INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE & MANAGEMENT

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HYPOTHESIS (ES)

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BOOKS

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

- Hunker, H.L. and A.J. Wright (1963), "Factors of Industrial Location in Ohio" Ohio State University, Nigeria.

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- 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.

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- 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

UNPUBLISHED DISSERTATIONS

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

ONLINE RESOURCES

- Always indicate the date that the source was accessed, as online resources are frequently updated or removed.

WEBSITES

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

SCALE DEVELOPMENT TO MEASURE SOCIO-ECONOMIC STATUS KHADI AND VILLAGE INDUSTRIES IN CHHATTISGARH STATE

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ABSTRACT
The objective of this study was to identify the predictors of physical performance and socio-economic development on the basis of which the scale is developed in order to measure the socio-economic status as well as to know the impact of performance on social economic development. This exploratory study was conducted wrt to Khadi and Village Industries in Chhattisgarh State. The predictors of physical performance identified were production, sales and employment and predictors for economic development identified on the basis of Human Development Index (2010) were Life Expectancy, Education and Standard of Living.

KEYWORDS
Chhattisgarh, khadi and village industries, human development index, economic development, socio-economic development.

JEL CODE
L69

INTRODUCTION
Economic Development and Economic Growth are two different concepts, though both indicate the prosperity of a region/community/country in different perspectives. Economic Development is a measure of the welfare of humans in a society i.e. a notion of measure/measures of human welfare. It is a multi-dimensional process, which involves transformation in structures, attitudes and institutions as well as the acceleration of economic growth, reduction of inequality and the eradication of absolute poverty. It is policy intervention with aims of development of Human capital, Literacy ratio, Infrastructure, Health & general welfare of the citizens. It is Quantitative and Qualitative changes in the economy, promoting the standard of living and Economic health. Human Development Index is one of the most accurate method for measuring it, which takes into, account the literacy rates & life expectancy.

Growth represents a horizontal quantitative expansion of existing capacities and activities in society; whereas development involves a qualitative enhancement in the structural capabilities of society, an increasing capacity for organization, coordination, and complexity. Growth may be regarded primarily as an economic concept, but development in any field belongs to the wider realm of society as a whole. Growth generates more of the same on a larger scale. Development generates something new and better that was not possible earlier. Development relates to enhancement of social productivity through strategies such as investments in human capital by education and training, enhancement of social capital and organizational capabilities — with regard to governance, production, commerce, research, social welfare, etc. — technological advancement, greater access to information, and networking between individuals and institutions. Improvements in food security, life expectancy, education, and the like represent not only real tangible benefits, but also investments in future generations that cannot be quantified in terms of present income. Although growth of per capita GDP was relatively modest, the overall improvements in quality of life and national capacity were many times greater; but they were not reflected by existing measures, because none of these parameters adequately lend themselves to either precise definition or quantification. They can only be assessed on a combination of quantitative and qualitative dimensions, both tangible (economic) and intangible (Social). Hence, economic development can be assessed by the combination of these two parameters, together form socio-economic development.

Economic Development is understood in terms of the following;
1)   Social development: Process of growth and development of the capacities of the people and the improvement of society in which they live in order to obtain a better life for all measured in terms of life expectancy, literacy rate etc.
2)   Economic development: discussed in terms of economic growth of the people living measured in terms of GDP, GNP etc.

SOCIO-ECONOMIC DEVELOPMENT
Development is defined as a state in which things are improving. But it is defined in different ways in various contexts, social, political, biological, science and technology, language and literature. In the socio-economic context, development means the improvement of people's lifestyles through improved education, incomes, skills development and employment. It is the process of economic and social transformation based on cultural and environmental factors.

Socio-economic development, therefore, is the process of social and economic development in a society. It is measured with indicators, such as gross domestic product (GDP), life expectancy, literacy and levels of employment. For better understanding of socioeconomic development, social development and economic development is explained separately. Social development is a process, which results in the transformation of social institutions in a manner which improves the capacity of the society to fulfill its aspirations. It implies a qualitative change in the way the society shapes itself and carries out its activities, such as through more progressive attitudes and behaviour by the population, the adoption of more effective processes or more advanced technology.

Socio-economic development, thus, is a process of improvement in a variety of ways. It has to influence all aspects of human life in a country. Its major indicator, the GDP is a specific measure of economic welfare that does not take into account important aspects such as leisure time, environmental quality, freedom, social justice, or gender equality. Another indicator, the per capita income also does not indicate the level of income equality among people. These indicators do not ensure that the benefits of development have been equally distributed and have reached particularly to the disadvantaged groups of society. Which is why, a new concept of human development is being used. It is focused on the overall quality of life that people enjoy in a country, the opportunities they have and the freedoms they enjoy.

INDICATORS OF SOCIO-ECONOMIC DEVELOPMENT
For long time, the general notion about development was accumulation of wealth or economic assets. But human development focuses on expanding and widening of people's choices as well as raising the levels of wellbeing. It covers almost all aspects of human life and people's choices like economic, social, political, cultural, educational, physical, biological, mental and emotional. Income is only one of the many components of development. Human development places people at the

centre of development and emphasizes that the purpose of development is to enlarge all human choices, and not just income. It regards economic growth as essential but emphasizes the need to pay attention to its quality and distribution.

If the socio-economic development of a country is modelled along human development framework, it can provide better understanding of development and its impact on the quality of life of the people. The Human Development Index (HDI) developed as a means of measuring human development. The basic use of HDI is to measure a country's level of development. It is a summary composite index that measures a country's average achievements in three basic aspects of human development: health, knowledge, and a decent standard of living.

A measure of human development, which is a composite of the key indices of health, education and income was developed. The specific indicators utilised in the construction of this composite measure are life expectancy at birth as an indicator of health; literacy and mean years of schooling (or, as an alternative, the combined enrolment ratio) as a measure of education; and per capita GDP (adjusted for purchasing power parity) as an indicator of material well-being. The Human Development Index was developed in 1990 by a group of economists including Dr. Mahbub ul Haq and Professor Amartya Sen. It has been used since then by United Nations Development Programme (UNDP) in its annual Human Development Report. The Human Development Index is a composite measure of health, education and income that was introduced in the first Human Development Report in 1990 as an alternative to purely economic assessments of national progress, such as GDP growth (Human Development Report, 2010).

MEASUREMENT OF HUMAN DEVELOPMENT INDEX

The HDI consists of three equally weighted components:
1) A long and healthy life (Health)
2) Knowledge (Education)
3) A decent standard of living (Wealth)

Each component of the HDI is measured in the following way:
1) Health: Measured by life expectancy at birth.
2) Education: Measured as a combination of adult literacy (with two-thirds weight) and gross enrollment (with one-third weight).
3) Wealth: Measured by GDP per capita.

CALCULATION OF DIMENSION INDEX

The three-dimension index for HDI is calculated with the help of actual, minimum and maximum values of the particular dimension for which the index is to be determined. Actual values are collected through survey and minimum and maximum value has been determined by the human development report, (2010).

Dimension Index = $\dfrac{\text{Actual Value} - \text{Minimum Value}}{\text{Maximum Value} - \text{Minimum Value}}$

So far, these dimensions of development have not been studied systematically for Chhattisgarh, and for Khadi and Village Industries in particular. The UNDP, in its Human Development Report (2010), began using a new method of calculating the HDI. The three dimensions are explained below.

1) **Life Expectancy:** Life expectancy is a statistical measure of how long a person or organism may live, based on the year of their birth, their current age and other demographic factors including gender. The World Health Organization defines life expectancy as "Life expectancy at birth indicates the number of years a newborn infant would live if prevailing patterns of mortality at the time of its birth were to stay the same throughout its life". Life expectancy is a statistical measure of how long a person or organism may live, based on the year of their birth, their current age and other demographic factors including gender. At a given age, life expectancy is the average number of years that is likely to be lived by a group of individuals (of age x) exposed to the same mortality conditions until they die.

To convert life expectancy values to a life expectancy index number, first identify a reasonable minimum and maximum for each of these values. According to Union ministry of health and family welfare life expectancy in India has gone up by five years, from 62.3 years for males and 63.9 years for females in 2001-2005 to 67.3 years and 69.6 years for male and female respectively in 2011-2015. The United Nations uses 25 as the minimum and 85 as the maximum. According to Dean Kooontz (2005), in India, the life expectancy at birth component of the HDI is calculated using a minimum value of 25 years and maximum value of 85 years. According to Human Development Index Report (2010), the minimum and maximum values have been decreased to 20 and 83.2 respectively. Then the life expectancy value (LEV) is converted to a life expectancy index (LEI) using the equation:

Life Expectancy Index (LEI) = LEV-20/(83.2-20)

2) **Literacy Rate:** The literacy rate i.e. education index (EI) is calculate on the basis of two index as explained below.
a. **Mean Years of Schooling Index (MYSI):** It is calculated with the help of Mean years of schooling (MYS), which is, average number of years of education received by people ages 25 and older. It is calculated with the help of following equation given below:

Mean Years of Schooling Index (MYSI) = MYS-0/13.2-0

b. **Expected Years of Schooling Index (EYSI):** It is calculated on the basis of expected years of schooling (EYS), which is, number of years of schooling that a child of school entrance age can expect to receive if prevailing patterns of age-specific enrolment rates persist throughout the child's life. It is calculated with the help of following equation given below:

Expected Years of Schooling Index (EYSI) = EYS-0/20.6-0

Hence the formula for calculating education index is:

Education Index = (MYSI X EYSI) 1/2 – 0/ 0.951 - 0

3) **GNI Per Capita (GNIpc):** GNI per capita or Gross domestic product is the indicator most commonly used to compare income levels.

For the final conversion to an index value, convert the gross domestic product per capita in US$ (GDP) to an index value. This is done a bit differently than the previous conversions. Here base-ten logarithms are used so that the effect of a larger GDP value is diminished. (Natural logs may be used as well.) The minimum and maximum values used by the United Nations for the GDP are 163 and 108,211, respectively, and the equation to calculate the GDP index value (GDPI) from the GDP is given below:

Income Index = Log (GNIpc) – Log ($163) / Log ($108,211) – Log ($163)

The threshold values to calculate the three index of HDI are mentioned in the table:

THRESHOLD VALUES FOR CALCULATING THE HDI

Indicator	Minimum value	Maximum value
Life Expectancy (LEV)	20 years	83.2 years
Mean years of schooling (MYS)	0	13.2
Expected years of schooling (EYS)	0	20.6
GNI per capita (GNIpc)	163 (PPP US$)	108211 (PPP US$)

CALCULATING THE HUMAN DEVELOPMENT INDEX

Four values are required to calculate the human development index. One value is life expectancy at birth. Two other values are related to education. The first is the adult literacy rate—that is, the percentage of adults in the country who are literate. The other measure of education is the combined primary, secondary, and tertiary (that is, post-secondary) education enrollment as a percentage. This is the percentage of all people in the appropriate age groups for primary, secondary, and post-secondary school who are actually enrolled in school. The final value that goes into computing HDI is the Gross Income per capita of an individual. Finally, to obtain the HDI, the sum of the mean or average of the three index values: the LEI, the EI, is divide by 3.

Hence, HDI can be calculated through:

Human Development Index (HDI) = (Life Expectancy Index X Education Index X Income Index) 1/3

New Human Development Index is geometric mean of Life Expectancy Index (LEI), Education Index (EI) and Income Index (II). The HDI attempts to rank the economic development on a scale of 0 (lowest human development) to 1 (highest human development) based on three goals or end products of development. low human development (0.0 to 0.50), medium human development (0.51 to 0.79), and high human development (0.80 to 1.0). The HDI for India is 0.519, which gives the country a rank of 119 (Human Development Index Report, 2010).

PHYSICAL PERFORMANCE OF KHADI AND VILLAGE INDUSTRIES

The physical performance can be explained on the basis of three parameters i.e. production, sales and employment in the Khadi and Village Industries as mentioned in various reports and also by various researches in their studies.

- **Production:** There are nine cotton yarn knitting centers established by Khadi and Village Industries, where 630 rural women are being given regular work of spinning spinning from Amber Charkha in which 240 artisans are engaged in weavers work. The sales of garments produced by these centers are sold through departmental 3 operated sale stores.
- **Sales:** The products produced by the institutions are either sold by them directly, through retailers, wholesalers, or indirectly, through "Khadi Bhandars" (Khadi sales outlets owned by the government).
- **Employment:** Khadi and Village industries are encouraged in rural India due to immense employment potential. Generally, it is observed that the real India lives in rural India as they preserve the heritage and culture of India, but unfortunately many of them are illiterates and unemployed. Farmer's artisans and craftsman contribute significantly to the rural economy, but many of them are poor. Reviving and establishing Khadi and village industries help them to get the sustainable employment. The Khadi and Village Industries Commission is implementing major employment generation schemes in the country. One such scheme is Prime Minister's Employment Generation Programme (PMEGP) scheme, which is a major tool to generate employment opportunities through setting up of micro enterprises in the country.

ASSESSMENT OF PHYSICAL PERFORMANCE

The physical performance of khadi and villages industries of Chhattisgarh was assessed by calculating the Compound Annual Growth Rate (CAGR) of three parameters of physical performance i.e. production, sales and employment. The assessment year of last five years i.e. from 2009-10 to 2013-14. Compound annual growth rate or CAGR, as it is more lovingly known as, is simply the rate at which something grows over a period of years taking into account the effect of compounding.

The formula to calculate CAGR is given below:

CAGR = (Ending value / Beginning value)(1/n) - 1

where n is the number of years

Hence, the CAGR of production, sales and employment will help to know the growth rate of three parameters, which will in turn highlight the performance of khadi and village industries of Chhattisgarh.

RESEARCH OBJECTIVES

The following objectives have been formulated for the purpose of the study:
1. To identify the predictors of physical performance of Khadi and Village Industries Board of the Chhattisgarh State.
2. To identify the predictors of Economic Development of the Chhattisgarh State through Khadi and Village Industries.
3. To generate a conceptual model comprising of independent variable i.e. physical performance and dependent variable i.e. economic development.

RESEARCH VARIABLES

Contribution of Khadi and Village Industries in the Economic Development of the Chhattisgarh State can be explained by Physical Performance of Khadi and Village Industries and its impact on economic development of its beneficieries. On the basis of MSME Annual Report (2013-14), three indicators of physical performance identified were production, sales and employment as mentioned in table 1. Economic development can be assessed through three indicators of human development index i.e. life expectancy, education and gross per capita income (GDP) identified from Human Development Report (2010) as mentioned in table 2.

Three indicators of physical performance have been identified through literature review as shown in the table 2.

TABLE 1: INDICATORS OF PHYSICAL PERFORMANCE		
Indicators	**Source**	**Dependent Variable**
Production		
Sales	MSME Annual Report, 2013-14	Physical Performance
Employment		

Source: MSME Annual Report, 2013-14

Whereas, three indicators of human development index were identified to assess the economic development as shown in table 3.

TABLE 2: INDICATORS OF ECONOMIC DEVELOPMENT			
Antecedent	**Indicators**	**Source**	**Dependent Variable**
Life Expectancy Index (LEI)			
Education Index (EI)	Human Development Index (HDI)	Human Development Report, 2010	Economic Development
Income Index (GDPI)			

The independent variable and dependent variable of the study are physical performance and economic development respectively which will help to determine the impact of physical performance of khadi and village industries on the economic development of the Chattiagrh state wrt to the beneficieres of khadi and village industries as mentioned in table 3.

TABLE 3: INDEPENDENT AND DEPENDENT VARIABLE		
Independent Variables	**Source**	**Dependent Variable**
Physical Performance	Dollar, Hallward-Driemeier and Mengistae (2005)	Economic Development

RESEARCH MODEL

The following research model is proposed indicating the independent and dependent variables along with their indicators as shown in following figure:

FIGURE 1: CONCEPTUAL MODEL OF SOCIO-ECONOMIC DEVELOPMENT
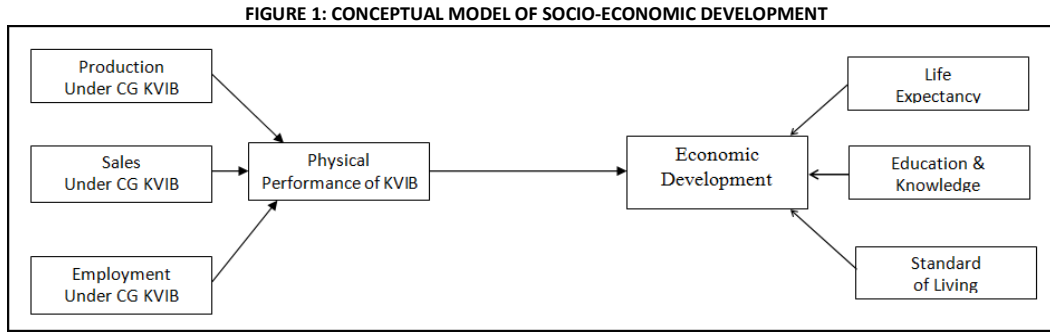
Source: Authors

RESEARCH INSTRUMENT

The following instruments were formulated for collection of data to calculate the human development index for khadi and village industries of Chhattisgarh.

TABLE 4: RESEARCH INSTRUMENT					
Independent Variable	**Indicators**		**Antecedent**	**Scale**	**Source**
Life Expectancy	Life Expectancy Index (LEI)		Life Expectancy Value (LEV)	The Average life of people (in years)	Human Development Report, 2010
Education and Knowledge	Education Index (EI)	Mean years of schooling Index (MYSI)	Mean years of schooling (MYSV)	Average number of years of education received by people ages 25 and older	
		Expected years of schooling Index (EYSI)	Expected years of schooling (EYSV)	Number of years of schooling that a child of school entrance age can expect to receive	
Standard of Living	Income Index (GDPI)		GNI per capita (GNIpc)	Monthly per capita income from all sources	

For the purpose to collect the primary data from the respondents, a schedule is developed comprising of questions pertaining to each index as mentioned in Human Development Index to calculate the socio economic status as mentiond in table 5.

TABLE 5: SCHEDULE TO CALCULATE THE SOCIO ECONOMIC STATUS	
Q1. What is the Average life (in years) of people in your community? 1. >50000 7 2. 20000-49999 6 3. 10000-19999 5 4. 5000-9999 4 5. 2500-4999 3 6. 1000-2499 2 7. <1000 1	Q2. What is the Average number of years of education received by people ages 25 and older? 1. >50000 7 2. 20000-49999 6 3. 10000-19999 5 4. 5000-9999 4 5. 2500-4999 3 6. 1000-2499 2 7. <1000 1
Q3. What is the Number of years of schooling that a child of school entrance age can expect to receive? 1. >50000 7 2. 20000-49999 6 3. 10000-19999 5 4. 5000-9999 4 5. 2500-4999 3 6. 1000-2499 2 7. <1000 1	Q 4. Monthly per capita income from all sources (total monthly income /no. of family members) 1. >50000 7 2. 20000-49999 6 3. 10000-19999 5 4. 5000-9999 4 5. 2500-4999 3 6. 1000-2499 2 7. <1000 1

CONCLUSION

The khadi and village industries in Chhattisgarh have grown substiancally in terms of production, sales and employment and have considerably contributed in the economic development of Chhattisgarh. The Chhattisgarh Khadi and Village Industries Board is playing a vital role in generating employment for rural poor, unemployed youth and down-trodden artisans of the state by providing financial and technical assistance for setting up of micro and small industrial production units. The growth rates of khadi and village industries sector in terms of production, employment and sales are substantial. The development of khadi and village industries sector has acquired even more relevance today on account of : (i) growing population pressure in rural areas; (ii) rapid expansion of the lobour force especially among the marginal farmers and landless agriculture labors; (iii) inadequate opportunities for non-agricultural work; (iv) limitation of the organized sector in absorbing the labour force; (v) need and the capacity for creating employment opportunities near the place of residence so as to avoid migration from rural to urban areas. It is for these reasons the governments support is considered essential for the continuous progress of the khadi and village industries sector. Finally, the study concludes with the observation that Khadi and Village Industry is playing a pivotal role in chattisgarhs' economic development. Thus, khadi and village industries is the best way to fight the evil of unemployment and to stop the migration of labour from rural to urban areas.

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