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CONTENTS

| Sr. No. | TITLE & NAME OF THE AUTHOR (S) | Page No. |
|------------|---|-------------|
| 1. | <p>TOTAL QUALITY MANAGEMENT PRACTICES AND ORGANIZATIONAL EFFECTIVENESS: THE CASE OF NILE INSURANCE COMPANY S.C., ETHIOPIA</p> <p><i>Dr. MOHAMMED SEID, Dr. MICHAEL HARSHAVARDHAN B. & BETREMARIAM MELESE</i></p> | 1 |
| 2. | <p>WOMEN EMPOWERMENT THROUGH MICROFINANCE (A STUDY OF S.K.D.R.D.P IN SHIVAMOGGA DISTRICT)</p> <p><i>VIMALA B.N. & Dr. S. G. KULKARNI</i></p> | 7 |
| 3. | <p>MARINE FISHERIES FINANCING: A STUDY ON PROBLEMS OF FISHERMEN FOR MARINE FISHERIES CREDIT</p> <p><i>HETAL D. TANDEL & Dr. ASHISH C. MEHTA</i></p> | 12 |
| | REQUEST FOR FEEDBACK & DISCLAIMER | 17 |

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TOTAL QUALITY MANAGEMENT PRACTICES AND ORGANIZATIONAL EFFECTIVENESS: THE CASE OF NILE INSURANCE COMPANY S.C., ETHIOPIA

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ABSTRACT

The paper's aim is to determine how the Total Quality Management practices affect the overall effectiveness (Employees' satisfaction and Profitability) of Nile Insurance Company s.c., Ethiopia. The current study is a cross-sectional survey. It is descriptive, qualitative, quantitative and analytical in nature. The target population entails employees of the company working under its branches in Addis Ababa city, occupying different positions in the company. The respondents amount to 100 out of a sample of 107. In addition to this study, data gathering by way of interview is also held in a small way targeting six key informants drawn from six branches in Addis Ababa. The results indicate that the organizational vision and mission have induced TQM execution. Moreover, communication dimension, leadership/management practice and employees' involvement patterns in the company seem to have moderately induced TQM practice of the company; whereas strategic planning and customer orientation dimensions are less likely to induce TQM practice. As the descriptive findings indicate, all TQM Practices (Strategic Planning, Communication, Employees Involvement, Customer Orientation and Leadership/Management), are found to have significant and positive association with both Employees' Satisfaction and Company's Profitability. As the regression analysis suggests, except communication dimension, the other four, namely strategic planning, employees' involvement, customer orientation and leadership are found to have significant impact on employee's satisfaction, whereas, except employees' involvement, all variables have significant influence on the company's profitability. Therefore, the findings confirm that organizational effectiveness is positively impacted on by TQM practices.

KEYWORDS

TQM implementation, total quality management, organizational effectiveness, profitability, employees' satisfaction.

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INTRODUCTION

Total Quality Management, called in short, TQM, has been testified among all quarters of business to be pivotal in achieving effectiveness of business operations, be it in manufacturing sector or service sector. The origin of Total Quality Management concept can be traced back to the time when statistical tools were used to improve the quality of manufactured products partly in the USA and partly in Japan eighteen years ago. Reba Chen and Ann Wong (2004) enunciated that it was primarily adopted by some Japanese companies during the decades immediately following World War II with greater success of Japanese companies during the 1980s. In line with this, with the blossoming of the public sector in almost every economy, quality imperatives are no longer the sole concerns of manufacturing. As a result, almost every service organization faced the same ground realities as their manufacturing counterparts did in the past. This led quality aspect to move from manufacturing origins into public organizations (Naveed et al., 2011).

According to Boone, et al. (1995), "TQM is a management philosophy that focuses on the processes of integrating all organizational functions that include marketing, finance, design, engineering, production, and customer service, directed at meeting customer needs and organizational objectives as well." It views an organization as a collection of processes at all levels. The use of workers' knowledge and experience is crucial for the continuous improvement of the processes in the organization.

Currently, as Das et al. (2006) discuss, the focus of companies, due to competition in global market, is to study and analyze leading examples of quality. Significance of improvement and excellence is the key factor identified for success. According to the study by Wu, et al. (2007), one of the determinants of success of a firm is how the customers perceive the resulting service quality. It is the customer-perceived value that determines organizational effectiveness. Thus, the concept of Total Quality Management (TQM) is the dynamic factor behind the changes taking place within any organization.

These days witness increasing developments among various sectors throughout the world. Insurance companies are the one category of entities that play significant role in the economy and their services are now being integrated into wider financial industry. Insurance companies (both private and public) comprise the organizations which provide life-, fire-, accident-, causality-and many other forms of insurance. The foremost objective of all insurance firms is augmenting their profits because, the sole objective of financial management to maximise the owners' wealth and profitability is a very vital determinant of performance, as reiterated by Mingzime Birhan (2017) from the works of Ngoyen (2006) and Hailu (2007). Though it is influenced by firm-specific factors, extraneous factors also play important roles in affecting insurance companies' profitability (Mingzime Birhan, 2017). Thus it is essential to find such factors and verify as to how they aid

insurance companies in designing appropriate strategies aimed at maximizing their profitability and help investors forecast the profitability of insurance companies. Besides this, aiming at commercial success ignoring employee satisfaction and interests does not lead to real organizational effectiveness. Therefore, effective TQM implementation could improve organizational effectiveness, which encompasses long-term profitability that is intended to cater to the changing needs of employees resulting in their satisfaction (Das et al., 2006). In this regard, it is clear that TQM acts as a platform for any service organization to enhance its competitiveness. Unfortunately, there remain many organizations, which have been disappointed from the very nature of TQM, i.e., the ever-rising demands of TQM system that are found to be imperative so as to place the organization ahead in the race.

PROBLEM STATEMENT

With regard to Ethiopian context, insurance companies, which are characterized by a limited market, and the prevailing identical service delivery pose challenges in attracting and retaining new customers. Accordingly, customers usually complain about efficiency and lack of service quality in the insurance sector and this made the researchers be interested in the issue. Moreover, Hailu (2007) discussed that the government policy unfairly favoured only state insurance companies as such other companies are faced with challenges of competition. According to Hailu (2007) and Belayneh (2011), the quality of insurance services in Ethiopia is not satisfactory. In the wake of this, the need to augment service profile becomes obvious to gain advantage in competitive market, and hence the impact of total service quality management would be so important. Therefore, this motivates the researchers to investigate the impact of total quality management practices on organizational effectiveness - in this case, on profitability and satisfaction of employees of Nile Insurance Company. The existing research on Nile Insurance Company has so far covered various aspects of management except the nature and extent of absorption of TQM practices. Hence the current study aims to focus on this aspect of management.

BRIEF PROFILE OF NILE INSURANCE COMPANY S.C.

Nile Insurance Company s.c., is one of the pioneer private insurers established in April, 1995 with a capital of birr 365.575 Million. The company has a legal entity registered with the licensing and supervisory body of the National Bank of Ethiopia in accordance with proclamation No-86/1994 and license No- 006/95. Over the past years, the company has grown from birr 12.5 million to 302 million birr capital, from 26 to 136 shareholders, from 4 to 42+ branches both in the capital and regional cities and has more than 45,000 customers across the country. The total asset 1.24 billion of the company has reached birr 734 million. This tremendous growth was largely driven by active participation of its valuable Employees, Customers, Shareholders, and other Stakeholders. Nile provides both general and long term insurance solutions along with engaging in promising investments across the country.

RESEARCH QUESTIONS

- Have TQM practices been implemented in Nile Insurance Company?
- What is the degree of association between TQM practices on the one side and organizational effectiveness (Employee satisfaction and Company's Profitability) on the other side?
- What is the impact of total quality management practices on Employees' satisfaction and organizational profitability?

In order to find answers to the above questions, the investigation should begin with the following objectives:

OBJECTIVES

The purpose of this research entails achievement of the objectives listed as follow:

- To examine the employees' awareness levels about TQM practices endeavored at Nile Insurance Company,
- To examine the degree of association between TQM practices on the one side and organizational effectiveness (Employee satisfaction and Company's Profitability) on the other side.
- To investigate the impact of the TQM practices on organizational effectiveness (Employees' satisfaction and profitability).

LITERATURE REVIEW

CONCEPTUAL FRAMEWORK: As this study focuses on the impact of total quality management (TQM) practices on organizational effectiveness, reviewing the previous studies for understanding the effects of the five major principles of total quality management becomes essential.

CONCEPT OF TQM: Total quality management is a technique that facilitates the efforts of improving the product or service quality (Powell, T.C, 1995). The main focus of TQM is mostly directed towards refining the quality of an organization's products and services. It also bundles up the overall activities of an organization to achieve its objectives that requires organization-wide participation and commitment to TQM. Similarly, the active participation and collaboration of managers at different levels of the organization are necessary for the fulfillment of different goals (Bayazit and Karpak, 2007).

THEORIES AND PRINCIPLES OF TQM

Since 1950, the credit of the development of total quality management concept is attributed mainly to the works of various American experts such as Edwards Deming, Joseph Juran and Philip Crosby (Ortiz et al., 2006).

DEMING'S THEORY: W. Edwards Deming identified fourteen points of management in his theory of Total Quality Management. He also developed a system of "profound knowledge," which consists of the following four points (Ortiz et al., 2006). Furthermore, Deming propounded the 14 management points that facilitate the administration of managers to enhance the quality of organizations. While Deming's points are connected with the internal role of the organization, the focus is on customer's point of view of products' fitness for use or purpose. A product can satisfy all the Deming's specifications and still not be appropriate for use or purpose.

JURAN'S THEORY: Joseph Juran and Gryna (1993) might be cited for what has become known as the "Quality Trilogy." The quality trilogy is made up of qualitative planning, quality improvement, and quality control. If a quality improvement project is to be successful, then all quality improvement actions must be carefully planned out and controlled. Consequently, Juran framed 10 Quality Improvement Steps.

CROSBY'S THEORY: According to Crosby, quality is conformance to requirements and can only be measured by the cost of non-conformance. Crosby provides four "absolutes" and 14 steps for the quality improvement process.

TOTAL QUALITY MANAGEMENT PRINCIPLES

STRATEGIC PLANNING: Customer-driven quality, according to the principles of TQM, is a significant strategic structural concern that is essential to be of fundamental nature in total organizational planning (Dean & Bowen 1994). Any organization that provides quality services can charge more for products or services with resulting high customer satisfaction. Data show that improvement in product or service quality has a stronger relationship with increase in market share and customer satisfaction as well (Calingo, 1996). TQM becomes part of the organization's strategy when "methods and goals are so widely deployed throughout the company that all its processes are pointed in the same direction." The concept of strategy is a plan that integrates an organization's major goals, policies, and action sequence into a cohesive whole. Consequently, the processes of integrating quality control with organizational strategy to ensure that quality efforts reflect the long-term goals of the organization are essential for the success of an organization. Rooted in systems theory, TQM invokes the inescapable inter-relationship of all units of the organization. The focus of TQM is on the importance of cross-functional relationships.

COMMUNICATION: The TQM component of communication is one of the fundamental parts of all management functions. In order to lead, plan, organize, and control, managers have to communicate with their subordinates (Smit and Cronje 2002). The term communication has a wide range of meanings. Lowe (1995) defines it as "a purposeful process, which involves sources, messages, channels, and receivers". Goetsch and Davis (1997) state that "communication is the transfer

of a message, information, idea, emotion, intent, feeling that is both received and understood". The importance of communication becomes more visible than merely defining the term (Adler, Ronald Brian, 1996).

LEADERSHIP: The concept of leadership incorporates different procedures and activities. The Eight principles of Quality Management, (web page: A P B Consultant, 2019), define leadership as, "The application of the principle of leadership typically leads to: considering the needs of all interested parties including customers, owners, employees, suppliers, financiers, local communities and society as a whole; establishing a clear vision of the organization's future; setting challenging goals and targets," creating and sustaining shared values, fairness and ethical role models at all levels of the organization; establishing trust and eliminating fear; providing people with the required resources, training and freedom to act with responsibility and accountability; inspiring, encouraging and recognizing people's contributions. Members of upper management levels have to exhibit leadership by exercising unity of purpose. This can be implemented through appropriate quality policy, ensuring that measurable objectives are established, and demonstrating that they are fully committed to developing, sustaining and improving the quality management systems. Leadership of an organization has the capacity and authority to create and maintain the internal environment of an organization. The top management needs to establish a clear vision of the organization's future and probably set challenging goals and targets to achieve them. They should also provide the requisite resources including training and development of staff; inspire, encourage and reward people's contributions. The management must ensure that the quality management system is effectively implemented and maintained and they are responsible for ensuring that actions are taken without undue delay to eliminate and detect non-conformities (Hasan & Kerr, 2003).

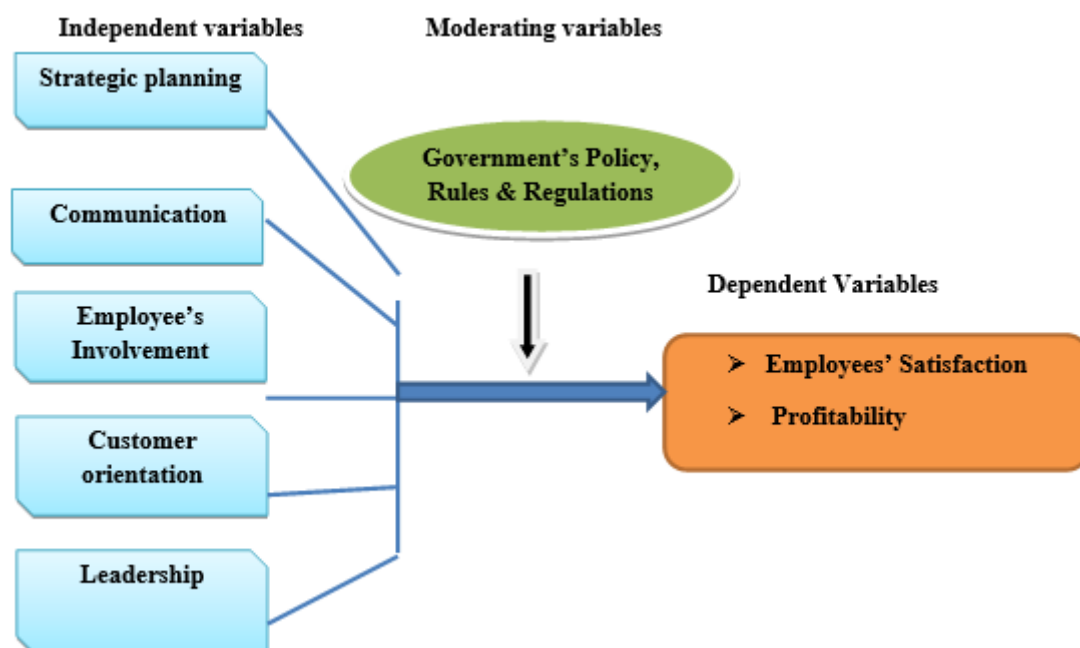
EMPLOYEES' INVOLVEMENT: The participation of employees is required for the success of quality programmes and this has achieved through using of work teams, looking for opportunities to raise the level of employee's competence, sharing information and experiences between the teams and groups and focusing on employee's motivation and loyalty. Research focused on the following quality enhancement activities such as: education, employee suggestions, employee commitment, training and teamwork (Ebrahimi, M & Sadeghi, M, 2013)

CUSTOMER ORIENTATION: Satisfying customer is crucial to TQM in different business activities throughout the world. It is expressed by the organizational attempt to design and deliver products and services that fulfill customer needs. The rationale for this principle is the belief that customer satisfaction is the most important requirement for long-term organizational success. In other words, to realize this satisfaction, it requires that the entire organization should focus on customer needs (Ebrahimi et.al. 2013). Business performance of the organization is highly influenced by customer satisfaction. The needs of the customer are the major driving thrust; not just the external customer (in receipt of the final product or service) but the internal customers (colleagues who receive and supply goods, services or information). Perfect service with zero defects in all that is acceptable at either internal or external levels. Too frequently, in practice, TQM implementations focus entirely on the external customer to the exclusion of internal relationships; they will not survive in the short term unless they foster the mutual respect necessary to preserve morale and employee participation.

TQM AND ORGANIZATIONAL EFFECTIVENESS (PROFITABILITY AND EMPLOYEES' SATISFACTION)

The success of business sector in general and a firm in particular is seen from the increase of the market value of that specific firm. This ultimately leads to the overall success of the economy at large. Measuring the performance of financial institutions has gained the relevance in the corporate finance literature because, as intermediaries, these companies in the sector are not only providing the mechanism of saving money and transferring risk, but also are helping to channel funds in an appropriate way from surplus economic units to deficit economic units so as to support the investment activities in the economy (Agus et al., 2009). In recent years, organizational effectiveness in the practical and theoretical spheres has attracted special attention. Organizational effectiveness & Performance measurement are integral part of all management processes and traditionally involved management accountants through the use of budgetary control and the development of financial indicators such as return on investment and employees' satisfaction as well (Adams et al., 2000). The profitability of an organization is mostly determined by employees' commitment and satisfaction basically acquired through enabling organizational environment. In this regard the activities and contribution of employees are indispensable for the successful performance of organizations (Al Shami et al. 2008).

FIGURE 1: THE RESEARCH MODEL, EVOLVED BASED ON REVIEW OF LITERATURE RELATING INDEPENDENT VARIABLES TO DEPENDENT VARIABLES THROUGH MODERATING VARIABLES



The study in question is based on the above depicted model. The model explains that the outcome variables (dependent variables), namely, employees; satisfaction and profitability, are influenced by explanatory (independent) variables, namely, strategic planning, communication, employees' involvement, customer orientation and leadership. However, the influence of the independent variables on the dependent variables is governed by the moderating variables, being, government's policy expressed by way of rules and regulations.

METHODOLOGY

RESEARCH DESIGN: The research is of descriptive, analytical and exploratory nature entailing a cross-sectional survey on employees of the 20 branches of Nile Insurance Company s.c., and the Head Office in the confines of Addis Ababa city, being the sampling frame (179), arbitrarily fixed from the total number of employees throughout Ethiopia, being around 358, because Addis Ababa accounts for fifty percent of the total number of branches in Ethiopia).The population comprises employees of the company occupying different positions, describable as senior level managers, branch managers, underwriters, senior underwriter,

surveyors, claim officers and business development officers. The sample design is based on the rule of thumb, that is, not fewer than 50 participants are enough for carrying out correlation or regression analysis. Accordingly, with the object of ensuring the sample to be above 50, and ensuring better accuracy, about 60 percent of the sampling frame (179) is taken as the sample, working out to 107. The members are hand-picked from each branch on convenience basis. Thus the sampling plan is of stratified disproportionate type. Each branch is considered a stratum. In addition to this, interviews are conducted on six key informants, 3 from managerial positions and another 3 from non-managerial positions.

DATA COLLECTION TOOLS AND TECHNIQUES: The data collection plan consists of use of (a) questionnaire for collecting data from the sample members and (b) a structured schedule for collecting data through interview method. The purpose of interview method is to obtain such information that couldn't otherwise be obtained from key informants.

DATA PROCESSING, REGRESSION MODEL AND METHOD OF ANALYSIS: The data collected from the field for the purpose of the study is edited and coded for completeness and accuracy of information on daily basis. The quantitative data and descriptive statistics are analyzed using statistical package for social sciences (SPSS) and the results are reported in the form of tables showing percentage, frequency distribution, mean and standard deviation values. Besides this, multivariate analysis and ANOVA are carried out with the object of finding out the relationships between some independent variables on the one side and dependent variables on the other side. A best-fit model selected is Multiple Regression Model. Multiple regression attempts to model the relationship between two or more explanatory variables on the one side and a response variable on the other side by fitting a linear equation to observed data. Every value of the independent variable, x is related with a value of the dependent variable, y . The multiple regression formula that is adopted for this study is as given below.

$$Y_1 = \text{Profitability of Nile Insurance} \dots Y_1 = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \epsilon$$

$$Y_2 = \text{Employees' Satisfaction} \dots Y_2 = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \epsilon$$

Where:

X1 = Strategic Planning

X2 = Communication

X3 = Employees Involvement

X4 = Customer Orientation

X5 = Leadership

$\beta_0, \beta_1, \beta_2, \beta_3, \beta_4, \beta_5$ = the coefficient of the variables and ϵ = the error term

DATA ANALYSIS AND INTERPRETATION

Out of 107 questionnaires distributed, seven are found to be invalid. Hence, the response rate is 93.5 percent.

PROFILE OF RESPONDENTS

When we see the gender as percentage of the respondents, males make the majority marginally (54%). In regard to age distribution of the respondents, majority of respondents are found to be under the age group of 30-45 (47%), followed by the age group of 18-29(27%) and the rest come under the bracket of 45-60 (26%). As regards marital status, as the data reveal, most of the respondents (49%) are married, whereas unmarried category account for 39 percent. Then widowed and divorced respondents account for 7 percent and 5 percent respectively. Regarding educational status, majority of respondents, who achieved their first and second degree, account for 78 percent and 18 percent respectively. Along positions they occupy in the organization, 68 percent occupy the ranks as underwriter/officer, followed by respondents who are claim officer and manager (17 percent & 15 percent respectively). As regards length of service in the organization, most of the respondents (49 percent) served the organization between 3 and 5 years; those who worked between 1 and 3 years constitute 28 percent.

LEVEL OF IMPLEMENTATION (DIMENSION)

RESEARCH QUESTION I: AWARENESS ON TQM PRACTICES ENDEAVOURED

As response to the first objective of investigation, results show that the awareness level of the respondents about TQM practice endeavoured is highest with the mean score of 3.14, followed by the moderate level of knowledge attribute, supported by a score of 2.94. Then comes the least level of knowledge attribute with the score of 2.56. The scores suggest that, though responses are spread over the gradient from highest awareness level to the least level of awareness attribute, the highest score is represented by the highest awareness level attribute. This suggests that the employees of the company have moderate to highest level of awareness of TQM practice endeavoured at the company.

RESEARCH QUESTION II: IMPLEMENTATION OF TQM PRACTICES

The results of investigation along the level of implementation of the principles of TQM are described as follows;

➤ STRATEGIC PLANNING

The levels of implementation of strategic planning under TQM programme, labeled, Highest, Low and Least, earned scores (mean value in each category) in the order of 2.62, 2.22 and 2.01. These results suggest that strategic planning in the company is not well implemented as of now.

➤ COMMUNICATION

As regards communication as a TQM principle, four questions are put forth and the average value of responses (mean) is found to be 3.05, in moderate category, the highest among all. This suggests that communication aspect connected with TQM practice is found to be better.

➤ EMPLOYEE INVOLVEMENT

Regarding employees' involvement in TQM practice, five questions are put forth and the average value (mean) scored against the response categories, Highest, Moderate, and Least are in the order of 3.33, 2.93, and 2.62. The results indicate that employees' involvement in TQM practices is found to be better.

➤ CUSTOMER ORIENTATION

Regarding customer orientation as a TQM practice, five questions are put forth. A score of 2.39 is earned under the attribute, LOW suggesting that customer orientation is at its low in the efforts of TQM practice.

➤ LEADERSHIP

Regarding leadership aspect of TQM practice, five questions are put forth and the average value (mean) scored against the response categories, Highest, Moderate, and Least are in the order of 3.25, 2.90, and 2.58. The results indicate that leadership as a TQM practice is found to be better.

TABLE 1: TABLE SUMMARIZING TQM-PRACTICE-WISE MEAN VALUES OF RESPONSES

| No | Summary | Mean |
|-----------|----------------------|------|
| 1 | Strategic Planning | 2.22 |
| 2 | Communication | 3.05 |
| 3 | Employee involvement | 2.93 |
| 4 | Customer orientation | 2.39 |
| 5 | Leadership | 2.90 |
| Sub-Total | | 2.7 |

Source: from this study.

RESEARCH QUESTION III

CORRELATION ANALYSIS BETWEEN TQM PRACTICES AND EMPLOYEES' SATISFACTION

The third research question is intended to measure and identify the independent variables (TQM practices) that are influential in achieving organizational effectiveness in terms of employees' satisfaction. In this regard, the test is conducted against the first dependent variable, employees' satisfaction. Towards this end, Karl Pearson's correlation method is used. Table 2 shows the levels of significance of correlation for given coefficients along the five independent variables.

TABLE 2: CORRELATION COEFFICIENTS AND SIGNIFICANCE VALUES – TQM PRACTICES AND EMPLOYEES' SATISFACTION

| TQM Practices | | Employee's Satisfaction |
|-----------------------|---------------------|-------------------------|
| Strategic Planning | Pearson Correlation | 0.222 |
| | Sig.(2-tailed) | 0.021 |
| Communication | Pearson Correlation | 0.175 |
| | Sig.(2-tailed) | 0.024 |
| Employees Involvement | Pearson Correlation | 0.164 |
| | Sig. (2-tailed) | 0.014 |
| Customer Orientation | Pearson Correlation | 0.137 |
| | Sig.(2-tailed) | 0.043 |
| Leadership | Pearson Correlation | 0.167 |
| | Sig.(2-tailed) | 0.001 |

Correlation is significant at 0.05 level (2- tailed)

Source: This study

Correlation coefficients (Correlation is significant at 0.05 level (2- tailed)) between TQM practices and Employees' Satisfaction is worked out using SPSS. The results indicate that all TQM practices namely strategic planning (0.021), communication (0.024), employees' involvement (0.014), customer orientation (0.043) and leadership/management (0.001) have significant and positive association with employees' satisfaction in the company. Therefore, it implies that the proper implementation of TQM practices enhances organizational efficiency and vice versa.

CORRELATION ANALYSIS: TQM PRACTICES VS. PROFITABILITY

Pearson's correlation coefficient between TQM practices and Nile Insurance Company's Profitability indicates that all TQM Practices, namely, Strategic Planning, (0.012), Communication, (0.044), Employees Involvement, (0.031), Customer Orientation, (0.021) and Leadership (0.027) have significant and positive association with Profitability of Nile Insurance company, as vouched by the values furnished in the same order: 0.012; 0.044; 0.031; 0.021; and 0.027.

REGRESSION ANALYSIS OF TQM PRACTICES AND EMPLOYEES' SATISFACTION

On the other hand, multivariate analysis is carried out to measure the extent of influence of each TQM practice variable (x) on Employees' Satisfaction (y). 0.05 and 0.01 levels of significance are used to determine the strength of the relationship between the independent and dependent variables. Regarding Regression Coefficients, the results indicate that except Communication practice, other TQM practices considered under the conceptual model have significant influence on the dependent variable, that is, Employees' satisfaction This is indicated by the following pattern: Strategic Planning - 0.049; Employees Involvement - 0.025 Customer Orientation - 0.012, and Leadership - 0.035.

REGRESSION ANALYSIS: TQM PRACTICES VS. PROFITABILITY

The analysis carried out under this model, attempting to test the strength of association between the set of the independent variables on the one side and the company's profitability on the other side, brought out that the independent variables, namely, Strategic Planning, Communication, Customer Orientation and Leadership have significant influence on the company's profitability, with P values, in the order of 0.000; 0.046; 0.025 and 0.036. But the outlier among the independent variables is Employees' Involvement with P value, 0.371.

FINDINGS FROM QUALITATIVE STUDY

Based on data obtained through interviews, it is found that implementing TQM system in the company significantly impacts on performance of the company on employee satisfaction front as well as the company's profitability front. It is also found that TQM implementation contributed a lot to organizational competency and sustainability so far. Besides this, all interviewees confirm that TQM practices have strongly affected the Company's performance (profitability and employees' satisfaction) through improving service quality. In addition to this, they report that there is a gap between employees' competency and automated service provision.

CONCLUSION

The aim of this study is to examine how the total quality management practices can affect effectiveness of Nile Insurance Company. The descriptive statistics shows that TQM practices (Strategic planning, Communication, Employees Involvement, Customer Orientation, and Leadership) have significant and positive relationship with employees' satisfaction and company's profitability.

The investigation under the First objective of this study finds that the level of awareness among the employees of the company about TQM oriented knowledge is high. As regards the Second objective, which attempts to relate the TQM-oriented practices such as Strategic planning, Communication, Employees Involvement, Customer Orientation, and Leadership, with Employee satisfaction and Profitability of the company, the overall level of association is moderately significant with the mean score of 2.7.

As regards the Third objective, which attempts to measure the strength of influence of the said independent variables on the dependent variable, being Employee satisfaction, all the independent variables (TQM practices) except Communication variable, have significant influence on Employee satisfaction. The investigation along regression analysis under the same objective carried out in respect of the TQM practice-variables and Profitability of the company, all except Customer orientation variable have significant impact on Profitability of the company.

To summarize, implementing total quality management is found to have significant impact on organizational effectiveness in terms of employee satisfaction and company's profitability.

Coming to the interview result analysis, the observations are as follow:

The major causes of inadequate provision problems (Customer Orientation) are due to lack of optional reserve arrangement such as claims fluctuation reserve, absence of reserve for made- or moral hazards. Such situation may lead to overstatement of that year's profit. On the other hand, unmet customer needs work in favour of competitor companies impacting on the profitability of the company. Further, usage of information technology, rewarding mechanisms and on job training policy are identified as gaps in the company's operations. The findings, in general, clearly show that TQM can significantly affect the effectiveness of Nile Insurance Company s.c. as an organization.

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**WOMEN EMPOWERMENT THROUGH MICROFINANCE
(A STUDY OF S.K.D.R.D.P IN SHIVAMOGGA DISTRICT)**

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ABSTRACT

The present paper provides a platform to understand the Women Empowerment through Microfinance A Study of S.K.D.R.D.P In Shivamogga District The Indian Economy facing several Problems under that Social and Economic problems are important especially in rural areas Microfinance Institutions will go a long way in finding solutions for the needy through SHGs importance of entrepreneurship in economic growth has consistently been Emphasis is in the Literature on economic development, it is even more prevalent and relevant for developing country like India., Micro credit has now emerged as a financial strategy to reach the urban and rural poor and is emerging as a movement as the global level over the past two decades member in the SHGs their families below poverty line the land less and access to formal credit institutions the informal credit institutions include money lenders, landlords, traders and. The study was intended to know the developmental activities undertaken in rural areas. The analysis made with the help of different programmes in the rural development and the analysis and the interpretation made by using suitable statistical tools and techniques in order to arrive a accurate information about the best practices in SKDRDP programmes in the present scenario. It concentrating on the opportunities and issues in the field of SKDRDP programmes. At the end, it makes an attempt to offer suggestions to enhance rural entrepreneurship.

KEYWORDS

S.K.D.R.D.P, NGO, SHGs, women empowerment, microfinance.

JEL CODES

G21, J16.

1. INTRODUCTION

Women constitute around half of the total world population. Women is identified as a mother, a wife, daughter-in-law or daughter but she is not identified as an independent person.

Om Prakash Ray

The status of women remained unchanged for centuries and Manus Dharma Shastra was the code of the Hindus, according to Manu, should be kept under control and vigil of the father during her childhood, husband during her adulthood. Women first need opportunities for their own development, only then can they really play an effective role in the development of the Nation and our society. Finance is the lubricant, which oils the wheels of development so to do any kind of activities need finance but doing entrepreneurial activities and self-Sustain need Microfinance. Microfinance program in India is growing rapidly and receiving increasing attention from the financial institutions, Nongovernmental institution and the government as an instrument that can transform lives of the poor. Microfinance is considered as a development tool to alleviate poverty of nation. The Shri Kshethra Dharmasthala Rural Development are spread across Karnataka in Shivamogga district start from the year 2007-2008. Micro Finance Programs target women with the explicit goal of empowering them Microfinance program are important Institutional devices for empowering women in order alleviate poverty. Under that SHGs could be one of the major initiatives for Women Empowerment is a process that allows one to gain knowledge, power skill sets and attitude needed to cope with the changing world the circumstances in which one lives.

Women empowerment takes in the fields of Economics, Education, Social, Cultural, Psychology and Politics. It represents Economic Independence, self-reliance, self-confidence, leadership, Respect, Recognition Political, Legal awareness making women as self-sustain.

2. LITERATURE REVIEW

Sandhya C., R. Hiremani Naik and Anuradha T. S (April 15, 2013) made a study on “**Social Security for women and Microfinance An Empirical study of Shivamogga District**” in their article they found that Government and Non-Government organizations try hard do provide social security to their citizens with different schemes. In India MFIs took initiatives to provide this to the people through SHGs linkage programme. The study area awareness level education increased among the SHGs members this has become the reason for their children’s education. MFIs should take initiatives for the women through tie up with NGOs, Universities and it should make compulsory for the SHGs members.

R. Thippa Reddy and K.B. Dhananjaya (March1, 20013) made a study on “**Women Empowerment through SHGs Production and Marketing Activities: A case study of Davanagere District**”, in their article they found that the SHG play crucial role in rural and areas by manufacturing and selling the products. Marketing the products made by SHGs is an important and Difficult one as the products have to be sold through the rural marketing concept to the rural people themselves. Marketing those products in the urban area is much difficult. The SHG will have to Emphasize on the quality and affordable price to enhance the sales. Therefore, SHG rural consumer and evolve appropriate communication strategy and market promotion.

Dr. N. Gangisetey made a study on “**Women Empowerment –Role of Microfinance (An empirical study conducted in Madanapalle rural area SHG’s)**”, in his article he found that Microfinance is a banking activity which provides financial assistance loans to Unemployment or individuals and groups as whole. A majority of Microfinance programs target women with explicit goal of empowering them. The study is conducted in Madanapalle rural area Chittoor district of Andhra Pradesh.

3. STATEMENT OF THE PROBLEM

Most of the earlier study pointed that about SHG’s, Microfinance, women empowerment but time changes till today the same problem faced by women only few women’s are empowered but difficultly to identified about dimensions of women Empowerment. Government rules regulation changes. Women empowerment has been taken place with Microfinance. In S.K.D.R.D.P SHGs are formed but Maintenance is difficult delay in sanctioning loan, not proper utilization of loan amount

How women's are undergone entrepreneurial activities what types of difficulties they are faced most of the study restricted only collect the information from only SHG's member but this study focus not only women's SHGs members it collect opinions of officials this was helps to identified the gap and actual problems. Hence the research has made an attempt to probe in the problem and meet the objectives set for.

4. OBJECTIVES OF THE STUDY

1. To analyze the role of Microfinance in providing social security for women in the study area.
2. To study the determinants of women empowerment along with the issues and problems connected with S.K.D.R.D.P.
3. To examine socio- economic status of SHGs members.
4. To measure the role Self Help groups and Microfinance programs towards women empowerment.
5. To elicit the problems and remedial measures about production, marketing opportunities, training and development of selected Self Help Groups.

5. HYPOTHESIS OF THE STUDY

H₀: There is no difference in socio – economic status of women before and after joining the Self Help groups.

H_a: There is a difference in socio – economic status of women before and after joining the Self Help groups

6. SCOPE OF THE STUDY

The study covered S.K.D.R.D.P including SHGs activities, Microfinance, women empowerment with special reference to shivamogga District. This District consists of seven taluks viz., Shivamogga, Bhasravathi, Thirthahalli, Hosanagara, Sagara, Shikaripura, Sorabha.

7. SOURCE OF DATA – SAMPLING DESIGN

The study is based both primary and secondary data

- **Primary Data:** The Primary data were collected from the beneficiaries of Self Help groups. Data has been collected from 100 individual SHG members by using a structured questionnaires and also collected the opinions of the officials of S.K.D.R.D.P with interview method to collect the data.
- **Secondary Data:** The secondary data was collected from various sources like books, journals, articles, periodicals, research working papers, magazines leading newspapers, publications of the, SKDRDP in Shivamogga district. Online official websites.
- **Sampling Design:** The Shivamogga District consists of seven taluks such as shivamogga, Bhadravathi, Thirthahalli, Hosanagara, Sagara, Shikaripura, Sorabha. total number of Sample size is 100 respondents.

8. CONCEPTS OF SHGS, MICROFINANCE, WOMEN EMPOWERMENT

❖ **NGOs Voluntary agencies to organize small group of 10-20 poor people based on homogeneous social economic factor.**

Through regular savings of the members SHGs should build up their fund to be supplemented by some contributions from NGOs.

NGOs should train the SHG members for maintaining the accounts in savings lending and repayments.

SHGs should start lending operations out if the group funds to their members.

❖ **Microfinance it refers to loan savings, Insurance transfer service and other financial products targeted low income clients it covers.**

Micro credit: It is a small amount of money lent to a client by a bank or other institutions.

Micro savings: These are deposit services that allow once to save small amounts of money for future use.

❖ **Women empowerment is empowering the women to take their own decisions for their personal dependent.**

Women empowerment means to let women survive and let them live life with dignity, humanity, respect, self-esteem and self-reliance. Women empowerment means overall development of a women or making of women in self-sustain.

9. S.K.D.R.D.P

Shri. Veerendra Heggade, one of the prime areas of concern has always been the youth and their future. Realizing that rural youth were falling into despondency due to lack of employment opportunities, he is in his own inimitable way, set to work. Educated rural youth have always tended to migrate to urban cities, as the rural areas are primarily agrarian and do not offer them too many job opportunities.

In 1982, Shri Heggade started the first **Rural Development and Self-Employment Training Institute (RUDSETI)** at Ujire.

TABLE 1: TOTAL NO OF SHGS, WOMEN MEMBERS, SAVINGS IN SHIVAMOGGA DISTRICT (Amounts in Crores)

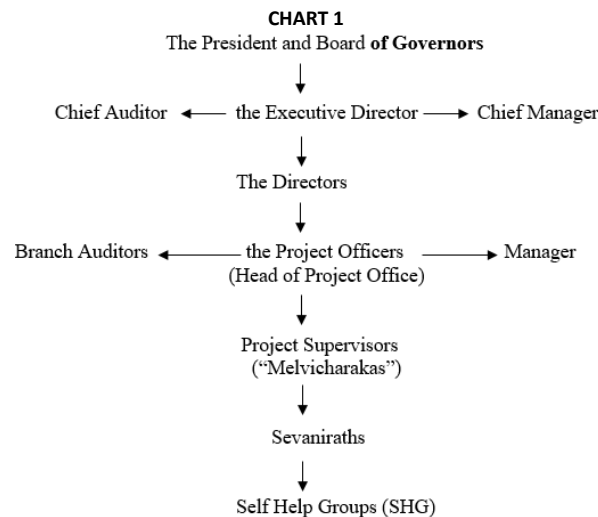
| Particulars | No. of Respondents | Percentage |
|--------------------------------------|--------------------|------------|
| Age | | |
| Below 20 | 05 | 10 |
| 21-30 | 20 | 40 |
| 31-40 | 40 | 80 |
| Above 41 | 35 | 70 |
| Total | 100 | 200 |
| Marital Status | | |
| Married | 143 | 80 |
| Unmarried | 40 | 20 |
| Widow | 17 | |
| Total | 50 | 100 |
| Educational Level | | |
| Illiterate | 22 | 44 |
| Up to SSLC | 48 | 96 |
| PUC | 20 | 40 |
| Graduation | 10 | 20 |
| Total | 100 | 200 |
| Occupation of the Respondents | | |
| Agriculture | 28 | 56 |
| House Wife | 52 | 104 |
| Own Business | 05 | 10 |
| Government employee | 04 | 08 |
| Coolie | 11 | 22 |
| Total | 100 | 200 |

| | | |
|---|------------|------------|
| Monthly Income of Family | | |
| Below Rs.5000 | 05 | 10 |
| Rs.5001to 10,000 | 45 | 90 |
| Rs.10,001 to 15000 | 40 | 80 |
| Rs. Above 15000 | 10 | 20 |
| Total | 100 | 200 |
| Reason for joining SHGs | | |
| Promote Savings habit | 40 | 80 |
| Easy availability of credit | 42 | 82 |
| To meet house hold expenses | 13 | 26 |
| To do Entrepreneurial activity | 05 | 10 |
| Total | 100 | 200 |
| Regular SHGs Meeting Attendance | | |
| Present | 85 | 170 |
| Absent | 15 | 30 |
| Total | 100 | 200 |
| Microfinance loan Amount | | |
| Less than Rs.50000 | 06 | 12 |
| Rs.50001-100000 | 20 | 40 |
| Rs.100001-150000 | 27 | 54 |
| Above 150001 | 47 | 94 |
| Total | 100 | 200 |
| Purpose of Microfinance Loan taken | | |
| To meet Household expenses | 50 | 100 |
| To do Self Employment | 05 | 10 |
| Agricultural activity | 25 | 50 |
| To Children's education | 10 | 20 |
| Construction of house | 10 | 20 |
| Total | 100 | 200 |
| Problem facing in repayment of Microfinance Loan | | |
| Yes | 25 | 50 |
| No | 75 | 150 |
| Total | 100 | 200 |
| Benefits taken from Programme offered by SKDRDP | | |
| Pragathi Bandu | 20 | 40 |
| Sampoorna Suraksha | 40 | 80 |
| MicroInsurance | 10 | 20 |
| Jnanavikasa | 20 | 40 |
| Gelathi | 05 | 10 |
| Siri | 05 | 10 |
| Total | 100 | 200 |
| Participated Income generating activities | | |
| Tailoring | 25 | 50 |
| Animal Husbandry | 25 | 50 |
| Home made products | 05 | 10 |
| Agricultural producing | 26 | 52 |
| Beauty parlor | 04 | 08 |
| Poultry | 10 | 20 |
| Dairy | 05 | 10 |
| Total | 100 | 200 |
| Social Empowerment | | |
| Yes | 95 | 190 |
| No | 05 | 10 |
| Total | 100 | 200 |
| Economic Empowerment | | |
| Yes | 90 | 180 |
| No | 10 | 20 |
| Total | 100 | 200 |
| Political Empowerment | | |
| Yes | 20 | 40 |
| No | 80 | 160 |
| Total | 100 | 200 |
| Educational Empowerment | | |
| Yes | 80 | 160 |
| No | 20 | 40 |
| Total | 100 | 200 |
| Technical Empowerment | | |
| Yes | 10 | 20 |
| No | 90 | 180 |
| Total | 100 | 200 |

TABLE 2: SUMMARY

| Total SHGs | Women Members | Savings | Loan outstanding |
|------------|---------------|---------|------------------|
| 19,975 | 1,66,303 | 89.95 | 550.57 |

The day to day administration of SKDRDP is managed by an Executive Committee consisting of following:



10. ANALYSIS AND INTERPRETATION OF DATA

From the below table 80 % of the respondents their age group between 31 to 40 it clears that most of young women's are interested to make groups, 80% of the Respondents are married those who are interested to make a groups, 96% of respondents are studied up to S.S.L.C in rural area their educational level only this much they are less interested to study higher education The table value X^2 for 1 degree of freedom at 5% level of significance is 3.841 The calculated value of X^2 is 3.94. The calculated value of X^2 is much Higher than the table value and Hence we reject the null hypothesis and strongly agreed that There is a difference in socio – economic status of women before and after joining the Self Help groups.

11. FINDINGS

- The study shows that women's are joining SHGs because of savings, easy access credit and to meet household expenses.
- Respondents are taken individual microfinance loan maximum up to Rs.200000.
- Conducting meeting weekly with savings of Rs.10
- Less members are attending training program organized by under S.K.D.R.P
- Most of the respondents are not interested in self-employment program, Income generating group activates they misuse funds for provide these ty of activities.
- The study reveals that only few group members are engaged in Animal husbandry, Tailoring, Making home products like pickles, Papad, Bakery items, beauty parlor, Dairy, Poultry.
- There is a marketing problem and difficulty in giving advertisement product limited only local area and personal selling.
- Most of them are states that high charged rate of interest and problem while re payment of Microfinance loan
- From the study group members after joining the SHGs they are Socially, Economically, Empowered but still politically, technically not empowered.

12. SUGGESTIONS

- To organize several programs for encourage to group members to do entrepreneurial activities and income generating activities.
- There is strict supervision required for misuse the Microfinance loan amount by SHGs members.
- To provide good marketing facility to rural SHGs to appoint any marketing agency for selling and promoting their products.
- To reduce the rate of interest for charging Microfinance loan and extend time period to repayment of loan.
- To continue the program of Sampoorana suraksha, Jnana vikasa, Prgathi bandu, Gelathi these are help full to rural women for getting knowledge about health, standard of living, sustainability.
- To encourage rural women for politically empowered and technical knowledge to given for further survival.

CONCLUSION

The Formation of SHGs and Microfinance will enhance their socio economic status in society with the help of Microfinance women get small loan for business and its given them an independent means of generating wealth and becoming self-reliant in a society.

Microfinance has contributed considerably for the empowerment of women. They are highly empowered in their family. However, their empowerment in the community, government authorities and economic aspect is only medium Microfinance program are important institutional devices for empowering women in order to alleviate poverty. The Importance of women to economic Development of India was first recognized during the country's struggle for Independence, women owned business has the potential to make significant contributions to job creation and economic growth and economic empowerment of women changes the balance of power because its allow half the world's population to contemplate higher goals than basic survival. S.K.D.R.D.P is not only working towards rural development but also enriching our country's customs and tradition.

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MARINE FISHERIES FINANCING: A STUDY ON PROBLEMS OF FISHERMEN FOR MARINE FISHERIES CREDIT

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ABSTRACT

The fisheries sector is an important player in the overall socio-economic development of India. The marine fishing sub-sector accounts for approximately one percent of national Gross Domestic Product (GDP). It also forms an important component of the rural coastal economy of India. This paper is an attempt to study the sources of credit for fishermen of Navsari district, carrying local (coastal) and offshore fishing and their preference for various sources of finance. The paper aims to identify the problems of fishermen in getting credit /finance from both formal and informal sources. It is found that banks and fish traders are the major sources of finance for the fishermen carrying offshore fishing. However, for local fishermen, the major sources of finance are informal sources i.e. fish traders and friends and relatives. The main problem in availing credit from formal sources of finance is inability to offer collateral securities for both categories of fishermen while major constraint in availing credit from informal source (fish traders) is their exploitative arrangements.

KEYWORDS

GDP (gross domestic product), formal and informal sources of finance, rural coastal economy, marine fisheries.

JEL CODES

Q22, E20, G20.

INTRODUCTION

The fisheries sector is an important player in the overall socio-economic development of India. The sector came into focus soon after independence in 1947, mainly for two reasons: (1) to promote fisheries production in order to ensure food security (subsequently foreign exchange earnings were also added); and (2) socio-economic development of fishers/fish farmers through subsidization of various assets.

Marine fisheries are that branch of fisheries which deals primarily with marine fishes and other sea products. Inland fisheries include both fresh-water and brackish water fisheries. India is endowed with a wide diversity of water resources, which sustains a large fisheries sector in the country. Marine fisheries constitute a valuable source of food and employment, and a net contributor to the balance of payment. Major fish production comes from the coastal resources.

TABLE 1: MARINE FISHERIES RESOURCES OF INDIA – AT A GLANCE

| Marine Resources & Fisher Statistics | |
|--|-----------|
| Coastline (km) | 8 118 |
| Exclusive Economic Zone (million km ²) | 2.02 |
| Continental shelf ('000 km ²) | 530 |
| Fish Landing Centres (Nos.) | 1,537 |
| Fishing villages (Nos.) | 3,432 |
| Fishermen families (Nos.) | 8,74,749 |
| Fisher folk population (Nos.) | 40,56,213 |

Source: Report of the Working Group for the XII Five Year Plan: 2012-17

TABLE 2: MARINE FISHERY RESOURCES OF GUJARAT

| | |
|--------------------------------|----------|
| Length of coast line (Km) | 1,600 |
| Continental Shelf ('000 sq km) | 184 |
| Number of Fish Landing Centers | 123 |
| No of Fishing villages | 263 |
| No of fishermen families | 59,889 |
| Fisher-folk population | 3,23,215 |

Source: Report of the Working Group for the XII Five Year Plan: 2012-17

OBJECTIVES OF THE STUDY

1. To identify the sources of credit for fishermen to finance their off-shore and local fishing activities.
2. To know fishermen preference and problems/ constraints regarding various sources of finance in marine fisheries sector.

LITERATURE REVIEW

Rao P. Vedavyasa (1980), conducted study on "Credit facilities for the development of small- scale fisheries of India", identified that the main reasons for the scarce flow of finance and utilization of credit facilities are ignorance of the opportunities and sources of finance available as well as the hesitation to approach the Financial Institutes on the part of the fishermen; lack of information on the part of the Financial Institutes about the resource and potentials of small-scale fisheries, and consequently, on the needs of investment to be made in the field; poor management of services and institutes providing the credits and ineffective coordination among the institutes responsible for processing and sanctioning of credits.

A study conducted by **Srivastava et al. (1982)** on "Management of marine fishery industry" revealed that fishermen feel that the finance provided by the merchants is both cheaper and easier. Merchants are able to provide cheap finance because they are able to make it up by selling the fish from bonded boats. Fisherman, after having obtained a boat through institutional finance, needs money for repairs and maintenance. Often these entail a large expenditure. Financial institutions

are reluctant to finance this activity although it definitely impinges on repayments. Fishermen are thus forced to go to the merchants. Ways and means, therefore, need to be found to make institutional finance available for the purpose.

Palaniswamy and Pathak (1998) have reviewed the role of institutional credit in creation of capital assets and future course of development through credit. According to them the financing institutions, however, are getting conflicting signals about this resource position, declining Catch Per Unit of Effort (CPUE), over capitalization, impact of rising international competition, and lack of clear Government policies on marine fisheries. Consequently, the banks find it difficult to decide whether there is any scope for further financing of fishing units, and if there is scope, the type and number of vessels to be financed. They conclude that fisheries entrepreneurs, government agencies, and policy makers will have to adopt extra confidence building measures for credit institutions and assure them of the long term sustainability of marine fishery sector. They also opine that the financial institutions should also be closely associated with the development process, along with research institutions, development agencies and planners for proper credit planning.

An FAO-commissioned study that formed part of **"The State of World Fisheries and Aquaculture-FAO, 2000a" (2000)**, identified some of the most important and common cultural characteristics of fishing communities. According to the study, the following may be useful when considering the design of microfinance services for the sector (i) Fishing communities undertake small-scale capital commitments and levels of production and have limited political power. This makes them vulnerable to external threats, especially the large-scale fishing sector. (ii) Fishing communities are dispersed along coastlines and, because they depend mainly on marine ecosystems that are close to home, they are particularly vulnerable to resource depletions. (iii) The nature of the ecosystems and the particular species that are exploited are important determinants of many cultural characteristics, including the social and economic organization and the fishing gear and technologies that are utilized. (iv) The various fishing occupations that community members pursue will be interwoven through the whole fabric of a community's culture. (v) There is a systematic division of labour according to both gender and age, with corresponding role expectations regarding men, women, children, adults and the elderly. (vi) In most communities, the primary producers are men, while women are expected to play a dual role: as mainstays of their household and children, and as mainstays of fish processing, marketing and distribution systems. (vii) Access to credit and insurance is problematic in most small-scale fishing communities and constrains fishing effort and production. (viii) Contemporary small-scale fishing communities are increasingly stressed by external problems, including expanding globalization, marine pollution and, in some regions, the growth of a coastal tourism industry.

According to **the report of the working group on fisheries for the tenth five year plan government of India planning commission (June – 2001)**, Credit requirements of the fishers and fish farmers are being largely met through institutional sources. Nevertheless, the critical role of the middlemen, merchants and traditional money lenders in the chain is still in vogue. However, the present liberal policies of the banking sector hold a considerable hope for improvement particularly in the fishery sector. In order to ensure remunerative returns to the fishers, it is necessary to organised marketing channels supported by adequate facilities ensuring reasonable prices. Budgetary support for research, infrastructural development, training and extension for the culture based activities need to be enhanced greatly considering the potential of the sector. Keeping in view the emerging technologies and new possibilities in different aspects of aquaculture, it is necessary that the banks and other financial institutions, in consultation with NABARD and the concerned agencies revise the levels of credit financing, to promote higher growth in the sector.

According to **FAO technical paper (2003)**, on "Microfinance in fisheries and aquaculture: Guidelines and Basic considerations", without appropriate institutional credit arrangements, an important link is missing in the fishery industry and the optimum utilization and allocation of human and marine resources and capital in the fishery industry are hampered. All credit and finance programmes need to be designed so that they fulfill the criteria of timeliness, simplicity, flexibility and demand orientation and meet the actual needs of the fishery industry. Such programmes also need to be financially viable and sustainable to encourage the growth of economically and financially viable fishery enterprises without contributing to the overcapitalization of fisheries with resulting overexploitation of fisheries resources. This again applies to large- and medium-scale enterprises as well as to microenterprises.

Mammoo (2004) observed that fishing communities rely on two distinct credit sources viz., the traditional/informal and the institutional/formal. Traditional sources include moneylenders, middlemen, fish traders, boat owners, shopkeepers and pawn brokers. Institutional sources are mainly banks and cooperatives. Within the informal credit system, there are professional moneylenders, who do not ask what the loan is meant for, and the fish traders, who lend money to secure fish supplies.

FAO (2007), a major study in Tamil Nadu found that 62 percent of loans held by small scale fishers and traders was from traders, money lenders, merchants and other informal sources for credit due to ease of access relative to more formal structures such as banks and government-sponsored programs. Micro-finance institutes accounted for another 18 percent of total loans. Effective interest rates varied considerably, from as much as 190 percent with informal money lenders to 12 to 14 percent from commercial banks.

According to a study conducted by **Thiraphong Tangthirasunan (2007)** on "Microfinance, Small Scale Fisheries Trade in Selected APRACA-Member Countries", credit to fisheries from the banking sector in India is only 1% of the total credit that goes to agriculture. Informal sources of credit continue to play significant role as the source of financing of fishermen. Major Issues in Fisheries Credit are: Very limited access to both formal and informal credit among the enterprising, laboring and low income fishermen; Lack of viable and profitable aquaculture projects and the attendant risks (e.g. weather aberrations; business and financial risks; insurgency risks; market risks); and Limited provision of credit to fishermen by the rural financial institutions; On the demand side, marginal fishermen are not considered creditworthy mainly because: (1) they lack physical and livelihood assets, including land that can be used as collateral; (2) they do not possess technical or technology expertise; (3) they tend to be more individualistic, are not functionally organized, or locationally dispersed and have not critical mass to warrant economies of scale in production, marketing and post-harvest handling operations; and (4) they do not have good credit history, and the banks do not have a reliable database on their financial, livelihood and capacity to pay. High cost of credit is also an important issue.

RESEARCH METHODOLOGY

For the study, Descriptive research design is used. Survey method is used for gathering data with the help of structured questionnaire. Convenience sampling method is used for selecting the respondents. Among the coastal Villages of Navsari district, three villages have been selected on the basis of number of active fishermen. These are the top three villages on the basis of active fishermen population. The sample size is of 100 respondents. Out of 100 respondents, 50 respondents are carrying out offshore fishing and 50 respondents are carrying out local fishing.

TABLE 3

| Sample Unit | Sample Size | Sampling Procedure | Research method | Instrument used for data collection |
|--|-------------|-------------------------------|-----------------|-------------------------------------|
| Fishermen of Navsari (Local and off-shore fishing) | 100 | Non probabilistic Convenience | Survey | Structured questionnaire |

TOOLS FOR DATA ANALYSIS

The statistical tools employed for the present study are frequencies, percentage, and weighted average score (WAS).

DATA ANALYSIS AND FINDINGS

➤ **Demographic profile of respondents**

TABLE 4

| | | Fishermen (Off-Shore fishing) | | Fishermen (Local fishing) | |
|----------------------------------|---|-------------------------------|--------------|---------------------------|--------------|
| | | Frequency | Percent | Frequency | Percent |
| Age Group (years) | 26-45 | 14 | 28.0 | 15 | 30.0 |
| | 46-60 | 23 | 46.0 | 21 | 42.0 |
| | Above 60 | 13 | 26.0 | 14 | 28.0 |
| | Total | 50 | 100.0 | 50 | 100.0 |
| Educational Qualification | Primary | 5 | 10.0 | 16 | 32.0 |
| | Secondary | 16 | 32.0 | 34 | 68.0 |
| | Higher Secondary | 14 | 28.0 | 0 | 0 |
| | Technical/ Intermediate | 2 | 4.0 | 0 | 0 |
| | Graduate | 12 | 24.0 | 0 | 0 |
| | Post Graduate | 1 | 2.0 | 0 | 0 |
| | Total | 50 | 100.0 | 50 | 100 |
| Occupation | Traditional/ Artisanal/ Non-motorised fishing | 0 | 0 | 6 | 12.0 |
| | Mechanised fishing | 50 | 100 | 44 | 88.0 |
| | Total | 50 | 100 | 50 | 100.0 |
| Annual Income | Up to Rs. 25,000 | 6 | 12.0 | 3 | 6.0 |
| | Rs. 50,001 to Rs. 1,00,000 | 4 | 8.0 | 4 | 8.0 |
| | Rs. 1,00,000 to Rs. 2,00,000 | 7 | 14.0 | 12 | 24.0 |
| | Rs. 2,00,001 to Rs. 3,00,000 | 12 | 24.0 | 22 | 44.0 |
| | Rs. 3,00,001 to Rs. 4,00,000 | 5 | 10.0 | 4 | 8.0 |
| | Rs. 4,00,001 to Rs. 5,00,000 | 12 | 24.0 | 5 | 10.0 |
| | More than Rs. 5,00,000 | 4 | 8.0 | | |
| | Total | 50 | 100.0 | 50 | 100 |

➤ **Sources of credit**

TABLE 5

| Source of credit | Purpose | Off-shore fishing | | Local fishing | |
|------------------------|-----------------|--------------------|-----|--------------------|-----|
| | | No. of respondents | (%) | No. of respondents | (%) |
| Banks: | Boat purchase | 28 | 56 | 3 | 6 |
| | Working Capital | 35 | 70 | 0 | 0 |
| Fish traders: | Boat purchase | 39 | 78 | 9 | 18 |
| | Working Capital | 33 | 66 | 48 | 96 |
| Friends and Relatives: | Boat purchase | 43 | 86 | 26 | 52 |
| | Working Capital | 2 | 4 | 5 | 10 |

For the purchase of boat, 56 % of the fishermen (off- shore) have availed loan from banks while only 6% of fishermen (local) has availed loan from bank for the purchase of boat. For working capital requirements, 70% of the fishermen (off- shore) have taken loan from banks while no fishermen (local) has availed loan from bank for working capital requirements.

78% fishermen (off-shore) obtained credit from fish traders for boat purchase while 18% local fishermen obtained credit from fish traders for the purchase of boat. 66% fishermen (off-shore) obtained credit from fish traders for working capital requirements while 96% local fishermen obtained credit from fish traders for working capital requirements

86% fishermen (off-shore) obtained money from friends and relatives for boat purchase while 52% local fishermen obtained money from friends and relatives for the purchase of boat. 4% fishermen (off-shore) obtained money from friends and relatives for working capital requirements while 10% local fishermen obtained money from friends and relatives for working capital requirements

➤ **Preference of fishermen for various sources of credit**

TABLE 6: OFFSHORE FISHING

| | Preference | | | WAS | Rank |
|------------------------------|-----------------|-----------------|-----------------|------|------|
| | 1 st | 2 nd | 3 rd | | |
| Banks | 33 | 2 | 15 | 2.36 | 1 |
| Friends and Relatives | 3 | 20 | 27 | 1.52 | 3 |
| Fish Traders | 14 | 28 | 8 | 2.12 | 2 |
| Total | 50 | 50 | 50 | | |

TABLE 7: LOCAL FISHING

| | Preference | | | WAS | Rank |
|------------------------------|-----------------|-----------------|-----------------|------|------|
| | 1 st | 2 nd | 3 rd | | |
| Banks | 7 | 17 | 26 | 1.62 | 3 |
| Friends and Relatives | 19 | 18 | 13 | 2.12 | 2 |
| Fish Traders | 24 | 15 | 5 | 2.14 | 1 |
| Pawn Brokers | 0 | 0 | 6 | 0.12 | 4 |
| Total | 50 | 50 | 50 | | |

From the above tables, we can say that the most preferred source of finance for fishermen carrying offshore fishing is bank, followed by fish traders, and friends and relatives while for local fishermen the most preferred source of finance is fish traders followed by friends and relatives, banks and pawn brokers.

➤ Problems encountered by fishermen in availing credit from formal sources

TABLE 8: OFF-SHORE FISHING

| Problems encountered | 1 st Rank | | 2 nd Rank | | 3 rd Rank | |
|---|----------------------|--------------|----------------------|------------|----------------------|------------|
| | Frequency | Percent | Frequency | Percent | Frequency | Percent |
| Inability to offer collateral security | 21 | 42.0 | 16 | 32.0 | 3 | 6.0 |
| Delay in sanctioning loan | 0 | 0 | 0 | 0 | 6 | 12.0 |
| Inadequate size of loan | 6 | 12.0 | 2 | 4 | 8 | 16.0 |
| Rigid repayment schedule | 0 | 0 | 10 | 20 | 6 | 12.0 |
| Ignorance of banking procedure | 0 | 0 | 0 | 0 | 12 | 24.0 |
| Cumbersome procedure | 3 | 6.0 | 19 | 38 | 5 | 10.0 |
| Rudeness of staff | 0 | 0 | 2 | 4 | 3 | 6.0 |
| Other Extra charges (Documentations, Official visits) | 20 | 40.0 | 1 | 2 | 7 | 14.0 |
| Total | 50 | 100.0 | 50 | 100 | 50 | 100 |

TABLE 9: LOCAL FISHING

| Problems encountered | 1 st Rank | | 2 nd Rank | | 3 rd Rank | |
|---|----------------------|--------------|----------------------|------------|----------------------|------------|
| | Frequency | Percent | Frequency | Percent | Frequency | Percent |
| Inability to offer collateral security | 34 | 68.0 | 14 | 28.0 | 2 | 4.0 |
| Delay in sanctioning loan | 0 | 0 | 2 | 4.0 | 11 | 22.0 |
| Inadequate size of loan | 0 | 0 | 3 | 6.0 | 0 | 0 |
| Rigid repayment schedule | 6 | 12.0 | 7 | 14.0 | 12 | 24.0 |
| Ignorance of banking procedure | 6 | 12.0 | 13 | 26.0 | 9 | 18.0 |
| Cumbersome procedure | 2 | 4.0 | 9 | 18.0 | 8 | 16.0 |
| Rudeness of staff | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Extra charges (Documentations, Official visits) | 2 | 4.0 | 18 | 36.0 | 8 | 16.0 |
| Total | 50 | 100.0 | 50 | 100 | 50 | 100 |

TABLE 10

| Problems encountered | Offshore | | Local | |
|---|----------|------|-------|------|
| | WAS | Rank | WAS | Rank |
| Inability to offer collateral security | 1.96 | 1 | 2.64 | 1 |
| Delay in sanctioning loan | 0.12 | 8 | 0.30 | 6 |
| Inadequate size of loan | 0.6 | 4 | 0.12 | 7 |
| Rigid repayment schedule | 0.52 | 5 | 0.68 | 4 |
| Ignorance of banking procedure | 0.24 | 6 | 0.82 | 2 |
| Cumbersome procedure | 1.04 | 3 | 0.80 | 3 |
| Rudeness of staff | 0.14 | 7 | 0 | 8 |
| Other Extra charges (Documentations, Official visits) | 1.38 | 2 | 0.64 | 5 |

The top three problems listed by fishermen carrying off-shore fishing while availing credit from formal sources are inability to offer collateral securities, other extra charges (documentations, official visits etc.), and cumbersome process of getting loan.

The top three problems encountered by fishermen carrying local fishing, while availing credit from formal sources are inability to offer collateral securities, ignorance of banking procedure, and cumbersome process of getting loan.

➤ Problems of getting finance from informal sources

TABLE 11: OFF-SHORE FISHING

| Problems encountered | 1 st Rank | | 2 nd Rank | | 3 rd Rank | |
|--|----------------------|--------------|----------------------|------------|----------------------|------------|
| | Frequency | Percent | Frequency | Percent | Frequency | Percent |
| High interest rate | 7 | 14.0 | 24 | 48.0 | 10 | 20.0 |
| Exploitation (price, wt. etc.) | 41 | 82.0 | 9 | 18.0 | 13 | 26.0 |
| Broken relationship in case of default | 2 | 4.0 | 7 | 14.0 | 12 | 24.0 |
| Harshness and filthy words | 0 | 0 | 0 | 0 | 15 | 30.0 |
| Loss of reputation | 0 | 0 | 10 | 20.0 | 50 | 100.0 |
| Total | 50 | 100.0 | 50 | 100 | 50 | 100 |

TABLE 12: LOCAL FISHING

| Problems encountered | 1 st Rank | | 2 nd Rank | | 3 rd Rank | |
|--|----------------------|--------------|----------------------|------------|----------------------|------------|
| | Frequency | Percent | Frequency | Percent | Frequency | Percent |
| High interest rate | 2 | 4.0 | 12 | 24.0 | 2 | 4.0 |
| Exploitation (price, wt. etc.) | 24 | 48.0 | 2 | 4.0 | 3 | 6.0 |
| Broken relationship in case of default | 15 | 30.0 | 12 | 24.0 | 19 | 38.0 |
| Harshness and filthy words | 0 | 0 | 8 | 16.0 | 23 | 46.0 |
| Loss of reputation | 9 | 18.0 | 16 | 32.0 | 3 | 6.0 |
| Total | 50 | 100.0 | 50 | 100 | 50 | 100 |

TABLE 13

| Problems encountered | Offshore | | Local | |
|--|----------|------|-------|------|
| | WAS | Rank | WAS | Rank |
| High interest rate (commission) | 1.98 | 2 | 0.64 | 5 |
| Exploitation (price, wt. etc.) | 2.82 | 1 | 1.58 | 2 |
| Broken relationship in case of default | 0.66 | 3 | 1.76 | 1 |
| Harshness and filthy words | 0.24 | 4 | 0.78 | 4 |
| Loss of reputation | 0.7 | 5 | 1.24 | 3 |

For getting finance from informal sources, the main problem encountered by fishermen carrying off-shore fishing, is exploitation by fish traders followed by the problem of high commission (price adjustments) and broken relationship in case of default.

For getting finance from informal sources, the main problem encountered by fishermen carrying local fishing, is broken relationship in case of default, followed by exploitation by fish traders and loss of reputation.

CONCLUSION

From the study, it is found that the main sources of finance for fishermen carrying offshore fishing are banks and fish traders. However, local fishermen are heavily dependent on informal sources (fish traders and friends and relatives). In case of formal credit, the main problem of fishermen carrying local and off-shore fishing is the same i.e. inability to offer collateral securities. Ignorance of banking procedure and cumbersome process of getting loan are also high ranked problem of local fishermen. In case of informal credit, the major problems of fishermen carrying off-shore fishing are exploitation by fish traders and the problem of high commission (price adjustments) while for local fishermen the major problems are broken relationship in case of default and exploitation by fish traders.

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