 1.844 | 3.906 | .048** |
| BUINF | -.288 | .779 | .171 | .679 |
| BUTS | .026 | 1.026 | 019 | .892 |
| SOIN | 1.019 | 2.772 | 5.279 | .022** |
| SAVP | -.258 | .773 | .449 | .773 |
| Pearson Chi-square | | 94.412*** | | |
| -2log likelihood Ratio | | 71.412*** | | |
| Correctly predicted (Count R2) | | 85.00 | | |
| Sensitivity | | 83.3 | | |
| Specificity | | 88.3 | | |
| Sample size | | 120 | | |

***Significant at 10%, 5%, and 1% significant level, respectively.

If the lender provides various training, the clients will able to understand the rule and regulation easily. They also develop skill on how to do business and money utilization. Training is needed not only for clients but also for loan officers. In both case it has a positive contribution to the repayment rate. Norell (2001), also agree on the importance of training for the decreasing of default rate. The model results show that to the *a priori* expectation, this variable has a significant positive impact on loan repayment performance. This might be due to the fact that those borrowers take trainings have hints about the activities that should be performed and become friendly with the lender, which results in reluctance to fulfill their loan repayment obligation. Moreover, borrowers those does not take training was not success. Hence, they do not bother about the consequences arising from the dalliance in loan repayment. Other things being kept constant, the odds ratio favoring loan repayment performance increase by a factor of 9.546 for borrowers who were trained. This result doe's agreement was with the findings of some authors (Assefa, et al., 2005; Norell, 2001). However, it is inconsistent with the study made by (Fikirte, 2011).

Business experience (BUEX): The coefficient of this variable was hypothesized to influence loan repayment performance positively. The result of this model has positively influence loan repayment performance as sign is consistent with the *priori* expectation. Positive relation shows that a longer experience in business, a better knowledge, attitude and skill is developed on the operation and conduct of using microfinance enterprise as source of poverty reduction and methods of production. Additionally, micro entrepreneurs who have been in business longer are expected to have more stable sales and cash flows than those who have just started. Thus, those who have run their businesses longer may have higher dept capacity. The variable is significant at 5% levels. The odds ratio in favor of practicing business increases the non-defaulters by a factor of 1.844 for an increase in Business experience by one year. This result is incomplete agreement with the studies conducted by some authors (Berhanu and Fufa, 2008; Zeller 1998).

Source of income (SOIN): The coefficient of this variable was hypothesized to influence loan repayment performance either positively. This is consistent with the *priori* expectation. The result of the logit model reveals that this Variable affects loan repayment performance positively at less than 1% level of significance. The possible explanation is that borrowers may use such cash flows from non-business activities and sources-such as income from other members-to make loan repayments. Thus borrowers with higher household incomes may have a higher chance of repaying their loans. The odds ratio favoring loan repayment performance increase by a factor of 2.772 for borrowers who had other source of income. This result was incomplete agreement with the studies conducted by some authors (Berhanu, 2005; Abraham, 2002).

CONCLUSION

Microfinance institutions mainly give services to those who are very poor especially women. This is because it has been a means that poor people have in their own businesses so that their livelihood can be improved. There were microfinance institutions that were working in urban districts of Harari regional state. The study conducted in these areas identified that microfinance members have been changed for better. It was, however, there were constraints that became a bottle neck that challenged them not to utilize the services effectively.

Insufficient loan amount, lack of training and follow up, unavailability of nearby market and high cost of inputs, saving habit, saving purpose, experience and Perceptions of borrowers on repayment period were the major constraints of members. Thus, the study concluded that the microfinance institutions have to consider the loan size, training and follow up. The microfinance institutions have also to look for ways that the members could get market for what they produce and have to schedule programs on the time that debts are collected and the clients should be aware of it.

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ROLE OF IRRIGATION FROM DIVERSION ON RURAL PRO-POOR IN CENTRAL TIGRA

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ABSTRACT

Main intent of this paper is to evaluate the livelihood impact of irrigation water from diversion on local inhabitants; in fact, there are many debates on the effect of irrigation on the welfare of local communities; some of the works report pro of positive effect, whereas others for negative. In this paper, to investigate the impact, ordinary least square regression analysis is employed. Market demand availability to agricultural produce from irrigation is to refer the intensity of adequacy to demand to the commodity under consideration, and here as the demand availability to commodities produced from irrigation increases by a unit, then the per capita annual consumption expenditure of the rural poor involved in the irrigation increases by 19.95%, statistically significant at 5%. Respondents were inquired to explain on whether they had adequate water source mainly in small scale diversion for irrigation. This variable was regressed against household welfare, and the STATA result exhibited that, compared to controlled households, as the treated household's access to water resource for irrigation increases by a unit, then the per capita annual consumption expenditure increases by 63.61%, statistically significant at 5%. The regression output attempts to explain that, the consumption expenditure explained by household welfare increases by 31.36%, compared to the controlled households. This regression is significant at 5%. This implies that, as the household's participation in diversion small scale irrigation increases, their welfare and income increases.

KEYWORDS

Irrigation from diversion, per capita consumption expenditure.

1. INTRODUCTION

In recognition on the water potential of the country and reverse the effect of rainfall variability on agricultural production, the government of Ethiopia has given due focus on expanding small scale and large scale irrigation schemes, among others. The focus is clearly put on the long term development strategy of the country in the Agricultural Development Led Industrialization (ADLI) strategy. The current five year plan (Growth Transformation Plan) also gives emphasis on further expansion of the irrigation development. This is based on the assumption that irrigation development has positive effect on crop production by making possible growing seasons more than once and/or supplementing the rain-fed production during rainfall shortage.

Conceptually, there are two opposing views about the impact of irrigation development on the national economy. On the one side, there are some works that report the positive effects of irrigation on agricultural productivity and household welfare. Based on their views, the importance of irrigation to rural livelihoods is highlighted by the fact that irrigated farmland provides 43% of global cereals production and 60% of the grain production in developing countries (IWMI 2000). In contrary to the positive contribution of irrigation water generated from small scale diversion sources, proponents of the other side have also reported some negative effects of irrigation development on agricultural productivity. Their concern is that though irrigation can play a central and dynamic role in the improvement of rural livelihoods, it is usually criticized in terms of its inefficiency in water use, high capital and recurrent costs, lack of sustainability, and association with inequity in the distribution of both land and water (N Hasnip, etal. 2001).

2. PROBLEM STATEMENT

Given the two opposing views and empirical evidences of the impact of irrigation on agricultural productivity and household welfare, one need to undertake a location specific study about the impact of irrigation, which is an aim of this study. Besides though there are few studies on impact of irrigation on agricultural productivity and household welfare in Tigray (Tefay 2007).

However, the studies seem not representative of the region and the evidences provided for the studies are also mixed. Furthermore, the study about the status of irrigation development from diversion in Tigray also seems scanty. Thus, in this study, it is aimed to document the current status of irrigation development and investigate the impact of irrigation on household welfare in rural. The direct benefits of irrigation development are increased crop yield and the like. The indirect benefits are related to enhanced crop productivity that relaxes labour for off farm employment, enhance possibility of live stock development, etc. The other view argues that irrigation infrastructures could have negative effects on local economy since the irrigation development could result in water-borne diseases. Besides, they may carry pollutants that harm both human and ecosystem.

Alike to the conceptual view, the empirical evidence about impact of irrigation is also mixed. There are some works that report positive effect of irrigation on agricultural productivity and household welfare. World Bank declared that, in the near doubling of world grain production that took place between 1966 and 1990, irrigated land with deployment of basic inputs was responsible for 92% of the total production. Irrigation is also the key to developing high-value cash crops, and, by helping guarantee consistent production, it stimulates agro-industry and creates significant rural employment (World Bank 1997).

Given the mixed conceptual and empirical evidence of the impact of irrigation on agricultural productivity and household welfare, one need to undertake a location specific study about the impact of irrigation, which is an aim of this study. Thus, in this study, the researcher aims to document the current status of irrigation development from small scale diversion sources and investigate the impact on household welfare in rural Tigray.

3. OBJECTIVE

The general objective of this study aims to assess and investigate the impact of irrigation development from diversion on the welfare of local household in *Laelay Maichew Wereda*, rural Tigray.

Specific objectives of this study intends:

- ✦ To assess effects of micro diversion irrigation on rural inhabitants
- ✦ To identify major constraints in the irrigation development

4. MATERIALS AND METHODS

4.1. DATA SOURCES AND METHOD OF DATA COLLECTION

PRIMARY DATA

The combination of qualitative and quantitative data was needed for this research in order to enable a rigorous investigation without omission and exclusion of important details and insights. Access to basic irrigation water resources; proximity; adequacy, market access, factors of product and the like were basic variables. In addressing these variables qualitative data are the field study included focus group discussions (FGDs), key informant interviews, household surveys, and direct observations. Semi-structured checklists were also designed to administer the data required. Likewise, a semi-structured and open-ended

questionnaire was developed to administer the household survey. A field survey was conducted in all *kebelles*. The enumerators visited all *kebelles* and collected 200 households following the sample selection design.

SECONDARY DATA

Secondary data was collected from regional and district Agriculture and Rural Development offices. The secondary data type includes: Sources of irrigation by space, production, input utilization, socio-economic and demographic nature by space and the like.

4.2. SAMPLING DESIGN AND SAMPLE SIZE DETERMINATION

Tigray region had 34 rural districts, among which *Laelay Maichew* district was selected on the basis of simple random sampling method. Furthermore, 200 households were drawn from the sample frame on the basis of systematic random sampling method from each *kebelle*. Respondents were also classified in to two categories (treated and controlled). While treated households were the respondents exercising crop production by employing irrigation water using diversion, controlled households produced only through rain fed. Treated group comprised 88 (44%) sample households. In contrast, the controlled groups comprised 112 (56%) sample households, that do not have access to the irrigation water in any way and this was the reason why they were classified as controlled households. Here it ought to be clear that, the term diversion includes irrigation water sources like: River, spring-water, check-dam, traditional and modern diversion methods.

SAMPLE SIZE IS DRAWN FROM KEBELLE (AN AREA REPRESENTING ADMINISTRATIVE BOUNDARY)

| No | <i>Kebelle</i> | Population | HHH | Beneficiary | Sample | Treated | Control |
|--------------|----------------|---------------|--------------|--------------|------------|-----------|------------|
| 1 | Dura | 5,075 | 1,153 | 414 | 21 | 9 | 12 |
| 2 | Aditsehafi | 4,758 | 1,081 | 351 | 18 | 8 | 10 |
| 3 | Medoge | 6,185 | 1,406 | 199 | 10 | 4 | 6 |
| 4 | Dereka | 8,167 | 1,856 | 567 | 29 | 13 | 16 |
| 5 | Debrebrhan | 2,537 | 577 | 112 | 6 | 3 | 3 |
| 6 | Seglamen | 3,092 | 703 | 113 | 6 | 3 | 3 |
| 7 | Hatsebo | 8,643 | 1,964 | 284 | 14 | 6 | 8 |
| 8 | Natkablae | 2,617 | 595 | 30 | 2 | 1 | 1 |
| 9 | Lesalso | 5,630 | 1,280 | 147 | 7 | 3 | 4 |
| 10 | Welel | 5,075 | 1,153 | 351 | 18 | 8 | 10 |
| 11 | Miha | 2,776 | 631 | 107 | 5 | 2 | 3 |
| 12 | Mayweini | 6,740 | 1,532 | 557 | 28 | 12 | 16 |
| 13 | Edagarbi | 5,472 | 1,244 | 146 | 7 | 3 | 4 |
| 14 | Awleo | 4,283 | 973 | 86 | 4 | 2 | 2 |
| 15 | Mahberesalam | 4,209 | 956 | 463 | 24 | 10 | 13 |
| Total | | 32,592 | 7,407 | 6,894 | 200 | 88 | 112 |

4.3. DATA ANALYSIS

Evidence and findings are analysed using percentages, graphs, mean, and the like. Furthermore, different econometric models were specified in the estimate of the impact of irrigation on household welfare/poverty reduction. However the effort to employ Heckman and PSM models failed, because the assumed and expected selection bias problem of the intervention was not found, this implies that, the intended models to be employed didn't suffer from selection bias, and here only OLS regression method is employed. Using the household survey collected and specified, household welfare model in (1) the control for other regressors or factors that affect household welfare. Impact assessment is tricky and specifications in (1) could reveal biased estimates about the effect or irrigation from diversion on household poverty.

$$\ln C_i = \alpha + \beta H_i + \delta E_i + \psi X + \gamma Irrigation + \varepsilon_i \dots \dots \dots (1)$$

Where in C_1 is the natural log of per capital household's expenditure, H_1 is vector of regressors accounting for household's demographic characteristics, E_1 is vector of variables representing for market opportunities to products, x is vector of regressors controlling for other factors that affect household welfare, irrigation is indicators of variables measuring access to irrigation from diversion variables. α is the intercept; and β, δ, ψ are vector of parameters to be estimated measuring the effect of households demographic characteristics, market opportunities to products and other control variables respectively γ is parameter of our main interest that measures the effect of irrigation from diversion on household welfare. ε_i is a white noise disturbance term.

Household welfare model is specified that takes in to account the effect of irrigation from diversion as in (1) above. In fact, the effect of other factors is controlled that affect household welfare by including them as regressors. That is, household's welfare measure in terms of per capita and access to irrigation and other village characteristics. During estimations, we use an indicator to capture household poverty by employing per capita consumption expenditure.

The specification in Table (1) only avoids for omitted variable biases. Indeed in impact evaluation the problem is not only of omitted variable bias but also of endogeneity bias the estimates. The endogeneity problem arises due to measurement error or due to the effect of un-observables that simultaneously affect household's decision to access or use irrigation from diversion and household welfare. That is households decide to access or use irrigation is based on non-random decision factors. These factors may also be factors that also affect household welfare but not observables to the researcher.

5. RESULT AND DISCUSSION

5.1. SEX AND EDUCATIONAL LEVEL DISTRIBUTION

| Educational Level of Household Head | Sex of Household Head | | Total |
|-------------------------------------|-----------------------|-----------|------------|
| | Male | Female | |
| Never any Schooling | 31 | 5 | 36 |
| Religious or Traditio | 34 | 5 | 39 |
| Primary School Incomp | 67 | 10 | 77 |
| Primary School Comple | 15 | 1 | 16 |
| Grade 7 Completed | 5 | 3 | 8 |
| Grade 8 Completed | 9 | 0 | 9 |
| Grade 9 Completed | 1 | 0 | 1 |
| Grade 10 Completed | 3 | 1 | 4 |
| Grade 11 Completed | 1 | 1 | 2 |
| Technical and Vocatio | 1 | 0 | 1 |
| Diploma | 5 | 0 | 5 |
| Degree | 2 | 0 | 2 |
| Total | 174 | 26 | 200 |

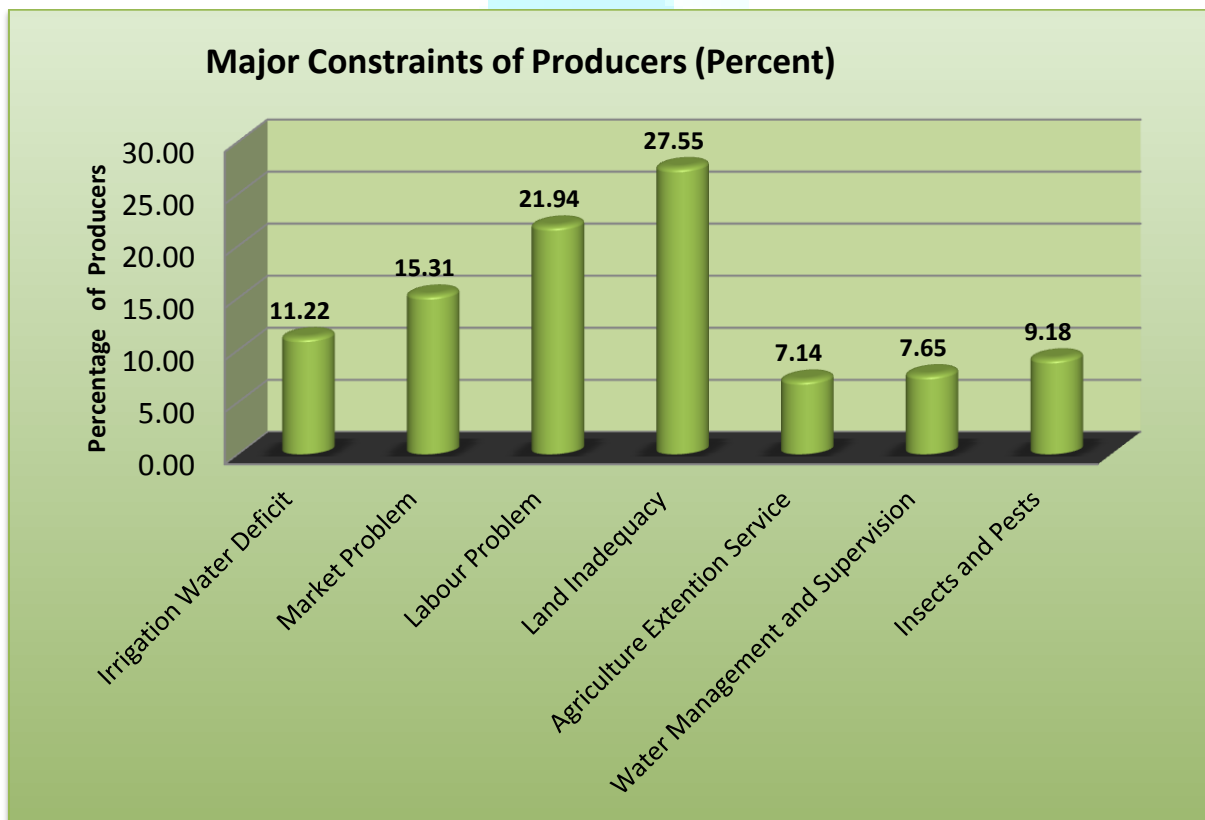
The above table shows that 87% of the respondents are males with females accounting for only 13%. This implies that, the area of farming is an occupation for the male as compared to females, from this context it might be possible deduce that majority of the female are assigned to prepare food for the males while working on their farms, rear and bear children, exercise other home activities and the like. Furthermore, the educational background of the female headed households is lower, majority are illiterate and or never completed elementary school, and this accounts 76.92%. Similarly the educational level of the male headed households is also 75.86%. This implies that, the respondents are less educated.

5.2. SOCIO – ECONOMIC PROFILE OF RESPONDENTS

| Variables | Observation | Mean | Std. Dev. | Min | Max |
|-------------------------------|-------------|----------|-----------|-------|-----------|
| Age in year | 200 | 43.40 | 11.14496 | 24.00 | 80.00 |
| Family size | 200 | 5.57 | 1.794772 | 2.00 | 11.00 |
| Irrigable plot size (hectare) | 200 | 0.16 | 0.0120588 | 0.13 | 0.20 |
| Total plot size (hectare) | 200 | 0.84 | 0.6936557 | 0.00 | 3.50 |
| Per-capita expenditure (birr) | 200 | 5,894.42 | 5630.322 | 337.5 | 54,887.00 |
| Livestock holding (birr) | 200 | 4,576.26 | 7151.163 | 83.00 | 43,570.00 |
| Distance to market (km) | 200 | 7.055 | 0.7842514 | 6.00 | 8.00 |

Using the STATA software, mean results of different socio-economic profiles are figured out. Age is particularly important factor in farming particularly in irrigation activities, according the above data, the mean age of respondents is estimated at 43.4 years old. Average family size is in fact 5.57 persons per household. Mean of the total plot size and irrigable plot size are 0.84 and 0.16 hectares respectively, and the irrigable plot size seems by far lower. The mean per capita household expenditure and livestock holding are 5,894.42 and 4,576.26 birr respectively. Lastly, the average distance of farm gate to market is estimated at 7 + 055 km.

5.3. MAJOR CONSTRAINTS FACED BY PRODUCERS



Respondents where inquired to explain the major problem they are facing in the crop production via irrigation from diversion sources. 54 (27.55%) of the treated households replied that land for irrigation activity is too small to be engaged in the production at full capacity. The percentage for labour deficit, market and water adequacy problems is 21.94%, 15.31% and 11.22% respectively.

| Linear regression | | | | | | Number of obs = 167 | |
|-------------------|-----------|------------------|-------|-------|----------------------|---------------------|--|
| | | | | | | F(15, 151) = 14.76 | |
| | | | | | | Prob > F = 0.0000 | |
| | | | | | | R-squared = 0.4946 | |
| | | | | | | Root MSE = .514 | |
| Inper_capi~n | Coef. | Robust Std. Err. | t | P> t | [95% Conf. Interval] | | |
| asset_hold~g | 9.01e-06 | 4.13e-06 | 2.18 | 0.031 | 8.51e-07 | .0000172 | |
| lnlivoctoc~d | -.0690089 | .0349166 | -1.98 | 0.050 | -.1379971 | -.0000206 | |
| lndistance~t | .2446529 | .330007 | 0.74 | 0.460 | -.4073746 | .8966805 | |
| dummymkt_d~1 | .1995005 | .0835888 | 2.39 | 0.018 | .0343459 | .3646551 | |
| dummywater~2 | .6361997 | .1203208 | 5.29 | 0.000 | .3984699 | .8739295 | |
| dummycashc~2 | -.115675 | .0844836 | -1.37 | 0.173 | -.2825975 | .0512476 | |
| dummyexter~2 | -.1105981 | .0845808 | -1.31 | 0.193 | -.2777128 | .0565165 | |
| pesticide~e | -.0847689 | .0845961 | -1.00 | 0.318 | -.2519137 | .0823759 | |
| fertilizer~e | -.0734848 | .0844821 | -0.87 | 0.386 | -.2404045 | .0934349 | |
| dummysampl~2 | .313691 | .1232655 | 2.54 | 0.012 | .0701432 | .5572388 | |
| dummyeduc~4 | -.0811157 | .1531248 | -0.53 | 0.597 | -.3836595 | .2214281 | |
| lnfamily_tot | -.2554594 | .1123633 | -2.27 | 0.024 | -.4774667 | -.0334522 | |
| lnage | .0380915 | .1519441 | 0.25 | 0.802 | -.2621195 | .3383026 | |
| lnplot_irrig | -.1345674 | .4512231 | -0.30 | 0.766 | -1.026094 | .7569588 | |
| dummyhh_re~1 | .2900643 | .1283021 | 2.26 | 0.025 | .0365651 | .5435635 | |
| _cons | 7.796663 | 1.221632 | 6.38 | 0.000 | 5.382965 | 10.21036 | |

5.4. IMPACT OF IRRIGATION FROM DIVERSION ON HOUSEHOLD LIVELIHOOD

Based on the above multiple linear regression result, we found that asset holding, livestock holding market demand availability, water adequacy for irrigation, sample nature of the respondent, family size, household member relation to the family significantly affecting the per capita annual consumption expenditure. However, variables like distance to market, cash crop production, agricultural extension service, pesticide, fertilizer, household head's education level, age and irrigable plot land found not to have significant effect on per capita annual consumption expenditure.

Natural log of Per Capita Annual Household Consumption Expenditure (Inper_capi~n)

5.4.1. ASSET HOLDING AT HOUSEHOLD LEVEL (asset_hold~g)

Asset holding in this study includes many components like monetary value for agricultural implements, house furniture, precious metals, deposits and the like. Taking household total asset holding as one explanatory variable, the regression output states that, as the household total asset holding increases by one birr, then their effect to the per capita annual consumption expenditure increases by 901%, statistically significant at 10%. This result exhibits an adverse relationship between the explanatory and the dependent variable, implying that, as the number of household members increase the average per capita consumption expenditure declines.

5.4.2. NATURAL LOG OF HOUSEHOLD LIVESTOCK HOLDING (lnlivoctoc~d)

Keeping other factors constant, taking household total livestock holding as one explanatory variable, the regression output states that, as the household livestock holding increases by 1%, then the effect to the per-capita annual consumption expenditure decreases by 6.9%, which is statistically significant at 10%. This result exhibits an adverse relationship between the explanatory and the dependent variable, implying that, household's labour and other resources need to concentrate in the irrigation activities. The culture exercised by local farmers for mixed agricultural production seems ambiguous, because the enterprise from livestock rearing is adversely affecting household welfare (engaged in irrigation activities). In this context, it is simple now to deduce that the co existence of labour and capital competition by both enterprises (livestock raising and crop production from irrigation). Immense empirical evidence argue that in rural communities households engage in more than one livelihood activity at a time (Ellis 1999; Bryceson 2000; Ellis et al. 2003). This is to mean that, taking our result case; livestock rearing is not the primary livelihood activity of the household as the activity that generates the highest proportion of the household's overall income is from participation in crop production from irrigation water.

5.4.3. MARKET DEMAND AVAILABILITY TO COMMODITY, DUMMY VARIABLE (dummymkt_d~1)

Market demand availability to agricultural produce from irrigation is to refer the intensity of adequacy to demand to the commodity under consideration, and here as the demand availability to commodities produced from irrigation increases by a unit, then the per capita annual consumption expenditure of the rural poor involved in the irrigation increases by 19.95%, this is statistically significant at 5%. This result exhibits positive relationship between demand adequacy to products from irrigation water and farmers income explained in consumption expenditure. This implies that, as the degree and intensity of transactions to products from irrigation increases in magnitude then welfare of the treated household's increase.

5.4.4. WATER ADEQUACY FOR IRRIGATION, DUMMY VARIABLE (dummywater~2)

Respondents were inquired to explain on whether they had adequate water source mainly small scale diversion for irrigation. This variable was regressed against household welfare, and the STATA result exhibited that, as the treated household's access to water resource for irrigation increases by a unit, then the per capita annual consumption expenditure increases by 63.61%, statistically significant at 5%. This result exhibits a positive relationship between the explanatory and the dependent variable, implying that, water source endowment to a location really matters. Please refer the aside STATA window, and is depicting that, the income explained in per capita household consumption expenditure of the treated households (with access to irrigation) is greater by 2,332.17 birr as compared to the controlled households, the ttest is statistically significant at 1%. Physical availability and adequate allocation of irrigation water are two of the most pressing resource management issues globally (Tinouss J. J. etal. 2009).

5.4.5. SAMPLE NATURE OF THE RESPONDENT, DUMMY VARIABLE (dummysampl~2)

Here sample nature of the respondents is to demarcate between control and treated households. In this regard, the regression output attempts to explain that, the consumption expenditure explained by household welfare increases by 31.36%, compared to the controlled households. This regression is significant at 5%. This implying that, as the households participation in diversion small scale irrigation increases, their welfare and income increases. World Bank clearly underlined that, access to irrigation water largely contributes to food security of the rural population. In particular, irrigated agriculture contributes 30-40 per cent to the Gross Domestic Products (GDPs) of Central Asian countries, mainly Kyrgyzstan, Tajikistan and Uzbekistan (World Bank, 2003).

5.4.6. EFFECT OF HOUSEHOLD TOTAL FAMILY SIZE ON PER CAPITA ANNUAL CONSUMPTION EXPENDITURE: NATURAL LOG OF HOUSEHOLD TOTAL FAMILY SIZE (lnfamily_tot)

Keeping other factors constant, taking household total family size as one explanatory variable, the regression output states that, as the household total family size increases by 1%, then their effect to the per capita annual consumption expenditure decreases by 25.54%, statistically significant at 5%. This result exhibits an adverse relationship between the explanatory and the dependent variable, implying that, as the number of household members increase the average per capita consumption expenditure declines compared to small sized households.

5.4.7. HOUSEHOLD MEMBER RELATION TO FAMILY, DUMMY VARIABLE (dummyhh_re~1)

Citrus paribus, the regression output states that, as the household membership to the family is head, then the effect to the per capita annual consumption expenditure increases by 0.29%, statistically significant at 5%. This result exhibits a positive relationship between both variables.

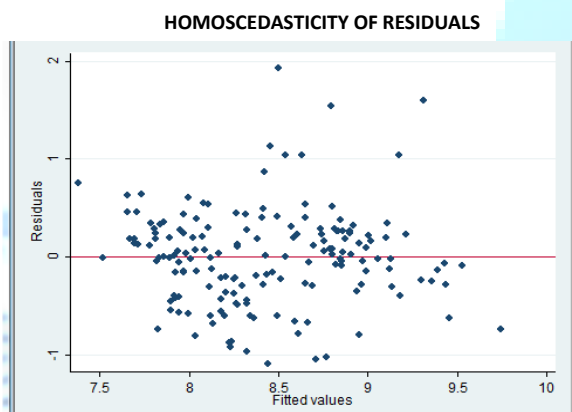
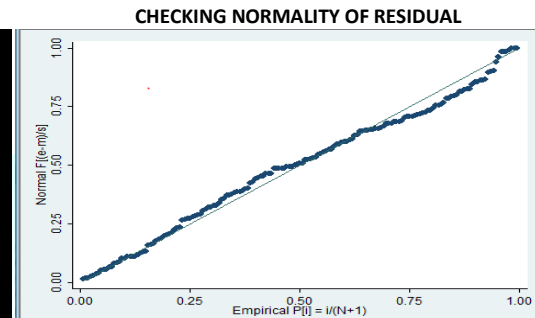
5.5. TESTS AND REGRESSION DIAGNOSTICS

The ordinary linear regression (OLS) is employed in investigating the impact of irrigation from diversion. To reassure the robustness of our empirical evidences extracted from the data, it urges to examine the distribution of the variables, without verifying the data on whether the assumptions underlying OLS regression are rectified or not. This is therefore to check the assumptions of OLS regression are attained. It should be noted that, for the regression case, problems like: model specification, normality, heteroskedasticity, and multicollinearity assumption are tested. Furthermore, the sum mismatched variables are rectified by transformation and robust regression methods. Please refer the tests in the following test diagrams.

MODEL SPECIFICATION TEST

| Source | SS | df | MS | | | |
|----------|------------|-----|------------|-----------------|--------|--|
| Model | 39.1891925 | 2 | 19.5945963 | Number of obs = | 167 | |
| Residual | 39.7423046 | 164 | .242331126 | F(2, 164) = | 80.86 | |
| Total | 78.9314971 | 166 | .475490947 | Prob > F = | 0.0000 | |
| | | | | R-squared = | 0.4965 | |
| | | | | Adj R-squared = | 0.4904 | |
| | | | | Root MSE = | .49227 | |

| lnper_capi~n | Coef. | Std. Err. | t | P> t | [95% Conf. Interval] | |
|--------------|-----------|-----------|-------|-------|----------------------|----------|
| _hat | -.9588334 | 2.477937 | -0.39 | 0.699 | -5.851606 | 3.933939 |
| _hatsq | .1152524 | .1457213 | 0.79 | 0.430 | -.1724794 | .4029842 |
| _cons | 8.295582 | 10.50972 | 0.79 | 0.431 | -12.45623 | 29.04739 |



MULTICOLLINEARITY TEST

| Variable | VIF | 1/VIF |
|-----------------|-------------|----------|
| dummysamp1~2 | 1.97 | 0.508564 |
| dummywater~2 | 1.74 | 0.573277 |
| dummymkt_d~1 | 1.50 | 0.667131 |
| asset_hold~g | 1.37 | 0.728715 |
| pesticide~e | 1.33 | 0.754320 |
| Indistance~t | 1.26 | 0.796257 |
| dummycashc~2 | 1.23 | 0.813537 |
| dummyexten~2 | 1.14 | 0.874497 |
| lnage | 1.13 | 0.886605 |
| dummyeduc~4 | 1.13 | 0.886908 |
| lnplot_irrig | 1.11 | 0.903937 |
| fertilizer~e | 1.10 | 0.907002 |
| lnlivestoc~d | 1.05 | 0.948298 |
| lnfamily_tot | 1.04 | 0.961359 |
| dummyhh_re~1 | 1.04 | 0.963882 |
| Mean VIF | 1.28 | |

6. CONCLUSION AND SUGGESTIONS

Based from the data analysis the following concluding remarks are noted.

- ✦ Using the STATA software, mean results of different socio-economic profiles are figured out. Mean of the total plot size and irrigable plot size are 0.84 and 0.16 hectares respectively, and the irrigable plot size seems by far lower. The mean per capita household expenditure and livestock holding are 5,894.42 and 4,576.26 birr respectively.
- ✦ Respondents where inquired to explain the major problem they are facing in the crop production via irrigation from diversion sources. 54 (27.55%) of the treated households replied that land for irrigation activity is too small to be engaged in the production at full capacity. The percentage for labour deficit, market and water adequacy problems is 21.94%, 15.31% and 11.22% respectively.
- ✦ Based on the multiple linear regression result, we found that asset holding, livestock holding market demand availability, water adequacy for irrigation, sample nature of the respondent, family size, household member relation to the family significantly affecting the per capita annual household consumption expenditure. However, variables like distance to market, cash crop production, agricultural extension service, pesticide, fertilizer, household head's education level, age and irrigable plot land found not to have significant effect on per capita annual consumption expenditure.
- ✦ The regression output states that, as the household livestock holding increases by 1%, then the effect to the per-capita annual consumption expenditure decreases by 6.9%, which is statistically significant at 10%. This result exhibits an adverse relationship between the explanatory and the dependent variable, implying that, household's labour and other resources need to concentrate in the irrigation activities.
- ✦ Market demand availability to agricultural produce from irrigation is to refer the intensity of adequacy to demand to the commodity under consideration, and here as the demand availability to commodities produced from irrigation increases by a unit, then the per capita annual consumption expenditure of the rural poor involved in the irrigation increases by 19.95%, this is statistically significant at 5%. This result exhibits positive relationship between demand adequacy to products from irrigation water and farmers income explained in consumption expenditure.
- ✦ Respondents were inquired to explain on whether they had adequate water source mainly small scale diversion for irrigation. This variable was regressed against household welfare, and the STATA result exhibited that, as the treated household's access to water resource for irrigation increases by a unit, then the per capita annual consumption expenditure increases by 63.61%, statistically significant at 5%. This result exhibits a positive relationship between the explanatory and the dependent variable, implying that, water source endowment to a location really matters.
- ✦ The regression output attempts to explain that, the consumption expenditure explained by household welfare increases by 31.36%, compared to the controlled households. This regression is significant at 5%. This implies that, as the household's participation in diversion small scale irrigation increases, their welfare and income increases.
- ✦ Coming again to household total family size as one explanatory variable, the regression output states that, as the household total family size increases by 1%, then their effect to the per capita annual consumption expenditure decreases by 25.54%, statistically significant at 5%. This result exhibits an adverse relationship between the explanatory and the dependent variable.

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THE ROLE OF SWAD IN ELIMINATING THE CONSTRAINTS OF WOMEN ENTREPRENEURS IN PURI DISTRICT, ODISHA

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ABSTRACT

Odisha is one of the states of the Indian Union whose performance in the contemporary world has been very weak. The state, which occupies 4.7 percent of India's total area and houses 3.47 percent of the population, contributes a little above 2 percent to the country's national income. In fact, 32.6 percent of its people live below poverty line, making Odisha one of the poorest states of the country. But, however, Odisha, in reality has tremendous potential for productive exploitation of land. She has a lot of resources, which are not fully utilized. If we view her agricultural side, we come across very low output. Being a coastal state, production is often hit by cyclones. It is also prone to droughts and floods. The industrial scenario is not rosy either – it's a case of huge potential but minimal gain. The rural poor are so trapped in the vicious circle of poverty that the challenges of overcoming it are acute. Fighting against all these odds, at the grassroots level, operates an NGO called SWAD (Society for Women Action Development) in Nuagaon, Puri District, Odisha. It has been very successful in developing the resource base for strengthening the community, particularly its women, and enabling the village to get the recognition of "Adarsh Gaon" or "The Ideal Village" of Odisha. The present research paper aims to throw light on (i) The various problems faced by the women entrepreneurs in the village; and (ii) The action plans adopted by SWAD to eliminate their problems.

KEYWORDS

Women entrepreneurs, Puri, Society for Women Action Development.

INTRODUCTION

The performance of the Indian economy over the past few years has placed the country in a privileged position, poised to become the next economic powerhouse of the world. India is projected to be the fastest growing economy till 2050 and India's share of global gross domestic product (GDP) is seen to be rising. This is indeed an admirable achievement regarding the growth of the economy but what about its development? What about the status of her women in society? It is now universally accepted that the best indicator of any society's stage of development is the economic status of her women. "The recognition of the production capacities and potential of women in development is very recent, though long over". Development proceedings in India has produced a mind – set which saw 'men' as "producers" and 'women' as "consumers", assigning men not only the tasks of production but also providing the education and training necessary for the same. Women, on the other hand, were assigned the tasks of familiar nutrition and consumption, ignoring their roles as producers. An analysis of the various facts regarding the status of women in society today reveals that though we are progressing, a lot still needs to be done for the upliftment of women. Though several laws have been passed for the benefit of women since Independence (like Suppression of Immoral Traffic Act, Dowry Prohibition Act, Equal Remuneration Act, etc.), they are full of loopholes and ambiguities. Moreover, many women, especially in rural areas, are unaware of their rights under the Acts. Aiming at overall growth of India, isolation of women, who constitute 50% the population, from the mainstream, must be avoided at all costs. It is necessary to realize that every issue is a woman's issue, and their contribution and role in the family as well as in the economic development and social processes are pivotal. There is no reason why the women of India should continue in the role - "inferior, oppressed and exploited beings completely dominated and overruled by man". The role of woman entrepreneurs in building the nation cannot be ignored.

RURAL WOMEN ENTREPRENEURS

A rural woman entrepreneur is a woman from the rural area who owns more than 51% of the shares of a company and at least 51% of their workforces are women. Entrepreneurship has shown great progress under the leadership of women. NGOs try to harness the qualities of women by setting up self – help groups (SHGs) in rural areas.

RURAL ENTREPRENEURSHIP DEVELOPMENT

Rural Entrepreneurship development is one of the solutions to the problem of poverty in rural areas. The civil society institutions, particularly the NGOs, are seen as agents who can help state agencies in implementing rural entrepreneurship. The EDP programs by them helps in strengthening the person's entrepreneurial motives and also imbues her with skills and capabilities necessary for playing the entrepreneurial role effectively.

NGOs

With the declining role of the state in social welfare and social services, NGOs (Non – Governmental organizations) are increasingly gaining importance and are looked upon as alternative agencies in promoting awareness, change and development in society. Informal structure & function and closeness to the people at the grassroots level are the distinct characteristics. NGOs approach to development is based on the important principle of peoples' participation.

SHGs

SHGs are a homogeneous group of rural poor, voluntarily formed to save small amounts, which is convenient to all the members and agreed upon by all to form a common fund corpus of the group from which lending to a needy member can be provided for meeting their productive and emergency credit needs. As observed by Goplakrishnan (1998), "all for all" is the principles behind a SHG. They act as a catalyst in facilitating project formulation and its effective implementation among the beneficiaries.

SWAD

One among the various NGOs and its SHGs who are doing good work by improving their women members happens to be SWAD (Society for Women Action Development) located at Nuagaon Puri, District, Odisha. The work done by SWAD has made Nuagaon "The Ideal Village" in Orissa. SWAD emerged from the humanitarian and women empowerment activities by some dedicated women in the rural area (Nuagaon Village) of Puri district, Odisha, in the year 1989. It got its legal entity in the year 1992. Since its inception, it has been working in the fields of socio-economic development of the marginalized programs, livelihood promotion and gender equity. This has been possible due to a charismatic lady, Mrs. Binapani Mishra, who is the secretary of SWAD. SWAD has gone a long way due to her dynamic leadership. SWAD aims at an equitable, egalitarian and harmonious society with holistic development of women and marginalized community. The operational area of SWAD covers 13 Gram Panchayats and 98 villages of Satyabadi Block and 2 Gram Panchayats of Puri Sadar Block.

THE MISSION STATEMENT OF SWAD

(i) To facilitate the process of development of women, marginalized and vulnerable community with focus on gender equity;

(ii) Reducing poverty as well as improving quality of life through capacity building, improvement of livelihood option, greater access to self governance and basic rights, series and needs; and

(iii) Ensuring environmental sustainability through local level initiative withstanding vulnerability and response to emergency.

THE STRATEGIC OBJECTIVES OF SWAD

(i) To sustain the livelihood options of the poorest of the poor and marginalized community.

(ii) To withstand disaster & respond to emergency through its community based preparedness and management.

(iii) To build the capacity of the community for spearheading the process of development.

(iv) To develop effective mechanism for greater participation and ownership of women in the development process and reduce gender disparity and social victimization.

(v) To enhance quality of life through provision of reproductive child health, safe drinking water and sanitation.

(vi) To ensure environment sustainability through promotion and protection of natural resource base.

In order to achieve these objectives, the focus areas of intervention are:-

(i) Women Empowerment.

(ii) Community Capacity Building.

(iii) Livelihood promotion focusing on sustainable agriculture and allied activities.

(iv) Community based disaster preparedness and management.

(v) Micro – finance and entrepreneurship development.

(vi) Bio – diversity conservation and Environment protection.

THE VALUES OF SWAD

(i) Judicious use of natural resources that can sustain the eco-system and livelihood;

(ii) The process involving community that will lead to development; and

(iii) Empowering women for establishing an equitable society.

Looking into the work done by SWAD and the progress made by it, a lot of organizations have joined hands with it. SWAD has partnership and affiliation with organizations like:-

1. OXFAM G.B., Kolkatta.
2. CONCERN World Wide, Dublin, Ireland.
3. TOYOTA MOTOR CORPORATION, JAPAN.
4. CENDRET, XIM, Bhubaneswar.
5. Rastriya Mahila Kosh, Govt. of India.
6. UNICEF, Bhubaneswar,
7. INDIA WATER PARTNERSHIP & GLOBAL WATER PARTNERSHIP.
8. CAPNET INDIA, Gujarat.
9. CAPART, East Zone, Bhubaneswar.
10. Nehru Yuva Kendra, Puri.
11. ODMM, Bhubaneswar.
12. SANHATI, Bhubaneswar.
13. Puri District Disaster Mitigation Forum, Puri.

REVIEW OF LITERATURE

“NGOs and development: The Indian scenario” – edited by S.N.Pawar, J.B Ambedkar and D. Shrikant focused on NGOs. It tells us about how NGOs are an important link between people at the grassroots, civil society and state. NGOs are instrumental in creating areas and implementing development programs in agriculture, education, women empowerment, family welfare and so on. They went on to say how NGOs are alternative modes of development thinking in India. “Development and Empowerment – Rural women in India” edited by Jaya Arunchalan and U. Kalpagam throws light on the issues of rural development. They have discussed on the trends and patterns of agricultural development, which has not been favorable to women, especially the rural women, who face marginalization.

“NGOs in India” by R. Sooryamurthy and K.D.Gangadar is a cross – sectional study, focusing on NGOs that work in the areas of rural development, women and children. The book sheds light on the contributions of this sector in the spheres of social welfare, empowerment, service and rural development. In addition, the problems and difficulties experienced by NGOs are analyzed and explained.

The book “State, NGOs and Disaster Management” written by Kishor C Samuel, Shiblal Mohan, Nilakantha Panigrahi and Shrikant Mohanty analyses the impact of 1999 super cyclone in Orissa on the livelihood of poor and vulnerable groups and the response of outside agencies including NGOs in relief and construction. It also details strategies adopted by weaker sections to cope with the situation.

“Women and Society” – edited by I.Satya Sundaram (1997) contains all the aspects of rural development in the Indian context. He says rural development remains an uphill task due to the complexity of problems existing in the rural sector. The rural sector requires a multi-dimensional approach to reach cost-effective solutions to these problems.

According to Mohiuddin (2006) women (in his study) became entrepreneurs due to the following reasons - (a) Economic needs. (b) As a challenge to satisfy some of their personality needs like power, achievement novel experience, etc. (c) Educated women like to utilize their knowledge gained. (d) Family occupation and (e) As leisure time activity. He says these women face the same difficulties as men.

Singh, Sengal, Tinani and Sengupta (1986) carried out an exploratory study of successful women entrepreneurs. They examined their identity, expectations, motivations, types of problems encountered by them to reach the level of success and the operational problems they were confronting.

BACKGROUND OF THE AREA SELECTED FOR STUDY

Odisha, located on the eastern coast of India, is a rich state (with its bountiful natural resources) inhabited by the poor (some still continuing with their way of life since the Stone Age having very little contact with modern life) making her one of the poorest state of the Indian Union. Odisha has 30 districts and Puri district is one of them. The holy city, Puri, attracts a large number of tourists from all over the world, which contributes significantly to the economy of the district. It has 11 community development blocks. The total geographical area of the district is 3051 Sq. Km with a population of 1,698,730 (according to 2011 census). The main occupation of the district is cultivation (45.85%), followed by agricultural labor, and about 45.08 percent of the main workers are engaged in livestock, forestry, fishing, plantation, orchards, etc. Coconut plantation is an important feature of the district. This district, which comes under the coastal belt, is prone to natural disasters like floods, cyclones and droughts. The poor socio-economic condition and the thatched dwelling houses makes the poorest of the poor more vulnerable at the time of disaster. Quality of life is also at threat due to shortage of safe drinking ground water arising from the fact that the government has banned bore point for lift irrigation in agriculture. Frequent loss of crops leads to the low income of the farmers as well as the daily laborers. Crop failure, unemployment and under employment all end up in area desertification. The women and the children have been the silent sufferers of the situation.

IMPORTANCE OF THE STUDY

Work by rural women in the region of Puri District, Odisha, is marked by invisibility both on account of cognitive blinkers and enumerative deficiencies. But, in fact, they are more overworked both in house work and care of children while also attending to homestead work like tending to livestock, post – harvest work, etc. With dire poverty, women still preferred (or were rather forced) to occupy a crucial role in the management of household responsibilities. It was SWAD which encouraged women and motivated them to come out of their homes for their own welfare as well as their families. This study is intended to take stock of the contemporary challenges in rural women's empowerment and to work towards viable solutions through SWAD. The action plans adopted by SWAD to eliminate the problems of women entrepreneurs, their future plans as well as any information gathered through this study is expected to raise the living standard of women in the district.

OBJECTIVES

1. To examine the demographic profile of women entrepreneurs in Puri district, Odisha.
2. To identify the problems of women in setting up and running their enterprise.
3. To study the social standing of women in the household and society after being helped by SWAD.
4. To study the internal dynamics of SWAD.
5. To offer suggestions based on the findings of the study.

ASSUMPTIONS

1. Households are sites for co-operation and women development.
2. Markets are neutral (to gender and other social relations) and are about efficient allocation of resources.
3. State is about national interest and welfare of citizens including women.
4. Community is about service provision and promotion of a moral society.
5. NGOs are institutions which act as pillars for welfare of society.

RESEARCH METHODOLOGY

SCOPE OF STUDY: The study found out the problems which are unique to women entrepreneurs in Puri district, Odisha and then focused its attention on the role of SWAD in eliminating their problems. The information thus gathered by conducting a systematic research was helpful in finding out ways and means of capacity – building in women entrepreneurs.

AREA OF STUDY: The study was conducted in seven villages of Puri district, Orissa. They are Nuagaon, Uttan Sahi, Basudeipur, Dubuduba, Panivandar, Jaypur-Sethisahi and Balpur – Pandasahi. The logic of studying these seven villages is that these are the villages which have made some progress and could give a clear idea about the work participation of women and their changing status as well as the role of SWAD in bringing about the change. The stake holders who have been included in the study are women, scheduled caste, poorest of the poor families and marginal farmers. 14 SHGs have been covered and the women selected are carrying on 13 different types of businesses.

COLLECTION OF DATA: This study was carried out on the basis of collection of both primary as well as secondary data.

The major tool used for data collection is two structured schedules.

- (i) A few members of the SHGs were chosen randomly and interviewed which was recorded in the "Schedule for members of SHGs"
- (ii) Some members of the organization SWAD were also interviewed and it was written down in the "Schedule for Executive Members of SWAD".

The first schedule gave an insight into the problems of women entrepreneurs while the latter one gave knowledge about the establishment and growth of the organization, its structure, policies, etc.

Personal interviews were used to interview and get information from the members of SWAD. The administrative personnel were also interviewed to know about the various aspects of the working of the NGO.

The above primary data will be further reinforced by secondary data elicited from newspapers, books, journals, magazines, internet and government agencies.

SAMPLING UNIT: For this survey, the sampling unit consisted of women entrepreneurs who are members of SHGs organized by SWAD and some executive members of SWAD.

SAMPLING DESIGN: A simple random technique was adopted to select the representative sample from the sampling unit. 128 women entrepreneurs were chosen for the study out of which 18 questionnaires were edited because of insufficient information. So the sample size for the present study was 110.

TOOLS OF ANALYSIS: The data which was collected was analyzed using appropriate statistical techniques. The statistical tools used for analyzing the study data include Simple Averages, Percentages and Totals.

LIMITATIONS

1. The findings of the study are based on the assumption that the respondents divulged correct information.
2. Bias and unwillingness of certain respondents to answering some questions may hinder the study.
3. The study is relevant only to Puri district and also to the present situation and not to future.
4. Some questions are answered by spouses and this may reduce the reliability of the study.
5. Due to paucity of time only limited data is being presented in this study.
6. Because of distance and transportation problem, only limited areas were selected.
7. The study is based on the perceptions of the women entrepreneurs. Their attitudes may change with the change in time.

FINDINGS OF THE STUDY

1. It is inferred that more than half of the women entrepreneurs (58%) are from backward classes.
2. Most of these women entrepreneurs are either illiterate (45%) or semi literate (47%).
3. 57% of these women entrepreneurs are single, i.e. either unmarried, widows or divorcees.
4. Joint family system is still predominant there with 84% of them belonging to joint families.
5. Half of them are first generation entrepreneurs with 61% of them having no previous experience of working.
6. 59% of them work for 4-8 hours in a day for their business and contribute to their family's income.
7. They are mostly into manufacturing (92%) and sell both in cash & credit (93%).
8. Most of them (89%) do not have separate office buildings, they managed from their home.
9. It is also inferred that 67% of them run their business on borrowed funds, and that to mostly from SHGs (76%).
10. The greatest single issue faced by women entrepreneurs under study was finance - both start-up finance as well as growth finance. 81 out of 110 respondents rated difficulties with access to start-up finance while 93 out of 110 had problems getting finance for growth.
11. Lack of entrepreneurial & management skills were felt to be a problem for women entrepreneurs. 97 out of 110 respondents reported this problem. This was because of their educational level, less training undergone, lack of confidence and less family support.
12. Another problem faced by women was lack of awareness of business support. 89 out of 110 respondents reported this fact and felt women were particularly disadvantaged in this respect.
13. Difficulties with access to markets and/or lack of marketing skills are rated highly as problems by the responding women entrepreneurs. 75% of the women lacked marketing skills while 89% did not know where the market for their product was and where they should go and sell their goods.

14. Access to technology was another problem faced by women entrepreneurs. 92% of the respondents did not have any access to technology and most of them were simply aware of technology through training camps.
15. One of the production problems faced by a lot of women was non-availability of raw materials. 70% of the women entrepreneurs reported this fact. They felt this was one of the reasons of the slow growth of women entrepreneurs. Major causable factors for this were that the raw materials were not easily available as there are times of shortage; if there were available the price was very high which they could not afford; at times they did not have information as to when its available in the market; and some women reported that despite all the other factors being favorable, they could not make themselves free from domestic chores to go and purchase it.
16. A great deterrent to women entrepreneurs is that they were women. A kind of male dominant social order is the building block to them in their way towards business. Less support from family, mobility constraints, weak collateral position & lack of professional education are proof for this.
17. Low – level risk taking attitude is another factor affecting women entrepreneurs. Because of their educational level and financial position, they are not ready to take risks (59%) and prefer to start very small – scale enterprises which eventually do not generate surplus for reinvestment.
18. Lack of family support was another major hurdle to woman entrepreneurship. 74 out of 110 women had problems in doing business when their family members did not support them. Amongst the 74 respondents who said they have got family support, only 28 said they were helped by male members of the family while the rest 46 were being helped by the female members.
19. Women entrepreneurs do not get much help from the financial institutions. One of the chief reasons for this is their weak collateral position. 102 out of 110 respondents said they neither have any property in their own name or family name.
20. Another problem faced by these women entrepreneurs was “lack of proper storage facilities”. 94% of the respondents suffered from this and stored their goods wherever they found place in the house. A lot of goods were destroyed because of this reason only.
21. The Organization SWAD is by nature a woman-friendly organization. It believes in motivating people and goes and meets every woman of the village. 90% of the respondent women are entrepreneurs today because of SWAD.
22. SWAD has made a good attempt at having formed many SHGs. 14 SHGs in 7 villages is definitely a good endeavor. All the 110 women entrepreneurs are members of SHGs. SWAD believes SHGs solves most of the problems of a rural woman entrepreneur.
23. EDP programs are conducted by SWAD. They make efforts to see that all the women entrepreneurs undergo training. Till now 105 out of 110 respondents have done EDP. All did not come at the first request - repeated request had to be made to get a score of 95.5% trained women entrepreneurs.
24. SWAD conducts health programs and free health camps in the village. 72.7% of the women entrepreneurs have benefited from it.
25. The members of SWAD have counseled men from the village as they felt sensitizing men about gender related issues would go a long way in increasing the efficiency of women entrepreneurs. Each woman entrepreneurs was supposed to bring one male from her house for counseling but however in total only 44 men turned up.
26. SWAD has brought about a holistic development in most women (107 out of 110) who have come in contact with them. SWAD has helped them to resolve family issues easily, taught them the importance of education, how environment protection is necessary, etc. This has increased the confidence of many women (100 out of 110).
27. Regular feedback is taken from women entrepreneurs before policy formulation as reported by 70% of the women.
28. Women entrepreneurs are guided by SWAD members before and while doing business. 67.3% of them confirmed receiving guidance.
29. SWAD has made women aware of technological development in their field of business. 32.7% have responded to having been given training on this with the help of D.I.C.
30. SWAD has started to help these women entrepreneurs to get loans from outside sources (mostly banks) but right now only 18 beneficiaries are there.
31. Some major impacts of the action plans of SWAD is that 73.6% of the women felt their business is doing better now as a result of which income had increased (as reported by 89.1% of them). With all 110 earning now they feel they are better off and because of their economic position, they are respected more.
32. As a result of the EDP training given to the women entrepreneurs, one positive impact is the increase in the number of first generation rural women entrepreneurs. Earlier there were only 2 of them but now it has increased to 55.
33. Very important decisions regarding business like how to price your product, how to reinvest your profits, least wastage of scarce resources, etc. are some learning imparted to by SWAD during their EDP sessions.
34. SWAD has raised the standard of living of many women. From 85 (out of 110) BPL families, SWAD has now helped 55 families to cross the BPL. Now only 30 families are BPL families.
35. 78 out of the 110 women entrepreneurs said that they have better knowledge of finance now & can handle it more efficiently.
36. One of the most important impacts of the existence of SWAD is that it has helped women grow as individuals to have a stand in society. They are able to deal & solve family problems now; motivate other women; know the importance of education, hence they send their children to school & attend adult education classes themselves; as well as they are aware of the effects of a clean environment.

SUGGESTIONS

Based on the findings of the analysis, the following suggestions can be submitted, which is mainly to be undertaken by the NGO in their area with the support of the Government.

1. Efforts should be made to cover up their entire start-up finance since the credit needs are very small.
2. Repeated loans should be granted to efficient women entrepreneurs.
3. SWAD can stand as guarantee to loans.
4. Society's attitude towards women entrepreneurs needs to change. All the men in these villages should be made aware of gender issues.
5. Better motivational aids will help them becomes more efficient. Case studies and audio – visuals of successful woman entrepreneurs can be shown repeatedly.
6. Awareness amongst women and support agencies can be achieved by publicity. The products produced by the women entrepreneurs can be exhibited or film slides can be prepared or TV interviews and panel discussions can be arranged.
7. Inculcating marketing skills is absolutely essential for growth and success of any entrepreneurs. To start with, SWAD can go in for mobile marketing vans.
8. SWAD can construct storage houses which can be shared by the woman entrepreneurs to stock their goods. In return they can pay monthly rent which can be used for its maintenance.
9. SWAD can enter into agreements with suppliers for regular supply of raw materials.
10. Proper packaging facilities should be provided for those goods which can get damaged during transportation (like stone statues which chip off easily).
11. A “Women Entrepreneur Guidance Cell” to handle various problems can be set up by the SWAD.
12. Continuous monitoring of business and improvement in training programs is needed.
13. Infrastructure, in the form of industrial plots and sheds, can be set up by SWAD with the help of either the Government or other funding agencies.
14. To market their goods, weekly bazaars can be set up in nearby towns or cities.
15. Craftswomen should produce goods which have multiple uses to increase demand.
16. SWAD can help the women price the goods properly to earn some profit.
17. Frequent meetings of SHGs needs to be organized (once a week). SHGs enable women to mobilize and articulate their issues in groups, to define their needs and access resources and abilities to address the same.
18. Knowledge of latest technology and education level are significant factors that affect business. Adequate training programs needs to be organized.

19. Training should be both for trainers and trainees. The process of training should not be fluid but tailored to the needs and expectations of the women trainees. The training material should be, wherever necessary, pictorial to aid better understanding.
20. SWAD should undertake literacy improvement programs – political legal, social and cultural literacy. Then only they can be aware of various organizations for business support.
21. SWAD can develop a network of woman entrepreneurs.
22. Repeated counseling is needed to help them realize their potential or their strength areas. Mentoring is crucial for women- owned business. SWAD should undertake this responsibility.

CONCLUSION

SWAD has been playing a significant role in rural and women development in Puri District, Odisha. It has, by and large, stimulated civic consciousness, mobilized women and ensured their effective participation in rural development. It has raised its own and outside resources to transact developmental programs for the weaker segments. In the process of development transaction, it has secured co-operation of the women and built confidence amongst the women participants. It has established harmonious relations with the women of the villages; ensured involvement and participation of these women, local people and government departments in the formulation of development plans; its subsequent implementation based upon the identified felt needs of the women and executed it on a non – political and non – profit basis.

SWAD has played a crucial role in selecting backward cluster of villages; assessing resource endowments in these areas; HRD through training; organized and set up SHGs, ensured that loans are strictly utilized for the purpose for which it is sanctioned; liaison work between women and other organizations; promotion of harmony in the district; held frequent health camps; raised income levels of families and so on. In fact, SWAD has acted as a catalyst to bring about all – round development of women.

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ANNEXURE

TABLE NO-1: SHOWING THE GENERAL PROFILE OF THE WOMEN ENTREPRENEURS

| SL.NO. | PARTICULARS | CLASSIFICATION | NUMBER | % |
|--------|--------------------------------|--------------------------------|--------|-----|
| 1 | Community | Forward | 46 | 42 |
| | | Backward | 28 | 25 |
| | | SC/ST | 36 | 33 |
| 2 | Marital status | Married | 47 | 43 |
| | | Unmarried | 39 | 35 |
| | | Widow | 23 | 21 |
| | | Divorced | 1 | 0.9 |
| 3 | Literacy level | Illiterate | 49 | 45 |
| | | SSLC | 52 | 47 |
| | | Degree | 8 | 7.3 |
| | | Technical | 1 | 0.9 |
| 4 | Family type | Nuclear | 18 | 16 |
| | | Joint family | 92 | 84 |
| 5 | Category | First generation entrepreneurs | 55 | 50 |
| | | Parents as entrepreneurs | 34 | 31 |
| | | In-laws as entrepreneurs | 21 | 19 |
| 6 | Experience | Yes | 43 | 39 |
| | | No | 67 | 61 |
| 7 | Support from family members | Yes | 48 | 44 |
| | | No | 62 | 56 |
| 8 | Form of help from family | Manual | 58 | 53 |
| | | Advices | 42 | 38 |
| | | Financial help | 10 | 9.1 |
| 9 | Contribution to the family | Up to 25% | 41 | 37 |
| | | 25-50% | 35 | 32 |
| | | 50-75% | 28 | 25 |
| | | 75-100% | 6 | 5.5 |
| 10 | Time spent on business | Up to 4 hours | 37 | 34 |
| | | 4-8 hours | 65 | 59 |
| | | 8-12 hours | 7 | 6.4 |
| | | > 12 hours | 1 | 0.9 |
| 11 | Nature of the factory building | Part of the house | 98 | 89 |
| | | Separate building | 12 | 11 |
| 12 | Type of enterprise | Manufacturing | 101 | 92 |
| | | Trading | 0 | 0 |
| | | Service | 9 | 8.2 |
| 13 | Mode of sales | Cash | 8 | 7.3 |
| | | Both cash & credit | 102 | 93 |
| 14 | Sources of finance | Own funds only | 0 | 0 |
| | | Own & borrowed funds | 36 | 33 |
| | | Borrowed funds only | 74 | 67 |
| 15 | Sources of borrowings | Relatives | 8 | 7.3 |
| | | Friends | 2 | 1.8 |
| | | Commercial banks | 16 | 15 |
| | | NGO & SHG | 84 | 76 |

Source: Primary data

TABLE NO-2: SHOWING THE MAIN PROBLEMS OF THE WOMEN ENTREPRENEURS

| SL.NO. | CATEGORY | DETAILS | RESPONSES | | % | |
|--------|--------------------|---|---------------|------------------|--------|---------|
| | | | WITH PROBLEMS | WITHOUT PROBLEMS | PROB | NO PROB |
| 1 | FINANCE | FINANCIAL FREEDOM | 78 | 32 | 70.909 | 29.090 |
| | | START-UP FINANCE | 81 | 29 | 73.636 | 26.363 |
| | | GROWTH FINANCE | 93 | 17 | 84.545 | 15.454 |
| 2 | FAMILY | ABSENCE OF BALANCE BETWEEN HOME & WORK | 68 | 42 | 61.818 | 38.181 |
| | | SUPPORT FROM FAMILY | 74 | 36 | 67.273 | 32.727 |
| | | MOBILITY CONSTRAINTS | 96 | 14 | 87.273 | 12.727 |
| | | WEAK COLLATERAL POSITION | 102 | 8 | 92.727 | 7.272 |
| 3 | EDUCATION | PROFESSIONAL EDUCATION | 105 | 5 | 95.454 | 4.545 |
| | | ENTREPRENEURIAL SKILLS | 97 | 13 | 88.181 | 11.818 |
| | | WORKING WITH MALE WORKERS | 86 | 24 | 78.181 | 21.818 |
| | | INTERACTION WITH SUCCESSFUL ENTREPRENEURS | 98 | 12 | 89.090 | 10.909 |
| | | MARKETING SKILLS | 83 | 27 | 75.454 | 24.545 |
| | | ACCESS TO TECHNOLOGY | 102 | 8 | 92.727 | 7.2727 |
| | | ACCESS TO MAKET | 98 | 12 | 89.090 | 10.909 |
| 4 | ATTITUDE & MINDSET | AWARENESS OF BUSINESS SUPPORT | 89 | 21 | 80.909 | 19.091 |
| | | DEFINITE AGENDA IN LIFE | 81 | 29 | 73.636 | 26.363 |
| | | SELF-CONFIDENCE | 62 | 48 | 56.364 | 43.636 |
| | | RISK BEARING CAPACITY | 65 | 45 | 59.091 | 40.909 |
| 5 | OTHER PROBLEMS | AWARE OF OWN TALENTS & CAPACITIES | 72 | 38 | 65.455 | 34.545 |
| | | RAW MATERIALS | 78 | 32 | 70.909 | 29.090 |
| | | STORAGE PROBLEMS | 104 | 6 | 94.545 | 5.454 |

Source: Primary data

TABLE NO-3: SHOWING THE ACTION PLANS ADOPTED BY SWAD

| SL.NO | ACTION PLANS | NO. OF BENEFICIARIES | TOTAL | % |
|-------|---|----------------------|-------|------|
| 1 | MOTIVATES WOMEN | 99 | 110 | 90 |
| 2 | EDP | 105 | 110 | 95.5 |
| 3 | SHGs TO SOLVE PROBLEMS | 110 | 110 | 100 |
| 4 | CONDUCTS HEALTH CAMPS | 80 | 110 | 72.7 |
| 5 | HELPED MEMBERS TO GET LOANS FROM OTHER SOURCES | 18 | 110 | 16.4 |
| 6 | TRAINING ON TECHNOLOGY | 36 | 110 | 32.7 |
| 7 | GENDER SENSIDIZATION | 44 | 110 | 40 |
| 8 | GUIDANCE TO START & RUN BUSINESS | 74 | 110 | 67.3 |
| 9 | ACTION PLANS BASED ON WOMEN ENTREPRENEURS' FEEDBACK | 77 | 110 | 70 |
| 10 | HOLISTIC DEVELOPMENT OF WOMEN | 107 | 110 | 97.3 |

Source: Primary data

TABLE NO-4: SHOWING THE IMPACT OF THE ACTION PLANS ON WOMEN ENTREPRENEURS

| SL.NO | IMPACT OF ACTION PLANS BY SWAD | NO. OF BENEFICIARIES | TOTAL | % |
|-------|--|----------------------|-------|------|
| 1 | INCREASE IN CONFIDENCE OF WOMEN ENTREPRENEURS | 100 | 110 | 90.9 |
| 2 | INCREASE IN THEIR STATUS | 76 | 110 | 69.1 |
| 3 | AWARENESS OF IMPORTANCE OF ONE'S OWN HEALTH | 80 | 110 | 72.7 |
| 4 | INCREASE IN INCOME | 98 | 110 | 89.1 |
| 5 | IMPROVED BUSINESS | 81 | 110 | 73.6 |
| 6 | INCREASE IN THE NUMBER OF START-UPS | | | |
| | <i>NO. OF START-UPS BEFORE JOINING SHGs</i> | 2 | 110 | 1.82 |
| | <i>NO. OF START-UPS AFTER JOINING SHGs</i> | 93 | 110 | 84.5 |
| 7 | TAKE HOME FROM TRAINING SESSIONS | | | |
| | <i>PURCHASE OF RAW MATERIALS</i> | 88 | 110 | 80 |
| | <i>PROPER PRICING</i> | 92 | 110 | 83.6 |
| | <i>PROPER MARKETING</i> | 73 | 110 | 66.4 |
| | <i>ENVIRONMENT POLLUTION</i> | 98 | 110 | 89.1 |
| | <i>LEAST WASTAGE OF RESOURCES</i> | 89 | 110 | 80.9 |
| 8 | MEMBERS WHO HAVE GROWN AS INDIVIDUALS | | | |
| | <i>SOLVED FAMILY PROBLEMS</i> | 82 | 110 | 74.5 |
| | <i>MOTIVATED OTHER WOMEN</i> | 96 | 110 | 87.3 |
| | <i>KNEW THE IMPORTANCE OF EDUCATION</i> | 75 | 110 | 68.2 |
| | <i>GAVE IMPORTANCE TO CLEANLINESS OF THE SURROUNDING</i> | 101 | 110 | 91.8 |
| | <i>KNEW HOW TO MAKE OPTIMUM USE OF SPACE</i> | 103 | 110 | 93.6 |
| 9 | RAISED STANDARD OF LIVING | | | |
| | <i>NO. OF BPL FAMILIES BEFORE JOINING SHGs</i> | 85 | 110 | 77.3 |
| | <i>NO. OF BPL FAMILIES AFTER JOINING SHGs</i> | 30 | 110 | 27.3 |
| 10 | INCREASE IN FINANCIAL MANAGEMENT | 78 | 110 | 70.9 |

Source: Primary data

SOCIO-ECONOMIC FACTORS CAUSED FOR FARMER SUICIDES IN MAHABUBNAGAR DISTRICT: A SURVEY ANALYSIS

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ABSTRACT

At that time, there was a proper balance between agriculture and industry and both flourished hand in hand. This situation has not continued after 1991 reforms. Especially drought prone areas were hit again and again by nature and government policies. This indeed made to face worst time ever to farmers socially and economically, also remind the government failure. The main aim this paper is to understand the how socio-economic factors lead to commit suicide and their impact on farmers' suicide in Mahabubnagar district of Telangana state. Total 50 victim families from ten mandals of the district were selected for this study. A structured questionnaire along with unstructured interview method was used to collect data from deceased families. Multiple linear regression were used to test the causal relationship between socio-economic factors on farmers' suicide. Findings reveal the social factors such as, cultivation experience of the farmer and ineffectiveness of Pesticides were the major causes. On the other hand, economic factors like, types of family expenditures and increased cultivation cost were hit majorly. There is need of honesty is required from pesticides dealers while dealing, supplying and explaining about pesticides.

KEYWORDS

Agricultural crisis, Economic Factors, Farmer Suicides, Mahabubnagar, Social factors.

INTRODUCTION

AGRICULTURE CRISIS: Indian agriculture had reached the stage of development and maturity much before the now advanced countries of the world embarked on the path of progress. At that time, there was a proper balance between agriculture and industry and both flourished hand in hand. This situation continued till the middle of the eighteenth century. The interference from the alien British government and its deliberate policy of throttling the village handicrafts and cottage industries destroyed the fiber of balance and the economy of the country was badly shattered. Britishers pursued a typical colonial policy in India and did nothing to develop (or Restore) agriculture. Instead, they created a class of intermediaries known as zamindars who sucked the very blood out of the rural poor. A substantial part of the produce was taken away by this parasitic class and the actual cultivator was left only with subsistence income. The cultivators had neither the resources nor the incentive to invest in agriculture. Therefore, Indian agriculture in the pre-Independence period can be correctly described as a 'subsistence' occupation. It was only after the advent of planning (and more precisely after the advent of green revolution in 1966) that some farmers started adopting agriculture on a commercial basis. At the time of the First World War, agriculture contributed two-thirds of national income and after the initiation of planning in India, the share of agriculture GDP declined from 55.3 percent in 1950-51, and 37.9 per cent in 1980-81 and further to 12 in 2012. In 1951, 69.5 per cent of the working population was engaged in agriculture. This percentage fell to 52.1 percent in 2004-05 of underemployment and disguised unemployment. The capital formation is needed for economic development of the country, in its absence labour migration to non-farm activities, agriculture product's price inflation and taxation against agriculture may be applied. India, who exported the agricultural goods while earlier independence now seems to be the share of agricultural goods in total exports has consistently fallen. For instance, the share of agricultural exports in total exports was, 44.2 per cent in 1960-61, this fell consistently to 30.7 per cent in 1980-81 and 1 per cent in 2008-09. Mathew (2008) has explained six major causes for agriculture crisis because of globalization policies in India they are: liberal import of agricultural products, cutback in agricultural subsidies, lack of easy and low-cost loan to agriculture, decline in government investment in the agricultural sector, restructuring of the public distribution system (PDS), and special economic zones are the major reason for agriculture crisis in India.

DROUGHT PRONE AREAS: Deforestation, neglecting surface water storage, choosing high water consumption crops, exploitation of ground water and sand mining in river beds making the drought prone areas to suffer even more. These climatic and human intervention reasons are pushing the farmers in to high risk zone when they are changing cropping pattern even in the normal season. Mostly small and marginal farmers' cultivating the fully water depend crops increasing cost of drought. Farmers in drought-prone areas of un-divided Andhra Pradesh face special problems related to the following: poor resource endowments including poor soils, degraded forest and low/untimely rainfall; frequent and often consecutive crop failures due to drought; lack of assured irrigation; lack of alternate livelihood opportunities such as dairying, poultry, etc.; lack of adequate wage employment; generally underdeveloped public facilities, implying lack of access to health facilities even at primary and secondary levels.

FARMER SUICIDES: One of the most disquieting development in the era of the neo-liberal policy in India has been widespread occurrence of farmers' suicides in different parts of the country including not only the drought prone areas of Andhra Pradesh, Karnataka and Maharashtra but also a state of heavy rainfall like Kerala, as also a state like Punjab with large areas under irrigation. With the preoccupation of the government with the rate of economic growth and promotion of the private sector in the secondary and tertiary sectors, that is, industrial and service sectors, the agricultural sector and the sector of rural development were neglected. The government did not wake up for many years to attend to this phenomenon. The Finance Minister was disturbed by the fall in the stock exchange and elated when the stock exchange rose. The Reserve Bank, forgetting its responsibility for the agricultural and rural sector, started concentrating on what it considered to be its legitimate concern, namely, monetary policy and sound banking, mainly measured in terms of profit and loss. It is estimated that more than one-and-a-half lakh farmers committed suicide. This is indeed a black mark on the economic performance of the government. Farmers are belong to different caste groups and not only small and marginal farmers but even those owning larger holdings, which in the context of dry agriculture are not enough to enable the farmers' families to take out livelihood. The suicides of the breadwinner, whether young or old, leave the families desolate and disrupt the social order. According to Dubhashi (2008) has explained the causes of farmers' suicides are both economic and social. The economic causes are: Growing expenditure, especially on bought inputs, low productivity, in-adequate prices of agriculture produce and difficulties in marketing and marketing hazards, natural hazards caused by drought, absence of proper crop planning, unsatisfactory agriculture credit and accumulated burden of debt. Similarly social causes are: the drinking habit which atrophies the productivity of the farmer, extravagant expenditure on marriages, bad health and illness and inability to meet the necessary expenditure on medicine and health services.

LITERATURE REVIEW

V.S Vyas (1994) points out four major weaknesses that plague Indian agriculture a) Preponderance of low value agriculture, b) Low cost-benefit ratio, c) Inefficient use of natural resources. Vyas also says that the income levels of Indian farmers are less. The Green Revolution tremendously increased food production and accelerated the pace of modernization and urbanization in India. On the negative side, it also created serious regional imbalances and increased the gap between the size classes of the farmers.

Mohan kanda (1997) tries to find out reasons for shortfall in agricultural credit and suggests remedies. Found that there exists a large gap between availability of credit and dependence of farmers on informal sources, and there is no improvement in the rural credit sector. There are few problems like continuous decline in the number of primary agricultural cooperatives, shortfall in the disbursement of agricultural credit and investment in agriculture.

According to citizen's report on 'Gathering Agrarian Crisis-Farmers' suicides in Warangal District of Andhra Pradesh by A. Sudarshan Reddy (1998) The other reason must be the inability of very small farms to generate adequate income and employment to keep him as cultivator.

Deshpande (2002) According to him it's mainly due to such interlocking that the farmers tend to buy spurious pesticides from the vendors, as well as fall into a debt trap and he argues that the proactive role of pesticide companies and their marketing strategies are largely responsible for heavy application of pesticides. He emphasizes that Crop insurance has operated for a long as crop credit insurance and did not provide a sufficient safety net cover to the farmers and . It is only now that the scheme is likely to be effective, with the establishment of a separate authority for administering crop insurance. He continues that Market inadequacy and crash in prices were reported as major reasons for farmers' distress. However, a sudden crash in prices and consistently lower prices disproportionate to the price level of inputs causes severe agony and economic stress in the farm family. The prevailing market intervention schemes and MSP do not adequately support the farmers without a time lag and are therefore completely ineffective. He says that the committee emphasized on support sub-system through facilities for healthcare, awareness of the harmful effects of alcohol, crop insurance, and rationalization of the credit system. He said that a broader economic perspective, the farmers who died were entrepreneurs who tried to adopt new ventures. Unfortunately, their life was cut short due to unexpected happenings and a lack of opportunity for them.

Bhowani Sen (2002) research done in Maharashtra and West Bengal states, Productive resources pumped into the rural economy are nabbed by vested interests and so the vast mass of tillers of the soil, who alone are able to increase the production, are largely deprived of the benefits

Dr. Prabhakara Reddy Tada (2004) made an attempt to study the reasons for the farmers' deaths and to suggest the policy prescription to avert the suicides. It was found that the farmers are committing suicides in AP due to lack of adequate irrigation, mounting debt burden in the absence of institutional credit, lack of MSP and its implementation and absence of crop insurance scheme etc. It was also found that 25% of farmers committed suicides are tenant farmers.

Dutt and Sundaran (2004) found that one of the major problems faced by the lending institutions. The Planning Commission issued a statement stating that, willful default and over dues are mounting in a number of states like Maharashtra and Gujarat.

N. Chandra ShekaraRao (2004) made an attempt to study the phenomenon of suicides of farmers during nineties in the country in the background of domestic and trade liberalization and in a macro-economic perspective. He said that trade liberalization had adversely affected the agrarian economy of the country. Along with this sharper decline in absolute productivity, price uncertainty, rise in costs, decline in credit and non-farm work intensified the crisis. It is said that overuse or indiscriminate use of pesticides, and poor spraying techniques by uninformed farmers have resulted in bollworm developing.

Chowdary, Yatindranath and Adiga (2004) analyzed the reasons behind the suicides. According to him, the major factors leading to agricultural difficulties are, negligence of the agricultural sector by the state and central government, no-remunerative nature of farming, indebtedness of farmers, low quality seeds, overuse of fertilizers and pesticides, declining productivity, lack of efficient irrigation facilities, power supply shortage, inefficient agricultural extension services, diminishing public interest in the agricultural sector, absence of proper agricultural insurance, falling agricultural prices.

V.M. Rao and Gopalappa (2004) Suicides among farmers have emerged as an important issue in the country. Farmer suicides are happening in many parts of the country. Maharashtra witnessed a spate of suicides among farming communities. Mohanty (2004) says that agro climatic and socio cultural features of Maharashtra are different from that of Andhra Pradesh and Karnataka. Commercial cultivation is largely undertaken in the state, especially cotton. But institutional facilities are not up to the mark.

Sridhar (2006) tried to know the reasons behind committing suicides by farmers, particularly in the case of AP. He said that suicidal behavior is determined by internal domain, relates to factors, which operate at the level of the individual. The other is external, which suggests that larger social processes determine suicidal behavior. He said that the phenomenon of suicide is therefore widely regarded to be a result of individual's inability to cope with sudden and cataclysmic changes in socio-economic conditions. Soil degradation and inappropriate agricultural practices, rising cost of inputs, wild fluctuations in farm output prices and rising indebtedness are also the reason behind this phenomenon. He came to know that the decline of institutional credit and adequate insurance also played role. He also came to know the volatile nature of prices and the failure of state intervention in the product market were the reasons for suicidal behavior of farmers. For market forces, whose corollary is inevitably a 'withdrawal of the state, has added a qualitatively new dimension to the stress on the peasantry.

An attempt has been made by P. NarasimhaRao and K.C. Suri (2006) to know the dimensions of agrarian distress in AP. They said that indebtedness is not only the cause for suicides. The high dependence on external inputs, the high cost of inputs on the one hand and diminishing returns due to crop loss and low prices on the other hand, have caused havoc in the peasant economy. They said that with a high cost of cultivation, diminishing productivity and low returns, it becomes difficult for farmers to withstand crop failures. In concluding they said that the low economic status of those engaged in agriculture, as reflected in the large workforce continuing in agriculture, the widening gap in the per capita income between people employed in agriculture and those in non-agriculture seem to be the major factors behind present agrarian crisis in AP. social factors like low literacy rate, breakdown of the family system and the collapse of their social institutions have created depressed conditions in the agrarian economy.

Srijit Mishra (2007) Poor returns to cultivation and absence of non-farm opportunities indicate the larger socio-economic malaise in rural India. He also emphasizes the fact that this is further increased by the multiple risks that the farmer faces – yield, price, input, technology and credit among others.

S.Galab, E.Revathi and P. Prudhvikar Reddy (2010) has revealed the manifestations behind the agriculture crisis in Andhra Pradesh. According to their study symptoms of the deeper malaise of agrarian crisis, which is a result of a combination of factors that include growing marginalization process in agrarian structure, increasing fragility of land and water resources, and sustainable cropping practices, all of which were aggravated by the neglect of public support systems due to the economic reform process.

According to above literature, there are studies covering whole un-divided Andhra Pradesh and India about farmers' distress. Studies were also undertaken on lending institutions, agricultural credit and agriculture crisis and so on. Report submitted by Jayathi Ghosh on Farmers' welfare found. Notable research was not done on dry land crops to increase the capacity and the conditions are adverse in even technical knowledge of cultivation in these areas does exist. These are additionally supported by lack of infrastructure.

NEED FOR THE STUDY

The studies like Ratna reddy and Galab, Sridhar and C.P. chandra shekar and Jayathi Ghosh were witnessed the problems arose by socio-economic factors which further lead the farmer to commit suicide. However Mahabubnagar district is the drought prone area and one among the high farmers' suicides demand for the exclusive study need to undertaken in this region. A study pointing out socio-economic reasons for suicides, need to be answered because every life is precious and the one who removes the nation's hunger should be much taken care.

OBJECTIVE

To understand and ascertain the socio-economic factor's impact on farmers' suicide in Mahabubnagar district of Telangana state.

HYPOTHESES

H₁: Farmers' suicides were caused by at least one among the social factor(s) of the victim families.

H₂: Farmers' suicides were caused by at least one among the economic factor(s) of the victim families.

RESEARCH METHODOLOGY

SAMPLE SELECTION & TECHNIQUE

Total 89 percent of the Mahabubnagar district in population is living in rural areas and mostly farming paddy, jowar, groundnut, castor, cotton are the primary source of their livelihood. Drought is regular and main curse of this district which pushed it to backward always. The district is equipped with ill-infrastructure, illiteracy and lack of proper industrialization. To conduct the survey of victim farmers' families Mahabubnagar district was selected. Further, this district stand

for 108 farmers committed suicide in the Telangana state in 2012 (AP.HRF, 2013) made the author to select this district to conduct survey of deceased families. Well entire district coverage will consume huge time, money and resource. Thus from the total 64 mandals, 10 mandals were selected to complete the survey. These are namely, Achampeta, Balmoor, Bijinapally, Dhanwada, Jadcherla, Koilkonda, Kothur, Lingal, Nawabpet, Wanaparthly. The literacy rates accordingly to 2011 census of Mahabubnagar district were 49.02%, 54.19%, 53.92%, 49.98%, 55.82%, 52.07%, 60.71%, 50.77%, 54.24%, 54.12% respectively. These mandals were carefully selected for the study were scattered around the district indicates the proper geographical variation in the sample study response. The minimum literacy rate 49.02 % was found in Achampet mandal and maximum literacy rate 60.71 % was found in Kothur Mandal.

| Selected mandals (10) | Mahabubnagar District |
|-----------------------|-----------------------|
| 53.48 % | 54.96 % |

Source: Census of India, 2011 (Mahabubnagar district)

The average literacy rate of sample mandals is 53.48% and 54.96% belongs to Mahabubnagar district. The variation between the sample and entire district is less. But does not vary much and closer to each other.

The victim farmers list was collected from the Mahabubnagar district collector office. Further, as per the list visited to each victim family on convenient basis and family member availability at that time. Data collected from minimum five families of each mandal, totally visited ten mandals and collected fifty responses for this study.

DATA COLLECTION TOOLS

To design the structured questionnaire thorough literature guidance especially socio-economic causes for farmers’ suicide was considered. Further, questionnaire was divided into two parts, first, basic demographic profile of the victim farmers. Second, socio-economic factors caused for farmers’ suicide. Socio factor such as, literacy rate, family size, caste, victim’s cultivation experience, opinion on seeds fertilizers and pesticides were considered for study. Similarly, economic factors such as, land holding pattern, various family expenditures, cost of cultivation, cost of pesticides and sources credit were considered for this study. To collect data structured questionnaire was used primarily for quantitative analysis and followed with unstructured interview method to procure additional information which would also enhance the response quality. Both questionnaire and interview data was used for complete analysis.

STATISTICAL ANALYSIS

The selected socio-economic factors need statistical validation for scientific approval. However, the entire data was tested using Cronbach’s alpha to check the reliability where, alpha value greater than 0.70 (Nunally, 1978) is considered as the data will be useful for further statistical analysis. The data was also tested to know the normality of the data using mean, median and mode of the socio-economic factors. If mean is equal to median is equal to mode considered as normal distribution. But it is practically difficult to get normal data. However, the mean, median

and mode values were partially skewed and considered for further analysis. To know the impact of independent socio-economic factors on farmers’ suicide (dependent variable), multiple linier regression was applied to draw findings.

ANALYSIS

| SL.NO | Social Factors of Victim Farmers | Independent | Mean | Median | Mode | Alpha Value |
|--|---|----------------|------|--------|------|--------------------|
| 1 | Literacy | X ₁ | 1.60 | 1 | 1 | 0.553 |
| 2 | Caste | X ₂ | 2.84 | 3 | 3 | 0.872 |
| 3 | Cultivation Experience | X ₃ | 2.40 | 2 | 2 | 0.872 |
| 4 | Opinion on Effectiveness of Pesticides | X ₄ | 2.73 | 3 | 3 | 0.783 |
| 5 | Opinion on Ineffectiveness of Fertilizers | X ₅ | 1.64 | 2 | 2 | 0.864 |
| SL.NO | Economic Factors of Victim Farmers | Independent | Mean | Median | Mode | Alpha Value |
| 1 | Land Holding Pattern | X ₁ | 2.58 | 3 | 3 | 0.854 |
| 2 | Types of Expenditure | X ₂ | 4.22 | 4 | 7 | 0.661 |
| 3 | Cost on Pesticides | X ₃ | 2.36 | 2 | 3 | 0.879 |
| 4 | Sources of Credit | X ₄ | 1.65 | 2 | 2 | 0.820 |
| 5 | Cost on cultivation of Various crops | X ₅ | 1.56 | 1 | 1 | 0.895 |
| Mean, Median, Mode and Cronbach’s Alpha values of Dependent Variable | | | | | | |
| SL.NO | Variable | Dependent | Mean | Median | Mode | Alpha Value |
| 1 | Reason for Committing Suicide | Y ₁ | 2.36 | 2 | 3 | 0.948 ^a |
| 0.905 ^b | | | | | | |
| 0.961 ^c | | | | | | |
| Note: “a” value represents calculation with social factors “b” value represents calculation with Economic factors “c” value represents calculation with socio-economic factors | | | | | | |

Source: Author’s Calculation

The data preliminary tested to check the normality of socio-economic factors and reason for committing suicide (Table No.2) and the results indicate the data is partially skewed. Bit more skewness was observed only in the case of types of expenditure (Economic Factor), the mean, median and mode values are 4.22,4 and 7 respectively. Further, data was tested to check the reliability and found the Cronbach alpha values of the all independent variables are higher than the benchmark (Cronbach alpha > 0.70 as suggested by nunally, 1978), except literacy 0.553 (Social Factor) and types of expenditure 0.661(Economic Factor). However, literature witnessed the literacy rate and types of expenditure were significantly caused for farmer suicides. Well these two variables are promoted for further analysis. The dependent variable was separately tested with socio-economic factors and the results indicates the alpha values are greater than benchmark with high reliability values which are greater than 0.90. Hence, all factors shown in Table.No 2 were utilized for multiple regression analysis.

Model: Farmer Suicide (Social Factors) = α + β₁ Literacy+ β₂ Caste + β₃ Cultivation Experience + β₄ Opinion on Effectiveness of Pesticides + β₅ Opinion on Ineffectiveness of Fertilizers + μ.

TABLE 3: MULTIPLE REGRESSION OF SOCIAL FACTORS CAUSED FOR FARMER SUICIDES

| Summary | Multiple R | R ² | Adjusted R ² | Std. Error Of Estimate | |
|---|----------------|----------------|-------------------------|------------------------|---------|
| | 0.939 | 0.881 | 0.869 | 0.245 | |
| ANOVA Table | Sum of Squares | Df | Mean squares | F- Ratio | p-Value |
| Explained | 21.791 | 5 | 4.358 | 72.729 | 0.000 |
| Unexplained | 2.936 | 49 | 0.060 | | |
| Regression Table | Coefficient | Standard Error | t-Value | p-value | |
| Constant | 1.434 | 0.273 | 5.259 | 0.000 | |
| Literacy | -0.307 | 0.048 | -6.375 | 0.000 | |
| Caste | 0.423 | 0.075 | 5.661 | 0.000 | |
| Cultivation Experience | 0.612 | 0.084 | 7.323 | 0.000 | |
| Opinion on effectiveness of Pesticides | -0.621 | 0.156 | -3.985 | 0.000 | |
| Opinion on ineffectiveness of Fertilizers | 0.271 | 0.098 | 2.771 | 0.008 | |

NOTE: Critical value calculated at 5 percent level of significance.

Source: Author's Calculation

R-square value is 0.881 was obtained which implies that all independent variables combinely caused 88.1 percent of variation in the dependent variable (farmers suicides). This is quite high. The calculated F-ratio value 72.729 is greater than critical value 2.4043. Hence we may accept H₁ hypothesis, which means the social factors of the farmer's family have caused to end their lives. The p-value for all the factors is 0.000 except opinion on fertilizers effectiveness which is 0.008. However these values are less than 0.05 hence, all factors may affect the farmer suicides. The positive variation attributed by Caste, Cultivation Experience and Opinion on ineffectiveness of Fertilizers. Thus it implies that one unit increase in these social factors causes to increase in farmer suicide by 0.423, 0.612 and 0.271units respectively. Most of the famers who committed suicide of this study are belongs to other backward classes (OBC) and very few from scheduled caste (SC) and schedule tribe (ST). Surprisingly, results indicates, as the cultivation experience increases the probability of committing suicides also increasing. Finally, as the ineffectiveness of the fertilizers increases, then the chances of suicides also more. On other hand, the negative variation is observed by literacy level and pesticides effectiveness. Hence one unit decrease in these social factors causes to increase the probability to commit suicide is - 0.307 and -0.621.

Model: Farmer Suicides (Economic Factors) = α + β₁ Land Holding Pattern+ β₂ Types of Expenditure + β₃ Cost on Pesticides + β₄ Sources of Credit+ β₅ Cost of Cultivation of various crops+ μ.

TABLE 4: MULTIPLE REGRESSION OF ECONOMIC FACTORS CAUSED FOR FARMER SUICIDES

| Summary | Multiple R | R ² | Adjusted R ² | Std. Error Of Estimate | |
|----------------------|----------------|----------------|-------------------------|------------------------|---------|
| | 0.90 | 0.810 | 0.790 | 0.310 | |
| ANOVA Table | Sum of Squares | Df | Mean squares | F- Ratio | p-Value |
| Explained | 20.017 | 5 | 4.003 | 41.646 | 0.000 |
| Unexplained | 4.710 | 49 | 0.096 | | |
| Regression Table | Coefficient | Standard Error | t-Value | p-value | |
| Constant | 1.044 | 0.189 | 5.538 | 0.000 | |
| Land Holding Pattern | 0.127 | 0.133 | -0.956 | 0.344 | |
| Types of Expenditure | 0.222 | 0.061 | 3.626 | 0.001 | |
| Cost on Pesticides | 0.080 | 0.163 | 0.494 | 0.624 | |
| Credit | 0.132 | 0.175 | 0.758 | 0.452 | |
| Cost of Cultivation | 0.192 | 0.159 | 1.211 | 0.232 | |

NOTE: Critical value calculated at 5 percent level of significance.

Source: Author's Calculation

R-square value is 0.810 was obtained which implies that all independent variables combinely caused 81 percent of variation in the Dependent variable (farmers suicides). This is quite high. The calculated F-ratio value 41.646 is greater than critical value 2.404. Hence we may accept H₂ hypothesis, which means the economic factors of the farmer's family have caused to end their lives. The all variables were accounted with positive variation in the test. Thus it implies that one unit increase in these economic factors causes to increase in farmer suicide by land holding pattern (0.127), types of expenditure (0.222), cost of pesticides (0.080), credit (0.132), and cost of cultivation (0.192) units respectively. The sample represent the various expenditure occurrence at suicidal families have majorly caused to end their lives. Followed by increased cost of cultivation, land holding of the families, credit borrowed and increased pesticides expenses.

DISCUSSIONS

SOCIAL FACTORS: The SC/ST farmers primarily farming to fulfill their family's food requirements and sells excess grains in the market. This continues their livelihood and decreased the suicide probability whereas, farmer belongs to OBC mostly farmed the commercial crops which requires high maintenance and operational cost (Sainath, 2007, Sridhar, 2006, Narsimha. Rao and K.C.Suri, 2006, Chandrashekar.Rao, 2004). If market does not offer fair price, then the probability of falling into distress is certain (Prabhakar.Reddy, 2004). Further, OBC farmers mainly depended on the money lenders due to lack of institutional credit support (Prabhakar.Reddy, 2004, Sridhar, 2006). These money lenders are bonding farmers with agreements few conditions by pressuring them to sell the crop to money lenders only with lesser price than minimum support price (Prabhakar.Reddy, 2004), charging high interest rate (Mathew, 2008). The cultivation experience has also shown more variation in this sample. Generally more experienced famers have the adequate knowledge about farming and commit fewer mistakes. But surprisingly this sample observed the most of the farmers who committed suicide were having minimum ten years and maximum 40 years of cultivation experience. In the sample most of the farmers was cultivated the cotton expecting high profits. The farmers' family said quality of the fertilizers is questionable. The purchase decision is mostly influenced by the co-farmers sometimes followed by their pesticides suppliers. As the most of the famers committed suicide were illiterate (Narsimha. Rao and K.C.Suri, 2006) and cannot read and write and make them to be depend on others and follow blindly. Hence, they cannot the read and understand the usage guidelines and just follow the pesticides supplier's explanation (Deshpande, 2002, Narsimha. Rao and K.C.Suri, 2006), co-farmers and/or self-experience. This explanation was not scientific hence, probability of misuse and poor spraying techniques of pesticides (Chandrashekar.Rao, 2004) was high. But, the strict guidelines about the usage of fertilizers needs complete understanding and its follow-up, then only it will be fruitful or else it may damage whole crop. Similarly literacy is also needed to proper usage of pesticides. Because, farmers should know about quantity usage of pesticides for better results and how much and when to use, otherwise, inappropriate use of pesticides spoil the entire the crop.

ECONOMIC FACTORS: In the sample as observed expenditure is one among the main reason for suicide. The sample represents the victim families on an average spent rupees one lakh for marriages only. Because, in India marriages are the most prestigious and memorable event of family. Hence even in financially

distressed families want to lend money from various sources. It is also said by farmers even utilize the crop loans for their marriages and/or fulfill their family needs like children education, house loans and general family consumptions. Few farmers' families agreed that they also fairly spend on bore wells, land development and crops. Most of the victim farmers were preferred to cultivate cotton rather than paddy, jowar and bajra by expecting high profits (Jayathi.Gosh, 2004). Farmers spent average amount rupees 17,400 for cotton cultivation per year. Whereas, average amount rupees 7000 and 8350 for paddy and corn per acre respectively. As these families with lack of source of income hence, they borrow money from money lenders to cover the remaining expenses. Well it is very difficult for farmers' families to repay the loans and fulfilling the daily family needs. Any crop loss against the expectation severely hit their survival. From the sample, sixty five percent of the farmers belong to OBC group, who are preferred for commercial crop especially cotton cultivation. Further, the notable point is this sample reveals the from total cultivable land is eighty three percent is in dry area and needs more water and cultivation support in turn it is also increasing the monetary burden on farmers (Sridhar, 2006). The victim farmers depended on the both institutional and non-institutional credit available to them. Among the victim families less percentage had accessed institutional sources (Prabhakar.Reddy, 2004) and moreover, the amount issued by these institutions is very less. Further, these families cannot renew their loan due to failure in repayment of loans. The field survey noticed the increasing tendency of land leasing, which remain outside purview of formal sources. The cooperatives and commercial banks are the major sources of credit delivery to the rural and agricultural sector. But they suffer problems like lack of managerial skills and professionalism, government involvement in their work and fiscal burden after financial liberalization. Thus their share in the rural credit has declined substantially. Most of the public and private commercial banks have not been following the stipulated credit delivery requirement suggested by the government and they are not been sanctioned for that (Shivamaggi, 2000, Mohankanda, 1997). This has led them to opt credit from non-institutional sources (Rao and Gopalappa,2004). Further, asset formation like development of wells, purchase of bullocks, and required farm equipment cannot be owned with formal credit support and they have to depend on private sources. Periodic cash requirements also forced these farmers to approach commission agents and pesticides dealers. The entire sample has taken the most of the amount required for their cultivation from informal credit sources. The farmers followed the monoculture and followed the same crop year after year and attracted towards new seeds which are capable of high yielding but they are more vulnerable to pest and disease for crop failure. The suicidal farmers used the Monocrotophas, Quinalphas, Endosulphan and Eculex for their cultivation and spent on average rupees 315, 285, 250 and 220 respectively per acre.

FINDINGS

1. Cultivation experience of the farmer and in-effectiveness of Pesticides observed as the major social causes for farmers' suicides. Subsequently other social factors selected for the study (See Table No.3) were also significantly caused for suicide.
2. The types of family expenditures and increased cultivation cost have observed as the major economic causes for farmers' suicides. Similarly other economic factors selected in the study (See Table No. 4) were also notably caused for suicide.
3. An inquiry reveals that crop failure and debt burden appear to be primary reasons for suicide deaths. The average debt amount per family works out to be Rs. 1,50,000.
4. In the sample, most of the farmers cultivated cotton and dependent on informal sources, especially commission agents charged additionally 3 percent interest above 2 percent commission.
5. The weekly operational cost made deceased farmers to approach and depend on the pesticide dealers for continuous supply of pesticides till the end of crop. Further, these dealers are charged 15 to 20 percent higher price on pesticides compared to normal price and farmers have no other option but just silently bear.
6. Experience in the district shows that such type of arrangements is causing heavy damage where there are instances of supply of adulterated seeds and pesticides. It is also a common practice that the pesticide dealers are the real decision-makers as to the kind of pesticides, to be used and the dosage. Since these dealers are guided more by profit, they recommended and supplied heavy and costly pesticides without reference to scientific requirements.

CONCLUSIONS

The present situation of the agriculture in the agrarian district of Mahabubnagar shows declining living conditions to the families depending on agriculture once who lived comfortably with the same resources of land irrespective of large and small farmers. Regarding the quality of inputs, farmers used to take seeds from different sources like government seed corporations and Private Corporation. But still the qualities of the seed were not good which even resulted in crop failures due to some fraud by some private seed vendors. Artificial seed scarcity was also created by some private seed vendors so as to increase the prices of the seeds. Loans and funds are always very important in the agriculture sector. It has been noticed that during the distress situation most of the banks are not willing to provide agricultural loans to farmers as a part of risk aversion of the banks. The bureaucratic delay in providing loans makes farmers to borrow from money lenders, friends etc at a higher rate of interest. Lacks of technical guidance, pest and disease attack, droughts, unseasonal rainfalls, floods are some of the agricultural problems faced by the Mahaboobnagar district. An adequate credit on better terms has been one of the important problems faced by the deceased. Finally, these socio-economic distresses are observed as major problem for committing suicide. Economic distress hit the farmers hard and social causes made the farmers to dependent on the pesticides dealers to know about the usage of pesticides due to illiteracy. As the true business man, the pest dealers supplied high priced pesticides without bothering about scientific requirements to earn more profits. These pest dealers also acted as money lenders un-understood the major point that, if pesticides work appropriately then only fruitful cultivation is certain and farmer enjoy the rain of profits and repay the amount to pest dealers. Whereas, to gain short term profits these pest dealers pushing the farmer's family into distress, this is further causing to suicides. In this scenario the unfulfilled damage was occurred to famer's family but still pest dealers cannot get their money back. They are forgetting that repayment is possible when farmer should alive and get profits. Pest dealers who are lending money and pesticides should understand this funda of, if farmers are alive and gain profits, and then only their money will be returned. The study rightly comes to the conclusion that unless all these causes are simultaneously dealt with the situation cannot improve. It requires large public investment in irrigation and rural infrastructure, rejuvenation of the cooperative credit, marketing and processing system, strengthening of the agricultural extension services and sympathetic administration working closely with the farming community. There is need of honesty is required from pesticides dealers while dealing, supplying and explaining about pesticides.

LIMITATION

The study was limited one district and selected mandals therefore, the conclusions drawn from this study should be taken only as indicative of the overall general crisis in agriculture.

SCOPE FOR FUTURE RESEARCH

Farmers' suicides in general may occur on account of economic, social, cultural and psychological factors. As the information from deceased persons could not be elicited on the factors leading to death and also the psychological stress which they are subjected to can only be described by him but in the absence, the information is collected from family members as to the probable reasons for their suicide deaths. As the study covered only one district whereas, in Telangana state there are drought prone areas where research is needed. Even in non-drought prone districts of Telangana state also farmers committed suicide. A study pointing out reasons for suicides irrespective of any causes, need to be answered because every life is precious and the one who removes the nation's hunger should be much taken care.

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INDIA'S TEXTILES EXPORTS DURING POST REFORM PERIOD: AN ANALYSIS BETWEEN MFA AND POST-MFA REGIME WITH SPECIAL REFERENCE TO EURO-AMERICAN MARKET

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ABSTRACT

The end of the Multi Fibre Arrangement (MFA) on January 1, 2005 has drastically altered global patterns of trade and ensured a place for India in the world textile market. The Multi-Fibre Arrangement provided a framework under which developed countries imposed quotas on export of textiles and apparel from developing countries. The WTO Agreement provides for liquidation of MFA as a major concession to the less developed countries, as it improves access to developed markets where many countries have a comparative advantage. It was anticipated that post MFA has offered the buyers an alternative to source from the most efficient and cost effective suppliers, for the supplier it has opened the door of rigorous global competition driven by low cost. It was perceived that global textile base has been shifted to Asia and China along with India has benefited massively from the end of MFA quota form the textile market. However post quota exports of Indian textile industry to Euro-American markets showing a different picture. The paper attempt to study the textile trade pattern in EU and US market and analyze the export performance of the Indian textile including clothing vis-à-vis its competitors. The empirical finding suggest that no doubt that India is one amongst the major beneficiary in post MFA era but it losing its share to China. India also finds it difficult to compete with countries like Bangladesh Vietnam and Turkey in certain segments. Moreover, structural changes in China in recent year may reflect boon for India.

KEYWORDS

Indian Textile Industry, Euro-American Market, MFA Quota Removal, Export, WTO.

INTRODUCTION

With the implementation of trade liberalization since 1991, a sea change has taken place in the economy and in the integration of the Indian economy with the global environment. Foreign trade, foreign direct investment, capital flows from other countries in various forms, and technology transfer have acted as a stimulus for accelerated economic growth of the country. Besides trade policy reforms, establishment of World Trade Organization in 1995 has provided a lot of opportunities and challenges for India's as well as developing countries trading sector. Many countries of the world have changed their foreign policies from inward oriented import substitution to outward-oriented export promotion to reap the benefits from the opportunities provided by globalization by accepting WTO norms and also introducing capitalist economic reforms in every sphere of their economies.

Under the shadow of this, almost all industrial sectors have exhibited positive gains and Indian textile sector is not an exception to reap the benefits. India's exports of textiles and apparel were governed by Multi-Fibre Arrangement (MFA) Quota, which was settled under the multilateral framework of WTO. The MFA was a trade regulatory measure adopted by the developed countries in the interest of their own textile industry against those of the developing countries. MFA was basically a multilateral arrangement among the contracting parties encompassing the entire gamut of trade in textiles and garments. It had been observed that, the agreement had the effect of limiting the growth of exports of many items in which developing countries had economic strength. As per the WTO agreement on textiles and clothing (ATC), MFA was phased out on January 1, 2005 and the textiles and clothing sector was integrated into GATT (General Agreement on Tariffs and Trade)/ WTO (World Trade Organization), with all restrictions under the agreement having been eliminated. The removal of quotas brought relief to many developing countries particularly for India, China, Bangladesh, and Pakistan. Not only the demand in the domestic market has gone up but also the fact remain that the Indian textile sector has entered the global market in big way.

However, in the post quota period conflicting information begin to emerge, on the one hand there were signals that India is going to have the seamless market and on the other hand some reports indicated that India is losing its share from its competitors i.e. China, Bangladesh, Vietnam, etc. It was perceived that in free trade era developing countries has started struggling for its share which has led to a change in the pattern of imports in the quota countries.

REVIEW OF LITERATURE

A brief resume on the review of the work done on the related aspects is as follows.

Porter (1994) asses India's competitiveness in export of garments during the pre MFA phase out and post MFA phase out periods. The study observe that India's garment sector is one of the sectors where India have a competitive advantage and has a wider capacity of export expansion in post MFA phase out period.

Abolition of quotas as such a boom to the textile industry, it has also proved to be a major threat explore by the study of Kathuria and Bhardwaj (1998) as too many imported textile goods flooded in developed countries market making the export scenario much more competitive than ever. However, the Indian government has initiated various reforms to meet the challenges of post-MFA scenario, which intended to encourage huge capital investments and tighten up hard actions related to the tax regime. The Textile Vision 2010 was a result of interaction between the government and Indian textiles industry which predict around 12% annual growth in the textile industry. His study give lot of emphasis on new capacity installation to reap the benefit to the fullest extend from free trade.

Chandra (1999) recorded that the global textile trade regime is going to alter drastically from the year 2005 with the phase-out of MFA quota. The Implications of the textile policies in the industry that have been improving their capabilities are the ones that are going to gain the most.

Diao and Somwaru (2001) study focussed on the possible impact of the MFA phase-out on the world textile and apparel trade using a global general equilibrium model for 91 countries over 37 years using trade data from GTAP database. The study indicated a strong positive relationship between trade in textile and apparel and the standard of living. Study analyzes trends in world textile and apparel trade and found that emergence of the developing countries were a growing factor in world textile and clothing trade in recent decades. The study also found that the MFA phase-out would enlarge the global trade of textile and apparel and developing countries would further expand market share in the world total exports.

Hudson et al. (2011) stated that elimination of MFA was presumed to be a net global benefit because it represented an elimination of a distortionary set of trade agreements. However, due to the trading pattern that had emerged after the MFA and its involuntary consequences, with production infrastructure and trading, free quota system has brought strong competition for India.

OBJECTIVES OF THE STUDY

The main objectives set out for the paper are as follows:

1. To study the export performance of India's textile industry vis-à-vis its competitors in European and Unites States.
2. To analyse the impact of MFA phase-out on Indian textile export.

DATABASE AND RESEARCH METHODOLOGY

The study is based on secondary sources of data available from various publications and sources like Ministry of Textiles, Publications of Textile Commissioner, Centre for Monitoring Indian Economy (CMIE), Websites of Relevant Organisations including that of World Trade Organisation (WTO). For examine the trends in exports, statistical tools like simple average, compound annual growth rate has been used. An independent samples t-test is used to determine the means of two distinct samples within a population.

COMPETITIVENESS OF INDIA'S TEXTILE EXPORTS IN WORLD TEXTILE EXPORT

TABLE 1.1: LEADING EXPORTERS OF TEXTILE AND CLOTHING (T&C) IN THE WORLD (1990 TO 2011) (Value in US \$ Billion)

| Country | 1990 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | CAGR (2000-2004) | CAGR (2004-2011) |
|------------|------|------|------|------|------|------|-------|------|-------|-------|------|-------|-------|------------------|------------------|
| World | 212 | 351 | 340 | 353 | 405 | 454 | 478 | 527 | 583.9 | 612 | 526 | 604 | 710 | 6.64 | 6.60 |
| China | 16.8 | 52.2 | 53.5 | 61.8 | 78.9 | 95.3 | 115.2 | 144 | 171.2 | 185.2 | 167 | 206.7 | 248.2 | 16.2 | 14.6 |
| EU(27)* | 26.4 | 36.3 | 37.8 | 39.7 | 34.5 | 40.3 | 46.9 | 45.5 | 48.5 | 50.9 | 39.6 | 43.1 | 51.8 | 2.6 | 3.6 |
| HongKong | 23.6 | 23.3 | 21.5 | 20.6 | 36.2 | 39.4 | 41.1 | 42.3 | 42.2 | 40.1 | 32.8 | 35.3 | 35.8 | 14.0 | -1.4 |
| India | 4.7 | 12.1 | 10.8 | Na | 13.6 | 13.6 | 16.6 | 19.3 | 21.8 | 20.1 | 21.1 | 24.1 | 30.0 | 2.9 | 11.9 |
| USA | 7.6 | 19.5 | 17.5 | 16.7 | 16.4 | 17.0 | 17.4 | 17.5 | 18.7 | 18.9 | 16.1 | 18.8 | 24.7 | -3.4 | 5.5 |
| Turkey | 4.7 | 10.2 | 10.6 | 12.3 | 15.2 | 17.6 | 18.8 | 19.6 | 22.6 | 22.9 | 19.3 | 21.7 | 24.7 | 14.6 | 4.9 |
| Bangladesh | 0.9 | 4.7 | na | na | 5.0 | 5.9 | 6.6 | 9.8 | 9.7 | 12.0 | 13.4 | 16.9 | 21.5 | ... | 20.3 |
| Vietnam | na | 2.12 | na | na | 3.9 | 4.9 | 5.4 | 6.6 | 8.7 | 10.6 | 10.5 | 13.4 | 16.9 | ... | 19.3 |
| S. Korea | 13.9 | 17.7 | 15.2 | 14.3 | 14.4 | 14.2 | 12.9 | 12 | 12.3 | 12.1 | 10.5 | 12.6 | 14.2 | -5.4 | -0.01 |
| Pakistan | 3.6 | 6.7 | 6.6 | 7.0 | 8.5 | 9.1 | 10.7 | 11.4 | 11.2 | 11.1 | 9.8 | 11.8 | 13.6 | 7.9 | 5.9 |
| Indonesia | 2.9 | 8.2 | 7.7 | 6.8 | 7.0 | 7.6 | 8.4 | 9.4 | 9.7 | 9.9 | 9.6 | 10.9 | 12.8 | -1.9 | 7.7 |
| Taiwan | 10.1 | 14.9 | 12.4 | 11.7 | 19.2 | 21.3 | 21.5 | 11.2 | 11 | 10.4 | 8.8 | 10.7 | 12 | 9.3 | -7.9 |
| Thailand | 3.7 | 5.7 | 5.4 | 5.3 | 5.7 | 6.5 | 6.8 | 7.1 | 7.2 | 7.4 | 7.1 | 8.0 | 8.6 | 3.3 | 4.1 |
| Canada | 1.0 | 4.3 | 4.1 | 4.2 | 4.6 | 4.4 | 4.3 | 4.17 | 3.9 | 3.3 | 2.6 | 3.1 | 3.3 | 0.6 | -4.0 |

TABLE 1.2: PERCENTAGE SHARE IN WORLD TEXTILE EXPORT AND CLOTHING & AVERAGE GROWTH IN VALUE TERM OVER LAST TWO YEARS

| Country | 1990 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | % change | |
|------------|------|------|------|------|------|------|------|------|------|------|------|------|------|-----------|-----------|
| | | | | | | | | | | | | | | 2010/2009 | 2011/2010 |
| World | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 710 | 14.8 | 17.5 |
| China | 7.9 | 14.9 | 15.7 | 17.5 | 19.5 | 21.0 | 24.1 | 27.3 | 29.3 | 30.3 | 31.7 | 34.2 | 35.0 | 23.8 | 20.1 |
| EU(27)* | 12.5 | 10.3 | 11.1 | 11.2 | 8.5 | 8.9 | 9.8 | 8.6 | 8.3 | 8.3 | 7.5 | 7.1 | 7.3 | 8.8 | 20.2 |
| Hong Kong | 11.1 | 6.6 | 6.3 | 5.8 | 8.9 | 8.7 | 8.6 | 8.0 | 7.2 | 6.6 | 6.2 | 5.8 | 5.0 | 7.6 | 1.4 |
| India | 2.2 | 3.4 | 3.2 | | 3.4 | 3.0 | 3.5 | 3.7 | 3.7 | 3.3 | 4.0 | 4.0 | 4.2 | 14.2 | 24.5 |
| USA | 3.6 | 5.6 | 5.1 | 4.7 | 4.0 | 3.7 | 3.6 | 3.3 | 3.2 | 3.1 | 3.1 | 3.1 | 3.5 | 16.8 | 31.4 |
| Turkey | 2.2 | 2.9 | 3.1 | 3.5 | 3.8 | 3.9 | 3.9 | 3.7 | 3.9 | 3.7 | 3.7 | 3.6 | 3.5 | 12.4 | 13.8 |
| Bangladesh | 0.4 | 1.3 | na | na | 1.2 | 1.3 | 1.4 | 1.9 | 1.7 | 2.0 | 2.5 | 2.8 | 3.0 | 26.1 | 27.2 |
| Vietnam | na | 0.6 | na | na | 1.0 | 1.1 | 1.1 | 1.3 | 1.5 | 1.7 | 2.0 | 2.2 | 2.4 | 27.6 | 26.1 |
| S. Korea | 6.6 | 5.0 | 4.5 | 4.1 | 3.6 | 3.1 | 2.7 | 2.3 | 2.1 | 2.0 | 2.0 | 2.1 | 2.0 | 20.0 | 12.7 |
| Pakistan | 1.7 | 1.9 | 1.9 | 2.0 | 2.1 | 2.0 | 2.2 | 2.2 | 1.9 | 1.8 | 1.9 | 2.0 | 1.9 | 20.4 | 15.3 |
| Indonesia | 1.4 | 2.3 | 2.3 | 1.9 | 1.7 | 1.7 | 1.8 | 1.8 | 1.7 | 1.6 | 1.8 | 1.8 | 1.8 | 13.5 | 17.4 |
| Taiwan | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 21.6 | 12.1 |
| Thailand | 1.7 | 1.6 | 1.6 | 1.5 | 1.4 | 1.4 | 1.4 | 1.3 | 1.2 | 1.2 | 1.3 | 1.3 | 1.2 | 12.7 | 7.5 |
| Canada | 0.5 | 1.2 | 1.2 | 1.2 | 1.1 | 1.0 | 0.9 | 0.8 | 0.7 | 0.5 | 0.5 | 0.5 | 0.5 | 19.2 | 6.5 |

Note: *Data for EU is for extra EU countries and na refers to data not available

Source: International Trade Statistics, WTO, Geneva.

Table 1 show that there has been continuous growth in world textile exports. The world biggest exporter of textile including clothing as a part of it in 2011 was the China, followed by EU27, Hong Kong, India, Turkey, Bangladesh, USA, Vietnam and Pakistan. Developing countries are thus, the major exporters and account for 2/3rd of these exports. County wise, China has emerged as the number one exporter of textile in the world with 35% share in global textile exports. While India's textile exports are around US \$ 30.0billion with a share of 4.2% in world export during 2011-12. India's share in world textile export increased from 2.2% in 1991-92 to 3.0% in 2005 and reached 4.2% in 2011. India has been a major beneficiary of liberalization in global textile trade in the post-MFA era in terms of CAGR of 11.9% during 2004-2011 as against CAGR of 2.9% during 2000-2004. The analysis shows that India consistently improved its position in the international market. During 2004-05 India was the 8th largest exporting country in the world for the textile exports after EU, China, Hong Kong, US, Turkey, Korea Republic, and Taiwan. In 2011, it became the fourth largest exporting country after China, EU and Hong Kong. All this indicating increased export competitiveness of India's textile industry.

Data also reveals that in the world textile (including clothing) exports, out of 15 leading exporting countries 11 countries are from Asia: China, India, Bangladesh, Hong Kong, Turkey, Vietnam, South Korea, Pakistan, Indonesia, Taiwan and Thailand. China increased its share from 7.9% in 1990 to 21% during 2004 despite quantitative restrictions; and reached a level of 24.1% in 2005. The CAGR of EU27 and the USA textile exports in the world textiles exports shows only 3.6% and 5.5% during 2004-2011, indicating a shift of manufacturing facilities from high cost suppliers in developed countries towards low cost efficient suppliers in Asia. Countries like Vietnam, Sri Lanka, etc. are emerging as textile exporting countries in free trade era. Countries like China, India, Bangladesh, Vietnam, Indonesia, has increased their position in global T&C trade after the MFA phase out where as some textile exporting countries like UAE, Taiwan, Canada and South Korea are losing their share and are insignificant at present.

India was amongst the major beneficiaries in post-quota period. India's share in world textiles trade increased from 3.0% in 2004 to 4.2 % in 2011. While global market is dominated by China from the point of view of market share as well as high CAGR during 2004-2011. It has gained extremely large market share in exports against which no one can compete. Although, recent trends in global economies like China show that in areas of labour intensive and mass production items that is in textiles and clothing sector, wage increases, structural adjustments rising cost of credit are compelling investors to look towards alternative locations. These structural changes in the Chinese economy in recent year are offering tremendous opportunities for India's textile exports. As it is also clear from data (Table 1) that India's recorded a healthy CAGR of 11.9 % in textiles exports during 2004-2011 if compared to 2.9% during 2000-2004, indicating an increase of 310.3 %, whereas of China: 14.6% in 2004-2011 against 16.2 % during 2000-2004 indicating decrease of 9.9%, EU27: 3.6 % during post quota period against 2.6 % in 2000-2004, increased by 38.5%, Indonesia:7.8% in 2004-2011 against negative CAGR of 1.9%, indicating a rise by 510.5% and Pakistan: 7.9% in

2000-2004 against 5.9% during 2004-2011, indicating a decrease in compound growth rate. Vietnam and Bangladesh show a high CAGR during post MFA period. All this indicated that Vietnam, Bangladesh, Indonesia and India are the major beneficiary in post quota period compare with quota period. Also India's share in world textiles trade accounted 4.2% in 2011 and 4.0% in 2010, that is it share is increased by 5.0 percent over the year. While that of china share was 34.2 percent in 2010-11 and 34.9 in 2011-12, with only 2.2 percent change over the year. This also reveals that India started gaining more in recent year and is targeted to reach its share in global textile exports to 8% by 2020' (Technopak, 2012).

DIRECTION OF INDIA'S TEXTILES EXPORTS VIS-À-VIS ITS COMPETITORS TO EU (27)

European Union (EU) has been the largest market for export of many developing countries. The EU though consists of 27 countries; Germany, UK, France, Italy, Netherlands and Belgium are the most affluent market for textile exports. Among EU27 imports, China has emerged as a strong and fastest growing competitor in EU market for textile and clothing products with 51.90 percent share during 2011-12 followed by Turkey and Bangladesh with percent and percent share during same period (Table 2)

TABLE 2: LEADING EXPORTERS OF TEXTILE INTO EU (Value in US \$ Billion)

| Country | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | CAGR | %share | |
|------------|-------|-------|-------|-------|-------|-------|--------|-------|--------|-------|
| | | | | | | | | | 2010 | 2011 |
| World | 89.2 | 93.28 | 96.41 | 93.19 | 81 | 93.28 | 101.32 | 2.15 | 100 | 100 |
| China | 27.62 | 30.34 | 37.76 | 45.59 | 30.78 | 46.78 | 52.59 | 11.33 | 50.15 | 51.90 |
| Turkey | 14.9 | 15.06 | 17.54 | 16.76 | 15.12 | 14.96 | 17.09 | 2.31 | 16.04 | 16.87 |
| Bangladesh | 5.98 | 6.08 | 6.39 | 7.35 | 7.9 | 8.15 | 11.13 | 10.91 | 8.74 | 10.98 |
| India | 6.04 | 6.59 | 7.39 | 7.83 | 7.52 | 8.12 | 9.56 | 7.95 | 8.7 | 9.43 |
| Pakistan | 2.55 | 2.92 | 3.41 | 3.51 | 2.95 | 3.5 | 4.55 | 10.13 | 3.75 | 4.49 |
| Vietnam | Na | 1.45 | 1.78 | 2.04 | 1.98 | 2.06 | 2.67 | na | 2.21 | 2.64 |

na- data not available and data for textile include clothing

Source: International trade statistic, WTO

India also offer a diversified basket of products of textile particularly clothing for exporting into EU and offer strong competition in certain categories of products such as women's tops (blouse), men's active wear, denims, men's and boy's shirts etc to EU. Textile made-ups are another important product for India's export to EU, though the relative size of market is small. Shawls and scarves have a 49% market share in EU (Ministry of Textile, 2011). During 2011-12 the textile exports to the EU from India were to the tune of US \$ 9.56 billion in value terms, as against US \$ 6.04 billion in 2005-06. The share of India's total textiles exports in EU total imports increased from 6.77 percent in 2005-06 to 8.70 percent in 2010-11 and further to 9.43 percent during 2011-12.

Other important exporting countries of textiles and clothing to EU include Pakistan, Vietnam, Mexico, etc. The pattern of textile exports from India has changed during the post-MFA period. Imports of textiles to EU from India grow by CAGR of 7.95 percent during the period 2005-2011, as against the CAGR of China (11.33%) and Bangladesh (10.09%). In EU market India occupy a place on the 4th position in the list of textiles exporters after China, Turkey and Bangladesh.

From Table2 it is observe that China, Bangladesh and Turkey are a big threat to India in terms of its exports of textile to EU market. India also faced high competition in the textiles products from Pakistan in terms of high CAGR of 10.13% against 7.95% CAGR of India's textile products. The vast gap between these countries and India is because of India's still lack behind technology, standard quality, etc.

TRENDS IN DIRECTION OF INDIA'S TEXTILE EXPORTS TO EU

The importance of India's textile and textile products varies in EU imports as already clear from above. It is therefore important to compare the growth performance of India's textiles to EU from 1991-92 to 2011-12.

In 1991-92, India's textile exports to EU, accounted for US\$ 1.93 billion (Table3). The growth pick up in 1993-94 to reach 14.48 percent after a slow growth of 3.41 percent in 1992-93. Though it shows a negative growth from 1996-97 to 1998-99, pick up again and reached 17.58 percent growth during 2011-12.

The performance of this sector during post MFA period was better regarding average annual growth and compound growth. As seen from Table 3, exports from India maintained higher CAGR of 11.68% and annual average growth of 8.71 percent during 2004-05 to 2011-12 as compared to CAGR of 6.79% and average annual growth of 7.11% during 1991-92 to 2004-05. The emerging trend in the exports of textiles from India to EU indicates that despite competition from other countries, EU market still remain as the biggest importer of India's textile and clothing items. Readymade garments and made-ups are the main items of exports from India to EU, while textile fabrics, yarn and fibre on the other hand has been losing its importance to EU.

TABLE 3: INDIA'S TEXTILE EXPORTS TO EU AND PERCENTAGE CHANGE OVER PREVIOUS YEAR (1991-92 TO 2011-12) (Value in US \$ Million)

| Year | India Textile Exports to EU | % change |
|---------|-----------------------------|----------|
| 1991-92 | 1928 | - |
| 1992-93 | 1993 | 3.41 |
| 1993-94 | 2282 | 14.48 |
| 1994-95 | 2809 | 23.12 |
| 1995-96 | 3193 | 13.67 |
| 1996-97 | 3124 | -2.15 |
| 1997-98 | 3085 | -1.27 |
| 1998-99 | 2992 | -3.02 |
| 1999-00 | 3082 | 3.04 |
| 2000-01 | 3341 | 8.38 |
| 2001-02 | 3180 | -4.8 |
| 2002-03 | 3643 | 14.54 |
| 2003-04 | 4074 | 11.84 |
| 2004-05 | 4531 | 11.2 |
| 2005-06 | 6047 | 33.47 |
| 2006-06 | 6590 | 8.98 |
| 2007-08 | 7397 | 12.25 |
| 2008-09 | 7832 | 5.88 |
| 2009-10 | 7520 | -3.98 |
| 2010-11 | 8128 | 8.09 |
| 2011-12 | 9557 | 17.58 |

SUMMARY STATISTIC OF TABLE 3

| Year | US \$ Million | | Percentage (%) | |
|--------------------|---------------|---------|----------------|-----------------------|
| | Mean | Stdev. | CAGR | Annual Average Growth |
| 1991-92 to 2011-12 | 4587.05 | 2329.42 | 8.33 | 8.73 |
| 1991-92 to 2004-05 | 3089.78 | 719.43 | 6.79 | 7.11 |
| 2004-05 to 2011-12 | 7200.25 | 1501.54 | 8.71 | 11.68 |

Source: CMIE

STATISTICAL ANALYSIS OF EXPORT PERFORMANCE OF INDIAN TEXTILES TO EU DURING THE MFA PERIOD (1991-92 TO 2004-05) AND POST MFA PERIOD (2004-05 TO 2011-12)

The performance was tested by using t-test and its summary is given in Table4

TABLE 4: COMPARISON OF EXPORTS OF INDIAN TEXTILES TO EU BETWEEN MFA AND POST MFA

| Period | Mean | Std.Deviation (Stdev.) | No. of Observation | Calculated t-value | Level of sig. |
|----------|------|------------------------|--------------------|--------------------|---------------|
| MFA | 3090 | 719 | 14 | 8.744 | 0.01 |
| Post MFA | 7200 | 1502 | 8 | | |

Source: Computed from table 3

Tabulated value for df = 20

Tabulated t = 2.845 at 0.01 level

The difference in the mean export of textiles to EU in MFA and post MFA is significant. Hence there is a significant increase in export of Indian textile to European Union in the post MFA period as compared to MFA period.

The analysis lead to the conclusion that India's export of textiles has increased after 2004 when quantitative restrictions on textiles export stood discontinued. The exports of total textile to EU has shown increasing trend during the post MFA period over the pre MFA period.

DIRECTION OF INDIA'S TEXTILES EXPORT VIS-A VIS ITS COMPETITORS TO USA

USA is the second single largest individual country for import of textiles after EU27 with world imports of textiles including clothing worth US \$ 101.32 billion during 2011-12, grown by CAGR of 2.15% since the abolition of quota from January 2005. However, this growth is slow because of global financial crisis and overall recession in the US economy (Table5).

TABLE 5: LEADING EXPORTERS OF TEXTILE INTO USA (Value in US \$ Billion)

| Country | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | CAGR 2005-2011 | %share 2010 | %share 2011 |
|------------|------|-------|-------|-------|-------|-------|--------|----------------|-------------|-------------|
| World | 89.2 | 93.28 | 96.41 | 93.19 | 81 | 93.28 | 101.32 | 2.15 | 100 | 100 |
| China | 22.4 | 27.07 | 32.32 | 32.68 | 31.76 | 38.47 | 40.66 | 10.45 | 41.24 | 40.13 |
| Vietnam | 2.88 | 3.39 | 4.56 | 5.42 | 5.33 | 6.29 | 7.19 | 16.47 | 6.74 | 7.1 |
| India | 4.61 | 5.03 | 5.1 | 5.08 | 4.6 | 5.37 | 5.93 | 4.29 | 5.76 | 5.85 |
| Mexico | 7.24 | 6.37 | 5.62 | 4.96 | 4.14 | 4.45 | 4.76 | -6.75 | 4.77 | 4.7 |
| Bangladesh | 2.46 | 2.99 | 3.19 | 3.54 | 3.52 | 4.06 | 4.65 | 11.2 | 4.35 | 4.59 |
| Pakistan | 2.9 | 3.25 | 3.17 | 3.08 | 2.75 | 3.06 | 3.36 | 2.48 | 3.28 | 3.32 |

Source: OTEXA, Office of Textile & Apparel, US

Table 5 expose that China is the leading exporter of textiles to USA is it accounted for 40.13 percent market share in US during 2011-12 followed by Vietnam (7.10%), India (5.85%), Mexico (4.70%), Bangladesh (4.59%), and Pakistan (3.32%) share during the same period. These are the top six exporting countries of textile to USA. They largely export clothing textiles to USA. India secured third place after China and Vietnam in textiles products with 5.85 percent share during 2011-12. India's exports of textiles are not able to compete with China in USA as China captured a large market share of 40.13% and Ranked at first place. Moreover, in last two years, the changes in Chinese textile industry, which are disturbing their markets and resulting in trade deficit. This may reflect boon for India. The share of India's total textile exports to the USA increased slightly in terms of value from 5.76 percent during 2010-11 to 5.85 percent during 2011-12, reflecting the recessionary condition prevalent in USA. But it is significant as compared to China and Mexico which shows decline in its share during 2011-12 over the previous year.

Countries from American region, such as and Canada and Mexico has lost their share in US market during post MFA period. Mexico has lost its share from 8.11 percent during 2005-06 to 4.70 percent in 2011-12. However, countries like Vietnam and Bangladesh are emerging textiles exporting countries.

From CAGR point of view, Vietnam shows the highest CAGR 10.4 percent during the year 2005-2011 followed by Bangladesh (11.20%) and China (10.45%) during the same period. Imports of textiles and clothing from India to USA also grew by 4.29 percent CAGR during free trade regime (2005-2011). This reveals the poor performance of India as compared to Vietnam, China and Bangladesh in terms of CAGR during 2005-2011.

However, free trade environment is a great opportunity for the Indian textile exports to increase its share. In recent year Chinese exports are showing down as compared to previous year market share; on account of various factors inclusive of increase in domestic demand and rising costs. As it is observed from Table 5 that China share during 2010-11 accounted 41.24 percent which declined to 40.13 percent in 2011-12. There is thus a good opportunities for Indian textile industry to take as it enjoy comparative advantage in terms of abundant raw material availability, skilled manpower and in cost of production relative to China but smaller countries like Bangladesh, Vietnam, Pakistan, etc are formidable challenges.

TRENDS IN THE DIRECTION OF INDIA'S TEXTILE EXPORTS TO USA

USA was the number one destination for Indian textile export, though recently there has been a slump in demand from the US. The pattern of textile exports from India has changed during the post-MFA period. But the recessionary condition prevailed in USA during 2009-10 has affected the Indian textile export as it is revealed by lower growth rate in Table 6 Despite this slower growth, USA is still the single largest market for India's textile exports and India has improved her share in exports of textile to USA from 1991-92 to 2011-12 as depicted from Table6.

TABLE 6: INDIA'S TEXTILE EXPORTS TO USA AND PERCENTAGE CHANGE OVER PREVIOUS YEAR (1991-92 TO 2011-12) (Value in US \$ Million)

| Year | India Textile Exports to USA | % change over previous year |
|---------|------------------------------|-----------------------------|
| 1991-92 | 833 | -- |
| 1992-93 | 1116 | 33.97 |
| 1993-94 | 1285 | 15.14 |
| 1994-95 | 1520 | 18.29 |
| 1995-96 | 1614 | 6.18 |
| 1996-97 | 1736 | 7.56 |
| 1997-98 | 2009 | 15.73 |
| 1998-99 | 2287 | 13.84 |
| 1999-00 | 2384 | 4.24 |
| 2000-01 | 2741 | 14.97 |
| 2001-02 | 2633 | -3.94 |
| 2002-03 | 2992 | 13.63 |
| 2003-04 | 3211 | 7.32 |
| 2004-05 | 3633 | 13.14 |
| 2005-06 | 4616 | 27.06 |
| 2006-06 | 5031 | 8.99 |
| 2007-08 | 5104 | 1.45 |
| 2008-09 | 5078 | -0.51 |
| 2009-10 | 4600 | -9.41 |
| 2010-11 | 5375 | 16.85 |
| 2011-12 | 5934 | 10.40 |

SUMMARY STATISTIC OF TABLE 6

| Year | US \$ Million | | Percentage (%) | |
|--------------------|---------------|---------|----------------|-----------------------|
| | Mean | Stdev. | CAGR | Annual Average Growth |
| 1991-92 to 2011-12 | 3130 | 1602.30 | 10.31 | 10.75 |
| 1991-92 to 2004-05 | 2142.43 | 837.42 | 11.99 | 12.31 |
| 2004-05 to 2011-12 | 4921.38 | 671.62 | 7.26 | 8.50 |

Source: OTEXA, Office of Textile & Apparel, US

Note: 1 billion equal 1000 million.

STATISTICAL ANALYSIS OF EXPORT PERFORMANCE OF INDIAN TEXTILES TO USA DURING THE MFA PERIOD (1991-92 TO 2004-05) AND POST MFA PERIOD (2004-05 TO 2011-12)

The performance was tested by using t-test and its summary is given in Table7 below:

TABLE 7: COMPARISON OF EXPORTS OF INDIAN TEXTILES TO USA BETWEEN MFA AND POST MFA

| Period | Mean | Std.Deviation (Stdev.) | No. of Observation | Calculated t-value | Level of sig. |
|----------|------|------------------------|--------------------|--------------------|---------------|
| MFA | 2142 | 837.42 | 14 | 8.007 | 0.01 |
| Post MFA | 4921 | 671.62 | 8 | | |

Source: Computed from table 6

Tabulated value for df = 20

Tabulated t = 2.845 at 0.01 level

The difference in the mean export of textiles to USA in MFA and post MFA is significant. Hence there is a growth in export of Indian textile to USA in the post MFA period as compared to MFA period.

The analysis lead to the conclusion India's export of textiles has increased after 2004 when quantitative restrictions on textiles export stood discontinued. Its share in USA is also increasing but its growth is low during post MFA period. The reason may be that in spite of the fact that all quotas have been completely removed, Indian textiles exporters are still facing trade barriers from USA and USA market is captured by China.

CONCLUSION

Since elimination of quota restriction it was anticipated that world-wide textile base has been shifted to Asia and China along with India has benefited massively from the end of MFA quota from the textile market. The study reveals that the performance of Indian textile exports was better in the post-MFA regime. However, in spite of the impressive growth of textile and clothing exports India has not been able to compete with the performance of countries like China, Bangladesh, Turkey, and Indonesia, in Euro-American Textile market. Even the small time suppliers such as Vietnam whose export were not significant during 1990s have shown outstanding performance in EU and the US markets after MFA phase-out.

Further, it was also observed from the study that in recent year, Chinese exports are showing down on account of various factors inclusive of increase in domestic demand and rising costs. There are thus good opportunities for Indian textile industry to take.

Finally it can be concluded that post MFA quota free environment in textiles has opened door for global competition and India wants to compete with global players, it should have to respond to this environment by substantially restructuring and modernizing its activities and by improving its cost structure otherwise small and least developed countries like Vietnam can give stiff competition to Indian textile Industry.

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STATUS AND SCOPE OF BUSINESS ACTIVITIES OF RURAL WOMEN ENTREPRENEURS IN KOLHAPUR DISTRICT

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ABSTRACT

Women form an important segment of the labour force and the economic role played by them cannot be isolated from the framework of development. Self-employment or entrepreneurship are the important sources towards the improvement of the economic participation of women and in raising their status in society. Women in rural areas constitute a substantial share in India's population. Today the government also in its different policies has given importance to rural development through rural entrepreneurship. This has widened the scope of opportunities for entrepreneurship for rural women. The present study is based on the primary data collected from 380 sample women entrepreneurs of 12 villages of Kolhapur district, Maharashtra, through questionnaires. The objective of the study is to study the status and scope of entrepreneurship in rural women, through the different business activities carried out by them. The findings are given on the basis of data analysed through percentage technique. Analysed data shows that women entrepreneurs in rural areas are engaged in small scale business activities, which are women oriented. They have a limited scope for expansion as their capital investment is small and have a limited market scope. Creating awareness of the importance of entrepreneurship as a source for economic and social wellbeing for the rural women and support of required resources can encourage more rural women in entrepreneurship which are more lucrative and have a better scope for expansion.

KEYWORDS

Entrepreneurship, Market, Self-employment, Turnover.

INTRODUCTION

Entrepreneurship amongst women has been a recent phenomenon. Women today have become aware of their existence, their rights and their work situations. Now-a-days a greater importance is being ascribed to women entrepreneurs as a part of policy by government and other agencies. Women represent 50 percent of world's population and account for two third of the total working hours. They receive about 10 percent of the world's income and own one percent of the world's assets. Against this back drop, women entrepreneurs need a special treatment as they have to fight against heavy odds and belong to the largest disadvantaged group in the country (Lal Madhurima and Sahai Shikha, 2009)

Entrepreneurship shows the path to women independence and in turn satisfies the needs and aspirations or better living standards. Accordingly, women entrepreneurs have become important in national development planning and strategies. The emergence of women entrepreneurship and their contributions to national economy is quite visible in India today.

Women in rural areas constitute a substantial share of India's population. This factor should be duly recognised and brought in the forefront. The study deals with the nature and scope of entrepreneurial activities undertaken by women in the selected rural areas.

REVIEW OF LITERATURE

Mehta A., and Mehta M., (2011) reveal the status of entrepreneurship for rural women in India, and their opportunities and challenges faced by them with the help of secondary data. The research tells that the growth of rural women entrepreneurship was highest in Tamil Nadu as on 2001 at 18% and the main challenges faced by them were:

- 1) Growth of Mall Culture
- 2) Illiteracy
- 3) Low Risk Bearing Ability
- 4) Lack of infrastructure facilities and corruption
- 5) Lack of finance
- 6) Mobility constraints

The opportunities for the development of entrepreneurship in rural women were:

- 1) Integrated Rural Development programme
- 2) Regional Rural Development Centers
- 3) Technology for Bank
- 4) Funds for Rural Innovation
- 5) Social Rural Entrepreneurship

The study suggested that for rural women to overcome their problems and take advantage of opportunities for their development, it is required to make them aware and improve their access to training and development of business related skills. The overall attitude should be favourable to increase self-employment for women and overall development of the country.

Bahl J., (2012) reviews the present position of women entrepreneurs in Rural India. She highlights the various institutions and government programmes that are available and are operating for the development of rural women entrepreneurship. The researcher suggests that instead of just schemes (financial and developmental) as the carrot for entrepreneurship development an intensive training needs to be provided to the women in rural India, who can be the answer to the removal of rural poverty in India.

Sharma A., Dua S., and Halwal V., (2012) through literature review address opportunities and challenges faced by women entrepreneurs in rural areas and analyse the impact on women empowerment through micro entrepreneurship development and SHG's. They observe that micro-finance is playing a vital role in the success of SHG's, particularly the entry of rural women in micro enterprises is seen to be encouraging. The rural women are having basic indigenous knowledge, skill, and potential to establish and manage enterprise. But they faced many obstacles specifically in finance and marketing of their produce. The author suggests a proper provision of knowledge regarding accessibility to loans, various funding agencies procedures regarding certification, awareness and government welfare programmes, provision of motivation, technical skills and support from family, government and other organizations. He also suggests formation of rural women entrepreneur's network.

Choudhary K., and Rayalwar A., (2011) highlight the issue of strategic challenges and opportunities of women from a gender focus, to analyse the prospects of rural small and medium entrepreneurship for women. The study observes that women entrepreneurs face many obstacles specifically access to finance, marketing their products, family responsibilities, male dominance etc. in carrying out their entrepreneurial activities. They opined that the problems are required to be dealt and overcome in order to give them access to the same opportunities as men. Indian rural market, if properly explored through the women entrepreneurs, it can offer unique opportunities to develop a strong network.

The researcher suggests that Indian Universities and Institutions should develop educational programmes focusing on women's business education, for more and more visibility of women entrepreneurs in future.

Kusugal N., and Biradar R., (2010) based on secondary data collected from survey on employment- unemployment situations in India published by NSSO reveal that the occupational shift of women towards rural non-farm sector was mainly driven by the poverty distress related factors. Whereas in respect of males it was determined by growth related factors originating from agriculture. A shift of workers away from agriculture in favour of the rural non-farm sector tends to raise the wage rates of the existing labourers in agriculture, thereby contributing to a decline in poverty.

IMPORTANCE OF THE STUDY

Entrepreneurship plays a crucial role in the growth of our country, which has abundant natural and human resources. Besides, being the vehicle of industrial development, it is a solution to various problems of economy like- unemployment, imbalanced regional development, concentration of wealth in few selected hands etc.

Entrepreneurship is a herculean task, which is fraught with struggle, entailing both risk and effort. While women have to go through the same stages of setting up an enterprise similar to male and they also have to face similar challenges, women do have a distinct set of factors that first impede their entry as entrepreneur and later their survival as successful women in their respective enterprises.

Women through their determination, will and skills have evolved as entrepreneurs in different fields. The researcher has tried to find out the different activities undertaken by rural women as entrepreneurs and the status of their enterprises in terms of turnover achieved, profits, labour status, capital investment etc.

STATEMENT OF THE PROBLEM

At present women are performing exceedingly well in different spheres of activities like academics, politics, administration and social work. It is now widely accepted, that if national development and women's development has to be purposeful and relevant, women have to be full-fledged participants in economic activities. Participation of women in economic activities is now emerging as a universal phenomenon. Alternatively stated, women are increasingly joining the world labour market and are also assuming the role of entrepreneurs all over the world. In India too, significant changes in women's rate of participation in the economy is taking place with the pace of liberalization and privatization sweeping across the country. The role of women as entrepreneurs and economic workers is already visible and the enterprising females are relatively a new breed of women in India. Entrepreneurship has reached the rural pockets of our economy where women constitute a major and significant factor of our economy. The study analyses the status and scope of entrepreneurial activities undertaken by women in the selected rural areas of Kolhapur district.

OBJECTIVE OF THE STUDY

To study the status and scope of entrepreneurship amongst the rural women.

RESEARCH METHODOLOGY

The present study is based on both primary as well as secondary data. To collect the primary data, questionnaires were prepared and presented personally to 380 women entrepreneurs of the selected villages of Kolhapur district.

The sample women entrepreneurs were selected from 12 villages each from the 12 talukas of Kolhapur district by multistage sampling method. Geographically the district is divided into 12 talukas, so for proper representation of the district, at the first stage of sampling, 12 talukas were selected from the district. At the second stage, purposive sampling method was used as the sampling technique to select the village from each taluka. Past research shows that self help groups have a favourable impact in promoting entrepreneurship among women. (Sharma A., Dua S. And Halwal V., 2012). Self help group (SHG) is a homogenous group formed by 10-20 members of poor households having similar objectives, aims and aspirations. They are formed under the principle of self help to promote individuals through collective actions in areas of augmenting income, easier access to credit and other resources and increasing bargaining power. It is more popular amongst women. Thus 12 villages with maximum number of Self help groups in the district were selected, one from each of the 12 talukas. The third stage involved selection of women entrepreneurs from the selected villages. In a pilot study, made in two villages, Kale of Panahala taluka and Nandani in Shirol taluka, women in majority were seen engaged in small scale business activities, managing and operating solely, with no employment and they were engaged in traditional activities. Women entrepreneur is defined in various ways by different thinkers and researchers. So the researcher, taking into consideration the objective and scope of the study defines rural woman entrepreneur as:

"Rural Woman, who is self employed, who initiates, organizes and manages an economic enterprise with an objective to earn profit and is responsible for the results thereof".

As the universe was infinite and no confirmed and concrete record of registered women entrepreneurs was available, the researcher had to apply criteria for the inclusion of these rural women for the study. Initially, different criteria were considered like capital investment, employees employed, location of their enterprise premises, number of years of operation etc. But as the field work progressed, the researcher faced various problems in including all the criteria, so finally two criteria were decided, for the inclusion of rural women entrepreneurs for study:

1. They should be the founders and initiators of their enterprise.
2. They should have completed at least 4 years, operating their current enterprise.

According to the criteria set and data available, in all 380 rural women entrepreneurs, were selected from the selected villages.

SAMPLE DISTRIBUTION OF RURAL WOMEN ENTREPRENEURS IN THE KOLHAPUR DISTRICT

| Taluka | Village | Respondents |
|--------------|-------------|-------------|
| Karveer | Paachgaon | 36 |
| Shahuwadi | Sarud | 32 |
| Shirol | Nandani | 40 |
| Kagal | Mhakawe | 32 |
| Gadhinglaj | Hasurchampu | 28 |
| Radhanagari | Ghotawade | 26 |
| Ajara | Bhadwan | 20 |
| Chandgad | Shinoli | 32 |
| Hatkanangale | Top | 40 |
| Bhudargad | Gargoti | 32 |
| Panhala | Kale | 34 |
| Gaganbavda | Salwan | 28 |
| TOTAL | | 380 |

Source: Field Surveys

The women entrepreneurs selected will be further referred to as respondents in the study. The data collected was tabulated and analysed by simple method of percentage.

MEANING OF ENTREPRENEURSHIP

Entrepreneurship is a process of creating something new with value by devoting the necessary time and effort, assuming the accompanying financial, psychic and social risks and receiving the resulting rewards of monetary and personal satisfaction and independence.

The Ministry of Industries India in 1984, constituted a National level standing Committee on women Entrepreneurs. It defined women entrepreneur's enterprise as "An enterprise owned and administered by a woman and having a minimum financial interest of 51 % of share capital and have at least 50 % women employees".

The criteria of majority participation of women in enterprises has however faced some amount of criticism. So, majority participation of women has been changed to majority equity participation of women in the organization. The critics also objected on the condition of employing more than 50 % women workers and pointed out this as discriminatory and any enterprise set up by women should qualify for the concession offered to women entrepreneurs.

According to Schumpeter, any woman who innovates, initiates or adopts an economic activity may be called as a women entrepreneur.

A women entrepreneur is a person who is an enterprising individual with an eye for opportunities and an uncanny vision, has commercial awareness, with tremendous perseverance and a person who is willing to take risk with the unknown.

Entrepreneurship is the ability of an individual or group of individuals to set up an enterprise by making use of available resources and to provide goods and services of value to the society. When a women undertakes such activities she is termed as a woman entrepreneur.

DATA ANALYSIS

DISTRIBUTION OF THE RESPONDENTS IN DIFFERENT BUSINESS ACTIVITIES

The researcher observed that women selected for the study were engaged in different business activities, which were varied and heterogeneous. Due to variations in the nature of activities under taken, it was difficult to measure and compare the performances on a common scale. However, the researcher taking into consideration the variations of the activities undertaken has tried to evaluate the status of their enterprise on the basis of common indicators like, capital investments, incomes, profits and employment in their enterprise. The status and scope of entrepreneurship for rural women entrepreneurs is studied through the data collected from the respondents, who were engaged in different business activities initiated and managed by them, through the Questionnaire. As per the different types of activities undertaken by the respondents, the distribution is analysed below:

TABLE 1: DISTRIBUTION OF RESPONDENTS IN DIFFERENT BUSINESS ACTIVITIES

| Enterprise | Kar | SW | Shir | Kag | Gad | Rad | Aja | Chan | Hat | Bhu | Pan | GB | Total |
|---------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|
| 1. Producing food products | 3 | 3 | 3 | 3 | 4 | 2 | 1 | 2 | 4 | 3 | 4 | 3 | 35 |
| 2. Producing medicinal products | — | 2 | — | — | — | — | — | — | — | — | 1 | 2 | 5 |
| 3. Producing Cement dish | — | — | — | 1 | — | — | — | — | 2 | — | — | — | 3 |
| 4. Making Decorative articles | 1 | 2 | — | 1 | 2 | 3 | 2 | 2 | 2 | 2 | 2 | 2 | 21 |
| 5. Bamboo business | — | — | 2 | — | — | — | — | — | 1 | — | — | — | 3 |
| 6. Creating Ornaments | — | — | — | — | — | 1 | — | — | 1 | 1 | — | — | 3 |
| 7. Making Boxes and bags | — | — | 1 | 2 | 2 | 1 | — | 1 | 2 | 1 | 1 | — | 11 |
| 8. Handicrafts | 3 | 2 | 2 | 1 | 1 | 1 | — | 3 | — | 2 | — | 2 | 17 |
| 9. Tailoring | 4 | 2 | 2 | 2 | 3 | 3 | 2 | 4 | 2 | 3 | 2 | 2 | 31 |
| 10. Beauty parlour | 3 | 2 | 2 | 2 | 2 | 2 | 1 | 2 | 1 | 2 | 2 | — | 21 |
| 11. Jewellery repairs | 3 | 2 | 2 | 2 | 2 | 1 | 1 | 2 | 1 | 2 | 1 | 2 | 21 |
| 12. Flour mills | 4 | 2 | 3 | 2 | 3 | 3 | 4 | 4 | 2 | 3 | 2 | 2 | 34 |
| 13. Hotel and catering | 3 | 1 | 3 | 2 | — | — | — | — | 1 | 1 | 1 | 1 | 13 |
| 14. Computer institute | — | — | 1 | — | — | — | — | — | — | — | — | — | 1 |
| 15. Coaching institutes | 2 | — | 2 | 2 | 2 | 1 | — | — | 1 | 3 | 1 | — | 14 |
| 16. Transport services | — | — | — | — | — | — | — | — | 1 | — | — | — | 1 |
| 17. Laundry service | 2 | — | 2 | — | — | — | — | — | — | — | — | — | 4 |
| 18. Cattle rearing | 2 | 2 | 2 | 2 | 2 | 3 | 3 | 4 | 2 | 2 | 3 | 3 | 30 |
| 19. Jewellery trade shops | — | 1 | — | 1 | — | — | — | — | 1 | — | 2 | — | 5 |
| 20. General stores | 1 | 2 | 2 | 2 | 1 | 2 | 2 | 2 | 3 | 2 | 3 | 2 | 24 |
| 21. Grocery shops | 2 | 2 | 1 | 2 | 1 | — | 1 | 2 | 2 | 1 | 2 | 2 | 18 |
| 22. Stationery shops | 1 | 1 | 1 | 1 | — | — | — | 1 | 2 | — | 1 | — | 8 |
| 23. Garments shops | 1 | 2 | 2 | 1 | — | — | 1 | 1 | 3 | 1 | 2 | 1 | 15 |
| 24. Utensils shops | — | 1 | 2 | 1 | 1 | 1 | — | — | 3 | 1 | 2 | 2 | 14 |
| 25. Bangle shops | 1 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 23 |
| 26. Plant nursery | — | 1 | 1 | — | — | — | — | — | 1 | — | — | — | 3 |
| 27. Bakeries | — | — | 2 | — | — | — | — | — | — | — | — | — | 2 |
| Total | 36 | 32 | 40 | 32 | 28 | 26 | 20 | 32 | 40 | 32 | 34 | 28 | 380 |

Source: Field Survey

1. Kar: Karveer 2. SW: Shahuwadi 3. Shir:Shirol 4. Kag: Kagal 5. Gad: Gadhinglaj 6. Rad: Radhanagari 7. Aja: Ajara 8. Chan: Chandagad 9. Hat: Hatkananangle 10. Bhu: Bhudargad 11. Pan: Panahala 12. GB: Gaganbavda

It is seen that women in rural Kolhapur district have undertaken many production and trading activities. They are also seen engaged majorly in the service sector. Production activities undertaken are: producing food products-papads, pickles, noodles, juices, jams, chutneys etc., medicinal products, cement dish, decorative and designer articles, bamboo business, soft toys, (incense sticks) agarbatti, ornaments etc.

Women in service sector are engaged in activities like, handicrafts, tailoring, beauty parlour, jewellers repairs business, flour mills, hotel business, computer coaching institutes, academic coaching institutes, transport service, laundry services etc.

Women in trading were involved in activities like jewellers shops, general stores, grocery shops, stationary stores, garment shops, utensils stores, bangle selling, plant nurseries, bakeries etc.

Thus the respondents are carrying out varied business activities, which are majorly traditional, home based and are women oriented.

TURNOVER OF THE ENTERPRISE OF RESPONDENTS

Turnover is one of the important indicators of the financial performance of a concern or a business activity. It was difficult for the researcher to access the data from the respondents regarding turnover, due to lack of proper and complete accounting records. However, detailed discussions with the respondents helped with the data collection.

TABLE 2: CLASSIFICATION OF RESPONDENTS ON THE BASIS OF TURNOVER

| Particulars | Respondents | |
|----------------------|-------------|-------------|
| | 2010-11 | 2012-13 |
| Monthly Sales in Rs. | | |
| Less Than 5,000 | 73 (19.21) | 44 (11.57) |
| 5,000-10,000 | 121 (31.84) | 107 (28.15) |
| 10,000-15,000 | 111 (29.21) | 113 (29.73) |
| 15,000-20,000 | 52 (13.68) | 69 (18.15) |
| 20,000-25,000 | 14 (3.68) | 28 (7.36) |
| 25,000 and above | 9 (2.38) | 19 (5) |
| Total | 380(100) | 380(100) |

Source: Field Survey

Note: Figures in parenthesis indicate the percentages.

The data from Table 2 shows that, in the year 2012-13, 29.73 percent respondents were able to execute a turnover between Rs`10,000/- to Rs`15,000/- per month, which can be considered as a fair amount of business executed. However, 28.15 percent and 11.57 percent respondents were able to make sales between Rs. 5000 to Rs. `10,000/- and below Rs. `5,000/- per month respectively. Only 5 percent respondents had a turnover of Rs.`25,000/- and above per month.

Comparative analysis on the basis of time period from the year 2010-11 to 2012-13 shows that, the percent of respondents making a turnover between Rs. 15,000/- to Rs 20,000/- has improved from 13.68 percent to 18.15 percent. Also there is a good improvement in the turnover position between Rs `20,000/- to Rs`25,000- and Rs 25,000 and above, from 3.68 percent to 7.36 percent and 2.36 percent to 5 percent respectively. A reduction accordingly is noticed in lower turnover brackets. The respondents making a turnover less than Rs. `5,000/- has reduced from 19.21 percent to 11.57 percent and from 31.84 percent to 28.15 percent for a turnover between `Rs. 5,000/- to Rs. `10,000/-.

This indicates that there is a positive change in the turnover position and that respondents are prospective about their enterprise position.

CAPITAL INVESTED IN THE ENTERPRISE BY THE RESPONDENTS IN 2010-11 AND 2012-13

Respondents under study are doing various kinds of activities. The capital investment depends upon the nature of activity undertaken, so comparison amongst them was a complex task. However, an attempt is made to study the capital investment in enterprise by the respondents in the year 2012-13 and a comparison of the same with the year 2010-11

TABLE 3: CLASSIFICATION OF RESPONDENTS ON THE BASIS OF CAPITAL INVESTED

| Particulars | Respondents | |
|------------------------|-------------|------------|
| | 2010-11 | 2012-13 |
| Capital Invested in Rs | | |
| Less Than 20,000 | 146 (38.42) | 133 (35) |
| 20,000-40,000 | 85 (22.36) | 83 (21.84) |
| 40,000-60,000 | 63 (16.57) | 50 (13.15) |
| 60,000-80,000 | 49 (12.89) | 63 (16.57) |
| 80,000-1,00,000 | 30 (7.89) | 38 (10) |
| 1,00,000 and above | 7 (1.87) | 13(3.44) |
| Total | 380(100) | 380(100) |

Source: Field Survey

Note: Figures in parenthesis indicate the percentages

The data in Table 3 shows that, maximum number of respondent's investment in their enterprise as on 2012-13 is still below Rs.20,000/- (35 percent), followed by 21.84 percent, whose capital investment in the enterprise stood between Rs.`20,000/- and Rs`40,000/- . 13.15 percent respondents stated their capital investment is between Rs`40,000/- to Rs`60,000/. Very less investment is observed above Rs.60,000 with only 16.57 percent respondents who reported an investment in the range of Rs `60,000 to Rs.80,000./-. 10percent said that, their capital investment was in the bracket of Rs. `80,000/- to Rs`1,00,000/- Only 3.44 percent respondents have a capital investment in their enterprise above Rs. `1,00,000/-

Comparative analysis of the year 2012-13 with 2010-11 reveals, that there has been an increase in the percentage of respondents who showed a capital investment in their enterprise between Rs`60,000/- to `Rs 80,000/- from 12.89 percent to 16.57 percent. In the investment range of Rs `80,000/- to Rs1,00,000/- there was an increase from 7.89 percent to 10 percent respondents and in the capital investment above Rs.`1,00,000/- there was a positive change from 1.87 percent to 3.44 percent. Accordingly the investment is seen to be reduced in the range of Rs `40,000/- to `Rs.60,000/- from 16.57 percent to 13.15 percent respondents . The number of respondent's percentage is decreased from 22.36 percent to 21.84 percent in the investment bracket of Rs.`20,000/- to `Rs.40,000/- The number of respondents having a capital investment in their enterprise below Rs. 20,000 is seen reduced to 35 percent from 38.42 percent . The data tells that there has been growth in capital investment which indicates expansion of business, though on a very small scale.

SOURCES OF FUNDS UTILIZED BY THE RESPONDENTS IN THEIR ENTERPRISE

The respondents were asked to tell the sources of funds utilized as capital investment in their enterprise.

A) Sources of Funds: The data from the Table 4 clearly shows that the contribution of owned funds is more than borrowed funds. 66.84 percent respondents used owned sources as capital in comparison with 33.16 percent who borrowed funds for their capital in their enterprise.

TABLE 4: CLASSIFICATION OF RESPONDENTS ON THE BASIS OF SOURCES OF FUNDS

| Sources | Respondents |
|----------|-------------|
| Owned | 254 (66.84) |
| Borrowed | 126 (33.16) |
| Total | 380(100) |

Source: Field Survey

Note: Figures in parenthesis indicate the percentages.

The analysis tells that respondents are still not savvy towards borrowings.

B) Sources of Owned Funds: The Table 5 shows that, respondents have used their own savings in their enterprise.

TABLE 5: CLASSIFICATION OF RESPONDENTS ON THE BASIS OF SOURCES OF OWNED FUNDS

| Sources | Respondents |
|------------------|-------------|
| Personal Savings | 224(88.18) |
| Family | 30 (11.82) |
| Total | 254(100) |

Source: Field Survey

Note: Figures in parenthesis indicate the percentages.

88.18 percent respondents have used personal savings in their enterprise. Savings were reported from their own small personal savings and incomes from their small investments made. Only, 11.82 percent respondents have used the funds from their family savings. The data reveals the saving characteristic of women in general and their less dependency and confidence in other family members for their enterprise capital needs.

C) Sources of Borrowed Funds: The Table 6 below shows the numbers of respondents who use self help groups as a source of finance are 44.46 percent. Money lenders are still a major source of finance, second to self help groups (23.80percent), followed by nationalised banks, where 17.46 percent respondents are using it as a source of finance and co- operative societies at 14.28 percent.

TABLE 6: CLASSIFICATION OF RESPONDENTS ON THE BASIS OF SOURCES OF BORROWED FUNDS

| Sources | Respondents |
|--------------------|-------------|
| Friends | - |
| Relatives | - |
| Private Banks | - |
| Nationalized Banks | 22 (17.46) |
| Co- Op. Societies | 18 (14.28) |
| Money Lenders | 30 (23.80) |
| Self Help Groups | 56 (44.46) |
| Total | 126(100) |

Source: Field Survey

Note: Figures in parenthesis indicate the percentages.

None of the respondents had borrowed funds from friends, relatives or private banks.

NET PROFIT POSITION OF THE ENTERPRISE OF THE RESPONDENTS

Profit is an important indicator to judge the efficiency of a given enterprise. The researcher has presented the monthly profit position of the enterprise owned and operated by the respondents.

TABLE 7: CLASSIFICATION OF RESPONDENTS ON THE BASIS OF MONTHLY NET PROFIT

| Net Profit in Rs. | Type 1 |
|-------------------|-------------|
| Less than 2,000 | 11 (2.89) |
| 2,000- 4,000 | 83 (21.84) |
| 4,000- 6,000 | 110 (28.94) |
| 6,000 – 8,000 | 103 (27.10) |
| 8,000- 10,000 | 50 (13.18) |
| 10,000 and above | 23 (6.05) |
| Total | 380(100) |

Source: Field Survey

Note: Figures in parenthesis indicate the percentages.

The Table 7 reveals that 28.94 percent respondents earned profits between Rs.4,000/- to Rs. 6,000/-, 27.10 percent respondents earned between Rs`6,000/- to Rs 8,000/-. 21.84 percent earned between Rs 2,000/- to Rs 4,000/- followed by 13.18 percent, who earned profits between Rs`8,000/- to Rs`.10,000/-. However, the profits earned at higher bracket and lower bracket were comparatively less with a percentage composition of 2.89 percent respondents who earned profits below `2,000/- and 6.05 percent respondents who earned profits aboveRs`.10,000/-. The profit picture shows that the respondents are doing well in their enterprise. But there can be improvement in the status, with the help of large base of customers.

LOCATION OF THE ENTERPRISE PREMISES OF RESPONDENTS

Woman's prior duty is considered, her home and children. She cannot overlook her domestic responsibilities over her career. She needs to attend to domestic responsibilities along with her enterprise activities unlike male entrepreneurs. So, location of her enterprise is an important factor, towards dual management of enterprise and home

TABLE 8: CLASSIFICATION OF RESPONDENTS ON THE BASIS OF LOCATION OF THE ENTERPRISE PREMISES

| Location | Respondents |
|-------------------------|-------------|
| In residence | 320 (84.21) |
| Separate from residence | 60 (15.79) |
| Total | 380 (100) |

Source: Field Survey

Note: Figures in parenthesis indicate the percentages.

The Table 8 reveals that, 84.21 percent respondents operate their enterprise from their own residence, with only 15.79 percent who have their enterprise located outside their residence. However, further discussions with the respondents also revealed that the locations were not far from the residence and were within 1 to 1.5 km. from their residence. Also low financial capacity, does not allow them the affordability of separate location for their enterprise. Operation of enterprise from residence and close to residence, facilitates women in executing their joint responsibilities towards home and enterprise.

ENTERPRISE EXPANSION PLANS OF THE RESPONDENTS

Expansion implies growth. Respondents were asked to tell whether they had any plans for expansion and to opine with the reasons for the same

TABLE 9: PLANS FOR EXPANSION OF ENTERPRISE BY RESPONDENTS

| Opinion | Respondents |
|---------|-------------|
| Yes | 194 (51.05) |
| No | 186 (48.95) |
| Total | 380 (100) |

Source: Field Survey

Note: Figures in parenthesis indicate the percentages

The Table 9 shows that, 51.05 percent respondents had future plans of expansion, and 48.95 percent of them were not inclined towards expansion.

AWARENESS OF GOVERNMENT SCHEMES AND PROGRAMS BY THE RESPONDENTS

Respondents were asked if they were aware about the government schemes and programs relating to promotion of entrepreneurship in women.

TABLE 10: CLASSIFICATION OF RESPONDENTS ON THE BASIS OF AWARENESS OF THE GOVERNMENT SCHEMES AND PROGRAMMES

| Particulars | Respondents |
|-------------|-------------|
| Yes | 180(47.36) |
| No | 200(52.64) |
| Total | 380(100) |

Source: Field Survey

Note: Figures in parenthesis indicate the percentages

The data in the Table 10 reveals that, 47.36 percent respondents are aware about the government schemes and programmes available for entrepreneurship development for women. More awareness creation is required on the part of government through proper channels, of its schemes amongst rural women.

GOVERNMENT ASSISTANCE UTILIZED BY THE RESPONDENTS FOR THEIR ENTERPRISE

Government of India is seen to be working positively towards the growth and promotion of women entrepreneurship. The respondents were asked to tell the assistance they had taken from government for their enterprise.

TABLE 11: CLASSIFICATION OF RESPONDENTS ON THE BASIS OF ASSISTANCE OF GOVERNMENT SCHEME FOR THEIR ENTERPRISE

| Assistance | Total |
|------------|------------|
| None | 244(62.88) |
| Subsidy | 60 (15.78) |
| Loans | 66 (17.36) |
| Any other | 10 (3.98) |
| Total | 380 (100) |

Source: Field Survey

Note: Figures in parenthesis indicate the percentages.

The data suggests that, only 136 respondents had availed themselves with government assistance. Remaining 244 respondents had not taken any government assistance for their enterprise. Lack of awareness and lack of knowledge came to light as the prime reasons for not taking assistance in course of discussions with the respondents.

The data in the Table 11 shows that, 17.36 percent respondents had taken loans available for their enterprise under different schemes of government. Favourable interest rates, convenient loan formalities were the reasons for accessing loans from certain government schemes especially through self help groups. Subsidies were the second highest rated scheme availed by the respondents for their enterprise (15.78 percent). 3.98 percent suggested other schemes. Other schemes included free tailoring machines, availability of cows and buffalos at low rates than the market rates etc. The respondents said that grants from government, especially through self help groups was the prime assistance taken by them.

CONTRIBUTION OF INCOME FROM THE ENTERPRISE TOWARD FAMILY EXPENDITURE BY THE RESPONDENTS

Besides personal interest, women had taken up entrepreneurship due to economic necessity of their family. Making an individual contribution towards family expenditure is a reason for satisfaction and pride to respondents. So it was important to find out how much income was used in enterprise by the respondents and how much of it was spend for family expenses.

TABLE 12: CONTRIBUTION OF INCOME FROM ENTERPRISE TOWARDS FAMILY EXPENDITURE BY THE RESPONDENTS

| Contribution of the enterprise income | Respondents |
|---------------------------------------|-------------|
| Less than 20percent | — |
| 20percent to 40percent | 95 (25) |
| 40percent to 60percent | 191 (50.27) |
| 60percent to 80percent | 88 (23.15) |
| 80percent and above | 6 (1.58) |
| Total | 380(100) |

Source: Field Survey

Note: Figures in parenthesis indicate the percentages.

The Table 12 shows that, 50.27 percent respondents contributed 40 percent to 60 percent of their income from their enterprise towards family expenses, 25 percent respondents contributed between 20 percent to 40 percent and 23.15 percent contributed 60 percent to 80 percent of their enterprise income towards their family expense. 1.58 percent contributed more than 80 percent of their income for family expenses. The data reveals that, respondents burden the responsibility of family expenses on a major scale and this can be a limitation towards their business expansion but a contribution towards family needs. Contribution made by women towards their family needs should be appreciated and gratified by the family members.

MARKETS UTILIZED BY THE RESPONDENTS FOR THEIR ENTERPRISE

Respondents are dependent on markets for the various needs of their enterprise. The range and the scale of markets tapped by respondents for their enterprise can help to understand the growth and future scope of their enterprise and their mobility.

A) Sources of raw material and products: Raw materials are important constituents of a business activity especially to a manufacturing sector. Trading sector involves buying and selling of goods. This requires the trade entrepreneurs to purchase the required goods/ products for their business. The place from where they purchase the raw materials and goods, can give an insight into the scope and scale of their enterprise and also the mobility capacity and willingness of respondents towards the expansion of their enterprise.

TABLE 13: CLASSIFICATION OF RESPONDENTS ON THE BASIS OF SOURCES OF RAW MATERIAL AND PRODUCTS

| Sources | Respondents |
|-----------------|-------------|
| Local market | 147 (38.68) |
| Taluka market | 118 (31.05) |
| District market | 75 (19.74) |
| State market | 36 (9.48) |
| National market | 4 (1.05) |
| Total | 380 (100) |

Source: Field Survey

Note: Figures in parenthesis indicate the percentages.

The areas, from where the respondents do their purchasing job were divided into five categories viz., local market which is their residential village, taluka level, district level, State level, and national level markets.

The Table 13, shows that maximum number of respondents (38.68 percent) of the total, were still dependent on the material and products available in their own villages. 31.05 percent respondents procured goods and raw materials beyond their residential villages in their taluka market, 19.74 percent respondents did their purchasing at district markets and very few (9.48 percent) from state markets. Only, 1.05 percent respondents resourced the requirements of their enterprise from the national market. The data reveals that respondents still favour close distance markets. Lack of mobility and dependency could be the reasons for the same.

B) Market scope for the product: Market scope for the product of the enterprise can help to determine the status and probable scope of the enterprise. It also can reflect on their ambitions, motives and skills of the rural women, required in an entrepreneurial activity.

The division of market for the finished product is made on the same basis of raw material / product procurement

TABLE 14: CLASSIFICATION OF RESPONDENTS ON THE BASIS OF MARKET SCOPE OF THE PRODUCT

| Scope | Type 1 |
|-----------------|-------------|
| Local market | 189 (49.72) |
| Taluka market | 131 (34.46) |
| District market | 47 (12.36) |
| State market | 13 (3.46) |
| National market | - |
| Total | 380 (100) |

Source: Field Survey

Note: Figures in parenthesis indicate the percentages.

The Table 14 shows that, 49.72 percent respondents, which is almost 50 percent of the total 380 respondents have local market for their products. 34.46 percent respondents have a customer base beyond their local village boundaries and they are able to cater to bigger markets at taluka level. Only 12.36 percent respondents have district level market for their products. 3.46 percent respondents have a state market for their products, where they have a customer base beyond Kolhapur district.

LIFE OF THE ENTERPRISE OF RESPONDENTS

As explained in the methodology respondents operating their enterprise for a minimum period of four years were selected for the study.

TABLE 15: CLASSIFICATION OF RESPONDENTS ON THE BASIS OF LIFE OF ENTERPRISE

| Years | Respondents |
|--------------|-------------|
| 4 to 8 | 170 (44.75) |
| 8 to 12 | 122 (32.10) |
| 12 to 16 | 70 (18.42) |
| More than 16 | 18 (4.73) |
| Total | 380 (100) |

Source: Field Survey

Note: Figures in parenthesis indicate the percentages.

Table 15 shows that 44.75 percent respondents are operating their enterprise for 4 and less than 8 years. 32.10 percent are operating their enterprise for 8 but less than 12 years and 18.42 percent for a period of 12 years but less than 16 years. 4.73 percent women are operating their enterprise for a period of 16 years and above. However, long life of enterprise is not reflected in any modern methods adopted by the respondents in their enterprise.

EMPLOYEES EMPLOYED BY THE RESPONDENTS

Respondents operate in small scale units and are mostly engaged in home based activities. The data below, shows the number of employees employed by respondents in their enterprise

TABLE 16: CLASSIFICATION OF RESPONDENTS ON THE BASIS OF EMPLOYEES EMPLOYED

| Number of Employees | Total |
|---------------------|-------------|
| No | 346 (91.05) |
| 1-3 | 34 (8.95) |
| 3-5 | - |
| More than 5 | - |
| Total | 380 (100) |

Source: Field Survey

Note: Figures in parenthesis indicate the percentages.

All the respondents under study are sole proprietors. Their scale of operation is limited. 91.05 percent respondents do not have any employee in their enterprise. Only 8.95 percent respondents have employed employees which are less than 3. Small scale operation, lack of skilled and reliable employees and limited financial capacity were the reasons revealed during discussions with respondents for not employing any employee in their enterprise. This makes the quality of multitasking significant for rural women.

TIME ALLOTTED FOR ENTERPRISE BY THE RESPONDENTS

The priority of every woman is her family. A woman is expected to manage her enterprise without neglecting any of her domestic duties. The time devoted by her, to her enterprise helps to analyse the family support she gets for her enterprise and the scope of growth she has in her enterprise. Total time considered is 24 hours.

TABLE 17: CLASSIFICATION OF RESPONDENTS ON THE BASIS OF TIME FOR ENTERPRISE

| Time in hours | Respondents |
|---------------|-------------|
| Less than 2 | - |
| 2 to 4 | 66 (17.36) |
| 4 to 6 | 165 (43.42) |
| 6 to 8 | 144 (37.89) |
| 8 and above | 5 (1.33) |
| Total | 380 (100) |

Source: Field Survey

Note: Figures in parenthesis indicate the percentages.

The Table 17 shows that 43.42 percent respondents are able to devote 4 to 6 hours, of the total hours to their enterprise. 37.89 percent devote 6 to 8 hours to their enterprise. And 17.36 percent devote 2 to 4 hours to their enterprise. Only 1.33 percent are able to devote most of their time to their enterprise, that is 8 hours and above. The table reveals that though women are able to cater time to their enterprise, a better support from family can help them in pursuing their career seriously for a longer time period.

FINDINGS

1. The respondents are still engaged in home based and small scale business activities. Very few have ventured into new and innovative activities. Commonly observed activities undertaken by them are: production of food products-papads, pickles, noodles, jams, chutneys, making and selling soft toys and decorative articles; buying and selling of utensils, garments, stationeries, groceries and providing services like, beauty parlors, tailoring and handicrafts. They are operating on a small scale and majority do not have any employees (91.05).
2. There is an expansion of turnover in their enterprise. There is an expansion in turnover at higher brackets in the year, 2012-13 in comparison with the year 2010-11. Capital investment is likewise seen increased in the year 2012-13 in comparison with 2010-11, majorly in higher investment brackets and has decreased in the lower investment brackets.
3. Women are more dependent on owned sources of funds for their enterprise. (66.84 percent). They are observed to be less savvy towards borrowings. This somewhere reflects their low risk bearing capacity characteristic. Also, the contribution of the owned funds is more from their private savings (88.18 percent) than family savings (11.82 percent). This reflects their preference towards independence and their saving characteristic.

4. The self help groups are a significant source of fund provision for women, which definitely indicates that self help groups as a model is successful in motivating women towards economic self sufficiency through savings and investment.
5. Private banks as a source of finance is not being utilized, by the rural women for their enterprise needs. Private banks should take cognizance of this and accordingly should try to create more awareness and simplicity in their offerings specifically for women in the rural areas.
6. Majority respondents earn profits between Rs. 4000 - Rs. 6000. (28.94 percent) and between Rs. 6000-Rs.8000 (27.10 percent).Only 6.05 percent are able to earn profit above Rs 10,000. Better results can be expected with the use of quality raw materials, proper marketing and use of necessary techniques in the areas of planning and problem solving, that can improve the scope and depth of their product markets.
7. Majority women operate their enterprises from their own residence (84.21 percent),which reflects the priority women have towards their domestic duties and their feasibility in attending to both family and enterprise responsibilities. Also small scale of their enterprise, and low financial capacity is the reason for not having a separate location of their enterprise beyond their residence.
8. Of the respondents, 51.05 percent want to grow and expand their enterprise in future.74.22 percent want to expand for their own personal ambitions. This reflects a growing priority and recognition of the women towards their personal aims and abilities, which suggests a scope and good prospect towards women entrepreneurship development in the rural areas.
9. There is very less awareness regarding Government schemes and programs available for women entrepreneurship development. Only, 47.36 percent respondents are aware of the government programs.
10. Only 136 respondents have taken the assistance of different government schemes towards their enterprise needs. Awareness creation is required on the part of government towards promotional schemes available for women entrepreneurship development. Self help groups can be a good source towards the same.
11. 50.27 percent respondents contribute 40 to 60 percent and 23.15 percent contribute 60 to 80 percent of their enterprise income towards family needs. However, it can affect the growth and expansion needs of the women towards their enterprise due to the diversion of funds towards the family needs.
12. The respondents in majority are still dependent for their enterprise raw material and product needs on local markets (38.68 percent).Only 19.74 percent and 9.48 percent do their buying activities in district and state markets respectively. Likewise only 12.36 percent respondent's products have at district market and majority sell their products only at local level(49.72 percent).This reflects their lack of mobility ,poor information base and lack of family support in their entrepreneurial enterprises.
13. Domestic responsibilities overshadow the time dedicated by women towards their enterprise. 43.42 percent women are able to devote only 4 to 6 hours of the total 24 hours to their enterprise, with only 1.33 percent who cater 8 and more than 8 hours towards their enterprise.
14. Only, 8.95 percent of respondents have engaged less than 3 employees in their enterprise. No employees are employed by the remaining 91.05 percent, which shows the scale of operation of their enterprise. Improved scale with proper assistance of required resources can help women towards sharing and delegation of responsibilities and also they can contribute towards creation of employment in the economy.

SUGGESTIONS

1. Women as entrepreneurs have arrived but their presence in real terms is uneven and unequal. The women in rural areas are today seen to be taking up independent economic activities, which gives them the status of 'Self Employed' but they are confined only to home based activities which moreover have a local market. They still operate on a very small scale. Awareness of the importance of entrepreneurship with its benefits, towards creating an independent economic and social position for women is required, to encourage more women to take up modern business activities, which are more lucrative and long term.
2. Access to finance is a major hurdle faced by the rural women towards their entrepreneurial activities. It is observed that respondents are still largely dependent on owned funds than borrowings from banks. Lack of risk bearing capacity is reflected through this data. Government Banks, Co-Operative Societies and Private Banks and Institutions should see towards quick, easy and required provision of finance to the women entrepreneurs, especially in areas which require more women participation. Provision of easy credit can help business expansion and can also give the faith and confidence to rural women who are competent to make an entry in the field of entrepreneurship.
3. Women are no more confined within the four walls, where their role is limited only towards their domestic affairs. They are in fact a helping hand towards family income and growth. Contribution of enterprise income towards family expenditure by the respondents should be appreciated and gratified by the families and they should encourage women towards entrepreneurship by lending their required support
4. Creation of awareness of government schemes related to entrepreneurship amongst the rural women is required, so that more women can be encouraged to avail themselves of the government schemes that can be used favorably towards promoting entrepreneurship amongst rural women.
5. Better training of women entrepreneurs towards new and better marketing techniques can help them towards exploring big markets, access and use of better quality of raw materials and products and further expansion of their business, which can create a favorable impact on their individual and overall family economic and social status.

CONCLUSIONS

Women in rural areas have ventured in entrepreneurship as a source of income and as a source towards their social emancipation. However, their scope of activities undertaken is seen to be limited towards small size ventures, with limited scope for expansion and which are mostly women centric. Proper training and awareness of the importance of entrepreneurship towards their economic and social independence can encourage them to undertake activities which have a scope for expansion and are growth oriented. Self Help Groups can be used as a platform towards awareness creation and resource provision.

SCOPE FOR FURTHER RESEARCH

The social and economic factors in urban and rural areas are different. A study can be undertaken where a comparative analysis of the business activities undertaken by rural and urban women entrepreneurs is made. Also, a comparative analysis can be made of male and women entrepreneurs on the basis of the activities undertaken by them, their motivating factors, problems faced by them etc. This can help to identify significant factors that affect women entrepreneurs in rural areas where steps can be taken to promote more women towards entrepreneurship in rural areas.

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