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RESULTS & DISCUSSION

FINDINGS

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●   Bowersox, Donald J., Closs, David J., (1996), "Logistical Management." Tata McGraw, Hill, New Delhi.

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CONTRIBUTIONS TO BOOKS

●   Sharma T., Kwatra, G. (2008) Effectiveness of Social Advertising: A Study of Selected Campaigns, Corporate Social Responsibility, Edited by David Crowther & Nicholas Capaldi, Ashgate Research Companion to Corporate Social Responsibility, Chapter 15, pp 287-303.

JOURNAL AND OTHER ARTICLES

●   Schemenner, R.W., Huber, J.C. and Cook, R.L. (1987), "Geographic Differences and the Location of New Manufacturing Facilities," Journal of Urban Economics, Vol. 21, No. 1, pp. 83-104.

CONFERENCE PAPERS

●   Garg, Sambhav (2011): "Business Ethics" Paper presented at the Annual International Conference for the All India Management Association, New Delhi, India, 19–23

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●   Kumar S. (2011): "Customer Value: A Comparative Study of Rural and Urban Customers," Thesis, Kurukshetra University, Kurukshetra.

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●   Garg, Bhavet (2011): Towards a New Gas Policy, Political Weekly, Viewed on January 01, 2012 http://epw.in/user/viewabstract.jsp

SATISFACTION LEVEL OF FARMERS TOWARDS RURAL CREDIT SCHEMES OF CANARA BANK

T. SIVA
RESEARCH SCHOLAR
DEPARTMENT OF COMMERCE & RESEARCH CENTRE
SOURASHTRA COLLEGE (AUTONOMOUS)
MADURAI

DR. L. P. RAMALINGAM
PRINCIPAL & HEAD OF THE RESEARCH CENTRE IN COMMERCE
SOURASHTRA COLLEGE (AUTONOMOUS)
MADURAI

ABSTRACT
Credit is an important facilitator that can help to augment working capital and facilitate investment on farms. The incomes of small holders are very low compared to their expenses, which leaves them with very meager margins, if any, to plough capital back into agriculture. They are thus forced to depend on borrowing. Credit is often viewed as an entry point for initiating development activities among the poor. Credit plays an important role in economic development, particularly in a bank-based financial system. Countries which experienced high growth since 2000 also witnessed a surge in private credit. In India's bank based financial system, credit plays an important role in the overall growth dynamics. Canara Bank is a banking and financial services provider. It gives importance to varied goals under national priorities, including agriculture, micro and small enterprises, education, housing, microcredit, credit to weaker sections, and specified minority communities. Priority Sector Advances of the Bank as at March 2015 reached Rs. 1,18,234 crores and the Bank's advances under agriculture portfolio stood at Rs. 58,868 crores, covering over 53 lakh farmers during the year 2014-15. Based on this background, the researcher has made an attempt to study the satisfaction level of farmers towards rural credit schemes with special reference to Canara Bank.

KEYWORDS
agriculture, Canara Bank, priority sector advances, rural credit schemes.

INTRODUCTION
India has a reasonably dynamic agricultural sector today. Sixty years ago, the sector was in a very precarious condition and now, India is a food surplus country. Indian agriculture has been transformed over the years from subsistence to a commercialized activity. Several pockets of agricultural prosperity have developed that have led to investment in industry and other segments. Agriculture is a major source of rural livelihoods and supports over half of the Indian population, helping to alleviate poverty and unemployment to a large extent. The share of agriculture in the total gross domestic product (GDP) has declined over time, which is in line with the state of development of the overall economy. The share of agriculture in the GDP grew at 3.3 per cent during the 11th Five-Year Plan period, whereas the growth rate of the total economy was 7.9 per cent. Though agriculture failed to achieve the much elusive 4 per cent growth rate for quite some time, the performance of the sector has been impressive since 2004–05. The average growth rate during 2005–06 to 2013–14 was 4.0 per cent, compared to 2.4 per cent during 1995–96 to 2004–05. This growth was the result of an increase in public investment and credit.

REVIEW OF LITERATURE
The studies carried out by various researchers during the past years are reviewed here and the most important are listed out:
Uppal (2009) in his study entitled "Priority sector advances: Trends, issues and strategies" stated that the public sector banks have not achieved the target of 40 per cent while private sector banks have achieved the overall target. No private sector bank could achieve the 10 per cent target by lending to weaker section. On the other hand, foreign banks have achieved the small scale industries' export credit and overall target. NPAs of public sector banks have increased because of high priority sector advances. **Ambiga Devi (2010)** in her study entitled "Determinants of Agricultural Credit Constraint-A Micro Level Analysis" found that the area under cultivation (except in Karamadai block) and farmers' own fund to invest, turned out to be the significant factors to determine probability of credit constraint. The co-efficient of farmers' own fund had consistent negative sign. It revealed that the probability of credit constraint had declined with increase in the amount of farmers' own fund to invest. **Satish (2010)** in his study entitled "Repositioning RRBs as the main arm of the agricultural credit delivery mechanism in India" mentioned that there is disturbing trends with regard to the flow of credit to agriculture from institutional sources. Though the share of commercial banks in agricultural credit is increasing, data gaps indicate to its insufficiency, as also to its direction away from small farmers. A dedicated and robust agricultural credit system can emerge in India only if RRBs are repositioned to play the leading role as purveyors of agricultural credit. **Guo K. and V. Stepanyan (2011)** carried out a study titled "Determinants of Bank Credit in Emerging Market Economies". They pointed out that in India the credit plays an important role in the overall growth dynamic in the bank based financial system. An empirical analysis also suggests that credit growth is positively influenced by deposit growth, GDP growth, easy global liquidity conditions and exchange rate depreciation, whereas inflation dampens real credit growth. **Nidhi Dwivedy (2011)** in her study entitled "Challenges faced by the Agriculture Sector in Developing Countries with special reference to India", analyzed about the developmental challenges faced by the Indian agriculture sector in particular and developing nations in general. Natural disasters and human-induced environmental degradation are closely associated with improved farming systems. **Shukla (2012)** in her study entitled "An Analysis of Status and Trends of Investment Credit in Indian Agriculture" found that the National Agriculture Policy adopted in July 2000 had envisaged an annual growth in agriculture of over 4 per cent per annum and highlighted adequate and timely supply of institutional credit to farmers. This study provides details about the total credit flow to agriculture and allied sectors during the Tenth Five Year Plan period. **Thitte (2012)** in his study entitled "Importance of Agricultural Finance in India" found that the agricultural sector contributing about 15 per cent of national Gross Domestic Product to Indian economy. The importance of long-term credit for agriculture cannot be over emphasized. Due to modernization of Indian Agriculture, agricultural finance has a vast scope in future. Agriculture Rural Multipurpose Development Banks in India have become important institution providing long-term agricultural credit. The involvement of the NABARD in financing long-term agricultural credit has necessitated the need for the effective functioning of the Agriculture in India. **Bure Suryanarayana (2013)** in his study entitled "Credit to Agriculture Sector in India" found that agriculture is an important sector in India which is still the primary source of livelihood for majority of the people in rural areas and this lively hood needs to be made sustainable for many. Credit is an important input for the agriculture development. In recent past since the initiation of financial reforms the flow of credit to agriculture in relation to its demand has declined. The investment in agriculture also declined much in this period. It resulted in declining the growth of agriculture sector and reduction in its contribution to GDP. **Jasbir Singh (2013)** in his study entitled "Informal borrowing cost of banks loan in agriculture sector in India: A case study of Haryana" analyzed about the main informal causes those are responsible to increase the institutional loan. The study is totally based on primary data. Considered this way, apart from production and the investment loans help to increase production and incomes. Even schemes for infrastructure development where charges are levied have become bankable propositions. **Osman Murat Kocturk, Mustafa Tepeci, Selim Duramaz, Ayhan Yatbaz (2013)** in his study entitled "The use of agricultural loan: An analysis of farmers' bank selection decisions in Manisa, Turkey" stated that the reliability and accessibility of the banks influenced farmers' bank selections. The study findings suggest

that banks should invest more on reliability and accessibility factors to attract and retain their customers. Foreign capital banks could lower their loan costs and improve loan conditions, reliability and service quality to convince farmers to use their banking services. **Ratan Lal Godara (2014)** in his study entitled "Agriculture Credit in India: An Analytical Study" analyzed about the concerns and issues in agricultural credit in India. The analysis states that the credit delivery to the agriculture sector continues to be insufficient. It appears that the banking system is still hesitant on various grounds to provide credit to small and marginal farmers. Transformation in banking policies and practices and the resultant of and access to total bank credit during the post-bank nationalization period have not satisfactorily addressed equitable and efficient delivery of agriculture and rural credit.

NEED OF THE STUDY

Agriculture plays a vital role in Indian economic development. It is the means of livelihood for nearly 65 per cent of the labour force and accounts for about 25 per cent of India's national income. According to the All India Rural Credit Survey, 'India is essentially rural India and rural India is virtually the cultivator'. The adoption of new technology is essential for agricultural development. But it requires larger cash outlays, which is beyond the capacity of the majority of the farming population. Therefore, credit system should be developed to meet the demands of farmers. Traditionally, credit to agriculturist was available from non-institutional sources like money lenders, landlords, merchants and similar other individual lenders. This type of credit is full of pitfalls and hardly provides an incentive to effect improvement of the land. Hence it is necessary to protect the farmers through institutional credit. With the emergence of Green Revolution in India in the late sixties, the demand for farm credit has increased manifold and it was realized that despite considerable expansion of co-operative sectors, it could not meet the expanding needs of agriculture. Government therefore adopted 'multi-agency approach' to finance agriculture and directed the commercial banks to finance agriculture on priority basis. The commercial banks extend various types of loan to farm sector. Some of them include farm developmental loan, farm machinery loan, sprinkler irrigation loan, bullock-cart loan and crop loan. They also extend loan for other allied activities. Various rural credit schemes have also been introduced by the commercial banks from time to time. The basic question is 'whether the farmers have satisfied with all those schemes made available by the commercial banks to priority sector and what factors influenced them to avail loan'. Hence, this study was carried out.

OBJECTIVES

The main objectives of the study are as per following:
1.   To determine the factors influencing the farmers to avail loan under rural credit schemes of Canara Bank; and
2.   To measure the level of satisfaction of farmers towards rural credit schemes of Canara Bank.

RESEARCH METHODOLOGY

SAMPLING

Madurai District is the study area for this research. There are 14 blocks in this Madurai district. Among them eight blocks were selected by using random sampling technique. A total sample of 400 farmers was selected at the rate of 50 sample farmers from each of the eight sample blocks to ensure equal representation. The respondents were chosen using simple random method. It was found that out of 400 sample respondents, 15 respondents took any two types of loan or all the types from Canara Bank in the district. As the study aims at loan-wise analysis, the information given by these respondents has not been taken for the present analysis. Hence, a total sample of 385 respondents has been taken into account for analysis purpose.

METHODOLOGY FOR COLLECTION OF DATA

Primary data as well as secondary data were collected for the study. For collecting primary data, a survey among 400 farmers who availed loan themselves under agriculture and rural credit schemes from the branches of Canara Bank of Madurai District in Tamil Nadu were conducted. An interview schedule has been used for this purpose. The researcher visited all the eight blocks of the study area and collected the primary data from the farmers. Secondary data were collected from the Annual Credit Plans published by Canara Bank, National Bank for Agriculture and Rural Development (NABARD), and the Reserve Bank of India publications, working papers, Journals, magazines and newspapers have also been referred for collecting secondary data. Websites were also referred for collection of secondary data.

RESULTS AND DISCUSSION

PARAMETERS INFLUENCING THE LEVEL OF SATISFACTION OF FARMERS

The satisfaction of farmers largely depends upon a large number of parameters or factors. However, the researcher has resorted to analyze only those important parameters pertaining to rural credit schemes of Canara Bank in Madurai District. Through pilot study the researcher has ascertained 9 parameters such as purpose of loan, eligibility norms, loan quantum, disbursement time, loan procedure, repayment scheme, margin money, subsidy, and collateral of securities which are important in determining satisfaction of rural credit schemes offered by the Canara Bank. The present study attempts to analyze the extent to which these 9 parameters influence the level of satisfaction of farmers towards rural credit schemes. For this purpose of analysis, collected primary data have been used.

FRAMEWORK OF ANALYSIS

The rural credit schemes of Canara Bank have been divided into three categories, viz. crop loan category, allied loan category and other agricultural loan category of farmers. Hence, for determining satisfaction of rural credit schemes, category-wise (i.e. loan-wise) analysis has been made. The researcher interviewed a total of 385 sample farmers comprising of 132 from crop loan category, 97 from allied loan category, and 156 from other agricultural loan category. Respondents were interviewed for ascertaining their opinions on the nine parameters leading to satisfaction towards rural credit schemes of Canara Bank. The opinions of the respondents were recorded in a five point scale as a) Highly Satisfied, b) Satisfied, c) No Opinion, d) Dissatisfied and e) Highly Dissatisfied and weights were assigned as 5, 4, 3, 2 and 1 respectively. For each parameter the number of respondents in the scale has been multiplied by the respective weight and the sum total is arrived. It is called as 'Obtained Opinion Score'. Then, it is compared with the maximum opinion score of 660 for crop loan category (i.e. 132 x 5), 485 for allied loan category (i.e. 97 x 5), and 780 (i.e. 156 x 5) for other agricultural loan category to assess the percentage of satisfaction of the individual parameters towards rural credit schemes. Ranking is done for all the 9 parameters based on this opinion score.

SATISFACTION OF CROP LOAN CATEGORY FARMERS

Table 1 shows the satisfaction of crop loan category farmers towards rural credit schemes of Canara Bank in Madurai District.

TABLE 1: SATISFACTION OF CROP LOAN CATEGORY FARMERS TOWARDS RURAL CREDIT SCHEMES – WEIGHTED SCORE METHOD

Parameters	No. of Crop Loan Farmers						Obtained Opinion Score	Mean Score	Rank
	Highly Satisfied	Satisfied	No Opinion	Dissatisfied	Highly Dissatisfied	Total			
Purpose of Loan	16	32	49	22	13	132	412	3.12	II
Eligibility Norms	24	51	31	11	15	132	454	3.44	I
Loan Quantum	11	14	31	40	36	132	320	2.42	VIII
Disbursement Time	13	26	38	40	15	132	378	2.86	III
Loan Procedure	5	22	37	46	22	132	338	2.56	VI
Repayment Schedule	7	18	34	41	32	132	323	2.45	VII
Margin Money	11	24	32	38	27	132	350	2.65	V
Subsidy	9	20	44	47	12	132	363	2.75	IV
Collateral of Securities	6	17	26	37	46	132	296	2.24	IX

The analysis given in Table 1 exhibits that of the 9 parameters identified by the researcher contributing to satisfaction of rural credit schemes, 'eligibility norms' occupies the first rank by obtaining the highest mean score of 3.44 followed by the remaining eight parameters among the crop loan category farmers. It is evident

from the analysis that 'eligibility norms' makes crop loan category farmers satisfied towards the rural credit schemes, as the 'mean score' for eligibility norms is more than that of the other parameters. Next to this, the parameter 'purpose of loan' and 'disbursement time' influenced the crop loan farmers more by obtaining a mean score of 3.12 and 2.86 respectively. Hence, these parameters have been placed in second and third positions respectively.

The study also reveals that the crop loan category farmers are not fully satisfied with the parameters viz. loan quantum, repayment schedule, and collateral of securities. Because, the mean score in respect of these parameters is less than 2.5 (i.e. below 50 per cent of satisfaction score). From the above analysis, the researcher comes to a conclusion that majority of crop loan category farmers satisfied with the rural credit schemes because of most important parameters like eligibility norms, purpose of loan, and disbursement time.

SATISFACTION LEVEL ANALYSIS OF CROP LOAN FARMERS

The researcher has attempted to compute satisfaction score of the individual parameters. For computing the satisfaction score (in per cent) the obtained opinion score of each parameter is divided by the maximum score and multiplied by one hundred. A satisfaction score of above 75 per cent is considered as 'high' level of satisfaction, 50 to 75 per cent as 'moderate' level of satisfaction and less than 50 per cent contributing to 'low' level of satisfaction.

Table 2 highlights the level of satisfaction of the individual parameters influencing satisfaction of crop loan category farmers towards rural credit schemes of Canara Bank in Madurai District.

TABLE 2: SATISFACTION LEVEL ANALYSIS FOR RURAL CREDIT SCHEMES – CROP LOAN CATEGORY FARMERS

Parameters	Max. Score	Obtained Opinion Score	Satisfaction Score (%)	Level of Satisfaction
Purpose of Loan	660	412	62.42	Moderate
Eligibility Norms	660	454	68.79	Moderate
Loan Quantum	660	320	48.48	Low
Disbursement Time	660	378	57.27	Moderate
Loan Procedure	660	338	51.21	Moderate
Repayment Schedule	660	323	48.94	Low
Margin Money	660	350	53.03	Moderate
Subsidy	660	363	55.00	Moderate
Collateral of Securities	660	296	44.85	Low

It can be seen from Table 2 that as the satisfaction score for the parameter 'eligibility norms' is more than that of the other parameters it may be concluded that this parameter, i.e. eligibility norms, is the most important parameter influencing satisfaction of rural credit schemes in respect of the crop loan category farmers. Since the satisfaction score for this parameter is 68.79 per cent and it falls in the range between 50 and 75, it is concluded that it is moderately satisfied by the sample crop loan category farmers towards the rural credit schemes. Similarly, the satisfaction score for parameters like purpose of loan, disbursement time, loan procedure, margin money, and subsidy fall between 50 and 75 per cent, which also contributes to moderate level of satisfaction by the sample farmers towards rural credit schemes.

Since the satisfaction scores for parameters viz. loan quantum, repayment schedule, and collateral of securities are below 50 per cent, it is concluded that they provide low level of satisfaction to the crop loan category farmers requiring immediate attention of the bank towards improving these parameters in order to satisfy the crop loan category farmers.

It is also understood from the study that none of the parameters gets a score of more than 75. So, it is presumed that the sample farmers do not have high level satisfaction towards rural credit schemes. It indicates that modification in rural credit schemes has been required by the sample crop loan farmers.

SATISFACTION OF ALLIED LOAN CATEGORY FARMERS

The satisfaction of allied loan category farmers towards rural credit schemes has been presented in Table 3.

TABLE 3: SATISFACTION OF ALLIED LOAN CATEGORY FARMERS TOWARDS RURAL CREDIT SCHEMES – WEIGHTED SCORE METHOD

Parameters	No. of Crop Loan Farmers						Obtained Opinion Score	Mean Score	Rank
	Highly Satisfied	Satisfied	No Opinion	Dissatisfied	Highly Dissatisfied	Total			
Purpose of Loan	36	27	14	16	4	97	366	3.77	I
Eligibility Norms	19	35	21	9	13	97	329	3.39	III
Loan Quantum	8	14	33	24	18	97	261	2.69	IX
Disbursement Time	18	24	22	19	14	97	304	3.13	V
Loan Procedure	20	32	22	14	9	97	331	3.41	II
Repayment Schedule	12	18	22	26	19	97	269	2.77	VII
Margin Money	19	24	23	17	14	97	308	3.18	IV
Subsidy	14	21	23	26	13	97	288	2.97	VI
Collateral of Securities	7	23	28	18	21	97	268	2.76	VIII

It is understood from the Table 3 that of the 9 parameters identified towards satisfaction of rural credit schemes of Canara Bank for the allied loan category farmers, the first rank also goes to the parameter viz. 'purpose of loan' which has scored the highest mean score of 3.77. Following this, 'loan procedure' (mean score = 3.41) and 'eligibility norms (mean score = 3.39) placed in the second and the third position respectively. The allied loan category farmers consider these three parameters as the most influencing one for them.

Based on the above analysis the researcher comes to a conclusion that majority of allied loan category farmers are satisfied with the rural credit schemes of Canara Bank due to purpose of loan.

SATISFACTION LEVEL ANALYSIS OF ALLIED LOAN CATEGORY FARMERS

An attempt has been made to compute satisfaction score of the individual parameters. For computing the satisfaction score (in per cent) the obtained opinion score of each parameter is divided by the maximum score and multiplied by one hundred. A satisfaction score of above 75 per cent is considered as 'high' level of satisfaction, 50 to 75 per cent as 'moderate' level of satisfaction and less than 50 per cent contributing to 'low' level of satisfaction.

The satisfaction level analysis for rural credit schemes for the 9 individual parameters based on the opinion of crop loan category of farmers has been depicted in the Table 4.

TABLE – 4: SATISFACTION LEVEL ANALYSIS FOR RURAL CREDIT SCHEMES – ALLIED LOAN CATEGORY FARMERS

Parameters	Max. Score	Obtained Opinion Score	Satisfaction Score (%)	Level of Satisfaction
Purpose of Loan	485	366	75.46	High
Eligibility Norms	485	329	67.84	Moderate
Loan Quantum	485	261	53.81	Moderate
Disbursement Time	485	304	62.68	Moderate
Loan Procedure	485	331	68.25	Moderate
Repayment Schedule	485	269	55.46	Moderate
Margin Money	485	308	63.51	Moderate
Subsidy	485	288	59.38	Moderate
Collateral of Securities	485	268	55.26	Moderate

While analyzing the Table 4, it is found that of the 9 parameters identified, only one parameter, viz. purpose of loan, has scored high level satisfaction from the allied loan category farmers. The satisfaction score for the said parameter 'purpose of loan' is 75.46 per cent. It falls in the range 'above 75' score. So, it is concluded that the 'purpose of loan' is the main important parameter for the allied loan category farmers in influencing the satisfaction towards rural credit schemes of Canara Bank in Madurai District.

It is also observed that of the 9 identified parameters, the remaining eight parameters give moderate level of satisfaction towards rural credit schemes by getting the score ranges between 50 and 75. From the above analysis, the researcher comes to conclusion that the sample allied loan category farmers are moderately satisfied with the rural credit schemes of Canara Bank available in the study area.

SATISFACTION OF OTHER AGRICULTURAL LOAN CATEGORY FARMERS

The Table 5 presented below depicts the satisfaction of other agricultural loan category farmers towards rural credit schemes of Canara Bank in Madurai District.

TABLE 5: SATISFACTION OF OTHER AGRICULTURAL LOAN CATEGORY FARMERS TOWARDS RURAL CREDIT SCHEMES – WEIGHTED SCORE METHOD

Parameters	No. of Crop Loan Farmers						Obtained Opinion Score	Mean Score	Rank
	Highly Satisfied	Satisfied	No Opinion	Dissatisfied	Highly Dissatisfied	Total			
Purpose of Loan	40	49	29	17	21	156	538	3.45	I
Eligibility Norms	31	55	32	26	12	156	535	3.43	II
Loan Quantum	12	24	37	49	34	156	399	2.56	VI
Disbursement Time	11	29	28	53	35	156	396	2.54	VII
Loan Procedure	26	33	33	36	28	156	461	2.96	III
Repayment Schedule	9	22	31	52	42	156	372	2.38	VIII
Margin Money	10	28	36	49	33	156	401	2.57	V
Subsidy	7	18	29	60	42	156	356	2.28	IX
Collateral of Securities	11	37	34	42	32	156	421	2.70	IV

The analysis given in Table 5 shows that of the 9 parameters identified by the researcher contributing to satisfaction of rural credit schemes, 'purpose of loan' occupies the first rank by obtaining the highest mean score of 3.45 followed by the remaining eight parameters among the other agricultural loan category farmers. So, it is evident from the analysis that 'purpose of loan' makes other agricultural loan category farmers satisfied towards the rural credit schemes. Next to this, the parameter 'eligibility norms' and 'loan procedure' influenced the other agricultural loan farmers more by obtaining a mean score of 3.43 and 2.96 respectively. Hence, these parameters have been placed in second and third positions respectively.

The study also reveals that the other agricultural loan category farmers are not fully satisfied with the parameters viz. repayment schedule (mean score = 2.38) and subsidy (mean score = 2.28). Because, the mean score in respect of these parameters is less than 2.5 (i.e. below 50 per cent of satisfaction score). From the above analysis, the researcher comes to a conclusion that majority of other agricultural loan category farmers moderately satisfied with the rural credit schemes because of most important parameters like purpose of loan, eligibility norms, and loan procedure.

SATISFACTION LEVEL ANALYSIS OF OTHER AGRICULTURAL LOAN FARMERS

The researcher has attempted to compute satisfaction score of the individual parameters. For computing the satisfaction score (in per cent) the obtained opinion score of each parameter is divided by the maximum score and multiplied by one hundred. A satisfaction score of above 75 per cent is considered as 'high' level of satisfaction, 50 to 75 per cent as 'moderate' level of satisfaction and less than 50 per cent contributing to 'low' level of satisfaction.

Table 6 highlights the level of satisfaction of the individual parameters influencing satisfaction of other agricultural loan category farmers towards rural credit schemes of Canara Bank in Madurai District.

TABLE 6: SATISFACTION LEVEL ANALYSIS FOR RURAL CREDIT SCHEMES – OTHER AGRICULTURAL LOAN CATEGORY FARMERS

Parameters	Max. Score	Obtained Opinion Score	Satisfaction Score (%)	Level of Satisfaction
Purpose of Loan	780	538	68.97	Moderate
Eligibility Norms	780	535	68.59	Moderate
Loan Quantum	780	399	51.15	Moderate
Disbursement Time	780	396	50.77	Moderate
Loan Procedure	780	461	59.10	Moderate
Repayment Schedule	780	372	47.69	Low
Margin Money	780	401	51.41	Moderate
Subsidy	780	356	45.64	Low
Collateral of Securities	780	421	53.97	Moderate

It is inferred from Table 6 that as the satisfaction score for the parameter 'purpose of loan' is more than that of the other parameters it may be concluded that this parameter, viz. purpose of loan, is the most important parameter influencing satisfaction of rural credit schemes in respect of the other agricultural loan category farmers. Since the satisfaction score for this parameter is 68.97 per cent and it falls in the range between 50 and 75, it is concluded that it is moderately satisfied by the sample farmers towards the rural credit schemes. Similarly, the satisfaction score for parameters like eligibility norms, loan quantum, disbursement time, loan procedure, margin money, and collateral of securities fall between 50 and 75 per cent, which also contributes to moderate level of satisfaction by the sample farmers towards rural credit schemes.

Since the satisfaction scores for parameters viz. repayment schedule and subsidy are below 50 per cent, it is concluded that they provide low level of satisfaction to the other agricultural loan category farmers requiring immediate attention of the bank towards further improvement on these parameters in order to improve the satisfaction level of other agricultural loan category farmers.

It is also observed from the study that none of the parameters gets a score of more than 75. So, it is presumed that the sample farmers do not have high level satisfaction towards rural credit schemes. It indicates that modification in rural credit schemes has been required by the sample farmers.

COMPARATIVE ANALYSIS ON SATISFACTION LEVEL OF SAMPLE FARMERS

An attempt is also made to compare the satisfaction level of all category farmers towards rural credit schemes of Canara Bank. The result of analysis is depicted in Table 7.

TABLE 7: COMPARATIVE ANALYSIS ON SATISFACTION LEVEL TOWARDS RURAL CREDIT SCHEMES

Parameters	Level of Satisfaction		
	Crop Loan Category Farmers	**Allied Loan Category Farmers**	**Other Agricultural Loan Category Farmers**
Purpose of Loan	Moderate	High	Moderate
Eligibility Norms	Moderate	Moderate	Moderate
Loan Quantum	Low	Moderate	Moderate
Disbursement Time	Moderate	Moderate	Moderate
Loan Procedure	Moderate	Moderate	Moderate
Repayment Schedule	Low	Moderate	Low
Margin Money	Moderate	Moderate	Moderate
Subsidy	Moderate	Moderate	Low
Collateral of Securities	Low	Moderate	Moderate

Table 7 point out that all category sample farmers are consistent in their opinions on 9 parameters. The result of analysis reveals that based on the opinion of crop loan category farmers, the parameters 'loan quantum', 'repayment schedule', and 'collateral of securities' have a low level of satisfaction and the remaining six parameters viz. purpose of loan, eligibility norms, disbursement time, loan procedure, margin money, and subsidy have a moderate level of satisfaction.

It is observed from the Table 7 that regarding the opinion of allied loan category farmers, the level of satisfaction is high in respect of the parameter 'purpose of loan' and the level of satisfaction is moderate for the rest of the eight parameters. Of the nine parameters tested, the opinion in respect of the allied loan category farmers indicates that the parameters viz. repayment schedule and subsidy have a low level of satisfaction and the remaining seven parameters have a moderate level of satisfaction.

From the Table 7, the researcher comes to a conclusion that the levels of satisfaction in respect of sample farmers are moderate towards the rural credit schemes of Canara Bank in Madurai District.

FINDINGS

The important findings of the study are –

1. Majority of crop loan category farmers satisfied with the rural credit schemes because of most important parameters like eligibility norms, purpose of loan, and disbursement time. It is also understood from the study that none of the parameters gets a score of more than 75. So, it is presumed that the sample farmers do not have high level satisfaction towards rural credit schemes.
2. It is evident from the study that majority of allied loan category farmers are satisfied with the rural credit schemes of Canara Bank due to purpose of loan and concluded that the sample farmers are moderately satisfied with the schemes.
3. The study reveals that majority of other agricultural loan category farmers moderately satisfied with the rural credit schemes because of most important parameters like purpose of loan, eligibility norms, and loan procedure.
4. Overall, the researcher comes to a conclusion that the levels of satisfaction in respect of sample farmers are moderate towards the rural credit schemes of Canara Bank in Madurai District.

SUGGESTIONS

It is understood from the study that the parameters viz. loan quantum, repayment schedule, collateral of securities, and subsidy need immediate attention from the bankers' side, because most of the farmers were ranked these parameters between 6 and 9. Hence, it is suggested that action like, enhancement of loan amount, increase in tenure of loan, avoidance of requesting collateral securities, and provision of subsidy in time may kindly be initiated. This in turn will improve the economic conditions of the farmers. Further, it is also suggested to introduce a slew of new products to cater to the needs of farming community.

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A STUDY ON IMPACT OF FOREIGN DIRECT INVESTMENT IN INDIAN BANKING SECTOR

DR. S. HARI HARA PUTHIRAN
PROFESSOR
FACULTY IN COMMERCE
KRISTU JAYANTI COLLEGE (AUTONOMOUS)
BENGALORE

R. VIJAYAKUMAR
PROFESSOR
FACULTY IN COMMERCE
KRISTU JAYANTI COLLEGE (AUTONOMOUS)
BENGALORE

ABSTRACT

Today Indian Banks are as technology savvy as their counter parts in developed countries. The banking sector plays an important role in the economic development of a country. It supplies the lifeblood –money that supports and fosters growth in all the industries. FDI is a tool for economic growth through its strengthening of domestic capital, productivity and employment. FDI also plays a vital role in the up gradation of technology, skills and managerial capabilities in various sectors of the economy. Foreign Direct Investment as seen as an important source of non-debt inflows and is increasing being sought as a vehicle for technology flows and as a means of attaining competitive efficiency by creating a meaningful network of global inter-connections. This paper discusses the FDI Equity inflows in Service Sector in India and also highlights the top countries which are investing in the Service Sector in the form of FDI. In this paper an attempt is made to present the FDI inflows in sub sectors of Service Sector. Further, this paper also analyzes the FDI inflows in Banking Sector from January, 2000 to June, 2015.

KEYWORDS

Indian economy, foreign direct investment, service sector, banking sector, fdi equity inflows, lpg, global market.

INTRODUCTION

Today Indian Banks are as technology savvy as their counter parts in developed countries. The competitive and reform force have led to the emergence of internet, e-banking, ATM, credit card and mobile banking too, in order to attract and retain the customers by bank. As a result of Liberalization, Privatization and Globalization mode, Indian banks going global and many global banks setting up business in India, the Indian banking system is set to involve into a totally new level it will help the banking system grow in strength going into the future.

The banking sector plays an important role in the economic development of a country. It supplies the lifeblood –money that supports and fosters growth in all the industries. True, monetary resources per se, cannot ensure business success, which requires competencies on several other fronts, including technology, availability of skilled manpower, well-managed structure and a well-executed competitive strategy.

FDI is a tool for economic growth through its strengthening of domestic capital, productivity and employment. FDI also plays a vital role in the up gradation of technology, skills and managerial capabilities in various sectors of the economy.

Foreign Direct Investment as seen as an important source of non-debt inflows and is increasing being sought as a vehicle for technology flows and as a means of attaining competitive efficiency by creating a meaningful network of global interconnections.

FDI plays a vital role in the economy because it does not only provide opportunities to host countries to enhance their economic development but also opens new vistas to home countries to optimize their earnings by employing their ideal resources.

According to the 2015 World Investment Report released by the United Nation's Conference on Trade and Development (UNCTAD), of 179 major global companies surveyed, India is considered to be the third most-preferred investment destination after China and the United States.

FOREIGN DIRECT INVESTMENT

A. Definition

International Monetary Fund (IMF) and Organization for Economic Cooperation and Development(OECD) define FDI similarly as a category of cross border investment made by a resident in one economy (the direct investor) with the objective of establishing a 'lasting interest' in an enterprise (the direct investment enterprise) that is resident in an economy other than that of the direct investor. The motivation of the direct investor is a strategic long term relationship with the direct investment enterprise to ensure the significant degree of influence by the direct investor in the management of the direct investment enterprise.

B. Components of FDI

There are three components of FDI, namely, equity capital, reinvested earnings and intra company loans

1. Equity capital is the foreign direct investor's purchase of shares of an enterprise in a country other than his own country.
2. Reinvested earnings comprise the direct investor's share (in proportion to direct equity participation) if earnings not distributed as dividends by affiliated or earnings not remitted to the direct investor. Such retained profits by affiliates are reinvested.
3. Intra company loans or intra-company debt transactions refer to short or long term borrowing and lending of funds between direct investors (parent enterprises) and affiliate enterprises.

FDI in banking sector can solve various problems of the overall banking sector. Such as:

1. Innovative Financial Products
2. Technical Developments in the Foreign Markets
3. Problem of Inefficient Management
4. Non-performing Assets
5. Financial Instability
6. Poor Capitalization

If we take into consideration the root cause of these problems, the reason is low-capital base and all the problems are the outcome of the transactions carried over in a bank without a substantial capital base. In a nutshell, we can say that, as the FDI is a non- debt inflow, which will directly solve the problem of capital base.

C. Benefits of FDI

Technology Transfer: As due to the globalization local banks are competing in the global market, where Innovative financial products of multinational banks is the key limiting factor in the development of local bank. They are trying to keep pace with the technological development in the banks. Now a day's banks have been

prominent and prudent in t he rapid expansion of consumer lending in domestic as well as in foreign markets. It needs appropriate tools to assess (how such credit is managed) credit management of the banks and authorities in charge of financial stability. It may need additional information and techniques to monitor for financial vulnerabilities. FDI's tech transfers, information sharing, training programs and other forms of technical assistance may help meet this need.

Better Risk Management: As the banks are expanding their area of operation, there is a need to change their strategies exerts competitive pressures and demonstration effect on local institutions, often including them to reassess business practices, including local lending practices as the whole banking sector is crying for a strategic policy for risk management. Through FDI, the host countries will know efficient management technique. The best example is Basel II. Most of the banks are opting Base II for making their financial system safer.

Financial Stability and Better Capitalization: Host countries may benefit immediately. From foreign entry, if the foreign bank re capitalize a struggling local institution. In the process also provides needed balance of payment finance. In general; more efficient allocation of credit in the financial sector, better capitalization and wider diversification of foreign banks along with the access of local operations to parent funding, may reduce the sensitivity of the host country banking system and lead towards financial stability.

D. FDI in Indian banks

The traditional argument against foreign equity participation in domestic companies is that these businesses often involve national and strategic interests and therefore, operational and strategic control must be retained to prevent a take-over or a buyout [Lam (1997)]. Until 1993, most Indian banks were 100 percent owned by the central government and private investment was allowed only in a handful of private banks formed around the 1940s. Further, foreign banks and financial institutions were allowed only 20 percent ownership stakes in Indian banks. In 1993-94, nine new banks were formed in the private sector and one co-operative bank was converted to a private bank. Banks were permitted to issue Certificates of Deposits (CDs) and offer foreign currency deposits to Non-resident Indians (NRIs) with exchange rate risk borne by the banks.

A major push towards liberalization occurred in 1995-96 when India committed to the World Trade Organization (WTO) recommendations and relaxed the requirement to continue shielding the priority sector from foreign equity participation. For the next five years, changes in the banking sector mainly aimed at allowing banks more flexibility in the design and marketing of products.

E. Ceiling on FDI in Indian banks

In the private banking sector of India, FDI is allowed up to a maximum limit of 74 % of the paid-up capital of the bank. On the other hand, Foreign Direct Investment and Portfolio Investment in the public or nationalized banks in India are subjected to a limit of 20 % in totality. This ceiling is also applicable to the investments in the State Bank of India and its associate banks. FDI limits in the banking sector of India were increased with the aim to bring in more FDI inflows in the country along with the incorporation of advanced technology and management practices. The objective was to make the Indian banking sector more competitive.

REVIEW OF LITERATURE

1. *C.P. Chandrasekhar and Jayati Ghosh (2002*) have pointed out that an important objective of promoting FDI has been to promote efficiency in production and increase exports. However, any increase in the equity stake of the foreign investors in existing joint ventures or purchase of a share of equity by them in domestic firms would not automatically change the orientation of the firm. That is, "the aim of such FDI investors would be to benefit from the profit earned in the Indian market".

2. *Laghane B.K (2011)* empirically examined the impact of FDI model on borrower account, bank branches, time deposits and profitability of domestic and foreign banks. In the study, he suggested that FDI must be considered in poverty reduction, unemployment reduction and primary education and priority sectors of banking. Finally, he concluded that the LPG sponsored FDI model's impact on foreign banks and Indian bank's profitability is positive. The impact of FDI on Indian banking sector is negative except profitability.

3. *Kunal Badade & Medha katkar (2011)* have studied that India has sought to increase inflows of FDI with a much liberal policy since 1991 after decade cautious attitude. The 1990's have witnessed a sustained rise in annual inflows to India. They rightly pointed out that the present scenario looks more closely at the paradigm of exponential growth and laments that India's role as an engine for global growth has been limited by the still relatively closed nature of its economy.

OBJECTIVES OF THE STUDY

1.   To present the Foreign Direct Investment inflows in Banking Sector.
2.   To study and analyze the Foreign Direct Investment inflows in Service Sector.

RESEARCH METHODOLOGY

This is a Descriptive as well as Analytical type of research in nature. This study is purely based on secondary data. The secondary data was collected from various sources such as Journals, Articles, RBI publications, Ministry of Finance publications, Department of Industrial Policy& Promotion publications, SIA newsletter, Online database of FDI and Newspapers etc. Data was analyzed by using statistical tools such as Averages, Percentages, Tables, Charts and Diagrams wherever necessary.

FOREIGN DIRECT INVESTMENT INFLOWS IN BANKING SECTORS

TABLE 1: FDI EQUITY INFLOWS IN BANKING SECTOR (from January, 2000 to December, 2010)

Sr. No.	Secotor	Rupees in Crores	US $ in Million	Total FDI (In terms of US $)	Total FDI in Service Sector (In terms of US $)
1	Banking Sector	13471.6	3099.06	1.89	11.64

CHART 1

Amount of FDI Inflows
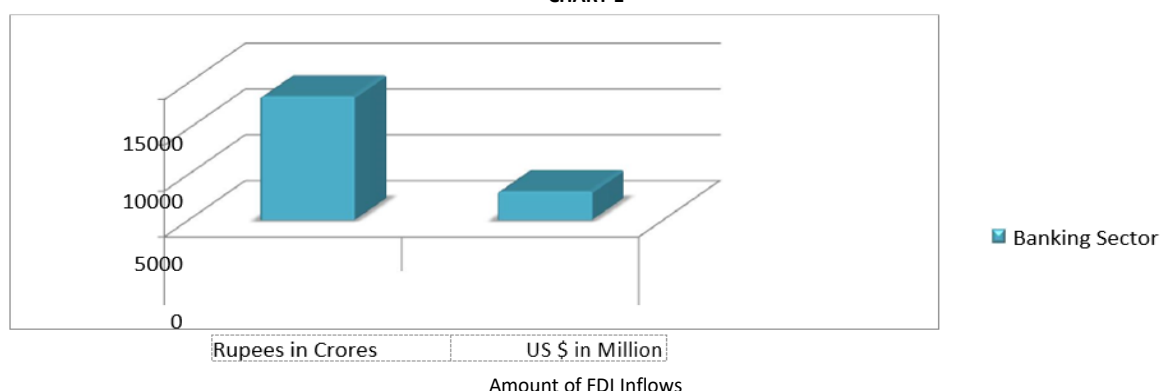
A.   Year Wise FDI Equity Inflows In Banking Sector

Year wise FDI Equity inflows in Banking Sector from January, 2011 to June, 2013 have been shown in the table-2 and chart-2 as below.

TABLE 2: FDI EQUITY INFLOWS IN BANKING SECTOR (From January, 2011 to June, 2015)

Sr. No.	Year	Rupees in Crores	US $ in Million	Total FDI (In terms of US $)	Total FDI in Service Sector (In terms of US $)
1	January-December, 2013	147.15	28.88	0.1	0.56
2	January-December, 2014	251.53	46.25	0.2	0.99
3	January-June, 2015	1702.03	295.44	2.72	17.06

Source: DIPP-SIA News Letter

CHART 2: FDI EQUITY INFLOWS IN BANKING SECTOR (From Jan,2013 to June, 2015)
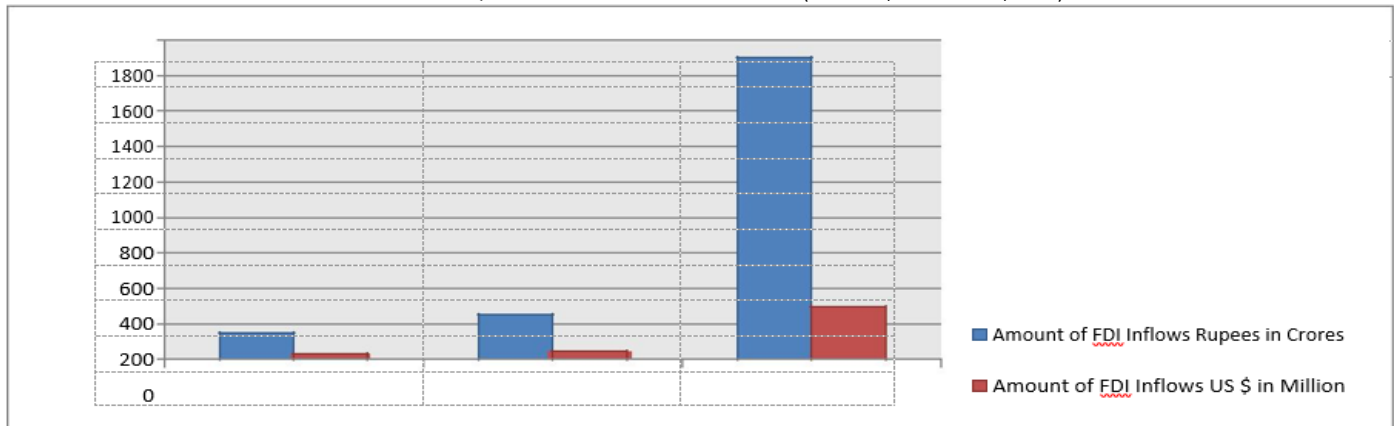
It is evident from the Table-5 and Chart-5 that the Banking Sector received FDI Equity inflows during period from January to December, 2012 was an amount of Rs. 147.15 crores (US $ 28.88 million) which account for 0.10 per cent of total FDI inflows and 0.56 per cent in total Service Sector FDI inflows in terms of US $. Banking Sector received Rs. 251.53 crores (US $ 46.25 million) in the form of FDI that account for 0.20 per cent of total FDI and 0.99 per cent of Service Sector FDI inflows.

When compared to Jan-Dec, 2013, FDI inflows in Banking Sector increased by 41.49 per cent for the same period in 2014. Rs. 1702.13 crores (US $ 2.72 million) of FDI inflows received during period from January to June, 2015 which account for 2.72 per cent of total FDI inflows and 17.06 per cent of total Service Sector FDI inflows in Banking Sector. It is very clear from the above discussion that the FDI Equity Inflows in Banking Sector have been increasing year by year.

FINDINGS

- India is considered to be the Third most preferred investment destination in the world after China and United States.
- Service Sector is one of the most dominating sectors of Indian economy in attracting highest FDI Equity inflows which account for 19 per cent of total FDI Equity inflows.
- Among the sub sectors of Service Sector, Financial Services stood at top place in attracting more FDI Equity inflows (7.28%), followed by Non-Financial/ Business Services (5.62%), Banking Services (1.74%) and Insurance Services (1.68%).
- Top countries that are investing in the form of FDI in Service Sector are- Mauritius (39.12%), Singapore (14.78%) and United Kingdom (8.24%).
- FDI in Banking Sector can solve various problems such as Inefficient Management, Non-Performing Assets, Financial Instability and Poor Capitalization.
- FDI Equity inflows in Banking Sector have been increasing year by year in an increasing trend.

CONCLUSION

FDI plays a vital role in the economy by providing opportunities to host countries to enhance their economic development. India is considered to be the third mot preferred investment destination in the world. It is observed that Service sector is one of the dominating sectors in attracting more FDI inflows. The top countries investing in the form of FDI in Service Sector are Mauritius, Singapore and United Kingdom. FDI in Banking Sector solves various problems like Inefficient Management, Non-Performing Assets, Financial Instability and Poor Capitalization. Further, FDI in Banking Sector provide benefits of Technology Transfer, Better Risk Management, Financial stability, Innovative Products and Employment. Interestingly, FDI inflows in Banking Sector have been increasing year by year. It is found that, during period from January to June, 2013 Banking Sector received FDI inflows Rs. 1702.03 crores which account for 17.06 per cent of total FDI in Service Sector. It is very high FDI inflows in Banking Sector when compared to the same period of other calendar years.

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INNOVATIONS IN RURAL MARKETING IN INDIA: A CRITICAL REVIEW OF SELECT CASES

JYOTI PRADHAN
ASST. PROFESSOR
DEPARTMENT OF MANAGEMENT
SURANA COLLEGE
BASAVANAGUDI

DR. DEVI PRASAD MISRA
PROFESSOR
DEPARTMENT OF BUSINESS ADMINISTRATION
F. M. UNIVERSITY
VYASAVIHAR

ABSTRACT

The urban markets are crowded and saturated and the share of agriculture in GDP (Gross Domestic Product) is going down but India still lives in her villages. A considerable proportion of the global population resides in the rural pockets of the world. Though this segment constitutes a significant part of the population, it took longer for corporates to make inroads to create market. Hence it is proposed to study the potentiality and early innovations made in Indian Rural Market. As the primitive urban market required some breakthrough innovation to accelerate the process of evolution, this market also calls for relevant and path breaking innovations in different sectors. This paper critically reviews the pragmatic pre-emptive innovations made in rural markets for better penetration using secondary data and case studies collected from various sources.

KEYWORDS

rural marketing, innovation, e-rural marketing, e-governance, organised retailing.

I. INTRODUCTION

"*The organizations have only two functions, one is marketing and other is innovation*".

Peter Drucke

Modern day marketing has completely metamorphosed the nature and dynamics of business. Marketers today need to be adaptive to survive. Marketing of products has taken precedence over the process of production itself. This can be attributed to the fact that the new-age consumer equipped with the potent tool of information, seeks more knowledge about the product, its features and uses.

Customer today indeed is the 'King'. He can make or break the business organization. And when this information is presented in a creative and effective manner, it creates an everlasting impression on the consumer's mind and may even alter his perception of what he needs.

The urban consumer has always been pampered with the most dazzling array of goods and services from every industry. But the urban market is fast shrinking due to saturation caused by the competition, and the growth rate over the past few years has consistently shown a declining trend. In the hunt for fresh pastures, the vast and hitherto vastly unexplored terrains of rural India consistently sought by marketers (Patel, 2013).

1.1 WHY RURAL INDIA?

According to the third annual edition of Accenture Research, "Masters of Rural Markets: From Touchpoints to Trust points - Winning over India's Aspiring Rural Consumers," The hinterlands in India consist of about 6,50,000 villages. These villages are inhabited by about 850 million consumers making up for about 70 per cent of population and contributing around half of the country's Gross Domestic Product (GDP). Consumption patterns in these rural areas are gradually changing in an increasing order resembling the consumption patterns of urban areas. Some of India's largest consumer companies serve one-third of their consumers from rural India. Owing to a favourable changing consumption trend as well as the potential size of the market, rural India provides a large and attractive investment opportunity for private companies.

1.2 RURAL MARKET SIZE AND GROWTH

India's per capita GDP has grown at a Compound Annual Growth Rate (CAGR) of 12.3 percent during 2009-10 to 2015-16, due to significant growth achieved in the rural sector.Nielsen estimates that the fast moving consumer goods market in rural India will hit USD 100 billion by 2025 from USD 12 billion currently[1]. Moreover, the government's efforts to improve the efficiency of welfare programs with cash transfers will further boost rural consumption; it plans to deposit USD 570 billion in the accounts of 100 million poor families by 2014[2].

Therural economy has rapidly transformed in the last decade and is now being led by manufacturing. Indeed, agriculture accounts for only about one-fourth of rural GDP compared to half a decade ago. About 55 percent of manufacturing GDP is rural; nearly 75 percent of new factories built in the last decade were in rural areas, and rural factories account for 70 percent of all new manufacturing jobs[3]. Industrial development in rural India has increased household purchasing power and income stability. Rural India accounts for about 50 percent of India's GDP and nearly 70 percent of India's population. This enormous opportunity has been clear fora decade or more. However, only in recent years have these markets lived up to their promise. Per capita rural GDP has also experienced strong improve-ment over the past few years. Since 2000, it has grown faster than per capita urban GDP, 6.2 percent compound annual growth rate(CAGR) versus 4.7 percent[4].Be-tween 2009 and 2012, rural consumption per person grewat 19 percent per annum, two percentage points higher than its urban counterpart. In incremental terms, spending in rural India during these two years was USD 69 billion, significantly higher than the USD 55 billion spent by urban populations[5]. As incomes rise, rural consumption shifts from necessities to discretionary goods and lifestyle products, including mobile phones, television sets and two-wheelers. Nearly 42 percent of rural households owned a television in 2009-2010, up from 26 percent five years earlier. Similarly, 14 percent of rural households had a two-wheeler in 2009-2010, twice the penetration during 2004-2005[6].About one in every two rural households has a mobile phone today, evening India's poorest states such as Bihar and Orissa. Rural consumers have been trading up, and their consumption basket is beginning to mirror that of the urban consumer. Premium products are replacing entry-level versions, and commodities are giving way to branded products. While companies have realized that rural markets offer significant growth

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[1] "Rural Spending in India Outpaces Urban Consumption", *Knowledge @Wharton*, September, 2012.
[2] "India to Roll Out World's Biggest Direct Cash Transfer Scheme for The Poor", *International Business Times*, November 2012
[3] "Rural India no longer an agrarian economy: Study", *The Economic Times*, April, 2012.
[4] "Rural Spending in India Outpaces Urban Consumption", *Knowledge @Wharton*, September, 2012.
[5] "Sustaining the rural consumption boom", *CRISIL Research Insight*, August, 2012.
[6]National Sample Survey Office (NSSO).

opportunity, a large proportion have remained unsure of the profitability. Bigger corporates with long term goals realized it early and diffused innovations to rural markets for the benefits of rural folk vis-à-vis profitability.

1.3 RURAL MARKETING

Rural marketing is planning and implementation of marketing function for the rural areas. It is a two-way marketing process which encompasses the discharge of business activities that direct the flow of goods from urban to rural areas (for manufactured goods) and vice-versa (for agriculture produce), and also within the rural areas (Gopalaswamy, 2005, p. 6).

According to National Commission on Agriculture, rural marketing is a process which starts with a decision to produce a saleable farm commodity and involves all aspects of market structure or system, functional and institutional, based on technical and economic considerations, and includes pre and post-harvest operations, assembling, grading, storage, transportation and distribution.

Kashyap and Raut (2010) defined rural marketing as, "two-way process that includes the flow of goods and services from rural to urban areas and the flow of goods and services from urban to rural areas, as well as the flow of goods and services within rural areas" (p. 12).

Krishnamacharyulu and Ramkrishnan (2011) defined corporate rural marketing as, "a function that manages all activities involved in assessing, stimulating and converting the purchasing power of rural consumer into an effective demand for specific products and services and moving these products and services to the people in rural areas to create satisfaction and a better standard of living and thereby achieving organizational goals" (p. 26).

Rural marketing amounts to dealing with various inputs, projects and services meant for the rural market. In this sense, it is different from agricultural marketing which means marketing of rural products or output to the urban consumer or institutional market. When we integrate these perspectives to have a holistic view, then on the basis of the scope of activities performed, rural marketing can be illustrated in a tabular form as shown in the Table 1.

TABLE 1: RURAL MARKETING SCOPE: FLOW OF GOODS AND SERVICES

From/To	Rural	Urban
Urban	1. Consumables 2. Consumer durables 3. Agricultural inputs	1. Not Concerned
Rural	1. Rural Marketing, services and products	1. Agriculture and allied production 2. Rural artisans and rural industry products

Source: Table from "Understanding Rural Buyer Behaviour" by M. Jha, 2003, *IIMB Management Review, 15* (3), p. 89.

Therefore, rural marketing is a distinct specialized field of the marketing discipline which encompasses a customized application of the marketing tools and strategies to understand the psyche of the rural consumer in terms of needs, tailoring the products to meet such needs and effectively delivering them to enable a profitable exchange of goods and services to and from the rural market (Dogra & Ghuman, 2011, p. 3).

1.4 RURAL INNOVATIONS

Innovation is the main reason behind the growth of any country. There is the widespread agreement that economic growth of any country depends largely on how that country innovates, and reinvents itself in the competitive environment. Marketers make consistent attempts to innovate tools and strategies to overcome the challenges that they face in business arena. As the rural market is different from urban, the marketers realized that there is a strong need to approach the rural market with different innovations. The business innovations are broadly classified as product/service innovations and process innovations.

1.4.1. ROLE OF INNOVATIONS IN RURAL MARKETS

The main challenges or the areas of innovations in rural areas are as follows.

a. Physical Distribution: To serve more than 0.6 million villages, spread over 3.3 million sq. km.

b. Channel Management: To manage multiple intermediaries in the entire supply/value chain serving rural markets.

c. Promotion and Communication: To communicate with existing or prospective consumers living in media dark areas.

d. Poor Infrastructure: Only 50 percent of villages in India are connected with *pucca* roads and less than 50 percent of homes have electricity.

e. Uneconomical Market size: As villages have very small populations, it is not profitable for marketer to approach each and every village.

f. Consumer Profile: Rural consumers are very diverse in terms of socio-economic profile (Kashyap & Raut, 2010).

The principles and practices of innovation to be adopted in rural market have to take into consideration of needs, lifestyles and consumer behavior of the rural population. It is extremely important that the product, pricing, promotion and distribution strategy are not just innovative alone but they must make product value proposition attractive and relevant for rural consumers (Desai, 2013).

The positive results achieved by ITC's *e-Choupal,* HUL's Project *Shakti,* Colgate's Project *Jagruti,* Escort's *Rajdoot* motorcycle, etc., are due to the fact that they had structured their rural marketing in terms of planning, effort, operations distinctively from their urban marketing. This proves the justification for treating and approaching rural marketing distinctively from urban marketing.

II. REVIEW OF LITERATURE

The market Dynamics are changing and because of the companies wooing the same set of customers, the market has become an arena of cut through competitions. Therefore, the real market promise in the future is expected to come not from the developed markets like urban areas, but from the under privileged segments, through largely untapped till now have the potential of expediting a substantial growth rate if catered to properly. "Managers who focus on gross margins will miss the opportunity at the bottom of the pyramid; managers who innovate and focus on economic profits will be rewarded" (Prahlad and Hart. 2002). However, catering to these lesser tapped markets including the rural markets calls for a radical restructuring of the business process and developing marketing approaches to suit the demographics and psychographics of the newly developed markets. Thus, effective penetration in the emerging markets calls for a rethinking of a marketing programs directed at these markets (Dabvar & Chattopadhyay, 2002). As in the bottom of the pyramid market effective penetration into the rural market requires a judicious use of innovation. Innovation must be used in such a way so as to avoid undesirable inclusions or undesirable exclusions. In order to effectively survive in the rural markets and to bring a sustainable growth, it is important that the neglected rural lot are not merely treated as consumers' but as strengthened producers (Jaiswal, 2008).

III. OBJECTIVES OF STUDY

1. To Study the status and potential of Rural Market in India.
2. To Compare Rural and Urban marketing on various dimensions.
3. To analyze select innovative marketing cases in Rural India.

IV. RESEARCH METHODOLOGY

This is an exploratory research. The secondary data and case studies were collected from different authentic sources like textbooks, research articles, newspapers, internet etc. The cases on rural marketing innovations were rigorously reviewed to draw conclusions on their feasibility, viability and profitability which can pave the way to other marketers.

V. INNOVATIONS IN RURAL MARKETS

5.1. E-RURAL MARKETING/ICT INITIATIVES

E-marketing can be defined as, achieving marketing objectives through use of electronic communication technology. In very simple terms e-Rural Marketing refers to customized application of e-marketing for the rural markets. As the technology usage environment and the corresponding benefits that are sought in the rural

markets are very different from urban markets, the overall implementation of e-marketing in the rural areas becomes quite different from that of the urban markets. Therefore, e-rural marketing represents application of Internet based technologies as a tool, to facilitate efficient and effective exchange with and from the rural market.

Some of the organisations have successfully harnessed the potential lying dormant in the rural areas through the application of advanced technology, in a manner that is relevant and user friendly for the rural consumers. Many organisations have integrated Internet as a part of their strategy to cater to the rural market and others are creating a business model through its application. Some of the successfully implemented Internet initiatives in the rural market are discussed as following.

E-RURAL MARKETING: SELECT CASE STUDIES

5.1.1. ITC's e-Choupal

ITC launched three web-based initiatives (e-Choupals) as part of its strategy to vertically integrate its sourcing operations in the year 2000. Company launched **aquachoupal.com** in Andhra Pradesh for shrimp farmers, **soyachoupal.com** for Soya farmers in Madhya Pradesh and **plantersnet.com** for the coffee farmers in Karnataka. These portals also act as facilitators for inputs to farmers in aqua, soya and coffee domains. ITC Infotech structured the entire virtual interaction model for providing inputs like fertilisers, pesticides etc. that the farmers in different states can use. It had deployed a total of 970 kiosks serving 6,00,000 farmers who supplied it with soya, coffee, shrimp, and wheat from 5,250 villages spread across six states: Madhya Pradesh, Karnataka, Andhra Pradesh, Uttar Pradesh, Maharashtra and Rajasthan by the first half of 2005. Its plan was to set up 3000 kiosks to cover 10,00,000 farmers by adding 30 new villages a day. It was also using this network for distributing products for other organisations. Adding additional services such as selling seeds, fertilisers, and crop enhances the profitability of the system even further. ITC installed computers with solar charged batteries for uninterrupted power and the V-Sat connection suitable for the rural environment. Thus, the e-choupal network became independent of erratic power supply which is a regular feature in rural India. Local farmer (*sanchalak*) operates the computer on behalf of ITC but for farmers. The services offered to the farmers of the villages are information on weather forecast and prices of crops in local language, knowledge about farming methods, soil testing, expert advice, purchase of seeds, fertilisers, pesticides, cycles, tractors, insurance policies, products and services of over 37 companies and sale of crops to the ITC centre, after checking the prices on the net.

5.1.2. TARAhaat

TARA*haat* Information and Marketing Services Ltd., promoted by Development Alternatives Group, (an alliance between Hughes Escorts Communication, Hewlett Packard, Oracle, KLG Systel, jaldi.com, Global Development Gateway (sponsored by World Bank and Gates Foundation), Excelsior Ventures Management, LLC and James Martin one of the world's leading NGOs), is an organisation that focuses on rural India for taking the benefits of technology to the rural population. www.TARAhaat.com, an Internet portal was launched by this organisation on June 1, 2000, in Bundelkhand near Jhansi in Madhya Pradesh, which aims to connect rural India to the external world. Since then, it has expanded into Uttar Pradesh, Punjab and Haryana and had 38 centres by the end of 2005. The portal is supported by franchise network of cyber cafes or TARA*kendras* providing wide gamut of services like entertainment, information and commercial needs. Each TARA*kendra* serves villages within 5 km radius, which comes to about 4 villages. Then next are the TARAkiosks called TARA*dhabas,* which operate in the same manner as local PCO booths providing education and entertainment services. TARA*haat* has a rural ambience to increase the acceptability of the rural users. It is extremely user friendly portal and has sound and media animation for simplifying the navigation process for those who cannot read, as the system can process simple voice instructions. Even children, housewife or an illiterate Person can use it. Computer displays content in local language and has self-explanatory animated icons. Its email service TARA*dak* supports 11 languages thus, making it relevant and easy to use for the rural consumers who are only familiar with vernacular language. It has integrated delivery systems called TARAvans (TARA*rath*), or vans which are franchised to local people to deliver the goods ordered by the villagers at his doorstep. TARAcards have been provided to regular users enabling them to make transaction without paying money in advance. TARAcard enables villagers to buy the products and services listed at portal, although cash transactions are also possible. Rural producers are also able to connect to global market and sell their products to distant clients through the sister portal called TARA*bazar.* TARA*guru*, a decentralized university provides guidance and consultancy to the micro enterprises established by rural entrepreneurs. TARA*gyan* offers range of computer enabled education services ranging from basic IT training to English proficiency to vocational skills in areas like textile cutting, plumbing, TV repair, etc. The person operating these kiosks and cyber cafes can provide these services using the same infrastructure. This not only enhances the knowledge of the people in rural areas but also create avenue to earn money and reduce problem of unemployment in rural areas by creating opportunities of self-employment. TARAscouts, collects latest information to update the site and TARAvendors are suppliers, dealers or agents for supplying TARA approved products. It also contains information on topics like health, nutrition, first aid, healthy motherhood, diseases, livelihood, law, government schemes, water, agriculture, entertainment, etc. It also guides on selection of projects and developing project reports, finance, registration, clearances and licensing for setting up small-scale industry.

5.1.3 EID Parry's Indiaagriline

EID Parry and Nagarjuna Fertilisers have launched a portal, **www.indiaagriline.com** an experiment with Information Technology for the rural markets in Tamil Nadu in 2001. In 2004 the Parry's lndiaagriline had 30 franchised access centres or kiosks known as Parry corners already operational. These Parry corners were franchised to local villagers who owned and operated them in their own homes. These kiosks are equipped with PC, printer, telephone, furniture and a power source with a backup. The farmers could log on at www.indiangriline.com, through the kiosks located in the village itself and be informed with regard to farming activities in the area. This platform provides information on five crops namely banana, sugarcane, cashew, tapioca and groundnut and focuses on 271 villages around its Nellikuppam factory near Cuddalore. This information helps the farmer to increase their yield on one hand and provides good quality output to the organisation on the other. The increases in productivity of farmers, enables the organisation to sale its agri-inputs in the market better than it would have been possible otherwise. It not only builds a strong brand in the rural areas but also creates additional buying capacity for the company's produce. It has tried to integrate the entire model into the daily life of the people living in the target villages by providing information that is useful, needed and relevant for the rural population.

5.1.4. HUL's Project i-Shakti

The Project *i-Shakti* kiosks set up by HUL in partnership with women self-group of Andhra Pradesh have got overwhelming response prom local people. At the launch of these kiosks, important members of the village community like *sarpanch.* School teachers, doctors are invited to reinforce social relationships within villages. The kiosks remain open from 9 a.m. to 7 p.m. six days a week. To gain access to the services offered, the users have to first register themselves and obtain a unique registration number. An ID card with the registration number is given. The kiosks offer information chiefly in the form of the audio visuals in the areas like, (a) Health and Hygiene, (b) E-Governance, (c) Education, (d) Agriculture, (e)Employment, (f) Legal Services, and (g) Veterinary Services. The information provided in above areas is put together from the best available resources, focussing on locally relevant information based on inputs from home-grown experts. These experts are also available on request to help provide solutions to problems through a query-mailing system. People can also send queries on health and hygiene to local doctor for a speedy response.

5.1.5. Kandhamal Apex Spices Association for Marketing (KASAM)

KASAM is a registered Apex Society formed by 61 Spices Development Societies (SDS) of the Kandhamal district, most of which are self-help groups for women. Situated in small town of Bandhgarh, in Orissa, this co-operative was set up to trade fairly with, and to help the KuttiaKondh tribe in 1998. This co-operative is vital to the welfare of more than 12,000 subsistence tribal farmers in a region where average family plot is only around one third of a hectare. The Kandhamal region of Orissa, in eastern India, is the poorest region of the second poorest state of India (after Bihar).

Orissa's Kandhamal district produces organic turmeric, which is grown without using any chemical fertilizers or pesticides. 70 per cent of the population is below the poverty line and literacy percentage is only 32 per cent. Under such demographic environment, the Kandhamal turmeric is organic by default. The tribal practice traditional, primitive methods of cultivation. Thus, it is good for health and skin care and does not pose any health hazards at all. It has a characteristic aroma and can be stored for more than 2 years. This organic turmeric has a huge demand in Europe, America and Australia, but neither the state administration nor the farmers in Kandhamal had the resources to tell the world where to come for it. The farmers used to sell their produce to local merchants at nominal prices of Rs. 8-10 per kg as there were no linkages with the market and the farmers on their own could not access the highly profitable markets because of lack of resources, information and the huge distances.

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KASAM has started marketing of organic spices in a big way. It has developed infrastructure for production and supply of value added spices. It took up organic spices export from the year 2000. KASAM is now preparing to sell some of its production in the domestic market directly to branded spices companies and institutional buyers. It has entered into a marketing tie-up with Orissa State Co-operative Milk Producers' Federation (OMFED), whose website www.omfed.com prominently features Kandhamal turmeric powder. OMFED has established its processing unit at Phulbani, the district headquarters of Kandhamal to do the value addition to the natural produce. The sun dried turmeric is processed and graded within a co-operative owned factory, and from there it is exported worldwide. The organic turmeric has also been certified by SKAL, Netherlands the international certification awarder with EKO, the Dutch equivalent of the British Soil Association. With this certificate, KASAM can export organic spices to countries such as the USA, UK, Netherlands, Egypt, South Africa, Bangladesh and Sri Lanka, through exporters under the active guidance of the Spices Board of India (Dogra & Ghuman, 2011).

5.2. ORGANISED RURAL RETAILING

An overwhelming proportion of the Rs. 400,000 crore Indian retail market is unorganized. In fact, only a mere Rs. 20,000 crore segment of the market is organized. The presence of the organized retail format is limited to metro cities only. In terms of physical size, 96 per cent of the 5 million-plus outlets are smaller than 500 square feet in area. India's per capita retailing space of about 2 square feet (16 square feet in the United States) is the lowest in the world. The organized retail industry was expected to grow to Rs. 1,60,000 crores by 2005. There is no role model for Indian retailers to follow or adapt in their attempts to expand into rural markets. Urban centres already have a well-defined retail network and international retail models are adapted after relevant contextual changes have been incorporated. In rural India, *haats*, mobile traders and village shops form the traditional retail network. In such conditions, marketers are trying to experiment with new models such as Self-Help Groups by HUL and ITC's ChoupalSagar to serve end consumers in rural markets.

The government has also established some good rural retail networks such as the Public Distribution System (PDS), Khadi and Village Industries Commission (KVIC), rural banks and Indian Farmers Fertilizer Co-operative Limited (IFFCO).

During post liberalization, a few corporates have taken initiatives to set up organized retail formats in rural areas. ITC was the first to take such an initiative and launched the country's first rural mall in Madhya Pradesh, signalling the arrival of organized retailing in rural India. The mall, christened *ChoupalSagar*, offers a diverse product range, including soaps, detergents, toothpastes, televisions, DVDs, sewing machines, grinders, etc., in an attempt to provide farmers a one-stop destination for all their needs. Other initiatives include DCM Shriram Consolidated's *HariyaliKisan Bazaars,* which started by offering farm-related inputs and services but soon planned to sell FMCGs and durables also. Other corporate houses that are setting up agri-stores to provide products/services targeted at farmers include Escorts and Tata Chemicals (with *Tata KisanSansar*). The Godrej Group runs a chain of agri-stores named *Adhaar* in Maharashtra and Gujarat that serve as one-stop shops for farmers selling agricultural products and also provide farmers with instructions on how to effectively utilize these products.

ORGANISED RURAL RETAILING- SELECT CASES

5.2.1. Mahindra *Shubhlabh* Services Ltd. (MSSL)

MSSL is a subsidiary company of Mahindra & Mahindra Ltd., the largest farm equipment company in India. MSSL has revolutionized agri-business by aggregating the factors of production under the brand *Mahindra KrishiVihar* through farming solutions specific to crop, region and market. It provides a complete range of products and services to improve farm productivity and also establishes market linkages to optimize the commodity supply chain. The staff provides support and guidance to farmers in the selection and usage of products in terms of crop health and environmental and human safety. *Mahindra KrishiVihar* offers a platform for banking institutions to provide loans to farmers with minimum documentation, quick sanctions and attractive interest rates, while the participating financial institutions develop a lower-risk portfolio and reduce their overhead costs through this channel.

5.2.2. ITC's *ChoupalSagar*

ChoupalSagar was the first rural mall in India, with an impressive 7,000 square feet area. It offers a self-service facility, with attractive merchandise displayed on open shelves (lining the neat aisles). It stocks almost everything, from toothpastes to televisions, hair oils to motorcycles, mixer-grinders to water pumps, shirts to fertilizers. Most of the brands that *ChoupalSagar* sells are national brands, such as Marico, LG, Philips and Eveready and shirts from ITC's apparel business, bikes from TVS and tractors from Eicher. The mall is located near the stock points of ITC's *e-Choupals,* making it an integrated model. To offset the huge investments made in the distribution network, ITC has partnered with other companies interested in serving the rural market. This has not only widened their product offerings, but has also spread out the overhead costs.

5.2.3. *Mahamaza*

Mahamaza, introduced in 2000, is a network of virtual dealers scattered around the country. Today it has an amazing network of 275,000 Web store dealers in small towns. They deal with extraordinary range of products, from motorcycles to cycles (Atlas) and cell phones of (Nokia). In total, they sell 28 brands across 15 industries. This website uses an offline network of Web Store Owners (WSO), who are registered after paying about Rs. 5,100 each. WSOs interact customers face to face and report transactions to the nearest of the four offices located in Delhi, Lucknow, Dehradun and Pune. Payments are made through pay orders or demand drafts and goods are delivered within a week. *Mahamaza* can avail of attractive discounts from the participating companies because it buys in bulk. It achieved a turnover of Rs. 90 crores in 2004. Durable goods companies have acknowledged the significance of this channel in their entire distribution channel in penetrating villages and small towns (Kshyap & Raut, 2010).

5.3. INNOVATIVE RURAL DISTRIBUTION

5.3.1 HUL's Project *Shakti*

Hindustan Unilever Limited (HUL) to tap this market conceived of Project Shakti. This project was started in 2001 with the aim of increasing the company's rural distribution reach as well as providing rural women with income-generating opportunities. This is a case where the social goals are helping achieve business goals. The recruitment of a Shakti Entrepreneur or Shakti Amma (SA) begins with the executives of HUL identifying the uncovered village. The representative of the company meets the panchayat and the village head and identify the woman who they believe will be suitable as a SA. After training she is asked to put up Rs 20,000 as investment which is used to buy products for selling. The products are then sold door-to-door or through petty shops at home. On an average a Shakti Amma makes a 10% margin on the products she sells.

An initiative which helps support Project Shakti is the Shakti Vani programme. Under this programme, trained communicators visit schools and village congregations to drive messages on sanitation, good hygiene practices and women empowerment. This serves as a rural communication vehicle and helps the SA in their sales.

The main advantage of the Shakti programme for HUL is having more feet on the ground. Shakti Ammas are able to reach far flung areas, which were economically unviable for the company to tap on its own, besides being a brand ambassador for the company. Moreover, the company has ready consumers in the SAs who become users of the products besides selling them.

This model has been the growth driver for HUL and presently about half of HUL's FMCG sales come from rural markets. The Shakti network at the end of 2008 was 45,000 Ammas covering 100,000 plus villages across 15 states reaching 3 million homes. The long term aim of the company is to have 100,000 Ammas covering 500,000 villages and reaching 600 million people. We feel that with this initiative, HUL has been successful in maintaining its distribution reach advantage over its competitors. This programme will help provide HUL with a growing customer base which will benefit the company for years to come (www.hul.co.in).

5.4. RURAL MARKET MAPPING

The advertising agencies and rural marketing consultancy organizations now have developed database on the rural market in the electronic form. These databases are integrated in software's, which generates reports for selection of villages to be targeted on the basis of select parameter. They provide classified information to clients with the help of which an organization can make a decision where to invest its resources in the rural market. The organization now are in a position to map the market with a significant precision for market potential analysis as well as media market fit decision.

MARKET MAPPING TOOLS

5.4.1. Thompson Rural Market Index

Hindustan Thompson Associates took first attempt to map the rural marketing potential by developing 'Thompson Rural Market Index' in 1972. This database provides comprehensive information on Market Potential Value (MPV) of different districts. This potential was determined for 335 districts of India on the basis

of first 11 variables and then 26 variables. The data with regard to demographic variables, occupational pattern, and agriculture based information and availability of commercial banks was incorporated to determine the comparative potential of the different districts of India. This tool determined the relative potential of the different districts on the basis of demographic factors and the overall agriculture potential of the district. This tool was effective for segmenting the rural market directly for the agricultural inputs and durables and indirectly for other consumables and durables.

5.4.2. MICA Rural Market Rating

It ranks districts according to seven parameters like population, fertilizer consumption, etc. It also depicts census data in digital maps, where one can pin point on district level details. It was priced at Rs. 35,000 in 1999.

5.4.3. Linquest

Market mapping tool from AP Lintas was the predecessor of Lincompass. It ranked districts on 42 variables. It was available for Rs. 75,000 in the year 1999[7].

5.4.4. Indian Market Demographics

This comprehensive information based study is compiled by NCAER on regular basis. The findings of this are based on largest research sample. Its 10 year White Book gives detailed information on income-classes, durable trends, etc.

5.4.5. Business Intelligence Unit

This Chennai based research unit has introduced a purchasing potential based ranking of 500 districts. It correlates agriculture zones with the purchasing power.

5.4.6. Lincompass

Lintas has developed a specialised rural marketing division named Linterland and it also has developed a software tool that does the mapping of the rural market named Lincompass. Software has calculated a fixed market potential for a district. This geographical information system based software has data on 6,26,000 villages from all over the country barring Jammu and Kashmir. Each of these districts can be analysed with 256 parameters of which 32 are considered key to avoid overlaps[8]. The parameters included are: agriculture, literacy, civic amenities, village composition, income and distance from national and regional highways[9].

5.4.7. ARCVIEW

This knowledge based intelligence system depicts the 5,87,962 villages as digitised points on the maps depicting the market potential of an area as a cluster. It generates maps of different kind: agricultural maps, socio-cultural maps, national & state highway maps and river maps. This tool can be used for optimal decisions for distribution and logistics applications, territory planning and dealer development. It identities potential markets from state to district to village or town. It also analyses accessibility, coverage and penetration enabling cost-effective transportation planning.

5.5. E-GOVERNANCE IN RURAL MARKET

E-governance may be understood as the performance of the governance via the electronic medium in order to facilitate an efficient, speedy and transparent process of disseminating information to the public and other agencies and for performing government administration activities. E-governance is generally considered as a wider concept than e-government, since it can bring about a change in the way how citizens relate to governments and to each other.

RURAL E-GOVERNANCE-SELECT CASES

5.5.1. *Gyandoot*

In Dhar District of Madhya Pradesh this project was initiated. *Gyandoot* was Rs. 26 lakh intranet, conceptualized and implemented in just 51 days in Dhar District of the soya bean and cotton belt of Madhya Pradesh that handled transactions worth over Rs. 400 crore a year[10].

Gyandoot was launched on January 1, 2000, with the installation of a low cost rural intranet covering twenty villages that has expanded to 39 Kiosks covering 311 *panchayats* over 600 villages and serves the population of around 5 lakhs. *Gyandoot* serves as government-to-citizen platform and connects the district headquarter to multimedia kiosks or rural cyber cafes, called *soochnalayas.* Each *soochnalaya* serves 20-30 villages, which is between 20,000-30,000 people. It provides local entrepreneurs with internet and telecommunications access, as well as with governmental, educational, and other services.

The services available on *Gyandoot* include: daily commodity marketing information including price and volumes, copies of land records, bank loan forms and maps, online registration of applications for income, domicile certificate, other certificates and redressal of grievances. E-mails in Hindi are sent through the *soochnalaya* when the certificate is ready for the citizen to come and collect it. An e-mail reply is assured within seven days.

5.5.2. Andhra's Card

In Andhra Pradesh a CARD (Computer-Aided Administration of Registration Department) is the pioneering effort in registering real-estate transactions. Starting with two centres in 1997, the Rs. 25 crore project now covers 239 offices and some 24 lakh transactions have been registered till date. Using a sophisticated document management system with imaging technology, the land registration department digitised 24 lakh land records dated from 1983 onward and implemented the project in 387 offices around the state. For land registration process, workflow has not changed. But, the quality of interaction between citizen and the system has changed. All the steps are now transparent and easy to access and sequence of steps to be followed is also clear. All interdependent steps are completed automatically.

5.5.3. Andhra Pradesh's e-Seva

Chandra Babu Naidu, the chief minister of Andhra Pradesh decided in 1998 to make his state the model state in India. He decided to use digital technologies and the Internet as the basis for making his government responsive and citizen-centric. E-Seva can be accessed via the Internet or through the kiosks set up by the government. Citizens can pay water and electricity bills through e-Seva. They can get their driver's license. They can pay their property taxes. There are more than 45 integrated state and federal services currently available to citizens through this system.

5.5.4. Punjab's PRISM

Punjab also launched PRISM (Punjab Registration Information System Module) project. Instead of pleading and bribing the *patwari* for registration documents which were needed for applying for loans, farmers now pay Rs. 10 and instantly get the necessary documents.

5.5.5. Karnataka's *Bhoomi* (Land)

In Karnataka, the *Bhoomi* project, has put most of 1.7 crore land records on the Internet since July 2000, at a cost of Rs. 1.8 crore. Farmers now pay just Rs. 15 for a printout of their papers, in comparison of Rs. 100-500 bribe they had to pay to *patwari* earlier.

5.5.6. n-Lounge Communications

n-Lounge Communications was set up by the Telecommunications and Computer Networks (TeNet) of IIT, Madras (IITM), a group which is dedicated to evolving technically superior and cost-effective solutions for a poor country like India. n-Logue is in the business of providing Internet, voice, e-governance and other rural services through a network of Local Service Providers (LSPs) and kiosks by establishing and maintaining corDECT (wireless access) based communication systems. The basic business model has three tiers, (i) the village kiosk operator, (ii) the LSP, and (iii) n-Logue Communications.

The kiosk operators are largely young men or women from the local villages who invest in and operate a tele-kiosk. While the LSP provides the first level of support, whether training, hardware maintenance or raising awareness. The kiosk operator assists customers in sending and retrieving voice and text messages and online forms, accessing the information they seek and in general acting as an interface between them and technology. Their most important function is to communicate the potential benefits of the tele-kiosk to the villagers in an understandable and appealing way. The kiosk operator invests Rs. 50,000 in the basic kit (which includes the corDECT connection, personal computer with a colour monitor, multimedia equipment and a web camera, a power source with a four-hour backup battery and a dot-matrix printer). The LSP invests in the business by becoming a partner with n-Logue. On an average, each LSP covers a couple of small towns and about 35 villages. In addition to the tele-kiosks, the LSP will provide connectivity to government offices, primary health centres, schools and colleges, small businesses and other local institutions. The services delivered by the n-Logue kiosks include basic communication services, computer training, desktop publishing, word

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processing, school curriculum-based tutorial classes using multimedia applications and astrological predictions. In addition, the kiosks offer online consultancy through agricultural and veterinary experts, doctors and student counsellors' access to online land records through the *Bhoomi* projects and access to online medical databases in collaboration with Web Healthcare. n-Logue earns its revenues through agency fees and initial set-up fees paid by the LSPs. Additionally, the company collects annual franchise fees from local entrepreneurs. By building local capacity and utilizing local resources, this business model aims to reduce the costs presently associated with providing both telephony and Internet access to rural India. n-Logue presently has about 3000 kiosks in the states of Tamil Nadu, Karnataka, Maharashtra, Rajasthan, Andhra Pradesh and Gujarat.

5.6. INNOVATIVE BANKING AND FINANCE

5.6.1. Kisan Credit Card (KCC)

The government of India has taken several policy initiatives for strengthening of rural credit delivery system to support the growing credit needs of the agricultural sector. Some of the important innovations taken in the recent years for improving agricultural credit flow are Kisan Credit Card scheme, Agricultural credit at lower rate of interest, simplification in lending policies and revamping of cooperative credit structure. The emphasis of these policies has been on progressive institutionalization for providing timely and adequate credit support to farmers with particular focus on small and marginal farmers and weaker sections of society to enable them to adopt modern technology and improved agricultural practices for increasing agricultural production and productivity.

Kisan Credit Card aims at ensuing educate and timely supply of Credit to farmers. KCC Scheme is under implementation by Banks throughout the country since 1998-99. KCC is simple card cum passbook. Farmers may approach the nearest branch of any Banks or Primary Agricultural Credit Societies (PACS) for it.

5.6.2. HDFC's Rural Branches

HDFC bank has announced a tie up with Indian Oil Companies Ltd. where rural petrol Pump outlet exists, *Kisan Kendra* will act as Bank Business Correspondent (BCs). This is a finest of its kind marriage of strengths of bank and oil distribution company to make modern Banking services available to people residing in semi urban and rural India that remain inaccessible by the current Hub Branch Network. HDFC Opens 87 Rural Branches in a day in Punjab & Haryana States in this endeavor.

5.6.3. Government Plans to Cross Merge RRB

Government is all set to cross and merge regional rural banks (RRB) in some eight states in a bid to create economics of scale and push its financial inclusion agenda. Cross merger is a blending of RBI under different state wise rural banks in future. Rural Banking is likely to see addition of over one lakh ATM in recent years with banks expanding their rural and semi urban network towards achieving greater financial inclusion.

5.6.4. Union Bank ties with Jain Irrigation

The aim is to partner the farmers for drip irrigation system. The partnership will deliver hassle free credit facilities to farmers, empowering them to fetch higher and faster return on investment. Jain Irrigation will extend guidance to farmers on Crop and Irrigation Management the Banks arrange sensitization campaigns on drip irrigation in high values crop growing areas affected by marginal water quality and undulated land.

5.6.5. NABARD cut refinance rate, Launches crop Lots

NABARD has cut the rate of interest on refinance provided to banks for investment credit. The refinance rate has been revised to lower 20 basis points as per a decision taken by the NABARD board that met in New Delhi. The bank has approved 3 crop specific projects for Potato in Hoogly, tomato in Karnal and Onion in Nasik.

5.6.6. Corporation Bank's Farm Lending

It has launched a year plan campaign to promote agriculture credit and financing initiative at all its branches. The focus of corporation bank will be to assist farming families especially those with small and marginal holdings, the weaker sections, minority and self-help /Joint Liability groups engaged in agriculture and allied activities. They will be pursued during the camps at the bank's branches (Tulsian & Saini, 2014).

VI. CONCLUSION

These innovative rural marketing initiatives may seem to be small in the context of a giant market called rural India but this is a remarkable beginning in the post liberalised era. We prospect the second Green Revolution in the near future if these experiments prove to be successful. The corporate involvement in agribusiness, organised retailing, e-marketing, e-governance, CSR initiatives at all levels in the food chain will not only provide much needed assured markets to the farmers but will also bring the latest know-how to the farmers. It will also lead to better earning opportunities for the farmers through higher yield, higher prices for the produce on one hand and this will also create direct and indirect employment opportunities for the farmers who are finding it difficult to be part of service led growth on the other hand. These innovations are positively impacting the family, farmers and the rural youth. Family can have better health, farmers can have the better productivity and youths have better employment opportunities. Rural people have an opportunity to have vast amount of relevant information, which they can use to make informed decisions. They also now have a platform because of these innovations, which can create urban like self-employment opportunities in the village itself.

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SPATIO-TEMPORAL ANALYSIS OF CROP DIVERSIFICATION IN HIMACHAL PRADESH: A DISTRICT WISE ANALYSIS

ROZY DHANTA
RESEARCH SCHOLAR
SHOOLINI UNIVERSITY OF BIOTECHNOLOGY & MANAGEMENT SCIENCES
SOLAN

Y S NEGI
PROFESSOR
SHOOLINI UNIVERSITY OF BIOTECHNOLOGY & MANAGEMENT SCIENCES
SOLAN

S C TEWARI
PROFESSOR
SHOOLINI UNIVERSITY OF BIOTECHNOLOGY & MANAGEMENT SCIENCES
SOLAN

ABSTRACT
This paper analyzes the district wise crop diversification crop concentration scenario in the north Indian hilly state of Himachal Pradesh. The study is based on the analysis of relevant time series data of 39 years (1972-73 to 2010-11) collected from different official sources. The study suggests that farmers in the state are adjusting their cropping patterns to incorporate a higher mix of high value crops; particularly fruits and vegetables. It has been noticed that this trend is more prevalent in districts having batter irrigation facilities; hence other districts were found to be having relatively low cropping intensity. Further, Bilaspur, Hamirpur and Kangra district had higher concentration of cereals and pulses. Farmers of almost all districts were concentrating on cultivation of maize and wheat. However, favorable agroclimatic conditions and related infrastructural facilities were noticed to influence farmers' changing interest in fruits and vegetables, of course apart from the fact of economic superiority of these farm activities. The paper suggests that for promoting crop diversification the state would require working on a larger canvass to take note of effective dissemination of production and marketing related technical knowledge to the farmers.

KEYWORDS
Gibbs-Martin Index, coefficient of variation, crop concentration index, diversification, spatio-temporal variation.

INTRODUCTION
Diversification implies an extension in different directions from a given point. In agriculture, diversification is a strategy to cultivate a number of crops or take different farm enterprises to improve upon the current situation; in terms of profitability of the farm business. Such an approach is important for agrarian economies like India where the livelihood of more than 50 per cent of the population is directly or indirectly dependent on agriculture. Diversification of farming leads to changes in product or enterprise choices and thus improvements in incomes via increased production and optimal input use decisions based on market forces and principles of profit maximization (Pingali and Rosegrant, 1995). The strategy of crop diversification intends to give a wider choice in production on a variety of crops in a given area so as to expand production related activities on various crops and also to lessen risk and maximize the use of resources such as land, water and other critical inputs for the overall agricultural development. It is also an important strategy to increase farm income, stabilize its flow, generate employment, increase efficiency of resource utilization, provide food and nutritional security, alleviate poverty and for conservation of soil and water resources (Von Braun 1995; Pingali and Rosegrant 1995; Ramesh Chand 1996; Rayn and Spencer 2001; Birthal et.al, 2007; Kumar and Singh, 2013). Because crop diversification allows many viable opportunities to farmers to cultivate different crops on their farms therefore in that respect it is a sort of indirect insurance against different climatic and biological risks affecting monoculture. Agricultural sustainability and profitability is declining owing to increase in cost of cultivation and decrease in farm income (Singh, 2004; Sidhu et al. 2010) and diversification can be of help in this regard.

Diversification of agriculture in the hill region is important for the farmers who often cultivate marginal lands on steep slopes. Fragile ecosystems of the hills also do not support cropping systems that are heavy on agronomic practices. Himachal Pradesh is an important hill state in western Himalayan region that has emerged as a model in remunerative farming. This has been possible by taking a well thought out digression from the traditional subsistence farming and modifying the farming systems by incorporating fruits, vegetables, flowers and lately medicinal & aromatic plants. However, notwithstanding the improvements in farming, the pressures on farm lands are also visible in the state because of many non-agricultural development initiatives. To maintain commercial viability of the farm sector, introduction of improved farm technologies, crops and farm enterprises ensuring complementarities and efficient resource use are still needed. Therefore, farm incomes can only be enhanced and maintained through further introduction of high value crops and through adoption of diversified cropping schemes. Diversification thus would help in broadening and strengthening of the income sources of rural households (Barghouti et al., 1990) and it is also expected to help in ecological improvements.

MATERIAL AND METHODS
This paper analyzes the district wise spatio-temporal variation in crop diversification and concentration of selected crops in Himachal Pradesh. The study is based on the time series data collected from the state Directorate of Land Records, Directorate of Horticulture, Directorate of Agriculture and the Directorate of Economics & Statistics. The data used for analyzing spatio-temporal variation in crop diversification and the concentration index pertains to the period 1972-73 to 2010-11. In recent years many researchers have used Gibbs-Martin Index for measuring diversification (Datta, 2012; Das and Mili, 2012; Wen, 2010; Subedi, 2012; Lujan and Gabriels, 2005). In the present study also the Gibbs-Martin Index (GMI) has been used for analyzing crop diversification. This index was preferred over the other indices like Herfindahl Index, Ogive Index, Entropy Index and Modified Entropy Index as they explain diversification of crops in a given time and space by single indicator (Islam and Rahman, 2011). This method has an advantage over other methods as the Index can be calculated without reducing the actual statistics to percentages. The value of the Index varies between 0 to 1; where 0 implies specialization or the growing of a single crop. Any value higher than this indicates diversification; thereby the higher value of the index is directly related to higher magnitude of diversification. It provides a method of generalizing the relationship between the relative strength and number of crops grown. The formula is as under:

$$GMI = 1 - \frac{\sum_{i=1}^{N} X_i^2}{(\sum X_i)^2}$$

Where,

GMI	=	Gibbs-Martin Index of diversification in cropping pattern
X	=	Area under individual crop or percentage of total cropped area occupied by each crop

For calculating the crop concentration index for the study areas the following formula has been used. The high index value represents high concentration and low value shows lower level of the concentration.

$$\text{Crop Concentration Index } (Cx) = \frac{\frac{A_{ij}}{A_j}}{\frac{\sum_{i=1}^{n} Y_{ij}}{\sum_j Y_j}}$$

Where,

A_{ij}	=	Area under i^{th} crop in j^{th} district
A_j	=	Gross cropped area in the jth district
$\sum_j Y_{ij}$	=	Area under i^{th} crop in the State
$\sum_j Y_j$	=	Gross cropped area in the State

Coefficient of Variation (CV) has been calculated as follows.

$$CV = \frac{\text{Standard Deviation}}{\text{Mean}} X \, 100$$

RESULT AND DISCUSSION

Traditionally, agriculture has been the mainstay of the economy of Himachal Pradesh; where agriculture included fruit growing and animal rearing as well. Over time these components of farming have become relatively specialized and there is perceptible change in their levels and composition. As per the revenue records, the net area sown in the state was 19.06% of the total geographical area (558562 ha) of the state in the year 1972-73 immediately after Himachal got the statehood. Presently, (2010-11) the net sown area accounts for about 11.28% of the total geographical area (938615 ha), which has also increased because of precise measurements. Although the reported geographical area increased by 56.11 percent over 1972-73 the net area sown declined by 2.74 percent over 1972-73 figures. The gross cropped area during this period increased by just one percent; indicating thereby a marginal decrease in the net cropped area. The compound growth rate for net area sown worked out to be 0.13 percent whereas for gross cropped area it was 0.04 percent (Table 1). The coefficient of variations of net area sown, gross cropped area and cropping intensity worked out to be 2.77, 2.12 and 2.28 respectively; suggesting thereby not much of changes in these indicators over time.

The districts wise analysis indicated that net area sown during the period of analysis increased in Lahaul & Spiti (41.38%), Kullu (17.76 %), Chamba (3.96%), Mandi (3.50 %) whereas in the rest of the districts the net area sown in 2010-11 registered negative change over 1972-73 figures. The compound growth rate of net area sown was found to be positive only in L&S, Kullu, Kangra and Chamba districts whereas, in rest of the districts it was negative. In gross cropped area the compound growth rates were found negative in Kinnaur, Shimla, Sirmaur and Solan whereas in rest of the districts there was positive growth. The compound growth rates of cropping intensity were negative only in Kinnaur, Lahaul & Spiti and Shimla and cropping intensity is seen to have increased in rest of the districts of the state. The coefficient of variation for the proportion of net sown area for the districts ranged from 2 to 9; while the CV value ranged between 2 to 11 for cropping intensity and gross cropped area. This indicates moderate level of disparities amongst different districts in these indicators.

TABLE 1: DISTRICTS WISE CATEGORIES ON THE BASIS OF THEIR SHARE TOWARDS NET AREA SOWN, GROSS CROPPED AREA AND CROPPING INTENSITY & COMPOUND GROWTH RATE (1972-73 TO 2010-11)

Districts	Percent Change in 2010-11 over 1972-73			Compound Growth Rate (%)		
	Net Area sown	Gross cropped area	Cropping Intensity	Net Area sown	Gross cropped area	Cropping Intensity
Bilaspur	-4.91 (3.08)	6.14 (6.68)	11.62 (6.96)	-0.20	0.17	0.37
Chamba	3.96 (2.35)	12.87 (6.83)	8.57 (6.62)	0.10	0.33	0.23
Hamirpur	-10.38 (6.43)	-3.41 (10.41)	7.78 (11.04)	-0.47	0.08	0.55
Kangra	-6.67 (3.95)	-5.42 (4.80)	2.44 (4.39)	0.01	0.22	0.21
Kinnaur	-0.28 (4.90)	-8.51 (9.59)	-8.25 (5.83)	-0.24	-0.61	-0.37
Kullu	17.76 (4.42)	15.68 (7.97)	-1.66 (5.43)	0.33	0.58	0.25
L&S	41.38 (7.91)	40.57 (9.34)	-0.58 (8.29)	0.60	0.42	-0.18
Mandi	3.50 (4.49)	10.17 (4.73)	6.44 (4.88)	-0.12	0.21	0.33
Shimla	-1.02 (4.71)	-16.95 (8.26)	-16.10 (6.10)	-0.16	-0.57	-0.42
Sirmaur	-4.37 (3.14)	3.31 (2.32)	8.02 (2.46)	-0.24	-0.06	0.17
Solan	-11.77 (8.37)	-4.70 (5.07)	8.00 (5.46)	-0.47	-0.20	0.28
Una	-7.72 (5.83)	12.58 (4.20)	22.00 (7.61)	-0.37	0.16	0.54
HP	-2.74 (2.77)	1.00 (2.12)	3.84 (2.28)	-0.13	0.04	0.18

Note: co-efficient of variation in parenthesis

The analysis indicated that Kangra, Mandi and Shimla district were contributing more than 10 percent towards net area sown, whereas this proportion was low in case of Kinnaur and L&S. The contribution of other districts in this regards can be categorized as medium with the range of contribution of 5 to 10 percent of the total net area sown of the state. Categorization of district on the basis of their share towards net area sown of Himachal Pradesh is presented in Table 2.

TABLE 2: CATEGORIZATION OF DISTRICT ON THE BASIS OF THEIR SHARE TOWARDS NET AREA SOWN OF THE HP

Category	Percent share of net sown area of the state	Districts
High	>10	Kangra, Mandi, Shimla
Medium	5 to 10	Bilaspur, Chamba, Hamirpur, Kullu, Sirmaur, Solan, Una
Low	< 5	Kinnaur, Lahaul & Spiti

Categorization of districts on the basis of cropping intensity (Table 3) shows that Bilaspur, Hamirpur, Kangra, Mandi, Sirmour and Una had a higher cropping intensity (>173) while rest of the districts were having lower cropping intensity when benchmarked on the state average. Analysis shows that cropping intensity did not increase too much over the period of analysis, it increased by 6 per cent during this period. One indication of relatively high or low cropping intensity in different districts is the availability of crucial resource of irrigation. The districts which have low cropping intensity generally rely on rainfall and also that average agroclimatic conditions of these areas generally allow taking one crop during the year, as parts of these areas remain under snow for quite some time during the year. Also, in many districts a large number of farmers have diverted their lands towards fruits crops.

TABLE 3: CATEGORIZATION OF DISTRICT ON THE BASIS OF CROPPING INTENSITY

Category	Range (CI)	Districts
High	> 173	Bilaspur, Hamirpur, Kangra, Mandi, Sirmaur and Una
Low	<173	Chamba, Kinnaur, Kullu, Lahaul & Spiti, Shimla and Solan

An analysis of the share of a crop in total cropped area in a district was done to visualize the importance of different crops and the results are presented in Table 4. The table presents the results for the two points of time i.e. 1972-72 and 2010-11 although the analysis covers the entire period between these two spatial points across districts. The table shows that the total cropped area in the state increased by about 2.06% indicating thereby, on an average, almost stable cropping efforts being put by the farmers in the state. The position in 1972-73 also reveals that about 83.44 percent of the cropped area was under cereals and another about 17 per cent area was under other crops. Among cereals wheat, maize and paddy were covering more than 73 percent of the gross cropped area. The situation in 1982-83 revealed that area under these three crops contributed nearly 79 percent of the total cropped area and more or less the similar trend was noticed during 1992-93 and 2002-03. The gross cropped area however declined from 975433 ha in 2002-03 to 938625 ha in 2010-11. This clearly revealed that these three crops dominate the cropping pattern of the state. The share of total cereal crops increased in 1982-83 and after that it showed a declining trend. The area under fruits crops, vegetable crops, spices showed an increasing trend during the period under study.

The district wise analysis revealed that the contribution of Kangra district towards total cropped area of the state was more than 20 percent during the periods under study followed by Mandi, Shimla, Sirmaur and Una districts. The contribution of Kangra district towards main cereal crops cultivated in the state was higher than remaining districts of the state in all the periods. Shimla district dominated the scenario in case of apple, potato and vegetable crops followed by Kullu. Contribution of Sirmaur district was highest in case of spices followed by Kullu. The data were further analyzed for different periods (I, II, III, IV and V) to understand the contribution of different districts of the state towards selected crops under study and the results are presented in Table 5. A cursory glance of the table shows that Kangra district, followed by Mandi and Sirmaur districts, accounts for more than 35 percent of the total area under paddy in the state. In case of maize, the range of maize acreage during the period under study is 16 percent to 20 percent of the total area under maize cultivation in the state and in this case the district is followed by Mandi, Hamirpur, Una, Solan and Sirmaur respectively. In case of wheat Kangra and Mandi contributed near about 45 percent of the total area under wheat in the state. Apple is seen to be the dominant fruit crop in Shimla and Kullu district with the share of more than 80 percent, followed by Kinnaur, Mandi, and Chamba districts respectively. In other fruits, which are mostly subtropical fruits, the contribution of Kangra, Kullu and Mandi was more that 55 percent of the area under this group of fruits in the state. Shimla, Mandi, Kullu, Kangra contribute more than 70 percent of the total area under potato and vegetable cultivation. The contribution of Sirmaur was highest in the field of spices cultivation in the state, followed by Kullu, Mandi and Shimla. This analysis suggests the continuity of cultivation of various cereal and other crops by the farmers of the state over a long period of time indicating the suitability of the crops for the areas or may be the resource constraints to make drastic changes in the cropping pattern. The issue needs to be analyzed in detail from these angles to for better understanding and planning for agriculture in the state.

TABLE 4: DISTRICT WISE SHARE OF IMPORTANT CROPS TOWARDS TOTAL CROPPED (TCA) AREA OF HIMACHAL PRADESH (in %age)

Items	Maize	Paddy	Wheat	Barley	Other cereals	Total pulses	Apple	Other fruits	Potato	Other vegetable	Cardamom and spices	Oilseed	Fodder crops	Other Crops	TCA
							1972-73								
HP	28.12	10.65	31.66	4.59	8.25	7.84	1.28	0.53	1.58	0.51	0.33	2.60	0.99	1.09	919706
Bilaspur	2.28	0.40	2.05	0.02	0.00	0.90	0.00	0.01	0.00	0.04	0.01	0.07	0.01	0.03	5.83
Chamba	2.28	0.31	2.05	0.67	0.45	0.35	0.00	0.03	0.04	0.02	0.01	0.28	0.00	0.02	6.53
Hamirpur	2.76	0.61	2.14	0.02	1.39	0.59	0.00	0.00	0.00	0.02	0.00	0.04	0.00	0.04	7.51
Kangra	5.77	4.34	9.60	0.55	0.13	1.41	0.00	0.09	0.21	0.01	0.01	1.55	0.45	0.43	24.52
Kinnaur	0.03	0.00	0.17	0.29	0.63	0.03	0.01	0.04	0.04	0.00	0.00	0.00	0.00	0.00	1.20
Kullu	1.26	0.39	1.87	0.73	0.66	0.32	0.14	0.00	0.12	0.02	0.01	0.06	0.00	0.02	5.60
L&S	0.00	0.00	0.05	0.12	0.04	0.02	0.00	0.00	0.04	0.00	0.00	0.00	0.00	0.01	0.27
Mandi	3.93	2.78	2.69	0.61	3.19	0.63	0.28	0.11	0.11	0.12	0.02	0.11	0.04	0.15	15.85
Shimla	2.21	0.62	3.52	0.98	1.54	0.50	0.80	0.00	0.92	0.18	0.02	0.02	0.00	0.00	11.32
Sirmaur	2.53	0.53	2.94	0.39	0.22	0.56	0.05	0.15	0.08	0.02	0.21	0.12	0.05	0.12	7.96
Solan	2.45	0.38	2.20	0.19	0.01	1.20	0.01	0.07	0.02	0.03	0.04	0.26	0.16	0.13	7.13
Una	2.62	0.28	2.36	0.00	0.00	1.32	0.00	0.02	0.01	0.05	0.00	0.08	0.27	0.13	7.15
Items	**Maize**	**Paddy**	**Wheat**	**Barley**	**Other cereals**	**Total pulses**	**Apple**	**Other fruits**	**Potato**	**Other vegetable**	**Cardamom and spices**	**Oilseed**	**Fodder crops**	**Other Crops**	**TCA**
							2010-11								
HP	31.62	8.21	38.11	2.39	0.89	3.65	6.59	1.43	1.19	2.01	0.79	1.69	0.90	0.53	938625
Bilaspur	2.86	0.16	2.82	0.02	0.00	0.02	0.00	0.04	0.00	0.05	0.02	0.06	0.03	0.00	6.06
Chamba	2.97	0.37	2.22	0.40	0.14	0.41	0.19	0.04	0.09	0.04	0.01	0.33	0.00	0.00	7.22
Hamirpur	3.36	0.20	3.57	0.00	0.00	0.00	0.00	0.01	0.00	0.02	0.01	0.01	0.03	0.00	7.21
Kangra	6.20	4.01	9.96	0.33	0.02	0.33	0.00	0.63	0.14	0.05	0.02	0.55	0.18	0.30	22.72
Kinnaur	0.02	0.00	0.02	0.10	0.14	0.18	0.51	0.05	0.01	0.11	0.01	0.00	0.00	0.00	1.13
Kullu	1.80	0.16	2.05	0.33	0.11	0.37	0.89	0.15	0.13	0.18	0.09	0.07	0.00	0.00	6.35
L&S	0.00	0.00	0.00	0.05	0.01	0.19	0.02	0.00	0.08	0.00	0.00	0.00	0.00	0.01	0.37
Mandi	5.22	2.08	7.15	0.37	0.14	0.69	0.51	0.17	0.26	0.22	0.07	0.11	0.07	0.05	17.11
Shimla	1.11	0.14	1.16	0.36	0.29	0.76	4.41	0.06	0.31	0.49	0.06	0.04	0.01	0.00	9.21
Sirmaur	2.27	0.65	2.80	1.16	0.05	0.43	0.06	0.12	0.08	0.43	0.44	0.14	0.22	0.13	8.06
Solan	2.55	0.22	2.63	0.18	0.00	0.24	0.00	0.08	0.01	0.38	0.06	0.16	0.13	0.01	6.65
Una	3.27	0.20	3.73	0.00	0.00	0.03	0.00	0.08	0.07	0.04	0.00	0.21	0.23	0.03	7.89

TABLE 5: SHARE OF DISTRICT IN TOTAL AREA SOWN UNDER VARIOUS CROPS IN HIMACHAL PRADESH

Items	Maize	Paddy	Wheat	Barley	Other cereals	Total pulses	Apple	Other fruits	Potato	Other vegetable	Cardamom and spices	Oilseed	Fodder crops	Other Crops	TCA
							1972-73								
HP	258579	97912	291165	42178	75856	72136	11802	4841	14505	4694	3036	23945	9070	9987	919706
Bilaspur	8.10	3.76	6.47	0.54	0.01	11.49	0.00	2.33	0.06	6.90	2.50	2.75	1.22	3.20	5.83
Chamba	8.10	2.94	6.47	14.69	5.49	4.44	0.23	5.85	2.84	4.43	2.11	10.94	0.09	1.99	6.53
Hamirpur	9.83	5.76	6.77	0.51	16.83	7.47	0.00	0.14	0.13	4.77	0.56	1.34	0.36	3.48	7.51
Kangra	20.52	40.81	30.32	12.08	1.61	18.02	0.00	17.66	13.18	1.34	3.10	59.63	45.61	39.54	24.52
Kinnaur	0.11	0.04	0.55	6.42	7.60	0.40	1.14	7.52	2.70	0.60	0.07	0.03	0.00	0.16	1.20
Kullu	4.47	3.66	5.90	15.82	7.95	4.08	10.85	0.66	7.56	4.71	3.99	2.42	0.09	2.08	5.60
L&S	0.00	0.00	0.16	2.52	0.45	0.28	0.02	0.00	2.35	0.19	0.00	0.07	0.00	0.58	0.27
Mandi	13.98	26.09	8.51	13.20	38.62	8.08	21.54	21.17	6.91	23.43	4.64	4.16	4.41	13.92	15.85
Shimla	7.86	5.83	11.13	21.37	18.66	6.43	62.05	0.00	58.24	35.75	7.21	0.70	0.07	0.24	11.32
Sirmaur	9.00	4.95	9.28	8.60	2.63	7.12	3.63	28.24	4.77	3.30	63.80	4.74	5.33	11.18	7.96
Solan	8.70	3.53	6.96	4.21	0.13	15.34	0.55	12.83	1.28	5.43	11.96	9.98	15.76	11.67	7.13
Una	9.33	2.64	7.46	0.05	0.02	16.84	0.00	3.59	0.63	9.14	0.07	3.25	27.07	11.95	7.15
Item	**Maize**	**Paddy**	**Wheat**	**Barley**	**Other cereals**	**Total pulses**	**Apple**	**Other fruits**	**Potato**	**Other vegetable**	**Cardamom and spices**	**Oilseed**	**Fodder crops**	**Other Crops**	**TCA**
							2010-11								
HP	296814	77027	357673	22450	8382	34271	61891	13453	11159	18870	7391	15834	8446	4964	938625
Bilaspur	9.03	1.95	7.39	0.67	0.00	0.45	0.00	3.14	0.11	2.37	2.38	3.42	2.91	0.28	6.06
Chamba	9.39	4.55	5.82	16.73	15.26	11.30	2.94	2.77	7.73	1.88	1.28	19.82	0.51	0.04	7.22
Hamirpur	10.62	2.48	9.36	0.20	0.16	0.04	0.00	0.74	0.06	1.06	1.19	0.37	2.95	0.40	7.21
Kangra	19.61	48.83	26.13	13.98	2.20	9.04	0.01	43.95	12.17	2.46	2.18	32.68	19.86	57.21	22.72
Kinnaur	0.05	0.02	0.05	4.16	15.15	4.92	7.66	3.38	0.88	5.41	0.95	0.01	0.00	0.20	1.13
Kullu	5.68	1.97	5.39	13.94	12.73	10.04	13.51	10.61	10.91	9.02	11.98	4.39	0.31	0.00	6.35
L&S	0.01	0.00	0.01	1.91	1.10	5.28	0.31	0.11	6.70	0.24	0.00	0.18	0.00	1.89	0.37
Mandi	16.49	25.29	18.76	15.66	15.63	18.99	7.77	11.95	22.22	10.81	8.89	6.51	8.04	9.07	17.11
Shimla	3.52	1.76	3.04	15.25	32.37	20.92	66.95	4.13	25.86	24.55	7.67	2.17	0.67	0.08	9.21
Sirmaur	7.19	7.94	7.36	10.11	5.39	11.70	0.84	8.32	6.88	21.39	55.55	8.30	24.62	24.40	8.06
Solan	8.07	2.72	6.91	7.39	0.00	6.66	0.01	5.49	0.57	18.99	7.37	9.69	14.34	1.23	6.65
Una	10.34	2.49	9.78	0.00	0.02	0.74	0.00	5.41	5.91	1.81	0.55	12.48	25.80	5.20	7.89

GROWTH IN CROP ACREAGE

The pattern of rate of change in crop acreage over time has been analyzed with the help of compound growth rates for change in area under a given crop. The entire study period (1972-73 to 2010-11) has been considered for this analysis as well. The results of the analysis are presented in Table 6. It is evident from the table that the compound growth rate of area under maize, wheat, apple, other fruits, other vegetables, spices, fodder crops and other crops was positive whereas rest of the crops under study showed negative growth rate for the area under these crops. The highest growth rate was recorded in area under the category of 'other fruits' (peach, plum apricot, mango, citrus, litchi, pear and dry fruits etc), followed by apple and vegetables, excluding potato. In case of cereals, the highest growth rate under maize was recorded in L&S district followed by Mandi, Bilaspur, Hamirpur, Kangra, Kullu and Una. The compound growth rate of area under paddy was found to be positive only in Sirmaur district, indicating a general shift of area under this crop to other crops. This seems to be the result of labour intensive nature of the crops as well as the declining water availability for irrigation. Kinnaur, L&S, Shimla and Sirmaur districts recorded negative growth rate in wheat crop as well. The compound growth rate for barley indicated that area under this crop during last 39 years registered a declining trend in all the districts except Solan where it increased but at a lower rate of 0.02 percent per annum. The area under vegetable crops in all the districts showed increasing trend during this period and the highest growth under vegetables was recorded in L&S (12.82 % per annum) followed by Sirmaur, Mandi, Kullu, Solan, Bilaspur, Chamba, Kinnaur and Kangra, where it registered more than 2 percent.

TABLE 6: DISTRICT WISE COMPOUND GROWTH RATE OF AREA UNDER VARIOUS CROPS IN HIMACHAL PRADESH- 1972-73 TO 2010-11

Districts	Crop & Compound growth rate										
	Maize	Paddy	Wheat	Barley	Other cereals	Total pulses	Apple	Other fruits	Potato	Other veg	TCA
Bilaspur	0.59	-3.13	0.78	-1.37	0.81	-9.97	0.97	4.66	0.38	3.47	0.04
Chamba	0.34	-0.36	0.54	-1.67	-2.59	-0.09	9.27	1.12	1.23	3.41	0.21
Hamirpur	0.58	-3.16	0.54	-3.03	-11.25	-14.70	Nil	6.32	-1.63	0.10	-0.24
Kangra	0.52	0.01	0.63	-1.70	-3.07	-3.35	-2.44	5.91	2.06	2.07	0.06
Kinnaur	-1.20	-1.21	-5.40	-2.61	-3.53	5.88	8.67	1.33	-3.55	3.16	-0.58
Kullu	0.78	-2.39	0.88	-1.54	-6.67	0.10	4.56	7.24	0.90	4.67	0.58
L&S	3.90	Nil	-5.82	-2.56	-1.12	0.23	13.13	7.33	0.08	12.82	0.55
Mandi	0.80	-0.88	0.75	-1.23	-4.95	-1.04	0.73	3.70	1.17	5.43	0.18
Shimla	-1.74	-3.77	-3.04	-2.47	-3.89	0.55	4.93	16.60	-2.00	4.03	-0.52
Sirmaur	-0.29	0.39	-0.60	-0.98	-0.97	-1.17	-0.48	2.16	1.31	8.03	0.05
Solan	-0.09	-0.51	0.52	0.02	-8.66	-4.35	-3.24	1.48	-2.48	4.38	-0.23
Una	0.50	-0.18	0.83	-9.14	-2.55	-9.31	Nil	6.56	6.71	1.26	0.14
HP	**0.31**	**-0.67**	**0.24**	**-1.72**	**-4.58**	**-2.67**	**4.24**	**4.52**	**-0.13**	**2.08**	**0.05**

CROP DIVERSIFICATION

The district wise crop diversification in the state is presented in Table 7. It is evident from the table that crop diversification in Himachal Pradesh declined from 1972-73 (0.78) to 2010-11 (0.75). The decrease in the GMI index value is directly related with increase in the area under few crops at the cost of others. The crops (fruits, vegetables and spices) which have become more profitable in due course of time with the introduction of high yielding varieties and also better cultivation techniques, and assured market through market intervention schemes in the state have recorded considerable increase in the area. Rationalization of such crop-ping system has been largely facilitated by the expansion and intensification of small scale irrigation facilities and use of seed fertilizer technology as an essential input for increasing the agriculture production. The increase in area under these crops occurred at the cost of decrease of area of low value crops like other cereals, barley, pulses and paddy. Taking into consideration the GMI values, the districts which have higher values than the Gibb's Martin index value for the state were considered highly diversified districts. In all the periods under study, except 2010-11, Shimla and Kullu (except in 1992-93) come out as the most diversified districts with GMI ranging between 0.83 (1972-73) to 0.43 (2010-11). After 1992-93 Sirmaur district also joined the category of most diversified district. The Gibb's Martin index value of Mandi was higher than the value of the state in 1972-73 only. The GMI value of Kinnaur district increased from 0.67 to 0.77 in 2002-03. In the year 1972-73 Mandi and Shimla were the only districts falling under the category of highly diversified. In 1982-83 Shimla, Kullu was having higher Gibb's Martin index value than the state. In 1992-93 Sirmaur, Shimla L&S, Kinnaur, Kangra were having higher Gibb's Martin index value as compared to the average Gibb's Martin index value of the state. In 2002-03 Sirmaur, Shimla, Kullu, Kinnaur were having more Gibb's Martin index value. The Gibb's Martin index value of Sirmaur, Kullu was higher as compared to the value for the state. The overall picture that emerges from the above analysis is that Bilaspur, Hamirpur, L&S and Una districts have tendency towards crop specialization. A spatio-temporal analysis of crop diversification from 1972-73 to 2010-11also shows that Solan, Sirmaur, Shimla, Mandi, Kullu and Kinnaur districts are highly diversified districts in the state.

TABLE 7: DISTRICT WISE CROP DIVERSIFICATION (GMI) IN HIMACHAL PRADESH

Districts	Years and GMI			
	1972-73	1982-83	1992-93	2002-03
Bilaspur	0.71	0.66	0.68	0.62
Chamba	0.75	0.73	0.73	0.71
Hamirpur	0.74	0.61	0.56	0.57
Kangra	0.75	0.72	0.78	0.71
Kinnaur	0.68	0.71	0.77	0.78
Kullu	0.80	0.76	0.71	0.79
L&S	0.74	0.74	0.77	0.69
Mandi	0.82	0.74	0.72	0.71
Shimla	0.84	0.79	0.84	0.84
Sirmaur	0.75	0.73	0.74	0.82
Solan	0.76	0.72	0.71	0.72
Una	0.72	0.64	0.62	0.61
HP	**0.78**	**0.74**	**0.74**	**0.75**

CROP CONCENTRATION

The data were further analyzed to find out the crop concentration in various districts of the state. Crop concentration refers to the variation in the density of crops cultivated in an area at a given point of time. The agroclimatic conditions of the area are considered to be important factors influencing it. From the results presented in the table (Table 8) it is clear that in the district where specialization towards fruit crops and vegetables is taking place, mostly the area share of low value food grain crops like barley, other minor cereal crops, pulses and oilseed is low. The concentration of growing cereals and pulses throughout the period was higher in Bilaspur, Hamirpur, Kangra districts as compared to other districts of the state. The overall analysis of the growth of area under various crops had shown negative growth rate in barley, other cereals, potato and oilseeds during the last 39 years in the state. Almost all the districts concentrated on the cultivation of maize and wheat crops, but in the district where agroclimatic conditions and suitable infrastructural facilities were available farmers have started concentrating on high value crops such as fruits and vegetables.

TABLE 8: CROP CONCENTRATION INDEX IN HIMACHAL PRADESH (1972-73 AND 2010-11) (in ratio)

Crops/	Maize		Paddy		Wheat		Barley		Other Cereal		Pulses		Apple	
District	1972-73	2010-11	1972-73	2010-11	1972-73	2010-11	1972-73	2010-11	1972-73	2010-11	1972-73	2010-11	1972-73	2010-11
Bilaspur	1.39	1.46	0.65	0.36	1.03	1.22	0.09	0.18	0	0.21	1.99	0.05	0	0
Chamba	1.24	1.29	0.45	0.62	0.92	0.79	2.27	2.33	0.94	2.22	0.69	1.48	0.04	0.41
Hamirpur	1.31	1.48	0.77	0.34	0.83	1.31	0.07	0.02	3.13	0.03	1	0.01	0	0
Kangra	0.84	0.91	1.68	2.25	1.14	1.21	0.5	0.65	0.09	0.11	0.74	0.42	0	0
Kinnaur	0.09	0.05	0.03	0.02	0.42	0.04	5.39	3.7	8.85	13.95	0.34	4.42	0.96	6.77
Kullu	0.8	0.9	0.66	0.31	0.97	0.85	2.84	2.21	1.98	2.09	0.74	1.61	1.96	2.13
L&S	0.00	0.02	0.00	0.00	0.55	0.03	9.33	5.14	2.31	3.06	1.02	14.35	0.06	0.82
Mandi	0.88	0.97	1.66	1.48	0.5	1.1	0.84	0.92	3.41	0.95	0.52	1.13	1.37	0.46
Shimla	0.69	0.38	0.52	0.19	0.91	0.33	1.9	1.67	2.3	3.67	0.57	2.31	5.54	7.28
Sirmaur	1.13	0.9	0.63	0.99	1.08	0.8	1.09	1.26	0.46	7.21	0.9	0.68	0.46	0.1
Solan	1.22	1.22	0.5	0.41	0.9	1.04	0.6	1.12	0.02	0.00	2.18	1.02	0.08	0
Una	1.3	1.32	0.37	0.32	0.96	1.24	0.01	0.00	0.00	0.00	2.38	0.1	0	0
Crops/	Other Fruits		Potato		Other Vegetable		Spices		Oilseed		Fodder		Other crops	
District	1972-73	2010-11	1972-73	2010-11	1972-73	2010-11	1972-73	2010-11	1972-73	2010-11	1972-73	2010-11	1972-73	2010-11
Bilaspur	3.58	18.25	0.01	0.01	1.11	0.49	0.33	0.4	0.48	0.57	0.21	0.49	0.68	0.37
Chamba	0.9	1.27	0.44	0.78	0.64	0.37	0.25	0.18	1.69	2.74	0.01	0.07	0.26	0.94
Hamirpur	0.02	0.23	0.02	0.01	0.6	0.15	0.06	0.17	0.18	0.05	0.05	0.41	0.52	0.03
Kangra	0.73	4.56	0.54	0.41	0.05	0.12	0.1	0.1	2.46	1.51	1.84	0.92	1.45	1.01
Kinnaur	6.33	6.72	2.27	0.57	0.47	5.01	0.04	0.84	0.02	0.01	0.00	0.00	0.10	0.07
Kullu	0.12	3.77	1.36	1.26	0.79	1.49	0.55	1.89	0.44	0.69	0.02	0.05	0.00	0.00
L&S	0.00	0.67	8.73	13.11	0.66	0.68	0.00	0.00	0.25	0.49	0.00	0.00	2.54	1.93
Mandi	1.35	1.57	0.44	0.95	1.39	0.66	0.23	0.52	0.26	0.38	0.28	0.47	5.72	0.2
Shimla	0.00	1.01	3.35	2.06	21.24	2.8	0.49	0.83	0.06	0.24	0.01	0.07	0.03	0.00
Sirmaur	3.58	2.37	0.61	0.63	0.39	0.97	6.18	6.9	0.6	1.03	0.66	3.06	1.93	3.65
Solan	1.82	1.86	0.18	0.06	4.04	3.00	1.29	1.11	1.42	1.46	2.19	2.16	0.96	0.07
Una	0.51	1.55	0.09	0.55	1.2	0.24	0.01	0.07	0.46	1.59	3.75	3.28	1.98	0.25

CONCLUSION

The results of the study as discussed above suggest a declining trend over time in crop diversification in Himachal Pradesh. Farmers in the state are adjusting their cropping patterns to incorporate a higher mix of high value crops; particularly fruits and vegetables. As a result, the traditionally grown crops are getting replaced or ignored. This is expected because of the proven superiority of these crops towards raising farm incomes. However, a broader network of high value crops is required to safeguard farmers against different risks of specialization or near specialization. The diversification may include varietal diversification as well; varieties promoted by considering the agroclimatic conditions and other production and marketing environments. The area under fruits, vegetables and cardamom & spices had registered positive growth. In Shimla, Sirmaur, Kullu, and Kinnaur district more emphasis is on apple plantation. Similarly, emphasis on introduction of off-season vegetable crops in Kullu, Shimla, Solan, and Sirmaur has also resulted in decline in the area under food crops. The concentration of fruits and vegetables in Shimla, Kullu, Solan, Sirmaur, and Chamba district have created a kind of feeling that farmers in these districts may be shifting towards specialization. To encourage diversification suitable alternate cropping patterns, need to be promoted, that include a fair mix of high value crops to protect farmers against various kinds of risks. This requires working on a larger canvas to take note of dissemination of knowledge for production and marketing management of the produce for sustaining interest of the farmers and also for sustainable agriculture development in the state.

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PERFORMANCE APPRAISAL OF EMPLOYEES WITH SPECIAL REFERENCE TO MSMEs IN HUBLI-DHARWAD DISTRICT

DR. KARTIKEY KOTI
ASOOCIATE PROFESSOR
CHETAN BUSINESS SCHOOL
HUBLI

ABSTRACT
Performance appraisal is the process of evaluating the performance and qualification of the employees in terms of the administration. Performance appraisal to all formal procedures aimed working organization to evaluate personalities and contribution of one potential group members. The present issue is one of the issues where employees expect good results which lead to high satisfaction. This appraisal even acts as a feedback system, which plays a major role in the development of the organization. In the present scenario system brings up the organization with rich productivity. A good system of performance appraisal comes out through perfect rating of the employees and their response for the given rating the system should work so the things to be done through the people. The employees working at MSME's are relatively satisfied with the system of appraisal followed there, because of its concern and consideration towards the employees by the management.

KEYWORDS
small and medium-sized enterprise (SME), human resource management, performance management.

INTRODUCTION
Performance appraisal is an integral part of HRM and HRM deals with personnel is people. "People" is the important and valuable resource that every organization or institution has in the form of its employees. Dynamic people can build dynamic organization. Effective employees can contribute to the effectiveness of the organization. HRM has multiple goals, which include employee's competency development, employee motivation development and organization development. Employees require a variety of competencies, knowledge, attitude, skills in technical area; Managerial areas, behavioral and human relations areas and conceptual area to perform different tasks or functions required by their jobs.

HRM aim at constantly the competency requirements of different individual to perform the job assigned to them, effectively and provides opportunities for developing these competencies. As HRM deals with humans it is necessary to keep a check on their performance after regular interval of time given jobs, it is necessary to corrective actions term or there is need to appraisal their performance. The process of appraising for doing their work effectively is known as performance appraisal system.

FIG. 1

LITERATURE REVIEW

Jennifer Wood and Vijay Pereira: This research studied performance appraisal in a small and medium enterprise (SME) operating in the building and manufacturing sector. The SME consists of a parent company and three subsidiary companies. The research was conducted across all four companies by using questionnaires and interviews. The overall aim of the research was to discover the impact of the SMEs performance appraisal system on employees' work motivation. This research set out to help the SME identify any issues it has with its existing appraisal system, and to help mangers understand any post-appraisal consequences affecting employees. The research looked at how managers are using appraisal to motivate their staff. This investigation aimed to help the SME to move on from the 'tick-box generation' when carrying out employee performance appraisals.

Dong Chen: Human resource plays a key role in economic life, which determines the competitive advantage of one enterprise over another. Performance management, as the core of modern human resource management, is more incentive and guiding than eliminating or promoting employees. Based on discussing the effects of performance management in enterprise operations, this paper analyzes problems in performa

Cynthia Oduro-Nyarko: Small and medium size industries may not function well without proper human resource management practices. They have important role to play in ensuring worker performance and positive organizational outcomes. This study sought to assess the performance appraisal among small and medium hotels. A cross-sectional survey design was used for the study and data were obtained from sixty mangers of small and medium size hotels in the Ayawaso Central Sub-metro of the Greater Accra Region of Ghana, using questionnaires. The study established performance appraisal was mainly done on daily basis and information on performance appraisal was for individual discussions of employee concerns and training need determination. The hotels used HRM practices that were cost effective and less time consuming instead of the available sophisticated HRM practices.

Flippo: Performance appraisal is the systematic, periodic and an important rating of an employee's excellence in matters pertaining to his present job and his potential for a better job.

Paul E. Levy and Jane R. Williams : Performance appraisal research over the last 10 years has begun to examine the effects of the social context on the appraisal process. Drawing from previous theoretical work, we developed a model of this process and conducted a systematic review of the relevant research. This review of over 300 articles suggests that as a field we have become much more cognizant of the importance of the social context within which the performance appraisal process operates.

Deepa E 2004: Summarizes on the performance appraisal system/method as a whole, their framework and its relationship with different job related concepts as well as issues related to performance appraisal such as how performance appraisal is related to job satisfaction.

Wiese 1998: A performance appraisal is conducted on an annual basis for existing employees whereas for trainee and new recruits it is done on quarterly basis in many organizations.

Roberts 2002: summarizes about the foundation for participation of employees including motivational value, present available information. The role of goal setting and feedback of performance appraisal for enhancing participation effectiveness is outlined.

OBJECTIVES OF THE STUDY

1. To study the existing performance appraisal and evaluate the individual perceptions of executives on the existing staff appraisal system
2. To help identifying employees for the purpose of motivating, and developing them.

NEED FOR THE STUDY

Performance appraisals are a regular review of employee's performance with in MSME's. For an employee's the vital focus is always on the employee's satisfaction and industries have revealed that the aspect is dependent on performance appraisal system existing in companies. Management wants to know the quality of appraisal criteria parameters and duration from the view point of employees.

SCOPE OF THE STUDY

This study was conducted to determine the level of perception of the employees regarding the purpose of the Performance Appraisal System. Likewise, this study sought to find out the whether the Performance Appraisal System can measure and identify the effectiveness of the employees performance in MSME's. Furthermore, it could be found out whether the current Performance Appraisal System could provide possible opportunities and challenges beneficial to the employees and constituents in MSME in future.

LIMITATION OF THE STUDY

Due to time constraint the study is restricted only to Hubli and Dharwad District, which can be further expanded to the other place in Karnataka were Cities like Belgaum, Bangalore, Mangalore and like are considered to be industrial Hubs. Economically it would have be a costly to carry the studies to these places.

RESEARCH METHODOLOGY

Based on the nature and purpose of the study there are various modes of data collection. data sources can be classified into two categories namely primary and secondary sources.

Primary Data: The information was collected through the interaction with the HR managers, departmental heads and other employees from the company. It is one which gathered especially for the project at hand through survey. Survey is systematic collection of data directly from respondent, which was done through structured questionnaire.

Secondary Data: The data was collected through sources like journal, news paper, reports, government reports etc.

Sample Size: The survey was conducted between two twin cities- Hubli and Dharwad district MSME's. The total sample considered was 100, which was equally divided between two cities. These MSME were randomly selected. The technique was convenient sampling for the data collection. We selected those companies which had commenced in the year 2000 till 2002 and were performing well in the profits and follow performance appraisal system in their companies.

ANALYSIS

TABLE 1.1

		Frequency	Percent	Valid Percent
Valid	Male	86	86.0	86.0
	Female	14	14.0	14.0
	Total	100	100.0	100.0

Source: Survey Method

Interpretation: From the above graph it is clear that 86% respondents are male and 14% are female

CHART 1.1
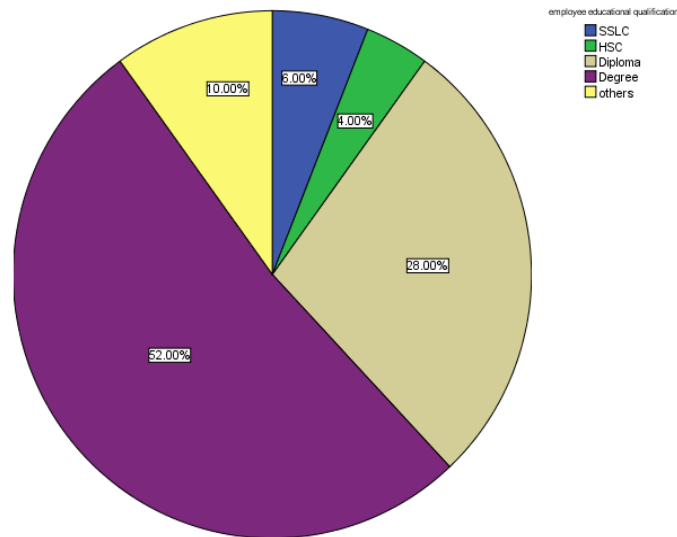
Interpretation: From the above graph it is clear that 52% are qualified degree and 28% are qualified diploma and 10% are qualified with other degree and 6% are qualified with SSLC and 4% are qualified HSC.

CHART 1.2
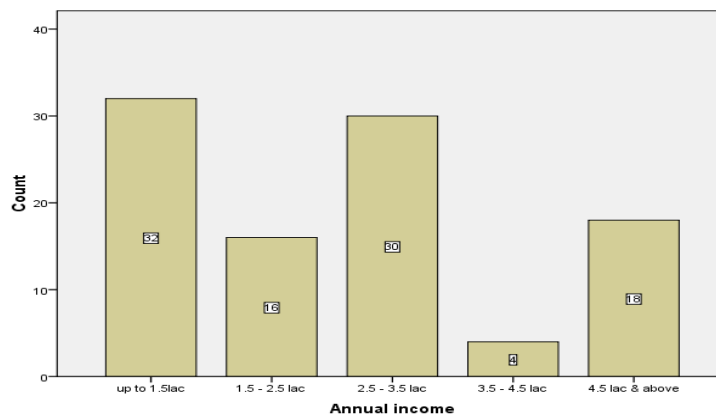
Interpretation: From the above graph it is clear that 32% of the employee annual income is up to 1.5lakhs and 30% of the employee annual income is 2.5 to 3.5lakhs and 16% of the employee annual income is 1.5lakhs to 2.5lakhs and 18% of the employee annual income is 4.5lakhs and above and 4% of the employee annual income is 3.5 to 4.5lakhs.

CHART 1.3
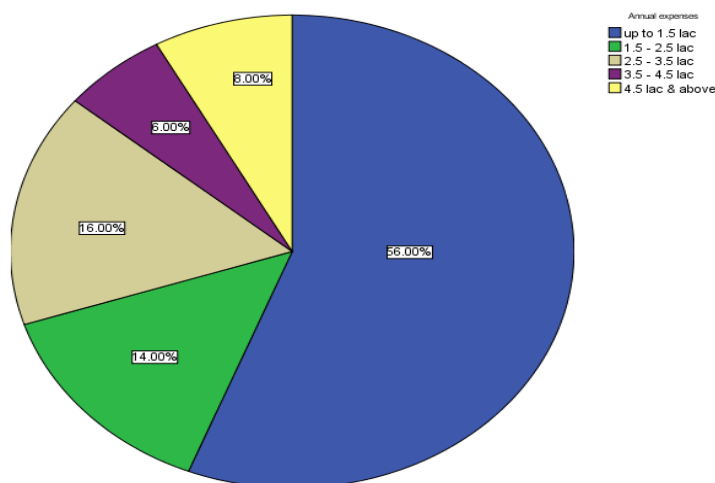
Interpretation: From the above graph it is clear that 56% of the employee annual expenses up to 1.5lakhs and 14% of the employee annual expenses is 1.5lakhs to 2.5lakhs and 16% of the employee annual expenses is 2.5 to 3.5 lakhs and 6% of the employee annual expenses is 3.5 lakhs to 4.5lakhs and 8% of the employee annual expenses is 4.5lakhs and above.

TABLE 1.2

		Frequency	Percent
Valid	Junior management	22	22.0
	Middle management	28	28.0
	Senior management	4	4.0
	Others	46	46.0
	Total	100	100.0

Source: Survey Method

Interpretation: From the above graph it is clear that 46% of the employee are in other management and 28% of the employee are in middle management and 22% of the employee are in junior management and 4% of the employee are in senior management

CHART 1.4
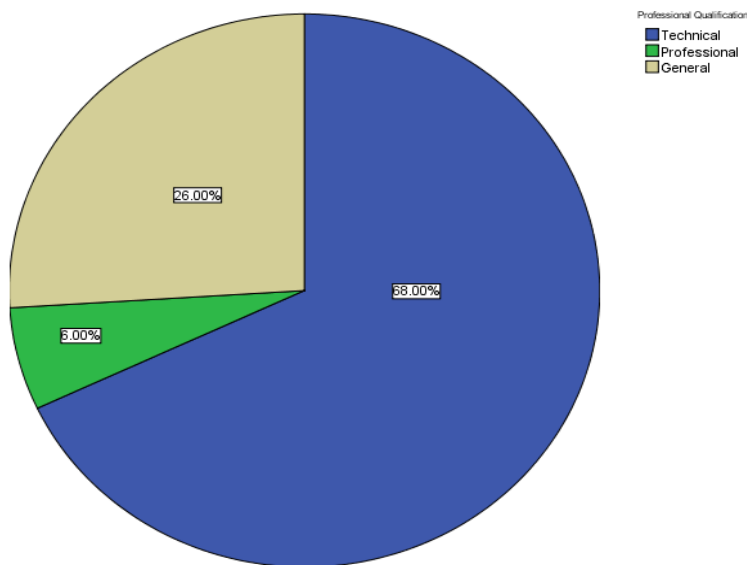
Interpretation: From the above graph it is clear that 68% of the employee professional qualification are in technical and 26% of the employee are general and 6% of the employee are professional

TABLE 1.3

Number of years of regular service with this company in the management position				
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1-5 years	50	50.0	50.0	50.0
	6-10 years	30	30.0	30.0	80.0
	11-15 years	8	8.0	8.0	88.0
	more than 15 years	12	12.0	12.0	100.0
	Total	100	100.0	100.0	

Source: Survey Method

Interpretation: from the above graph it is clear that 50% of the employee says that they worked 1 to 5 year with this company in the management position and 30% of the employees says that they worked 6 to 10 years and 12% of the employees says that they worked more than 15 years and 8% of the employees says that they worked 11 to 15 years.

TABLE 1.4: OBJECTIVES, PROCEDURES, AND RULES OF APPRAISAL AVAILABLE

		Frequency	Percent
Valid	Yes	76	76.0
	No	24	24.0
	Total	100	100.0

Source: Survey Method

Interpretation: from the above graph it is clear that 76% of the employees says yes the objectives, procedure, and rules of appraisal available in written form and 24% of the employees says No.

TABLE 1.5: CLEAR ABOUT THE PROCEDURES INVOLVED IN THE CURRENT APPRAISAL

		Frequency	Percent
Valid	Yes	84	84.0
	No	16	16.0
	Total	100	100.0

Source: Survey Method

Interpretation: From the above graph it is clear that 84% of the employee says yes they are clear about the procedures involved in the current appraisal system and 16% of the employee says no

TABLE 1.6

		Frequency	Percent
Valid	performance appraisal methods	54	54.0
	appraisal interviews	26	26.0
	Others	20	20.0
	Total	100	100.0

Source: Survey Method

Interpretation: From the above graph it is clear that 54% of the employees evaluated on the basis of performance appraisal methods and 26% of the employees evaluated on the basis of appraisal interviews and 20% of the employees evaluated on the basis of others.

TABLE 1.7

		Frequency	Percent
Valid	Your immediate superior	40	40.0
	departmental head	58	58.0
	the subordinate	2	2.0
	Total	100	100.0

Source: Survey Method

Interpretation: From the above graph is clear that 58% of the employees says that they appraised by departmental head and 40% of the employees says that they appraised by immediate superior and 2% of the employees says that they appraised by the subordinate.

CHART 1.5: APPRAISAL MEETING REVIEW
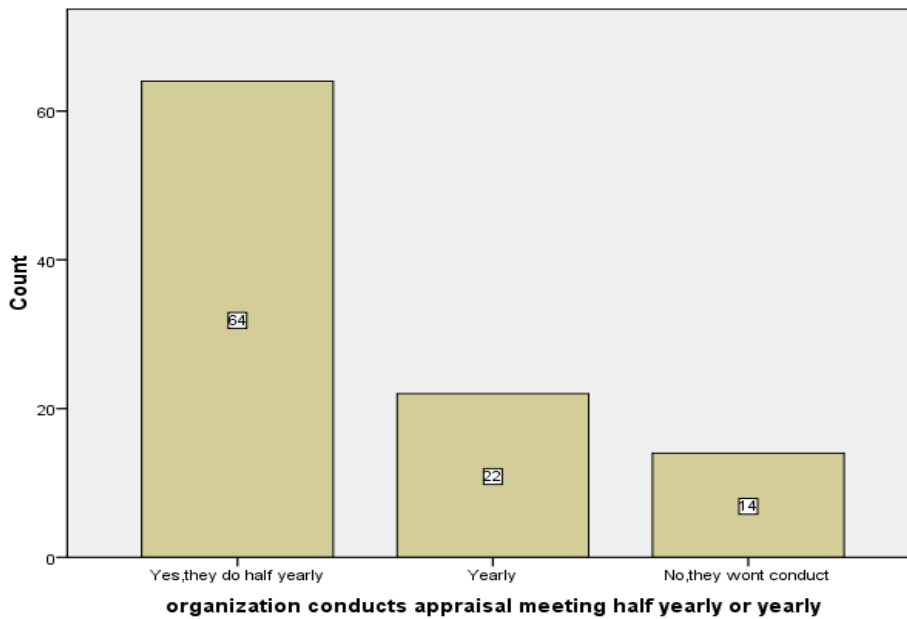
Interpretation: From the above graph it is clear that 64% of the employee says yes, the organization conduct appraisal meeting half yearly and 22% of the employee says the organization conduct appraisal meeting yearly and 14% of the employee says No, the organization wont conduct appraisal meetings

CHART 1.6: APPRAISAL INTERVIEW MOTIVATES THE EMPLOYEE TO IMPROVE HIS PERFORMANCE
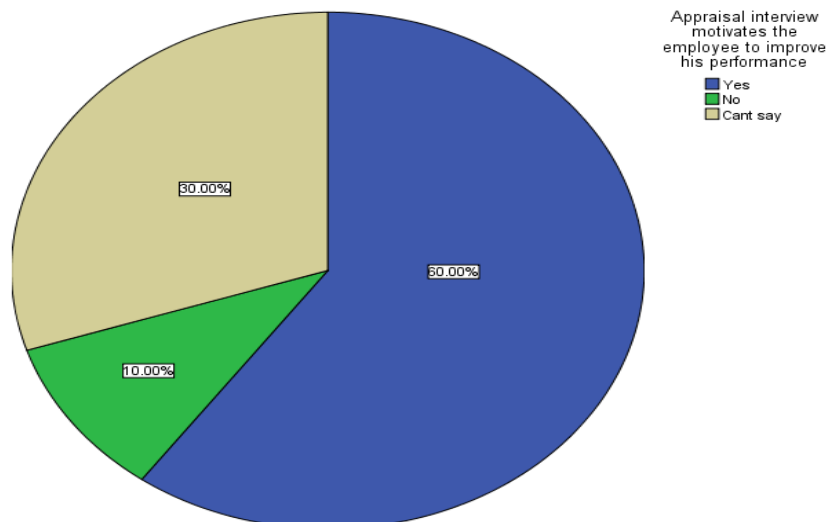
Interpretation: From the above graph it is clear that 60% of the employees says yes, the appraisal interview motivates the employee to improve performance and30% of the employees says can't say and 10% of the employees says no.

TABLE 1.8

The present system of appraisal, are you		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	very dissatisfied	10	10.0	10.0	10.0
	some what satisfied	26	26.0	26.0	36.0
	quite satisfied	60	60.0	60.0	96.0
	very satisfied	4	4.0	4.0	100.0
	Total	100	100.0	100.0	

Source: Survey Method

Interpretation: From the above graph it is clear that 60% of the employees are quite satisfied with the present appraisal system and 26% of the employee are some what satisfied with the present.

CHART 1.7

performance appraisal is used as a tool for
- controlling the employee
- measuring the performance
- developing the employee
- controlling and developing the employee
- other purposes
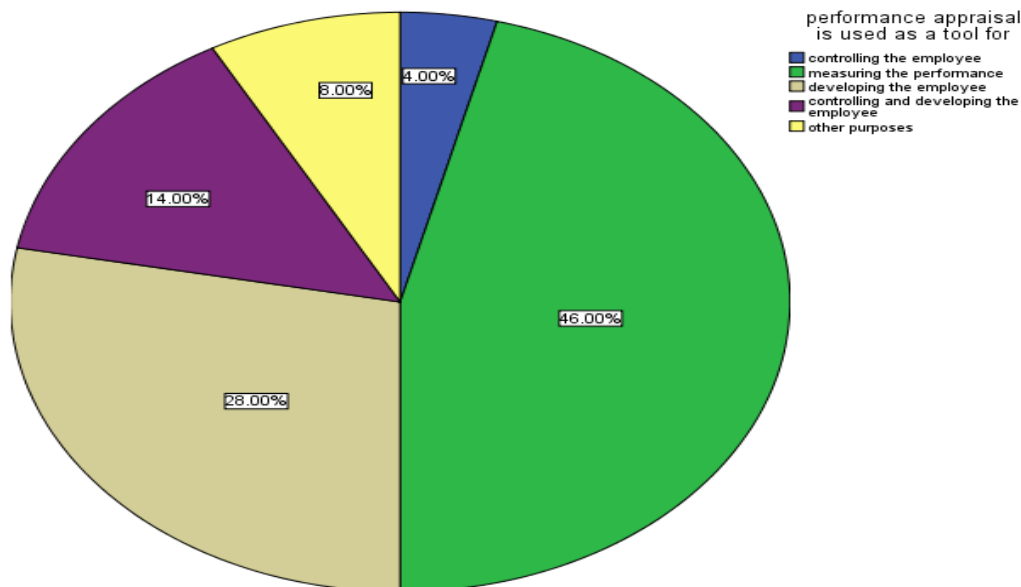
Interpretation: From the above graph it is clear that 46% of the employees says performance appraisal is used as a tool for measuring the performance and 28% of the employees says performance appraisal is used as a tool for developing the employee and 14% of the employees says controlling and developing the employee and 8% of the employee says other purposes and 4% of the employees says controlling the employees.

TABLE 1.9

Aware of job description and specification		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	100	100.0	100.0	100.0

Source: Survey Method

Interpretation: 100% of the employees are aware of job description and specification

TABLE 1.10: THE GOOD APPRAISAL SYSTEM IS A MEANS TO ACHIEVE THE GROWTH AND OBJECTIVES OF THE ORGANIZATION

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	88	88.0	88.0	88.0
	No	6	6.0	6.0	94.0
	Not sure	6	6.0	6.0	100.0
	Total	100	100.0	100.0	

Source: Survey Method

CHART 1.8

Do you think that good appraisal system is a means to achieve the growth and objectives of the organization
- Yes
- No
- Not sure
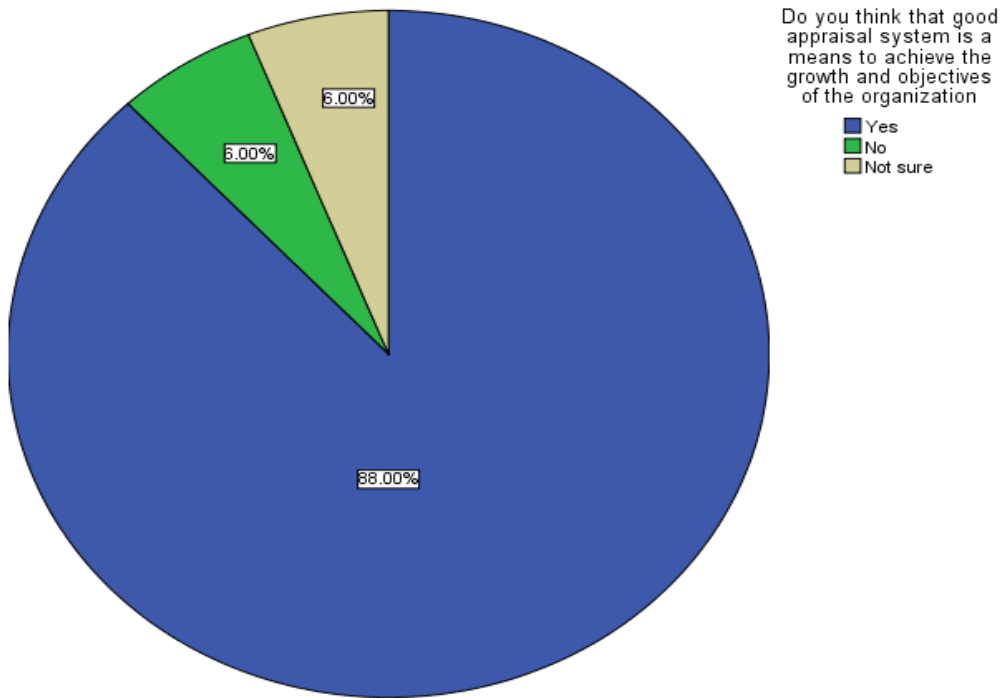
Interpretation: From the above graph it is clear that 88% of the employees says yes, the good appraisal system is a means to achieve the growth and objectives of the organization and 6% of the employees says no and 6% of the employees says not sure.

TABLE 1.11: THE SYSTEM IS HELPFUL TO YOU IN AIDING SELF DEVELOPMENT

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	very limited extent	10	10.0	10.0	10.0
	limited extent	60	60.0	60.0	70.0
	Great extent	30	30.0	30.0	100.0
	Total	100	100.0	100.0	

Source: Survey Method

Interpretation: From the above graph it is clear that 60% of the employees says limited extent that the system is helpful to aiding self development and 30% of the employees says great extent and 10% of the employees says very limited extent

CHART 1.9: THE PRESENT SYSTEM ACCURATELY EVALUATE YOUR PERFORMANCE
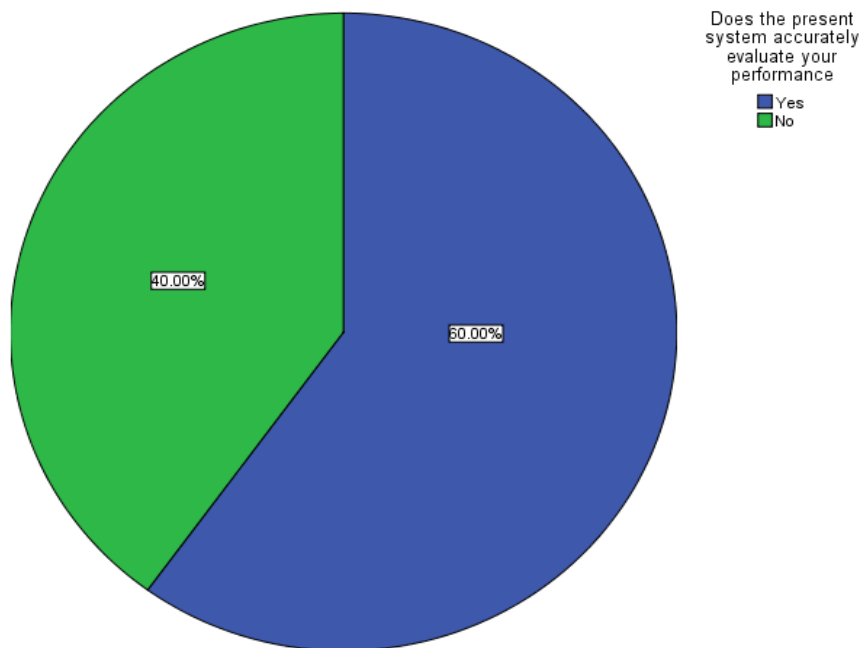
Does the present system accurately evaluate your performance
- Yes
- No

Interpretation: From the above graph it is clear that 60% of the employees says yes, the present system accurately evaluate performance and 40% of the employees says no.

CHART 1.10: THE FORMAT OF THE APPRAISAL FORMS USEFUL
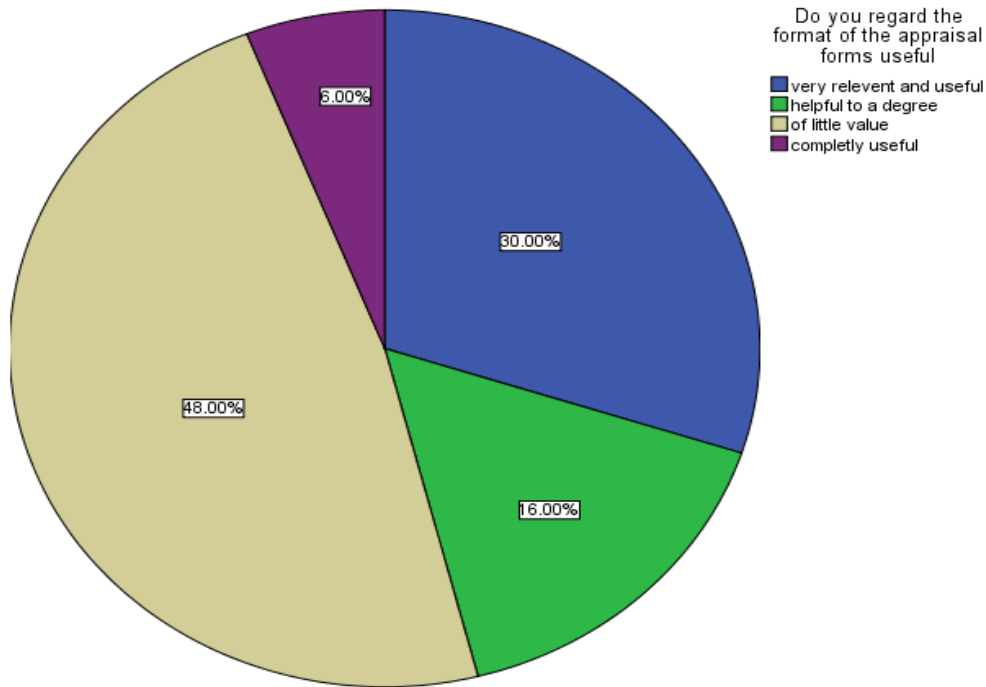
Interpretation: From the above graph it is clear that 48% of the employees says the format of the appraisal forms useful of little value and 30% of the employees says very relevant and useful and 16% of the employees says helpful to a degree and 6% of the employees says completely useful.

TABLE 1.12: THE APPRAISAL SYSTEM AS A MANAGEMENT TOOL FOR IMPROVING PERFORMANCE

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	very effective	32	32.0	32.0	32.0
	fairly effective	60	60.0	60.0	92.0
	not effective	8	8.0	8.0	100.0
	Total	100	100.0	100.0	

Source: Survey Method

CHART 1.11
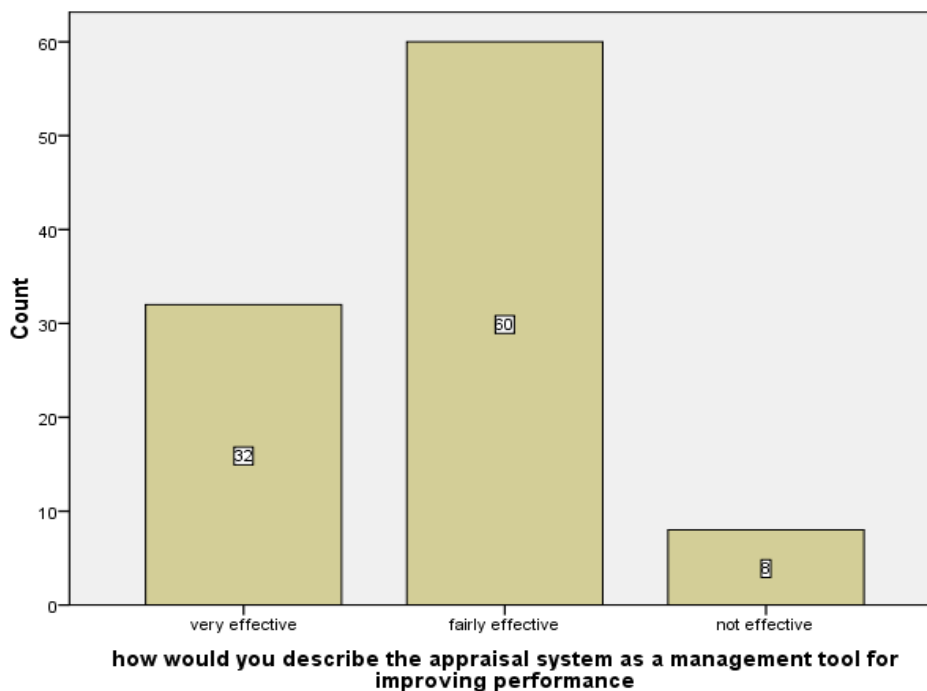
Interpretation: From the above graph it is clear that 60% of the employees says fairly effective that the appraisal system as a management tool for improving performance and 32% of the employees says very effective and 8% of the employees says not effective.

TABLE 1.13: THE PRESENT APPRAISAL IS BOTH COMPETENT AND FAIR, WHAT DO YOU THINK OF THE APPRAISAL SYSTEM BEING FOLLOWED

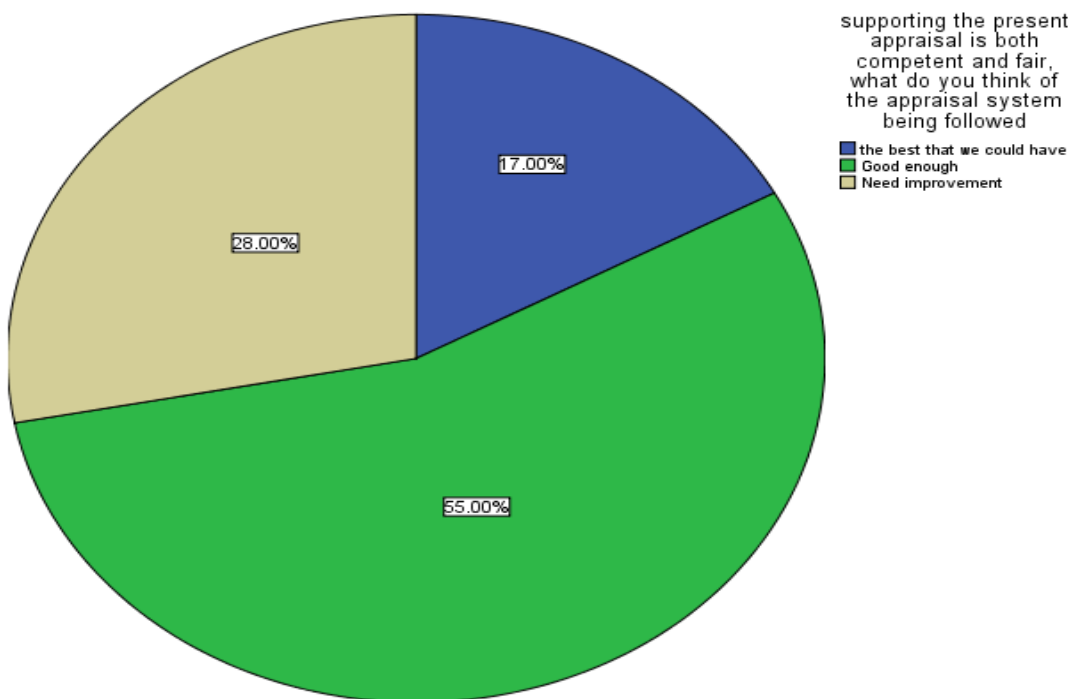|		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	the best that we could have	17	17.0	17.0	17.0
	Good enough	55	55.0	55.0	72.0
	Need improvement	28	28.0	28.0	100.0
	Total	100	100.0	100.0	

Source: Survey Method

CHART 1.12

Interpretation: From the above graph it is clear that 55% of the employees says good enough in appraisal system and 28% of the employees says need improvement in appraisal system and 17% of the employees says the best that we could have in appraisal system.

FINDINGS, SUGGESTIONS & CONCLUSION
FINDINGS
➤ It is clear that 100% of the employees are aware of organization goals.
➤ It is clear that 76% of the employees says yes the objectives, procedure, and rules of appraisal available in written form and 24% of the employees says no the objectives, procedure, and rules of appraisal is not available in written form.
➤ It is clear that 84% of the employee says yes they are clear about the procedures involved in the current appraisal system and 16% of the employee says no they have not clear about the procedures involved in the current appraisal system.
➤ It is clear that 54% of the employees evaluated on the basis of performance appraisal methods and 26% of the employees evaluated on the basis of appraisal interviews and 20% of the employees evaluated on the basis of others.
➤ 64% of the employee says yes, the organization conduct appraisal meeting half yearly and 22% of the employee says the organization conduct appraisal meeting yearly and 14% of the employee says No, the organization wont conduct appraisal meetings.
➤ It is clear that 60% of the employees says yes, the appraisal interview motivates the employee to improve performance and 30% of the employees says can't say and 10% of the employees says No, the appraisal interview will not motivate the employee to improve performance.
➤ It is clear that 100% of the employees are aware of job description and specification
➤ It is clear that 88% of the employees says yes, the good appraisal system is a means to achieve the growth and objectives of the organization and 6% of the employees says No and 6% of the employees says not sure
➤ It is clear that 68% of the employees says yes, the present system motivation to improve performance and 32% of the employees says No.
➤ It is clear that 55% of the employees says good enough in appraisal system and 28% of the employees says need improvement in appraisal system and 17% of the employees says the best that we could have in appraisal system.

SUGGESTIONS
➤ MSME's can recruit few more female employees.
➤ The organization should recruit experience candidate so that each department should be able to reach the goals with the help of past professional experience of candidate.
➤ The organization have to improve the appraisal method to satisfy the employees
➤ In the organization the appraisal format need to be relevant to all the employees so that it should be easy while the time of appraising.
➤ The appraisal system applied in the company need to be improved with some technical support and with present appraisal trend.

CONCLUSION
Performance appraisal of employees is one of the issues where employees expect good results which lead to high satisfaction.
This appraisal even acts as a feedback system, which plays a major role in the development of the organization. In the present scenario system brings up the organization with rich productivity.

A good system of performance appraisal comes out through perfect rating of the employees and their response for the given rating the system should work so the things to be done through the people.

The employees working at MSME's are relatively satisfied with the system of appraisal followed there, because of its concern and consideration towards the employees by the management.

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CHALLENGES OF WOMEN ENTREPRENEURSHIP IN MODERN INDIA

DR. G. YOGANANDAN
ASSOCIATE PROFESSOR
PERIYAR INSTITUTE OF MANAGEMENT STUDIES (PRIMS)
PERIYAR UNIVERSITY
SALEM

G. SIVASAMY
RESEARCH SCHOLAR
PERIYAR INSTITUTE OF MANAGEMENT STUDIES (PRIMS)
PERIYAR UNIVERSITY
SALEM

ABSTRACT

The women entrepreneurship is believed to have gained a significant place in the economic development and empowerment of women. Psychological, social and economic development of women is very much important for overall well being and development of any nation. The women entrepreneurs faced unique hurdle in the form of access to finance, access to education, social acceptance, non availability of supportive infrastructure, marketing challenges, lack of support from family members, regulatory hurdles and lack of entrepreneurial culture. The government of India has taken many steps to enhance capital availability and access to finance by starting "mahila banks", special training programmes for young women entrepreneurs especially for those belonging to scheduled caste, minority religious community, backward areas etc., also by providing vocational skills and other kind of institutional support.

KEYWORDS

India, challenges, obstacles, problems, women entrepreneurship.

INTRODUCTION

"You can tell the condition of a nation by looking at the status of its women."

Jawaharlal Nehru

In India, for centuries women are perceived to be efficient care takers of the family. They performed the role of housewives who can only take care of their home and family. But today there is a change in this perception. Women are accepted as multi-talented and versatile who can perform many so called man-roles with ease (Yoganandan, Saravanan, & SenthilKumar, Problems Faced by Small Knitwear Exporters in Tirupur, Tamil Nadu, 2013). The interaction with women members in the family women entrepreneurship has always been avoided in India. But, today there are noticeable changes in the situation. Today, women not only perform the role of a modern housewife but in addition to this they perform the role of independent consultant, educationist, psychologists, top executives and business person (Yoganandan, An overview of Tirupur: The Textile city in India, 2015). In Modern India, more and more women are interested in taking up entrepreneurship as a career option especially, in micro, small and medium scale enterprises. Women prefer to be financially independent and also contribute to the income of family. This is to create assets/wealth so that their dependency in the male dominated family environment will diminish (Sangeetha, 2013). Indian women manage both family life and work-life with ease while maintaining a balance in both worlds. Gender equality and economic development should have considered as parallel tracks of an economy. Women entrepreneurs are vital to the economy especially for developing countries like India where many challenges are subtle and hidden yet powerful enough to discourage ordinary women becoming a business woman (Yoganandan & Vetriselvan, Entrepreneurship development in India, 2016).

Empowerment of women through various intervention mechanisms has been an important issue in recent times. The social and economic empowerment of women is being considered as the base of progress for any nation and therefore, the issue of economic empowerment of women is of very important to various stakeholders like political thinkers, politicians, educationist, planners, social scientists and social reformers. Women entrepreneurship may be defined as the process in which woman or group of women who initiate, organize and co-operate a business enterprise (Deveraja, 2011). Government of India has defined women entrepreneurs as an enterprise owned and controlled by a woman having a minimum financial interest of 51% of the capital and giving at least 51% of employment generated in the enterprise to women. They are also facing the ill effects of open competition that is brought by the globalization or economic reform process. There are women entrepreneurs who benefitted from the privatization, liberalization and globalization process and have become international in their attitude (Vasan, Problems and Prospects of Women Entrepreneurs in India, 2016). Women entrepreneurs are key players in any developing country particularly, for country like India for their contribution to psycho, socio and economic well being of the society. In recent years, even among the developed countries like England, USA, Sweden, Norway, Japan, Singapore and Canada, women started their own businesses in the service industries (Goheer, 2003).

Economic development and social well being of the country is measured by human, physical and monetary resources. An economy can move on to higher levels of growth either by obtaining a larger quantum of the aspect of production or through technical innovation (Kumbhar, 2013). Therefore, innovation in the industrial and service sector is the major step in bringing about socio-economic development in any country. The economic development of a nation is sparked largely by its innovative thinking. The characteristic of innovative ideas emerge from the interplay of behaviour and activity of a special segment of the population known as entrepreneurs (Jesurajan & Gnanadhas, 2011).

METHODOLOGY

The study is based on the review of previous research works done in the area of entrepreneurship, women entrepreneurship and Indian economic development. The primary objective of this article is to identify major challenges faced by women entrepreneurs' especially young women entrepreneurs and to put forth appropriate suggestions to all stakeholders.

PROBLEMS FACED BY WOMEN ENTREPRENEURS IN INDIA

Women in India are faced many problems to get ahead their life in business. Women entrepreneurs face many problems in their efforts to develop their enterprise. There are many problems which are very unique to women entrepreneurs and male entrepreneurs to an extent are not affected by those challenges like the lack of seed capital or initial investment, commencement of a business unit, maintaining the operations while strategising long term goals etc (Vinay & Singh, 2015). The main problems faced by the young women entrepreneurs in India and suggested solutions to those problems are discussed in the ensuing section.

SHORTAGE OF SEED CAPITAL AND WORKING CAPITAL FINANCE

Women entrepreneurs always suffer from insufficient financial recourses and working capital (Vasan, Owners' Attitude Towards the Performance of Powerloom Sector in Tamilnadu - A Case of Erode District, 2011). They are not able to get loan from government banks and financial institutions due to absence of tangible

security. Women have a very less property and bank balance to their name. The complicated procedure of bank loans also creates lot of problems in getting the required finance as seed capital to start the business activities. Women entrepreneurs also have another hurdle in the form of lack of working capital financing even if they manage the initial investment problem. Working capital is very much required to keep the smooth functioning of the day-to-day business activities (Yoganandan & Saravanan, Impact of global recession on global textile exports and imports, 2015). Women entrepreneurs have to depend upon their personal saving and loans from family friends. Many young women entrepreneurs fail due to lack of supportive structures or institutions while dealing with their financial needs.

CHANEL MANAGEMENT AND MARKETING PROBLEMS
Women entrepreneurs very often depend upon the middlemen for marketing their products as the society does not expect women performing the role of a seller. The middleman exploits the women entrepreneurs while helping them consolidating their business in their initial struggling years (Vasan, Retail Industry in India - A Review, 2007). Women entrepreneurs also find it difficult to penetrate into highly competitive market but there many women who have overcome all these challenges and made their products and services very popular. Few women's are invited to join trade missions or delegations, due to the combined invisibility of women-dominated sectors or subsectors of women as individuals within the given sector (Fazalbhoy, 2014). A lot of money is needed for advertisement in these days of stiff competition from male entrepreneurs. It is one of the core problems of any entrepreneur as the sales is paramount to the survival of any business organization and this is very much true during the periods of global recession like the one that has started after the collapse of many financial giants line Lehman brothers, Citi financials, Freddy Mac and Fenny Mac etc. (Yoganandan, 2010).

LACK OF SUPPORTIVE INFRASTRUCTURE FOR ENTREPRENEURIAL TRAINING
Women entrepreneurs like many entrepreneurs are ambitious and innovative yet they lack many skill sets that are required to manage an organization (Vasan, Talent Management - An Overview, 2014). Large number of women entrepreneur is not having proper and sufficient technical training to set-up a new enterprise (Kumbhar, 2013). All women entrepreneurs should have gone training through EDPs. Second-generation women entrepreneurs do not need such training because they already have the exposure to business (Vasan, 2014).

REGULATORY FRAMEWORK
The legal system is not very much encouraging and conducing for women who opt to become an entrepreneur (Kaire, 2011). Women entrepreneurs find it difficult to fulfil the various legal formalities in obtaining licenses etc as the institutions and officials concerned are indifferent to the genuine difficulties of women entrepreneurs (Jesurajan & Gnanadhas, 2011).

TRAVELLING
Women entrepreneurs due to family expectations and social norms find it difficult to travel long distances, staying alone in hotels, and interacting with men at odd hours. Today, the violence against womenfolk is creating a trauma among many young women entrepreneurs (Vijayakumar & Jayachitra, 2013). The greatest restriction to women entrepreneurs is that they are women. In general, though lot is said about gender equality between men and women, in practice, women are looked as weak though they can take solace from the hurdles faced by the people belonging to third gender. Within the business world, women's opinions and advice are not always viewed as "expert opinion" compared to a man's opinion. When a female starts a business, sometimes family, friends, and others in the community can view it as a hobby or a side income to family. Women entrepreneur are seeking extra support to overcome the bias, but women need to understand and realize that this is a true gender equality that is a hindrance to their business success (Vasan, 2007). The women in rural areas of India are not adequately educated, economically supported and hence, it reduces their ability to bear risks and uncertainties involved in a business unit, which is the most important criteria of every business activity (Sangeetha, 2013).

SUGGESTIONS TO OVERCOME THE PROBLEMS FACED BY WOMEN ENTREPRENEURS IN INDIA
Female entrepreneurship has been gradually climbing in recent years, but these new opportunities and growth are not without a unique set of challenges. Women entrepreneurs face many different "stumbling blocks," throughout their careers and offered the following suggestions:

SPECIALISED FINANCIAL INSTITUTIONS
A number of institutions focussing on women entrepreneurs need to be started just like the concept of "Mahila bank" implemented by government of India. The make in India projects should focus on funding women entrepreneurs adequately or enabling soft loan and flexible financial products to women entrepreneurs.

MARKETING CO-OPERATIVES
To overcome the marketing problems and exploitations of middlemen, marketing co-operatives should be established which would encourage the women entrepreneurs go enter into new markets for their products or services. Government should give preference to women entrepreneurs while purchasing their requirements. These marketing cooperating will facilitate the women entrepreneurs to sell their products directly to consumers ensuring the profits margin and final price at comfortable level for both consumers and business organizations.

AWARENESS AND SKILL DEVELOPMENT
Many women centric skill development programmes can be offered under the skill development initiative of government of India. The women can be educated on entrepreneurship and managing business organizations. There should be also awareness programme to change the negative social attitudes of society against. The thoughts from the elders need to be changed about the potential of women's and their role in society. Training and developments programmers play a vital role for the development of entrepreneurship. Special training schemes can be designed to women so that they can get full advantages. Mobile training centres, part time training facilities etc. can be offered to attract more and more women to the training centres.

CONCLUSION

There should be an encouraging social environment for women to become business women. Women today can and are becoming as edupreneurs, agroprenuers, epreneurs, intrapreneurs etc., When the women's are employed they give economic status to individual and to the family. Entrepreneurship improves the wealth of the nation and of the family in particular. Women's are more willing to take up activities even though they are facing widespread problems to start the enterprise and to marketing their products. Women entrepreneurs must be trained adequately with entrepreneurial skills to face and overcome the challenges like changes in products, customer expectations, legal issues, international politics etc. To respond to the needs of women entrepreneurs, government as the ultimate protector, server, giver need to devise measures to combine women as decision-makers, participants and beneficiaries in all the development activities.

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CHANGING ROLE OF HUMAN RESOURCE IN CORPORATE HEALTHCARE

K. SRIKANTH
RESEARCH SCHOLAR
SCHOOL OF MANAGEMENT STUDIES
UNIVERSITY OF HYDERABAD
HYDERABAD

DR. SAPNA SINGH
ASSOCIATE PROFESSOR
SCHOOL OF MANAGEMENT STUDIES
UNIVERSITY OF HYDERABAD
HYDERABAD

ABSTRACT
Healthcare is one of the India's largest and fastest growing sectors comprising of Hospitals, Medical Infrastructure, Medical Devices, Clinical Trials, Outsourcing, Telemedicine, Health Insurance all of which delivers goods and services to treat patients on preventive, curative, rehabilitative, and palliative care basis. Hospitals which is one of the most crucial and integral setting of healthcare relies primarily upon its human resource management and an effective human resource management plays an important role in the success of hospital healthcare systems. Human resource management is moving from no role to central role in healthcare and is emerging in terms of identifying talent and competencies of both medical and paramedical staff. In an era of consumer driven healthcare, understanding and promoting patient centric care drives for a sound business practice which is done by means of efficient and effective medical and paramedical staff who deliver quality services to the patients and ensure in patient safety. Human resource unlike in other sectors plays a crucial role in healthcare because there is no second chance in healthcare. Six sigma practices have to be structured to 100 percent efficiency and this efficiency has to be first understood by human resource which needs to be translated throughout the organization. Hence in this context, this paper is an attempt to revisit the literature that will examine the critical human resource functions and also to demonstrate the transformational role of human resource management from traditional approach to patient centric approach and its implications on delivering quality health care services and improved patient health outcomes.

KEYWORDS
healthcare, human resource, patient centric care, patient safety, six sigma.

1. INTRODUCTION
In an era of economic liberalization in India, service sector predominantly occupied a pivotal role in the society. Unlike the primary agricultural sector or secondary industrial sector, which is concerned with production of tangible goods, the service is basically intangible and perishable, in the sense that neither the service provider nor the service receiver can store a service and this characteristic has an important implication for the kind of human resource and human competencies required in the service industries.

Healthcare, which is one the crucial components of service industries includes many subsectors in it comprising of Hospitals, Medical Infrastructure, Medical Devices, Clinical Trials, Outsourcing, Telemedicine, Health Insurance all of which delivers goods and services to treat patients on preventive, curative, rehabilitative, and palliative care basis.

Leading the healthcare from the front is the hospital industry which is the vital component growing at a faster pace and is expected to be worth US$ 81.2 billion by 2016. The Indian hospital services sector generated revenue of over US$ 45 billion in 2012. This revenue is expected to increase at a compound annual growth rate (CAGR) of 20 per cent during 2012-2017. Hospitals being one of the most crucial and integral setting for preventive care rests primarily upon its human resource management and the success of hospital healthcare systems is possible with an effective human resource management in place.

2. OBJECTIVES OF STUDY
1. To study and highlight the emerging practices prevailing in private healthcare.
2. To examine the critical human resource functions and the transformation of human resource from usual practice to patient centric practices in healthcare.

3. METHODOLOGY
Qualitative content analysis has been done to analyze secondary data sources so as to examine the critical human resource functions along with the analysis and impact of human resource on healthcare system.

4. REVIEW OF LITERATURE
Private sector penetration in healthcare has taken a strong pace from nearly insignificant to one of the biggest proportion in healthcare service delivery and with private hospitals emerging rapidly in response to the increasing population, hospitals are becoming more of labor intensive and to match this demand factor, effective human resource team should be in place to cater clinical and supportive services to individual patient needs and the expectations of the community.

Though the rapid advances in science and technology, paradigm shift from symptom based treatment to evidence based treatment, and modern hospitals being implemented with latest equipment and superior diagnostic and therapeutic tools highlight the significance of technology in healthcare but nevertheless it is the humanistic element in healthcare which needs to work with an equation of 24x7x30x365 days because illness, injury, emergency, adverse events can happen to patient anytime round the clock and any kind of negligence by medical and paramedical staff would result in serious harm to patients and in some instances may lead to death. Hence the paper is an attempt in this direction to stress upon the relevance of humanistic element in healthcare in line with technology.

5. CONCEPT OF HUMAN RESOURCE
Peter Drucker says, "Human being is the central, the rarest, the most precious capital resource of our industrial society.

FIGURE 1: HEALTHCARE OBJECTIVES & RESOURCES

Organization	Main objectives	Material resources	Human resources
Hospital	Health,Curing illness & service	Building, Medicine, Diagnostic and other equipment	Doctors, Nurses, Surgeons, Ward boys, Administrative staff.

Source: Human Resource Management – MV Moorthy & consultants, Bangalore. p-3.

3R'S OF HUMAN RESOURCE MANAGEMENT

All the human resource management functions can be sequentially and logically grouped under the 3R's.It expresses the essence of the HRM which includes 1) Recruitment 2) Retainment 3) Retirement.

HRM IN HEALTHCARE

Human resource management forms the back bone of any organization and in healthcare it is one of the most important pillars because a patients' visit to a hospital setting is based on the perceptions of the hospital which are build in by the brand identity of hospital which is in turn dependent on the reputation of the human resource professionals associated with that organization. Mostly, a patient visit to a hospital is because of the reputation a consultant is having from a global perspective and this drives every hospital to recruit and retain its excellent performers or world class surgeons who drive in a sound business practice and hence in any health care setting, human resources department should ensure the appropriate recruitment and retention of clinical and non-clinical staff, should ensure staff morale, should provide opportunities for professional development, where all of these having implications on effective health services delivery.

Human resource department is concerned with hiring and retaining those employees who will provide the best possible care, in turn increasing patient satisfaction. It is the competencies and attitudes of human resource that can make or break a business. The business of attracting, retaining talent and nurturing it has become imperative for the development of an organization.

Hence the following are the critical HR functions that can be revised and improved to enhance patient care and increase patient safety:

- Hiring the right people
- Focussing on the retention of top.
- Conducting leadership and diversity training
- Educating employees
- Involving employees in organizational processes and decisions
- Ensuring that employees buy-in to the organization's values and culture
- Developing and encourage a patient-focused culture

CHANGING ROLE OF HRM

Traditional view of HRM which is concerned with recruiting, retaining, retirement has undergone significant changes and in the changing scenario, innovative and proactive human resource managers have been defining new boundaries of HRM. The forces of market competition, market share of private hospitals taking a dominant pace, increased diversity of employees and patients, changing demographic patterns, increased globalization of healthcare, increased use and reliance on sophisticated technology by patients, focus on teamwork, patient safety and quality of care has transformed the scope and focus of human resource management.

In the age of healthcare reform, hospitals are under more pressure for improved safety ratings and health care delivery models. Patient safety and quality care are becoming the top priorities for healthcare organizations and the patients particularly the educated are playing a pivotal role in shaping the healthcare delivery system which is expanding with time and this is driving healthcare organizations to focus on developing better processes for providing quality care and this is where the transformational role of human resource management becomes significant.

ROLE OF HUMAN RESOURCE MANAGEMENT IN HOSPITAL QUALITY ACCREDITATION

Accreditation is a process in which an entity, separate and distinct from healthcare organization, usually nongovernmental, assesses the healthcare organization to determine if it meets a set of requirements (standards) designed to improve the safety and quality of care. Accreditation provides a visible commitment by an organization to improve the safety and quality of patient care, to ensure a safe care environment, and continually work to reduce risk to patients and staff.

National Accreditation Board for Hospitals & Healthcare Providers (NABH) is a constituent board of Quality Council of India, set up to establish and operate accreditation programme for healthcare organizations.

NABH comprises 10 chapters in it in which human resource management is one of the chapter which is an organization centric standard. This chapter has objectives and measurable elements in it aimed at ensuring a safe, effective and well managed organization. Hence it can also be stated that HRM has diverse applications in terms of patient centric and organization centric perspectives.

KEY PLAYERS IN PATIENT EXPERIENCE

Key players who enhance patient experience are physicians and nurses who devote care to individuals, groups, families, communities and populations across a variety of settings. Their roles require strong, consistent and knowledgeable leaders, who inspire others and support professional medical and nursing practice. In specific, nurses manage both patient care and patient care units within the organization. Nurses have long been recognized as the mediators between the patient and the hospital setting. In care situations, they generally perform a coordinating role for all services needed by patients. They must be able to manage and process nursing data, disseminate information and knowledge to support patient care delivery in diverse care-delivery settings (Hannah KJ, 2005).Workplace factors most valued by nurses include autonomy and control over the work environment, ability to initiate and sustain a therapeutic relationship with patients and a collaborative relationship with physicians at the unit level (Manojlovich, M & Ketefian S, 2002). In addition to the doctors and nurses, there are allied professionals involved in the health care process. Allied health care professionals consist of pharmacists, dietitians, social workers and case managers. While much of the focus is on doctors and nurses, there are numerous issues that affect other health care providers as well, including workplace issues, scope of practice and the impact of changing ways of delivering services (Ottawa, 2003). Furthermore, with health care becoming so technologically advanced, health care system needs an increasing supply of highly specialized and skilled technicians. Hence it can be stated that there are various key players apart from physicians & nurses who are involved in enhancing positive patient experience.

6. CONCLUSIONS

With this, it can be concluded that it is the healthcare personnel who play a crucial role in creating positive/negative patient experience as the service delivered by healthcare personnel can be quantified in terms of positive or adverse outcomes being reflected from patient's health status. Unlike in manufacturing industry, where the finished goods being used by the end customer can be replaced or repaired if the customer didn't found that the product is not meeting his/her needs and wants but in healthcare sector there is no second chance of recovery because it is a matter of patient lives and committing a human error has direct impact on patients' lives and in some instances may lead to death of patients. Consultants & surgeons occupy a central role in healthcare because they are viewed as visible gods to the patients who mitigate their chronic diseases and save their lives hence the role of the human resources professional in healthcare is so critical. Hence from the above discussions, it can be concluded that human resource leaders will be increasingly looked to as transformation agents in the continual quest for quality and patient safety improvement and thus human resource management will play an essential role in health care sector reform.

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INTERNAL AND EXTERNAL FACTORS GOVERNING QUALITY OF STATUTORY FINANCIAL AUDIT: A PERCEPTUAL STUDY

MITRENDU NARAYAN ROY
RESEARCH SCHOLAR, DEPARTMENT OF COMMERCE, UNIVERSITY OF CALCUTTA, KOLKATA; &
ASST. PROFESSOR
GOENKA COLLEGE OF COMMERCE & BUSINESS ADMINISTRATION
KOLKATA

DR. SIDDHARTHA SANKAR SAHA
ASSOCIATE PROFESSOR OF COMMERCE
DEPARTMENT OF COMMERCE
UNIVERSITY OF CALCUTTA
KOLKATA

ABSTRACT
The study reviews the existing Standards on Auditing (SAs) issued by the Institute of Chartered Accountants of India governing 'using the work of internal auditors', 'external confirmations' and 'using the work of an auditors' expert' and identifies 12 critical issues that may have significant impact on quality of statutory financial audit. Opinions of 227 Chartered Accountants (CAs) and 146 Students pursuing Chartered Accountancy course have been collected through a field survey using a close ended structure questionnaire. Respondents' opinions are analysed using proportion of respondents with different degrees of agreement and their mean scores for different issues contained in the questionnaire. The study finds that auditors should necessarily check the internal control system present in the client company before starting the actual work. A strong Audit Committee could facilitate that purpose. Scientific design of confirmation requests is also necessary. Finally, it is inferred that existing SAs governing the aforesaid issues are adequate. However, its proper enforcement is needed to enhance the quality of statutory financial audit.

KEYWORDS
auditors' expert, external confirmations, internal audit, mean score, percentage analysis, statutory audit.

INTRODUCTION
Statutory financial auditors in India are appointed as per Section 139 of the Indian Companies Act, 2013. Scope of audit is determined in terms of audit engagement, relevant provisions of statute and announcement/ pronouncement of the Institute of Chartered Accountants of India It may not become possible for the auditors always to conduct for a comprehensive audit because of limited time frame set for completing the entire audit process. As a result, the auditors' responsibilities of attesting the financial statements become even more difficult and auditors look for assistance from parties internal as well as external to the organisation. In a broad framework, they include internal auditors, external third parties and auditors' expert. Internal auditors are appointed by the management or those charge with governance in an audited entity. Their main purpose is to assure the effectiveness of internal control mechanism of the company. Usually, they work in conformity with Audit Committee (Krishnan, 2010). The external auditor makes their initial audit plans after evaluation of internal control system including internal audit. Hence, competence and integrity of internal auditor is of considerable importance to the external auditors. However, as internal auditors are appointed by management, a complete independence may not be achieved and external auditors may not fully rely upon their reports (ICAI, SA-610). Sufficient and appropriate evidences are often collected from external third parties who have business relationship with the client entity. It may include banks, debtors and creditors of the audited entity. Keeping in mind risk of material misstatement, the auditor selects the confirming parties and designs their confirmation requests to gather documentary evidence on the material accuracy and appropriateness of financial reporting framework in the financial statements from an independent third party (ICAI, SA-505). In different phases of audit procedures, the auditor may encounter certain situations, such as valuation of intangible assets, accounting estimates, etc. where accounting knowledge of the auditors may not be effective to collect sufficient and appropriate evidences (Krishnan & Visvanathan, 2007). In those cases, the audit team may appoint an auditors' expert whose purpose is to apply its specialised knowledge and assure management's contention in financial statements. While integrity and competence of auditors' expert is of great importance to the auditor, they cannot rely completely on auditors' expert work (ICAI, SA-620).

In the advent of recent corporate accounting scandals, it was observed that internal and external factors governing quality of audit were not that effective (Janvrin, et. al., 2010). One of the probable reasons could be inadequacy of the existing Standards on Auditing (SAs) and other regulations governing these issues. The current study is an attempt to analytically examine the perceptions of professional accountants and students pursuing professional courses on select issues concerning internal audit procedures, external party confirmations and role of auditors' expert.

REVIEW OF LITERATURE

Sl. No.	Author(s)	Theme of the Study Pertaining to Current Research	Main Findings of the Study
1.	Krishnan (2005)	The paper examined the association between quality of audit committee and the quality of corporate internal control.	Independent audit committees and audit committees with financial skill are considerably less expected to be connected with the frequency of internal control problems.
2.	Raghunandan, et. al. (2001)	The study analysed the association between audit committee structure and the committee's interaction with internal auditing.	Committees comprised exclusively of independent directors and with at least one member having an accounting or finance backdrop are more likely to have longer meetings with the chief internal auditor; offer confidential access to the chief internal auditor; and review internal audit suggestions and results of internal auditing.
3.	Janvrin, et. al. (2010)	The paper examined confirmation-related evidence from relevant Security and Exchange Commission (SEC) Accounting and Auditing Enforcement Releases (AAERs)	Fraud might have been diagnosed if auditors had established additional matter such as material cash balances, marketable securities, and terms of significant transactions.
4.	Bame-Aldred et. al. (2013)	The paper reviewed the existing literature on the external auditors' reliance on internal audit functions, identifies gaps in the literature, and proposed a sequence of research questions aimed at closing these gaps.	The environment in which external auditors took reliable decision was complex. It involved several factors that must be considered at the same time.
5.	Krishnan & Visvanathan (2007)	The current study took an attempt to find out the justification of the definition of accounting expert set by the SEC and its impact on financial expertise of Audit Committee.	An Audit Committee's financial expertise is positively associated with conservatism when financial expertise is practised only by the accounting experts.

SUMMARY OF PAST STUDIES

Literature reviewed so far cover the following areas:
(i)   Role of internal control framework in statutory audit operations;
(ii)   Composition of Audit Committee in strengthening internal control framework;
(iii)   Process of collection external confirmations in audit procedure and implications for standard setters;
(iv)   Relationship between external and internal auditing; and
(v)   Implications of accounting expert in statutory audit procedure.

RESEARCH GAP

It is evident from the past studies that there is a need for empirical study considering different issues which aid the audit procedure. Specific gaps identified from review of literature are:
(i)   There is no sufficient number of empirical researches in the related field;
(ii)   Studies considering role of internal auditor, external third parties and auditors' expert on audit procedure is not made so far;
(iii)   Perceptions of professional accountants and students pursuing professional accounting course together have not been considered in preceding literature.

OBJECTIVES

Major objectives of the study in the current chapter are as follows:
1.   To analyse opinions of Chartered Accountants (CAs) and Students on issues governing Quality of Statutory Financial Audit (Refer to Section 5.2);
2.   To identify the importance associated with each variable governing Quality of Statutory Financial Audit (Refer to Section 5.3).

DATA AND METHODOLOGY

Nature of Study	Empirical		
Nature of Research	Exploratory Research Design		
Nature of Data	Primary as well as Secondary		
Secondary Data	Books, Journal Articles, Legislations collected from several reputed libraries in Kolkata		
Primary Data	Perceptions of Respondents		
Number of Variables	12 (Refer to (Table 1)		
Selection of Variables	SA-610 titled, 'Using the work of Internal Auditors', SA-505 titled, 'External Confirmations' and SA-620 titled, 'Using the Work of an Auditor's Expert' have been considered initially for selection of variables. The critical areas in these standards have been identified and practicing CAs in Kolkata were consulted to get their views on those issues. Finally, 12 such issues were selected which may have some influence on overall quality of audit. They are considered as the variable of the current study.		
Survey Tool	Pre-tested Close Ended Structured Questionnaire		
Measurement Scale	Likert 5 Point Scale [1: Strongly Disagree (SD); 2: Disagree (D); 3: Neutral (N); 4: Agree (A); and 5: Strongly Agree (SA)] (Kothari, 2010)		
Survey Area	Kolkata, West Bengal, India		
Survey Period	June, 2015 to December, 2015		
Respondents	(a) Chartered Accountants in Practice; (b) Students pursuing Chartered Accountancy Course		
Method of Sampling	Non-Probability Convenience Sampling Technique (Ho, et. al., 1997)		
Data Collected	**Respondent Groups**	**Initial Sample**	**Final Sample**
	Chartered Accountants	250	227
	Students	200	146
	Total	**450**	**373**
Data Analysis	**Objectives**		**Statistical Tools**
	Analysing opinions of respondents on issues governing audit procedure		Percentage (%) Analysis
	Identifying the importance associated with each variable governing audit procedure		Mean score
Statistical Software	SPSS 20.0		

TABLE 1: VARIABLES SELECTED

Variable Code	Variables
V_1	Mandatory checking of internal control system by statutory auditors
V_2	Statutory auditors' dependence on internal auditor
V_3	Excessive reliance placed on internal auditors' work
V_4	Testing competence and integrity of internal auditor
V_5	Strengthening Audit Committee
V_6	Thorough checking of internal auditors' report on risk of material misstatement
V_7	Lack of enforceability of standards governing internal audit operations
V_8	Scientific designing of confirmation requests
V_9	Applying alternative method of getting confirmation if the parties are in legal dispute
V_{10}	Necessity of confirmation for accounts receivable and accounts payable balance only
V_{11}	Statutory auditors' responsibility even if he is relying on the work of auditor's expert
V_{12}	Evaluation of competence and independence of auditor's expert

ANALYSIS AND DISCUSSION

DEMOGRAPHIC PROFILE OF RESPONDENTS

A brief demographic profile of respondents for this chapter is given in the following table.

TABLE 2: DEMOGRAPHIC PROFILE OF RESPONDENTS

Demographic Profile Based on Gender			
Male	%	Female	%
367	98.4	6	1.6

Demographic Profile Based on Age					
Young (Age less than 30 years)	%	Middle Aged (Age between 30 and 50 years)	%	Experienced (Age more than 50 years)	%
159	42.6	125	33.5	89	23.9

Demographic Profile Based on Occupation			
CAs	%	Students	%
227	60.9	146	39.1

(Source: Compilation of Field Survey Data using SPSS 20.0)

FINDINGS

- Majority of respondents in the final sample are male, though it is not deliberate;
- Maximum percentage of respondents be in the middle aged group;
- Majority of respondents in the final sample are CAs.

ANALYSING OPINIONS OF RESPONDENTS ISSUES GOVERNING QUALITY OF STATUTORY FINANCIAL AUDIT USING PERCENTAGE (%) ANALYSIS

The questionnaire is designed on a 5–point scale. Hence each statement in the questionnaire corresponds to 5 different degrees of agreement. They are Strong Disagreement (SD); Disagreement (D); Neutral Approach (N); Agreement (A); and Strong Agreement (SA) (Refer to Section 4). During the field survey, each respondent has shown their level of agreement with a particular statement by marking in any one of those five fields. After collection of data, proportion of respondents under each level of agreement for a particular statement is calculated. The level of agreement at which the proportion of the final sample or sample of individual categories of respondents is highest is duly noted. It represents the opinion of the final sample on the particular variable. Let us now analyse the opinions of select respondent categories and final sample on variables selected for the study:

TABLE 3: PERCENTAGE OF RESPONDENTS IN DIFFERENT AGREEMENT LEVELS

Variable Code	Variables	Category	SD	D	N	A	SA
V_1	Mandatory checking of internal control system by statutory auditors	CAs	0.0%	0.4%	1.3%	78.4%	19.8%
		Students	0.0%	3.4%	4.8%	48.6%	43.2%
		Total	0.0%	1.6%	2.7%	66.8%	29.0%
V_2	Statutory auditors' dependence on internal auditor	CAs	0.9%	18.1%	11.0%	64.3%	5.7%
		Students	7.5%	33.6%	11.6%	40.4%	6.8%
		Total	3.5%	24.1%	11.3%	55.0%	6.2%
V_3	Excessive reliance placed on internal auditors' work	CAs	0.4%	4.4%	5.3%	73.6%	16.3%
		Students	4.8%	11.6%	3.4%	42.5%	37.7%
		Total	2.1%	7.2%	4.6%	61.4%	24.7%
V_4	Testing competence and integrity of internal auditor	CAs	0.0%	0.4%	1.3%	78.4%	19.8%
		Students	0.0%	3.4%	4.8%	48.6%	43.2%
		Total	0.0%	1.6%	2.7%	66.8%	29.0%
V_5	Strengthening Audit Committee	CAs	0.9%	18.1%	11.0%	64.3%	5.7%
		Students	7.5%	33.6%	11.6%	40.4%	6.8%
		Total	3.5%	24.1%	11.3%	55.0%	6.2%
V_6	Thorough checking of internal auditors' report on risk of material misstatement	CAs	0.4%	4.4%	5.3%	73.6%	16.3%
		Students	4.8%	11.6%	3.4%	42.5%	37.7%
		Total	2.1%	7.2%	4.6%	61.4%	24.7%
V_7	Lack of enforceability of standards governing internal audit operations	CAs	0.0%	0.4%	1.3%	78.4%	19.8%
		Students	0.0%	3.4%	4.8%	48.6%	43.2%
		Total	0.0%	1.6%	2.7%	66.8%	29.0%
V_8	Scientific designing of confirmation requests	CAs	0.0%	0.0%	4.8%	85.5%	9.7%
		Students	0.0%	4.1%	4.1%	54.1%	37.7%
		Total	0.0%	1.6%	4.6%	73.2%	20.6%
V_9	Applying alternative method of getting confirmation if the parties are in legal dispute	CAs	0.4%	5.7%	3.5%	79.7%	10.6%
		Students	0.7%	4.8%	4.1%	63.0%	27.4%
		Total	0.5%	5.4%	3.8%	73.2%	17.2%
V_{10}	Necessity of confirmation for accounts receivable and accounts payable balance only	CAs	0.0%	19.4%	4.4%	70.9%	5.3%
		Students	6.2%	21.2%	7.5%	43.8%	21.2%
		Total	2.4%	20.1%	5.6%	60.3%	11.5%
V_{11}	Statutory auditors' responsibility even if he is relying on the work of auditor's expert	CAs	0.00%	10.60%	6.20%	78.00%	5.30%
		Students	4.10%	11.00%	5.50%	54.80%	24.70%
		Total	1.60%	10.70%	5.90%	68.90%	12.90%
V_{12}	Evaluation of competence and independence of auditor's expert	CAs	0.40%	13.20%	4.00%	73.10%	9.30%
		Students	2.70%	4.80%	5.50%	49.30%	37.70%
		Total	1.30%	9.90%	4.60%	63.80%	20.40%

Source: Compilation of Field Survey Data using SPSS 20.0

FINDINGS

- Statutory auditors should mandatorily check internal control system of the company.
- Statutory auditors' dependence on internal audit impairs audit quality.
- Excessive reliance placed on internal auditors' work ultimately impairs quality of audit.
- A wide range of CAs and Students have call for testing competence and integrity of internal auditor. They have also shown their support for strengthening Audit Committee.
- The greatest proportion of both these groups also advocates for a thorough checking of internal auditors' report on risk of material misstatement.
- Standards governing internal audit operation in a country are not properly enforced.
- Scientific designing of confirmation request would help an auditor to gather reliable evidence.
- If the client and 3rd party are in a legal dispute, auditors should apply alternative methods of gathering evidences instead of going for 3rd party confirmation.
- External confirmation is necessary only confirming accounts receivable and accounts payable balance.
- Majority of CAs and Students do not undermine the responsibility of statutory auditors even if he is relying on the work of auditor's expert.
- Competence and independence of an auditor's expert should be properly evaluated.

IDENTIFYING THE IMPORTANCE ASSOCIATED WITH EACH VARIABLE GOVERNING QUALITY OF STATUTORY FINANCIAL AUDIT

In order to know the cumulative views of individual respondent groups and the final sample for a particular variable, scores have been assigned to each agreement level. Accordingly, a score of 5 is assigned to 'SA'; score of 4 is assigned to 'A'; score of 3 is assigned to 'N'; score of 2 is assigned to 'D'; and score of 1 is assigned to 'SD'. When a respondent marks his agreement with a particular variable in any one of these 5 levels, its corresponding score is assigned to him. Accordingly, cumulative score of all the respondents in a group or the final sample can be calculated for a particular variable. The average or mean score represents the cumulative views of the final sample or individual respondent groups on a particular variable. As individual score rises with the rise in level of agreement, more the mean score, more is the degree of agreement with a particular variable. As score 3 represent neutral behaviour, if mean score for a particular variable is more than 3, it can be concluded that respondent groups or the final sample assigns more importance to that variable and vice versa. In this segment, mean score of each independent variable for individual respondent groups and the final sample is calculated as follows:

TABLE 4: MEAN SCORE OF INDIVIDUAL OCCUPATIONAL CATEGORIES AND FINAL SAMPLE

Variable Code	Variable	Mean Score		
		CAs	Students	Total
V_1	Mandatory checking of internal control system by statutory auditors	4.176211	4.315068	4.230563
V_2	Statutory auditors' dependence on internal auditor	3.559471	3.054795	3.36193
V_3	Excessive reliance placed on internal auditors' work	4.008811	3.965753	3.991957
V_4	Testing competence and integrity of internal auditor	3.46696	4.061644	3.699732
V_5	Strengthening Audit Committee	4.035242	4.178082	4.091153
V_6	Thorough checking of internal auditors' report on risk of material misstatement	4.105727	4.143836	4.120643
V_7	Lack of enforceability of standards governing internal audit operations	3.30837	3.568493	3.410188
V_8	Scientific designing of confirmation requests	4.048458	4.253425	4.128686
V_9	Applying alternative method of getting confirmation if the parties are in legal dispute	3.942731	4.116438	4.010724
V_{10}	Necessity of confirmation for accounts receivable and accounts payable balance only	3.621145	3.527397	3.58445
V_{11}	Statutory auditors' responsibility even if he is relying on the work of auditor's expert	3.779736	3.849315	3.806971
V_{12}	Evaluation of competence and independence of auditor's expert	3.77533	4.143836	3.919571

Source: Compilation of Field Survey Data using SPSS 20.0

FINDINGS

- According to the CAs, 'Mandatory checking of internal control system by statutory auditors' (V_1) is the most important variable governing quality of audit followed by 'Scientific designing of confirmation requests' (V_8), 'Thorough checking of internal auditors' report on risk of material misstatement' (V_6), and Strengthening Audit Committee' (V_5).
- CAs do not assign much importance to 'Scientific designing of confirmation requests' (V_8), while they believe 'Excessive reliance placed on internal auditors' work' (V_3) is an important issue governing audit procedure.
- Students on the other hand have shown similar views as that of the overall sample.

CONCLUSIONS

Internal control mechanism of the client company, external third parties, and auditors' expert have considerable influence on quality of statutory financial audit in a company. There has been a public disquiet about effectiveness of these issues in actual audit procedures after the occurrence of recent corporate frauds. Opinions of CAs and Students on these issues suggest that statutory auditors should mandatorily check internal control mechanism in the company. They should examine the competence and independence of internal auditors and auditors' expert. However, they should not completely depend upon their work. A strong Audit Committee is also considered to be important by the participating respondents. Respondents also affirm that auditors need external confirmation mainly for accounts receivable and payable balance. Hence, scientific designing of confirmation request is necessary. However, any dispute between the client and external third should be properly investigated before getting the confirmation from them. The overall analysis suggests that existing regulations governing role of internal auditors, external third party and auditors' expert are sufficient. However, a proper enforcement of those regulations is necessary to enhance the quality of statutory financial audit.

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A CASE STUDY ON JOB SATISFACTION OF LABORS OF SMALL SCALE COMPANIES SITUATED AT HOWRAH AREA IN WEST BENGAL

BIJAN SAMADDER
MANAGER – HRD (EAST REGION)
SIS INDIA LTD.
KOLKATA

PRITHA PANDE
LECTURER
MANAGEMENT DEPARTMENT
GEORGE COLLEGE
KOLKATA

ABSTRACT

This study is based on Raj Laxmi Bakery & Dhara Food Products of West Bengal India. These are under small scale industries. This topic helps to make the people aware of the importance of small scale industry as small scale industries (SSI) plays a very important role. It also contributes 40% of the gross industrial value added in the Indian economy. 45%-50% of Indian exports are contributed by sectors. That's why job satisfaction of labor of this industry is very important. The sample size is 100.The result is that these companies are doing well.

KEYWORDS
performance, economy, industry, job satisfaction, labor, wages, working hours.

INTRODUCTION
Human beings are very complex in their psychological makeup and hence, managers cannot influence employees' "inner states directly". They can, however, create work environments that encourage quality performance.

LITERATURE REVIEW
Physical working conditions and reward systems should therefore be designed carefully and used effectively to encourage individuals to achieve organizational goals. Incentives such as fair compensation, job security, promotions and challenging work are always considered as important for the motivation of employees in Small Scale industry (*Vinod K. Tewari, Joseph Philip and Amar Nath Pandey, 1991*). The key factors which are useful for the satisfaction of the employees i.e. workplace environment, reward and recognition, training and development and team work. These factors help to make the policies effective and through this effectiveness, efficiency takes place in the management process. (*Empirical study of Employee jobSatisfaction, 2012*). Many researchers found that Job satisfaction, Environment, pays, work place, and change in technology all of these are main factors that influences employee's behavior in any organization. (*Igalens and Roussel, 1999; Brewer et al., 2008*). In this case study of "JOB SATISFACTION OF LABOURS IN SMALL SCALE INDUSTRY", an attempt has been made to examine the nature of work environment that prevails in small industry; and the important reasons that generally influence the satisfaction level of employees in small industry. It is seen that the motivating factors that would motivate employees to perform in Small Scale Industries are basically three things viz., monetary benefits, promotions and secured jobs. (*job satisfaction among employees in small scale industries, visakhapatnam,2011*)

OBJECTIVES
1. To measure the employees job satisfaction
2. To study the employee perception towards organization.
3. To study the attitude of the employees towards their work.
4. To identify the factor that motivates the employee.
5. To give suggestion for the growth and perspective of the company.

METHODOLOGY
TYPES OF DATA: qualitative & quantitative.
DATA COLLECTION METHOD: questionnaire& interview.
SAMPLE SIZE: 100

DATA ANALYSIS & INTERPRETATION
ANALYSIS ON SUITABILITY OF WORKING HOURS

TABLE 1

Age of employees (Male & female)	No.of respondent Rajlaxmi	No.of respondent Dhara
0-25	10	10
26-40	20	30
40-50	20	10
Total	50	50

CHART 1
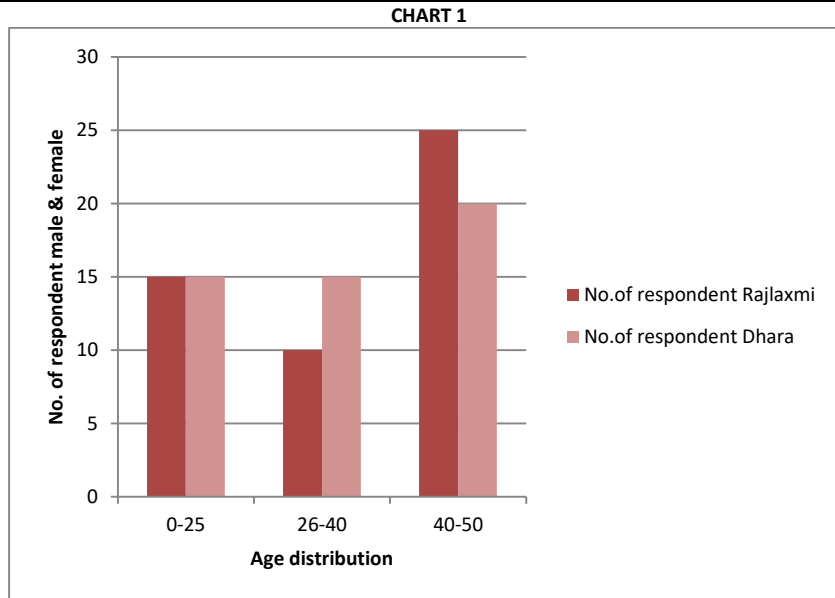
Interpretation: suitability for working hours of both companies 15+ 15 employees satisfied (age within 25).10 employees for Rajlaxmi & 15 employees for Dhara are satisfied (age within 26-40). 25 employees of Rajlaxmi & 20 employees of Dhara satisfied (age between 40-50).

ANALYSIS ABOUT JOB SECURITY

TABLE 2

Age of employees (Male Male & female)	No.of respondent Rajlaxmi	No.of respondent Dhara
0-25	10	5
26-40	15	25
40-50	25	20
Total	50	50

CHART 2
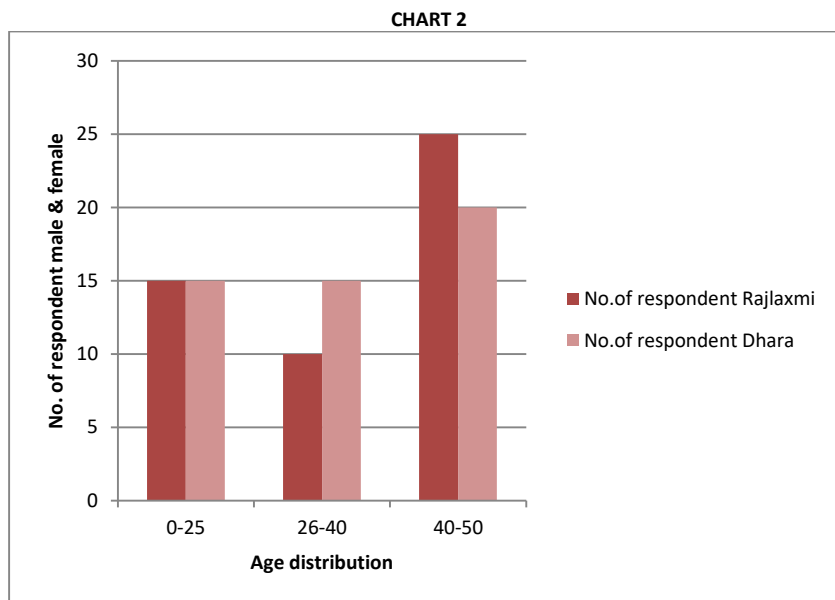
Interpretation: analysis for job security both companies 15+ 15 employees satisfied (age within 25).10 employees for Rajlaxmi & 15 employees for Dhara are satisfied (age within 26-40). 25 employees of Rajlaxmi & 20 employees of Dhara satisfied (age between 40-50)

ANALYSIS ABOUT GETTING PROPER WAGE

TABLE 3

Age of employees (Male& female)	No. of respondent Rajlaxmi	No. of respondent Dhara
0-25	15	15
26-40	10	15
40-50	25	20
Total	50	50

CHART 3
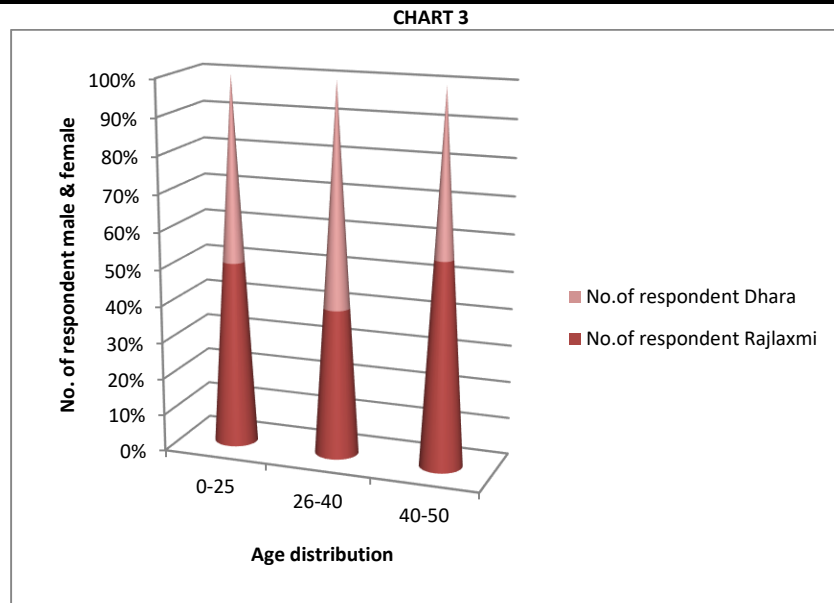
Interpretation: analysis of getting wages 45% employees satisfied of Rajlaxmi & 55% employees of Dhara (age within 25). 35% employees for Rajlaxmi & 65% employees for Dhara are satisfied (age within 26-40). 25 employees of Rajlaxmi & 20 employees of Dhara satisfied (age between 40-50)

FINDINGS

1. Most of the workers working in "Dhara Food Product" and "Rajlaxmi Bakery" have more than 2 years of experience in the company.
2. Most of the respondent is satisfied with the work environment in "Dhara Food Product" and "Rajlaxmi Bakery". There are only few workers who are unsatisfied.
3. Almost all the workers share a good relationship with their supervisor.
4. The company has taken utmost importance in providing a healthy and hygienic work environment for the workers.
5. Most of the workers feel that they are treated equally and with respect in the company.
6. The companies working hour seem to be employee friendly as everyone said they are satisfied with the working hours.
7. According to the company policies, the workers do not get any overtime allowances or benefits.
8. The response demonstrates that the workers get proper wages offered by the company and also all the workers are paid on par with the standards.

CONCLUSIONS

After doing the case study on this two small scale industry, "RAJLAXMI BAKERY" & "M/S DHARA FOOD PRODUCT" with a sample size of 10 from each company, I have come to the following conclusions.

Small scale industry in India is renowned for its socio economic growth factors and even industrial expansion. One of the unique features of small scale industry is that its growth has generated better job prospects helping free enterprise and inculcation of expertise besides guaranteeing better utilization of limited fiscal reserves and technology. Additionally, they play an important part in attaining the economic targets and socio-political aims.

Job satisfaction is an emotional response to the job situation. Job satisfaction often determined by how well outcomes meet or exceed expectations; and job satisfaction represents several related attitudes. It represents a constellation of a person's attitudes towards the job. It is a function of satisfaction with different aspects of the job, such as nature of work, supervisor, co-workers, leadership style etc., and of the particular importance one attaches to these respective factors. Job satisfaction is rather a general feeling of contentment with the various facets of job and work environment and hence all these facets have been examined on the basis of opinions of employees in the selected units covered in this case study.

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THE NEW DIRECTIONS OF ECONOMIC AND FINANCIAL GLOBALIZATION

HIKMAT SALMAN KHUDHAIR
MANAGER
FOREIGN ECONOMIC RELATIONS DEPARTMENT
MINISTRY OF TRADE
BAGHDAD

ABSTRACT

Globalization' has largely superseded the term economic interdependence' to describe the rapidly growing links between nations, economies, and societies. The effects that the internationalization of the world system has on social equality, the environment, and economic growth are, however, still largely disputed. In this article, we discuss the literature that covers another intensively debated issue and which attempts to assess the relationship between trade and interstate conflict. Although liberal economists maintain that economic interdependence exerts an unconditionally pacifying influence on interstate relations, we show that the most recent formal work expects that trade will have a negligible and, in the perspective of one important model at least, even an amplifying effect on conflict. Much empirical work, by contrast, supports the claim that the relationship between trade and conflict is direct and not mitigated by contextual factors. globalization in economy in general and its role in that process in order to develop new directions for the accounting concepts. Globalization is a reality in today's world. As globalization intensifies the need for complex financial information becomes obvious. Expanding capital markets require analysis of financial statement prepared under diverging accounting standards. Investors believe that the lack of common financial statement increases the risk of an investment and affects the free flow of world capital. A single set of accounting standards would bring great benefits to the investors and would reduce the cost of accessing capital markets around the world. The convergence of accounting standards would assure enhanced comparability, greater reporting transparency, more efficient capital markets

KEYWORDS
economic globalization, financial globalization.

INTRODUCTION

The last quarter of the twentieth century have been emergence of many of rapid global changes, and the world has become a small competitive village through the communications revolution and technological information and the escalation of the forces of change in many habitats of the world where the temporal and spatial spacers was canceled, and where the capital became moves without any restrictions and accurately moving without limits and the information flow unimpeded. This is a culture overlapped and a markets converged and have merged to be a united state.

All this has resulted much debate about the concept of the economic and financial globalization phenomenon which we trying to identify it through the following topics:

FIRST TOPIC: ECONOMIC GLOBALIZATION

SECOND TOPIC: FINANCIAL GLOBALIZATION

The global economic cooperation in recent decades has led to increased development, given from multiple perspectives as the resumption of the integration process, which had begun in the mid-nineteenth century, thus the economists was differed to find a naming for what changes happening today both in increasing the volume or in diversity of goods transactions and cross border services.

We will try to find out the economic globalization and the various manifestations and its institutions.

FIRST TOPIC: ECONOMIC GLOBALIZATION

FIRST REQUIREMENT

The definition of economic globalization

Most of the definitions given for the concept of globalization dominated by the economic dimension, for two reasons:

1.   Most of those who put up the definitions was economists.
2.   The one who gave these definitions found the magnitude of the economic effects to the globalization.

The most important of these definitions:

1-   Economic globalization is defined as a growing economic cooperation of the whole countries in the world, which imposed by the increasing the volume of transactions in goods, services and its diversity across the border in addition to the flow of international capital and the rapid spread of technology in the world.

2-   Economic globalization is the free economy, free trade, corporate dominance, confined to the role of the public sector, and the growing role of the private sector through the privatization of the means of production.

We conclude from this definition the characteristics that make up the economic globalization represented in the following:

• the freedom of trade
• The dominance of multinational companies
• Dr. Al-Atrash define the privatization of the means of production as " merger of world markets in trade, rights, direct investment, the transfer of money, manpower and cultures, within the free market capitalist framework, and therefore subject the world to global market forces, leading to penetrate the national borders and to the great receding in the sovereignty of the state, and that the main element of this phenomenon, is the large capital overtaking nationalities companies.

Illustrated by this definition is that economic globalization is a different world markets integration under the trade and direct investment to transmission of funds and working powers freely without any restrictions, and even cultures can be moved freely in a free-market framework, leading to the subordination of the world to a global market and thus penetrate the national border, and prove that capitalism trans-national companies are the most important element in the phenomenon of economic globalization.

3-   Emancipation of the existing relations between the countries from policies and national institutions, and agreements organized by subjected automatically to new forces emerged from the technical and economic developments re-formed, organized and activated naturally in the world.

From the above we might give a comprehensive definition of economic globalization:

" And that is the freedom of the economy by doubling the links between communities and nations, and the free movement of funds and goods and services between the border without restrictions".

"Uncatad 1996" defined it as: "the increase of the nation's interaction in global trade and foreign direct investment, and capital markets also increased globalization processes and catalyze progress in transport and communications and the abolition of restrictions on capital flows, and trade at the local level."

SECOND REQUIREMENT

The manifestations of economic globalization

Several aspects of globalization can be summed up in two key points:

a- Economic and financial manifestations

- The degree of economic openness, and is defined as the ratio of foreign trade growth rate of the global production growth rate.

As can be defined as the degree of integration of countries in the international markets in terms of exports and imports, whenever increased foreign trade has also increased openness to the outside and vice versa.

- The development of international trade for industrialized countries and developing countries.

As The structural changes allowed the National Capital markets initiated most countries since the eighties for the formation of a global market for money that led to troubled evolution of financial expenses on a global level, so that exchange operations are doubled in the exchange market four times during the eighties to reach the end of the period assigned to more than 1200 billion dollars a day.

Not the size of the financial transactions was expanded and nothing to do with funding the production or international trade, according to the Bank for International Settlements, the volume of transactions in the international financial markets exceeded more than five times a day.

So the financial globalization generates in an awaited form a global crisis due to infection, so that the linked of financial centers to each other allows the spread of the crisis by speculating from one center to another.

A wide usage of computer and the expanded of Internet networks led to facilitate communication between different parts of the world quickly and which resulted in a huge flow of information, including information relating to goods through advertised and then expand their markets.

Thus, technological developments have led to changes in the level of goods, it shows the standardization of production and techniques that allow the formation of a global market.

b- Institutional manifestations

1- IMF intervention in the internal policy making

The increasing role of the IMF in the economic globalization began through responsibility and some of the facts known to the world economy permit, and summarize these statements are as follows:

- Global financial entering liberalization covenant and new technologies by globalization, it is not allowed for any country to not apply economic and financial appropriate policies in line with the new situation of the global economy which will be in severe competition without any doubt, Camdessus " the Chairman of FMI " see that a country that refuses to globalization, is doomed to stagnation.

- As for the second side which regards with the facts, the financial crisis suffered by Mexico is one of the most significant events known to the world economy in 1995, After the operation that targeted reduction of the peso in December 1994 and has no control over where to escape intensively to capitals in a few days, prompting FMI to intervene rapidly until the infection spreads to other parts of the world, in order to preserve the survival of the global monetary system, We can say that the financial crisis of Mexico constitute the starting point in thinking about the new role of the FMI in the context of economic globalization began to show where the predominance of the financial economy and the stock market on the real economy.

The fragility of the financial economy, the stock market, push economists to suggest to the FMI a new borrowing mechanism its value around 100 billion\$ to cope with economic crises similar to the Mexican crisis in the future.

And it has proposed to the Banking Committee in the US House of Representatives that the FMI, which laded by the Group of Seven major industrialized nations must act to establish such a mechanism.

The issue of the Bretton Woods provided to Mexico between 17 to 18 billion dollars as loans in addition to the US support to help them to address these acute crises and the global system as a whole support.

In addition to the intervention of FMI in the Mexican crisis we can mention, for example, the promise that introduced to Russia, where is scheduled that this country gets more than a billion dollars as a complement to a loan up support also expect to get 5 billion\$ in 1996 from FMI.

It also could be argued that FMI entered the era of globalization, if We based to its original work which aims to prepare Condensed Consolidated of Statistical data destined for most member countries and expected from this summary enable it to follow up better financial and economic policies, especially if we know that it includes all the analytical accounts of central banks of (ratios, benefits, balance of payments, the international Savings, goods dealers, exchange ratio, site of foreign investments).

THIRD REQUIREMENT

Economic globalization institutions

Preface: there was a need for international economic cooperation toward the end of the 2nd World War where the Bretton Woods Conference was held in United States of America in 1944, the combined countries agreed to create International Monetary Fund and World Bank, aftermath the 2nd World War, the United States proposed to begin a trade international negotiations to establish an international trading system, thus ending with establishment of the World Trade Organization.

a. International Bank for Reconstruction and Development

Through the Bretton Woods conference, considered as the Convention on the establishment of an international bank as a second document on the level of international monetary organizations, that is what was Keynes came with in his scheme which was originally proposed in 1943, where he was introduced as a working paper which draws a framework within which can establish an international monetary system, this scheme has focused on the fundamental idea to composition of an international clearing union, and that the new system be based on an international currency is measured in gold are not subject to the sovereignty of any country, named after this BANCOR as a term, In other words, the idea represents an explicit call for the establishment of an international central bank, the Convention provides in p-A- that the Member States consequently become members of the International Central Bank, and they participate in the formation of its capital at that time the amount of ten billion US dollars according to the Member state's share so that Bank knew as the International Bank for Reconstruction and Development.

And it is defined as a financial institution created under the Bretton Woods agreement began operating in July 25, 1946, as it is entity responsible for managing and directing international investment through the liberalization of international movements of capital as a means to treat structural imbalances in the balance of payments of Member States, the Bank is also seen as an institution that looked mainly to international development, especially after the war has created a group of countries may become in severe destruction and other group from Latin America, Asia and Africa live in whole economic backwardness conditions at that time when absent the global finance centers which controlled the world markets to provide loans and credit facilities of different countries.

The main objective of the bank was considered to assist developing countries to raise their living as measured by the average national per capita income in addition to the development of the economies of underdeveloped countries and as well as meet the urgent need of capital to finance the work of rebuilding and reconstruction of what was destroyed in 2nd World War, it also gave the right to open or to loan guarantee provided to projects that serve their purposes, and in accordance with the Charter of the bank's its assistance is guided by economic development alone without any political arrangements, but what happened in the eighties that the bank formulated the new directives in what they called loans to adjust the structure that aims to increase the capacity of developing countries to compete in the global economy, and this guidance provides for the promotion and pushing the political changes for the transition to the open markets and reduce the supports and privatization and rid the role of governments, the Bank exercised many of the most important functions like:

1- Encourage private investment that ensures the growth and expansion of the private sector

2- Work to resolve financial disputes between member states

3- Provide technical assistance to Member States with different economies to determine the precedence of administrative and organizational measures for the implementation of these projects and the means of financing local expenditures, as for the structure of the bank is somewhat complex, where it consists of two organizations:

The World Bank for Reconstruction and Development and the International Development Association, and there are institutions linked with the World Bank but separate legally and financially, They (the International Finance Corporation, the Center for Investment Dispute Settlement, Multilateral Investment Guarantee Agency), the World Bank Group has more than 7,000 employees, and has about 40 Diffuse office across different parts of the world, as the bank employs individuals in different disciplines, there are economists, engineers and statisticians.

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b.   **International Monetary Fund**

In fact, the favor is to Keynes who did not just dissolve the international payments problems as it was during the 2ⁿᵈ World War, but also make predictions about the difficulties that the war produced after the expiry, in this regard he explains that the European countries invited to the gold standard underlines the extent of influence exercised by gold, as well as the large role in the gold payments system and thus lead to trade-offs between economic stability and the stability of exchange.

For that, in 1944 the delegates of 44 countries meets in Bretton Woods Balo.m.o, in order to put a general principles for the establishment of this new international monetary system, before the conference had been put in front of the conferences two things, one presented by Britain by its representative envoy Lord Keynes and the second made by the Alo.m.o by its representative Harry White.

Entrusted to the International Monetary Fund and a set of goals was the belief that it will bring a stability in the international monetary system can be summed up in the following points:

1-   Achieve the international monetary stability Proceeding from control and adjust the exchange rate operations.
2-   Providing credit assistance and provide a minimum level of liquidity to the Member States in order to reduce the external payment problems for countries that suffer a deficit in its balance of payments.
3-   Deregulation and the removal of barriers and get rid of the control methods that hinder the development of the international exchange.
c-   Provide technical assistance to Member States by placing an expert in financial and economic working in the International Monetary Fund at the disposal of those countries in the field of proposing solutions to the problems.

In order to achieve its objectives, the International Monetary Fund do the following functions and tasks:

1-   Strengthen the stability of exchange rates and prevent states from competing for reducing the values of their currencies.
2-   Establishing a system of multiple party's payments and get rid of exchange restrictions that prevent the growth and revitalization of international trade.
3-   Finance the deficit in the balance of payments of Member States to make available the necessary resources to enable them to correct the imbalances the balance of payments without resorting to restrictive measures.
4-   Provide the international liquidity for the settlement payments through an increase in international reserves.
5-   Propose corrective policies that the State may followed and applied to achieve external balance linked to the achievement of internal balance.
6-   Cooperation with the World Bank with regard to addressing the structural imbalances.
7-   Give the advice to the Member State with respect to monetary and economic matters.
8-   The International Monetary Fund focused in his treads with macro-economic policies on the short period of time, and sometimes middle period so-called stabilization policies.

The Uruguay Round was considered as the largest in terms of participating States which amounted to 108 countries, it is one of the most important tours in which disintegrated the World Trade Organization OMC replace the General Agreement on Tariffs and Trade, It became one of the main pillars of economic globalization as the main supervisor of the trading system in the new world order and the most serious institutions that exercise a major role in transforming local closed economies on itself to an open economies that integrated effectively in the global economy.

The organization also implementing economic globalization on the economic and commercial level, it was including 137 members in 2000 reach to 144 by the year 2002 and participated about 95% of the volume of international trade.

It can be defined

WTO OMC as an international institution oversee the implementation of Gat agreements, and lay the foundation for cooperation between them and the International Monetary Fund and the International Bank for Reconstruction and Development in order to Coordination trade, financial and economic policies for the states and members, It also aims to achieve international positive interaction through the formulation and confirmation of competition under the freedom of international trade and the absence of any form of excellence in treatment between the local products and imported products.

Also there are many functions that the organization carried out of which:

1-   Management and supervision of the Convention establishing the DSB, which determines the nature of work and the method for the formation of Gat arbitration and Appellate Body and the rights and obligations of States.
2-   Managing the review foreign policies device of the Member States which must be conducted in accordance with the time periods specified in order to see any changes in this context and their compatibility with the provisions of Gat and dissemination of information to be made on all member states to ensure the realization of the principle and provide an opportunity for Member States to negotiate trade policies of any such agreement and the ability to predict the results of those policies.
3-   Cooperation with the International Monetary Fund and World Bank to coordinate the management of the global economy affairs policies including financial and monetary and the commercial sides, where consultations take place within the organization about the appropriate form of the make this cooperation.

As for the structure of The organization, it includes his presidency made up of the Ministerial Council, the General Council, the specialized boards, committees and the Secretariat, the Ministerial Council is composed of representatives of all Member in Minister level and meets once every two years at least, It is the supreme authority to oversee the implementation of the tasks of The organization and take action and the necessary decisions in all matters, which provides.

It operates under the supervision of the General Council, and is specialized councils, It is Affairs Council for Trade in Goods, the Affairs Council for Trade in Services, Affairs Council of Intellectual Property Protection and hold meetings as necessary to carry out its tasks so that to perform the function which entrusts to them due to the respective agreements, and there are sub Gat which is the Committee on Trade and Development and the Committee on the balance of payments constraints and the Committee on Budget and Finance and treacherous and other committees arise whenever the need arises, these committees carry out the tasks entrusted to it under multilateral agreements.

And the World Trade Organization is the main engine to form the infrastructure of the phenomenon of economic globalization, which is not limited to the economic aspects but also care about other aspects most notably the informational communication side, which has a big role in the spread of globalization.

SECOND TOPIC: FINANCIAL GLOBALIZATION

In this topic we try to reach the general concept of financial globalization and to identify the factors that led to their appearance, as well as the most prominent of its indicators.

FIRST REQUIREMENT: THE CONCEPT OF FINANCIAL GLOBALIZATION

A financial side is a dynamics force of the globalization where it participated in with a degree much higher than other aspects, and thus the financial market saw actual globalization in a scope of flexibility and mobility of this market, this globalization is known as a financial globalization which was the financial liberalization is its basis that led to integrate and linked the local markets with the outside world through the abolition of restrictions on the capital movement as the financial globalization defined as:

Definition 1: financial globalization defined as a phenomenon includes liberalization the following transactions:

1-   Transactions relating to the assets of any real estate wealth for the purchase or sale of real estate which is made locally by commercial credit transactions and guarantees and financial facilities.
2-   Transactions relating to commercial banks which included a resident deposits and borrowing from abroad that represent inside money flows related to the movements of the personal capitals include special deposits, loans or gifts transactions.
3-   Transactions relating to direct foreign investment: include liberation from restrictions on direct investment in or outbound.

Definition 2: Globalization according to the prevailing theory is the transformation of the world due to the technological and the information technology and lower transport costs, and the liberalization of international trade to the single market in highly competitive expanding its scope to extend from the commodities to work and capital market.

Definition 3: The financial globalization is the main product of the process of financial liberalization and can be inferred by the two indicators:

The first indicator: Specialized in development of the volume of cross-border transactions in stocks and bonds in the advanced industrial countries, where data indicate that foreign transactions in stocks and bonds accounted for less than 10% of GDP in these countries in 1980, while reaching more than 10 % in both France and Italy.

The second indicator: Specialized in the evolution of trading of foreign exchange at the global level, the statistics indicate that the average daily volume of trading in foreign exchange markets has increased from 20 billion US $ in the mid-eighties to about 1.2 trillion US$ in 1990, It is more than 84% of the international reserves of all countries of the world in the same year and it should be noted that despite the increasing degree of integration of financial markets have not yet reached the degree of integration in the commodity markets, which means that financial globalization is still in a lesser degree of productivity globalization.

THE SECOND REQUIREMENT: THE REASONS FOR FINANCIAL GLOBALIZATION

1-   The growing of financial capitalism

The growth achieved by the capital invested in financial assets and incarnated in the financial services industry with its banking and non-banking ingredients through the diversity of its activities and increase the degree of concentration, a key role in giving momentum to the process of financial globalization, It became the profit rates achieved by the capital invested in financial assets exceeding several times the profit realized by the real rates of production sectors, and became a for-profit nature of capitalism... live on the employment of capital invested.

On the global level the capital invested playing an influential role in financial assets for its financial resources (loans and financial investments) on its own terms, especially after the remarkable decline in the size of government and official financial flows, as well as in grants and subsidies, which was provided by the advanced industrial countries and several international organizations Parties, the financial transactions for the financial investment institutions has been a remarkable growth where the value of transactions made in the foreign exchange and stock markets on a global level have risen for dozens of times since 1982 surpassing the achieved volume growth in international trade and national income, which means that the movement of capital have become independent and have its mechanisms and its own and is no longer linked to the movement of international trade.

This steady growth of capitalism has been associated with the emergence of (the symbolic economy, which is driven by the symbols and indicators) in kind of wealth economy (stocks and bonds and other securities) that travels in the hands of investors within national borders and across borders without restriction or hindrance, In other words, it is an economy which driven by global stock indices (Dow Jones Nikkei, DAX) in which any changes in interest rates, foreign exchange rates, the balance of payments, unemployment rates, the general level of prices will be effect on it.

It is also affected by rumors and psychological factors and the data issued by the finance officials and central bankers.

2-   National market's inability to absorb financial surpluses

A tidal wave of international capital flows is occurred caused by huge volumes of savings and financial surpluses narrowed their national markets to absorb opted abroad in search of the best investment and higher rates of return opportunities, to prove the magnitude of these surpluses that flow to the various financial markets it is enough to point out that non-bank financial institutions in a major seven countries have made in 1995, the management of financial assets worth more than 20 billion US $ and is representing 110% of the total GDP and about 90% of total assets owned by the volume.

3-   The emergence of financial innovations

Financial globalization associated with the emergence of a huge amount of new financial instruments that began to attract many investors, along with the traditional traded instruments in the financial markets, has become many investment tools, including:

Derivatives dealing with future expectations

They include swaps

The futures

Roof and base

Options

All of these tools evolving from time to time, so allow investors a wide area of options when making their investment decisions, as they play a great important role in achieving convergence between different financial markets, and these new tools have appeared under the influence of two factors:

a-   The unrest that prevailed in the foreign exchange markets after the going towards universal currency exchange rates and interest rates where have become an urgent necessity to the emergence of these innovations to ensure the protection of investors and the incident face of fluctuations in foreign exchange rates and interest rates, some have pointed out in this regard that "the amazing share for these tools is that they stripped the actual purchase of securities or foreign currency from the risks of fluctuations in exchange rates and stock, as well as the risks of failure to pay high interest rates until the risks itself turned into traded on the markets.

b-   Intense competition between financial institutions particularly those that recently entered the market used these new tools for fragmented the risk and improved the liquidity provided to investors including the possibility of changing their positions quickly in the event of new developments or expectations.

4-   Technological progress

Technological progress in the field of telecommunications and information contribute to integrate the financial markets, where they overcome the spatial and temporal barriers between different national markets and decreased the cost of Telecommunications, and accounting operations to a large degree, which has had a major impact in the increase of capital movement speed from one market to another, and to increase the links between the various financial markets to the point that some financial analysts describe it as if it were water network in one city, and despite what provided the technological advances of the correlation between markets, and the ability to follow the movement of prices in dozens of financial markets to take the appropriate decisions in buying and selling it contributes to provide an appropriate environment for the exit and the entry of huge capital gains across national borders surreptitiously, and without monetary and financial authorities able to monitor and see there direction or limit their impact.

5-   Domestic and international financial liberalization

Capital flows have been associated with cross-border operations closely linked to domestic financial liberalization and international financial liberalization, The growth rate of these flows and speeds has increased over the last two decades of the last century, while allowing for residents and non-residents freely to convert the currency with exchange rates prevailing to a foreign currency and use it freely in the completion of the ongoing and capital transactions.

6-   Restructuring the financial services manufacturing

Tremendous changes have taken place in the financial services manufacturing and restructuring it over the past two decades, and in particular the ninth decade of the last century, so it worked as a catalyst to accelerate the pace of financial globalization, and in this regard we refer to the following:

a-   The Banks expanded the scope of their banking at the local or international level and became implemented actions were not carried out before under financial liberalization processes that require easing in some cases, the abolition of the restrictions that were limiting their activities which resulted the diversity of bank's capital sources and methods of their use thus the evolution of bank's balance sheets items in more than fifty banks in the world.

b-   The banking institutions such as insurance companies, pension funds, and investment funds entered as a strong competitor for commercial banks in the field of financial services which indicate a decline in the role of banks in the field brokerage and this is reflect the development clearly during the period (1980-1995) the share of commercial banks dropped in the transfer of personal financial assets from 50% to 18% while the share of non-bank financial institutions had risen to about 42% and if this direction varies from one country to another, and that commercial banks in the various countries of the world have become aware of the strong competition which has become threatened under the transformation of the mentality of the commercial banks on the basis of credit risks to the mentality of investment banks based on market risk.

c-   Under the strong competition, which the commercial banks began senses of non-banking institutions in the field of financial services, some banks merge with each other and on its list of existing commercial banks in each of the Alo.m.o, Japan and European countries, and this is expected to be a wave of mergers between banks occur across various countries along the lines of acquisitions and mergers that have taken place between the various companies Insurance.

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Third requirement: financial globalization indicators

1- The appearance of the volume cross-border transactions in stocks and bonds in industrial countries.

Known as the movement of capital, across the border in stocks and bonds in industrial countries, a significant acceleration, it is clear the extent of this acceleration and the new direction taken by the process of globalization of the economy in this aspect.

These developments can be explained by the results of the events and changes in this period where the abolition of the restrictions that had previously prevented international capital movements, which was imposed on a large number of industrialized countries, and this was at the beginning of the seventies, the process of liberalization of capital and exchange continued gradually, from (1980-1990) classification of domestic product for the countries of the OCDE gross to 2.5 times, also the value of world trade has doubled to 34 times, while financial assets moved doubled to 7.7 times, the exchange transformations have doubled to 15 times, their value reached 1200 billion dollars per day and is accounting for more than 50 times of the flows of goods, as for the foreign transactions in the Group of Seven advanced industrial countries, the own stock and bond emerges through what is shown in the previous table, where transactions went from 35% of GDP in 1985 to 140% over the next ten years

2- The development of foreign exchange trading at the global level

This phenomenon is Known as stunning advance, especially in the period between (1970-1997) where we note a significant increase from year to year in the capital between financial market flows, especially in the major industrialized countries, and this is what is considered a guide to the acceleration of the globalization of financial markets*.

The small-market countries is best for what is providing to it from the rich large markets countries, and more globalization countries around the world the now of small countries allow it to opening access to goods, services and capital is not available to them internally, In some cases, we find the geographical factor played an important role in supporting the integration of markets, for example, Netherlands achieve benefits from its location at the Rhine River as a number of countries linking up its share volume of the trade to 75%, in a few years Dutchmen made a huge foreign investments in other countries cannot be absorbed, in the wake of the radical reforms have abolished restrictions and strengthened the flexibility of labor so that increased its foreign investments than 8% of GDP in 1995 to more than 19%.

Economic globalization is according to multiple methods, including the information revolution, the liberty of movement of goods, services, manpower and of capital across national borders and regional pose a significant threat to the privacy of the different communities and threaten its existence, It can also be described as a new dynamic emerge inside the international relations and is a historical phenomenon to the end of the 20th century, and the beginning of the 21st century, or the era of deep capitalist transformation of all humanity in a global system of exchange unequally.

Finally, Globalization meant in general and financial globalization, in particular, liberty of markets and dissolving the border between the states and the decline of the state's role.

CONCLUSIONS

The globalization, the harmonization and the international accounting convergence stand for the phenomena which tend to be more and more present at the level of the entire world. The application of the international accounting standards has become a necessity in order to ensure the quality of the accounting information. However, many of the world's countries are at present trying to maintain their domestic identity, through the capitalization of the latter's cultural values and of the tradition as related to accounting. This thing can especially be noticed at the level of the individual accounts of the national companies, which apply their own national standards, the latter being the result of the legal, economic, social and cultural particularities. The international harmonization, followed by the international convergence are significant factors for the development of various new directors regarding the accounting concepts.

For as long as the globalization phenomenon shall remain a reality, the tendency in accounting shall be represented by the implementation of the international standards for financial reporting (IFRS), doubled by the reconciliation, through the accounting convergence, between the opinion as expressed within the American standards for financial reporting as issued by FASB and the IFRS's. Just the implementation of the international accounting standards does not automatically stand for the amelioration of the national accounting system, if at the same time there are no deep changes occurring as related to the policies of economic development, the mechanisms of corporative governance and the operation of the financial market (Ding, Hope, Jeanjean and Stolowy, 2007).

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OUTFLOW OF FOREIGN DIRECT INVESTMENT FROM INDIA: RECENT TRENDS AND PATTERNS

P. AROCKIA JULIET
ASST. PROFESSOR
DEPARTMENT OF COMMERCE
ARUL ANANDAR COLLEGE
KARUMATHUR

DR. K. UMA
ASST. PROFESSOR
DEPARTMENT OF COMMERCE
MADURAI KAMARAJ UNIVERSITY
MADURAI

ABSTRACT

Foreign Direct Investment is a backbone of each country's economic growth and development but India's economy has ups and downs in its growth since its liberalization in 1991 and hence initiated a slow of economic reforms. Overseas investment is one of the foremost steps to enter the Global market place. India's outflow foreign direct investment has grown very fast, especially since the global financial crisis erupted since 2008. This paper is organized into three sections. Motives of Policy regime, growth of FDI outflow in recent past, and trends and pattern of FDI Inflow and outflow.

KEYWORDS

FDI, outflow growth, trends and patterns, policy regime.

INTRODUCTION

Foreign Direct Investment started gradually increasing owing to the relaxations in overseas investment policy post 2004. FDI investment by India slowdown in 2007-08 and grownup in 2009-10 with investment of US$19,365 million abroad, so changes in policy environment across the economies has greatly influenced the outward investment pattern in the global economy. Indian companies going for abroad investments have largely used their locally incorporated overseas subsidiaries or have setup holding companies in offshore financial centre's or other regional financial centre's, therefore this present paper also discuss the growth of FDI outflow and to analyze the trends and patterns of inflow and outflow of FDI.

OBJECTIVES

1.   To study the motives for FDI outflow policy regime.
2.   To examine the Growth of FDI outflow in India - the recent past
3.   To analyze the trends and patterns of FDI outflow in India.

RESEARCH METHODOLOGY

This research is descriptive in nature. The data is secondary in nature. Tables have been used where ever required to depict statistical data of FDI during the study period. Secondary data used from
1.   Websites of RBI, DIPP, OECD; &
2.   Journals, books and magazines related to FDI in different sector; &
3.   Historical documents and other sources of published information.

MOTIVES FOR FDI OUTFLOW POLICY REGIME

The motives for outflow FDI policy of India follow a different view across industries and over time. However, certain factors stand out as the main drivers. The increasing quantity of home based Indian firms and their enhanced ownership specific advantages, including financial competence, are among the key drivers. In addition, the growing competitiveness of Indian firms involved in providing outsourced business and IT services to overseas clients has provided a push for these firms themselves to go offshore to operate in close proximity to their customers and to spread out their intensification opportunities in markets out of the country. The success of Indian firms as service providers in the outsourcing of IT services, BPO and call centre's by developed-country companies has exposed them to knowledge and methods for conducting international business, and induced outflow FDI through demonstration and spillover effect. Indian firms are investing abroad to access foreign markets, production facilities and international brand names.

For instances, Tata Tea acquired Tetley Tea for access to the Tetley brand name and market. Access to technology and knowledge has been a strategic consideration for Indian. FICCI (2006) has identifies a number of motives including access to foreign technology, sourcing of raw materials, and aspirations for global leadership. DIPP and other promotion board they involved in development of new policy regime.

GROWTH OF FDI OUTFLOW IN INDIA

Foreign Direct Investment started after India launched in liberalization in 1991. However India's performance in terms of attracting foreign investment has not been very encouraging. India's inflow FDI stock as 9 percentage of GDP in 2001. It is one of the lowest in the world. Factors which are determine the flow of FDI in tax Structure, Special programmers and schemes, Entry and establishment requirements, investment protection, technology transfer, natural resources and skill levels, incentives institutional mechanism. A more detailed examination of the patterns of outflow foreign direct investment has been carried out with the help of the UNCTAD database. Indian firms are also amongst those that have been investing since many years but their ridiculous growth at international level occurred especially after late 1990's, with an approval of DIPP Department of Industrial Policy and Promotion board. Indian firms investing abroad during the restricted phase were mostly conglomerates competing into those sectors that required simple technology, low product differentiation and more labor intensive techniques but they have worked in the developing countries more efficiently than the developed countries. The below table analyze the growth of FDI outflows in India in recent past years.

TABLE 1: GROWTH OF FDI OUTFLOW IN INDIA

YEAR	AMOUNT IN USD MILLION	% GROWTH	CUMULATIVE % GROWTH
2000-01	759	---	----
2001-02	1391	83	83
2002-03	1819	31	114
2003-04	1934	63	177
2004-05	2274	18	195
2005-06	5867	158	353
2006-07	15046	156	509
2007-08	18835	25	534
2008-09	19365	3	537
2009-10	15144	-100	437
2010-11	17195	14	451
2011-12	11097	-35	416
2012-13	7134	36	452

Source: RBI bulletin as on April 2016

The above table 1 clearly depicts the growth of FDI outflow in India, in the recent past years FDI outflow has gradually high during the year 2008-2009 and its growth rate is 3 percent and its cumulative growth rate is 537, because of global erection and during the year 2000-2001 there is an decrease in FDI outflows tends to 759 because only few Indian company got Licensed from foreign companies to make an agreement, there is a sudden decrease in the year 2012-2013 that is 7134 and its growth rate is 36 and its cumulative rate is 452, because of low product differentiation.

RECENT TRENDS AND PATTERNS OF FDI OUTFLOW IN INDIA

Foreign Direct investment plays an important role in development of any economy many countries provide many incentives for attracting the FDI. For need of FDI depends on saving and investment rate in any country. It fulfills the gap between investment and savings.

FDI net inflows are the value of inward direct investment made by non-resident investors in the reporting economy. FDI net outflow are the value of outward direct investment made by residents of the reporting economy to external economies.

Government policies have played a encouraging role in the initial move towards overseas expansions, Indian companies have more recently taken relatively stronger and strategic initiatives facilitate their overseas growth. Indian enterprises are enter Outflow Direct Investment in the form of overseas mergers and acquisitions provides a means of acquiring technology, brand and other competitive advantages overseas to survive in the global market place. Increased profitability of Indian companies is also a major reason for them to venture abroad.

Foreign Exchanges Management Act removed shareholding and business restrictions on TNCs. Further policies relating to foreign technology purchase and licensing were liberalized to improve access to foreign technology. Outflow investment by Indian enterprise was liberalized. These changes in national FDI polices were complemented by bilateral investment treaties and double taxation avoidance treaties.

TABLE 2: TRENDS AND PATTERNS OF FDI OUTFLOW IN INDIA

Year	FDI Outflow	Trend analysis
2000 – 01	75.9	258.1
2001- 02	139.1	387.8
2002- 03	181.9	517.5
2003- 04	193.4	647.2
2004- 05	227.4	776.9
2005- 06	586.7	906.6
2006- 07	1504.6	1036.3
2007- 08	1883.5	1166
2008- 09	1936.5	1295.7
2009-10	1515.4	1425.4
2010- 11	1719.5	1555.1
2011- 12	1109.7	1684.8
2012- 13	713.4	1814.5
Trend analysis is expected in 2020 = 2722.4		

Source: RBI bulletin as on April 2016

The above table 2 clearly shows that trends and patterns of FDI outflows in India. During the year 2008-09 there is an increase in trend patterns of FDI Outflows is 1936.5 and its trend value is 1295.7, because there are lot of mergers and acquisitions has followed in this year and FDI polices were complemented by bilateral investment treaties and double taxation avoidance treaties, so there is an increase in FDI outflows. And during the year 2000-2001 there is a decreasing in trend patterns of FDI outflows is 75.9 and its trend value is 258.1 because there is a business restrictions has passed by the FEMA when FDI outflows has entered. So there is a decreasing in FDI Outflow.

CONCLUSION

These studies revealed the impact that India is 21st largest outward investor across the world over the past decade, for development in the country's economic performance and the competitiveness of its firms, resulting from countries should have a high degree of trade openness are preferred destinations for India's outflow FDI, especially those that export technology and also multilateral free trade agreement with host countries are found to strengthen Outflow FDI form India. So that a good governance system to attract higher Outflow Foreign Direct Investment from India.

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CONCEPTUAL ISSUES: REGIONAL AND HUMAN DEVELOPMENT IN INDIA

DR. NEETU MISHRA
ASST. PROFESSOR
NARI SHIKSHA NIKETAN P.G. COLLEGE
KAISERBAGH

ABSTRACT
Balanced regional development has been one of the principal objectives of planned development in India. Despite the continued emphasis given to the attainment of regional imbalances, disparities still exist among States in India and among districts within the States. Various studies have been taken to measure and remove disparities at various levels. Prior to the 1970s, the level of development was measured only with the single indicator (income) and considered to be a material welfare. However, developments which consist of a multidimensional process, its impact cannot be explained by a single indicator. Therefore, the focus is shifted towards human development and has been used as a powerful tool to measure the level of development. It analyses the development not only increase in mere income but also the equal distribution of that increased income. Recent development experience, thus considered as an expansion of output and wealth as a means and the end of human development must be human being. It lags behind not only in terms of economic progress but in terms of development indicator of human development also. At the same time, it is felt that eenlargement of people choices can be achieved by expanding human functioning and capabilities. The present study is rather theoretical in nature and highlights the importance of regional economic and human development, makes a brief review of related literature with a view to defining the conceptual issues of regional and human development on the basis of above theoretical consideration.

KEYWORDS
India, regional development, human development.

INTRODUCTION
The problem of regional disparities in levels of development is not of the recent origin. Even during the first quarter of the 19th century, there were many countries like United States, Canada, United Kingdom, France, Netherland and Sweden which experienced its severity to considerable extent. Today, the problem of regional disparities has become the most crucial in almost all the countries of the world-whether developed or developing. Like other developing countries, India also suffers from the serious problem of regional disparities. Our successive Five Year Plans have highlighted the complexity of this problem in various pronouncements made in the plan documents. But the efforts made in the first three plans were primarily oriented towards achieving the objectives of higher growth rate. However, with the commencement of the Fourth Plan, planning for regional development, especially for backward areas, started receiving special attention. Despite the continued emphasis given to the attainment of regional balance, disparities still exist among the states in India and among districts within the state.

Even after six decades of experience in development planning in India, very little constructive action has been made to address regional aspects of development.[11] Consequently, policies and programmes for economic development of backward areas have been neglected which is also reflected in the words of Isard and Reiner (1961): "*Where adequate regional economic development plans and programmes are lacking the likelihood of success of national economic development programme is decreased and the overall gains from national investments reduced. Hence the nation suffers and since each region is part of the nation in general the region suffers too*"

The inter-regional disparity in the process of economic development is not particular to developed or developing countries. It is common to all economies irrespective of their stages of development or size of geographical area but may vary in accordance with their levels of growth. As Hemlata Rao (1977) states that "*the poor countries are characterized by large and growing regional disparities and the rich countries are generally characterized by small and diminishing gaps.*" This reveals the fact that low skilled population tend to get concentrated mainly in backward areas of some particular regions with agricultural and allied activities as their main occupation whereas highly skilled professional population tend to be concentrated in high developed areas, for example, Punjab is comparatively more advanced in agricultural production, Gujarat and Maharashtra in industrial activities and Kerala for educational achievements which implies that, the facilities such as housing, water supply, sanitation, health care, educational institutions, banking etc. may vary in accordance with the level of a region's development. It is found that economic activities get concentrated in the regions having greater locational advantage, such as skilled labour, adequate infrastructure and availability of raw materials nearness to market. It means some regions are more developed while some are backward. This may be natural due to unequal distribution of resources or may also occur due to neglect of some regions in terms of investment and development effort, leading to unequal economic and social development.

Regional disparities or imbalances refer to a situation where per capita income, standard of living, level of consumption, industrial, agriculture and infrastructure development are not uniform in different parts of a given region.[12] Regional disparities are a global phenomenon. Its extent may vary in different countries but its existence can hardly be challenged in any nation. Most of the countries of the world are experiencing the problem of regional disparities.

Disparities in economic and social development across the regions and intra-regional disparities among different segments of the society have been the major planks for adopting planning process in India since independence (N. J. Kurian, 2000). According to the Planning Commission, balanced regional development is the cherished goal of every nation in order to ensure its unity and integrity.

The report of World Bank 2008 found out that an income disparity measured in terms of Gini Coefficient has increased from 0.3152 in 1993-94 to 0.3676 in 2004-05 in India.[13] Further, Draft Eleventh Five Year Plan (2007-2012, VOL.1) has also observed that persistent regional disparities has continue to prevail in the country even after six decades of planned development. Unequal development in various factors such as infrastructure, urbanization and human capability act as an obstacle to balanced regional development which altogether cannot be abolished but can be minimized. In the recent years, various studies have been done by various economists, scholars to understand the causes as well as the nature of variations in levels and development across the regions (countries) which is very important because even small differences in the growth rates, if cumulated over a long period of time, may have substantial impact on the standard of living of people. (Barro and Sala-i-Martin,1995), leading to disparities. Inspite of considerable research made on the subject, much more remains to explore the causes and nature of differences in development in order to calibrate appropriate policies and programmes to achieve balanced regional development and to combat deprivation (poverty) by spreading the benefits of growth processes in different regions of India. Therefore, different economists have suggested different strategies to achieve balanced regional development and dealing with concepts of regional disparities.

REGIONAL DEVELOPMENT: CONCEPTUAL ISSUES
Before analyzing various concept of regional development in detail, it is considered worthwhile to briefly explain the term "region" and its types.

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[11] Diwakar, D. M, Inter-regional Inequality and Poverty in Uttar Pradesh, Economic and Political Weekly, 2006.

[12] Commission on Centre –State Relations, "Causative Factors Behind the Continued Backwardness of Certain States" Supplementary Volume II A, Research Study, March 2010, Pg 8

[13] Kumar Gaur, Achal, Regional Disparities in Economic Growth: A case Study of Indian States, St. Gallen, Switzerland, August 22-28, 2010, Working Paper, The International Assoiciation for Research in Income and Wealth

The concept of a region was introduced by the German, French and British Geographers in the 18th and 19th centuries. Region is defined as a large tract of land, a country, a more or less defined portion of earth's surface which is differentiated by certain natural features and climatic conditions. It is also defined as a contiguous area which has certain common characteristics or which is tied by extensive inter-areal activity and flow.[14] The word "**region**" is most often used to refer to a delimited part of the surface of the earth.

Joerg (1914) has observed that "any portion of the earth's surface where physical conditions are homogeneous can be considered as a region in the geographic sense. According to Encyclopedia of social sciences "a region is a homogeneous area with physical and cultural characteristics distinct from those of neighboring areas. If the factors like land reforms, climate, soil etc form the basis of delineation, we get physical geographic region, whereas, when purely cultural factors like language, religion etc are considered as classification, we get socio-cultural regions. In the same way, when dominant activities are considered as criteria, we arrive at economic regions, and when all the factors are taken into account, we get a "compage"[15].

However, in some cases a planning region can be small, say a city but a village cannot be (and, probably not even a cluster of villages) a planning region unless the objective is too limited. Ohlin (1967) observed 'region" to mean not only a particular geographical area but also an area in which the proportion of labour and capital have particular characteristics which distinguished it from other areas, either national or international.

In regional economies, a region is understood to be a sub-national areal unit. Scholars have defined regions according to their own objectives and convenience. Richardson (1973) classified regions under three categories, namely, Homogeneous, Nodal and Programming.

(i) In *homogeneous* region, the structure of employment, occupational pattern, migration, density of population has homogeneous characteristics in economic sense.

(ii) *Nodal/Heterogeneous* regions emphasize intra-regional spatial differentiations. A nodal region will have heterogeneous economy around it. Population and industries agglomerate and they will not be scattered over a region but will be concentrated in or around specific core region with higher per capita generation through higher production of goods and services.

(iii) *Planning or Programming regions* depends upon the type of multi-level planning in the country which further depends upon the geographical scope within which various developmental programme could be effectively organised and dealt with. Planning region for different activities can be different and regional plan is formulated on the basis of three major areas of operation and scale of development, i.e., Macro, Meso and Micro.

- **Macro-region** is naturally bigger. Macro-region can be a State or even groups of States, for example, In India, there are East, West, North, South and Central Zones. A macro region should have a common resource base and specialization in that resource base.
- **Micro-region** is a sub-division of macro-regions, such as, a state. It can be cultural or administrative region. In multi-level planning, district is the micro-region. It is the lowest territorial unit of planning which consist of dynamic types of production market relationship, labour supply etc. The basic features are its smallness.
- **Meso- region** is identified with a division of a state. For example, in Uttar-Pradesh, there are four economic regions comprising several districts in which there should be some identifiable affinity which may facilitate planning. It can also become nodal region provided the combined micro region or part thereof can be developed in a complementary manner.

Another classification of a region which is more common is between forward or developed region.

Forward or Developed regions- are naturally those which are having a high rate of accretion in goods and services, i.e, their share in the GDP of the country are relatively higher. A developed region is one, which has exploited its potentialities fully with maximum efficiency.

Backward Region- They are depressed regions in the developing as well as the developed economies. Regions where the potentials of the development are not fully utilised or under utilised or where economy is largely subsistence one. Lack of infrastructural facilities, adverse climatic conditions, low rate of investment, high rate of growth of population, low level of urbanisation are the causes and consequences of backwardness.

The term *regional development* can be defined as a process of development pertaining to a particular part of a country called "region". It can be seen as the process of development in a particular area or a region. It can have both absolute and relative connotations. In absolute terms it refers to the development within a particular region whereas, in relative sense, it means comparing the backward region with the prosperous region of Nation as a whole on the basis of socio-economic indicators. Friedman (1970) defines regional development as a result of getting located in a particular area due to different regional attractions. Shifts in the location pattern have direct repercussions on income, employment and welfare. Since spatial organisation is a function of activity and interaction pattern, regional development is simply an expression of these patterns. According to him, regional development involves a number of interrelated processes including economic, social and political processes within the spatial framework. He further emphasized that sustained economic growth is the fundamental phenomenon which leads to the balanced regional development.

Regional development is about the geography of welfare and its evolution. The concept is not static in nature, but refers to complex dynamics of regions. Regional development is clearly a multi-dimensional concept with a great socio-economic variety which is determined by a multiplicity of factors such as natural resource endowments, quality and quantity of labour, capital availability and physical infrastructure and technological infrastructure and progress, and so forth.

The concept of regional development has gained prominence only after the Second World War. Several theories and models have been developed to provide insight into the analysis of regional economic growth. In recent years, the conceptual widening has taken place with some important components being further incorporated. There are some economic development theories, starting with classical economists who thought that market forces would bring equilibrium auto-matically in the sense that labour would migrate from low wage region to high wage region whereas capital will flow in the opposite direction i.e., from high wage region to low wage region. According to Karl Marx, regional disparity is the characteristic feature of capitalism which would result in uneven distribution of wealth and capital with an incentive for pushing wages to the subsistence level [Martin and Sunley (1998), Dunford and Smith (2000)]. The neo-classical growth models (Solow, 1956, 1957, 1970), Cass (1965), and Koopmans (1965)], state that per capita growth rate tends to be inversely related to the starting level of output/income per head and poor economies grow faster than rich ones. They, however, were more optimistic about market forces and postulated that regional inequality is a passing phase. (Smith, 1975) [16]

Kuznets hypothesis (1963, 1995) established the relationship between inequality and average well being for two sector economy, which maintains that given a two-sector economy with not too distinct degrees of sectoral mean incomes, a perennial shift of population from one sector to another will initially raise aggregate inequality and it will decrease at later stage. This is the famous that is also known as "Inverted U" hypothesis or Kuznets cycle.

Neo-Keynesian growth models opine that a reduction in concentration raises the real wage and provides a redistribution of income which leads to higher capacity utilisation and higher rate of economic growth.

According to Growth Pole theory, (Perroux1955), development of a region, growth of income and of living standard is only possible if it leads to rise of one or more centers with economic power (Growth pole).[17]The basic feature of this model is that growth does not appear everywhere at the same time, it manifests itself in points or poles of growth which means that economic development and growth is not uniform over an entire region, but instead takes place around a specific pole. And because of agglomeration economies near the growth pole, regional development is unbalanced.

Theories of dualism emphasized the existence of sharp differences in the organisation, and degree of development between the modern and traditional sectors of under-developed areas and envisaged a progressive expansion of the former at the expense of the latter. A classic example is the Lewis model (1954) which

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[14] Wrobel Andrzej, "Regional Analysis and the Geographic Concept of Region." Papers in Regional Science, Vol 8, Issue 1, Pg 37-41, January 1962

[15] R.P. Mishra, "On the Concept of Region and Regional Planning", in R.P. Mishra(ed), Regional Planning – concept, Techniques, Policies and Case Studies, Concept Publishing Company, New Delhi, revised edition, 1992.

[16] Kumar Gaur Achal, "Regional Disparities in Economic Growth: A Case Study of Indian States, St. Gallen, Switzerland, August 22-28,2010, Paper presented in The International Association for Research in Income and Wealth

[17] Centre (poles or focii) from which centrifugal forces emanate and to which centripetal forces are attracted. Each center being a center of attraction and repulsion has its proper field which is set in the field of all other centers."

rested on the idea that there was disguised unemployment in the traditional agricultural sectors/rural areas; so that the transfer of surplus labour from the agricultural sectors/areas to the modern sectors/ more developed areas would leave agricultural outputs unchanged yet increase the output of the modern sector and eventually the dualism will disappear with commercialization of agriculture leading to regional disparities.

A common thread running through these theoretical considerations is that analysis of disparities has been limited to dualistic development in terms of income differentials only. As is well documented, income alone cannot be taken as a true measure of development. Since development is a multidimensional process and its impact is not fully captured by a single indicator, inter-regional variations in it should be expressed in terms of multiple socio-economic indicators. Therefore, the scope of measuring regional disparities should be broadened keeping in mind the objective and purpose of the study. For example, there are many states in India i.e. Maharasthra which are having high per capita incomes, but at the same time are also having several backward districts.

CONCEPTUAL ISSUES OF HUMAN DEVELOPMENT

The paradigm of development has shifted from a mere material progress to socio-economic progress in recent years. Prior to 1970s levels and rates of growth of GNP and real per capita GNP were used as a measure of overall economic well-being of a population. For example, in Indian planning the term development was conceived strictly in an economic sense as the capacity of the national economy to generate and sustain an annual increase in its gross national product (GNP) at the rate of 5 to 7 percent or more However, in seventies this narrow definition of development was considered inadequate because the masses were deprived of the gains of high growth and the problems of poverty, unemployment and inequality were given secondary importance. As a result, alternate theories of development which concentrated on enhancement of well being of people emerged.

ILO and World Bank(1976) emphasized a basic needs approach and Morris D. Morris (1979) came up with PQLI which was a simple aggregates of IMR, Life Expectancy and literacy rate.[18] However, this measure left out the economic aspect of development. After much deliberations and careful thought, a new measure of development called Human Development Index (HDI) was developed by Mahbub-ul-Haq.[19] This measure of development gained wide acceptance as a summary measure.

Since the objective of development of a nation is to improve the welfare of the people, every nation strives hard not only to increase her wealth and productive resources but also to ensure better standard of living of her citizens by providing them with adequate food, clothing, house, medical facilities, education etc. Of course, people want higher incomes as one of their options; it is neither the sum total of human life nor the end itself. Thus expansion of output and wealth is only a means; end of development is the welfare of human beings. To measure the welfare of the people, UNDP in its first report on human development (HDR, 1990) introduced the concept of HDI with elaborate methodological framework. It was introduced as a composite measure of economic progress and human welfare and intended to be a better substitute to per capita income measure that could neither capture nor exhibit exact level of well being nor that of nation. UNDP defines human development "as the process of enlarging people's choices. The most critical of these choices are to live a long and healthy life, to be educated and to have access to resources needed for a decent standard of living. The major elements of human development are productivity, sustainability and empowerment. UNDP has developed a set of composite indices such as HDI, HPI and GDI for measuring the level of development and disparities among the countries in the world. These composite indices are so popular and useful that many countries have carried out such exercise on smaller regions within their country. The UN has declared the 1990's as the decade for human development. It was Prof. Amartya Sen who played the pioneering role in the development and articulation of the concept of human capability.

REVIEW OF LITERATURE

Since the inception of planning in India, objective of balanced regional development has been emphasized and included as one of the objectives of social goals in the planning. The government of India has appointed several committees to suggest measures for balanced regional development in the country. Some of the famous ones are B.D Pandey Committee, Wanchoo Committee (1968), D.P.A.P (Drought Prone Area Programme), H.A.D.P(Hill Area Development Programme),1969 etc.[20]

The problem of regional imbalances began to receive attention in the western world during the 1930's due to socio-political considerations besides economic and welfare implications. Thus, balanced regional development is not only socially desirable but also economically imperative. (Nath, 1970: Singh, 1985). A large number of studies, both at the national and international level have dealt with the problem of regional disparity.

Myrdal (1957) in his Cumulative Causation theory explained the impact of a growing region on an economy with help of the two opposite kinds of forces i.e., the backwash effect and spread effect. The former refers to all adverse effects and the latter to the growth propelling effects. Once growth takes place in a region, the interaction of these two forces will determine the movement of the national economy either towards equality or inequality. He also mentions that the backwash effects are on an average more powerful than the spread effects. Hirschman (1958) also found that the polarization effects are stronger than the trickle down effects in the earlier stages of development of a nation. According to him, "inter-regional inequality of growth is an inevitable concomitant and condition of growth itself." However, he came to a conclusion that trickle down effect would eventually gain an upper hand, if a more developed region had to rely to a large extent on less developed regions products for its own expansion. His formulation gives rise to a hypothesis of an inverted 'U'-shaped curve between the extent of regional disparities and the level of national development.

Isard and Reiner (1961) observed in their study that the polarization of the economic growth in a nation may largely be due to unequal distribution of know-how and labour skills among regions and unequal access to major markets including foreign markets. Hughes (1961) states that regional disparities diverge in the process of economic development due to the free market system of organisation, by which advanced region grows much faster than the backward region as a result of which income differentials tend to become self-perpetuating unless some exogenous factors are brought to play to offset market forces. Williamson (1965) also found out that regional disparities follow an inverted U shape trend. In the initial stages of development, disparities tend to increase substantially, and eventually with further development the growth rates of different regions converge and disparities tend to minimize. The main factors incorporated in his analysis were labour migration, inter-regional linkages and government policies which shows that if there were no technological progress, then the effect of diminishing returns would eventually cause economic growth to cease. (Swan,1956)

Rao (1989) analysed the trends in income inequality on the basis of new industrialised countries(NICs) and four middle income countries of Central Asia during the period 1965-84 and observed that high rate of economic growth leading to substantial employment expansion reduced poverty significantly. Federov (2002) in his study highlighted the growing regional inequalities in Russia in the year 1999. This study shows that regional inequalities and polarisation during the transitional period in Russia had increased significantly. Vanderpnye-Orgle (2002) after analyzing a number of studies on the growing regional disparities in Ghana, estimated the growing trends in spatial inequalities and polarisation in Ghana during the period of stabilisation and concluded that regional inequalities increased during the initial stages, followed by a short period of decline.[21] Wei and Kim (2002) states that the increasing regional inequality is widely considered to be the reason for the existing regional problems in China and an obstacle to its stability and development.

The new growth theories attribute rise in per capita incomes to the 'endogenous factor of the behavior of the people responsible for accumulation of factor of production and knowledge. The departure of these endogenous growth theories from the conventional 'neo-classical' theories is the fact that the latter assumed capital and labour productivity to increase from an "exogenous" factor, technological progress. But the unanswered question of how to accelerate technological progress resulted in the emergence of the new growth theories that brought into analysis the human-capital dimension. In Romer endogenous growth model[12],

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[18] UNDP (1990)National Human Development Report, Technical Notes
[19] Fukuda –Parr Sakiko, "The Human Development Paradigm: Operationalizing Sen's Ideas on Capabilities, 2003
[20] Report of the Inter-Ministry Task Group on Redressing Growing Regional Imbalances, Planning Commission, January, 2005
[21] Noorbakhsh Farhad, Human Development and Regional Disparities in India, Centre for Development Studies, Department of Economics, University of Glasgow, 2005

knowledge is the ultimate determinant of long run growth being itself determined by investment in research. Due to spill-over benefit of knowledge, the advantages of investment in research by a particular firm get disseminated to others firm in the economy as well leading to economic development.[22] Bringing out the importance of improvement in the quality of human capital in the process of economic growth, Lucas (1988) emphasized upon the investment on education. According to him, the development of human capital has both internal as well as external benefits. While the former refers to increased productivity of the particular human resource, latter refers to spillover effect which causes productivity gains to other worker and physical capital as well.

A number of studies on regional disparities for India and its States have also been undertaken. A study by Mishra and Vajpayee (1991) analyses the disparity in the level of industrial activities in Eastern and Western Uttar Pradesh and found out that regional disparities have increased overtime. Most forward western region is in an economically better position in terms of industrial activities. Kantawala and Rao (1992) analysed the intra-state disparities in sectoral development in India during 1970-71to1985-86 on the basis of eight agricultural indicators, twelve industrial indicators and six indicators of service sector and observed that the disparities in the agricultural sector had increased overtime.

Mazumdar (1993) made an attempt to analyse the inter-state disparities in per capita state domestic product (PCSDP) for the period 1960-86 and found out that regional disparities have increased overtime. According to Salai-Martin (1995), there are two views in the context of regions on how the process of catching up and convergence takes place; alpha convergence, where poor region will tend to grow faster than the more developed region (as the diminishing marginal returns to capital prevail in the latter region) and sigma convergence occurs if the dispersion measure, i.e. Standard Deviation of per capita income across a group of regions declines overtime.

Rao (1995) analysed inter-state disparities in the level of industrial development over the period 1970-71to 1985-86 and concluded the magnitude of disparities tended to decline between different states. Dreze and Sen (1996) writing about economic development and social opportunity observed sharp variations in regional development in India and remarked that the Nation could emulate the achievements of Kerala in expanding social opportunities to the poorer sections and thereby achieving a faster pace of growth in human development. Das and Barua (1996) examined the pattern of regional inequalities among 23 states in India during 1970-92 and found that the regional disparities had increased over the selected period in case of all the sectors. Datt and Ravallion (1998) concluded that endowment of physical infrastructure and human resources played a major role in poverty reduction. They found out that disparity in living standards among different regions and between the urban and rural sectors increased in the country during the study period. N.J. Kurian (2000) in his study, analysed disparities in terms of demographic indicators, female literacy, state domestic product and poverty, development and non-development expenditure by state government, shares in plan outlay and found out that disparities are widening. Some other important studies were by Sampath (1977), Nair (1982), Raj Krishna (1980) and Mahajan (1982) shows that regional disparities have been on the increase from mid50's to early 70's. The studies by Nair (1985), A.K. Singh (1985), Hemlata Rao (1985,1999, 2005), R. T. Tewari (1985), (1977), Cashin and Sahay (1996), Dasgupta (2000), Kurian (2000), Ahluwalia (2000), Sachs (2001), Dadibhavi (1989) observed an inter-state disparities in India for 16 major states for the year 1960-61 and 1980-81, by applying simple regional quantitative measures like C.V, Correlation coefficient and reported that inequalities among states have been growing.

Following the broad framework of UNDP methodology with some country specific variation, country wise HDR's are also being brought out from time to time. In case of India, Planning Commission brought out NHDR for the first time in 2001. In recent years' state wise HDR's are also being brought. For Uttar-Pradesh, two HDR's have already been brought out by UNDP for the years 2000 and 2006. Since 1990's HDR's are being published regularly by UNDP, all the countries of the world are ranked as per their HDI value in which it ranked 13th position to U.P, whereas Kerala, Punjab and Tamilnadu are the three top ranking states in terms of HDI both in 1991 and 2001, although U.P improved its rank from 14th position in 1991 to 13th position in 2001, it continues to be in the lower cluster of States, along with Bihar, MP, Rajasthan and Orissa which close to just half that of Kerala's. (NHDR 2001)

Dalal (1991) observed that Indian development goals have been in tune with the Human Development Report. There has however been a significant failure in the implementation of well-constructed policies as a result of lack of political will and administrative inefficiency.

Shiva Kumar (1991) ranked 17 Indian major states by constructing the HDI using UNDP's methodology. He compared the ranking of these states with the ranking of the countries appeared in the report of UNDP. Another subsequent study of Shiva Kumar (1996) revealed that state like Haryana and Punjab despite being relatively high-income States were facing the problem of serious gender inequality in basic capabilities and found that the 13 countries in the world had a lower value of GDI than that of the States like Bihar and Uttar-Pradesh which is considered to be a serious problem of human development at the global level. Vyasulu and Vani (1997) conducted a study of human development in Karnataka using HDI. While making concluding remarks they suggested that sustained political support to an across-the-board improvement in each district was essential if the HDI was to show improvement. The study of NCAER in 1994 revealed that although relative differentials existed, absolute deprivation was high in most parts of rural India. Among the social groups, the poor spent disproportionately large amount on health and education (NCAER1999). Zaidi and Salam (1998) in their study correlated various indices denoting life expectancy, educational attainment and real GDP per capita to other parameters of the economies of 15 major states of India for finding out the causes of varying values of these indicators in different states. The study revealed that public expenditure had a more close association with educational attainment than it had with life expectancy as the latter is influenced by multiplicity of factors like heredity, race, climatic and environmental factors apart from public expenditure on health, nutrition and sanitation etc.

Viswanathan (1999) in her study, for the state of Madhya Pradesh, highlighted the fact that higher incomes do not always yield higher human development, and that higher human development does not always mean equal benefit to men and women. National Institute of Rural Development (NIRD 1999) conducted a study for the major states of India for the years 1961, 1971, 1981 and 1987-88 revealed that HD scores had gone up in all the states overtime. The poverty stricken states like Bihar and U.P were at the lower rung and Gujarat made considerable progress on HDI. The ranking of states on HDI changed significantly during the last three decades. Rao (2000) made an attempt to bring out the insights provided by the human development report for the state of Karnataka. His study revealed that the state was lagging behind even in achieving what is regarded as minimum essentials norms of human development.

Mahanty (2000) conducted a study with an alternative set of indicators for Andhra Pradesh for the years 1982-83, 1987-88 and 1992-93 using five different methods of index He found that while the pattern of human development was relatively stagnant, some districts were lagging behind. The UNDP (HDR2003) for the first time devoted an entire chapter on human development to the North East India, particularly on literacy rates and the status of women and identified various factors which have contributed to the dismal situation in the region. Dholakia (2003) in his study examined the trend in regional disparity in India's economic and human development over the past two decades and found that there is a two-way causality between the economic and human development and concluded that the structure of the relationship varied over time when human development indicators were the cause and per capita income was the effect, whereas, in reverse case, the structure of the equations was found to be stable overtime. Using the similar methodological framework, Mehta (2003) observed that the relationship between economic growth and human development is relatively independent in the short run where as in the long run definite linkages between the two exist. He concluded that the links from human development to economic growth are stronger where as the reverse links from economic growths to human development are weak. Vijaybhaskar et al (2004) in their study while highlighting the key findings of the Human Development Report of the state of Tamil Nadu and concluded that there is a vast inter-district and intra-regional differences across gender and caste in human development achievements. Similarly, Rajshri Majumdar (2004) in his paper entitled, "Human Development in India: Regional Pattern and Policy Issues" has found that states like Kerala, Maharashtra and Himachal Pradesh put up good performance regarding social and human development indicators and concluded that Kerala has not been able to convert its social development into economic progress, while Gujarat inspite of its having low HD ranks have good ranking in PCNSDP. Nayak and Thomas (2007) conducted a study on human development by constructing HDI for all the seven districts of the state of Meghalaya and analysed the status and trend of human development and deprivation in Meghalaya using both primary and secondary data and concluded that a low level of human development in the state accompanied with considerable degree of unevenness between urban and rural areas across different districts and also between genders in the state.

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As has been brought out in the proceeding paragraphs, new development paradigm treats human beings as a major beneficiary of the development process rather than as mere means. A Nation has to achieve a comfortable level of material well being (threshold level of income) to achieve a certain level of human development. Various HDRs brought out by UNDP have continued to underline the fact that rankings by HDI do not always match the income rankings. It has been shown that the countries having similar levels of income and growth can vary quite significantly when it comes to rates of advance in human development.

CONCLUSION

As a matter of fact, the regional disparities are now a matter of serious concern. It is well known that in a large economy, different regions have different resources bases and endowments. When development over different regions occurs unequal, it becomes politically imperative to resort to corrective policy measures. It is necessary to find out whether growth rate in different regions would converge or diverge. Further, whether the reduction in regional disparities has resulted in the attainment of human development in the economy. The experiences of various countries have, however, shown that for the sustainable growth in both human development and economic growth, further advances in these two variables are *sine-qua-non*.

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PROGRESS OF SELF HELP GROUPS IN EXTENSION OF MICRO CREDIT IN INDIA: AN OVERVIEW

DR. A. VENKATA RAMANA
ASST. PROFESSOR OF ECONOMICS
KAKATIYA GOVERNMENT COLLEGE
HANAMKONDA

ABSTRACT
SHGs were emerged along the lines of "Community Driven Development" with main focus on financial intermediation. Self-Help Groups (SHGs) rose to prominence with National Bank for Agriculture and Rural Development nurturing them in a large scale and Reserve Bank of India allowing them to open a savings account. Women played a prominent role in setting up and managing SHGs. SHGs are perceived as a dais for empowering women through financial inclusion and social development. In this context this paper intends to understand the SHGs, to examine the Evolution of SHGs and to assess the performance of SHGs in India with special reference to Andhra Pradesh and Telangana. The synchronised efforts taken with coordination of all stake-holders, capacity building of bankers and village level meets with SHGs have shown better performance of SHG-Bank Linkage Programme during 2015-16. SHGs having savings linkage increased to 79.03 lakh as on 31 March 2016 from 76.97 lakh. The sphere of SHGs consists of 85.6% exclusively women groups which play a crucial role in empowerment of the poor rural women. The number of SHGs with savings linkage, credit disbursed and bank loans outstanding as well as the quantum of savings, loan disbursed and total loan outstanding had shown positive growth during the past three years.

KEYWORDS
micro credit, SHG-BLP, savings, credit disbursement, credit outstanding, NPAs.

INTRODUCTION
Self Help Groups (SHGs) were started, with the global emergence of micro-finance, as the way out for financial inclusion of rural and urban poor in developing nations. The SHGs were emerged along the lines of "Community Driven Development" with main focus on financial intermediation. Self-Help Groups rose to prominence in 1991 with NABARD encouraging SHGs on wide range and RBI allowing them to open a savings account. Women played a prominent role in setting up and managing SHGs making success. At present, 90% of all the SHGs in India exclusively women SHGs. SHGs are perceived as a best way for empowering women through financial inclusion as well as social development. The empowerment of women through Self Help Groups (SHGs) would benefit not only to the individual woman but also for the family and society through collective action for development. Self Help Groups have linkage with Non-Government Organizations and banks to get finance for development. The Government, NGOs and international agencies seek to improve the existing infrastructure and strong participation of women. To promote this, programs such as Deen Dayal Antyodaya Yojana- National Rural Livelihood Mission (DAY-NRLM), DAY-NULM (for Urban areas) and SGSY have been launched which envisage SHGs to be an effective tool in poverty eradication and livelihoods generation. In this context this paper intends to understand the SHGs, to examine the Evolution of SHGs and to assess the progress of Self Help Groups in India with special reference to Telugu states i.e. Andhra Pradesh and Telangana on the basis of the reports of NABARD.

SELF HELP GROUPS
Self-Help Group is a small voluntary association of poor people preferably from the same socio-economic background for improvement of the social and economic status of the members. They come together for the purpose of solving their common problems through self-help and mutual help. The micro-credit given to them makes them entrepreneur activities. It has the experience that women's groups are better in all the important activities of SHGs. SHG Members agree to contribute regularly to a common saving fund. The members agree to use this fund and such other funds (like grants and loans from banks), which they may get as a group to provide small loans to needy members as per the decision taken by the group. The concept of SHGs underlines the principle of Thrift, Credit and Self Help.

EVOLUTION OF SELF HELP GROUPS
The Self Help Groups system is the brain child of Grameena Bank of Bangladesh, which was founded by Prof. Mohammed Yunas, Chittagong University in the year 1975. In 1987, NABARD first put funds into the SHG movement granting one million rupees to MYRADA, an NGO to identify affinity groups, build their capacity and match their savings after a period of 3 - 6 months. As a result of the feedback from this initiative, in 1989 NABARD conducted an action research project and in 1990 RBI accepted the SHG strategy as an alternative credit model (A K Singh *et al*, 2014). Later, NABARD initiated SHG–Bank Linkage Programme (SBLP).

SHG-BANK LINKAGE PROGRAMME
The SHG–Bank Linkage Programme (SBLP) is the bank-led microfinance channel which was initiated by NABARD in 1992. It was indeed the pilot of the SHG-Bank Linkage Programme. The SHG-Bank Linkage Programme was earlier slow, but has been speeding along since 1999. Under the SHG model the members, usually women in villages are encouraged to form groups of 10-15 members. The group members contribute their savings periodically and from these savings small loans are provided to the members. Later, these SHGs are sanctioned with bank loans generally for income generation purpose. This model has been very much successful in the past and became more popular. The SHGs are self-sustaining and once the group becomes stable it starts working on its own with some support from NGOs and institutions like NABARD. The rural poor, who are unbankable prior to the SBLP, now constitute an incredible 4.4 million SHGs having credit outstanding of more than Rs. 51,545 crores with the formal lending institutions. About 1.6 million SHGs had benefitted credit support of Rs. 27,582 crores from various banks during the year 2014– 15, at an average of Rs.1.70 lakh per SHG.

PROGRESS OF SHG–BANK LINKAGE PROGRAMME
The synchronised efforts taken with coordination of all stake-holders, capacity building of bankers and village level meets with SHGs have shown better performance of SHG-BLP during 2015-16. The number of SHGs having savings linkage increased to 79.03 lakh as on 31 March 2016 from 76.97 lakh in last year. There was a net addition of 2.06 lakh SHGs during the year. The sphere of SHGs consists of 85.6% exclusively women groups which play a crucial role in empowerment of the poor rural women. Out of the total SHGs, 34.57 lakh SHGs are NRLM linked while 4.46 lakh SHGs are with NULM. During the year 2015-16, the coordination between NABARD and NRLM ensured that SHGs to get more bank loans. The number of SHGs having savings with banks, availing bank loan, total amount of credit disbursed by banks as well as the average credit disbursement to SHGs in Andhra Pradesh and Telangana are shown in Table-1 to Table-5.

Table-1 gives an account of savings, credit disbursement and credit outstanding of total SHGs, women SHGs, SHGs under NRLM and NULM during past three years in India. The total SHGs are 74.3 lakhs in 2013-14 which increased to 76.97 lakh and 79.03 lakh in years 2014-15 and 2015-16 respectively. The percentage of women groups is 84.15, 86.41 and 85.58 in the years 2013-14, 2014-15 and 2015-16 respectively. The SHGs savings amount with banks is Rs. 9897.42 crore, Rs. 11059.84 crore and Rs.13691.39 crore in the years 2013-14, 2014-15 and 2015-16 respectively. The saving amount of SHGs with bank is increased 23.79 percent in 2015-16 compare to previous year. About 43.74 percent of total groups have savings with banks under NRLM and they have 41.16 percent (Rs.6244.97 crore) of total savings. During 2014–15, there was net addition of 2.6 lakh SHGs with savings linkage. The credit disbursement increased by 14.8 per cent over previous

year, whereas, the total outstanding of institutional credit to SHGs increased by 20 per cent and SHGs' savings balance with banks went up to Rs. 11,060 crore. The progress confirms growing strength of SBLP.

During the year 2015-16, 18.32 lakh SHGs were disbursed bank loan of Rs. 37, 287 crores. It is 13.66 lakh groups and Rs.24027.36 crores in 2013-14 while 16.26 groups and Rs.27582.31 crores in 2014-15. There was overall 35% increase in the amount of loan disbursed by banks to SHGs during the 2015-16 compare to previous year. The average loan disbursement per group during 2015-16 was Rs. 2.03 lakh which showed a healthy increase of 20% from Rs. 1.69 lakh during 2014-15. About 44.5% of total SHGs receiving bank credit during the year were covered under NRLM and they availed 45% (Rs. 16,786 crore) of the total amount disbursed. The loan disbursement is increased 40.92 percent (Rs.34411.42 crore) in Women SHGs in 2015-16. The loan outstanding against SHGs in 2015-16 is increased 10.81 percent (Rs.57119.23 crore) to the last year. It is increased 12.04 percent (Rs.51428.91 crore) in women SHGs. About 46.89 percent of total groups covered under NRLM have 46.59 percent (Rs. 26620.16 crore) of total outstanding loans.

The table-2 explains SHGs saving linkage with banks. In Andhra Pradesh, it is found that Public Sector Commercial Banks has major savings linkage with 86.14 percent. In case of Regional Rural Banks, it is 12.02 percent. Private Commercial Banks and Cooperatives have meagre share with 0.04 percent and 1.78 percent respectively. The bank linkage proportion of SHGs with Public Commercial Banks in Telangana is 82.43 percent while it is 14.51 percent with Regional Rural Banks. And the linkage with cooperatives is 3.06 percent while it is negligible (0.003 percent) with Private Commercial Banks. At all India level, it can be perceived that the saving linkage of SHGs with Public Sector Commercial Banks (62.92 percent) is higher than those of other financial institutions i.e. Private Sector Commercial Banks (3.07 percent), Regional Rural Banks (18.14 percent) and Cooperative Banks (15.87 percent). The exclusively women SHGs and SHGs linked with NRLM also have same trend in Andhra Pradesh and Telangana in the similar line as at all India level. It shows that it is public sector and Regional Rural banks that are playing key role in the functioning of SHGs.

Table -3 reveals the progress under Micro Finance – Bank loans disbursed by various banks to SHGs during 2015-16. In Andhra Pradesh, Total 404071 SHGs disbursed loans of Rs. 1150547.7 lakhs to members. Out of total SHGs 379441 exclusively Women SHGs disbursed loans of Rs. 1083405.5 lakh. A total 234666 SHGs covered under NRLM/SGSY scheme disbursed Rs. 659931.33 lakh loans to members. Public Sector Banks disbursed Rs. 830234.36 lakh (72.16 percent) loans to 290875 SHGs. The loan disbursement pattern indicates that 26.51 percent loan disbursement is through Regional Rural Banks while it is 1.31 percent in case of cooperative banks and negligible (0.03 percent) in Private Sector Commercial Banks. In Telangana also the major share in loans disbursement is by Public Sector commercial banks (54.56 percent) and Regional Rural Banks also significant with 43.97 percent disbursement. The same pattern is prevailed in case of exclusively women SHGs and SHGs under NRLM/SGSY.

During 2015-16, Commercial Banks had disbursed Rs. 25185 crores (17334 crores in 2014-15) to 11.32 lakh SHGs (8.56 lakh in 2014-15) with an average of Rs. 2,22,482 (Rs.2,02,567 in 2014-15) per SHG, against national average of Rs. 2,03,495. Commercial banks accounted for 67.5% of bank loans disbursed to 61.8% SHGs during the year. The share of RRBs in credit disbursement to SHGs stood at 24.6%. However, the number of SHGs declined substantially to 25.7% from 32.1%. The average loan disbursement by RRBs during the year was Rs.1,94,833. The share of Cooperatives both in number of SHGs provided bank loan during the year as well as the quantum of loan disbursed declined in 2015-16 as compared to previous year. The average loan per SHG provided by Cooperative banks was Rs.1,27,894.

Table-4 reveals the progress under Micro Finance – Bank loans outstanding against SHGs as on March 31, 2016. The outstanding loans in Andhra Pradesh against SHGs are high with Public Sector Commercial banks (70.74 percent) and Regional Rural Banks (28.13 percent). It is meagre in case of Private Commercial Banks (0.02 percent) and Cooperative Banks (1.11 percent). The same trend is recorded in case of women SHGs and SHGs linked with NRLM. In Telangana also SHGs with Public Sectors Commercial Banks and Regional Rural Banks have more outstanding loans with 59.58 percent and 39.01 percent respectively. There are no outstanding loans with Private Commercial Banks in Telangana while it is very low with Cooperative Banks 1.41 percent. All India figures also stressed that Public Sectors Commercial Banks and Regional Rural Banks have major share in loans outstanding. The number of SHGs having loan outstanding as on 31 March 2016 increased in all categories of banks. The increase was more prominent in case of RRBs from 12.7 lakh a year back to 14.4 lakh. Commercial Banks accounted for about two thirds of the bank loan outstanding under SHG-BLP. The average loan outstanding in case of Commercial banks was Rs.1,41,433 where as it was Rs.1,11,447 in case of RRBs and Rs. 64,321 in case of Cooperatives. Low average lending by Cooperatives was the cause of low credit outstanding in case of Cooperative Banks.

Table 5 gives an overview of the details of the NPAs in Andhra Pradesh. NPAs of Private commercial banks are higher than those of public commercial, RRBs and cooperative banks. In the Telangana State too, the NPAs stand nearly at same rate as those of same category banks. Overall NPAs in AP and Telangana States are 3.22 and 2.59 respectively, which are half of the rates of NPAs At all India level in case of SHGs (6.45) and in case of gross NPAs (6.1) in the same period. It follows from this fact that the performance of the SHGs in minimizing rate NPAs is appreciable.

SUGGESTIONS AND CONCLUSION

SBLP should be taken up for deepening and widening of access to financial services, covering all eligible poor rural households in the country with a focus on resource poor states. Training efforts are needed to support the SHGs and understanding each other's views. The focus should be on encouraging the Private Sector Banks as well as Cooperative Banks to come in to the main stream of assisting SHGs movement and improve their share in savings, disbursement of credit. SHG-BLP is a strong intervention in financial inclusion for the bottom of pyramid and is a proven platform for increasing the outreach of banking services amongst the poor. The SHGs are playing significant role in catering credit needs of poor people and marginalized section people in the society. The performance of SHGs with regard to the bank linkages, disbursement of loans and recovery of loans leads us to conclude that SHGs are functioning well in the direction of the objectives for which they are established. Year 2015-16 was particularly positive for the growth of SHG-BLP. In turn it will promote the economy of the country by its contribution to rural economy.

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TABLES

TABLE 1: OVERALL PROGRESS UNDER SHG-BANK LINKAGE PROGRAMME DURING PAST THREE YEARS (Numbers in lakh/Amount Rs. crore)

Particulars		2013-14		2014-15		2015-16	
		No. of SHGs	Amount	No. of SHGs	Amount	No. of SHGs	Amount
SHG Savings with Banks as on 31st March	Total SHG Nos.	74.30 (1.53%)	9897.42 (20.45%)	76.97 (3.59%)	11059.84 (11.74%)	79.03 (2.68%)	13691.39 (23.79%)
	All women SHGs	62.52 (5.27%)	8012.89 (22.99%)	66.51 (6.38%)	9264.33 (15.61%)	67.63 (1.68%)	12035.78 (29.92%)
	Percentage of Women Groups	84.15	80.96	86.41	83.77	85.58	87.91
	Of which NRLM/SGSY	22.62 (10.46%)	2477.58 (36.01%)	30.52 (34.92%)	4424.03 (78.56%)	34.57 (13.27%)	6244.97 (41.16%)
	% of NRLM/SGSY Groups to Total	30.45	25.03	39.65	40.00	43.74	45.61
	Of which NULM/SJSRY	NA	NA	4.33	1071.81	4.46 (3.00%)	1006.22 (6.12%)
	% of NULM/SJSRY Groups to Total	NA	NA	5.63	9.69	5.64	7.35
Loans Disbursed to SHGs during the year	Total SHG Nos.	13.66 (12.02%)	24017.36 (16.67%)	16.26 (19.03%)	27582.31 (14.84%)	18.32 (12.67%)	37286.90 (35.18%)
	All women SHGs	11.52 (11.02%)	21037.97 (17.83%)	14.48 (25.69%)	24419.75 (16.07%)	16.29 (12.50%)	34411.42 (40.92%)
	Percentage of Women Groups	84.3	87.6	89.05	83.53	88.92	92.29
	Of which NRLM/SGSY	2.26 (24.56%)	3480.60 (57.67%)	6.43 (28.45%)	9487.69 (27.26%)	8.16 (26.91%)	16785.78 (76.92%)
	% of NRLM/SGSY Groups to Total	16.52	14.49	39.54	34.40	44.54	45.02
	Of which NULM/SJSRY	NA	NA	1.05	1871.55	1.11 (5.71%)	2620.22 (40.00%)
	% of NULM/SJSRY Groups to Total	NA	NA	6.46	6.79	6.06	7.03
Loans Outstanding against SHGs as on 31March	Total SHG Nos.	41.97 (-5.71%)	42927.52 (9.02%)	44.68 (6.46%)	51545.46 (20.06%)	46.73 (4.59%)	57119.23 (10.81%)
	All women SHGs	34.06 (-9.34%)	36151.58 (10.08%)	38.58 (13.27%)	45901.95 (26.97%)	40.36 (4.61%)	51428.91 (12.04%)
	Percentage of Women Groups	81.2	84.2	86.35	89.05	86.37	90.04
	Of which NRLM/SGSY	13.07 (9.55%)	10177.42 (18.38%)	18.46 (41.24%)	19752.74 (94.08%)	21.91 (18.69%)	26610.16 (34.72%)
	% of NRLM/SGSY Groups to Total	31.1	23.7	41.32	38.32	46.89	46.59
	Of which NULM/SJSRY	NA	NA	3.18	3462.62	3.13 (-1.57%)	3979.75 (14.93%)
	% of NULM/SJSRY Groups to Total	NA	NA	7.12	6.72	7.00	6.97

Source: Status of micro finance in India, 2015-16, NABARD, Mumbai.

(Figures in parentheses indicate increase/decrease over the previous year)

TABLE 2: PROGRESS UNDER MICROFINANCE - SAVINGS OF SHGS WITH VARIOUS BANKS AS ON 31 MARCH 2016 (Amount Rs. lakh)

State	No. Name of the Bank	Details of SHGs Saving linked with Banks			Out of Total SHGs - Exclusive Women SHGs			Out of Total SHGs - Under NRLM/ SGSY Scheme		
		No. of SHGs	No. of Members	Savings - Amount	No. of SHGs	No. of Members	Savings - Amount	No. of SHGs	No. of Members	Savings - Amount
Andhra Pradesh	Public Sector Commercial Banks	606837 (67.31)	7450779 (70.07)	357118.34 (86.14)	560880 (65.56)	6960993 (68.63)	340891.32 (85.58)	351535 (68.18)	4346870 (71.20)	212694.38 (91.21)
	Private Sector Commercial Banks	6766 (0.75)	98707 (0.92)	176.71 (0.04)	6699 (0.78)	98327 (0.96)	159.49 (0.04)	32 (0.006)	320 (0.005)	0.3 (0.0001)
	Regional Rural Banks	270560 (30.01)	2900374 (27.27)	49869.79 (12.02)	270560 (31.62)	2900374 (28.59)	49869.79 (12.52)	163611 (31.73)	1753683 (28.72)	20368.39 (8.73)
	Cooperative Banks	17354 (1.92)	182857 (1.71)	7397.12 (1.78)	17286 (2.02)	182507 (1.79)	7394.18 (1.85)	358 (0.06)	3942 (0.06)	110.15 (0.04)
	Total	901517 (100.00)	10632717 (100.00)	414561.96 (100.00)	855425 (100.00)	10142201 (100.00)	398314.78 (100.00)	515536 (100.00)	6104815 (100.00)	233173.22 (100.00)
Telangana	Public Sector Commercial Banks	332838 (61.38)	3905474 (62.05)	122926.69 (82.43)	315365 (60.10)	3655460 (60.48)	118013.30 (81.83)	221071 (73.52)	2545494 (73.74)	71353.70 (83.69)
	Private Sector Commercial Banks	4738 (0.87)	71060 (1.13)	3.8 (0.003)	4738 (0.90)	71060 (1.18)	3.8 (0.003)	0	0	0
	Regional Rural Banks	194498 (35.87)	2214940 (35.19)	21634.46 (14.51)	194498 (37.07)	2214940 (36.65)	21634.46 (15.00)	75261 (25.03)	862810 (24.99)	9820.6 (11.52)
	Cooperative Banks	10201 (1.88)	102946 (1.64)	4565.14 (3.06)	10125 (1.93)	102139 (1.69)	4557.95 (3.16)	4377 (1.46)	43770 (1.27)	4089.4 (4.80)
	Total	542275 (100.00)	6294420 (100.00)	149130.09 (100.00)	524726 (100.00)	6043599 (100.00)	144209.51 (100.00)	300709 (100.00)	3452074 (100.00)	85263.7 (100.00)
India	Public Sector Commercial Banks	3569590 (45.17)	41261523 (44.29)	861401.54 (62.92)	3023145 (44.70)	34893111 (43.89)	768521.79 (63.85)	1812846 (52.44)	20753977 (55.77)	464494.74 (74.38)
	Private Sector Commercial Banks	570521 (7.22)	7659085 (8.22)	41987.23 (3.07)	545833 (8.07)	7385895 (9.29)	39548.26 (3.29)	3817 (0.11)	42234 (0.11)	1125.02 (0.18)
	Regional Rural Banks	2256811 (28.56)	25814700 (27.71)	248428.10 (18.14)	1963790 (29.04)	22617123 (28.45)	224941.90 (18.69)	1340791 (38.79)	12673106 (34.05)	126645.3 (20.28)
	Cooperative Banks	1506080 (19.06)	18431829 (19.78)	217322.10 (15.87)	1230689 (18.20)	14612596 (18.38)	170566.20 (14.17)	299392 (8.66)	3746560 (10.07)	32232.26 (5.16)
	Total	7903002 (100.00)	93167137 (100.00)	1369139.01 (100.00)	6763457 (100.00)	79508725 (100.00)	1203578.19 (100.00)	3456846 (100.00)	37215877 (100.00)	624497.31 (100.00)

Source: Status of micro finance in India, 2015-16, NABARD, Mumbai.

(Figures in parentheses are percentages to total)

TABLE 3: PROGRESS UNDER MICROFINANCE - BANK LOANS DISBURSED BY VARIOUS BANKS TO SHGS DURING 2015-16 (Amount Rs. lakh)

State	No. Name of the Bank	Total Loans disbursed during the year		Out of Total - Loan disbursed to Exclusive Women SHGs		Out of Total - Loan disbursed under NRLM/ SGSY	
		No. of SHGs	Loans Disbursed	No. of SHGs	Loans Disbursed	No. of SHGs	Loans Disbursed
Andhra Pradesh	Public Sector Commercial Banks	290875 (71.99)	830234.36 (72.16)	266276 (70.18)	763230.47 (70.45)	164893 (70.27)	467498.82 (70.84)
	Private Sector Commercial Banks	108 (0.03)	303.60 (0.03)	92 (0.02)	254.85 (0.02)	0	0.00
	Regional Rural Banks	107761 (26.67)	304992.55 (26.51)	107761 (28.40)	304992.55 (28.15)	69741 (29.72)	192365.06 (29.15)
	Co-operative Banks	5327 (1.32)	15017.15 (1.31)	5312 (1.40)	14927.60 (1.38)	32 (0.01)	67.45 (0.01)
	Total	404071 (100.00)	1150547.7 (100.00)	379441 (100.00)	1083405.5 (100.00)	234666 (100.00)	659931.33 (100.00)
Telangana	Public Sector Commercial Banks	121294 (54.56)	325285.90 (54.39)	113731 (52.96)	306127.59 (52.88)	79467 (67.43)	221482.91 (68.36)
	Private Sector Commercial Banks	0	0.00	0	0.00	0	0.00
	Regional Rural Banks	97757 (43.97)	262008.28 (43.81)	97757 (45.52)	262008.28 (45.26)	36250 (30.76)	94741.60 (29.24)
	Co-operative Banks	3251 (1.46)	10754.89 (1.80)	3251 (1.51)	10754.89 (1.86)	2142 (1.82)	7776.53 (2.40)
	Total	222302 (100.00)	598049.07 (100.00)	214739 (100.00)	578890.76 (100.00)	117859 (100.00)	324001.04 (100.00)
India	Public Sector Commercial Banks	938510 (51.22)	2052045.99 (55.03)	779641 (47.87)	1831311.13 (53.22)	510185 (62.56)	1136197.78 (67.69)
	Private Sector Commercial Banks	193771 (10.58)	466451.24 (12.51)	192883 (11.84)	465380.96 (13.52)	1560 (0.19)	1004.00 (0.06)
	Regional Rural Banks	470399 (25.67)	916492.88 (24.58)	456352 (28.02)	900746.18 (26.18)	271423 (33.28)	482639.00 (28.75)
	Co-operative Banks	229643 (12.53)	293699.98 (7.88)	199795 (12.27)	243703.67 (7.08)	32364 (3.97)	58737.52 (3.50)
	Total	1832323 (100.00)	3728690.1 (100.00)	1628671 (100.00)	3441141.9 (100.00)	815532 (100.00)	1678578.3 (100.00)

Source: Status of micro finance in India, 2015-16, NABARD, Mumbai.

(Figures in parentheses are percentages to total)

TABLE 4: PROGRESS UNDER MICROFINANCE - BANK LOANS OUTSTANDING AGAINST SHGS AS ON 31 MARCH 2016 (Amount Rs. lakh)

State	No. Name of the Bank	Total Bank Loans outstanding against SHGs		Out of Total - Exclusive Women		Out of Total NRLM/SGSY SHGs	
		No. of SHGs	Loans O/S	No. of SHGs	Loans O/S	No. of SHGs	Loans O/S
Andhra Pradesh	Public Sector Commercial Banks	552813 (68.91)	1218187.02 (70.74)	504536 (66.98)	1104617.97 (68.81)	291458 (68.03)	636447.82 (70.38)
	Private Sector Commercial Banks	268 (0.03)	374.76 (0.02)	238 (0.03)	314.81 (0.02)	0	0.00
	Regional Rural Banks	231841 (28.90)	484370.18 (28.13)	231841 (30.78)	481640.18 (30.00)	136709 (31.91)	267487.69 (29.58)
	Co-operative Banks	17305 (2.16)	19150.61 (1.11)	16661 (2.21)	18807.11 (1.17)	282 (0.07)	364.12 (0.04)
	Total	802227 (100.00)	1722082.6 (100.00)	753276 (100.00)	1605380.10 (100.00)	428449 (100.00)	904299.63 (100.00)
Telangana	Public Sector Commercial Banks	300004 (60.86)	587632.96 (59.58)	281614 (59.35)	555127.23 (58.22)	204480 (69.40)	411254.95 (69.06)
	Private Sector Commercial Banks	0	0.00	0	0.00	0	0.00
	Regional Rural Banks	181669 (36.85)	384761.33 (39.01)	181669 (38.29)	384761.33 (40.35)	85783 (29.11)	175543.97 (29.48)
	Co-operative Banks	11274 (2.29)	13929.07 (1.41)	11198 (2.36)	13661.52 (1.43)	4377 (1.49)	8727.12 (1.47)
	Total	492947 (100.00)	986323.36 (100.00)	474481 (100.00)	953550.08 (100.00)	294640 (100.00)	595526.04 (100.00)
India	Public Sector Commercial Banks	2315030 (49.554)	3259898.01 (57.07)	1991095 (49.33)	2867313.03 (55.75)	1272977 (58.10)	1765461.77 (66.35)
	Private Sector Commercial Banks	311334 (6.66)	454664.47 (7.96)	309426 (7.67)	452173.97 (8.79)	2511 (0.11)	1628.16 (0.06)
	Regional Rural Banks	1445476 (30.94)	1610934.50 (28.20)	1272022 (31.52)	1525307.68 (29.66)	802776 (36.64)	804654.04 (30.24)
	Co-operative Banks	600781 (12.86)	386426.49 (6.77)	463683 (11.49)	298095.96 (5.80)	112907 (5.15)	89271.57 (3.35)
	Total	4672621 (100.00)	5711923.50 (100.00)	4036226 (100.00)	5142890.60 (100.00)	2191171 (100.00)	2661015.50 (100.00)

Source: Status of micro finance in India, 2015-16, NABARD, Mumbai.

(Figures in parentheses are percentages to total)

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TABLE 5: PROGRESS UNDER MICROFINANCE - NPAS AGAINST BANK LOANS TO SHGS OF VARIOUS BANKS AS ON 31 MARCH 2016 (Amount Rs. lakh)

	No. Name of the Bank	For Total SHGs			For SHGs under NRLM/SGSYY		
		Total outstanding against SHGs	Amount of NPAs	NPA as %age to Total loans O/S	Total outstanding against SHGs	Amount of NPAs	NPA as %age to loans O/S against SHGs under SGSY
Andhra Pradesh	Public Sector Commercial Banks	1218187.02 (70.74)	42692.94 (76.86)	3.50	636447.82 (70.38)	19527.69 (69.15)	3.07
	Private Sector Commercial Banks	374.76 (0.02)	21.98 (0.04)	5.87	0.00	0.00	0.00
	Regional Rural Banks	484370.18 (28.13)	12447.16 (22.41)	2.57	267487.69 (29.58)	8712.12 (30.85)	3.26
	Co-operative Banks	19150.61 (1.11)	383.02 (0.69)	2.00	364.12 (0.04)	0.00	0.00
	Total	1722082.60 (100.00)	55545.10 (100.00)	3.22	636811.94 (100.00)	28239.81 (100.00)	4.43
Telangana	Public Sector Commercial Banks	587632.96 (59.58)	20097.28 (78.49)	3.42	411254.95	11820.40	2.87
	Private Sector Commercial Banks	0.00	0.00	0.00	0.00	0.00	0.00
	Regional Rural Banks	384761.33 (39.01)	5080.27 (19.84)	1.32	175543.97 (29.48)	2340.05 (16.30)	1.33
	Co-operative Banks	13929.07 (1.41)	428.87 (1.67)	3.08	8727.12 (1.47)	196.75 (1.37)	2.25
	Total	986323.36 (100.00)	25606.42 (100.00)	2.59	595526.04 (100.00)	14357.20 (100.00)	2.41
India	Public Sector Commercial Banks	3259898.01 (57.07)	225936.64 (61.29)	6.93	1765461.77 (66.37)	108581.42 (65.51)	6.15
	Private Sector Commercial Banks	454664.47 (7.96)	6203.05 (1.68)	1.36	1628.16 (0.06)	309.53 (0.19)	19.01
	Regional Rural Banks	1610934.50 (28.20)	106429.49 (28.87)	6.61	803863.04 (30.22)	47614.88 (28.73)	5.92
	Co-operative Banks	386426.49 (6.77)	30053.72 (8.15)	7.78	89271.57 (3.36)	9247.10 (5.58)	10.36
	Total	5711923.50 (100.00)	368622.90 (100.00)	6.45	2660224.50 (100.00)	165752.93 (100.00)	6.23

Source: Status of micro finance in India, 2015-16, NABARD, Mumbai.

(Figures in parentheses are percentages to total)

EMPIRICAL RESEARCH OF MOUNTAIN TOURISM DEMAND IN CROATIA USING POLYNOMIAL REGRESSION MODEL WITH AUTOREGRESSIVE ERRORS

ANA ŠTAMBUK
ASST. PROFESSOR
FACULTY OF ECONOMICS
UNIVERSITY OF RIJEKA
RIJEKA

REBEKA TIBLJAŠ
STUDENT
FACULTY OF ECONOMICS
UNIVERSITY OF RIJEKA
RIJEKA

ABSTRACT
In Croatian economy tourism plays a great role, but tourists mostly choose seaside resorts, while mountain resorts have low number of guests. Aim of the research is to explain the dynamics of the mountain tourism demand. We found that second order polynomial model with first order autoregressive error explains the dynamic of the mountain tourism arrivals and nights in Croatia in post-war period from 1995 to 2014.

KEYWORDS
mountain tourism, modelling tourism demand, polynomial model with autoregressive errors, tourist arrivals, tourist nights.

JEL CLASSIFICATION
Z30, Z32, C22, C51.

INTRODUCTION
Tourism is important economic activity in Croatia. Croatia is one of the most visited tourist destinations. With 11.6 billion international tourist arrivals in 2014, Croatia is ranked 26th world destination and 13th European destination (Barrientos and Soria, 2016).
Croatian tourism is highly seasonal and most tourists opt for seaside resorts, while mountain areas have low number of visitors. Even though Croatia has favourable conditions for development of mountain tourism, it is still underdeveloped in Croatia. The share of tourist arrivals in total arrivals is less than 3%, while share in overnight stays in total overnight stays is less than 1% in 2014. The dynamic of share of mountain tourism arrivals and overnight stays for the post-war period from 1995 to 2014 is presented on figure 1.

FIGURE 1: SHARE OF MOUNTAIN TOURISM ARRIVALS AND NIGHTS IN TOTAL TOURISM ARRIVALS AND NIGHTS IN CROATIA
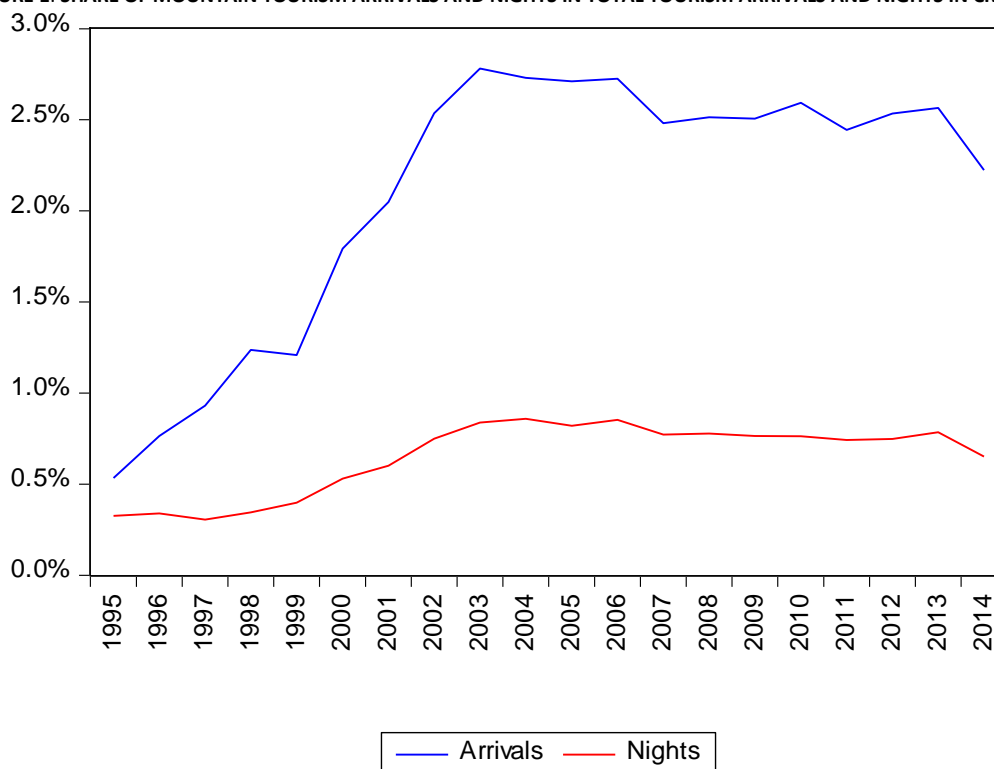
Source: authors' calculation based on Croatian Bureau of Statistics (1996, 2006, 2010, 2015)

In order to help mountain areas to develop in economic and demographic way and to raise the standard of living, Croatia offers incentives that are established by the Law on hilly and mountainous areas. Hilly - mountainous areas are areas that have difficult conditions for life and work of the population due to altitude, slope, climate or other natural wonders.

Croatia has about 10 000 km^2 of mountainous region, of which 5,600 km^2 is over 1000 m above sea level. In Croatia, not a single peak is higher than 2,000 meters, but Croatia is still competitive because of the mountains that have rounded peaks so that tourists can safely climb to the top of each (Ministry of Tourism, 2006). An advantage that Croatia also has is good climatic characteristics that make it a pleasant stay in summer and winter. Croatia has eight national parks and four are located in mountainous areas.

REVIEW OF LITERATURE

Reviewing literature, we can find a lot papers about tourism in Croatia. Some of the research are of quantitative nature and includes building different types of models for Croatian tourism. Some of the empirical research and methods used in those researches are further listed. Some researcher like Mihaljević (2003) and Bahovec et al. (2008) use multiple linear regression models and ordinary least square (OLS) to build the models. Part of the papers deal with nonlinear models that are linearised and then ordinary least square are implied. The example of these papers is Baldigara et al. (2013) that use Cobb Douglas function and Baldigara and Koić (2015) that use polynomial regression model.

There are also papers that use advanced methods. Stučka (2002) compares OLS and SUR methods in tourism models. Bellulo and Križman (2000) use cointegration method of Johansen and of Engle and Granger, while Payne and Mervar (2010) investigates long run causality with Toda-Yamamoto method. Mervar and Payne (2007) use ARDL method. ARIMA methods use Payne and Mervar (2007), Mamula (2015), and Apergis et al. (2015). Škrinjarić (2011) uses panel method. Štambuk (2002a) uses artificial neural network, while Štambuk, (2002b) use multiparametric hierarchical model.

In line with small share of mountain tourism in total tourism, there is a small share of papers about mountain tourism. Mountain tourism in Croatia is object in Stanković (1988, 1991), Knežević, (1998, 2003), Vrdoljak-Šalamon (2006), Petrić (2008). Those works are not using models. This work is a contribution to the research area of mountain tourism, especially to the empirical research of the mountain tourism demand.

DATA AND METHODOLOGY

Tourism demand in mountain area is measured by tourism arrivals and tourism nights. The period after the war in Croatia is in focus, so data from 1995 to 2014 are used. Arrivals and overnight stays in mountain places are presented in the figure 2.

FIGURE 2: TOURISM ARRIVALS AND TOURISM NIGHTS IN MOUNTAIN PLACES IN CROATIA
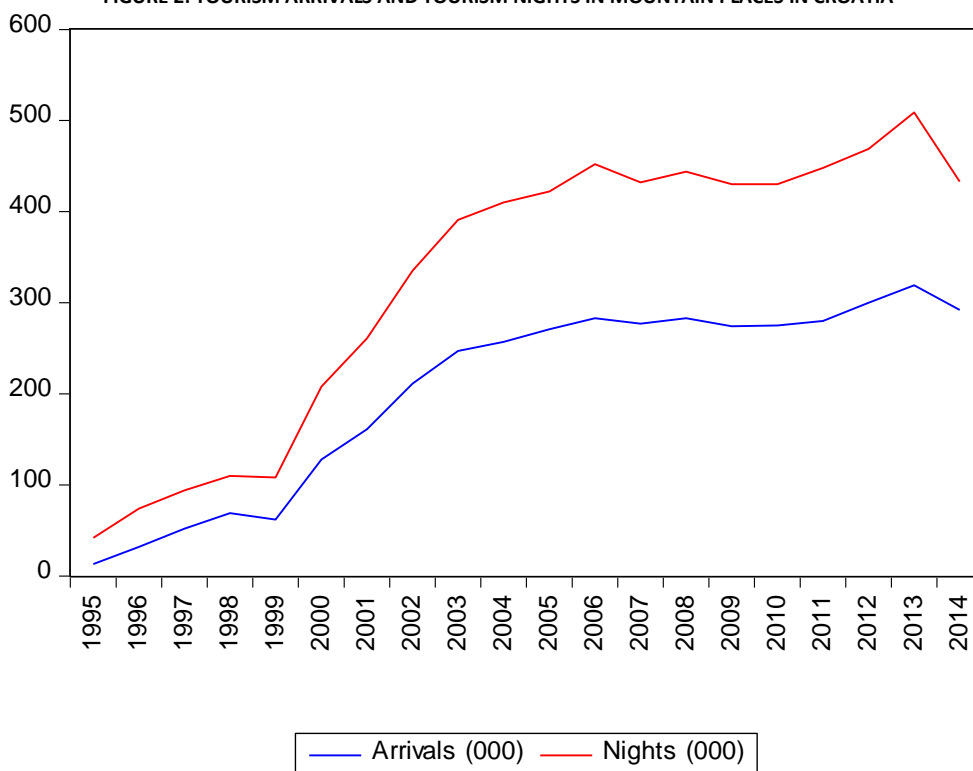
Source: Croatian Bureau of Statistics (1996, 2006, 2010, 2015)

Figure 2 exhibits nonlinear pattern so polynomial regression is estimated. Polynomial regression fits nonlinear relationship between dependent and independent variables in form of nth order polynomial. From statistical estimation point of view, it is linear estimation problem (Dielman, 2013, Aczel, 1989) because the functional form of the polynomial regression is linear, and although independent variable(s) are raised to the kth power, regression function is linear in the parameters. Polynomial equation is of the form:

$$Y_t = \beta_0 + \beta_1 x_t + \beta_2 x_t^2 + \cdots + \beta_n x_t^n + \epsilon \qquad (1)$$

Polynomial regression is a type of multiple regressions and there are several assumptions for this method. The major assumptions are (Levine et al., 2014):

- errors of the model are normally distributed
- errors have a constant variance
- errors are independent.

Polynomial models of arrivals and overnight stays of the mountain tourism in Croatia are estimated using ordinary least squares method and different statistical tests of the models are performed. Since there was a problem with serial correlation, polynomial models with autoregressive errors are built. The new models performed well under statistical tests. All tests are evaluated at significance level α = 0.05.

RESULTS

For both series, arrivals and overnight stays in the mountain places in Croatia, polynomial regression of second order is fitted.

RESULTS OF MODEL BUILDING FOR TOURISM ARRIVALS IN MOUNTAIN RESORTS

Polynomial model for arrivals of the tourists is estimated as follows:

$$Arrivals_t = -15.873 + 38.193x_t - 1.155x_t^2 + \epsilon \qquad (2)$$
$$(14.140)\ (3.450)\ (0.175)$$

Where:

x_t =0 in 1995 and unit for x_t is 1 year

Arrivals are measured in thousands of tourist arrivals

Standard errors are in parentheses

F-test shows that regression is significant: F (2,17) =184.437, p < 0.001. R^2 = 0.956, $R^2_{adjusted}$ =0.951so there is a high degree of determination.

Parameters for both time terms: x_t and x_t^2 are significant at chosen significance level of α=0.05: t(19) = 11.072, p < 0.001 for x_t, and t(19) = -6.591, p < 0.001 for x_t^2. Significance of time and squared time justifies hierarchical model. Hierarchical models contain all orders of polynomial regression and only they are invariant under linear transformation (Montgomery et al., 2012).

After this basic diagnostic tests of model and variables significance, additional test of assumptions for polynomial regressions are performed. Assumptions of normality of errors of the model are tested using Jarque-Bera test which tests whether errors have the skewness and kurtosis of a normal distribution. Results of Jarque-Bera test: χ²(2, N = 20) = 1.312, p = 0.519 indicates that errors are normally distributed. Next assumption checked is those that errors have a constant variance. Equality of variance is also called homoscedasticity while inequality of variance is called heteroscedasticity. White heteroscedasticity test is performed and results of the test: χ²(4, N = 20) = 2.515, p = 0.642 imply homoscedasticity. The assumption of independence of errors is tested by checking autocorrelation. Autocorrelation is tested by Breusch-Godfrey LM test. Results for the autocorrelation up to 2ⁿᵈ order are: χ²(2, N = 20) = 8.12, p = 0.017 which indicates presence of the autocorrelation. Multiocollinearity is not an issue for polynomial models (Allison, 2012).

To correct for the autocorrelation, we can add ARMA model, in this case we have added AR (1) term and we got polynomial regression of the 2ⁿᵈ order with autoregressive errors of order 1. The form of the model is:

$$Y_t = \beta_0 + \beta_1 x_t + \beta_2 x_t^2 + \epsilon_t \qquad (3)$$

$$\text{with errors } \epsilon_t = \Phi\epsilon_{t-1} + \omega_t \qquad (4)$$

Model is estimated using generalized least squares (GLS) algorithm. Fitted polynomial regression with autoregressive errors of arrivals in mountain places in Croatia is as follows:

$$Arrivals_t = -0.281 + 34.759x_t - 1.009x_t^2 + \epsilon_t \qquad (5)$$
$$(23.515)\ (5.445)\ (0.273)$$

$$\text{with } \epsilon_t = 0.673\epsilon_{t-1} + \omega_t \qquad (6)$$
$$(0.188)$$

Where

x_t =0 in 1995 and unit for x_t is 1 year

Arrivals are measured in thousands of tourist arrivals

Standard errors are in parentheses

Goodness of fit of the model indicates that model is significant, results of the F-test is: F(2,17) =197.372, p < 0.001 with R^2 = 0.974 and $R^2_{adjusted}$ = 0.969. The t-test for the time, squared time and for the autoregressive term is significant at 0.05, which can be seen from the results of the t-test: t(19) = 6.383, p<0.001 for time, t(19) = -3.697, p < 0.002 for time squared and t(19) = 3,576, p < 0.003 for AR(1).

Model is further evaluated by testing assumptions. Normality is checked with Jarque-Bera test and results: χ²(2, N = 20) = 0.773, p = 0.679 suggest not rejecting the assumption of normality of errors. White test of heteroscedasticity with results of χ²(9, N = 20) = 8.189, p = 0.515 indicates equality of variances. Finally, autocorrelation is tested with Breusch-Godfrey LM test and results for order up to 2 are: χ²(2, N = 20) = 4.642, p = 0.098.

Figure 3 presents results of the modelling arrivals of tourist in mountain area in Croatia: actual, fitted and residual values of the polynomial model with autoregressive error are shown.

FIGURE 3: TOURISM ARRIVALS (000) IN MOUNTAIN RESORTS IN CROATIA – RESULTS OF THE MODELLING
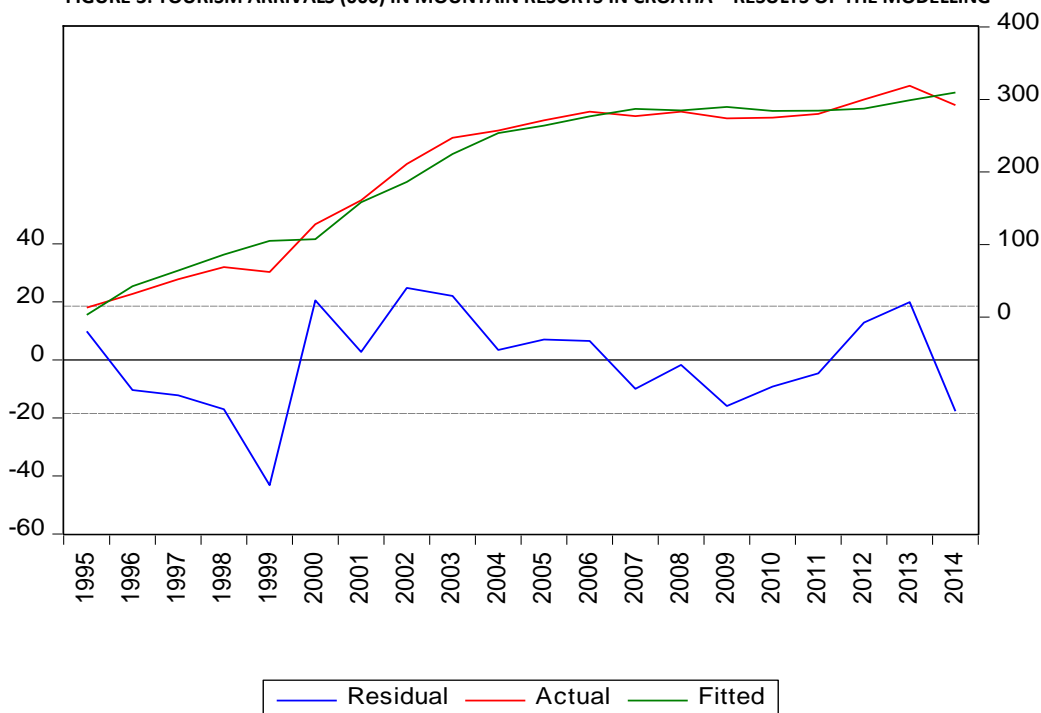
Source: authors' calculation

Forecasting errors of the model averaged in different ways are shown in table 1:

TABLE 1: FORECASTING ERROR OF THE POLYNOMIAL MODEL WITH AUTOREGRESSIVE ERRORS FOR TOURIST ARRIVALS

Averaging method	RMSE	MAE	MAPE	SMAPE	Theil U1	Theil U2
Error	23.55737	19.15916	16.71476	13.97874	0.050468	0.970682

Source: authors' calculation

RESULTS OF MODEL BUILDING FOR TOURISM NIGHTS IN MOUNTAIN RESORTS

Similar to the modelling of arrivals of tourists in mountain resorts in Croatia, overnight stays of tourists are at first estimated using polynomial regression model of 2nd order. Estimated model:

$$Nights_t = -7.318 + 58.115x_t - 1.779x_t^2 + \epsilon \qquad (7)$$
$$(23.343)\ (5.695)\ (0.289)$$

Where

x_t = 0 in 1995 and unit for x_t is 1 year

Nights are measured in thousands of tourist nights

Standard errors are in parentheses

Model is evaluated and F-test shows the overall significance of the model: F(2,17) =152.707, p < 0.001. Coefficient of determination R^2 = 0.947 and adjusted coefficient of determination $R^2_{adjusted}$ =0.941 are high. Parameters for time and time squared are tested with t-test. Results of the t-test show that parameters are significant: t(19) = 10.205, p < 0.001 for time and t(19) = -6.148, p < 0.001 for time squared.

Assessment of the model continuous with testing assumptions of the model. Normality of errors is evaluated with Jarque-Bera test and results: $\chi^2(2, N = 20)$ = 0.733, p = 0.693 imply that we do not have to reject hypothesis of normality of error. The assumption of equality of variances of errors is tested with White heteroscedasticity test. Results of the test: $\chi^2(4, N = 20)$ = 2.804, p = 0.591 are consistent with the hypothesis of homoscedasticity. Finally, autocorrelation of errors is checked with Breusch-Godfrey LM test. Results for autocorrelation up to 2nd lag are: $\chi^2(2, N = 20)$ = 7.138, p = 0.028. Those results suggest presence of autocorrelation so adjustment of the model is needed.

Same as model for arrivals, the model for overnight stays is changed with adding ARMA model, precisely autoregressive 1st order term. The new model is polynomial regression of the 2nd order with 1st order autoregressive errors. We used generalized least squares algorithm again and we got estimated model as follows:

$$Nights_t = 13.991 + 54.312x_t - 1.651x_t^2 + \epsilon \qquad (8)$$
$$(37.860)\ (8.924)\ (0.452)$$

$$with\ \epsilon_t = 0.627\epsilon_{t-1} + \omega_t \qquad (9)$$
$$(0.205)$$

Where

x_t = 0 in 1995 and unit for x_t is 1 year

Nights are measured in thousands of tourist nights

Standard errors are in parentheses

Assessment of the model starts with estimating overall significance of the model. F-test is: F (2,17) =147.415, p < 0.001 indicating that model is significant. R^2 = 0.965 and $R^2_{adjusted}$ =0.959 so there is a high degree of determination.

Assumptions of the model are tested next. Normality of error distribution is tested with Jarque-Bera test. Results of the test are: $\chi^2(2, N = 20)$ = 0.861, p = 0.650 so we can conclude that errors are normally distributed at chosen significance level of 0.05. Equality of variances is tested with White heteroscedasticity test and results: $\chi^2(9, N = 20)$ = 13.486, p = 0.142 imply equality of variances. Autocorrelation that was the problem in model (7) is solved which can be seen from Breusch-Godfrey LM test with results for 2nd order autocorrelation: $\chi^2(2, N = 20)$ = 4.739, p = 0.094.

Results of the polynomial model with autoregressive errors for tourism nights in mountain resorts in Croatia is presented in figure 4.

FIGURE 4: TOURISM NIGHTS (000) IN MOUNTAIN RESORTS IN CROATIA – RESULTS OF THE MODELLING
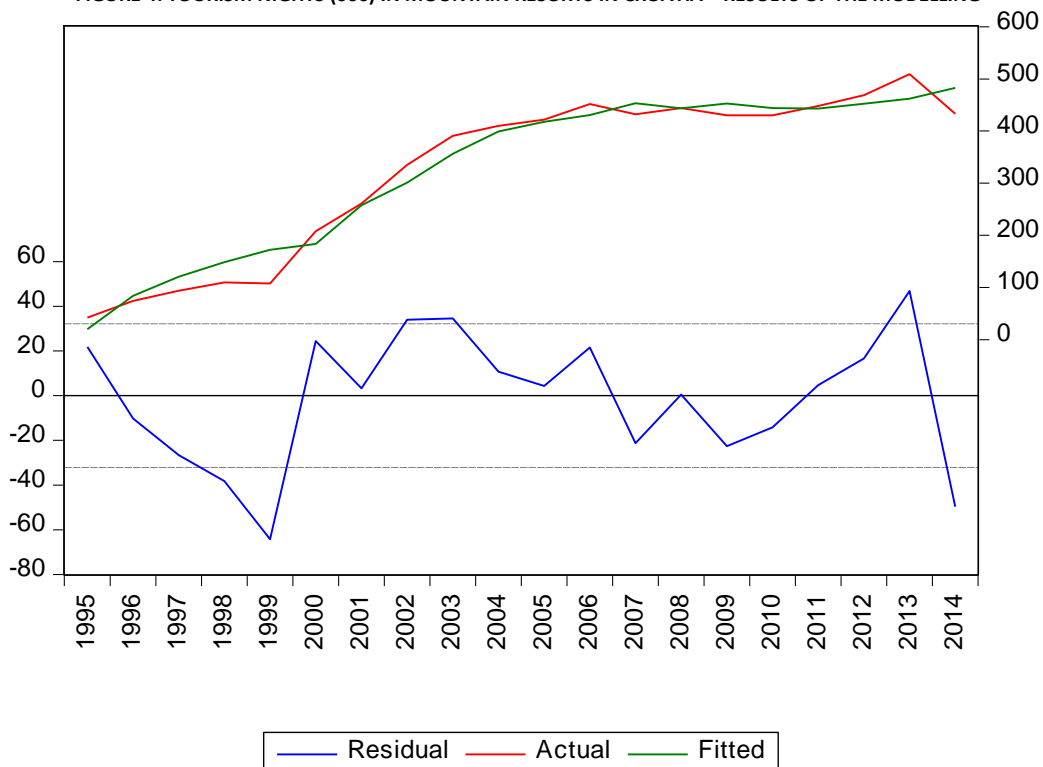
Source: authors' calculation

Errors of the model are averaged in different ways are given in table 2.

TABLE 2: FORECASTING ERROR OF THE POLYNOMIAL MODEL WITH AUTOREGRESSIVE ERRORS FOR TOURIST NIGHTS

Averaging method	RMSE	MAE	MAPE	SMAPE	Theil U1	Theil U2
Error	38.48742	30.91019	15.71998	13.25061	0.052410	1.183613

CONCLUSION

Tourism is of great importance for Croatia, but not all type of tourism is developed. Although there are potentials for mountain tourism in Croatia, they are not used as they could be. As a contribution to the development of mountain tourism in Croatia, econometric model of mountain tourism demand is built. Aim of the research is to explain the dynamics of the mountain tourism. We found that second order polynomial model with first order autoregressive error explain the dynamic of the mountain tourism in Croatia. At first, two second order polynomial models for arrivals of tourist where built, but those model did not pass the diagnostic check because of the presence of autocorrelation. To account for the autocorrelation two models of second order polynomial model with first order autoregressive error were built. Assumptions for the models are reached and models reasonably well explain the dynamics of mountain tourism demand in Croatia. In this way results of the study can help in development of mountain tourism in Croatia.

ACKNOWLEDGMENTS

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A STUDY OF INTERNATIONAL FINANCIAL REPORTING STANDARDS ON INDIAN INDUSTRIES

MANISHA
RESEARCH SCHOLAR
MAHARAJA GANGA SINGH UNIVERSITY
BIKANER

DR. L.N. ARYA
FACULTY
GOVERNMENT LOHIA P. G. COLLEGE
CHURU

ABSTRACT

Late years have seen significant changes in money related reporting worldwide under which the most evident is the proceeding with appropriation of to International Financial Reporting Standards (IFRS) around the world. Globalization has set out a path for every one of the nations to receive a solitary arrangement of bookkeeping measures. More than 100 nations have merged or perceived the police of meeting with the IFRS. IFRS are the all around acknowledged bookkeeping norms and translations embraced by the Internal Audit Standards Advisory Board (IASAB). A forthcoming economy on world monetary guide, India, as well, chose to unite to (IFRS). This logical Paper manages idea, goal and advantages of union with IFRS and investigates the way how we merge the Indian GAAP with IFRS. Issues and difficulties confronted during the time spent meeting in Indian point of view have been altogether talked about. This paper additionally concentrates on IFRS prospects in Indian situation. This paper advances a perspective point that union will deliver aplenty advantages to financial specialists, industry, experts and the economy in general.

KEYWORDS
IFRS, IAS, convergence, accounting standards.

INTRODUCTION

To make the world a worldwide business sector International Accounting Standards Board (IASB) encircled International Financial Reporting Standards (IFRS) for making consistency in Accounting everywhere throughout the world. Universal Financial Reporting Standards (IFRS) embraced by International Accounting Standards Board (IASB) is an institutionalized arrangement of monetary reporting that is picking up force worldwide and is a solitary steady bookkeeping system and is liable to wind up dominating GAAP in times to come. In this universe of globalization in which Indian economy has likewise prospered, receiving IFRS would not just make Indian organizations at standard with other worldwide organizations yet might likewise expand India's attractiveness all inclusive regarding remote ventures. When all is said in done terms, "meeting" intends to accomplish concordance with IFRSs; in exact terms joining can be considered "to outline and keep up national bookkeeping gauges in a way that monetary articulations arranged as per national bookkeeping models draw open explanation of consistence with IFRSs". In this connection, consideration is attracted to passage 14 of International Accounting Standard (IAS) 1, Presentation of Financial Statements, which expresses that money related explanations might not be portrayed as agreeing to IFRSs unless they go along it every one of the necessities of IFRSs. It doesn't infer that budgetary proclamations arranged as per national bookkeeping measures draw open articulation of consistence.

SALIENT FEATURES OF IFRS

1. IFRS is a rule based methodology. It notices standards instead of nitty gritty tenets. It gives more degree/prudence to administration in selecting a specific bookkeeping arrangement. In this manner use of IFRS would prompt substance over structure.
2. Reasonable Value Accounting: There are two methodologies i.e. verifiable cost based approach and reasonable quality bookkeeping. So far In India, organizations have been-taking after verifiable cost based methodology; however under IFRS, reasonable worth bookkeeping is likewise permitted to be embraced. Reasonable worth bookkeeping is particularly material to resources and liabilities. After the 3G range closeout in India, a significant number of the telecom administrators are intensely ridden by obligation. In such cases, reasonable worth bookkeeping would assume a basic part in appreciation of benefits and liabilities. The Indian GAAP is impacted by a few standard setters and affected by Statute, to be specific Companies Act, Income Tax Act, Banking Regulation Act, Insurance Act and so on and bearings from administrative bodies like RBI, SEBI, IRDA. The legitimate or administrative necessity will beat the IFRS prerequisite, if there should arise an occurrence of contentions. In this manner, pre - conditions for IFRS appropriation by India to be powerful need corrections in required enactment and clarity on effect of IFRS selection on Direct and Indirect assessments, particularly exchanges recorded at reasonable qualities. Foundation of Chartered Accountants of India is effectively advancing the IASB's professions in the nation with a perspective to encouraging worldwide harmonization of Accounting Standards and ICAI has claimed that Indian GAAP will join into IFRS with impact from April 1, 2011. Under the statutory command gave by the Companies Act, 1956 the Central Government of India endorses bookkeeping gauges in counsel with National Advisory Committee on Accounting Standards (NACAS) built up under the Companies Act, 1956. The Central Government told 31 Accounting Standards (AS 1 to 7 and AS 9 to 32) as Companies (Accounting Standard Rules) 2006.

CONVERGENCE WITH IFRS: INDIAN PROSPECTS

According to European Commission the prerequisite of consistence of IFRS by all recorded organizations in their CFS from 2005 (IAS Regulation) onwards will dispose of hindrances to cross visitor exchanging securities by guaranteeing that organization accounts all through the European Union (EU) are more dependable and straightforward. In the event that the Indian organizations set up their records as per IFRS, they can be all the more effortlessly contrasted and their records with EU organizations and different IFRS client nations. This will, thusly, expand market proficiency and diminish the expense of raising capital for organizations, at last enhancing aggressiveness and boosting economy. In India, controls of records turn into a key component in presentation of budgetary articulations. The Financial Accounting Standards Board (FASB), USA, is having a union venture with the IASB and is comprehensively embracing the rule based methodology rather than guideline based methodology. IFRS are guideline based norms which have unmistakable preferred standpoint that the exchanges can't be controlled effortlessly to accomplish a specific bookkeeping. Illustrations are:

- IAS 17, Leases, recognizes account lease from working lease taking into account rule of 'substance over structure', while relating US GAAP set down guidelines for making such qualification
- IAS 27, Consolidated and Separate Financial Statements, sets down criteria of energy to represent money related and working strategies for distinguishing proof of backups. The relating US GAAP set down necessity for greater part responsibility for as it were. In India, the Companies Act definition depends on either dominant part possession or board control. The focal points to financial specialists are clear. IFRS make it less demanding to look at the records of organizations in various nations. Today, India is one of the quickest developing economies on the planet with an aggravated normal development rate of 5.7

for each penny in the course of recent decades. Equivalence and straightforwardness of money related explanations would build inflows of FDI and outside capital which is desperately required by the Government of India to execute its arrangements to change India into a created country by 2020.

REVIEW OF LITERATURE

Late Trends of IFRS in India After the order of the Companies Act, 2013, the service of corporate undertakings has now moved its attention on taking off universal reporting measures for Indian organizations which were to be actualized starting April 1, 2011. As per the draft arrange, the service needs to actualize the world-wide budgetary reporting models (IFRS) starting with organizations that have a total asset of over Rs 1,000 crore from April 1, 2015, an authority told The Indian Express. In the second stage, both recorded and unlisted organizations with a total asset of over Rs 500 crore yet not as much as Rs 1,000 crore will need to merge with the global bookkeeping gauges from the money related year starting April 1, 2016. IFRS had been set aside for later by the administration given issues raised by corporates, and uncertain tax assessment issues. Industry bodies had looked for deferment contending the business required more opportunity to plan. The IFRS-merged bookkeeping measures manage imprint to-business sector projections and valuation of money related resources in addition to other things. The usage is relied upon to bring about some change in organizations' accounts in the underlying stage as the benchmarks call for anticipating resources' genuine worth. Different divisions, including saving money and land would be hit, specialists have contended. "The Institute of Chartered Accountants of India (ICAI) has been requested that direct a part insightful study, explaining on the effect the usage will have on the divisions," the authority said. In those capacity, all Indian organizations recorded abroad or working together on outside area right now plan budgetary proclamations according to the global benchmarks. Be that as it may, managing an account organization would be excluded from conforming to the IFRS. In the third and fourth stage, starting April 1, 2017, littler organizations would need to set up their records according to the universal measures. The primary areas which are prone to be affected incorporate oil and gas, fund, telecom and base organizations. More than 100 nations have acknowledged IFRS while India has united its bookkeeping benchmarks with the worldwide reporting gauges. Right now, the US, Japan and India are the three fundamental economies that have not embraced IFRS while Canada, Brazil and Russia changed to IFRS a year ago.

SIGNIFICANCE OF THE STUDY

IFRS system is only the establishment of bookkeeping measures. The structure expresses that the destinations of money related proclamations is to give data about the budgetary position, execution and changes in the monetary position of an element that is valuable to an extensive variety of clients in settling on monetary choices, and to give the current budgetary status of the substance to its shareholders and open by and large. Some explores in USA and UK deduced in their examination that because of changes in standards under IFRS there is an effect on productivity of organizations. In the light of above examination, the specialist has attempted the study entitled, "Meeting of Accounting Standards with International Financial Reporting Standards in India: Impact on Profitability of chose organizations."

OBJECTIVES

The framework deals with:
1. To the Analysis of shifting from AS to IFRS in the Indian context;
2. To study the challenges and risks specific to India in adoption of IFRS and an insight about the global financial reporting language i.e. IFRS.

RESEARCH METHODOLOGY

Research technique is an approach to efficiently take care of the issue. It might be comprehending as an art of concentrate how research is done deductively. It includes different strides that are for the most part received by the analyst in examining research issue alongside the rationale behind them. Research approach incorporates research strategies as well as consider rationale behind the techniques scientist utilizes as a part of the setting of exploration study and clarify why a specific strategy or method has been utilized and why other have not utilized. With the goal that exploration results are equipped for being assessed either by the specialist or other. Along these lines research technique is the most crucial element of an examination. Research systems have been ordered into two segments for more noteworthy comprehension viz.
a) Analysis of the annual reports of selected companies to find out the changes I n the profitability of companies on converging their accounts as per IFRS.
b) Analysis of primary data collected from Chartered Accountants through interviews and questionnaire and draws a conclusion on convergence process

FINDINGS

It is sensible to make a cautious preparatory appraisal and a cost/advantage investigation of regardless of whether under the specific circumstances, a reception of IFRS would be alluring furthermore analyze diverse situations concerning timing of embracing IFRS. The quantity of organizations which choose to receive IFRS is developing and this is on account of IFRS reporting offers a wide extent of advantages. Case of these advantages incorporate the accompanying: IFRS altogether enhances the equivalence of elements and give more steady money related data. IFRS are acknowledged as a money related reporting system for organizations looking for admission to the greater part of the world's stock trades (counting US).

The upgraded similarity of the organizations' budgetary data and the enhanced nature of correspondence to their stockholders, diminish financial specialist insta-bility, lessen hazard, expands market productivity and in the long run minimizes the expense of capital. IFRS disposes of hindrances to cross-fringe exchanging securities, by guaranteeing that monetary explanations are more straightforward.

IFRS will confront numerous troubles however in the meantime taking a gander at the points of interest that this selection will meet, the merging with IFRS is emphatically prescribed on the grounds that the measures taken by ICAI and the other administrative bodies to encourage the smooth joining to IFRS are respect-able and give the positive thought that the nation is prepared for union. Remembering the way that IFRS is increasingly a standard based

CONCLUSIONS

From the above level headed discussion, it is particularly clear that transformation from Indian GAAP to IFRS will confront numerous troubles however in the meantime taking a gander at the points of interest that this selection will meet, the merging with IFRS is emphatically prescribed on the grounds that the measures taken by ICAI and the other administrative bodies to encourage the smooth joining to IFRS are respectable and give the positive thought that the nation is prepared for union. Remembering the way that IFRS is increasingly a standard based approach with restricted usage and application direction all bookkeepers whether honing or non-honing need to take an interest and contribute successfully to the merging procedure so the need is to have a deliberate way to deal with make the or era and the financial specialists prepared for the change and the measures prepared for remodel. Also, corporate need to rigging themselves for consistent upgrading and not just interestingly selection. This would prompt resulting updates every once in a while emerging from its worldwide execution and would help in detailing of future universal bookkeeping benchmarks.

SCOPE FOR FURTHER RESEARCH

Scope of the study as follows:
o   comprehensive conceptual framework to assess the impact of IFRS implementation on a specific industry (telecom) within a country (India);
o   This framework presupposes that the "case study" method will be used to analyze the impact of IFRS implementation;
o   The framework needs to be further refined by out- lining the relationships amongst the constructs more precisely and comprehensively.

LIMITATIONS

Area of study too much wide, impact of IFRS on small and medium type of industry (SMSE) was avoided. Spectrum of study only deal with Indian context of IFRS, other countries issued were avoided.

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MAHATMA GANDHI NATIONAL RURAL EMPLOYMENT GUARANTEE ACT: AN INTRODUCTION

KHEM RAJ
RESEARCH SCHOLAR DEPARTMENT OF POLITICAL SCIENCE
HIMACHAL PRADESH UNIVERSITY
SHIMLA

ABSTRACT

Programmes to create direct employment opportunities for wage workers through public works have been the past focused on generation of supplementary employment opportunities, especially during lean periods. They have been considered as an important component of anti-poverty strategy. These programmes are expected to create durable assets for the community and thus, enhance further economic activities. Wage employment programmes also push up demand for labour and thus, exert an upward pressure on the market wage rates by attracting people to public works programmes, thereby reducing supply of cheap labour, often at wages that would not even meet their bare basic needs. Apart from the advantages that would accrue to the employed, underemployed and the poorly employed, such programmes will also have a positive macroeconomic impact via the increase in effective demand from the hitherto poor and vulnerable segments of the population. Viewed in this perspective, the enactment of the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) is a historic step in the Indian context.[1] Here an attempt has been made to introduce the various aspects of historic MGNREGA.

KEYWORDS
MGNREGA, time bound guarantee, rural households & wage employment.

INTRODUCTION
Mahatma Gandhi National Rural Employment Guarantee Act, 2005 (MGNREGA) is a major step in the direction of providing security of employment to rural workers by providing at least one hundred days of guaranteed wage employment in every year to every household whose adult members volunteer to undertake unskilled manual work. The act marks a historic step towards recognizing and ensuring work as a right of the people. The programme was launched in February 2006 in 200 districts and has been extended to all the districts in 2008. It aims to provide employment through public works, which lead to development, of infrastructure, land development, irrigation and construction. The main aim is to empower labour by making employment a right by which the rural workers can demand employment. From a development policy perspective, the MGNREGA can also be viewed as a distributive employment strategy, thereby, heralding a new deal for the country's poor and a foundation for inclusive development. The commission (NCEUS) has viewed MGNREGA as an important component of an employment based growth strategy.

Past experience shows that India's poverty alleviation strategy, including the National Rural Employment Programme (NREP), Rural Labour Employment Guarantee programme (RLEGP), Jawahar Rozgar Yojana (JRY), Employment Assurance Scheme (EAS), Sampoorna Gramin Rozgar Yojana (SGRY) etc. leaned towards wage employment programmes. With specific reference to MGNREGA, the argument has been to treat it as a component of a full employment strategy for India. By ensuring employment for a minimum number of days at minimum wages, the thrust was on employment first with growth as an outcome, rather than the vice-versa.It is also argued that this path towards full employment alone can ensure the economic content of participatory democracy and allow for development with dignity. The path towards full employment lies sectors where the poor are located and stabilizing their incomes, improving their asset base, constructing basic socio-economic infrastructure at the local level, enabling access to paid work opportunities and exerting an upward pressure on market wages. MGNREGA as a programme is expected to create conditions for realization of the above outcomes.[2]

OBJECTIVE OF THE ACT
The objective of the MGNREGA is to enhance the livelihood security of the people in rural areas by guaranteeing 100 days of wage employment in a financial year to a rural household whose members volunteer to do unskilled manual work. The Act further aims at creating durable assets and strengthening the livelihood resource base of the rural poor. The choice of works suggested in the Act address causes of chronic poverty like drought, deforestation, soil erosion, etc. so that the process of employment generation is on a sustainable basis.The significance of MGNREGA lies in the fact that, it creates a right-based frame work for usage employment programmes and makes the government legally bound to provide employment to those who seek it. In this way the legislation goes beyond providing a social safety net, and towards guaranteeing the right to employment. By prioritizing natural resource management and emphasizing the creation of durable assets, it holds the potential of becoming a growth engine for sustainable development of agriculture based economy.

Under MGNREGA, employment is dependent upon the worker exercising the choice to apply for registration, obtain a job card and then to seek employment through a written application for the time and duration chosen by her. The legal guarantee has to be fulfilled within the time limit prescribed and this mandate is underpinned by the provision of unemployment allowance. The Act is thus designed to offer an incentive structure to the states for providing employment as ninety per cent of the cost for employment provided is borne by the centre, and there is a concomitant disincentive for not providing employment, if demanded, as the states then bear the double indemnity of unemployment and the cost of unemployment allowance. Earlier wage employment programmes were allocation based. However, MGNREGA is not supply driven but demand driven. Resources transfer under MGNREGA is based on the demand for employment and this provides another critical incentive to states to leverage the Act to meet the employment needs of the poor. The delivery system has been made accountable, as it envisages an Annual Report on the outcomes of MGNREGA to be presented by the central Government to the Parliament and to the state legislature by the state Government.[3]

SALIENT FEATURES OF MGNREGA
There has been a "Significant dent" in poverty in rural areas as the implementation of MGNREGA has increased earning of rural households resulting in an increase in their purchasing power with the increase in employment opportunities and wage rates. Per household earning has increased under the flagship programme which resulted in increase in ability of rural households to purchase food grains, other essential commodities and to access education and health care and thus provides for enhancement of livelihood security of the rural households by providing at least 100 days of guaranteed wage employment in a year to every household on demand for doing unskilled manual work. The poverty reducing potential is severely undermined through non-recognition of eligible persons as right holders, inability to make claims due to imposition of a host of arbitrary and discretionary eligibility conditions, non-fulfillment of entitlements guaranteed under the Act, in particular days of work and wages, restrictions on the nature of permissible works, absence of work in the most food-deficit rainy season due to focus on manual labour and earth works. Creation of social and economic infrastructure too would go a long way in reducing poverty.

Government of India has accelerated its pace of poverty alleviation strategies by mobilizing great budget resources, creating time frames for quantifiable deliverables, linking, with global frameworks of action, such as the millennium development goals which provide an umbrella approach for addressing multi-dimensional deprivations.[4]

FUNDING OF THE PROGRAMME

The central Government bears the costs on the following items:

1. The entire cost of wages of unskilled manual workers.
2. Administrative expenses as may be determined by the Central Government, which will include inter alia, the salary and the allowances of the programme officer and his supporting staff, work site facilities.
3. 75 per cent of the cost of material, wages of skilled and semi skilled workers.
4. Expenses of the National Employment Guarantee Councils.

The State Government bears the costs on the following items:

➢ 25 per cent of the cost of material, wages of skilled and semi skilled workers (As a ratio of 60: 40 is to be maintained for wages of the unskilled manual workers and the material, skilled/semi skilled worker's wages, the State Government has to bear only 25 per cent of the 40 per cent component, which means a contribution of 10 per cent of the expenditure).
➢ Unemployment allowance payable in case the state government cannot provide wage employment on time.
➢ Administrative expenses of the State Employment Guarantee Council.[5]

EXPRESSION OF DEMAND FOR EMPLOYMENT

Unemployment is a cause of poverty. The Government has launched various programmes for poverty alleviation. Among these programmes, MGNREGA is the largest rural employment programme ever undertaken in India. The Government as a commitment to its National Common Minimum Programme, has successfully passed the Bill on this scheme. The launching of MGNREGA is an illustrious endeavour to ensure employment to the rural needy and poor family.MGNREGA is a holistic measure and aimed at fulfilling one of the most important Human Right, i.e. right to employment at least to one member of the family. Gram Panchayats are given more importance than Panchayat Samities and Zila Parishad for implementation of this scheme. To ensure transparency and accountability, the government has made a provision of 'Social Audit' under this scheme. Under the MGNREGA the tool of social audit is extensively used by local community to ascertain the relevance, usefulness and utility of the funds allocated. The formulation and implementation of MGNREGA constitute a significant step to poverty alleviation by providing an institutional framework for guaranteeing supplementary livelihood opportunity to the rural households.[6]

Since MGNREGA is a right based programme, expression of demand for employment by the rural poor is the basic premise of its operation, especially if the wage seekers are illiterate and unorganized. Generating awareness about the programme among local rural communities become critical for enabling the rural poor to express demand. States have adopted various methods for communication and social mobilization that include preparation of communication material on MGNREGA process in simple local language, orientation of sarpanch/ward members, convening gram sabhas, using district teams for village level interactions, local vernacular newspaper, TV and radio spots, pamphlets and brochures, local cultural forums fixing a Rojgar day in a week and establishing a helpline. The full knowledge of the rights the MGNREGA confers on the rural poor is the most important pre-requisite to enable them to seek employment as per their choice of time and duration.

LABOUR BUDGET, INVENTORY OF PROJECTS AND PERSPECTIVE PLAN

MGNREGA guarantees providing employment within 15 days of demand and the instrument employment is unskilled manual work selected from the list of permissible works. This legal guarantee has implication for the way in which works have to be planned. A labour budget, as stipulated under the Act, is required to be prepared to facilitate advance planning, whereby districts estimate their labour demand for the ensuing financial year by December end.

National Guidelines indicate the way in which the annual shelf of the projects may be prepared to meet the estimate the labour demand. Districts should keep a list of works ready to meet employment demand. Estimated benefits in terms of person days need to be assessed, so that the employment expected to be generated through the works planned may be clearly matched with the estimated employment demand. Physical improvement envisaged (land/water conservation etc.) has to be qualified so that the focus remains on creating durable and productive assets that support further self-sustaining employment. Displaying the list of approved works at the Gram Panchayat office and the details of works taken up on the work site has been stipulated so that the workers know the work opportunities locally available.

WORK RECORD, PAYMENT OF WAGES AND PREVENTING BOGUS MUSTER ROLLS

The legal guarantee of MGNREGA mandates that wages due to workers be paid within 15 days of work completion. This requires that of fair record be maintained for the work done. To ensure that authentic muster rolls are used, numbered muster rolls are to be issued for each sanctioned work by programme officer and maintained on the work site by the executing agency. Muster rolls must mention job card numbers of workers, days worked, quantum of work done, amount paid and must have space for recording inspections. Muster rolls should be read out on the work site during measurement and wage payment to prevent bogus records. Entries of the muster roll should be correspondingly recorded in the job cards of the workers. Updating of muster roll data at the block level computers in a 15 days cycle needs to be ensured. Regular measurement and supervision of works should be done by qualified technical personnel on time.

WOMEN EMPOWERMENT

MGNREGA stipulates that priority shall be given to women. In terms of implementation it mandates that a minimum of one-third of the beneficiaries shall be women who have registered and have requested for work.

VIGILANCE AND TRANSPARENCY

Vigilance and transparency have been strongly emphasized in MGNREGA. The field verification of MGNREGA process is through external and internal agencies and the feedback is shared with the states for follow up. Independent concurrent studies have also been taken up. Monitoring at the state level is required and states are expected to ensure 100 per cent verification at block level, 10 per cent at district level and 2 per cent at the state level, especially work muster rolls, and records. Guidelines for muster roll verification have been evolved. The setting up and training local vigilance and monitoring committees is also required for bringing in lateral transparency. A web enabled M/s www.nrgc.nic.in has been developed that seeks to place all information in public domain. It is a household level database and has internal checks for ensuring consistency and conformity to normative processes. All critical parameters get monitored in public domain.

Since the MIS places all critical data on the web and this data is software engineered, it has significant advantages in terms of transparency as it allows cross verification of records and generation of reports on any parameter of the Act.

PUBLIC ACCOUNTABILITY

MGNREGA contains specific provisions for public accountability. This has to be accomplished through the provisions made in the Act and guidelines regarding right to information, proactive discloser of information and a transparent social audit process. The right to information should be followed in both letter and spirit in all matters relating to MGNREGA. Section 17 of MGNREGA provides for social audit of all works in a Gram Panchayat (GP) by the Gram Sabha and the Gram Panchayat has to provide records for social audit.

GRIEVANCE REDRESSAL

Enforcement of the right to employment requires setting up an effective grievance redressal system. MGNREGA vests the responsibility for grievance redressal with the programme officer. To ensure prompt grievance redressal, certain basic arrangements must be ensured, such as setting up a grievance redressal cell at

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the programme officer (PO)/District Programme Co-coordinator (DPC) offices, preferably with a toll free helpline. The PO and DPC must review the disposal of complaints on a monthly basis and the persons concerned must be informed.[7]

FINANCIAL MANAGEMENT
A non-lapsable central employment guarantee fund has been set up to ensure that availability of funds match working season demands. Districts have dedicated accounts for MGNREGA funds and submit their proposals based on clearly delineated guidelines so that funds may be devolved efficiently at each level, and adequate funds may be available to respond to demand. The funds are released on the basis of demand for employment received in a district and are based on an appraisal of both financial and physical indicators of outcomes.

OTHER PROCESSES OF MGNREGA
A. RIGHT-BASED FRAMEWORK
1. Audit members of a rural household who are willing to do unskilled manual work may apply for registration to the local Gram Panchayat, in writing, or orally.
2. Gram Panchayat after due verification will issue a job card. The job card will bear the photograph of all adult members of the household and is free of cost.
3. A job card holding household may submit a written application for employment to the Gram Panchayat, stating the time and duration for which work is sought.

B. TIME-BOUND GUARANTEE
1. Gram Panchayat will issue a dated receipt of the written application for employment, against which the guarantee of providing employment within 15 days operates. If employment is not provided within 15 days, daily unemployment allowance in cash has to be paid. Liability of payment of unemployment allowance is of the states.
2. Work should ordinarily be provided within 5 km radius of the village or else extra wages of 10 per cent are payable.
3. Wages are to be paid according to minimum wages. Disbursement of wages has to be done on weekly basis and not beyond a fortnight.

C. WORK SITE FACILITIES
1. Work site facilities such as creche drinking water, shade have to be provide.

D. LABOUR –INTENSIVE WORKS
1. A 60:40 wages and material ratio has to be maintained. Contractors and use of labour displacing machinery is prohibited.

E. PERMISSIBLE WORKS
1. Water conservation
2. Drought proofing (including plantation and afforestation)
3. Irrigation canals
4. Minor irrigation horticulture and land development on the land of SC/ST/BPL/IAY and land reform beneficiaries
5. Renovation of traditional water bodies.
6. Flood protection
7. Land Development
8. Rural connectivity
9. Any other work that may be notified by the central government in consultation with the state government.

F. ROZGAR JAGARAN PURUSKAR
The objective of the award is to acknowledge the outstanding and exempt any contribution made by a registered Civil Society Organization (CSO) in the effective implementation of the MGNREGA at state, district, block and gram panchayat levels. The award includes a medal, scroll and cash (Gram Panchayat ₹1000; Intermediate Panchayat, 2000; District Panchayat ₹ 2500; and state level ₹ 25,000.[8]

E-GOVERNANCE IN RURAL AREAS
Ministry of Rural Development, Government of India has developed a number of applications to automate the processes of information generation and strengthening E-governance. Efforts are also made to develop national level ICT solutions for some important activities like the land records computerization, MIS for Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), online monitoring of schemes of the Ministry, Rural Bazaar, Rural Soft, Below Poverty Line (BPL) census 2002 etc.

RURAL PORTAL
Rural Portal for Ministry of Rural Development (www.rural.nic.in) has been developed for information exchange and learning from others experience. It provides a gateway to around 150 websites. It provides details of schemes of the Ministry, their physical and financial status, release position, sanction orders etc. Apart from this, news related to Ministry are also uploaded daily onto the site, circulars of public interest, information regarding events, tenders/notices, e-mail are also uploaded regularly onto the site. Online SARAS Mela is available on the website to web showcase the, products made by rural artisans for wide publicity and to create national /international market for their products. Applications have been developed to on-line monitor the Monthly Progress Reports of schemes of the Ministry.

HOUSEHOLD SURVEY (BPL CENSUS 2002)
NIC-DRD informatics cell has designed and developed the software for the household survey BPL Census 2002. The software was designed in such a way that it uniquely identifies a family and all the members of the family at national level. It also assigns a unique number to all panchayats which are the executing agencies/ service providers for most of the schemes of Ministry of Rural Development. The family and the persons whose information is captured in the software are the beneficiary/service receiver for most of the schemes of the Ministry and are uniquely identified.

NATIONAL RURAL EMPLOYMENT GUARANTEE ACT SOFTWARE PACKAGE
Ministry and NIC commenced the preparation of appropriate E-governance solution to strengthen NREG scheme in October 2005 and when the scheme was launched in February 2006, the MGNREGA Software was also launched across the country. The software is available to all stakeholders online through http:/INREGA.nic.in and also could be downloaded for off-line working. The package is Unicode-enabled and supports local languages. The training to use the software has been organized in States.
MGNREGA software is web-based software prepared to capture all the activities under MGNREGA at National, State, District, Block and Panchayat level. Using this portal each stakeholder can input information and access his/her own information through this portals NREGA soft captures Registration of workers, work demanded, number of days of employment for whole family, funds transferred/utilized and number of works undertaken under the scheme. Various stake holders of the project are the following:
1. Citizens
2. Gram Panchayats, Block Panchayats, Zila Panchayats.
3. Workers
4. Programme officers
5. District Programme Coordinators.

6. Implementing agencies other than PRIs
7. State RD Departments
8. Ministry of Rural Development and administrators in Government of India.[9]

NEED FOR MGNREGA

India is the world's largest democracy and one of the ten fastest growing economies of the world. It is home to over a third of the world's poor people. India contains more poor people than any other country. Agriculture forms the backbone of the Indian economy wherein more than three-fourths of the poor live in rural areas and depends on agriculture as their primary occupation. During the present reforms period, economy is growing at the rate of six per cent of GDP, but it has witnessed marked deceleration in employment generation. Excessive labour intensive agricultural sector has not provided adequate employment opportunities to the rural poor.[10]

MGNREGA-DIFFERENT FROM OTHER SCHEMES

The MGNREGA scheme is entirely different from other social security and rural development schemes. The following are the differences:
1. Unlike the other schemes it is enacted through the parliament of India. The legitimacy and authority is being provided by the parliament of India. This is the unique strength of the MGNREGA scheme.
2. The ideology behind the MGNREGA scheme is different from other public service schemes. The main goal of this MGNREGA scheme is to empowering the livelihood of the rural poor rather than providing employment to the rural poor.
3. The MGNREGA scheme is ensuring guaranteed wage employment for at least minimum 100 days to every eligible rural household in the rural areas. Whereas the existing other schemes have not such as guaranteed wage and employment.
4. The MGNREGA is ensured daily unemployment allowance of one-third to one-half of the minimum wages, if the person was not provided employment opportunity within 15 days of application. In case, the person is not provided either employment or compensation, the concerned person has the right to seek judicial intervention to ensure his/her rights. Here, getting employment becomes an entitlement of the individual. Whereas this feature is not applicable to the existing other schemes.
5. The MGNREGA ensures that for the first time, the government can be penalized, if they were not provided employment on time. These kind of penalizing provisions are not available with other employment guarantee schemes that have been implemented in India.
6. The MGNREGA is also ensuring that minimum wages must be provided as per the Minimum Wages Act, 1948. This provision is not available with the existing other employment guarantee programmes.
7. The MGNREGA is guaranteed for equal wages for both men and women. Whereas this feature is not available with the existing other employment guarantee programmes.
8. The MGNREGA is mandatory that at least one-third of' the works to be provided exclusively for women. This provision is also not applicable with the existing other programmes.
9. The MGNREGA is also made mandatory for providing necessary facilities for women at the worksites like, drinking water, baby crèche, first aid and shade.
10. Finally, the MGNREGA ensures the transparency and accountability. This is considered as a key feature. The public are empowered to scrutinize the matters pertaining to the works details, payment and other particulars, such as social auditing is very much pertinent for the success of any programme. These kind of provisions are not available with the existing other programmes.[11]

The MGNREGA is one of the rights-based scheme introduced in India since independence to empower the rural households by providing guaranteed wage employment to the better extent of the real beneficiaries. It ensures the individual getting employment as legal entitlement of the citizens of India. This Programme has created much hopes in the minds of rural households, through proper implementation of MGNREGA with revision of minimum wages from time to time, the standard of living of the rural poor can be improved.

CONCLUSION

It is concluded that the programmes to create direct employment opportunities for wage workers through public works have been the past focused on generation of supplementary employment opportunities, especially during lean periods. They have been considered as an important component of anti-poverty strategy. These programmes are expected to create durable assets for the community and thus, enhance further economic activities. Wage employment programmes also push up demand for labour and thus, exert an upward pressure on the market wage rates by attracting people to public works programmes, thereby reducing supply of cheap labour, often at wages that would not even meet their bare basic needs. Apart from the advantages that would accrue to the employed, under-employed and the poorly employed, such programmes will also have a positive macroeconomic impact via the increase in effective demand from the hitherto poor and vulnerable segments of the population. Viewed in this perspective, the enactment of the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) is a historic step in the Indian context.[1] Here an attempt has been made to introduce the various aspects of historic MGNREGA.

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POVERTY REDUCTION OF URBAN POOR THROUGH SELF EMPLOYMENT GENERATION PROGRAMME IN THE PERSPECTIVE OF SLUMS IN INDIA

REENA G. MALALI
RESEARCH SCHOLAR
DEPARTMENT OF ECONOMICS
RANI CHANNAMMA UNIVERSITY
BELAGAVI

ABSTRACT

Generation of Self employment for urban poor is an initiative of the Government of India for their socio economic development and towards eradication of urban poverty in India as well. Many urban poor are building their lives, their families and their society through Self employment generation programme. Such initiatives of government have been playing considerable role in strengthening self confidence of the urban poor in establishing their self employment ventures and improve their socio economic condition. The urban poverty is concentrated more in slum areas and those residents have no job opportunities due to lack of financial resources and adequate skill. Hence most of the urban poverty alleviation programs are made applicable to the people living below poverty line in slums. It is significant to note that the poverty of such people can be alleviated not only by providing shelter but by providing them gainful employment also. This paper reviews the self employment programmes and their role in socio economic development of urban poor including slum dwellers. It further analysis setting up of gainful self employment venture through loan and subsidy scheme and the support provided to the urban poor through technology/marketing/infrastructure/knowledge in marketing their products under modified version of self employment scheme called SJSRY.

KEYWORDS
poverty reduction, urban poor, self employment generation programme, slums in India.

INTRODUCTION
The problem of unemployment being the global problem, there exist high percentage of unemployment in urban economy of India. The employment for the urban poor has significant role in socio economic development of the country and in alleviation of urban poverty as well. The seventh five year plan (1985-90) constitutes the first conscious attempt to directly address the issue of urban poverty and in view of the recommendations of the National Commission on Urbanization (NCU) a four pronged strategy comprising of employment of low income communities through promotion of micro enterprises was adopted. Such strategy for microenterprises in urban areas was adopted in Neharu Rozagar Yojana (NRY). There were five component plans included in the scheme and 'Support for setting up Micro Enterprises' was one of them. Under this component plan 25% of the estimated cost of micro enterprises subject to maximum of Rs 4000/- was given to the beneficiaries as subsidy while remaining 75% of the cost was made available to the beneficiary as a loan through the Commercial Bank. The eighth plan (1992-97) reinforced the employment thrust of programmes meant for poor by introducing new employment programme called the Prime Minister's Integrated Urban Poverty Eradication Programme (PMIUPEP) in 1995. However, a working group setup by the planning commission, Government of India under the chairmanship of Prof. S.R. Hashim in 1997 to review and rationalize employment generation scheme, examined various aspects of the existing schemes and made recommendations for their improvement. Based on the recommendations of the planning commission the existing schemes of NRY and PMIUPEP are merged into a new employment programme called Swarn Jayanti Shahari Rozagar Yojana (SJSRY) which is implemented with effect from April 1999 in India.

The new employment programme, SJSRY was basically consisting of two major components namely a) The Urban Self Employment Programme (USEP) and b) The Urban Wage Employment Programme (UWEP). After its implementation and in the year 2006 an independent evaluation of this programme was carried out and based on the study findings of the evaluation committee the basic objectives of the scheme have been revised and for their effective implementation this programme has been classified into five major components namely,

(i)   Urban Self Employment Programme (USEP)
(ii)   Urban Women Self-help Programme (UWSP)
(iii)   Skill Training for Employment Promotion amongst Urban Poor (STEP-UP)
(iv)   Urban Wage Employment Programme (UWEP)
(v)   Urban Community Development Network (UCDN)

The Urban Self Employment Programme (USEP) is an initiative of the Central Government towards assistance to individual urban poor for setting up gainful self employment venture and also to support in marketing their products. The previous scheme NRY though had included the component of support for setting up micro enterprises there was no scope for marketing their products through government agency. Likewise, no scope was found for involvement or contribution of the beneficiaries as part of the scheme in its effective implementation. Therefore, to fill up these gaps the present USEP component is introduced and it is complementary with other components of SJSRY. Hence in this article an effort is made to analyze USEP and its role in reduction of poverty in urban India.

OBJECTIVES
1.   To review the Urban Self Employment Programme (USEP) in the light of programme guidelines and find out the strategy adopted for identification of beneficiaries under the scheme to improve the socio economic condition of the urban poor including slum dwellers
2.   To analyse the role of Micro Business Centre (MBC) in supporting the self employment ventures engaged in Production (Micro-industry), Services and Business sectors.

SOURCES OF DATA AND METHODOLOGY
The present study is based on the secondary data gathered from Guidelines for SJSRY issued by Ministry of Housing and Urban Poverty Alleviation, Government of India and also the five year plans published by the Planning Commission, Government of India.

EVOLUTION OF SELF-EMPLOYMENT
A well known feature of Indian employment scene after globalization and liberalization is the domination of the unorganized sector with irregular and insecure jobs, low productivity and earnings and no social protection. This situation happens when the organized sector closes and the workforce of those sectors are compelled to join unorganized sector. The prominent reason for urban informalization is the reorganization or collapse of industrial structure in major industrial centers. Therefore, such displaced workers fail to find any gainful employment. The others who are occupied as wage earners or self employed get only meager returns for their labour time. The urban workforce usually does casual wage earner or self employment work. But lack of access to formal channels of credit facilities and training skills hinders the growth of self employment. Thus there is heavy concentration of poor households as self employed and casual workers.

URBAN POVERTY AND SLUMS IN INDIA

Developing countries like India presently suffer the enormous growth of urbanization. The urbanized India similarly carried the problem of slum. Majority of the urban poor live in planned colonies, followed by slum designated areas and unauthorized colonies and resettlement colonies. Due to urbanization the capacity of the cities and towns to assimilate the migrants by providing access to land and basic amenities etc, are limited. The characters of poverty in urban areas are seen in slums and hence in slum urban poverty has a cumulative impact. It leads problems like poor health and education, unemployment, low wages unhygienic living conditions, sense of insecurity, disempowerment etc. Therefore, the poverty in urban areas with said characteristics is said to be the poverty of the people living Below Poverty line (BPL) residing in urban slums in India. Thus the urban poverty is concentrated more in slum areas and those residents have no job opportunities due to lack of financial resources and adequate skill. Hence most of the urban poverty alleviation programs are made applicable to the people living below poverty line in slums. It is significant to note that the poverty of such people can be alleviated not only by providing shelter but by providing them gainful employment also. Therefore, the urban poor are the target group under SJSRY for providing them a financial assistance to establish their self employment venture. Such assistance can convert these human resources into productive assets in such a manner that they become ultimately wealth creators and job providers instead of mere survivors or job seekers through promoting micro and small business entrepreneurship. The micro enterprise development approach is the viable and replicable method to create wealth among the poor. Therefore, under this component of SJSRY the beneficiaries get the loan with subsidies to establish their self employment venture to create wealth among themselves.

URBAN SELF EMPLOYMENT PROGRAMME (USEP)

This component is having two sub-components viz.
i)   Assistance to individual urban poor beneficiaries for setting up gainful self employment venture (Loan and Subsidy)
ii)   Technology/marketing/infrastructure/knowledge and other support provided to the urban poor in setting up their enterprises as well as marketing their products (Technology, Marketing & Other Support)

The key objective of this component is to provide gainful employment to the urban unemployed or underemployed through the setting up of self-employment ventures and support them in marketing their products. This component encourages underemployed and unemployed urban poor to set up small enterprises relating to manufacturing, servicing and petty business for which there is a lot of potential in urban areas. The delivery of inputs under the scheme is through the medium of urban local bodies and community structures. The target population under this scheme is the identified urban poor those living below the poverty line as defined by the planning commission from time to time.

IDENTIFICATION OF BENEFICIARIES

The urban poverty alleviation schemes would see the success if the genuine beneficiaries are identified and benefited under the schemes. At this end the guidelines are issued elaborately and suggested parameter to identify the genuine beneficiary. The top priority is suggested to be given to those who are poorest of the poor. The Urban Poverty Alleviation Cell (UPA cell) in the Urban Local Body is responsible for identifying the urban poor by conducting slum household and livelihoods surveys. Hence a need of house-to-house survey with focus on slums and low income settlements is found. Accordingly, model formats for conduct of slum survey, household survey and livelihoods survey are directed to the nodal agencies. In addition to the economic criteria of the urban poverty line, non-economic parameters are applied to identify the urban poor for receiving benefits under the scheme. This component is confined to Below Poverty Live (BPL) beneficiaries with emphasis on those given a higher priority on the basis of non-economic criteria. Though the BPL family of slum areas are also entitled we cannot find a provision in the scheme to give priority to the slum dwellers in establishing the self employment venture as they are deprived of basic services given to other urban poor by the Urban Local Bodies and suffering from financial resources.

CLASSIFICATION OF SELF EMPLOYMENT VENTURES INTO THREE MAJOR SECTORS

For the purpose of self-employment, focus is on 3 major sectors i.e. Production (Micro-industry), Services and Business. The Production (Micro-industry or manufacturing) line beneficiaries are engaged in manufacture of washing powder, agarbatti, bangles, garments, plastic toys, footwear, wooden/steel furniture, saree printing, weaving, pottery, blacksmithy, utensil/steel fabrication, food processing, ball pen making etc. The beneficiaries providing services are undertaking repairing of radio/TV/refrigerator/air cooler/air conditioner/mobile phone/cycle/automobile/diesel engines/pump/motor/watches/electrical/electric domestic appliances, catering, dry cleaning, furniture repair, motor winding, shoe repair, book binding, plumbing carpentry, masonry painting and polishing, tile laying, glass pane fixing, electrical installation etc, whereas the business sector is recognized with business activities like general merchant shop, Kirana shop, building material shop, readymade garments shop, dairy units etc.

FUNDING PATTERN AND FINANCIAL PROCEDURES

The financial assistance to an individual urban poor beneficiary for setting up gainful self employment venture is extended by the central government through subsidy on the loan amount. The micro enterprise component allows the beneficiary to establish the self employment venture with maximum allowable unit project cost of Rs2,00,000/- including maximum allowable subsidy of 25% and beneficiary contribution of 5% of the project cost as margin money. Prior to issuance of revised guidelines for the programme in the year 2009-10 the maximum unit project cost was Rs 50,000/- and the subsidy was 15% of the project cost subject to maximum of Rs 7500/-. However, the margin money to be contributed by the beneficiaries was 5% only. Thus after revised guidelines the beneficiaries are entitled for the benefit of the program to the extent of 25% of the project cost from the government as subsidy. However, said subsidy is subject to a maximum of Rs 50,000/-. Rest of the project cost is financed by the banks excluding the margin money to adjust the remaining amount of the project cost. The financial assistance by the bank is extended to the beneficiary only after a loan application along with margin money is submitted. The bank releases the amount of the project cost including the subsidy money in favour of the ULB and thereafter the ULB repays the subsidy money to the bank. It is significant to note that, the beneficiary being recognized by the scheme has an easy excess to the bank to raise the loan on the project cost of the activity and is not saddled with burden of providing collateral security for the loan.

MICRO BUSINESS CENTRE AND ITS ROLE IN SELF EMPLOYMENT PROGRAMME

Micro Business Center through its specialists undertakes handholding activities for the development of entrepreneurs. The technology, marketing and other support component of this programme mainly focuses on handholding support for the urban poor entrepreneurs who want to be self employed and set up their own small business or manufacturing units. Towards enhancing the success rate of micro enterprise, Micro Business Centers (MBCs) are suggested to be established at cluster level. The programme guideline requires such MBCs to be run on the basis of Public Private Partnership (PPP) model and they could also be run by the society of entrepreneurs themselves with manpower hired on contract basis. A Small Enterprise Advisory Services (SEAS) equipped with specialist covering five key areas are provided through such MBCs. These specialists undertake handholding activities for the development of entrepreneurs from the urban poor community and promote business development by them from the concept stage to commissioning to sustainability. The MBCs have a vital role in providing technology, marketing, consultancy (advise) and other support to the beneficiaries setting up micro enterprises in relation to production and marketing of their products etc. This can be accomplished by providing selling places for the poor in the form of kiosks and rehri markets, setting up of Nagar Palika Seva/Suvidha Kendras for construction and other services as envisaged in Urban Wage Employment Programme.

CONCLUSION

The employment for the urban poor has significant role in socio economic development of the country and in alleviation of urban poverty as well. However, the urban poverty is concentrated more in slum areas and those residents have no job opportunities due to lack of financial resources and adequate skill. Thus most

of the urban poverty alleviation programs are made applicable to the people living below poverty line in slums. It is significant to note that the poverty of such people can be alleviated not only by providing shelter but by providing them gainful employment also. The review of this component of SJSRY reveals that, there is no specific provision in the programme to give priority for slum dwellers as their socio economic condition is more poor than other urban poor living in other areas of the city. Hence the urban poverty can be reduced more effectively if the urban poor residing in slum areas are given with priority in establishing their gainful self employment.

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A STUDY ON THE PERFORMANCE OF MICRO, SMALL AND MEDIUM ENTERPRISES (MSMEs) IN INDIA

UJJAL BHUYAN
RESEARCH SCHOLAR
DIBRUGARH UNIVERSITY
DIBRUGARH

ABSTRACT

The MSME sector is considered to be the engine of growth for an economy. The estimated contribution of Micro, Small and Medium Enterprises (MSME) sector, including service segment, to the country's GDP during 2012-13 was 37.54 per cent; while the total employment in the sector is 805.24 Lakh. The contribution of the sector to India's total export for the year 2014-15 was 44.70 per cent. Also the problems of poverty and inequality are deep- rooted, especially in developing countries like India. To address these problems, we need a system of 'Inclusive Growth'. Growth cannot be inclusive unless and until the fruits of the growth is percolated to the bottom of pyramid. Specifically, in a developing nation like India where inequality in distribution of wealth and income is significantly high, sustained increase in per capita income cannot be translated automatically to sustained increase in standard of living. In order to alleviate the curse of poverty, inequity, unemployment and underemployment, adequate employment opportunities should be created for the poor mass which will facilitate them to meet their subsistence level of consumption demand. This paper attempts to assess the performance of MSME sector in India.

KEYWORDS
inclusive growth, poverty, inequity, subsistence.

INTRODUCTION

Micro, Small and Medium Enterprises (MSME) sector has emerged as a highly vibrant and dynamic sector of the Indian economy. MSMEs not only play crucial role in providing large employment opportunities at comparatively lower capital cost than large industries but also help in industrialization of rural & backward areas, thereby, reducing regional imbalances, assuring more equitable distribution of national income and wealth. MSMEs are complementary to large industries as ancillary units and this sector contributes enormously to the socio-economic development of the country. The Government of India has enacted the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 in terms of which the definition of micro, small and medium enterprises is as under:

(a) Enterprises engaged in the manufacture or production, processing or preservation of goods as specified below:

(i)	A micro enterprise is an enterprise where investment in plant and machinery does not exceed Rs. 25 lakh;

(ii)	A small enterprise is an enterprise where the investment in plant and machinery is more than Rs. 25 lakh but does not exceed Rs. 5 crore; and

(iii)	A medium enterprise is an enterprise where the investment in plant and machinery is more than Rs.5 crore but does not exceed Rs.10 crore.

In case of the above enterprises, investment in plant and machinery is the original cost excluding land and building and the items specified by the Ministry of Small Scale Industries vide its notification No.S.O.1722(E) dated October 5, 2006.

(b) Enterprises engaged in providing or rendering of services and whose investment in equipment (original cost excluding land and building and furniture, fittings and other items not directly related to the service rendered or as may be notified under the MSMED Act, 2006 are specified below.

(i)	A micro enterprise is an enterprise where the investment in equipment does not exceed Rs. 10 lakh**;**

(ii)	A small enterprise is an enterprise where the investment in equipment is more than Rs.10 lakh but does not exceed Rs. 2 crore; and

(iii)	A medium enterprise is an enterprise where the investment in equipment is more than Rs. 2 crore but does not exceed Rs. 5 cror**e.**

As per the revised methodology suggested by Central Statistics Office (CSO), Ministry of Statistics and Programme Implementation (MoSPI), the estimated contribution of manufacturing sector Micro, Small and Medium Enterprises (MSME) to GDP, during 2012-13, was 7.04 percent. However, taking into account the contribution of services sector MSME, which was estimated at 30.50 percent during 2012-13, the share of MSME sector in GDP of the country, during 2012-13, was 37.54 percent (Mishra, Kalraj, 2014). Based on the export data maintained by Director General of Commercial Intelligence & Statistics, Ministry of Commerce and the information available with this Ministry about MSME products having significant export, the share of MSME in India's total export, for the year 2013- 14, has been estimated at 42.38%. (Ministry of Micro, Small and Medium Enterpsies, Government of India, 2014). The development of this sector came about primarily due to the vision of our late Prime Minister Jawaharlal Nehru who sought to develop core industry and have a supporting sector in the form of small scale enterprises. MSMEs sector has emerged as a dynamic and vibrant sector of the economy. The Indian economy is expected to grow by over 8 per cent per annum until 2020 and can become the second largest in the world, ahead of the United States, by 2050, and the third largest after China and the United States by 2032. In this context it is very important to examine the role of MSMEs for economic growth of India.

The major functions of the Organization are: -

i) Advising the Government in policy formulation for the promotion and development of MSME units;

ii) Providing techno-economic and managerial consultancy, common facilities and extension services to the MSME Sector;

iii) Providing for technology upgradation, modernisation, quality improvement and infrastructure;

iv) Developing Human Resources through training and skill upgradation;

v) Providing economic information services;

vi) Maintaining a close liaison with the Central Ministries, Planning Commission, State Governments, Financial Institutions and other organisations concerned with development of MSME Sector;

vii) Evolving and coordinating Policies and Programmes for development of the MSME as ancillaries to large industries.

LITERATURE REVIEW

According to Revell and Blackburn, Compliance, competitiveness and value-driven ecological and social concern have been identified as motivations for pro-social and pro-environmental behaviour in SMEs. The competitiveness argument underpins much of the UK government's approach to encouraging voluntary pro-environmental engagement in small businesses, particularly with respect to climate change and the reduction of greenhouse gas emissions, (2007).

SMEs differ from larger firms in terms of their engagement with social and environmental issues. They rarely have codified social or environmental policies (Spence, 2007; Hamann et al., 2009) and seem to engage in less explicit environmental and social behaviour than larger firms (Lawrence et al., 2006).

Voluntarily investing in environmental measures or concerns is part of showing an environmentally friendly attitude or showing some form of sustainable entrepreneurship. For the private sector this is part of sustainable entrepreneurship: trying to find a balance between planet, profit and people (Masurel, 2007:191).

OBJECTIVES OF THE PAPER

The following are the objectives of the paper:

1.	To assess the performance of MSMEs in India.

2.	To assess the role of MSME in entrepreneurship development.

METHODOLOGY

The study is based on secondary data. A survey of literatures by eminent research scholars is done to get deep insights about the subject matter. Several published reports are also consulted such as Annual report of MSME 2014-15 and websites of Ministry of Micro, Small and Medium Enterprises, Government of India etc. are browsed through during the study.

FINDINGS AND ANALYSIS

1) PERFORMANCE OF MSME IN INDIA

a) One of the variables measuring the performance of any sector in an economy is the contribution of the sector to the GDP of the country. The contribution of MSME to India's GDP is given as follows:

EXHIBIT 1: CONTRIBUTION OF MANUFACTURING OUTPUT OF MSME IN GDP

Percentage Share of MSME (At 2004-05 prices)		
Year	Gross Value of Output (Rs. in Crore)	Total Manufacturing Output	Gross Domestic Product (GDP)
2006-07	1198817.55	42.02	7.73
2007-08	1322960.41	41.98	7.81
2008-09	1375698.60	40.79	7.52
2009-10	1488390.23	39.63	7.49
2010-11	1655580.60	38.48	7.42
2011-12	1790804.67	37.52	7.28
2012-13	1809976	37.54	7.04

Source: Annual Report of MSME 2014-15

B) Another performance indicator is the contribution of the sector towards employment. MSME has made a significant contribution towards creation of employment opportunities. The following exhibit 2 highlights the same:

EXHIBIT 2: PERFORMANCE OF SSI / MSME: EMPLOYMENT, INVESTMENTS

Sl. No.	Year	Total Working Enterprises (in Lakh)	Employment (in Lakh)	Market Value of Fixed Assets (Rs. in Crore)
1	2001-02	105.21	249.33	154,349.00
2	2002-03	109.49	260.21	162,317.00
3	2003-04	113.95	271.42	170,219.00
4	2004-05	118.59	282.57	178,699.00
5	2005-06	123.42	294.91	188,113.00
6	2006-07	361.76	805.23	868,543.79
7	2007-08#	377.36	842.00	920,459.84
8	2008-09#	393.70	880.84	977,114.72
9	2009-10#	410.80	921.79	1,038,546.08
10	2010-11#	428.73	965.15	1,105,934.09
11	2011-12#	447.66	1,011.80	1,183,332.00
12	2012-13#	467.56	1,061.52	1,269,338.02
13	2013-14#	488.46	1,114.29	1,363,700.54
14	2014-15#	510.57	1,171.32	1,471,912.94

Source: Annual Report of MSME 2014-15

PROJECTED

2) MSME also plays a crucial role in encouragement of entrepreneurial instinct in the country. The scheme called "Support for Entrepreneurial and Managerial development of SMEs through Incubators" is operational since April 2008. This is one of the components of National Manufacturing Competitiveness Programme (NMCP) which emphases on the Support for Entrepreneurial and Managerial development of SMEs through Incubators. Under the scheme the main task is to promote individual innovators who can become technology based entrepreneur. The office of DC (MSME) has selected 200 Business Incubators for implementing the above scheme and released ₹ 22.18 Crore up to January, 2016 which is given as below:

EXHIBIT 3

SL. NO.	Year	Number of BI/HI approved	Number of Ideas approved	GOI assistance
1	2008-09	25	18	-
2	2009-10	29	164	1.91
3	2010-11	22	95	5.75
4	2011-12	-	49	2.06
5	2012-13	26	29	2.30
6	2013-14	16	53	2.51
7	2014-15	35	143	2.68
8	2015-16	47	97	4.96

Source: Annual Report of MSME 2014-15

CONCLUSION

The sector's contribution to India's economy is immense but it is extremely vulnerable to socio-economic changes. Only few are able to survive beyond five to six years. (Baldwin, 2001; Audet and St-Jean, 2007). According to Gurtoo, several reasons create this vulnerability (2009:181). The work typically operates at very low levels of organization and scale. The reliance on day-to-day profits for survival is high, with lack of formal space for operations, and little or no division between labor and capital (ILO, 2002, 2006; Bhalotra, 2002). Informal sector work is not constituted as a separate legal entity, independent of the household or with clear distinction of production activities (Chen, 2006; N and, 2006; Williams, 2005). Business transactions in informal sector are not legally established, rendering them personalized and unpredictable. However, these transactions are totally market based, conceded by any formal system or Government intervention (Schneider and Bajada, 2003; Williams, 2005) Irrespective of all these barriers and impediments, Government of India is providing more and more emphasize on development of MSME. As a part of the efforts, Government established incubation centers in IITs and IIMs to finance the venture of first generation entrepreneurs.

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WOMEN EMPOWERMENT IN NIGERIA THROUGH EDUCATION

OLUWAJEMILUA MATHEW TOPE
RESEARCH SCHOLAR
DEPARTMENT OF ECONOMICS
THE NEW COLLEGE
CHENNAI

ABSTRACT

The parlance of Nation development is women empowerment. Once a woman is academically empowered she can perform better in every aspect of life. According to Nelson Mandela he said 'education is power if given to someone can change the world'. Though education could be formal or informal, this paper carefully examines the women empowerment through formal education. Women empowerment leads to family and societal development with emphasis on social transformation targeting at restructuring the society to make it more efficient, updated, modernized, creative, participative, value oriented and self-development. Hence, woman empowerment is tantamount to national growth and development. This Study adopts cumulative measures in analyzing female literacy rate, school enrolment, and government expenditure on education using table, ratios and statistical measure to describe the growth in relation to women empowerment. The objectives of this paper are to analyze the growth of government expenditure on education, to compare the female that are in primary, secondary and tertiary education, to examines the female literacy rate. The paper finds out that the government expenditure has increased tremendously over a period of time but female literacy rate is very low compare to that of male, female education is not evenly distributing across the state of the federation.

KEYWORDS

literacy rate, government expenditure, female education, school enrolment.

INTRODUCTION

Women are the greatest asset that a country needs for its economic growth and development, women empowerment through education is not limited to the nation's growth and development but it also cut across the family wellbeing and freedom from self-imprisonments. In a nation where women empowerment is not a priority such would experience a setback in every set objective because women are the principal agent in the operation of the economic activities. They are well connected in terms of trade and commerce, women constitute the largest part of the trade activities that takes place in a given country within a year most especially the local markets and this leads to capital formation and investment. PT. JAWAHARLAL NEHRU said and I quote "If you educate a man you educate an individual, however, if you educate a woman you educate a whole family. Therefore, empowering women through education can save Nigeria from many hullabaloos such as early marriages and untapped potentials. More scholarships are to be granted to female students, most especially those in primary and secondary in order to explore the hidden potentials in women. Women education is not evenly distributed across the country because of cultural and social beliefs and most parents feels that educating a woman is a waste of time because they will later go to their husband house. So, they consider men as the head of the family therefore jeopardizing the right of women. In some part of the country, women are introduced to trade at prime age and while in some part early marriage is rampant. Also poverty is a major constraint to women education; this is the main reason why government intervention is paramount to women empowerment through education. The above mentioned social atrocity against women has forced some young ladies full of potentials into prostitution which in turn leads to spread of sexual transmitted diseases and also results to unwanted pregnancy amongst youths. It is very impotent to examine the women empowerment through education, to understand how government expenditure on education has impact the women education and literacy rate over the years. It also considers the female labour participation against male labour participation. In a nut shell, the women education is a pathway to nation's and family development. Though government expenditure has increased over the years but the outcome on women education are still very low, more efforts are needed on the part of the government to encourage women education most especially in the rural areas.

LITERATURE REVIEW

Jitendra Shinde (2014) discusses women empowerment through education, he defines women empowerment as the process in which the spiritual, political, social or economical status are raised. The main objectives of the paper are; Instead of giving women a secondary position in society, they should be given equal status, to change the approach towards women based on sex discrimination, to induce the feeling of self-dependence amongst women, to make women realize their own potential and to provide guidance to them for developing their potential, to create opportunities for them so that they can prove themselves in society and social institutions, also create certain roles for women in economic, political and social arena. He considers literacy rate. The main findings were that the literacy rate of women does not in any way match that of men. As a result, even after 65 years of independence in India, women are still lack behind in social hierarchy as a result of lack of education. Though he made some vital points but he does not cover the topic extensively there other factors that do influence women empowerment through education such as government expenditure on female education, the social awareness of the importance of women education.

Neha Elizabeth Emmanuel (2015) examines empowering women education with special reference to Indian economy. According to her, limited achievements have been made in the area of women empowerment, Indian economy is lagging behind as a result of lack of women participation. He expanciates education gap, it shows that men outnumber women in all higher education programs, except for the master of philosophy (MPhil). Also, there much more men teaching in the system compare to women. Literacy can also provide a status to the citizens in the present world. A person who is educated has access to so much of information around the world. It may be information on educational facilities, health, employment opportunity, legal literacy and so forth, the women empowerment through education is hindered as a result of social perspective about women, women are considered to be second class citizens.

M. Suguna (2011) writes about education and women empowerment in India. Education is milestone of women empowerment because it enables them to respond to challenges confronting them. It shows that women education in rural area is still very low. This implies that large womenfolk of the country are illiterates, the weak, backward and exploited. Education brings a reduction in inequalities and functions as a means of improving their status within the family. So it's not a gain saying when we say women empowerment leads to nation's development, government should take initiative to improve women education both at rural and urban centers that would save the nation from mediocrities and failure on the side of women.

Nabanita Bera (2016) examines women empowerment through education. The objectives of the study are: to know the need of education in women empowerment, to assess the present scenario of women empowerment in India, to know the constitutional provisions and Government efforts for women empowerment, to identify the barriers of women empowerment, to identify the importance of education for achieving women empowerment and to offer suggestions for women empowerment through education. Look at the present scenario in India it may be said that education is the cornerstone of women empowerment which could be achieved through hearty and co-operative efforts of the Government and NGO's and also eliminating the traditional attitude, norms and practices through proper education and guidance. The efforts of women empowerment by the government and social reformers will go in vain unless the women are well educated, self supportive and independent in all spheres of life.

Fapohunda Tinuke. M. (2001) sees higher education as a means of women empowerment in Nigeria. How much a nation progresses has a lot to do with the quality of human resources and educational attainment of its citizens. According to her findings educational gap between men and women is still very wide with women far behind. The paper adopted a descriptive survey method. The findings indicate that as the level of education gets higher, the number of female are lower. There

are relatively more females enrolled in primary, secondary and tertiary levels of education. Women are poorly represented in our universities. Again there is higher female enrolment in the Arts and humanities and decreased numbers in the Natural Sciences. In technology female enrolment is minimal. More states in Nigeria are still far behind in terms of women education.

RESEARCH ISSUE

Various studies have tried to explore the growth and effects of women empowerment on the society at large; there is no doubt, women empowerment leads to nation's transformation and well being of the society. There are linkages between government expenditure on education and growth of women empowerment through education most especially in a country where women are encouraging to embrace education by providing an enabling environment for the women tri-umph. The paper discusses the contributions of Nigeria government expenditure on education to women empowerment through education, it also compares women literacy rate to that of her male counterpart in order to carefully examine the growth of women empowerment of the time.

OBJECTIVES

The objectives of this paper are;
1.   To analyze the growth of government expenditure on education
2.   To compare the female that are in primary, secondary and tertiary education
3.   To examines the female literacy rate

METHODOLOGY

This Study adopts cumulative measures in analyzing female literacy rate, school enrolment and government expenditure on education using table, ratios and statistical measure to describe the growth in relation to women empowerment. This study uses secondary data from the World Bank reports, CBN bulleting, Knoema, Ministry of finance reports and other report from different reputable Journals.

RESULTS AND DISCUSSION

FIG. 1: GOVERNMENT EXPENDITURE ON EDUCATION
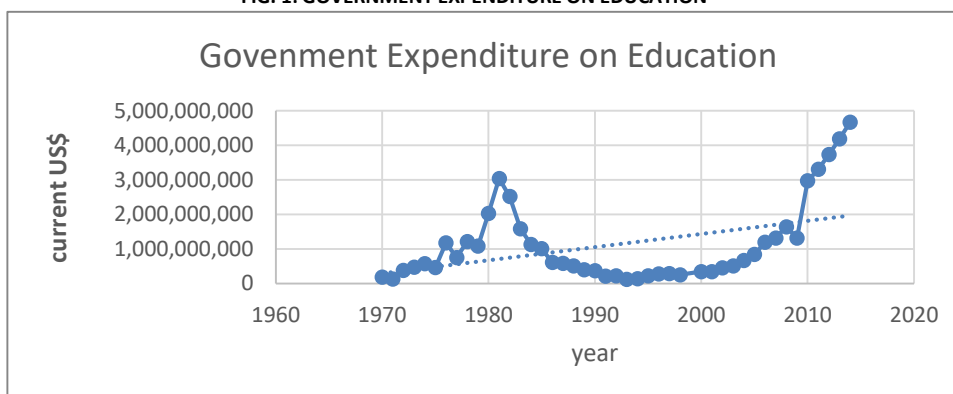
Source: World Bank staff estimates using data from the United Nations Statistics Division's Statistical Yearbook, and the UNESCO Institute for Statistics online database http://www.indexmundi.com/facts/nigeria/education-expenditure

Education expenditure refers to the current operating expenditures on education, including wages and salaries and excluding capital investments in buildings, equipment Education expenditure and educational materials (current US$). The above Government expenditure table gives clear picture of government expendi-ture on education around 1970-1977 the government expenditure on education was very low, but witnessed a sharp increase between 1978-1981and this growth continues till now due to oil boom this has a greater impact on education because the larger percentage of Nigeria revenue came from oil sector of the economy. But now that the price of oil has gone down it may affect the government expenditure on education otherwise the government expenditure on education is expected to growth more by 2020 has it's depicted in the Fig 1 as government expenditure on education increases the wages and salary also increases and this in turn motivates the workers to put in their best.

TABLE 1: ESTIMATED POPULATION BY AGE GROUP AND BY SEX

Age Group	Male %	Female %	Overall %
0-4	12.7	12.3	12.5
5-9	14.5	13.6	14.0
10-14	13.2	11.6	12.4
15-19	10.9	10.0	10.5
20-24	7.6	9.0	8.3
25-29	6.7	9.1	7.9
30-34	5.8	7.6	6.7
35-39	5.1	6.4	5.7
40-44	4.9	5.3	5.1
45-49	4.4	4.2	4.3
50-54	4.1	3.6	3.9
55-59	2.5	2.0	2.3
60-64	2.7	2.0	2.3
65-69	1.7	1.4	1.6
70-74	1.7	0.9	1.3
75-79	0.7	0.5	0.6
80-84	0.6	0.4	0.5
85+	0.2	0.1	0.2
Total	**100**	**100**	**100**

Source: National Bureau of Statistics Report

The table above shows the percentage of estimated population by age group and sex, the age between 0-4 constitutes 12.5 in total of which male is 12.7% and Female 12.3%. The age group between age 5-9 made up 14.0 %, Male 14.5% and Female 13.6. Also, 10-14 age groups made up 12.4% of the total population out of which 13.2% is Male and 11.6% is Female. The age group between 15-19 constitutes 10.5% of the population out of which 10.9% are males and female 10.0%.

The age group between 20-24 in total is 8.3 out which male is 7.6 and female is 9.0 it goes on and on like that. But the age group marked by red is active age group at 18years one can be suite to court in Nigeria and the retirement age is 65years of age. Though the population of male is higher than female in Nigeria but if we look at the active age marked in red the percentage of women is more than that of men. That implies that in active working age, women are more than men. Therefore, empowering women through education is very crucial to the success of Nigeria economy. Nigerian economy is more of dependent age, in such case education will be of great help in catch the young stars at their prime.

TABLE 2: ESTIMATED POPULATION OF CHILDREN (6-14YES) NEVER ATTENDED SCHOOL

	Male%	Female%
Overall	7.7	8.5
Urban	2.0	2.7
Rural	10.2	11.2

Source: National Bureau of Statistics

The percentage of the children between ages 6-14 years, the total of male children who never attended any school stood at 7.7 and that of female is 8.5 which mean female are more affected. Both in urban and rural areas female are more affected. Though, the number of female whom has never attended school in rural area is more than that of urban probably because of early marriage or farm work.

TABLE 3: YOUTH LITERACY BY SEX

Youth Literacy	Male%	Female%
English	81.0	71.4
Any Language	89.4	81.6

Source: National Bureau of Statistics

The youth literacy rate by English, male is 81.0 and Female stood at 71.4. Literacy in any language male stood at 89.4 and female is 81.6. The female literacy is low in both English and any language, despite the increase in Government expenditure on education that show that more are needed to be done on female in other to encourage them to embrace education to step up their literacy rate. More awareness is needed in both rural and urban areas to help women discover their potentials through women empowerment programs.

TABLE 4: YOUTH LITERACY BY PLACE OF RESIDENCE

Youth Literacy	Urban%	Rural%	Overall%
English	90.0	68.9	76.3
Any Language	94.3	81.0	85.6

Source: National Bureau of Statistics

The overall literacy in English is 76.3 and that of any language is 85.6, the urban literacy in English stood at 90.0 and rural stood at 68.9. The literacy in any language overall is 85.6, of which literacy at Urban is 94.3 and that of Rural is 81.0. It shows that the rate of literacy in English in rural area is very low compare to the urban area. Also the literacy in any language stood at 85.6 in total, Urban stood at 94.3 and Rural 81.0, this shows that the literacy in any language in rural area is very low compare to the urban. The literacy in any language increases in urban area probably because of the heavy present of foreigners in urban centers.
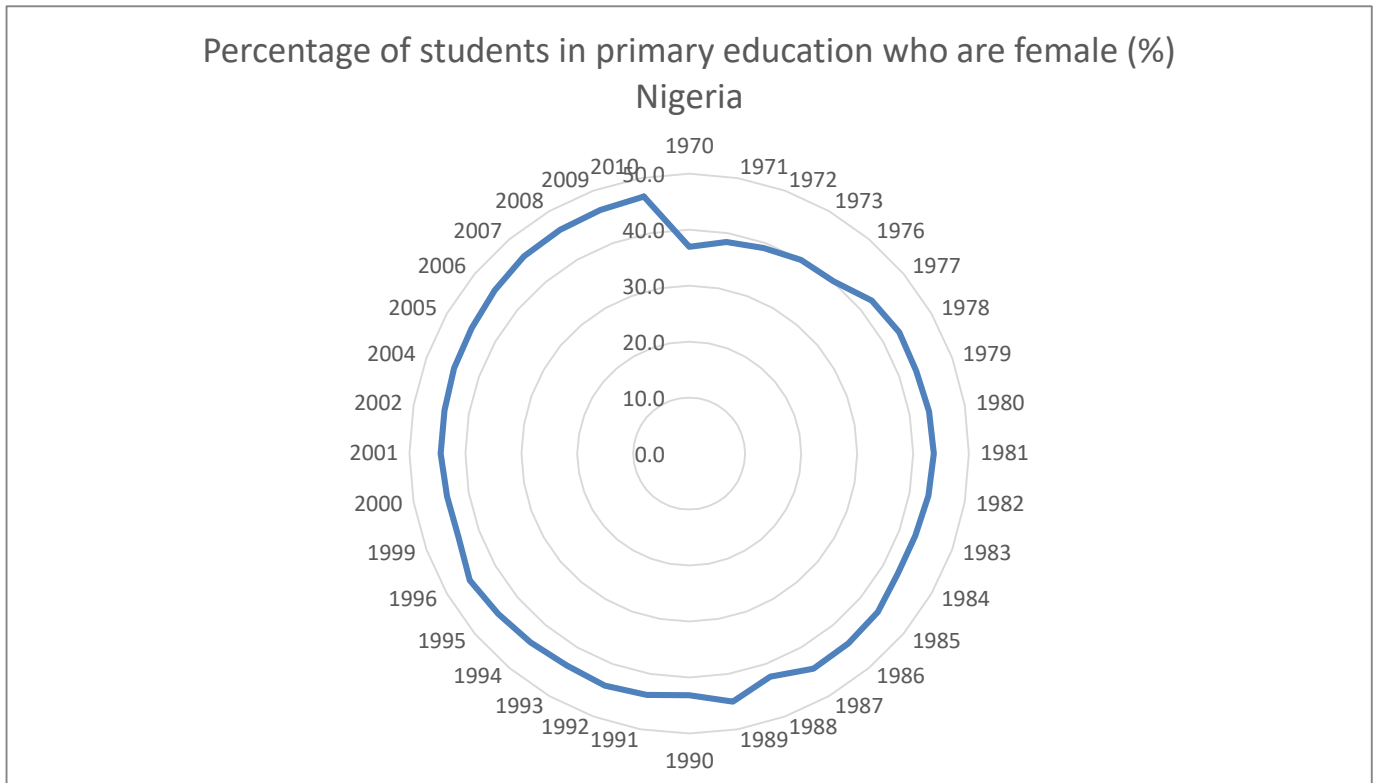
TABLE 5: YOUTH LITERACY RATE BY STATE

State	Literacy in English%	State	Literacy in English%
Abia	95.6	Katsina	43.7
Adamawa	73.3	Kebbi	50.2
Akwa Ibom	92.3	Kogi	91.3
Anambra	92.8	Kwara	76.9
Bauchi	39.5	Lagos	95.1
Bayeslsa	93.8	Nasarawa	62.9
Benue	84.7	Niger	58.3
Borno	57.3	Ogun	90.4
Cross River	89.5	Ondo	93.8
Delta	88.4	Osun	91.6
Ebonyi	91.9	Oyo	90.7
Edo	89.7	Plateau	79.0
Ekiti	91.6	River	90.8
Enugu	94.2	Sokoto	33.1
Gombe	45.6	Taraba	76.2
Imo	95.7	Yobe	42.5
Jigawa	42.7	Zamfara	41.1
Kaduna	67.3	FCT	69.8
Kano	41.9	Overall	76.3

Source: National Bureau of Statistics

The youth literacy rate by state, Imo state top the list with 95.7 and the next is Abia with 95.6 while the third on the list is Lagos. Enugu has 94.2 while Bayelsa has 93.8, Ondo 93.8, Anambra 92.8, Akwa Ibom 92.3, Eboyin state has 91.0 and Ekiti has 91.6, Osun 91.6. The state that are marked in red are the states below 50% these states are Bauchi, Gombe, Jigawa, Kano, Kastina, Sokoto, Yobe, Zamfara. The mentioned state falls below 50% literacy in English perhaps because they didn't take education as serious as other states. Government needs to initiate a programs that will uplift their literacy level as other state of the federation.

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FIG. 2: PERCENTAGE OF STUDENTS IN PRIMARY EDUCATION WHO ARE FEMALE
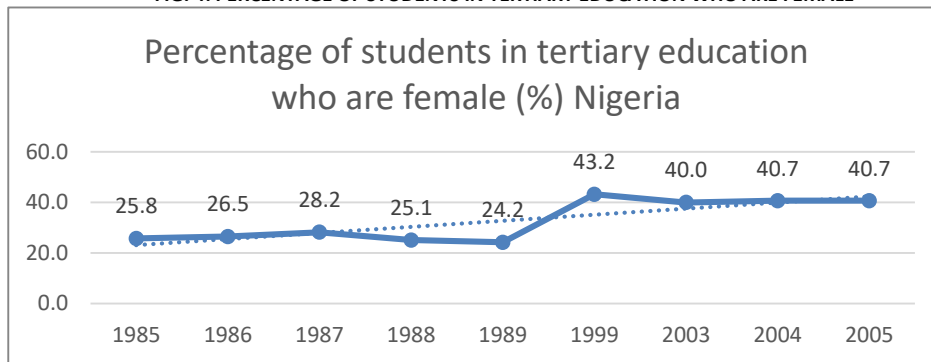

Percentage of students in primary education who are female (%)
Nigeria

Source: Education Statistics (World Bank) June 2016, Knoema

Percentage of students in primary education who are female has grown from 37.0 in 1970 to 46.7 in 2010. But the growth is very little compare to the total population of women and compare to that male student in primary education. Government needs to work hard in order to speed up the women empowerment through education.

FIG. 3: PERCENTAGE OF STUDENTS IN SECONDARY EDUCATION WHO ARE FEMALE
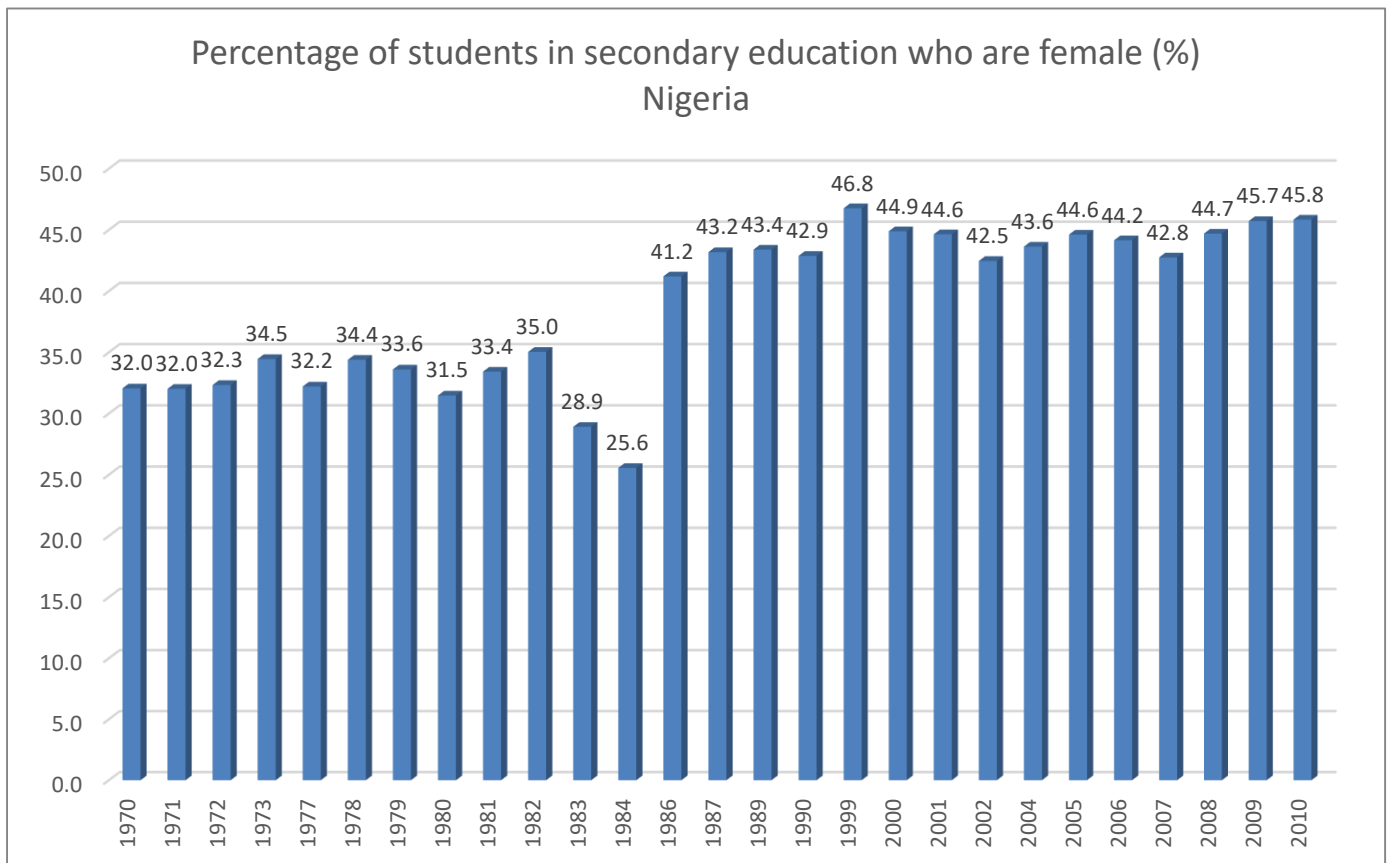
Percentage of students in secondary education who are female (%)
Nigeria

Source: Education Statistics (World Bank) June 2016, Knoema

Percentage of students in secondary education who are female has increase tremendously over the years from 32.0 in 1970 to 45.8 in 2010. But the percentage of female in secondary education are still low compare to that of male and also there is much difference in the percentage of female students in primary school to the percentage of female students in secondary school due to drop out.

FIG. 4: PERCENTAGE OF STUDENTS IN TERTIARY EDUCATION WHO ARE FEMALE

Source: Education Statistics (World Bank) June 2016, Knoema

Percentage of female students in tertiary education has increase from over the years from 25.8 in 1985 to 40.7 in 2005 but witnessed much growth in 1999 with 43.2 growth, perhaps due to much awareness programs in that period and also may be many female students were able to pass the entrance examination into tertiary institutions, but very low compare to percentage of female students in secondary education to that of the percentage of female in tatiary education.

FINDINGS

The listed below are the findings of this study.
1. The government expenditure on education has increased over the years, but it's impact is less on female education than that of male education.
2. The estimated population of children (6-14) never attended school is much in female than male.
3. Female literacy rate is very low compare to that of male canterpart.
4. The youth literacy rate is higher in urban but very low in the rural area.
5. The youth literacy rate is very low in Bauchi, Gombe, Jigawa, Kano, Kastina, Sokoto, Yobe and Zamfara than other states of the federation.
6. The percentage of students in secondary education who are female witnessed sharp increase since 1986 but still low compare to that male.
7. The percentage of students in tertiary education who are female has increased over the years but compare to male still low.

CONCLUSION AND RECOMMENDATION

Women empowerment through education is second to none, because if women are empowered the society will be better off. The Nigerian population is more of dependant since children and youth that may still be schooling constitutes the larger percentage of the population. The population of children that never attended any school is more in the rural area compare to urban perhaps because of child labour. I advise government to initiate a catch them young program which encourages children to take their education more serious and discourage drop out among female pupils.

However, female youth literacy rate is very low compare to male, and youth literacy rate is very low in the rural area compare to urban centers probably because of early marriage and child labour. The literacy rate is very low in the following state of the federation Bauchi, Gombe, Jingawa, Kano, Kastina, Sokoto, Yobe, Zamfara. Both federal and state government should initiate a program that will encourage more school enrolment through free education and scholarships.

The percentage of female children in primary school is very low compare to that of male probably as a result of poverty and child labour. The percentage of female in the secondary school is also low compare to that of male perhaps because of early marriage and female involvement in agricultural work. The percentage of female in tertiary institutions is very low compare to male probably because many of secondary school female students could not pass the entrance exam to tertiary education or early involvement in business and marriage. There is need for proper implementation of existing child labour law in all the states across the nation. Also more universities are needed to accommodate the timing population of young students aiming at entering into tertiary institutions. Empowering women through education is a tool for women libration and development.

LIMITATIONS

This study surfer some limitations due to lack of data in some area which this study would have loved to cover.

SCOPE OF FUTURE RESEARCH

We hope to expand the scope of this research in the nearest future, most especially in the areas which were not cover extensively in this study due to non availability of data. It will consider the female education awareness level among each states of the federation. This study will consider regression analysis to carefully examine the effect of women empowerment through education in Nigeria.

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IMPACT OF OIL REVENUE ON ECONOMIC GROWTH AND ITS IMPLICATIONS ON EMPLOYMENT GENERATION IN NIGERIA

TEDUNJAIYE OLAWALE HEZEKIAH
ALUMNUS
UNIVERSITY OF LAGOS
LAGOS

ABSTRACT

This study investigated the Impact of oil revenue on Economic Growth and Unemployment in Nigeria for the period 1970 to 2013. The Vector Error Correction Modeling (VECM) methodology was employed in order to appraise the Long-run and short-run impacts of Oil Revenue on Economic Growth and Unemployment reduction in Nigeria. The study established significant long run positive impact of oil revenue on Real GDP, while that of short run, though also positive but insignificant. However, Real GDP responded negatively to both innovations in Oil Revenue and Government Expenditure. Unemployment Rate does not have long-run relation with Real GDP and the static estimation shows that oil revenue has no significant impact on unemployment in Nigeria. The study thus recommends the need for oil revenue to be invested in reviving the refineries; government ensure the availability adequate and quality power supply; carried out its anti-corruption campaign with sincerity and ensure that oil revenue is diversified into the non-oil sector in order to expand the productive base of the economy.

KEYWORDS
total factor productivity, government expenditure, capital formation, unemployment rate, inflation.

1. INTRODUCTION

ituated in West African sub-region with a land mass of 923,768 sq km and a population that is about 170 million people in 2013 (National Population Commission: 2013 and Odularu: 2008), Nigeria is endowed with a broad range of natural resources such as arable land, agriculture, forests, large deposits of minerals such as coal, tin, copper and most especially crude oil (Baghebo and Atima: 2013). Despite this huge endowment of natural resources in the country, there is still a high level of unemployment and poverty prevalent in the country (Nwezeaku: 2010). Theoretically, natural resources are expected to promote long-run economic growth (Phillipot: 2010 and Baghebo: 2012). However, a large number of empirical studies have shown that resource-rich countries have performed poorly in terms of growth compared to resource-poor countries (Karl: 2007). From experience it seems that it is (not so much the existence of natural resources per se that hurts growth but rather the failure of public authorities to meet the policy challenge posed by natural resource and to correct institutional and market failures that cause the damage (Brunnschweiler: 2008)

Structurally, the Nigeria economy has been dominated by two sectors. They are agriculture and crude petroleum sectors. Agricultural became the dominant sector in Nigerian economy in the 1960s, contributing about 70 per cent of GDP, employing about the same percentage of the working population, and accounting for about 90 per cent of foreign exchange earnings and Federal Government revenue (Adedipe, 2004). However, with the discovery of petroleum oil deposit in Oloiburi in 1958 and the subsequent oil boom in the 1970s saw a pattern of change in government fiscal operation as oil suddenly became strategically important to the world economy through its supply-price behaviour" (Adedipe, 2004). Statistical evidence shows that Nigeria country has proven oil reserves of 36 billion barrels, condensate of 4 billion barrels and proven gas reserves of 187 trillion cubic feet (Egbogah, 2010).

Previous studies on the Nigeria economy in the last decade show that the petroleum industry has been playing a dominant role and occupies a strategic position in the economic development of Nigeria (Azaiki and Shagari (2007). Oil revenue averaged N2,755.5 billion from 1990 to 2013, while the average of non-oil within the same time stood at N795.5 billion. Within the same period government averaged N1,667.21 billion and the average of Real Gross Domestic Product stood at N483.9 billion (CBN, 2013). Indeed, the Nigerian remains largely a mono-product economy depending mainly on oil revenue, which accounted for 82.9 % of total export trade of Nigeria's in 2013 and constituted about 70% to Government revenue for the same period (NBS, 2013).

Government fiscal an operation is strongly predicated upon crude oil variables such oil price. Crude Oil price has become a major parameter in government budgetary projections over the years. In fact, crude oil price variable remains crucial to government developmental policies as usually enunciated in the budget. The various government policies directed at achieving growth in the economy and those at unemployment and poverty reduction such as the recent creation of Excess Crude Account leading to implementation of the Federal Government Sure-P programme, which is meant to reduce unemployment in the economy and the creation of the Sovereign National Account designed to cater for welfare of yet unborn Nigerians as all feasible owing to oil revenue. In fact, oil revenue is the sole buffer of budgetary burdens of the government and has allowed Nigerian economy to fly below the radar thereby present concealing the true stature of the economy. According to Odularu (2008), outside of the energy sector, Nigeria's economy is highly inefficient. Moreover, human capital is underdeveloped. Nigeria ranked 152 out of 187 countries in the United Nations Development Index Report of 2013 with a HDI index of 0.504 (UNDP: 2013). Nigeria's economy is struggling to leverage the country's vast wealth in fossil fuels in order to displace the devastating lack that affects about 57 percent of its population.

Unfortunately, the economy has been bedevilled by sustained underdevelopment evidenced by poor human developmental and economic indices including poor income distribution, militancy and oil violence in the Niger Delta, endemic corruption, unemployment, relative poverty (Nwezeaku, 2010). Irrespective of Nigeria's huge oil wealth, the country has remained one of the poorest in the world. The global perception of Nigeria is that of a rich oil producing nation but with a growing unemployment rate poverty index (Ekaete: 2009).

The problems with Nigerian economy have been traced to failure of successive governments to use oil revenue and excess crude oil income effectively in the development of other sectors of the economy (Ekaete: 2009). Over all, there has been poor performance of national institutions such as power, energy, road, transportation, politics, financial systems, and investment environment have been deteriorating and inefficient (Nafziger, 2008).

This study is therefore meant to empirical investigated the implication of the huge oil revenue accrued overall the by the various government on steering the growth of Nigerian economy and as it implies on employment creation.

2. REVIEW OF LITERATURE
REVENUE/OIL REVENUE
According to Ngerebo&Masa (2012) and Dragos (2013), rrevenue is an increase in net worth resulting from a transaction. For general government units, there are four main sources of revenue: taxes and other compulsory transfers imposed by government units, property income derived from the ownership of assets, sales of goods and services, and voluntary transfers received from other units.

Tax revenue, which forms the dominant share of revenue for many government units, is composed of compulsory transfers to the general government sector. Certain compulsory transfers, such as fines, penalties, and most social security contributions, are excluded from tax revenue (Ngerebo&Masa: 2012).

All other types of revenue are frequently combined into a heterogeneous category of nontax revenue. Apart from tax revenue, however, the various other types of revenue are including social contributions, grants, property income, sales of goods and services, and miscellaneous other revenue (Abiola: 2012 and Roshaiza&Nauthakunar:2008).

Social contributions are actual or imputed receipts from either employer on behalf of their employees or from employees, self-employed, or non-employed persons on their own behalf that secure entitlement to social benefits for the contributors, their dependents, or their survivors. The contributions may be compulsory or voluntary. Grantsare non-compulsory transfers received by government units from other government units or international organizations.

Property income is received when general government units place financial assets and/or non-produced assets at the disposal of other units. Interest, dividends, and rent are the major components of this category.

Sales of goods and services include sales by market establishments, administrative fees, incidental sales by non-market establishments, and imputed sales of goods and services. Some administrative fees are so high that they are clearly out of proportion to the cost of the

Other types of non-tax revenue that might be received are fines, penalties, forfeits, settlements arising from judicial processes, voluntary transfers other than grants, and sales of existing goods, including used military items (Mohsen, Maysam& Abbas: 2012).

OIL REVENUE

According to International Energy Agency (IEA) "crude oil is mineral oil consisting of a mixture of hydrocarbons, of natural origin and associated impurities, such as sulphur. It exists in the liquid phase under normal surface temperatures pressure and its physical characteristics (density, viscosity, etc.) are highly variable". For countries endowed with this type of hydrocarbon, proceed earning from at its crude form is oil Revenue.

Oil revenue refers to the income earned from the sale of crude oil. According to Budina and vanWijnbergen (2008) oil is the dominant source of government revenue, accounting for about 90percent of total exports, and this approximates to 80% of total government revenues. Since the oil discoveries in the early 1970s, oil has become the dominant factor in Nigeria's economy. Theproblem of low economic performance of Nigeria cannot be attributed solely to instability ofearnings from the oil sector, but as a result of failure by government to utilize productively thefinancial windfall from the export of crude oil from the mid – 1970s to develop other sectors ofthe economy. So far, the oil boom of the 1970s led to the neglect of non-oil tax revenues, expansion of the public sector, and deterioration in financial discipline and accountability.

SOURCES OF REVENUE TO NIGERIAN GOVERNMENT

Federal Revenue is defined as the total fund that accrues to the federation account and they are broadly classified as oil and non-oil revenue: Oil revenue is revenue generated from the sale of crude oil and Non-oil revenue is generated from direct taxes, indirect taxes and other levies (Abiola: 2012).

Over the years, the sources of public revenue in Nigeria are proceeds from the sale of crude oil, taxes, levies, fines, tolls, penalties and charges. Oil revenues are the main source of public revenue, accounting for about 80% to 85% of the total (CBN, 2013). Out of the total government revenue of N7, 303.7 billion in 2010, oil revenue stood at N5,396.1 billion representing 73.9% of the total revenue. It also accounted for 79.9%, 75.3% and 69.7% of total government revenue in 2011, 2012 and 2013 respectively (CBN, 2011; 2013). Oil revenue averaged N2, 888.061 billion from 1986 to 2013, while non-oil revenue averaged N683.053 billion for the same period.

The other sources of government revenue are the non-oil or tax-base revenue, which include Corporate Income Tax, Personal Income Tax, Petroleum Profit Tax, Value Added Tax (VAT, mining rights and royalties, and other levies (NBS, 2013 & 2011).

In turn, oil-dependence exposed Nigeria to oil price volatility which threw the country's public finance into disarray (Yakubu, 2008). Nafziger (2006) and Ibaba, (2005) state that Nigerian economy has the potentialities of becoming one of the twenty leading economies of the world before the year 2020 if their abundant crude oil wealth, human and natural resources are properly managed and corruption mitigated.

CONCEPT OF UNEMPLOYMENT

According to Briggs (1973) and Okoroafor and Nwaeze (2013), unemployment is the difference between the amount of lab our employed at current wage lends and working conditions, and the amount of labour not hired at these levels, however, Gbosi (1997) defined unemployment as a situation in which people who are willing to work at the prevailing wage rate are unable to find jobs. The implication of the definition by Gbosi is that anyone who is not counted as part of the unemployed labour force, in order to avoid overestimation of the official rate of unemployment.

In recent times, the definition of unemployment by the International Labour Organisation (2001) is said to be more encompassing, "the unemployed is a member of the economically active population, who are without work but available for and seeking for work, including people who have lost their jobs and those who have voluntarily left work (World Bank, 1998). The application of this definition across countries has been faulted, especially for the purpose of comparison and policy formulation, as countries characteristics are not the same in their commitment to resolving unemployment problems, moreso, the prevalence of housewives who posses the ability and willingness to work, the definition of the age bracket

TYPES OF EMPLOYMENT

Asoluka, Okezie and Ihugba (2011) identified the types of unemployment as structural, frictional, seasonal, cyclical and disguised unemployment.

UNEMPLOYMENT: THE NIGERIAN EXPERIENCE

Nigeria, since the attainment of political independence in 1960 has undergone various fundamental structural changes. These domestic structural shifts have however not resulted in any significant and sustainable economic growth and development. Available data show that the Nigerian economy grew relatively in the greater parts of the 1970s, with respect to the oil boom of the 1970s; the outrageous profits from the oil boom encouraged wasteful expenditures in the public sector dislocation of the employment factor and also distorted the revenue bases for policy planning.

According to the Central Bank of Nigeria (2003) the national unemployment rate, rose from 4.3 percent in 1970 to 6.4 percent in 1980. The high rate of unemployment observed in 1980 was attributed largely to depression in the Nigerian economy during the late 1970s. Specifically, the economic downturn led to the implementation of stabilization measures which included restriction on exports, which caused import dependency of most Nigerian manufacturing enterprises, which in turn resulted in Operation of many companies below their installed capacity. This development led to the close down of many industries while the survived few were forced to retrench a large proportion of their workforce, furthermore, the Nigerian Government also placed an embargo on employment.

The SAP policy adopted in 1986, had implications on employment in Nigeria, as unemployment rate declined from 7.1 percent in 1987, to as low as 1.8 percent in 1995, after which it rose to 3.4 percent in 1996, and hovered between 3.4 and 4.7 percent between 1996 and 2000 (Douglason et al, 2006) and 18.1% by 2010 (CBN, 2011).

BOOMING SECTOR THEORY

Unlike the other three theories, this theory focuses on the sectorial reallocation of productive factors in response to a shock, resulting from a discovery of resources or an increase in a commodity price. If income is spent, rather than saved abroad, then this results in a resource movement effect. This effect draws factors of production out of the other sectors into the booming sector. It also results in a spending effect, which draws factors of production out of sectors producing traded commodities that are substituted by imports, and into non-traded sectors (Gelb, 1988).

THE RENTIER STATE THEORY

The concept of the rentier state goes back to Mahdavy (1970) study of pre-revolutionary Iran. It was particularly expanded upon by Beblawi and Luciani (1987), who classified a rentier state as a state in which at least 40 per cent of the total government revenue consists of economic rents. These rents can be defined as "the excess over the return to capital, land, and labor when these factors of production are put to their next best use" (Dunning, 2008). According to the rentier state theory, the two central effects of dependence on economic rents are economic inefficiency and, as a consequence, the obstruction of socio-economic development (Beck, 2007). With regard to the political effects, the rentier state theory proposes that (oil) rents have a stabilizing effect on authoritarian rule (Mahdavy 1970; Beblawi, et.al. 1987; Ross 2001). Initially based on empirical findings in the Middle East, the rentier state theory is claimed by its proponents to be universally valid (Beck, 2007). It attributes the linkage between oil rents and authoritarianism to the following causal mechanisms. Firstly, it is presumed that oil rents foster the formation of stabilizing patronage networks, widespread clientele, and distribution policies, all of which lessen the pressure from the population to democratize and may additionally result in the de-politicization of the society. Secondly, the abundance of revenues generated by the oil sector means that national rulers do not need to tax the population. This again may disburden the political elite of demands from the population for political participation and accountability on the part of the elites. The rentier state theory does not focus primarily on violence, but rather on the stability of authoritarian rule. However, as

Ross and others illustrate, it can be assumed that resource wealth makes it easier for authoritarian rulers to use violence in the form of political repression, for example, because it enables the financing of a massive security apparatus (Ross 2001; Karl 2007).

A further line of argument is that resources per se are not a problem, it is just that they tend to have more volatile world prices, and volatility is the problem. The fact that natural resource prices are more volatile than other prices is well established. This probably translates into greater ex-ante uncertainty for primary commodity producers, and also extends through to other sectors in resource-abundant economies. It is also well known that greater uncertainty can reduce factor accumulation through greater risk or because it raises the option value of waiting, although the magnitude of these volatility effects not known very precisely (Isham et.al, 2003).

3. JUSTIFICATION OF THE STUDY

This research is justified as it will x-ray the performance of oil in terms engendering economic and job creation within the period of analysis and will be relevant to future inferences. As real economic growth stagnates and unemployment rate heightens, the study will expose some of the reasons why in spite the huge oil resources growth and development have remained farfetched in the economy.

The study also justified in the sense that will provide a guiding rode with policy simulation by relevant government authority in terms of deployment of oil resources can be based upon. Again, it justification con view from that point of the need for diversification of the economy through the deployment of oil revenue rather remaining in ht abyss of mono-product economy.

Finally, the study is justified as the result emanating from it will be relevant to further researches in this field or related fields.

3.1 STATEMENT OF THE PROBLEM

Nigeria, with a population of about 170 million (CIA, 2012), is Africa's most populous country and the continent's third largest economy. Oil dominates the economy, accounting for about 70 per cent of Federal Government revenues, and 82.9 per cent of export earning 2013. However, the issues of oil resource curse seem to rear its ugly face in Nigeria. This is because in spite of the huge revenues that has accrued to economy over the years; the oil sector remained most underdeveloped as the petrochemical industry, which is the hub of oil industry and capable of huge employment creation through its value chains remains dead hascontributed negatively to Gross Domestic Product (GDP) especially before the rebasing exercise of 2013. Economic development has become almost absent in the economy as infrastructures decayed; investments contracted; financial market faltered due high presence of government in the market as according to Debt Management office (2013), Nigerian domestic Debt stood at over N7 trillion. Intriguingly, in spite of the huge oil revenue and financial secured in the domestic market by the government, unemployment and poverty still run highest in the economy

The problem is not the existence of oil wealth as such, but rather the failure to avert the dangers that accompany the gifts of nature. Natural resources in a country are likely to contribute to the welfare of the people is well managed. It is observed, for example, that many oil-rich countries experience a lower growth of income, high unemployment rate and often times high level of poverty incidence compared to those resources poor countries (especially after the first oil boom and Dutch disease). This phenomenon of slow development in the presence of resource abundance is known as the resource curse hypothesis. Karl (2007) explains about the existence of a paradoxical experience by natural resources rich countries. It is expected that countries rich in natural resources may be able to exploit these resources for the benefit of higher economic growth, poverty alleviation and technological transfer. Other things being equal, resource abundant countries should be able to increase their level of per capita welfare. Atkinson and Hamilton (2003) describe the advantage of natural wealth as two folds. First, the discovery and development of natural resources can lead to a short-term increase in the rate of economic growth; second, this can raise the level of income that can be sustained into the future. Many cases contradict the fact. Natural resources wealth, if not properly managed or reinvested back, may harm economic performance and make the citizens worse off. As Gylfason (2001) puts it "rich parents sometimes spoil their kids, mother-nature is no exception". This study is an attempt to investigate relational value of oil revenue, economic growth and unemployment in Nigeria.

3.2 OBJECTIVES OF THE STUDY

The broad objective of this study is to evaluate the impact of crude oil revenue on economic growth and its implication on employment generation in Nigeria. The specific objectives will include:

1. to investigate the impact of oil revenue on Real Gross Domestic Product (Real GDP) in Nigeria
2. to investigate the impact of government spending on Real Gross Domestic Product (Real GDP) in Nigeria
3. to assess the impact of capital formation on Real GDP and its effect on unemployment rate in Nigeria
4. toevaluate the impact of oil revenue and government expenditure on employment generation in Nigeria.

3.3 HYPOTHESIS OF THE STUDY

This is a statement drawn to be tested for the purpose of acceptance or rejection. The hypotheses of this study are stated as follows:

HYPOTHESIS I

Ho: Oil revenue has no significant impact on Real Gross Domestic Product (Real GDP) in Nigeria.

H1: Oil revenue has significant impact on Real Gross Domestic Product (Real GDP) in Nigeria.

HYPOTHESIS II

Ho: Government Expenditure has no significant impact on Real Gross Domestic Product (Real GDP) in Nigeria.

H1: Government Expenditure has significant impact on Real Gross Domestic Product (Real GDP) in Nigeria.

HYPOTHESIS III

Ho: Oil revenue and government expenditure does not have significant impact on employment generation in Nigeria.

H1: Oil revenue and government expenditure has significant impact on employment generation in Nigeria.

3.4 RESEARCH METHODOLOGY

THEORETICAL FRAMEWORK

The analysis of this closely follows the economic theory of resource utilization and efficiency. It has provided the analytical framework for most of the empirical research on resource exploitation and conservation. The cornerstone of the theory is the theory of efficiency which postulates a well-defined relationship between a vector of maximum predictable outputs and a vector of costs. Historical analysis of theory of efficiency is sacrosanct. Production efficiency is the one that permits the production of maximum output at minimum cost. The best production function is therefore the one that relates the maximum output with minimum cost where production subsists at the least cost combination or optimum plant size. The resources of any country belong to the three generations of the past, present and future. According to the exhaustible resource theory which is based in part on the work of Hotelling (1931) who advocated the need to price oil and other fossil resources in a way that recognizes the temporariness of their availability. According to this school of thought, the price becomes a user cost or depletion charge which compensates for the fact that future generations are denied access to the commodity. This price may or may not be consistent with the equilibrium outcome of demand and supply. The pricing policy must therefore reflect the opportunity cost most especially the non-renewable resources. Petroleum is in the bracket of non-renewable resources and has a persistent downward sloping average cost which in some cases is asymptotical to quantity axis. In brief, its present price must reflect its opportunity cost otherwise future generations will be deprived exceedingly.

The economic theory of allocation efficiency is anchored on the Pareto optimality. It describes a state where it is not possible to make somebody better off without making the other worse off. This depicts a stage where the marginal cost of producing a unit of commodity to the producer is equal to the marginal benefit of consuming the same by the consumer. In a quantitative form the price will be to the marginal cost i.e. P=MC.

Empirically, the production function postulates a well-defined relationship between a vector of maximum predictable outputs and a vector of factors of production. This theory permits us to assess the change in Total Factor Productivity (TFP) as the change in output level controlling for input levels. This could depict the vertical shift of the production function. The limitation of the conventional approach is that it does not permit the distinction between technological change and change in efficiency with which known technology is applied to production.

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METHODOLOGY

This investigates the impact of Oil Revenue on Economic growth and unemployment in Nigeria. The methodological approached of this study involved adopting appropriate econometric tool that will bring out the supposed impact of oil revenue. And since impact can take place both on the long-run and the short-run; a variable may not impact significantly on another variable on the short-run but on the long it may have significant impact. Again, because of the nature of the research topic itself, it is possible to investigate the impact of oil revenue on economic growth and unemployment simultaneously using a vector based econometric tool. Based on the explanation above, the Vector Error Correction Modeling (VECM) was used in this study.

VECM provides the framework to investigate shortrun and longrun impact of a function. The also utilizes what is considered its hallmark; the Variance Decomposition (VDC)and the Impulse Response Functions (IRFs) to further explain the shortrun impacts.

Variance Decomposition (VDC): In a multivariable function, variance composition provides the relation contribution to variation in the variable expressed endogenous across selected number of period of analysis. Again, it provides a framework for feed-back;each of the variables in VEC system is expressed endogenously and the relative contribution of other variables expressed exogenously decomposition.

Impulse Response Function (IRF) of the Innovation Accounting: this is the hallmark of the VEC analysis. IRF presents the response of an endogenously expressed variable to small innovations in other variable within VECM framework.

Other complementary econometric diagnostic test tools used in the study include the Augmented Dickey-Fuller criterion for Unit Root for the stationarity properties of the relevant time series data and Johansson cointegration test for possible long deterministic trend among the relevant research data variables.

MODEL SPECIFICATION

The model of the study is drowning from the theoretical framework above adopting a production of the type of Cobb-Douglas, which is a multiplicative and constant elasticity. However, the various function are log-linearized. And so the baseline model or cointegrating equation is specified as:

BASELINE MODEL I

RGDP = G(K, OILR, GE)…………………………………………….…1

$RGDP_t = \beta_0 + \beta_1 K_t + \beta_2 OILR_t + \beta_3 GE_t + U_t$…………………….………….2 $\beta_0(+)$ $\beta_1(+)$ $\beta_2(+)$ $\beta_3(+)$ ………………… A-priori Expectation

Baseline Model I

UR = G(InK, InOILR, InGE)…………………………………………….3

$UR_t = \beta_0 + \beta_1 InK_t + \beta_2 InOILR_t + \beta_3 InGE_t + U_t$……………………….………….4 $\beta_0 (+)$ $\beta_1(-)$ $\beta_2(-)$ $\beta_3(-)$ ……………………… A-priori Expectation

Where: RGDP= Real Gross Domestic Product
        UR=Unemployment Rate
        K=Capital Formation
        OILR=Oil Revenue
        GE=Government Expenditure
        U=Stochastic Term
B_{is}=Parameters of relationship
        In=Natural logarithm

SOURCES AND MEASUREMENT OF DATA

The data used in this study are the annual time series data of Real Gross Domestic Product (GDP), Unemployment Rate, Oil Revenue, Government Expenditure and Capital Formation. The relevant research data were sourced from CBN publications of Statistical Bulletin, Annual Report and Statement of Accounts, CBN Quarterly Economic Reviews. NBS Bulletin and Trading economics for the period 1970 to 2013.

4. RESULTS AND DISCUSSION

The analyses carried out cut across descriptive and trend, and pair wise correlation analyses. Stationarity profile of the time series were examined using the Augmented Dickey-Fuller criterion, while the long-run andshort-run relations of the study were assessed using the Johansson cointegration and Error Correction estimates. The results a represented and interpreted below.

DESCRIPTIVE STATISTICS

TABLE 4.1: DESCRIPTIVE STATISTICS FOR GOVERNMENT EXPENDITURE (GE), CAPITAL FORMATION (K), OIL REVENUE (OILR), REAL GROSS DOMESTIC PRODUCT (RGDP) AND UNEMPLOYMENT RATE (UR)

	GE	K	OILR	RGDP	UR
Mean	1034818.	6096877.	1805294.	310677.1	8.195455
Median	79690.90	426487.6	121429.4	269457.8	5.400000
Maximum	8026000.	29022774	21998630	950100.0	23.90000
Minimum	903.9000	5205.100	166.6000	4219.000	1.800000
Std. Dev.	1861833.	9714083.	3819827.	260637.2	6.221305
Coefficient of Variation	179.9%	159.3%	211.6%	83.8%	75.9%
Skewness	2.290445	1.418308	3.668614	0.823489	1.191337
Kurtosis	7.770990	3.346277	18.95821	2.846693	3.192082

Table 4.1 above presented the descriptive analysis of research data variables. The essence of the analysis is observed how stable and consistent the data variables have been over the period under study in terms of changes in their magnitudes. It is observed therefore that all the data variables are volatile over the period as indicated by the high values of the coefficients of variations. For instance, the coefficient of variation of RGDP of 83.8% suggests a very high dispersion of the variable data from their common mean; thus indicating high volatility. The same instability is associated with the other variable data of GE, K, OILR and UR respectively.

TREND ANALYSIS

FIG. 4.A: ASSOCIATION OF REAL GROSS DOMESTIC PRODUCT (RGDP) AND GOVERNMENT EXPENDITURE (GE) AND OIL REVENUE (OILR)
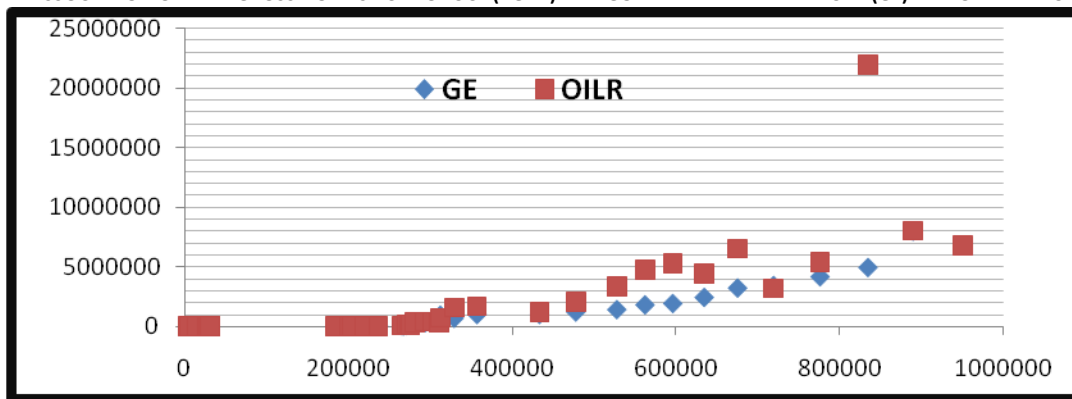

Figure 4A presents the relationship between Real Gross Domestic Product (RGDP), Government Expenditure and Oil Revenue. the plot in the above diagram shows that Real GDP is positively associated with Government Expenditure and Oil Revenue respectively. The result thus indicates the tendencies for Real GDp to increase given increased in government expenditure and Oil Revenue and the other way round.

FIG. 4B: THE ASSOCIATION OF UNEMPLOYMENT RATE AND GOVERNMENT EXPENDITURE (GE) AND OIL REVENUE (OILR)
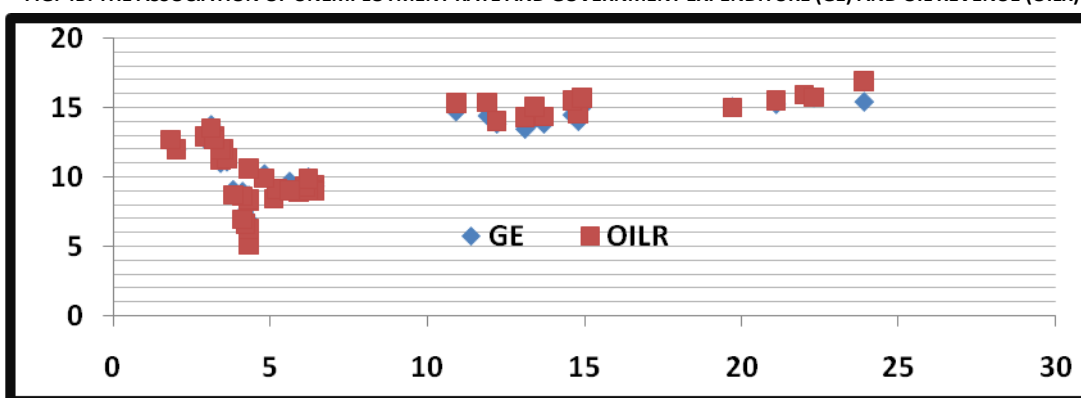
The associations among Unemployment Rate, Government Expenditure and Oil Revenue are presented in figure 4B above. It is observed from the figure that a positive relationship exists between Unemployment, Government Expenditure and Oil Revenue. Based on this result and by implication, unemployment increases in spites increased in Oil revenue and Government expenditure in Nigeria.

PAIRWISE CORRELATION ANALYSIS

TABLE 4.2: CORRELATION COEFFICIENT FOR REAL GROSS DOMESTIC PRODUCT (RGDP), CAPITAL FORMATION (K), OIL REVENUE (OILR) AND GOVERNMENT EXPENDITURE (GE)

Variables	Correlation Coefficient	t-ratio	Probability Value (p-V)
RGDP/K	0.9270	16.8587	(0.0000)
RGDP/OILR	0.7499	7.3466	(0.0000)
RGDP/GE	0.8896	12.6257	(0.0000)

*Probability Values of coefficients are in parentheses.

Table 4.2 above presents the correlation coefficients of Real GDP with respect to Capital formation (0.9270), Oil Revenue (0.7499) and Government Expenditures (0.8896). The result indicates that significant positive relationship exists between Real GDP, Capital Formation, Oil Revenue and Government Expenditure respectively. The result thus shows that Real GDP, Capital Formation, Oil Revenue and Government expenditure move towards the same direction at significant proportion.

TABLE 4.3: CORRELATION COEFFICIENT FOR REAL UNEMPLOYMENT RATE (UR), CAPITAL FORMATION (K), OIL REVENUE (OILR) AND GOVERNMENT EXPENDITURE (GE)

Variables	Correlation Coefficient	t-ratio	Probability Value (p-V)
UR/K	0.9005	13.4189	(0.0000)
UR/OILR	0.7866	8.2600	(0.0000)
UR/GE	0.8803	12.0241	(0.0000)

*Probability Values of coefficients are in parentheses.

Table 4.3 presents the pairwise correlations of Unemployment rate, Capital Formation, Government Expenditure and Oil Revenue. The high values of the correlation coefficients indicate that Unemployment has significant positive relations with Capital formation (0.9005), Oil Revenue (0.7866) and Government Expenditure (0.8803) respectively. The result suggests the tendency for Unemployment to increase even as stock of productive capital, oil revenue and government expenditure increases in Nigeria.

Augmented Dickey-Fuller (ADF)

TABLE 4.4: ADF ESTIMATES FOR REAL GROSS DOMESTIC PRODUCT (RGDP), UNEMPLOYMENT RATE (UR), CAPITAL FORMATION (K), OIL REVENUE (OILR) AND GOVERNMENT EXPENDITURE (GE)

Variables	Order of Integration	At Level		At First Difference	
		Tau	McKinnon	Tau	McKinnon
RGDP	1	-2.401572		-6.047406	
UR	1	-0.013409	-3.592463(1%)	-6.800139	-3.596618(1%)
K	1	-0.994079	-2.931404(5%)	-5.010762	-2.933158(5%)
GE	1	-0.857151	-2.603944(10%)	-7.792902	-2.604867(10%)
OILR	1	-1.741614	-3.592463(1%) -2.931404(5%) -2.603944(10%)	-6.151551	-3.600987(1%) -2.935001(5%) -2.605836(10%)

The result of the Unit Root test using the Augmented Dickey Fuller criterion. in Table 4.3 shows that all the variables followed a random walk at their levels. They ae however, integrated at order one (1); that is, RGDP~ I(1), UR̃ I(1), K̃ I(1), GẼ I(1) and OILR̃ I(1) respectively.

JOHANSSON COINTEGRATION

TABLE 4.5: COINTEGRATION ESTIMATES FOR REAL GROSS DOMESTIC PRODUCT (RGDP), CAPITAL FORMATION (K), OIL REVENUE (OILR) AND GOVERNMENT EXPENDITURE (GE)

Unrestricted Cointegration Rank Test (Trace)				
Hypothesized No. of CE(s)	Eigenvalue	Trace Statistic	0.05 Critical Value	Prob.**
None *	0.823831	131.0687	47.85613	0.0000
At most 1 *	0.718197	58.14365	29.79707	0.0000
At most 2	0.110688	4.948737	15.49471	0.8142
At most 3	0.000520	0.021846	3.841466	0.8824

Table 4.5 presents the result of the cointegration test, which was conducted using the Johansson's Cointegration criterion. From the result it observed that Trace statistic indicated two cointegrating equation at 5% level of significance, thus suggesting that the variables are cointegrated. In specific terms, the result establishes that Real Gross Domestic Product has alongrun relationship with Capital Formation, Oil Revenue and Government Expenditure.

Cointegration analysis of Unemployment rate suggests that it is not cointegrated with the variables of Capital Formation, Oil Revenue and Government Expenditure; thus indication that long-run relation does not exist between Unemployment rate and the variables.

Long-run Relation: The estimated long-run relational parameters for Real Gross Domestic Product (RGDP) Capital Formation (K), Oil Revenue (OILR) and Government Expenditure (GE)

TABLE 4.6: LONG-RUN ESTIMATE OF RGDP FUNCTION

RGDP	K	OILR	GE
1.0000	0.028048 (0.02597)	0.671680 (0.05351)	-1.124189 (0.23139)

**Standard Errors of Parameter estimates are in parentheses.

Table 4.6 presents the long-run estimate of Real Gross Domestic Product function. The result shows that Oil Revenue has a significant long-run impact on Real Gross Domestic Product in Nigeria (β=0.671680; SE=0.05351). Government expenditure has significant negative long-run impact on Real GDP (β=-1.124189; SE=0.23139. Finally, Capital Formation has insignificant impact on Real GDP on the long-run. This result in summation shows that oil revenue is crucial to the growth of Nigerian economy on the long-run.

ERROR CORRECTION ESTIMATE FOR REAL GDP FUNCTION

TABLE 4.7: SHORTRUN ESTIMATES REAL GDP

Error Correction Parameter	ΔK	ΔOILR	ΔGE
-2.020267 (0.66944) [-3.01783]	6.123253 (12.1508) [0.50602]	5.758858 (7.67487) [0.75032]	0.230092 (1.31747) [1.017510]

S.E. = (parentheses) and t-ratio = [parentheses]

The estimate of the short-run relational values is presented in table 4.7. From the table, it is observed that the Error correction parameter is properly signed (-2.020267) and statistically significant (S.E=0.66944). the result indicates that significant short-run relation exists between Real GDP, Capital formation, Oil Revenue and Government Expenditure. The result also shows that Capital Formation, Oil Revenue and Government Expenditure have insignificant positive impact on Real GDP.

TABLE 4.7A: VARIANCE DECOMPOSITION OF REAL GDP

Variance Decomposition of VRGDP					
Period	S.E.	ΔRGDP	ΔK	ΔOILR	ΔGE
1	37825.20	100.0000	0.000000	0.000000	0.000000
2	40283.48	88.80841	1.016460	0.145736	10.02939
3	42208.88	82.21131	0.928900	0.146183	16.71361
4	42949.33	79.76847	2.295045	0.807206	17.12928
5	43229.97	79.06327	2.847120	1.007714	17.08189
6	48172.77	63.78896	8.354015	13.43569	14.42134
7	52149.38	58.78197	14.32370	11.59992	15.29441
8	58116.58	48.41022	23.48101	14.69857	13.41020
9	60045.47	45.35401	25.11616	14.22622	15.30361
10	74446.42	29.56965	18.98408	38.78797	12.65830

Table 4.7 presents the relative contribution of the Capital Formation, Oil Revenue and Government Expenditure to changes in Real GDP. From the result it is observed that Oil Revenue contributed 13.44% to change in Real GDP in 6th period; 14.69% in the 8th and 38.79% in the 10th period. Government Expenditure contributed 14.42% in the 6th period; 13.41% in the 8th and 12.66% in the tenth period. Capital Formation on the final hand, contributed 8.35% in the 6th period; 223.48% in the 8th and 18.98% in the tenth period. Using the last period contribution for ranking the variables; Oil Revenue came first followed by Capital Formation and then Government Expenditure. Although GDP is heavily self-dependence, but it decreases over the period from 88.81% in the second period to 29.57% contribution by the tenth period.

FIGURE 4C: INNOVATION ACCOUNTING (IMPULSE RESPONSES) OF REAL GDP
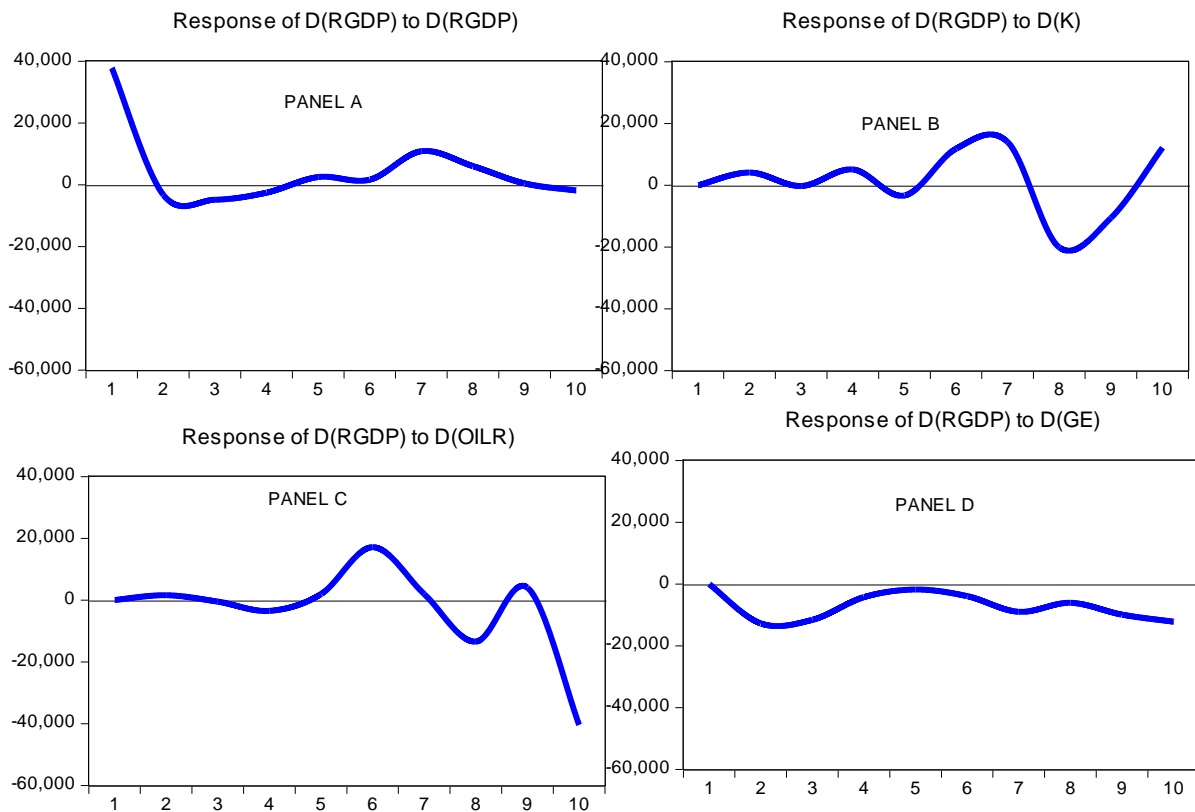**REAL GROSS DOMESTIC PRODUCT (RGDP) INNOVATION ACCOUTING**

Figure 4C presents the responses of Real GDP to innovations in Capital Formation, Oil Revenue and government Expenditure. Panel B depicts the responses of Real +55GDP to small changes in Capital formation; Real GDP responded positively in the 6th and 7th periods but nose-dived in the 8th to 9th periods before responding positively again in the 10th period.

Panel C presents the responses of Real GDP to innovations in Oil Revenue. From the Impulse Response Function, reacted positively from the 5th to 6th period and fell to negative from the 7th and 8th before rising in the 9th period and responding negative in the final period. One remarkable behaviour of Real GDP is it responded and remained significantly negative in the final period.

Panel D presents the responses of Real |GDP to innovations in Government Expenditure. From Impulse Response Function, Real GDP responded negatively to innovations in Government expenditure across all periods.

STATIC ESTIMATE OF THE UNEMPLOYMENT(UR) MODEL

Unemployed Rate was found not to be cointegrated with the variables of Capital Formation, Oil Revenue and Government Expenditure in the Johansson cointegration analysis. As a result of the finding, the Error Correction estimate for Unemployment was suspended and a static regression using the integrated variables fitted as in table 4.8 below.

TABLE 4.8: ESTIMATE OF UNEMPLOYMENT FUNCTION

Dependent Variable: ÄLOG(UR)			
Method: Least Squares			
Date: 01/31/15 Time: 13:38			
Sample (adjusted): 1972 2013			
Included observations: 42 after adjustments			
Variable	Coefficient	Std. Error	t-Statistic	Prob.
Constant	0.088226	0.070408	1.253073	0.2180
ÄLOG(K)	-0.163290	0.284361	-0.574236	0.5693
ÄLOG(OILR)	0.176244	0.107041	1.646515	0.1081
ÄLOG(GE)	-0.265526	0.177085	-1.499432	0.1422
ÄLOG(UR(-1))	0.005013	0.161633	0.031012	0.9754
R-squared	0.108407	Mean dependent var	0.039190
Adjusted R-squared	0.012018	S.D. dependent var	0.281830
S.E. of regression	0.280131	Akaike info criterion	0.404224
Sum squared resid	2.903514	Schwarz criterion	0.611090
Log likelihood	-3.488710	Hannan-Quinn criter.	0.480049
F-statistic	1.124683	Durbin-Watson stat	2.097407
Prob(F-statistic)	0.359755		

The result from table 4.8 above shows that Capital Formation and Government Expenditure have insignificant negative impact on Unemployment considering the negative signs of the coefficients and the high probability values. Oil Revenue has an insignificant positive impact on Unemployment Rate ($\beta=0.173290$; p-V=0.1081)

DISCUSSION OF RESULT

Nigerian economy is indeed a mono-product economy, a status it assumed since the discovery of crude petroleum in commercial quantity in the 1960s. The discovery oil meant the negligence of other sector especially the agriculture not considering its high input-output linkages. And so, significant percentage of government budget expenditure is financed with oil revenue. The revenue accruing from is expected to be deployed into developmental project, which will provide a growth-inducing environment which productivity thrives. Government is expected to investment the oil fortune into infrastructural development such as electric power, good arterial road network, security infrastructure among others. The government is also expected to us the oil revenue to orchestrate a sound monetary framework and management of the eternal reserves in order to strengthen the Naira Exchange rate. These expectations from the government: infrastructural

development, south monetary policy and external reserves management are crucial to sustaining productivity in the real sector of the economy, which will lead to economic growth.

Intriguingly, the result of the long-run estimate although indicates that Oil Revenue has significant long-run positive impact on Real GDP, but Government Expenditure has significant negative the impact on Real GDP on the same run. Inter s tingly, it is from oil revenue that government expenditure is borne. In addition, the Impulse Response Function (IRF) shows that Real GDP responded negatively to both changes in Oil Revenue and Government Expenditure on the shortrun.

Over the years most the revenues that has accrued from sales of crude petroleum are not judiciously deployed into the economy especially to infrastructural development (Ekaete: 2009). Electricity power for the real sector ruse is almost absent. The external reserves is poorly management leading erosion in the Naira exchange rate parity to high cost of doing business in the country and ultimately to falling national output. Baghebo and Atima (2013) shows that oil revenue impacts negatively on Real GDP giving an insight resource curse in Nigeria.

In spite the of the huge revenue accruing from oil proceeds, unemployment remains high and rising in Nigeria (Ekaete: 2009). The National Bureau of Statistics recorded unemployment of Nigeria at 23.9% in 2013. It is no-gain-saying that most of the Government programmes aimed at employment generation are politically setup without significant effect on employment creation.

Of course it is no doubt that most of the oil revenue is not deployed into the economy. this evident from the series corruption and misappropriates probes of the Federal Government in the recent past: the fuel subsidy saga; the pension fund defalcation and the high cost of governance in Nigeria leading high recurrent expenditure of the government and very little fund for capital expenditure (Nwezeaku, 2010). It is no doubt that little growth being experienced in the economy come from the efforts of the private sector investments

5. COMPARISON OF RESULTS WITH PREVIOUS FINDINGS

The major findings of this study are that oil revenue responds negatively to both oil revenue and government expenditure in the short-run. Again, the study shows that while Oil Revenue has positive impact on real GDP on the long-run, Government Expenditure has negative impact. These findings are compared with previous empirical works on this same subject matter.

Baghebo and Atima (2013) found that oil revenue impacts negatively on Real GDP in Nigeria, which corroborated the outcome of the current finding from this research.

Ogbonna and Appah (2012) found established that oil revenue impacts significantly positively on the Nigerian economy. This finding underscores the findings of this current research, which found a significant long-run impact of oil revenue on Real GDP.

Odularau (2011) found that crude oil consumption and export have contributed to the improvement of the Nigerian economy this result corroborated the long-run impact of oil revenue on Real GDP.

6. FINDINGS

This study investigated the impact of oil revenue on economic growth and unemployment in Nigeria from 1970 to 2013. During the analysis of the study, the analytical procedure is Cointegration and Error Correction analyses with auxiliary procedures as Descriptive analysis, Trend Analysis, Correlation and Unit Root (Augmented Dickey-Fuller) also employed.

The outcome of descriptive analysis carried on the research data variables shows that they are volatile of the over the period of analysis as indicated by their high coefficient of variations.

The trend and correlation analyses indicate that Real Gross Domestic and unemployment rate are significantly positively associated with Oil Revenue, Government Expenditure and Capital Formation. For instance, the correlation of Real GDP/Oil Revenue =0.7499 with a p-V=0.0000; and unemployment Rate/Oil Revenue =0.7866 with a p-V=0.000.

The outcome of Unit Root test using the augmented Dickey-Fuller criterion for stationarity of the time series shows that Real GDP, Unemployment Rate, Capital Formation, Government Expenditure and Oil Revenue are integrated at their first differences respectively.

From the cointegration analysis, Trace statistic shows that Real GDP is cointegrated with Unemployment Rate, Capital Formation, Government Expenditure and Oil Revenue. Cointegration was established for Unemployment. The long-run relation show that Oil Revenue has significant positive impact on Real GDP ($\beta=0.71680$; SE=0.0538). Government Expenditure has significant negative impact on Real output ($\beta=-1.124189$; SE=0.23139).

Error correction analysis established a short-run relation between Real GDP and Capital Formation, Oil Revenue and Government Expenditure, which highlighted by the Error Correction parameter ($\beta=-2.020267$; S.E=0.66944). The estimate of the short-run relation shows that Capital Formation, Oil Revenue and Government Expenditure have insignificant positive impact on Real GDP on the short-run respectively.

The Impulse Responses shows that Real GDP responded more negatively to innovations in Oil Revenue staying deeply negative in the final period. Real GDP responded negatively to deviations in Government Expenditure across all the periods. However, Real GDP stayed positive in the last period tenth period to innovations in Capital Formation.

Finally, the static regression analysis for unemployment rate shows that oil revenue has a positive impact on unemployment while the impact of government expenditure is negative.

7. RECOMMENDATIONS / SUGGESTIONS

Oil Revenue of Nigeria has attracted much discussion and debate in the recent times. The question has always been on the fraction of the revenue that is actually re-invested into the economy by the government. The most conspicuous idea is what could be considered as conspiracy theory; the belief here is that government official has conspired to siphon the oil revenue through various means leaving almost nation for re-investment into the economy. This belief is corroborated by the various corruption sagas witnessed in the economy: The barefaced oil subsidy saga is the highpoint of corruption recorded over the period. And so, even if oil revenue has positive relation with economic growth, so long as government expenditure has negative impact, oil revenue cannot be said to be effectively utilized.

Interestingly, the study found a positive relation between unemployment and oil revenue and negative relation with government expenditure. Although the negative relation indicates that Government Expenditure reduced unemployment, but there can never be development without growth.

Private sector capitals have struggled to drive growth and employment generation in the economy due lack of sound supportive infrastructure. With huge oil revenue that has accrued to Nigeria over the years, the economy lacks basic infrastructure: electricity supply is almost absent as Nigeria produces and average of 3800MW for over 170 million people including industries; arterial road network are death traps leading to loss of human capital and goods on transit; the four national refineries have ceased to function for long leading to the importation of refined product in the midst crude endowment – growth and development cannot thrive under this scenario.

8. RECOMMENDATIONS

The recommendations of this are quite concise:

(i)   The government should drive the economy by investing the oil revenue in reviving the refineries. This will allow the foreign exchange demand for the importation refined petroleum product to be transfer to demands coming from other sectors for productive use. The reduced demand will also drive the value of the Naira exchange rate parity.

(ii)   Government should ensure that adequate and quality power is generated and supplies to both house and the industry. If the current power sector reform is not working, the government should revisit making adjustments where necessary.

(iii)   Government should take if anti-corruption campaign with sincerity. Again, the cost of governance should be scaled down to allow more oil revenues be channeled into productive use – For some periods now, capital expenditure of the government has continuously dwindled.

(iv)   There is also the need for the oil revenue to be diversified into the non-oil sector in order to expand the productive base of the economy and engender growth and employment.

9. CONCLUSION

A major constraint to this study came from the quality of data used in the analysis as there is the conflict of data provided by the national Bureau of Statistics and Central Bank of Nigeria, who are the custodian of economic data in Nigeria. Timing on the submission of the project was too short to allow for more investigations to carried out during the write-up.

10. LIMITATIONS OF THE STUDY

A major constraint to this study came from the quality of data used in the analysis as there is the conflict of data provided by the national Bureau of Statistics and Central Bank of Nigeria, who are the custodian of economic data in Nigeria. Timing on the submission of the project was too short to allow for more investigations to carried out during the write-up.

11. SCOPE FOR FURTHER RESEARCH

To fully understand the macroeconomic behaviour of oil revenue, it will be worthwhile to carry out further research on the following subjects:
(i)   The Relationship between oil Revenue and Oil Import in Nigeria.
(ii)   The Relationship between Oil Revenue and Government Expenditure in Nigeria.

12. ACKNOWLEDGEMENTS

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APPENDIX/ANNEXURE

TABLE 1

Covariance Analysis: Ordinary					
Date: 01/13/15 Time: 07:07					
Sample: 1970 2013					
Included observations: 44					
Correlation					
t-Statistic					
Probability	GE	K	L	OILR	RGDP	UR
GE	1.000000					

K	0.917021	1.000000				
	14.90065	-----				
	0.0000	-----				
L	-0.289124	-0.268777	1.000000			
	-1.957333	-1.808421	-----			
	0.0570	0.0777	-----			
OILR	0.769415	0.813829	-0.161374	1.000000		
	7.806462	9.076177	-1.059714	-----		
	0.0000	0.0000	0.2953	-----		
RGDP	0.889645	0.925673	-0.427362	0.749915	1.000000	
	12.62572	15.85686	-3.063470	7.346569	-----	
	0.0000	0.0000	0.0038	0.0000	-----	
UR	0.880281	0.900482	-0.220779	0.786600	0.864833	1.000000
	12.02408	13.41891	-1.467011	8.255953	11.16354	-----
	0.0000	0.0000	0.1498	0.0000	0.0000	-----

TABLE 2: RESEARCH DATA

Years	GDP	GE, Government exp.	Capital formation	Labour force	Oil Revenue	Unemployment
1970	4219.00	903.90	5205.10	2.35	166.6000	4.3
1971	4715.50	997.20	5205.10	2.39	510.1000	4.3
1972	4892.80	1463.60	6570.70	2.43	764.3000	4.2
1973	5310.00	1529.20	7208.30	2.51	1016.000	4.1
1974	15919.70	2740.60	10990.70	2.63	3724.000	4.3
1975	27172.02	5942.60	18298.30	2.77	4271.500	4.3
1976	29140.51	7856.70	20957.00	2.91	5365.200	4.1
1977	31520.30	8823.80	26656.30	3.02	6080.600	3.8
1978	29212.35	8000.00	31520.30	3.05	4555.800	5.1
1979	29947.99	7406.70	41947.70	2.98	8880.800	5.2
1980	31546.76	14968.50	49632.30	2.84	12353.30	6.4
1981	205222.10	11413.70	50356.10	2.69	8564.400	6.4
1982	199685.30	11923.20	51653.40	2.57	7814.900	6.4
1983	185598.10	9636.50	56312.90	2.50	7253.000	5.9
1984	183563.00	9927.60	62474.20	2.49	8269.200	6.2
1985	201036.30	13041.10	70633.20	2.52	10923.70	6.1
1986	205971.40	16223.70	71859.00	2.56	8107.300	5.6
1987	204806.00	22018.70	108183.00	2.59	19027.00	6.2
1988	219875.60	27749.50	142618.00	2.59	19831.70	4.8
1989	236729.60	41028.30	220200.00	2.56	39130.50	4.3
1990	267550.00	60268.20	271908.00	2.51	71887.10	3.4
1991	265379.10	66584.40	316670.00	2.46	82666.40	3.6
1992	271365.50	92797.40	536305.10	2.43	164078.1	3.5
1993	274833.30	191228.90	688136.60	2.40	162102.4	3.4
1994	275450.60	160893.20	904004.70	2.37	160192.4	2.0
1995	281407.40	248768.10	1934831.00	2.36	324547.6	1.8
1996	293745.40	337217.60	2703809.00	2.34	408783.0	2.9
1997	302022.50	428215.20	2801973.00	2.33	416811.1	3.2
1998	310890.10	487113.40	2721178.00	2.33	324311.2	3.2
1999	312183.50	947690.00	3313563.00	2.35	724422.5	3.1
2000	329178.70	701059.40	4727523.00	2.38	1591676.	13.1
2001	356994.30	1018026.00	5374335.00	2.41	1707563.	13.7
2002	433203.50	1018156.00	6232244.00	2.44	1230851.	12.2
2003	477533.00	1225966.00	6061700.00	2.46	2074281.	14.8
2004	527576.00	1426200.00	11411067.00	2.47	3354800.	13.4
2005	561931.40	1822100.00	15610882.00	2.48	4762400.	11.9
2006	595821.60	1938003.00	18564595.00	2.48	5287567.	14.6
2007	634251.10	2450897.00	23280715.00	2.49	4462910.	10.9
2008	674889.00	3240820.00	24610081.00	2.50	6530630.	14.9
2009	718977.30	3452991.00	25001945.00	2.51	3191938.	19.7
2010	775525.70	4194218.00	27440155.00	2.52	5396091.	21.1
2011	834000.00	4972000.00	29022774.00	2.51	21998630	23.9
2012	888900.00	8026000	26518739.00	2.83	8026000.0	22.0
2013	950100.00	6801200	27154958.00	1.50	6801200.0	22.3

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Thanking you profoundly

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