INTERNATIONAL JOURNAL OF RESEARCH IN COMPUTER APPLICATION & MANAGEMENT

IJRCM

A Monthly Double-Blind Peer Reviewed (Refereed/Juried) Open Access International e-Journal - Included in the International Serial Directories

Indexed & Listed at:

Ulrich's Periodicals Directory ©, ProQuest, U.S.A., EBSCO Publishing, U.S.A., Cabell's Directories of Publishing Opportunities, U.S.A., Google Scholar, Indian Citation Index (ICI), J-Gage, India [link of the same is duly available at Inflibnet of University Grants Commission (U.G.C.)], Index Copernicus Publishers Panel, Poland with IC Value of 5.09 (2012) & number of libraries all around the world.

Circulated all over the world & Google has verified that scholars of more than **5896 Cities** in **193 countries/territories** are visiting our journal on regular basis.

Ground Floor, Building No. 1041-C-1, Devi Bhawan Bazar, JAGADHRI – 135 003, Yamunanagar, Haryana, INDIA

http://ijrcm.org.in/

CONTENTS

CALL FOR MANUSCRIPTS

We invite unpublished novel, original, empirical and high quality research work pertaining to the recent developments & practices in the areas of Computer Science & Applications; Commerce; Business; Finance; Marketing; Human Resource Management; General Management; Banking; Economics; Tourism Administration & Management; Education; Law; Library & Information Science; Defence & Strategic Studies; Electronic Science; Corporate Governance; Industrial Relations; and emerging paradigms in allied subjects like Accounting; Accounting Information Systems; Accounting Theory & Practice; Auditing; Behavioral Accounting; Behavioral Economics; Corporate Finance; Cost Accounting; Econometrics; Economic Development; Economic History; Financial Institutions & Markets; Financial Services; Fiscal Policy; Government & Non Profit Accounting; Industrial Organization; International Economics & Trade; International Finance; Macro Economics; Micro Economics; Rural Economics; Co-operation; Demography: Development Planning; Development Studies; Applied Economics; Development Economics; Business Economics; Monetary Policy; Public Policy Economics; Real Estate; Regional Economics; Political Science; Continuing Education; Labour Welfare; Philosophy; Psychology; Sociology; Tax Accounting; Advertising & Promotion Management; Management Information Systems (MIS); Business Law; Public Responsibility & Ethics; Communication; Direct Marketing; E-Commerce; Global Business; Health Care Administration; Labour Relations & Human Resource Management; Marketing Research; Marketing Theory & Applications; Non-Profit Organizations; Office Administration/Management; Operations Research/Statistics; Organizational Behavior & Theory; Organizational Development; Production/Operations; International Relations; Human Rights & Duties; Public Administration; Population Studies; Purchasing/Materials Management; Retailing; Sales/Selling; Services; Small Business Entrepreneurship; Strategic Management Policy; Technology/Innovation; Tourism & Hospitality; Transportation Distribution; Algorithms; Artificial Intelligence; Compilers & Translation; Computer Aided Design (CAD); Computer Aided Manufacturing; Computer Graphics; Computer Organization & Architecture; Database Structures & Systems; Discrete Structures; Internet; Management Information Systems; Modeling & Simulation; Neural Systems/Neural Networks; Numerical Analysis/Scientific Computing; Object Oriented Programming; Operating Systems; Programming Languages; Robotics; Symbolic & Formal Logic; Web Design and emerging paradigms in allied subjects.

Anybody can submit the **soft copy** of unpublished novel; original; empirical and high quality **research work/manuscript** ***anytime*** in ***M.S. Word format*** after preparing the same as per our **GUIDELINES FOR SUBMISSION**; at our email address i.e. infoijrcm@gmail.com or online by clicking the link **online submission** as given on our website (***FOR ONLINE SUBMISSION, CLICK HERE***).

GUIDELINES FOR SUBMISSION OF MANUSCRIPT

1. **COVERING LETTER FOR SUBMISSION:**

DATED: _____

THE EDITOR

IJRCM

Subject: **SUBMISSION OF MANUSCRIPT IN THE AREA OF** _____.

(e.g. Finance/Mkt./HRM/General Mgt./Engineering/Economics/Computer/IT/ Education/Psychology/Law/Math/other, please specify)

DEAR SIR/MADAM

Please find my submission of manuscript titled '_____' for likely publication in one of your journals.

I hereby affirm that the contents of this manuscript are original. Furthermore, it has neither been published anywhere in any language fully or partly, nor it is under review for publication elsewhere.

I affirm that all the co-authors of this manuscript have seen the submitted version of the manuscript and have agreed to inclusion of their names as co-authors.

Also, if my/our manuscript is accepted, I agree to comply with the formalities as given on the website of the journal. The Journal has discretion to publish our contribution in any of its journals.

NAME OF CORRESPONDING AUTHOR	:
Designation/Post*	:
Institution/College/University with full address & Pin Code	:
Residential address with Pin Code	:
Mobile Number (s) with country ISD code	:
Is WhatsApp or Viber active on your above noted Mobile Number (Yes/No)	:
Landline Number (s) with country ISD code	:
E-mail Address	:
Alternate E-mail Address	:
Nationality	:

* i.e. Alumnus (Male Alumni), Alumna (Female Alumni), Student, Research Scholar (M. Phil), Research Scholar (Ph. D.), JRF, Research Assistant, Assistant Lecturer, Lecturer, Senior Lecturer, Junior Assistant Professor, Assistant Professor, Senior Assistant Professor, Co-ordinator, Reader, Associate Professor, Professor, Head, Vice-Principal, Dy. Director, Principal, Director, Dean, President, Vice Chancellor, Industry Designation **etc**. ***The qualification of author is not acceptable for the purpose***.

NOTES:

a) The whole manuscript has to be in ***ONE MS WORD FILE*** only, which will start from the covering letter, inside the manuscript. ***pdf. version is liable to be rejected without any consideration***.

b) The sender is required to mention the following in the **SUBJECT COLUMN of the mail**:

New Manuscript for Review in the area of (e.g. Finance/Marketing/HRM/General Mgt./Engineering/Economics/Computer/IT/ Education/Psychology/Law/Math/other, please specify)

c) There is no need to give any text in the body of the mail, except the cases where the author wishes to give any **specific message** w.r.t. to the manuscript.

d) The total size of the file containing the manuscript is expected to be below **1000 KB**.

e) Only the **Abstract will not be considered for review** and the author is required to submit the **complete manuscript** in the first instance.

f) ***The journal gives acknowledgement w.r.t. the receipt of every email within twenty-four hours*** and in case of non-receipt of acknowledgment from the journal, w.r.t. the submission of the manuscript, within two days of its submission, the corresponding author is required to demand for the same by sending a separate mail to the journal.

g) The author (s) name or details should not appear anywhere on the body of the manuscript, except on the covering letter and the cover page of the manuscript, in the manner as mentioned in the guidelines.

2. **MANUSCRIPT TITLE: The title of the paper should be typed in **bold letters**, **centered** and **fully capitalised**.

3. **AUTHOR NAME (S) & AFFILIATIONS: Author (s) **name**, **designation**, **affiliation** (s), **address**, **mobile/landline number** (s), and **email/alternate email address** should be given underneath the title.

4. **ACKNOWLEDGMENTS: Acknowledgements can be given to reviewers, guides, funding institutions, etc., if any.

5. **ABSTRACT: Abstract should be in **fully Italic printing**, ranging between **150** to **300 words**. The abstract must be informative and elucidating the background, aims, methods, results & conclusion in a **SINGLE PARA**. ***Abbreviations must be mentioned in full***.

6. **KEYWORDS: Abstract must be followed by a list of keywords, subject to the maximum of **five**. These should be arranged in alphabetic order separated by commas and full stop at the end. All words of the keywords, including the first one should be in small letters, except special words e.g. name of the Countries, abbreviations etc.

7. **JEL CODE: Provide the appropriate Journal of Economic Literature Classification System code (s). JEL codes are available at www.aeaweb.org/econlit/jelCodes.php. However, mentioning of JEL Code is not mandatory.

8. **MANUSCRIPT: Manuscript must be in ***BRITISH ENGLISH*** prepared on a standard A4 size ***PORTRAIT SETTING PAPER***. *It should be free from any errors i.e. **grammatical, spelling** or **punctuation.** It must be thoroughly edited at your end*.

9. **HEADINGS: All the headings must be bold-faced, aligned left and fully capitalised. Leave a blank line before each heading.

10. **SUB-HEADINGS: All the sub-headings must be bold-faced, aligned left and fully capitalised.

11. **MAIN TEXT**:

THE MAIN TEXT SHOULD FOLLOW THE FOLLOWING SEQUENCE:

INTRODUCTION

REVIEW OF LITERATURE

NEED/IMPORTANCE OF THE STUDY

STATEMENT OF THE PROBLEM

OBJECTIVES

HYPOTHESIS (ES)

RESEARCH METHODOLOGY

RESULTS & DISCUSSION

FINDINGS

RECOMMENDATIONS/SUGGESTIONS

CONCLUSIONS

LIMITATIONS

SCOPE FOR FURTHER RESEARCH

REFERENCES

APPENDIX/ANNEXURE

The manuscript should preferably be in ***2000 to 5000 WORDS***, But the limits can vary depending on the nature of the manuscript.

12. **FIGURES & TABLES:** These should be simple, crystal **CLEAR**, **centered**, **separately numbered** & self-explained, and the **titles must be above the table/figure**. **Sources of data should be mentioned below the table/figure**. *It should be ensured that the tables/figures are referred to from the main text*.

13. **EQUATIONS/FORMULAE:** These should be consecutively numbered in parenthesis, left aligned with equation/formulae number placed at the right. The equation editor provided with standard versions of Microsoft Word may be utilised. If any other equation editor is utilised, author must confirm that these equations may be viewed and edited in versions of Microsoft Office that does not have the editor.

14. **ACRONYMS:** These should not be used in the abstract. The use of acronyms is elsewhere is acceptable. Acronyms should be defined on its first use in each section e.g. Reserve Bank of India (RBI). Acronyms should be redefined on first use in subsequent sections.

15. **REFERENCES:** The list of all references should be alphabetically arranged. ***The author (s) should mention only the actually utilised references in the preparation of manuscript*** and they may follow Harvard Style of Referencing. **Also check to ensure that everything that you are including in the reference section is duly cited in the paper**. The author (s) are supposed to follow the references as per the following:

- All works cited in the text (including sources for tables and figures) should be listed alphabetically.
- Use (**ed.**) for one editor, and (**ed.s)** for multiple editors.
- When listing two or more works by one author, use --- (20xx), such as after Kohl (1997), use --- (2001), etc., in chronologically ascending order.
- Indicate (opening and closing) page numbers for articles in journals and for chapters in books.
- The title of books and journals should be in italic printing. Double quotation marks are used for titles of journal articles, book chapters, dissertations, reports, working papers, unpublished material, etc.
- For titles in a language other than English, provide an English translation in parenthesis.
- ***Headers, footers, endnotes*** *and* ***footnotes*** *should* ***not be used*** *in the document.* However, **you can mention short notes to elucidate some specific point**, which may be placed in number orders before the references.

PLEASE USE THE FOLLOWING FOR STYLE AND PUNCTUATION IN REFERENCES:

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.

CONTRIBUTIONS TO BOOKS

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

JOURNAL AND OTHER ARTICLES

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

CONFERENCE PAPERS

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

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

A LITERATURE REVIEW ON SERVICE QUALITY DIMENSIONS IN INDIAN SERVICE SECTORS

AMUDHAN.S
RESEARCH SCHOLAR
PERIYAR UNIVERSITY
SALEM

K. ARUL
PRINCIPAL
SRI VIDYA MANDIR ARTS & SCIENCE COLLEGE
KATTERI

R. MURUGESAN
HEAD
DEPARTMENT OF MANAGEMENT STUDIES
SRI VIDYA MANDIR ARTS & SCIENCE COLLEGE
KATTERI

ABSTRACT

The service industry plays an increasingly important role in the economy of many countries. In today's global competitive environment delivering quality, service is considered as an essential strategy for success and survival. Hence, it is essential for analyzing the ever-changing customer expectations and perception in various service sectors. The purpose of this paper is to study service quality in various sectors in India. The researchers have collected and critically examined the secondary data such as published research journals and articles on service quality. This study covered the six service sectors in India such as healthcare, public service, telecom, hospitality, banking and retail sectors. Finally, the researchers have discussed and concluded based on analysis of literature.

KEYWORDS

Indian service sectors, service quality dimensions.

JEL CODE

M 31.

1. INTRODUCTION

Indian Economy is in a great transition. It was an agrarian economy then it moved over to rely on manufacturing strength & now it has been the turn of the services sector to dominate its contribution to the GDP. India's services sector has remained resolute and on a steady rise. According to a recent report published by the Confederation of Indian Industry (CII) and KPMG, India has moved up to become the fastest growing service economy in the world. Service industry is an industry that part of the economy, which creates services rather than tangible objects.

Economist divided all economic activity into two broad categories goods & services. Goods providing industries are agriculture, Mining, Manufacturing and construction each of them creates same kind of tangible object. Service industries include everything else banking, communications wholesale & retail trade. All professional services such as engineering and medicine, non- profit economic activity all consumer services such as all government services including defense & administration of justices. The service sector accounts for more than 70 percent of jobs and it is on the rise and expected to reach 85 percent in the near future. Quality management and quality improvement are compulsory for the victory of the service sector and for our economy. India is fast moving from a protected economy to an open market economy and becoming integrated with the world economy. Liberalization, Privatization and Globalization revolution has exposed various organizations including the service sector to the challenges of competition, service quality, cost, and the competitive environment. Some of those unable to cope with the changes may have to face the consequences of survival of the fittest. The various service sectors are construction, trade, healthcare, hospitality, transport, food and beverages services and communication, social and personal services, insurance, financial and other business services. India ranks fifteenth in the service output and it provides employment to around 23 percent of the total employees in the nation. Service Sector of Indian Economy contributed to around 57.2 percent of India's GDP during 2009-103. "This sector plays a leading role in the economy of India, and contributed to around 68.6 percent of the overall average growth in GDP between 2002-03 and 2006-074". "The most important services in the Indian economy have been health and education. They are one of the largest and most challenging sectors and hold a key to the country's overall progress. A strong and well defined healthcare sector helps to build a healthy and productive workforce as well as stabilize population". The foundation for true loyalty lies in customer satisfaction, for which service quality is a key input. Highly satisfied or even delighted customers are more likely to become loyal apostles of a firm, consolidate their buying with one suppler, and spread positive word of mouth. Dissatisfaction, in contrast, drives customers away and is a key factor in switching behavior. Recent research has even demonstrated that increases in customer satisfaction lead to increases in stock prices.

2. LIMITATIONS OF THE STUDY

Researchers used only secondary data, mainly published research papers and articles. So research findings lies on the views of other researchers.

3. METHODOLOGY

The researchers have adopted descriptive research design to analyze and to make a critical evaluation on the published research papers and articles in various journals on service quality of Indian Service Sector. Secondary data were collected from books, journals and websites etc.

4. LITERATURE REVIEW

A. SERVICE QUALITY IN HEALTHCARE SECTOR

Halil Zaim et al. (2010) analyzed the service quality and determinants of customer satisfaction in Turkish hospitals**.** Data for this study was gathered using a questionnaire that was distributed to 400 patients in 12 hospitals in Turkey. The researchers calculated weighted average and logistics regression. The result showed that dimensions differed to some extent from the dimensions found by previous researchers. For example, while tangibility, reliability; courtesy and empathy were important criteria for customer satisfaction in this study. Faris S. Alghamdi (2014) studied the impact of service quality perception on patient

satisfaction in Government Hospitals in Southern Saudi Arabia. Researcher utilized a cross-sectional method. A modified assessment of service quality questionnaire was applied to measure the quality of hospital services. The sample size is 183 patients (91 males, 92 females). Arun kumar.G et al. (2012) analyzed the Service Quality in Apollo Hospital. The objective of this research is to examine the service quality influence on patient loyalty in Apollo hospital of Mysore. The research is purely based on primary data, the data has been collected by 185 respondents by using structures questionnaire. The data has been analyzed by using one sample t test and regression analysis. The results revealed that all the four dimensions were positively related to patient's loyalty. Ather Sidiq Zarger and Prof. M.F.Lala (2016) explored the framework for service quality dimensions in health sector with special reference to Jammu and Kashmir. In order to assess the quality parameters of hospitals, a suitable literature review was done by the researchers. The study revealed that in order to have a competitive edge in the market, it is necessary to provide the quality healthcare services to consumers because customer is the king and gaining his satisfaction is the primary motive of all the sectors vis-à-vis healthcare institutions. There are two things which a patient cannot compromise with, that is poor staff skill and high cost. Asghar Zarei (2012) analyzed the service quality of private hospitals in Iran. A cross-sectional study was conducted with sample size of 983, patients randomly selected from 8 private general hospitals. Exploratory factor analysis (EFA), Wilcoxon test, t-test and Kruskal-Wallis tests were used to analyze the data.

B. SERVICE QUALITY IN THE PUBLIC SERVICE

Public sector services are responsible and accountable to citizens and communities as well as to its customers. Several researchers have dealt with service quality in public services Brysland, A. & Curry, A. (2001) stated that the literature clearly supported the use of comparison method in Analyzing the data between Private and public sector operators. According to Gowan, M.et al (2001), service provision is more complex in the public sector because it is not simply a matter of meeting expressed needs, but of finding out unexpressed needs, setting priorities, allocating resources and publicly justifying and accounting for what has been done. In addition, Caron, Daniel J. & Giauque, David (2006) pointed out that public sector employees are currently confronted with new professional challenges arising from the introduction of new principles and tools inspired by the shift to new public management. Anderson, E. (1995) also measured the quality of service provided by a public university health clinic. Using the comparison approach, Wisniewski, Mik (2001) carried out a study to assess customer satisfaction within the public sector across a range of Scottish Councils services. In the library service, the analysis of gap scores revealed that tangibles and reliability had negative gaps, which indicate that customer expectations were not met. On the other hand, responsiveness and assurance were positive implying that customer expectations were actually exceeded by the service provided. Prabha Ramseook-Munhurrun et al. (2010) examined the service quality in the Mauritian public service. The paper investigates how closely customer expectations of service and Front Line Employees' (FLE) perceptions of customer expectations match. SERVQUAL is used to measure service quality amongst FLE and customers in a major public sector department in Mauritius. The paper also reports on a parallel SERVQUAL survey of FLE to examine how well they understand their customers' expectations and how well its internal processes support the delivery of top quality public services. The result showed that public service department was failing to meet the expectations of their customers. M.C. Vijayakanth Urs et al. (2014) analyzed the Customer Satisfaction through Service Quality in Public Service (Volvo Buses) Compared with Private and Government Operators across Karnatak.

C. SERVICE QUALITY IN THE TELECOM SECTOR

Silky Vigg Kushwah et al. (2014) analyzed the service quality expectations and perceptions of telecom sector in India, The primary data was collected with the help of a standardized questionnaire of service quality of Parsuraman et al. (1998) which was administered to a quota sample of 500 respondents accessing mobile phone service of telecom services in New Delhi, the capital of India. The data collected was analyzed with the statistical tool of 'Z' test. The study revealed that, there was a statistically significant gap between customers' expectations and perceptions of mobile phone services, with the arithmetic mean of expectations being 6.4413 and that of perceptions 5.8393. The study concludes that, in view of the stiff competition in the global business arena where businesses have to survive and grow on the basis of volume instead of margin, service quality will constitute an essential plank of service marketing. Debasish Baruah et al. (2015) examined the impact of service quality dimensions on customer satisfaction in telecom sector. A modified questionnaire was prepared based on SERVQUAL instrument. Five Mobile Telephone Operators were selected for this study. A convenience sample of 265 mobile phone users has been collected. A survey covered the customers of Jorhat district, Assam. Regression Analysis was used to analyze the data. The study concluded that customer satisfaction was positively and significantly related with all the dimensions. Based on the ANOVA analysis for gender wise perception of service quality dimensions, it was found that for reliability, responsiveness and empathy, there was difference between male and female. But for tangible, assurance and network quality, there was no difference between male and female. Hirmukhe, J. (2012) investigated the responses of 33 Tehsildars to a SERVQUAL questionnaire and found the gap between expectations and perceptions to provide a way to improve the services. On the other hand, Khodayari, B. et al. (2011) conducted a research to measure the perceptions and expectations of perceived quality in higher education considering the case of Islamic Azad University. The results showed a gap between student's perceptions and student's expectations. Chopra, R. et al. (2014) investigated the students' perceptions of service quality in higher education, using the service quality (SERVQUAL) instrument. The study has been done on 500 students of 10 institutions pursuing their post-graduation in management and education streams. A significantly negative gap was found in the expectations and perceptions of the service quality. Chaudhary, A.et al. (2013) identified the major dimensions of Telecom Service Quality.

D. SERVICE QUALITY IN HOSPITALITY INDUSTRY

The general attributes are only an abstract overview and does not cover all industries completely. (Parasuraman 1985) in the hospitality industry, there are other attributes that are of importance such as imprecise standard and fluctuating demands have been identified and further complicate the task of defining, delivering and measuring service quality. Many factors of service quality are not standardized where quality aspects such as 'helpfulness', 'friendliness' and 'politeness' are likely to be interpreted differently depending on each guest and therefore assessed subjectively. Another aspect to consider is the seasonal factor of the hospitality industry where it is commonly clustered around peak periods of the day or year, such as checkout time or holiday season. These peaks make it more difficult to measure for a consistent service quality. (Sasser, Olsen and Wyckoff, 1978) Mukhles M and Al-Ababneh (2017) in their research titled "Service Quality in the Hospitality Industry" state that Service quality in the hospitality industry becomes one of the most important factors for gaining a sustainable competitive advantage and customers' confidence in the highly competitive marketplace, and therefore service quality can give the hospitality industry a great chance to create competitive differentiation for organizations. Huseyin Bozdaglar et al. (2015) in their research titled "Service Quality in the Hospitality Industry: A Case of Merit Crystal Cove Hotel for Employees" state that the main role of service quality is to differentiate your organization and became a unique investment in order to run the business and increase occupancy level. Dr. sc. Jasmina Grzinic (2007) studied the concepts of service quality measurement in hotel industry. The aim of this paper is to show the importance of service quality in hotel industry from both the conceptual standpoint and that of service quality measurement. The study showed that service quality, as an extremely subjective category, is crucial to the satisfaction of the client. It is therefore imperative for managers in hotel industry to apply the SERVQUAL model for the measurement of service quality in their own hotel company, in order to satisfy the guest's expectations and ensure a position on the growing global tourist market. Glenn F. Ross (1993) examined the perceptions of hospitality employees towards service quality and management. Two hundred and seventy four employees within the hospitality industry in the Far North Queensland tourist city of Cairns were sampled. Respondents in this study were all from major hotels and resorts, and ranged in occupation from domestic staff to middle level management. The analyses involved descriptive statistics associated with the major personality and socio-demographic variables and Friedman analysis, which highlight the relative rankings of the various service quality elements by hospitality industry employees. of variance statistics. This study has revealed a number of interesting findings regarding hospitality industry management service quality elements, as perceived by employees. The most highly ranked elements involved Politeness, Hard work and Efficiency. This study has also revealed that younger workers had a tendency to regard Efficiency as a management service element higher than did older workers, whereas female employees were more likely to take the view that hard work was a hospitality industry management service quality.

E. SERVICE QUALITY IN BANKING SECTOR

Ravi K. Dhar and Silky Vigg Kushwah (2009) examined the service quality expectations and perceptions of public and private sector banks in India. The primary data were collected with the help of a standardized questionnaire which was administered to a convenience sample of 400 respondents accessing banking services in Gwalior, a city in Madhya Pradesh. The data collected were analyzed with the statistical tools of Factor Analysis and 'z-'test. The study showed that the differential performance of public and private sector banks in the post-liberalized phase of the Indian economy has, to a large extent, matched the graph of customer perceptions and expectations from each of the two. Further, as the study shows, quality parameters such as responsiveness, reliability, tangibles, convenience, assurance

and empathy, and trustworthiness greatly structure customers' expectations and perceptions of banking sector service quality. Rajagopal Subashini et al. (2016) reviewed the service quality and customer satisfaction in banking services. This research paper focuses with a purpose to report the findings of existing literature to identify decompose and define the dynamics of quality service and satisfaction of customer towards all banking services in Global scenario including India. The study concluded that presence of service quality and customer satisfaction inconsistency and attributed different reasons for service quality and customer satisfaction of foreign and public banks however no study have been able to resolve this issue. Hence, it can be an existing idea to address the issue of service quality. Jain, V, Gupta, S and Jain, S in their study "Customer Perception on Service Quality in Banking Sector: With Special Reference to Indian Private Banks in Moradabad Region" try to learn and understand the customer perception regarding service quality and to learn and understand the different dimension of service quality in banks. The Sample size used is 100 and the sample universe is Moradabad. The service quality model developed by Zeithamal, Parsuraman and Berry (1988) has been used in the present study. The analysis reveals that among the private sector banks all the dimensions of service quality are equally important. Deepika arora & A. Saxena (2013) studied the inter relationship of service quality aspects, customer satisfaction and customer loyalty in banking sector of India. A sample of 100 banking customers was taken for the study based on convenience sampling method. The researchers were used mean, standard deviation, and correlation analysis to analyze the data. The results showed that all the service quality attributes are positively correlated with customer satisfaction and customer loyalty.

F. SERVICE QUALITY IN RETAIL INDUSTRY

Retail stores have evolved from providing only physical products that address consumers' needs (Pan and Zinkhan, 2006) to offering a solution centre that integrates the sale of both physical products and value-added services to attain competitive advantages (Davies et al, 2006). Cracking this code can lead to higher levels of customer retention, increased sales and, in turn, improved profits (Parasuraman, 1988). Several studies, such as Long and McMellon (2004), Kim & Jin (2002), Siu and Cheung (2001), Sweeney et al (1997) and Dabholkar et al (1996), have explored important dimensions of service quality within the retail sector. Specifically, within the supermarket sector, Vàzquez et al (2001) and Huang (2009) found Physical Aspects, Reliability, Personal Interaction, Problem Solving and Policy to be prominent. Prof. Vinit M. Mistri et al. (2013) in their research titled "Retail store and service quality in Ahmedabad city hypermarkets". State that an increasing purchasing power would lead to higher demand for better shopping ambience, superior quality, products and improved store service. Justin Beneke et al.(2012) Examined the effect of retail service quality dimensions on customer satisfaction and loyalty. N. Udaya Bhaskar et al. (2011) studied the impact of service quality on apparel retail customer satisfaction of selected city in Hyderabad. The data were collected from 250 respondents. Statistical tools such as regression and factor analysis were used. The study concluded that service quality factors will significantly effects customer satisfaction. It was proved that except policy of the store, Personal interaction, Reliability, physical aspects and problem solving are significantly effecting customer satisfaction. Sanjeev Varshney and Amit Goyal (2006) proposed that Layout and architecture, symbols and color, conventional location, value price, sales effort and store service would effect greatly in Retail store image and personality.

5. CONCLUSION

Service sector is growing and gaining importance day by day. Newer services are entering into market place. Customer is becoming more and more dependent on services (Dr. A.K.Gupta, 2012). The services sector is the key driver of India's economic growth. As per the first advance estimates of the Central Statistics Office (CSO), the services sector was expected to grow at 8.8 per cent in 2016-17. The contribution of the services sector has increased very rapidly in India's GDP, with many foreign consumers showing interest in the country's service exports. Nowadays the customer's mentality completely changed from price sensitive to quality sensitive. Hence, it is vital to understand the service quality requirement of the customers to develop the service sector further in India. The basis of these studies lies in the fact that the satisfaction of the customer is the basic essence for organization survival and profit. Hence, a greater emphasis is acknowledged by the researchers across all sectors. One may also witness that majority of the research and reviews have proved that there exists a strong relationship between the quality of service rendered and its effect on the customer satisfaction and loyalty.

REFERENCES

1. Anderson, E. (1995) "Measuring service quality in a university health clinic", International Journal of Health Care Quality Assurance, vol. 8(2), p. 32-37.
2. Arun kumar.G et al. (2012), Service Quality At Hospital – A Study Of Apollo Hospital In Mysore, IOSR Journal of Business and Management (IOSRJBM), ISSN: 2278-487X Volume 4, Issue 1 (Sep,-Oct. 2012), PP 01-07.
3. Ather Sidiq Zarger and Prof. M.F.Lala (2016), A proposed framework for service quality dimensions in health sector with special reference to Jammu and Kashmir, SSRG International Journal of Humanities and Social Science (SSRG-IJHSS) volume 3 Issue 6, pp.4-8.
4. Brysland, A. & Curry, A. (2001) "Service Improvements in public services using SERVQUAL," Managing Service Quality, vol. 11(6), p. 389-401.
5. Caron, Daniel J. & Giauque, David (2006) "Civil servant identity at the crossroads: new challenges for Public administrations," International Journal of Public Sector Management, vol. 19(6), p. 543-555.
6. Deepika arora & A. Saxena (2013) 1. Deepika arora & A. Saxena (2013), Inter relationship of service quality aspects, customer satisfaction and customer loyalty in banking sector of india: a study of retail banking sector, International Journal of Research in Business Management, Vol. 1, Issue 4, pp.1-8.
7. Diana Farrell, Martha A. Laboissiere, and Jaeson Rosenfied (2005), "Sizing the Emerging Global Labor Market." The McKinsey Quarterly, Vol. 3:93-103.
8. Dr. Sc. Jasmina Grzinic (2007), concepts of service quality measurement in hotel industry, ekon. Misao praksa dbk. God XVI. (2007) BR. 1. (81-98).
9. "Economic Survey 2009–10", Ministry of Finance, Government of India. pp. 294.
10. Gowan, M., Seymour, J., Ibarreche, S. & Lackey, C. (2001) "Service quality in a public agency: same expectations but different perceptions by employees, managers, and customers," Journal of Quality Management, vol. 6, p. 275-291.
11. Halil Zaim et al. (2010), Service Quality and Determinants of Customer Satisfaction in Hospitals: Turkish Experience, International Business & Economics Research Journal, Volume 9, Number 51-58.
12. Huseyin Bozdaglar et al. (2015), Service Quality in the Hospitality Industry: A Case of Merit Crystal Cove Hotel for Employees, American International Journal of Social Science Vol. 4, No. 1, pp.126-133.
13. Justin Beneke et al. (2012), Examining the effect of retail service quality dimensions on customer satisfaction and loyalty: The case of the supermarket shopper, Acta Commercii, pp.27-43.
14. M.C. Vijayakanth Urs et al. (2014), Customer Satisfaction through Service Quality in Public Service (Volvo Buses) Compared with Private and Government Operators across Karnataka, International Journal of Emerging Research in Management &Technology, (Volume-3, Issue-5), pp.87-99.
15. Mukhles M and Al-Ababneh (2017), Service Quality in the Hospitality Industry, Journal of Tourism & Hospitality, Volume 6, Issue 1, pp.1-6.
16. Rajagopal Subashini et al. (2016), A Review Of Service Quality And Customer Satisfaction In Banking Services: Global Scenario, Journal of Internet Banking and Commerce.
17. Ravi K. Dhar and Silky Vigg Kushwah (2009), Impact of Service Quality Dimensions on Customer Satisfaction in Telecom Sector, International Journal of Engineering Trends and Technology (IJETT) – Volume 27 Number 2, pp.111-117.
18. Ravi K. Dhar and Silky Vigg Kushwah (2009), Service Quality Expectations and Perceptions of Public and Private Sector Banks in India: A Comparative Study, IMJ (IIM INDORE), Volume I, Issue 3, pp.34-49.
19. Sasser, W.E, Olsen, R.P and Wyckoff, D.D (1978), Management of Service Operations-Text, Cases and Readings, Allyn and Bacon, Boston,MA.
20. Silky Vigg Kushwah et al. (2014), Service Quality Expectations and Perceptions of Telecom Sector In India, International Journal of Advancements in Technology, Vol. 5 No. 1.
21. Timothy L. Keiningham, Tiffany Perkins-Munn, and Heather Evans (2003), "The Impact of Customer satisfaction on share of wallet in a business-to-Business Environment." Journal of Service Research, Vol. 6, no. 1, pp. 37-50.
22. Vinit M. Mistri et al. (2013) Retail store and service quality: a study on hypermarkets in Ahmedabad city", pacific business review international volume 6, issue 4. Pp.59-65.

23. Wisniewski, Mik (2001) "Using SERVQUAL to assess customer satisfaction with public sector services," Managing Service Quality, vol. 11(6), p. 380-388.

WEBSITES

24. www.business-standard.com.
25. www.ibef.org/industry/services.

BRANDWIDTH: AN INFLUENCE OF BRAND ASSOCIATIONS IN GIFT GIVING BEHAVIOR

A.VIDYASAGAR
DY. DIRECTOR
SYMBIOSIS INSTITUTE OF BUSINESS MANAGEMENT, BENGALURU
SYMBIOSIS INTERNATIONAL (DEEMED UNIVERSITY)
PUNE

SEMILA FERNANDES
ASST. PROFESSOR
SYMBIOSIS INSTITUTE OF BUSINESS MANAGEMENT, BENGALURU
SYMBIOSIS INTERNATIONAL (DEEMED UNIVERSITY)
PUNE

Dr. MALLIKA SRIVASTAVA
ASST. PROFESSOR
SYMBIOSIS INSTITUTE OF BUSINESS MANAGEMENT, BENGALURU
SYMBIOSIS INTERNATIONAL (DEEMED UNIVERSITY)
PUNE

ABSTRACT

The existence of Brands have been there since thousands of years (Moore and Reid 2008), but the modern idea of brands have been explained in somewhere late 19th century with the introduction of trademarks by Fullerton 1988; McCrum 2000, which were later developed as 'a guarantee of authenticity' by Feldwick 1991. The definition of Brand as explained in American Marketing Association (AMA) 1960 focuses on tangible brand attributes: "A name, term, sign, symbol or design, or a combination of them, intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of the competitors" (Cited in Wood 2000 p664). But this definition is totally insufficient or at best less than sufficient. It has to be looked at from the customer's perspective. It can be thought of as a network with many individual nodes and connections, that cumulatively becomes a part of the total memory about the brand. Through the analysis of existing literature, authors attempt to conceptualize a new concept of "Brandwidth". This paper also makes an attempt to understand brandwidth when a brand/product is used as a gift.

KEYWORDS

brand, brand association, brandwidth, gift-donor, gift-recipient.

JEL CODE

M31.

INTRODUCTION

It is important to keep in mind that branding is only a tactic, and decisions about it should be attempted only after there is an overall strategy put in place. Only after it is known who the customers are, what they value, and how they plan to position is arrived at, should one try to settle on any aspect of the brand. Internally focused definition of a brand like logo, slogan or tagline, a character, spokesperson, packaging design, endorsements, sponsorships etc. is totally insufficient or at best less than sufficient. A brand must be looked at from the customer's perspective. One can think of a brand as a network with many individual nodes and connections that cumulatively becomes a part of the total memory about the brand. Each node in the network is made up of memories-feelings, information, experiences, thoughts, and evaluations-that are associated with the brand. It is likely that various customers may attach varying degrees of importance to a node. A particular node or association may mean nothing to one customer while it means everything to another. This definition of a brand as a memory structure makes it clear that managing a brand is really about managing the associations consumers store in memory related to that brand. Thus, establishing a brand goes beyond just choosing a clever tagline. It means being consistent and reinforcing important ideas repeatedly. This very fact has resulted in marketers creating so many associations with their brand to address a larger group of audience. This, in the process has diluted the traction that the brand would have generated, if it were focused and consistent.

OBJECTIVES

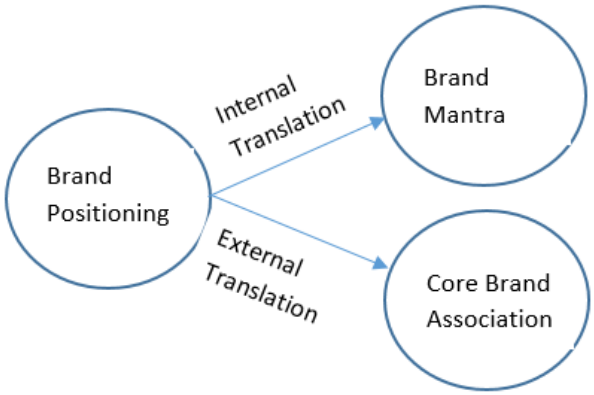
1. To study the impact of Brand Width on different age groups
2. To understand the impact of brand-width on gifting behavior

CONCEPTUAL FRAMEWORK

Concept of Brand Associations

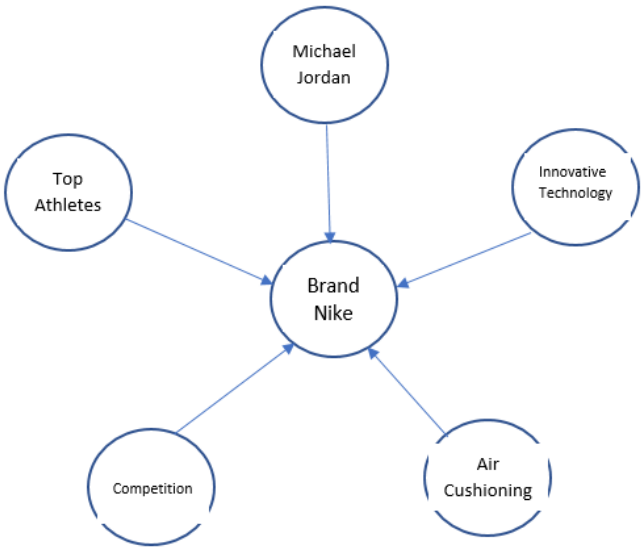
Core Brand associations are associations derived from the consumer which reflect on the positioning of the brand. These are the associations created in the minds of the consumer which are reinforced through various marketing activities carried by the firms. Depending on the effectiveness of the firms marketing programme, the consumers would form unique, strong and core brand associations. For example, when asked about Nike, consumers would not associate the brand with "Authentic athletic performance", rather would associate with top athletes, Michael Jordan, Innovative technology, Air cushioning, competition etc. Internally, Nike adopted the brand mantra to be "Authentic athletic performance" to support their marketing activities. While, over the years Nike has expanded its meaning to "all things related with athletics including equipment (Keller, 1999). This concept is depicted in Figure 1.

FIGURE 1: CONCEPTUAL UNDERSTANDING OF BRAND POSITIONING



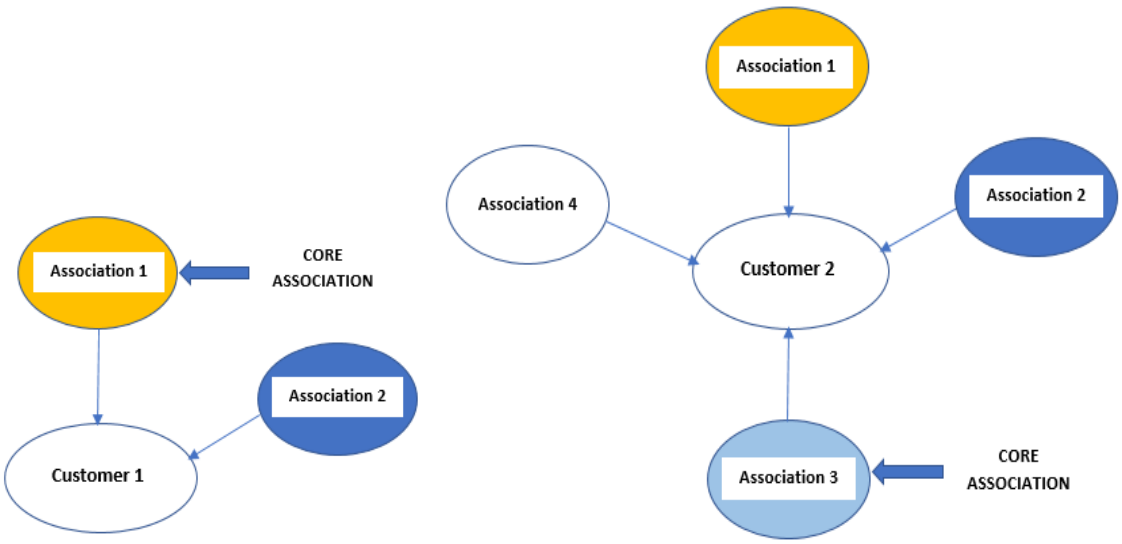
Nike's overall brand associations, being depicted in the Figure 2 below:

FIG. 2



As stated above, a brand is a network of many individual nodes which are the associations that in totality become a part of the mind share of the customer. In the diagram above, Nike as a brand is a network of individual nodes consisting of competition, Air-cushioning, top athletes, Innovative technology, Michael Jordan etc. as being perceived by the consumers. Different people might assign varying degrees of importance to a particular node (association). These nodes or associations may mean something for one customer while nothing for another while everything for the next. This is depicted below in Figure 3.

FIG. 3



The figure above showcases that for a brand, Customer 1 and Customer 2 attach different levels of importance to the core associations as a reflection of the brand. Customer 1 considers 'Association 1' to be the core association while, for the same brand; Customer 2 considers 'Association 3' to be the core association. Thus, if one wants to increase the brandwidth, one has to bring in more customers through more associations not mutually exclusive to each other.

Concept of Brandwidth

*"Whenever a company attempts to broaden its brand -- for increased revenues or for profits -- it should always be diligent about assessing the impact that additional "**brandwidth**" will have on its brand strength."*

Brandwidth is the sum total of the audience that each association would bring into the fold of the brand. This is an important dimension in the consumer purchase behavior. This in no way implies that a higher brandwidth would result in more conversions. It may in fact end up being counter-productive.

Around 1950, Nestle positioned Nescafe as an instant coffee that eliminates the cumbersomeness of making a decoction based brew. They went a step further a couple of years later and associated the product with housewives who wanted to relax after their daily chores by sipping a cup of Nescafe. After their initial success, the brand started dropping in sales and the competitor Maxwell House stilled ruled the coffee space – even though it was not an instant brew. A survey was conducted among a sample comprising of housewives. They were given two shopping lists with all items being the same except one. One list had Maxwell House coffee while the other had Nescafe. The respondents were asked to describe the personality of the person just based on the shopping lists. Over 50% of the housewives described the person who had included Nescafe in the list as either "lazy" and/or a "bad wife". The association with housewife and "ease of making coffee" to increase the brandwidth turned out to be counter-productive (Schmidt & Hollensen, 2006).

The office supply brand Staples ran two campaigns over a period of time.

- The "Easy Button" campaign conveyed a simple message that provided a distinct source of value to a particular group of customers.
- It then tried and associated "low price" to attract a new/different set of customers.

The problem arose because Staples tried to straddle both - on being easy-an indicator of a high level of service and convenience - and on having low prices. These ideas were in conflict for most people. Staples was successful in establishing a node in memory linking the store to "easy," it also probably blocked the link between Staples and "low prices."

Again, if Staples does succeed in establishing a memory structure linking the store to low prices, it may do so at the expense of the easy message. Some links in memory inhibit others and this may differ from customer to customer.

What is more shocking is that while Staples advertised the "low price" position, it at the same time tied up with the Laker's team of L.A- which is one of the most expensive football clubs and is known to only attract the local elite. This contradiction does not help in reinforcing the association of low prices which was primarily done to increase the brandwidth. It is important, when making branding decisions, to keep in mind the associations consumers form with your brand are managed well and consistently. Reinforcing those associations that are relevant to have and inhibiting those associations that are not required is the key to a consistent brand and productive brandwidth.

This paper also makes an attempt to understand brand-width when a brand/product is used as a gift. The parameters then become more complex and several issues like price, closeness of relationship with the gift receiver, the attachment of the gift giver to the brand etc. comes to focus (Sherry, 1983).

Impact of brand-width on GIFTS and the Brand choices that are made

It becomes imperative to understand the concept of brandwidth which is the sum total of the associations formed by the customers and how these associations impact gifting for self and others. These brand associations are either tangible or intangible benefits or experiences or images that are registered in memory to form a mind share (Keller, 1999). Hence a person having a certain level of association with the brand would perceive this brand in a certain symbolic manner before purchasing for self or as a gift.

Additionally, it addresses the fact that products/brands relate to ones' daily life there-by associating certain meanings and feelings to the brands (Durgee & Sego, 2001). In any social relationship, the products or gifts that are offered are tangible expressions which are selected based on price, quality of the product which primarily mirror the weight of that relationship (Shurmer, 1971). The core meaning of gift implies that consciously or unconsciously the giver understands the recipient's choice of the product/brand category and uses this understanding in choosing the purest expression of that meaning in that gift (Durgee & Sego, 2001). This product category selection would depend on the brandwidth involving the core brand associations and is vital in shaping the gift-selection process (Goodwin, Smith & Spiggle, 1990).

The behavior of gift giving of individual changes as one moves from an individual (self) to one's extended families and as the social network expands and contracts, it determines the closeness of the relationship. This concept primarily would look at the "distance" of the customer from the consumer. The customer in the gifting process is the gift-donor while the consumer is the gift-recipient. The value of the gift would be dependent on the relationships like gifting to son, father, mother, mother-in-law, father-in-law, son, daughter, employer, employee, acquaintance, friend etc. Andrew Parsons studied that in the process of gift-giving, the choice of the brand is utmost important. These brand choices differ based on the gender, age related differences and household income (Andrews, 2006). Andrew, Paul & Ann-Marie investigated that the association of the benefits offered to the recipients through gifting varies and alters depending on the relationship that exists between the gift-donor and the gift-recipient.

The relationship was judged based on the variables like the length of the relationship, strength of the relationship, type of relationship, a promise towards future interaction or a statement of concern, love and dominance (Poe, 1977). It is also seen in theoretical concepts of gift giving that benefit associations precisely depend on the nature of relationship of the recipient and the donor. This concept resulted in people preferring symbolic benefits from those donors who are close to them while some prefer functional benefits from those who are not very close in their relationship spectrum (Andrew, Paul & Ann-Marie, 2011). These benefit associations altered the perceptual gap that exist between the two parties involved.

REVIEW OF LITERATURE

Brand choices of gifts for different recipient groups

Gift is something which is given voluntarily to someone without expecting compensation. Any object tangible or intangible can be inferred as gift. This transformation of an object into gifts occurs based on social relationships and different occasions of giving. The nature of the gift given to a person hospitalized with minor ailment would change if the same person is diagnosed with terminal disease. Researchers have defined it as a social, cultural and economic experience; a material and social communication exchange that is inherent across human societies and instrumental in maintaining social relationships and expressing feelings (Camerer, 1988, Joy 2001). Since it involves exchange process the act of showing this gesture is termed as universal behavior which indicates a primary intention to please one's exchange partner.

John F. Sherry, JR in the year 1983 had explained Gift Giving in Anthropological Perspective, explaining it as transfer of goods or services the flow of social invisibles, affection and some part of social bonding. Exchange partners constitute another component of gift giving domain. The rules may vary considerable based on individual roles. Harris (1972) had discussed that if the recipient of gift is of low status as compared to gift-donors, they are usually exempted from reciprocating behavior.

Marcel Mauss (1954) in his study provided a theoretical understanding to the gift-giving as a process. This process is based on the evaluation of gift-giving among the primitive, ancient societies and the secluded ones. The author summarized that gift-giving is a self-perpetuating phenomenon involving reciprocity and is summarized into three forms of gift-giving obligations viz. The obligation of giving, the obligation of receiving and the obligation of repaying. Most of the exchanges are aimed towards preserving the social bonding and social ties which occur over occasions like birthdays, festivals, anniversaries etc. These occasions would often provide maintenance rites (Cheal, 1987), maintain established relationships (Bourdieu, 1977, 1986) and establish relationship between individuals thereby re-affirming the concept of gift-exchange (Sherry, 1983).

Antón, Camarero & Gil (2014) stated that Gift giving forms part of a symbolic exchange ritual that is common to all cultures and all periods of history. The study revealed that this entire exchange process of gifting depends on the occasion on which the gift is given and perpetuating relations. The ultimate goal of giving gifts is reciprocity or the intention to give in return.

Gift-giving behavior was studied by Baskin, Wakslak, Trope & Novemsky (2014), in his research talks about the importance given to feasibility by gift-receivers than by donorss. The paper studies the trade-off that recipients of gifts and gift-donors make between feasibility and desirability using a framework known as a construal level theory. This translates into understanding the irregular distance of the gift that exists between the donor-recipient dyads. For which the authors provoke that donors of gift interpret gifts in an abstract form than the recipients of gifts and hence would weigh the attributes of desirability higher than the attributes of feasibility. Additionally, authors ShiXiong Liu et. al (2010) investigated the gift-giving behavior among the Chinese consumers across various traditions followed by them. Results showed the traditional and the cultural values of Chinese consumers have significant moderating effects on gift-donor's image and gift-receiver's

image. Consumers with showcase higher orientation of these values are more concerned on the uniformity between gifts with their self-image as against receiver's image.

There has been research to support the fact that demographics like gender will have an impact on gift giving behavior from the donors' perspective. Shanka & Handley (2011) in an exploratory review of gift giving behavior found that individuals find it easier to purchase a gift for someone of their same gender, as opposed to someone of the opposite sex. Vassilis Dalakas, Aviv Shoham, (2010) to enrich the set of national contexts used so far in studies about gift-giving had attempted to test the unique explanatory power of the dimensions of egalitarianism with an Israeli sample. The results suggest that egalitarianism affects gift-giving behaviors only for females and anniversary presents.

Brand selection: Gifting

Since a cycle of reciprocal gift exchanges establishes a relationship of transactions between individuals (Sherry, 1983), relationships are thus, re-affirmed by regular gift exchange. But in recent years' researchers have confirmed that the gift givers purchase intention when it comes for self-consumption and for gift giving has significantly different behavior. In yet another study, the researchers Chen & Kim (2013) did a comparison of the intentions of Chinese consumers' towards purchasing luxury fashion brands for personal versus for gifting purposes. The paper delves into understanding the impact of consumers' personal values (like materialism, social connections, hedonism) and attitudes on the purchase intentions of the luxurious fashion products.

Andrew G. Parsons, (2002) in his study "Brand choice in gift-giving: recipient influence", examines the impact of intended recipient on brand choice while purchasing the gift. Keller's brand equity model incorporating symbolic, experiential and functional benefits is used for framework along with Belk's (1979) characteristics of gift for measuring consumer behavior differences occurring different gift giving situations. He also examined impact of various demographics on gift giving behavior. Findings suggest that consumers vary in their choice of brands depending on the recipient group. It also confirmed gender based differences in consumer's brand choice for gifts. Overall it suggests that consumers tend to look for brands with greater perceived symbolic benefits when purchasing gifts. Roger Heeler in his paper stated that while a consumer is involved in gift purchases, he/she would involve in as much effort as for self-purchases, purchases for close friends and relatives'. However, he claimed that the more distant gifts would involve lesser effort being invested in before purchasing (Heeler, 1978).

Similarly, studies have identified the motivations for inter-personal gift giving to be experiential, obligated and practical motivations. Further-more, situational constructs like the closeness of the donor and the receiver, the occasion of gift-giving would impact the motivations (Wolfinbarger, & Yale, 1993). Some authors have analyzed the moderating role of the attachment orientation of gift-recipients' on gift-donors' perceptions (Nguyen & Munch, 2014). Gift giving was also studied among the adolescents where the paper tried to see if the impression management tactics and the personal characteristics of the donor are part of the gift giving process (Ruth, Aviv & Ayalla, 2013). Ward & Broniarczyk in 2016 concluded that gift-donors have an art of balancing their objective to satisfy recipients with gifts. These gifts match the preferences of the recipient in comparison to their own goal.

HYPOTHESIS DEVELOPMENT

H_1 Impact of Brand Width differs with age.

H_2 Consumers vary in their brand choices for different recipient groups.

METHODOLOGY

The concept of Brand Width is established using existing literature on Brand association. Further, to analyze the impact of Brandwidth on gift giving behavior an empirical study was conducted. Brandwidth was conceptualized by authors as – when different Brand associations are formed by different consumer profiles for a particular brand, the summation so these Brand associations would define the brandwidth for that particular brand. It was imperative for the researchers to use the concept of Brand associations to measure Brandwidth as a concept. Further, on gifting behavior is being established within the different gift recipients: Parents-in law, Parents, Children, Close friends, acquaintances and relatives.

A focus group discussion was administered to identify the Product category and Brands for the study. The participants included for the discussion were Marketing experts from industry and academics. Along with the focus group discussion a qualitative survey was conducted for a small sample size of 35 respondents to identify the Brand in each category which are widely selected as gifts. Based on this exploratory study three brands were identified namely Lifestyle/Shoppers stop (Retail Brands), Archies and Samsung, which were used extensively for gifting to different recipients.

The study was conducted in two stages. First part of the survey was to understand the Brand association of Parents-in law, Parents, Children, Close friends, acquaintances and relatives as gift-donors' towards Brands like Lifestyle/Shoppers stop (Retail Brands), Archies and Samsung. In the second part, same sample was given a questionnaire to study the impact of Brand association while gifting to different recipients.

As a part of gift giving behavior a scale of 14 items was used to measure Brand associations which were adopted from the scale developed by Keller (1993) and Belk (1979). Certain items in the Brand Association scale that were not relevant for the study were eliminated. Finally, 7 items were selected in our study.

Self-administered Questionnaires were distributed to randomly selected households across different areas in Bangalore city. In total 50 households were identified for the study. The selection was done based on the criteria that at least one parent-in-law is part of the family and at least one child is in the age group of 10-20 yrs. Out of 50 identified households 45 met the selection criteria. Thus, the entire sample comprised of 223 respondents including parents-in-law, parents, and children.

DATA ANALYSIS AND INTERPRETATION

The broad market segments selected for the study towards which gifts are usually targeted were in the ages of 11-20 years, 21-30 years, 31-40 years and >41 years. Majority of the respondents within households were in the age group of 31-40 years. Household income was defined as <10 L, 10L – 25 L and >25L keeping in mind that these households are extensively involved in the gift giving process. The demographic profile of the sample is summarized in table 1.

TABLE 1: DEMOGRAPHIC PROFILE

Variable	Groups	Number
Age group	11-20 yrs	53
	21-30 yrs	20
	31-40 yrs	65
	41yrs and above	85
Gender	Male	114
	Female	109
Annual Family Income	< 10 Lakhs	10 households
	10 lakhs to 25 Lakhs	15 households
	>25 Lakhs	20 households
Occupation	Self Employed	15
	Private Sector	25
	Government Employee	5
Family members	Parents-in-law	85
	Parents	85
	Children	53

TABLE 2: BRAND ASSOCIATION OF RESPONDENTS (Mean scores)

Brand Lifestyle/Shoppers Stop			
Brand Associations	Parents-in-law	Parents	Children
Fashionable	3.0	4.01	2.5
Traditional	3.90	4.21	2.8
Prestigious	3.78	3.86	2.1
Useful	3.01	3.10	2.0
Fun/Exciting	1.01	1.0	1.56
Expensive	4.32	3.80	2
Functional	1.0	1.1	2.2
Brand Samsung			
Brand Associations	Parents-in-law	Parents	Children
Fashionable	2.78	3.67	4.00
Traditional	1.01	1.21	1.45
Prestigious	4.05	4.01	4.23
Useful	3.5	3.89	3.5
Fun/Exciting	2.78	2.5	4.10
Expensive	4.54	4.86	3.46
Functional	4.67	4.21	3.89
Brand Archies			
Brand Associations	Parents-in-law	Parents	Children
Fashionable	4.01	4.57	4.23
Traditional	2.5	2.45	2.89
Prestigious	3.6	3.67	3.90
Useful	2.21	2.3	2.24
Fun/Exciting	1.0	3.2	4.78
Expensive	3.90	3.98	3.67
Functional	3.45	3.45	3.25

As seen in the above table 2, on the Likert scale of 1 to 5, the brand associations for the different brands was validated by capturing the mean scores. The mean test value of 3 and above was considered as a strong influence and the mean test value less than 3 was considered as a weak influence. The parents-in-law (41 and above years) in the sample are associating Brand Lifestyle/Shoppers stop as more expensive (mean score 4.32) followed by considering being traditional (mean score 3.90). Parents (21 to 40 years) associate this brand more as traditional (mean score 4.21) followed by fashionable (mean score 4.01). Children (11 to 20 years) were not able to associate with this brand. The parents-in-law in the sample associate Brand Samsung as more functional (mean score 4.67) followed by expensive (mean score 4.54) where as parents associate this brand more as expensive (mean score 4.86) followed by prestigious (mean score 4.01). While children associate this brand as more prestigious (mean score 4.23) followed by fun and exciting (mean score 4.10). The mean scores for the Brand Archies revealed its association as fashionable for parents in law (mean score 4.01) and parents (mean score 4.57) respectively and fun/exciting (mean score 4.78) for children. This proves the fact that the impact of brandwidth differs with age and hence H_1 is accepted.

From the gift giving perspective, the respondents had their preference of gifting to different recipients. Each of parents-in-law, parents and children in the house-holds were asked to provide their selection of the brand while gifting to parent-in-laws, parents, children, relatives, close friends and acquaintances. The summary of which is provided in table 3.

TABLE 3: PREFERENCE OF GIFT-DONORS' (numbers)

Brand Name/ Recipient	Parent-in-law	Parents	Children	Relatives	Close Friends	Acquaintance
*Lifestyle/Shoppers Stop	37	76	15	12	25	5
Samsung	45	60	75	25	15	3
Archies	15	15	25	45	56	67

** Children were not provided with this brand to give their preference of gifting because they don't associate with this brand (as revealed in Table 2).*

The preference of the respondents for gift giving depending on recipients varied with the Brand association. Since Lifestyle/Shoppers stop was associated as expensive, fashionable and traditional it was primarily used for gifting to parents (76#) in contrast Samsung which was associated as being expensive, prestigious, functional & fun/exciting was being used for gifting to children (75#) followed by preferring to gift to parents (#60) and parents-in-laws (45#). Archie's being associated as fashionable and fun/exciting was used in gifting for acquaintances (67#), close friends (56#) and relatives (45#). This proves our hypothesis H_2 that with the impact of brand-width on gifting behavior and the Brand choices for recipients, consumers vary in their brand choices for different recipient groups.

CONCLUSION

The marketer must keep the above consumer brand associations in mind when he decides to develop products for gifting. i.e. the brandwidth can be increased by positioning the offering in different ways – one way is for self-use and other ways could be for gift etc. just by making cosmetic changes in the offering at different price points. The present paper focused on brand being used for gifting based on the consumer brand associations that are formed. Brandwidth is the sum-total of the audience that each association has on different set of customers – who could be just gift receivers. This is an important dimension in the consumer purchase behavior. If marketers want to increase the brandwidth, they have to focus on bringing in more customers or increase the usages for the customer to buy through more associations not mutually exclusive to each other. When studied Brandwidth from gifting perspective it was found that a person having a certain level of association with the brand would perceive this brand in a certain symbolic manner before purchasing for gifting. The study revealed that there were differences in the associations and the benefits sought by the three brands along with varied differences in their preferences for gift giving. The association of the brand Lifestyle/Shoppers stop was perceived to be expensive, fashionable and traditional and was primarily used for gifting to parents. Samsung's association with respondents were that the brand is expensive, prestigious, functional & fun/exciting and hence was being used for gifting to children followed by gifting to parents and parents-in-laws. Archie's which was associated as fashionable and fun/exciting was primarily being given as a gift while gifting to acquaintances, close friends and relatives.

IMPLICATIONS FOR GIFT INDUSTRY

The paper clearly brings to light that the gift-donor's/gift-recipient's perception of brand association would differ for a certain brand in question. The need for creating awareness on the various brand associations perceived by their target market i.e. gift-donor or the gift-recipient becomes imperative for marketers to understand. To accommodate the consumers' perception on the brand associations, retail stores can look for ways to promote the specific brand association associated with the brand. However, if the gift-donor knows the gift item and is not sure of the brand, then the sales staff can guide the brand search depending on who the recipient would be to match the likely brand associations. This relation of brand association and the intended recipient is important for marketing managers to operationalize their findings in the retail stores. This would entail asking questions to the gift-donor: as to the probable item that is intended to gift,

checking on who is the recipient, matching the associations and benefits and confirming those with the shopper and ultimately suggesting brands that match the benefits. Online shoppers can also apply this concept of establishing relationship in their e-commerce platform by seeking from the gift-donor series of questions before the shopper finally makes the purchase. From the perspective of the manufacturer, the manufacturer should promote the right associations of the brand towards the donor-recipient relationship. Understanding the relation of the gift-donor with parents-in laws, parent, children, close friends, relatives and acquaintances has practical relevance to marketers. Thus, marketers can capitalize on the behavior of gift giving, the gift-donor, gift-recipient relationship and the benefits sought/brand associations formed by the donor and the recipient. This would lead the marketer towards creating advertisements that appeal to the correct brand associations for the correct gift-donor, gift-recipient relationship. This study will also help marketers specially consumer product companies in examining the parallels that run between new product design and gift-giving which would ultimately lead to producing the right product offering.

SCOPE FOR FUTURE RESEARCH

The study conducted by authors is purely conceptual which has evolved the concept of "Brandwidth" based on existing literature. Our study is largely a qualitative study and may at a later stage be supplemented by usage and attitude study. The conceptual model needs to be tested empirically. The analysis would basically cater to studying and identifying the factors of Brandwidth through a tool factor analysis. Would Brandwidth become an important parameter for luxury goods, in situations, where a customer need not be consumer? Are there variations between the gender, age, income and other demographics that the marketer can exploit? Future research could explore other types of product categories and brands to fully understand the gift giving behaviors and the relationship between the donor and the recipient there-on.

REFERENCES

1. Andrew G. Parsons, (2002) "Brand choice in gift-giving: recipient influence", Journal of Product & Brand Management, Vol. 11 Issue: 4, pp.237-249
2. Antón, C., Camarero, C., & Gil, F. (2014). 'The culture of gift giving: What do consumers expect from commercial and personal contexts?' Journal of Consumer Behaviour, 13(1), 31-41.
3. Baskin, E., Wakslak, C. J., Trope, Y., & Novemsky, N. (2014). Why feasibility matters more to gift receivers than to givers: A construal-level approach to gift giving. Journal of Consumer Research, 41(1), 169-182.
4. Belk, Russell W. (1979), "Gift-Giving Behavior," Research in Marketing 2, Greenwich, CT: JAI Press, 95 - 126.
5. Bourdieu, P. (1977). Cultural Reproduction and Social Reproduction. In: Karabel, J., & Halsey, A. H. (eds.) Power and Ideology in Education. Oxford University Press, New York, pp. 487-511.
6. Bourdieu, P. (1986). The Forms of Capital. In: Richardson, J. G. (ed.) Handbook of Theory and Research for the Sociology of Education. Greenwood Press, New York, pp. 241-258.
7. Camerer, C. (1988). Gifts as Economic Signals and Social Symbols. American Journal of Sociology, 94 (suppl.), S 180-S214
8. Cheal, D. (1987). Showing them you love them: gift giving and the dialectic of intimacy. Sociological Review 35(1), 150–169.
9. Chen, J., & Kim, S. (2013). A comparison of Chinese consumers' intentions to purchase luxury fashion brands for self-use and for gifts. Journal of international consumer marketing, 25(1), 29-44.
10. Durgee, J. F., & Sego, T. (2001). Gift-giving as a metaphor for understanding new products that delight. ACR North American Advances.
11. Feldwick, P (1991), "Defining a Brand," in Understanding Brands, D Cowley, Ed. London: Kogan Page.
12. Fullerton, R. (1988), "How modern is modern marketing? Marketing's evolution and the myth of the 'production era'," Journal of Marketing, 52 (1), 108-25
13. G. Parsons, Paul W. Ballantine, Ann-Marie Kennedy, (2011) "Gift exchange: benefits sought by the recipient", International Journal of Sociology and Social Policy, Vol. 31 Issue: 7/8, pp.411-423
14. Goodwin, C., Smith, K. L., & Spiggle, S. (1990). Gift giving: consumer motivation and the gift purchase process. ACR North American Advances.
15. Guglielmo Faldetta, Sergio Paternostro, (2011). The logic of the gift and the bonding value: a
16. Heeler, R. M., & Okechuku, C. (1978). Brand selection for gift giving versus personal use. Proceedings Marketing, 129-138.
17. Lane Keller, K. (1999). Brand mantras: Rationale, criteria and examples. Journal of Marketing Management, 15(1-3), 43-51.
18. Mauss, M. (1954). The gift. Forms and Functions of Exchange in Archaic Societies. Cohen and West, London.
19. McCrum, A. (2000), "Brand names today compared to those 100 years ago," Journal of Brand Management, 8 (2), 111-21.
20. Moore, K. and S. Reid (2008), "The Birth of Brand: 4000 Years of Branding History," Business History, 50 (4), 419-32.
21. New perspective for business management, Journal of Management Development, Vol. 30 Issue: 6, pp.594-604
22. Nguyen, H. P., & Munch, J. M. (2014). The moderating role of gift recipients' attachment orientations on givers' gift-giving perceptions. Journal of Consumer Behaviour, 13(5), 373-382.
23. Poe, Donald B., Jr. (1977), "The Giving of Gifts: Anthropological Data and Social Psychological Theory," Cornell Journal of Social Relations 12 (Spring) 47-63.
24. Ruth Segev, Aviv Shoham, Ayalla Ruvio, (2013) "Gift-giving among adolescents: exploring motives, the effects of givers' personal characteristics and the use of impression management tactics", Journal of Consumer Marketing, Vol. 30 Issue: 5, pp.436-449
25. Schmidt, M. J., & Hollensen, S. (2006). Marketing research: An international approach. Pearson education.
26. Shanka, T., & Handley, B. (2011). Gift giving: an exploratory behavioural study. Asia Pacific Journal of Tourism Research, 16(4), 359-377.
27. Sherry Jr, J. F. (1983). Gift giving in anthropological perspective. Journal of consumer research, 10(2), 157-168.
28. ShiXiong Liu, YanXiong Lu, QiuPing Liang, ErYue Wei, (2010) "Moderating effect of cultural values on decision making of giftgiving from a perspective of self-congruity theory: an empirical study from Chinese context", Journal of Consumer Marketing, Vol. 27 Issue: 7, pp.604-614
29. Vassilis Dalakas, Aviv Shoham, (2010) "Gender-role views and gift-giving behaviors in Israel", Journal of Consumer Marketing,Vol. 27 Issue: 4, pp.381-389
30. Ward, M. K., & Broniarczyk, S. M. (2016). Ask and You Shall (Not) Receive: Close Friends Prioritize Relational Signaling over Recipient Preferences in Their Gift Choices. Journal of Marketing Research, 53(6), 1001-1018.
31. Wolfinbarger, M. F., & Yale, L. J. (1993). Three motivations for interpersonal gift giving: experiential, obligated and practical motivations. ACR North American Advances.
32. Wood, L. (2000), "Brands and brand equity: definition and management," Management Decision, 38 (9), 662-69.

A STUDY ON PROS, CONS AND CONSEQUENCES OF DEMONETIZATION OF CURRENCY IN INDIA

Dr. JIMMY CORTON GADDAM
HEAD
DEPARTMENT OF ECONOMICS
PG COLLEGE
PALAMURU UNIVERSITY
MAHABUBNAGAR

NAGASUDHA K
ASST. PROFESSOR (C)
DEPARTMENT OF MANAGEMENT
PG COLLEGE
PALAMURU UNIVERSITY
MAHABUBNAGAR

ABSTRACT

The present paper focuses on studying the impact of demonetization on Indian Economy. This wok concentrates on highlighting the advantages and disadvantages of the move by the government. This paper tries to explore the negative and positive aspects of recent demonetization of Indian Economy. The reader of this paper would be getting the knowledge about the pros, cons and consequences of demonetization of Indian economy.

KEYWORDS

demonetization, circulation, re-monetization, counterfeiting, legal tender.

JEL CODE

E42.

INTRODUCTION

Demonetization is the act of stripping a currency unit of its status as legal tender. It occurs whenever there is a change of national currency: The current form or forms of money is pulled from circulation and retired, often to be replaced with new notes or coins. Sometimes, a country completely replaces the old currency with new currency[1].

The opposite of demonetization is remonetization, in which a form of payment is restored as legal tender. Here are multiple reasons why nations demonetize their local units of currency:

- to combat inflation
- to combat corruption and crime (counterfeiting, tax evasion)
- to discourage a cash-dependent economy
- to facilitate trade

Dramatic Examples of Demonetization

The Coinage Act of 1873 demonetized silver as the legal tender of the United States, in favor of fully adopting the gold standard. Several coins, including two-cent piece, three-cent piece, and half dime were discontinued. The withdrawal of silver from the economy resulted in a contraction of the money supply, which subsequently led to a five-year economic depression throughout the country. In response to the dire situation and pressure from farmers and silver miners and refiners, the Bland-Allison Act re-monetized silver as legal tender in 1878.

An example of demonetization for trade purposes occurred when the nations of the European Union officially began to use the euro as their everyday currencies in 2002. When the physical euro bills and coins were introduced, the old national currencies, such as the German mark, the French franc and the Italian lira were demonetized. However, these varied currencies remained convertible into Euros at fixed exchange rates for a while to assure a smooth transition.

In 2015, the Zimbabwean government demonetized its dollar as a way to combat the country's hyperinflation, which was recorded at 231,000,000%. The three-month process involved expunging the Zimbabwean dollar from the country's financial system and solidifying the U.S. dollar, the Botswana pula and the South African rand as the country's legal tender in a bid to stabilize the economy[2].

INDIA'S DEMONETIZATION

In 2016, the Indian government decided to demonetize the 500- and 1000- rupee notes, the two biggest denominations in its currency system; these notes accounted for 86% of the country's circulating cash. With little warning, India's Prime Minister Narendra Modi announced to the citizenry on Nov. 8 that those notes were worthless, effective immediately – and they had until the end of the year to deposit or exchange them for newly introduced 2000 rupee and 500 rupee bills.

Chaos ensued in the cash-dependent economy (some 78% of all Indian customer transactions are in cash), as long, snaking lines formed outside ATMs and banks, which had to shut down for a day. The new rupee notes have different specifications, including size and thickness, requiring re-calibration of ATMs: only 60% of the country's 200,000 ATMs were operational. Even those dispensing bills of lower denominations faced shortages. The government's restriction on daily withdrawal amounts added to the misery, though a waiver on transaction fees did help a bit.

LITERATURE JUSTIFICATION

• On 9 November 2016, a report by CARE Ratings said that with the decision of demonetization the overall demands of consumer goods, real estate businesses, luxuries goods, automobiles are expected to be affected and the prices of the relevant items would be affected due to the contraction in demands. According to the report, the small size traders and professional who generally deals in daily cash basis transactions such are households, service sector, farmers are expected to be affected. Those customers prefer online shopping and makes cash payment on delivery also expected to be decrease[3].

• On 18 November 2016, an another report by CARE Ratings on Impact on demonetization on GDP growth said that earnings of hotels, transportation, small trades where payments and receipts are highly cash basis. The losses which are expected to be occur estimated to be cover in next quarter.

• On 11 November 2016, Investment advisory group of HDFC Bank Ltd said in a report on demonetization that the value of old notes of Rs. 500 and 1000 is approx. Rs. 14.2 trillion which covers the 85% of money circulation. After the decision of demonetization, the notes of Rs. 500 and 1000 are not considered as legal tender

and all the old denominations of Rs. 500 and 1000 are deposits in banks till 31st December[4]. According to the report, the decision of demonetization will strengthen the tax system, fiscal balance and banking sector. But it is not expected as a strong decision for consumer goods, luxurious goods and real estate as the demands of the customers are expected to be highly affected due to the demonetization.

NEED AND IMPORTANCE OF THE STUDY

After the current policy of demonetization implemented by the Indian government all the economy of India has been imbalance. It is important to study pros, cons and consequences of the demonetization on the businesses in India. So, this Research study endeavors to understand the impacts of demonetization on on Indian economy.

OBJECTIVES

1. To analyze the advantages and disadvantages of demonetization on Indian economy.
2. To explore the positive and negative aspects of demonetization.

RESEARCH METHODOLOGY

TYPE OF DATA: The analysis of paper is completely based on the secondary data.
SOURCE OF DATA - The present study is based on secondary data and the sources of data include the facts by RBI and different websites.
LIMITATIONS - All the limitations of secondary data will be applicable for this study.

PROS OF DEMONETISATION

- It will help the government to fight Black money, corruption, terrorism and counterfeit currency with one single decision.
- Arms smuggling, espionage and terrorist related activities will be choked due to lack of funding.
- Counterfeit currencies are being used for financing terrorism, which is being run by the enemy in India. Now Govt has taken a bold move, which enables them to fight counterfeit currency/terrorist funding activities.
- With the new limits on ATM withdrawals being restricted to Rs 2,000 per day, withdrawals from bank accounts limited to Rs 10,000 a day and Rs 20,000 a week, it will drive the card payments across the country (In simpler words card transactions will slowly replace the cash transactions in daily activities).
- It will be easy for the Government to track the money being exchanged as exchange can only be done by producing a valid government identity cards like PAN, Aadhaar and Election Card from 10 to 24 November with a daily limit of Rs 4000. There is no limit on the amount as long as it is legal.
- FIU of India get info about transactions from banks. During this period, banks will take extra precaution. Banks will share info with Income Tax dept. as deemed fit. (So now it is difficult to get rid of the black money which is mostly in 500 and 1000 notes)
- The traditional benami transactions have already received a big blow as the new legislation has a provision for seven-year imprisonment and fine, replacing the three-year jail term, or fine, or both.
- This decision will help institutionalize the real estate sector bringing more transparency in the Indian real estate industry. This step would give the Indian real estate sector more credibility making it more attractive to the foreign as well as domestic investors.
- Housing prices could witness downward pressure, helping revive demand in the sluggish housing segment (this will give much needed bloodline to the sector)
- It will help the common man by putting an end to the artificial increase in Real Estate, Higher Education and Healthcare transactions bringing them within the reach of the common man[5].

CONS OF DEMONETISATION

- Inconvenience to common people who will start running to the nearby bank to exchange the 500 and 1000 currency notes.
- Rs Cost of replacing the 500 and 1000 notes**.** If all this additional money (a spectacular Rs. 6.666 trillion) had to be printed using Rs. 100 notes, it would cost RBI about Rs. 11,900 crore, which is more than a four-fold increase. This is without taking into consideration the increased costs of operating ATMs (since they would need to be refilled more often), and of handling money in general. Scrapping Rs. 500, Rs. 1000 notes a costly idea
- Very difficult for more than half the population who are not well versed with the card transactions.
- This move deeply impacts the working sections of society: drivers, maids, cooks, electricians, plumbers. Anybody who provides services in the informal sector and depends on monthly or bi-monthly cash payments.
- How do you expect a chai wallah to leave his business and stand in a queue to deposit these notes in bank?
- What will happen to the common man who finds out that the note he is having is a fake one? How is the Government going to handle such situations?
- The small businesses will be affected at least in the shorter run.
- Jan Dhan scheme, UPI/digital payment stack and payment banks are still in the nascent stage. It will be a long time before rural India moves to completely cashless transactions. In the short-term, people in rural India who have a significant amount of Rs 500 and Rs 1000 notes, but no official form of identification will have a tough time in exchanging their notes.
- The big fish will be left out whose black money is in the form of foreign currency, gold and stashed away in tax havens[6].

But the Pros which are in the long term interest of the country comfortably outweigh the cons.

NEGATIVE EFFECTS

1. As government has announced it in a hastiness, it may effect its execution.
2. Allow withdrawal from ATM is up to Rs. 4000 and from bank its Rs 10000 only. Long queues will not allow a person to get money on time. It will be a little difficult for a family person to survive with this amount.
3. The Average Population per Bank Branch (APBB) as on 31.3.2013 stands at 12,100 Government has given us 50 days to deposit all our cash money into our bank accounts. Let's say 40 days are working out of 50. It means, on banks have to deal with average of 300 people daily. Yes, I agree that this number includes every living human being (children, senior citizens, women), so you can say that this number will reduce on practical scale. But wait, what about people who will come along? What about people who will come repeatedly, or I can say, daily? What about people who have to come again due to closing time or any other reason? This number will surely exceed. Believe me, public dealing is a very tough job and when you have 300 hassled brains in front of you, it becomes horrible.
4. Running out of Money: Though, everyone needs new currency notes, it is very hard to provide cash on time, even by RBI. Because, there is a limit on printing currency notes. Government just can't order RBI to print new notes as per requirement. There is a regulatory system which guides RBI and Indian government how much new currency notes should be printed other country has to face some serious issues like, inflation. So, government will not be able to provide enough money to banks to pass on to consumers. It will create uncertainty.
5. Empty ATM's: Same as bank branches, queues on ATM's will also have to face same fate. Standing in long queues and returning with nothing will not please anyone.

6. Patients: Government hospitals have been allowed to accept old Rs 500 and Rs 1000 notes. According to National Family Health Survey-3, the private medical sector remains the primary source of health care for 70% of households in urban areas and 63% of households in rural areas. So it's easy to understand that what will be the effects on these 63% and 70% patients.
7. White Into Black: As Indian, we do believe in cash. Even if our money is purely white, we go to bank, withdraw some money and go for shopping. Cheques and ATM swipes are not available everywhere. Like, if someone in family is hospitalized or, have marriage in house, we do withdraw our cash and feel comfortable. So, whatever the reason is, if someone has withdrawn a decent amount from his account then it will create a huge problem for him to prove himself innocent. So, in this case, instead of converting black money into white, a person has accidentally converted his white money into black.
8. Patience of People: Considering all of the above points (and many more in the line), it will need a superman effort from a common man to keep his patience in balance. Any outburst in the tolerance of people will make the situation more terrible. Though, for now, people are more in favor of respected PM because right now they are not suffers. But when they will face hurdles in their routine jobs due to shortage of money then it will be their patience which will make this historic move a success story.
9. Downfall in Economy: Though, it will be a very temporary effect, but for the next few months, there will be a visible effect on economy due to the decreased purchased capacity of consumers. Worst effects will be on startups and medium sized companies and firms.

POSITIVE EFFECTS

1. Foreign Trust: Transparency is always welcomed, specially in business. It is the most important gradient for foreign investors. Everyone like to have their money in safe hands. Black money is a major factor in India, which inhibits the rapid growth in private sector. When a company decides to invest in a product they can calculate almost every kind of expenditure they will have to face except bribe. Ratan Tata has shown his irritation about corruption and bribe many times. So decreased black money will surely help Indian government to gain trust from foreign investors.
2. Lubrication in Circulation: Money is the lubrication that makes the market economy possible. A large portion of this lubricant was immobilized in the form of black money. Rs 500 and Rs 1000 shares a major part. Due to this immobilization, government is bound to circulate more currency notes in the market to keep it running.
    a. In simple terms, say, government gives you 100 potatoes to distribute in the market. Instead of distributing all, you circulate only 80 pieces. Rest you preserve for your own benefits. Now for the fulfillment of the requirement, government will provide you 20 more potatoes, out of them you circulate only 16 and this keeps going on. Government have to invest more to fulfill the need and you will eat more as compare to others. Here, 'you' refers to market. This cause inflation.
    b. Now imagine, somehow government raids on you and liberates all the stored stock of potatoes. Surely stock will be huge which will help government to fulfill the need without any expense. It can distribute the extra potatoes to those who require the most. Now, replace potatoes by money and imagine the outcomes.
3. Hard Money to Digital Money: Though, it is the first of its kind, but we may have to face these surgical strikes on black money in the future too. This will give some time to people to understand the need of digital money in the current era. We have seen some inspiring pictures where vegetable seller is accepting money via PayTm. India is changing.
4. New Hope: Black money was a key agenda for BJP during election campaigns. But people were disappointed when there was no major step taken by the current government. Now when PM Modi has declared the demonetization of Rs 500 and Rs 1000 notes, a positive vibe has been spread throughout the country.
5. Zero Counterfeit Notes:
    a. In India, the circulation of fake Indian currency notes (**FICN**) has been on the rise, according to the Reserve Bank of India's (**RBI**) annual reports. The year 2014-2015 saw a steep rise, with 594,446 FICN detected, up from 488,273 in the year 2013-14. When it comes to the type of notes counterfeited in 2014-15, RBI data showed that counterfeited Rs 500 notes were most common, with 273,923 recorded. Rs 100 and Rs 1000 notes were the second and third most counterfeited bills, respectively.
    b. Most of the FICN are printed in Pakistan. Major transit points include India's neighboring countries Nepal and Bangladesh. Other transit routes includes Dubai, Thailand, Malaysia, Sri Lanka and China.

CONSEQUENCES

1. Rein on Terrorism:
    a. The ISI has been making a profit of 30-40% on the face value of each counterfeit Indian note produced in Pakistan, according to the report. The cost of printing a Rs 1,000 counterfeit note, for instance, is Rs 39 (the RBI spends Rs 29 to print a Rs 1,000 note), but it is sold at Rs 350-400, according to the report.
    b. It is a measure source of funding for these terrorist groups.
    c. Now all these funding will be equal to ZERO.
2. Increased Income Tax Revenue: It would be an exaggeration to say that all black money holders will deposit all of their stored cash into bank accounts. But they will also not let their hard-earned cash to become worthless paper. And whatever they will do it will convert their black money into white, at least for once. Someone is surely going to pay income tax on that amount. It will drastically increase the revenue generated from tax.
3. Deflation**:** Deflation refers to situation, where there is decline in general price levels. It increases the real value of money and allows one to buy more goods with the same amount of money over time. All of the above mentioned points will lead to the decrease in inflation which will automatically increase deflation rate. Goods will be cheaper and facilities will be in the range of poor people.

CONCLUSION

It is too premature to conclude if the Demonetization scheme of the Government is a success or failure. This post brings to you the arguments on both sides, without attempting to arrive at a judgment.

DEMONETIZATION IS A FAILURE

1. Issued is a liability for the RBI. Hence, it was predicted that the notes that did not return would have the impact akin to confiscation of money and this money could be used to recapitalize the banking system.
2. It was also expected that RBI's dividend to the Government would increase due to a reduction of its liabilities as explained in the previous point. Instead, RBI's dividend to the Government fell by half (Rs. 30659 crore) in the year ended June 2017. This reduced transfer was due to increased expenditure due to demonetization.
3. The increased expenditure was on account of the cost of printing currency post demonetization and managing the logistics, which amounted to a whopping Rs. 30000 crore.
4. RBI had to incur huge costs in paying interests. Post demonetization, banks were flushed with excess liquidity. They made large deposits with RBI.
5. There has been no significant dent on corruption and terrorism.
6. The Indian economy grew at 5.7% in the June quarter 2017 from 6.1% in the last quarter. However, it is not sure that the decline in GDP growth rate is due to demonetization.

7. Lastly, though the digital transactions reached a peak in November 2016 due to cash crunch imposed by demonetization, it has been declining since. It increased to record Rs. 957.50 million in November 2016 and gradually declined to Rs. 862.38 million in July 2017. The Government has failed to sustain the momentum.

DEMONETIZATION IS A SUCCESS

1. Demonetization is only one of the many initiatives taken by the Government to root out black money. Others are Benami Property Act, GST etc. It cannot be analyzed in isolation.
2. Even if close to 100 % of the notes have returned to the banking system, it does not mean that the black money has been converted into white. The Operation Clean Money project was launched in January 2017 to scrutinize the deposited cash of the people.
3. The Government could identify lakhs of shell companies due to increase in their deposits post-demonetization and launched a systematic crackdown against the black money generated by them. All money has been brought into the formal financial system. The Government has details of all those who deposited cash and so it is more difficult to evade taxes. It has led to increased compliance as well as tax revenues.

REFERENCES

1. http://www.investopedia.com
2. http://www.investopedia.com
3. care ratings report (2016), November 9.
4. HDFC Bank Investment Advisory Group (2016), “Demonetization and its impact” Issued on 11 November.
5. https://www.goodreturns.in.
6. ibid

CONJUNCTIVE WATER MANAGEMENT: AN OPPORTUNITY FOR INCREASING IRRIGATION EFFICIENCY

Dr. AARTI ARORA
ASSOCIATE PROFESSOR
UNITED INSTITUTE OF MANAGEMENT
NAINI

ABSTRACT

There are a range of settings within which conjunctive use management can occur and there do not appear to be any situations where conjunctive use management should not be practiced. Planned conjunctive use management is far better than spontaneous conjunctive use. Most development has already occurred and no new "Greenfield" irrigation developments are likely at a significant scale. Most implementation of conjunctive use management will be by retro-fitting management arrangements to already existing systems. Poverty reduction in irrigation areas is closely linked to water supply efficiency and hence to conjunctive use management. The regulatory settings for water management for different sovereign States will be the most important setting for management approaches. Any institutional strengthening will need to be supported by strong policy and possible legislative changes. Conjunctive use management will be linked to sovereign policies related to energy, climate change adaption and to food security and hence a broader governmental approach will need to occur. An important part of planned conjunctive use is the identification of the true total cost of water resources and the separate cost to individual users (for example, electricity subsidies are very common). The total real cost and individual water user cost can be very different. The degree of connectivity of surface water and groundwater is an important technical consideration, but not one that will greatly influence whether conjunctive use management is successful. Institutional strengthening around groundwater management and a fully integrated water agency will be a major challenge in most areas. Public education and supporting technical assessments will be an important part of conjunctive use management.

KEYWORDS

conjunctive water management, irrigation efficiency.

JEL CODE

Q15.

INTRODUCTION

Conjunctive use of water relates to the combined use of ground and surface water. Due to the augmented water source, higher water reliability can be achieved. Conjunctive use therefore functions as a buffer for periods of water scarcity. The idea of this management approach is to use surface water when the water table is high and change to groundwater when the water table is low. This technique might be especially important as a buffer function for mitigating impacts of climate change, such as increased heat and drought.

Conjunctive use of groundwater and surface water in an irrigation setting is the process of using water from the two different sources for consumptive purposes. Conjunctive use can refer to the practice at the farm level of sourcing water from both a well and from an irrigation delivery canal, or can refer to a strategic approach at the irrigation command level where surface water and groundwater inputs are centrally managed as an input to irrigation systems. Accordingly, conjunctive use can be characterised as being planned (where it is practiced as a direct result of management intention – generally a top down approach) compared with spontaneous use (where it occurs at a grass roots level – generally a bottom up approach). The significant difference between unplanned and planned conjunctive use, and the approach governance must take to maximise the potential benefits from such use, is explored within this paper. Where both surface and groundwater sources are directly available to the end user, spontaneous conjunctive use usually proliferates, with individuals opportunistically able to make decisions about water sources at the farm scale.

The planned conjunctive use of groundwater and surface water has the potential to offer benefits in terms of economic and social outcomes through significantly increased water use efficiency. At the resource level, groundwater pumping for irrigation used in conjunction with surface water provides benefits that increase the water supply or mitigate undesirable fluctuations in the supply and control shallow water table levels and consequent soil salinity.

The absence of a strategic agenda within governments, and of planners, to capitalise on the potential for planned conjunctive use to support these needs, is generally a significant impediment to meeting national and international objectives as they pertain to food and fibre security. There is an urgent need to maximize production within the context of the sustainable management of groundwater and surface water. The challenges posed by this in some ways reflect the evolution in objectives and management approaches that have been, and remain, common to irrigation development throughout the country. Many existing irrigation commands source their water supply from both the capture of catchment runoff and aquifer systems. Typically, water has been sourced from either surface or groundwater supplies with the primary supply supplemented by the alternative source over time. Accordingly, governance settings, infrastructure provisions and water management arrangements have emphasised the requirements of the primary source of supply, inevitably requiring the "retrofitting" of management approaches onto existing irrigation commands to incorporate supplementary water sources over time. Optimising the management and use of such resources, which have been developed separately will in some situations require substantial investment in capital infrastructure and reform of institutional structures. Put simply, planned conjunctive use is relatively simple with Greenfield (or new development sites), but significantly harder to achieve within existing hydro-physical and institutional/social systems.

Whilst these challenges and the associated benefits of a strategically planned approach are well understood, the current status of water management and planning in India suggests that little has been achieved in its widespread implementation. This paper explores the reasons underpinning the apparent poor approach to full integration in the management and use of both water sources, and the absence of more coordinated planning. It is the authors' view that there remain significant gaps in water managers' understanding as to what aspects of the contemporary management regime require overhaul to achieve integrated management and the improved outcomes that could be expected as compared with separate management arrangements. Such lack of understanding is an important impediment to the governance, institutional and physical infrastructure reforms whereby planned conjunctive use could improve existing management and regulatory arrangements. Reforms may also be impeded by different 'ownership' models of groundwater and surface water delivery infrastructure and the associated entitlement regime (i.e. private and /or public); a situation that has Implications for social and institutional behaviour and ultimately the adoption of a conjunctive management approach.

This paper is intended to provide insight into these barriers to adoption and hence provide a new focus on an old paradigm; a focus intended to make progress with the objective of improved water management and water use efficiency and so support longer term outcomes in the form of improved food security in critical parts of India.

CONCEPTS AND MISCONCEPTIONS OF CONJUNCTIVE USE

In most climates, precipitation, and consequently peak river discharge, occurs during a particular season of the year, whereas crop irrigation water requirements are at their greatest during periods of low rainfall when unregulated stream flows are significantly lower. For many irrigation systems, water supply is aligned with crop water requirements through the construction and management of dams, which capture water during periods of high flow, enabling regulated releases to meet crop water requirements. However, the construction, operation and distribution of water from dams are inherently costly undertakings. Furthermore, dams

and the associated distribution systems are commonly subject to high system losses through evaporation and leakage and they have social and ecological impacts upon communities and the environment in and on which they are built.
Conversely, under natural recharge regimes, groundwater storage requires no infrastructure, the aquifer serving as the natural distribution system. The point of irrigation, in a groundwater-fed irrigation command, is commonly opportunistically located close to the groundwater extraction point, which in turn is integrated into on-farm irrigation infrastructure. Under a sustainable extraction regime, groundwater of a suitable quality can provide a reliable source of water either as a sole supply of water, or to supplement alternative sources. Commonly, the large storage to annual use ratio typical of many regional aquifers means that the reliability of supply from groundwater is less affected by seasonal conditions than are surface water systems, and may indeed provide significant buffering against droughts. However, most intensively used groundwater systems (within the context of irrigation) are located in the semi-arid parts of the world and are characterised by relatively low annual recharge. Then the ratio of annual use to long term annual recharge becomes the predominant measure of sustainability for these systems, independent of aquifer storage. Whilst providing a large storage and natural distribution system, aquifers are, generally speaking, unable to capture a significant portion of runoff arising from large rainfall events. Aquifers therefore do not annually harvest water on a scale that justifies the construction and operation of centralised water delivery systems based on groundwater alone.
The aim of conjunctive use and management is to maximise the benefits arising from the innate characteristics of surface and groundwater water use; characteristics that through planned integration of both water sources, provide complementary and optimal productivity and water use efficiency outcomes.
At the farm scale, conjunctive use is implemented on a day to day basis with 'management' characterised by low level (or micro) decisions incorporating factors such as resource availability, costs of delivery to the crop, tradability of unused allocation and water quality. Collectively, these factors contribute to minimising costs, optimising production and maximising net profitability. However, at the irrigation command level, planned conjunctive water use and management aims for higher level objectives. Planned conjunctive use is expected to optimise productivity and equity in the management of surface water and groundwater resources (World Bank 2006) and promote economic, environmental and social sustainability.
The aquifer provides a natural storage system to source groundwater during periods of demand, Optimal management may take advantage of unutilised storage capacity through Managed Aquifer Recharge (MAR) whereby recharge is enhanced for later recovery. From a conjunctive use perspective, such a management approach enables surplus surface water to be captured (during high flow events) and utilised at times when the dam or stream flow is depleted or when water is required for other purposes. Groundwater recharge enhancement can be via injection down recharge wells, storage of water in infiltration basins or slowing the natural flow of surface waters to induce additional groundwater recharge
An example of this approach is found on the Al Bettina coastal plain of eastern Oman where highly episodic wadi flood flows are captured by dams and the retained water is encouraged to recharge the productive gravel aquifer underlying the area. However, in general, aquifers rarely offer large enough storage capacity for absorbing large volumes of flood water in a short period of time. The use of artificial recharge (or MAR) as a management option couples the attributes of the aquifer system with those of the surface water system without relying upon the natural hydrological regime of the water cycle. In effect, it decouples the need for physical connection between surface water and groundwater resources through engineering interventions. MAR as an adjunct to conjunctive management would in most cases only be likely to occur through coordinated planning which may range from village scale low technology water harvesting approaches, to technically sophisticated approaches (as increasingly being adopted in the developed world). Irrespective of the degree of technical sophistication, the planning requirements associated with a successful MAR initiative are such that it is an aspect of conjunctive management that is unlikely to be adopted where spontaneous 'farm scale' conjunctive use prevails.
At the general level the benefits attributed to optimising conjunctive use of surface and groundwater have been investigated over many years through theoretical modelling and studies of physical systems. These benefits take the form of:
1-Economic gains
2- Increases in productivity
3- Energy savings
4- Increased capacity to irrigate via larger areas
5- Water resource efficiency
6- Infrastructure optimisation
An example includes Bredehoeft and Young (1983), who modelled a twofold increase in net benefit arising from conjunctive management. Another is the Agriculture and Rural Development Group, World Bank (2006), which reported a 26 per cent increase in net farmer income, substantial energy savings, increased irrigation and substantial increase in irrigated crop area for Uttar Pradesh, India, as a result of conjunctive management of monsoon floodwaters in combination with a regional groundwater system.

REQUIRED INSTITUTIONAL STRUCTURES FOR EFFECTIVE CONJUNCTIVE USE MANAGEMENT

Conjunctive use management is not constrained mostly by a lack of technical understanding (though this is an important constraint), but rather by ineffective and incompatible institutional structures, with separate management arrangements almost always established and operated by different institutions. As well, water resources at the sovereign level are often managed by a dedicated agency, whilst irrigation commands are often managed by agricultural agencies or dedicated irrigation command authorities. Overall water resource policy may be set at a jurisdictional scale with the irrigation sector required to operate under the authority of a regulatory agency. This results in a complex mosaic of planning and decision pathways that are not easily overcome in the pursuit of a planned conjunctive management model.

INDIA'S READINESS FOR SUSTAINED CONJUNCTIVE MANAGEMENT

Irrigation planners and managers in Asia need to recognize that the era of construction of irrigation projects in Asia is rapidly coming to a close; the challenge now is to improve the management of public irrigation assets, ignoring the role of private groundwater irrigation in canal command means missing out on a great opportunity for unlocking value from irrigation systems; Asia's semi-arid regions its own model of managed aquifer recharge and sustainable agricultural water solutions. Indian agriculture is already plumbed for highly effective conjunctive management of surface and groundwater. All that the sector needs are reconditioned surface systems and a conjunctive management protocol.
Conjunctive management is at work, for example, when canal irrigation system managers purposely direct surface water deliveries away from water-logged areas to groundwater depleted areas; or when they suspend canal supplies during the rainy period to provide irrigation during dry season; or when they use treated urban wastewater to supplement fresh canal or groundwater supplies. In Gujarat state of western India, the Government has constructed a 600 km long spreading canal to use surplus flood waters from Kadana and Sardar Sarovar reservoirs in the south to recharge parched aquifers of North Gujarat to counter groundwater depletion and reduce power subsidies to irrigation. This is a good example of conjunctive management of surface and groundwater.
India's conjunctive management potential has increased enormously thanks to a booming groundwater irrigation economy in the command areas of surface irrigation systems. However this potential is far from being fully utilized. Canal irrigation managers often ignore or are unaware of the benefits of conjunctive management. Moreover, poor rule enforcement in canal commands also makes conjunctive management difficult. As a result, conjunctive management in many Indian systems happens but largely by default through private entrepreneurial action by farmers.
Purposeful conjunctive management of surface and groundwater requires a mind-set change among irrigation managers and tighter rule enforcement, besides, of course, modernization of canal and irrigation network. Institutions and management structures need to take up proactive and purposive conjunctive management of rainwater, surface water, wastewater, and groundwater.

EXAMPLES OF SUCCESSES AND FAILURES OF CONJUNCTIVE USE

It is acknowledged that conjunctive use of groundwater and surface water already occurs in most countries where irrigated agriculture is practiced, both in the developed as well as developing countries. However, it is also recognised that whilst conjunctive use is probably the norm more so than the exception, its operation within an integrated water management framework is where adoption is significantly lacking.

Foster have described the setting for conjunctive use in Uttar Pradesh State in India, which is categorised as a humid but drought-prone middle alluvial plain hydrogeological setting. The alluvial plains of the Ganges Valley (the Indo-Gang etic Plain) in Uttar Pradesh, India are underlain by an extensive aquifer system holding groundwater that represents as much as 70 per cent of overall irrigation water supply. This is one of the largest groundwater storage reserves in the world. Its utilisation as a water resource has primarily arisen in response to reduction in supply and unreliable operation of the irrigation canal systems. The aquifers are directly recharged from infiltrating monsoon rainfall but also indirectly from canal leakage and poor applied irrigation efficiency (i.e. excess rates of field application); a common scenario in such hydrogeological settings.

Increasing groundwater abstraction has resulted in a declining water table, particularly in high intensity 'groundwater exploitation zones', whereas in other areas (in some cases within 10-20 km), flood irrigation and canal leakage have maintained shallow water tables. The decline in water tables in some areas is correlated with evidence of irrigation tube well dewatering, yield reduction and pump failure, together with hand-pump failure in rural water-supply wells. Conversely, threats arising from shallow water tables elsewhere are evident in around 20 per cent of the land area being subject to shallow or rising groundwater levels, with and salinization leading to crop losses and even land abandonment soil waterlogging. (Foster et al., 2010).

In the light of the challenges posed by rising water tables in some areas, and declines in the water resources elsewhere, in the Jaunpur Branch canal-command area in Central Pradesh a 'more planned conjunctive-use approach' is being implemented.

These activities are being aligned with the pursuit of an appropriate management plan, for which the land surface has been subdivided on the basis of hydrogeological and agro economic criteria into 'micro-planning and management zones'. For each *zone* a canal reach (e.g. head, mid or tail) is assigned with an indication of current irrigation canal flow and water table level. The irrigation water service situation, groundwater resource status and groundwater management needs are then identified.

IWMI (2002) describe the situation for the western Indo-Gang etic plain, where, although rainfall ranges between 650 and 1,000 mm annually, only 200 mm naturally percolates through soil layers to recharge underlying aquifers. In this area, like many others in India, groundwater pumping by farmers exceeds recharge (from rainfall and leakage from surface waters (canals and rivers) and application excess). Farmers are at the mercy of monsoon rains, which can fail to provide water when and where it is needed. The high concentration of rainfall, over a 3 month period, means the majority of water runs off the already saturated soil. During the dry season, a lack of canal water means a reliance on pumping from groundwater stores, which are not totally replenished from the previous year, hence further depletion (mining) of the aquifer system

A ten year pilot project (the Madhya Ganga Canal Project) undertaken in this area has demonstrated a low cost way of utilising the excess surface water during monsoon season by conserving and rejuvenating falling groundwater reserves. The project involved diversion of 234 m3/s of monsoon waters in the River Ganga to the Madhya Ganga Canal, which feeds both the Upper Ganga Canal system and the Lakhaoti Branch Canal system. Through systems of unlined (unsealed) earthen canals, water is delivered to farmers for irrigation of water intensive monsoon crop such as paddy rice and sugarcane. The unlined nature of the canal systems and Infiltration of excess irrigated water facilitates the recharge of underlying aquifers, in which the water table was raised from an average 12 m bgl (below ground level) to an average 6.5 m bgl. Simulations showed that without such a Conjunctive management approach, levels would have continued to decline to an average depth of 18.5 m bgl over the course of the study.

The conjunctive management of surface water and groundwater has proved productive in terms of the average net income increasing by 26 per cent through reductions in pumping costs and improved cropping systems. It has demonstrated a more sustainable system through improved cropping patterns and more reliable and sometimes new (e.g. providing water in previously existing dry pockets) sources of water for irrigation and other uses, such as domestic/industrial supplies. During the dry season, drawdown from groundwater pumping prevents waterlogging and maximises storage space for recharge during the following year's monsoon.

Unused (often lined) drainage canals constructed in the 1950s to control water logging and floods are also being targeted as a means for diverting monsoon waters across India either for irrigation, storage and later use, or recharge to underlying aquifers. Modification of previously lined canals can aid their transformation into temporary reservoirs, where 'check structures' at suitable intervals slow down water flow and increase the aquifer recharge capacity of the carrier (Khepar *et al*, 2000 in IWMI, 2002).

The Mahi Right Bank Canal System in central Gujarat is one example of conjunctive use by default. Commissioned in the 1970s, the canal irrigation system provided water to 250,000 hectares of land that became waterlogged and faced secondary salinization. Over the years, about 100,000 private tube wells were constructed and became the major source of irrigation water in command areas. These tube wells now serve as vertical drains - excellent substitutes for capital-intensive lateral drainage system. Waterlogged areas shrunk and agriculture boomed in previously unproductive regions. Irrigation efficiency, once defined as cubic meters/hectare of canal supplies was low; but when now measured as cubic meters/canal and groundwater irrigated area together, it is very high.

The vast plains of Punjab offer the same story. Massive waterlogging and secondary salinization in the 1950s and 60s have eased or been eliminated by private tube well development.

Down south in Tamilnadu, many canal irrigation systems have been over-extended so much so that canal water supplies needed to be rotated to different blocks of command areas. In some systems, all canal water is supplied to half a command area for a certain number of months; the other half uses well water while waiting for its turn to canal water privileges. In other systems, the entire canal network is run for a particular season, with canal water deliveries confined to left side in one year and on the right side the next year.

The proliferation of tube wells in command areas has made it possible for irrigation system managers to distribute available surface supplies over a much larger area than was earlier possible. Moreover, farmers value groundwater recharge from canal irrigation as much as - sometimes even more than - direct irrigation benefit.

SOCIAL AND ENVIRONMENTAL BENEFITS THROUGH CONJUNCTIVE USE SCHEMES

In Utter Pradesh, a planned approach was implemented at the regional scale aimed at effecting changes to the water supply/demand balance by considering the nature of the complete water cycle for the area and how this behaved spatially and temporally. A series of actions were then undertaken to optimise the existing infrastructure so as to enable a larger amount of water to be accessed in a more efficient manner. It seems there was little in the way of State-sponsored investment and no apparent changes to management and/or regulation levels. However, local ownership was focussed on increasing the total water availability. The benefits of these actions have been widely reported.

As Bredehoeft said "Effective conjunctive management can probably only be accomplished by an approach that integrates the groundwater and surface water into a single institutional framework; they must be managed together to be efficient. Current institutions based upon the present application of the rules of prior appropriation make conjunctive management not practical." This is because the existing surface water rights are strongly maintained and enforced by the relevant water authorities and consequently groundwater is not able to be used in an unencumbered conjunctive use sense.

The social, technical and economic factors require consideration within the local context, as they are critical to developing the optimum management arrangements. However, the optimum approach may prove to be purely theoretical if implementation is inhibited by existing institutional or policy structures. This specifically applies to the legal "ownership" of water rights, the ability of local bodies or water user associations to make day to day decisions and the ability to undertake effective Groundwater resource accounting critical for effective Management in a 'changing world'.

GOVERNANCE APPROACHES

Uttar Pradesh conjunctive use example, make the point that "multi-faceted governance arrangements are necessary for successful management of smallholder surface water irrigation systems. In managing conjunctive use, these arrangements become more complex. The greater complexity in management arises from the need for coordinated management of the two resources through greater participation and networking of stakeholders at each stage of water allocation, use and management." Further, Livingston subdivides water governance models for water supply systems into three types: Bureaucracy, Community and Market. Governance approaches may favour one part of these three, but will ultimately include elements of all.

The governance model will need to address four areas of endeavour: Legislative, Organisational, Capacity and Socio-political. In many countries, the organisational aspect will require the most significant changes to be made.

INSTITUTIONAL STRENGTHENING

Institutions that manage water, at both the national and regional scale will need to be strengthened to remove impediments. This will require the adoption of frameworks that promote integrated water resource management where surface water and groundwater functions operate collectively towards a single over-arching objective, and the function of water and agriculture ministries are also aligned for this purpose. Institutions will need to be clear on who operates and manages irrigation commands; arrangements that may be inclusive of either the public or private sphere, or a combination of both.

POLICY AND LEGISLATION

In many instances, there will be a need to understand and review the current approaches to allocating rights to water, and the form and attributes of those rights. In many situations, policies and regulations may be poorly formulated and hence not operating efficiently to achieve the intended outcomes. Effective water allocation planning is paramount. Such planning will need to be supported by strong national policy and to occur within a framework that ensures sustainable levels of take and use of the resource. This will require significant technical input, especially within the context of the need to assess the available consumptive pool.

PLANNING

By its very nature planned conjunctive use will require a strong management platform. There is a need to clearly define objectives, outcomes, activities and performance measurement and compliance arrangements. Such plans should be based around water allocation mechanisms and have regard to the technical understanding of the total consumptive water available.

Plan implementation will require definition of investment requirements and decisions about who will make those investments, and who ultimately pays. Ideally, planning should incorporate the triple bottom line notions of achieving environmental, economic and social objectives.

MARKET AND PRICING APPROACHES

Surface water and groundwater will always have differential cost structures that apply to users. In centralised government systems, these cost structures may be heavily subsidised as a result of related policy decisions (for instance, those for food and energy) and there may be unwanted outcomes as a result; usually these relate to poor water use efficiency outcomes. In general, groundwater users fully finance their associated infrastructure whereas surface water infrastructure has been either wholly or partly subsidised by the State. The different ownership models contribute to differential cost impacts for irrigators, leading to decisions that are inconsistent with optimised planning objectives. Conjunctive management will need to understand and remove these impediments. State-sponsored ground-water development is an area where investment may be required. There will also be differences in economic approaches at the macro and micro scale, and any activity to enhance the water market needs to acknowledge the two different scales of benefits. This is also true where economic incentives are implemented.

ON THE GROUND IMPLEMENTATION

Planned conjunctive use management will benefit strongly from, and possibly require, strong ownership by the irrigated farming sector. This can be achieved by building strong local water user groups through targeted education and enabling actions. In the past, communities have been focused upon single issues (either surface water or groundwater) and there has been a reluctance to engage in management issues associated with the other side of the resource picture that would require reorganisation to better reflect the distribution of users. Overcoming this issue is exacerbated by a number of factors including the absence of a revenue base for cost recovery and the politicisation of the user groups towards maintaining subsidised surface water supplies.

USE OF FINANCIAL AND MARKET BASED INSTRUMENTS TO PROMOTE PLANNED CONJUNCTIVE USE

Financial and market based instruments (FMBI) are a range of financial and economic measures which can be used to encourage specific actions and trends. In the context of water resource planning, FMBI can be direct financial incentives (e.g. taxation reduction, subsidies to lower electricity prices) or disincentives (e.g. taxation increases) or alternatively indirect trade-offs or offsets (e.g. pollution reduction schemes) and the introduction of water trading.

The introduction of clearly defined water "rights", the application of well-defined caps (i.e. maximum limits of use of groundwater and surface water) and then the introduction of a water trading regime can operate to strongly facilitate more efficient total water use. Surface water trading regimes currently operate in many countries; however, groundwater trading regimes are not so common. Surface water to groundwater (and vice versa) trading regimes are rare. Nonetheless, water trading can represent a strong market instrument to encourage conjunctive use, if it is managed appropriately. There are however few examples in the world where this has occurred. This is especially an issue where the market mechanisms are not designed to account for environmental impacts (e.g. salinity effects).

A SUGGESTED SET OF CONJUNCTIVE USE PRINCIPLES FOR CONSIDERATION WITHIN A GOVERNANCE APPROACH

The following is a suggested set of principles for the implementation of conjunctive use management within existing irrigation commands where existing infra-structure and historical governance arrangements are in place.

1- Planning should be undertaken with full and detailed knowledge of the characteristics of both the surface water and groundwater systems, existing system operations and the demands of the cropping systems;

2- Goals should be established that are intended to optimise the water supply/demand balance, Irrespective of existing institutional, governance and regulatory models;

3- Revised institutional arrangements underpinning the new conjunctive management model must be supported with a strong policy and legislative base;

4- The combined surface water/groundwater system and their use should be managed so as to optimise net economic, social and environmental benefits taking into account national energy, food security, population and poverty reduction, sustainability and climate change policies and programs;

5- Stakeholder participation should be encouraged.

From an operational point of view, some key guidelines to implementing conjunctive management include:

1- A technically robust understanding of stream-catchment-aquifer interactions;

2- A water balance that is inclusive of connectivity between the surface and groundwater systems;

3- Technical assessment techniques commensurate with the understanding of the hydrological system and with explicit recognition as to the limitations to the validity and applicability of information;

4- A strategic monitoring program for the catchment including the alignment of groundwater and Surface water monitoring. Monitoring regimes should recognise the differences between assessments monitoring and management monitoring. Management monitoring refers to the monitoring of Management rules and processes whilst assessment monitoring refers to monitoring of the technical or scientific aspects of stream-aquifer interactions

CONCLUSIONS

1. There are a range of settings within which conjunctive use management can occur and there do not appear to be any situations where conjunctive use management should not be practiced;
2. Planned conjunctive use management is far better than spontaneous conjunctive use;
3. Most development has already occurred and no new "Greenfield" irrigation developments are likely at a significant scale. Most implementation of conjunctive use management will be by retro-fitting management arrangements to already existing systems;
4. Poverty reduction in irrigation areas is closely linked to water supply efficiency and hence to conjunctive use management;
5. The regulatory settings for water management for different sovereign States will be the most important setting for management approaches. Any institutional strengthening will need to be supported by strong policy and possible legislative changes;
6. Conjunctive use management will be linked to sovereign policies related to energy, climate change adaption and to food security and hence a broader governmental approach will need to occur;
7. An important part of planned conjunctive use is the identification of the true total cost of water resources and the separate cost to individual users (for example, electricity subsidies are very common). The total real cost and individual water user cost can be very different.
8. The degree of connectivity of surface water and groundwater is an important technical consideration, but not one that will greatly influence whether conjunctive use management is successful;
9. Institutional strengthening around groundwater management and a fully integrated water agency will be a major challenge in most areas;
10. Public education and supporting technical assessments will be an important part of conjunctive use management.

REFERENCES

1. Bhatia, Ramesh (2005). 'Water and Growth', Background Paper for 'Water Economy of India', World Bank, Washington.
2. Bhattarai, Madhusudan, Randolph Barker and A. Narayanamoorthy (2004a). Implication of Irrigation Multipliers for Cost recovery and Irrigation Finanacing, IWMI-TATA water Policy Programme.
3. Bredehoeft J D, 2011. Hydrologic Trade-Offs in Conjunctive Use Management. Groundwater Vol 49, No 4, pp 468-475.
4. Foster S and Garduño H, 2006. Integrated approaches to groundwater resource conservation in the Mendozan Aquifers of Argentina. GW-MATE Case Profile Collection, Number 6, World Bank, Washington DC. www.woldbank.org/gwmate
5. Foster S and Steenbergen F van, 2011. Conjunctive groundwater use: a 'lost opportunity' for water management in the developing world? Hydrogeology Journal DOI 10.1007/s10040-011-0734-1.
6. IWMI, 2005. Reducing poverty through integrated management of groundwater and surface water. Water Policy Briefing. Issue 13. International Water Management Institute, February 2005.
7. Joshi L. K., (1997). 'Irrigation and its Management in India: Need for a paradigm Shift', mimeo, National Workshop on Participatory Irrigations.
8. Murray-Rust H and Vander Velde E, 1994. Conjunctive use of canal and groundwater in Punjab, Pakistan: management and policy options. Irrigation and Drainage Systems 8:201-231, 1994.
9. Qureshi AS, Turral H, and Masih I, 2004. Strategies for the management of conjunctive use of surface water and groundwater resources in semi-arid areas: A case study from Pakistan. Research Report 86. International Water Management Institute
10. Sahuquillo A, 2004. Conjunctive Use of Surface Water and Groundwater. Encyclopaedia of Life Support Systems (http://www.eolss.net/Sample-Chapters/C07/E2-09-07-04.pdf)
11. Tsur, Y, 1990. The stabilisation role of groundwater when surface water supplies are uncertain: the implications for groundwater development. Water resources Research, Vol 26, No 5
12. World Bank, 2006. Conjunctive Use of Groundwater and Surface Water. Agricultural and Rural Development Notes, Issue 6

A STUDY ON PERFORMANCE APPRAISAL SYSTEM IN SERVICE SECTOR ORGANISATIONS IN INDIA

Dr. NAVEEN KUMAR
ASST. PROFESSOR
DEPARTMENT OF COMPUTER APPLICATION
MADANAPALLE INSTITUTE OF TECHNOLOGY & SCIENCE
MADANAPALLE

Dr. NALLA BALA KALYAN
ASST. PROFESSOR
DEPARTMENT OF MANAGEMENT STUDIES
S V COLLEGE OF ENGINEERING
TIRUPATI

ABSTRACT

This Paper focuses on the factors affecting performance appraisal system in India. The services sector covers a wide array of activities ranging from services provided by the most sophisticated sectors like telecommunications, satellite mapping, and computer software. Performance appraisal or evaluation is the process of identifying, measuring and developing human performance in organizations. An effective appraisal system must not only accurately measure current performance levels, but also contain mechanisms for reinforcing strengths, identifying deficiencies and feeding such information back to rates in order that they may improve future performance. In this paper, we present the review of some popular performance appraisal techniques in India. In recent years, performance management has become more significant because managers are under constant pressure to improve the performance of their organisations. It is now realised that the performance of organisations influence the organisation's continued existence and success.

KEYWORDS

India, organisations, performance appraisal system, service sector.

JEL CODE

L25.

1. INTRODUCTION

The term performance itself denotes judgment behaviour which has been evaluated. Performance appraisal is thus the process observing and identifying, measuring and developing human behaviour in the organization. Performance appraisal has been synonymous with performance review, performance evaluation, performance assessment, performance measurement, employee evaluation, personnel review, staff assessment, service rating, etc. The development of performance appraisal has four distinct phases. It is called TEAM (Technical, Extended, Appraisal and Maintenance) approach. Performance Appraisal is reviewing past performance, rewarding past performance, goal setting for future performance and employee development. Employee's appraisal system may be considered one of the indicators of the quality of Human Resource Management in an organization. Properly designed and realized process of employees" appraisal is not only the necessary basis of successful employee performance management, but also provides valuable information for other human resource management functions. Performance Appraisal is important because it helps in Performance Feedback, Employee Training and Development Decisions, Validation of Selection process, Promotions & Transfers, Layoff Decisions, Compensation Decisions, Human Resource Planning (HRP), Career Development and Develop Interpersonal Relationship. Some techniques that were used in the past are not use during present time, like ranking, critical incident, narrative essays. In all the way of work time, many of new advance roads have been suggested for performance appraisal technique like MBO, Assessment Centres, BARS, Human Resource Accounting, 360 Degree and 720 Degree. Due to rapid globalisation of world economy, the context and paradigm of performance in the organisational perspective has undergone sea change. Organisations now have to face competitive pressures, uncertainty, and dynamic environment and above all rising expectations of the customers that includes the external as well as internal customers. These factors have compelled organisations to manage performance of employees for achieving and sustaining their competitiveness. Performance is a behaviour that leads to results. Performance of an employee does not happen in isolation or without adequate reason. There are casual factors, which include employee to perform better. Such factors are motivation, leadership, reward and compensation system, promotion system, training and development etc.

2. PERFORMANCE APPRAISAL

Atiomo (2000) agrees with Fajana (1997) that performance appraisal is a system which provides organizations with a means of identifying not only what people's performance levels are but which areas those levels need to be improved if maximum use is to be made of human resource. According to Atiomo, every organization should ensure that the individual is clearly aware of what his functions and responsibilities are to make performance appraisal effective.

Rao writes that performance appraisal is the process through which organization takes stock of its manpower in terms of its present performance, the aptitude and interest of each person, his strengths and weaknesses and his potential for growth. The data emerging from such an exercise constitutes the primary database for individual development and should be communicated to the subordinate.

The above comment of Rao is revealing because one of the major issues in performance appraisal is communication. If one's performance is not communicated to him or her, there would be no way the person's performance would improve in the subsequent future, which would definitely defeat the purpose of performance appraisal. In an industrial organization, if a supervisor fails to communicate to his subordinate in terms of strengths and weaknesses, the subordinate's future performance would be in jeopardy. In a university system, the heads of departments, should communicate the performance of their subordinates to them at the end of every appraisal exercise and discuss the outcome of the appraisal exercise with the subordinates during performance counselling exercise in order to improve their performance in the future.

3. MEANING OF PERFORMANCE APPRAISAL

Performance appraisals are a regular review of employee performance within organizations.

Generally, the aims of a scheme are:

- Give feedback on performance to employees.
- Identify employee training needs.
- Document criteria used to allocate organizational rewards.
- Form a basis for personnel decisions: salary increases, promotions, disciplinary actions, etc.

- Provide the opportunity for organizational diagnosis and development.
- Facilitate communication between employee and administrator.
- Validate selection techniques and human resource policies to meet federal Equal Employment Opportunity requirements.

4. DIMENSIONS OF EFFECTIVE PERFORMANCE MANAGEMENT

Processes are the means by which individual performance is directed, assessed, and rewarded. Performance management should be a continuous process and should be carried out regularly.

People Management Capability: The knowledge, skills, attitude, and behaviours that the mangers need in order to raise the performance standards of their employees. The managers and employees should act together in the same spirit within the overall framework of performance management.

Motivation: The extent to which the organizations communicate performance management and seek commitment of employees toward it. Performance management should be participatory in nature so as facilitate exchange of performance and development needs.

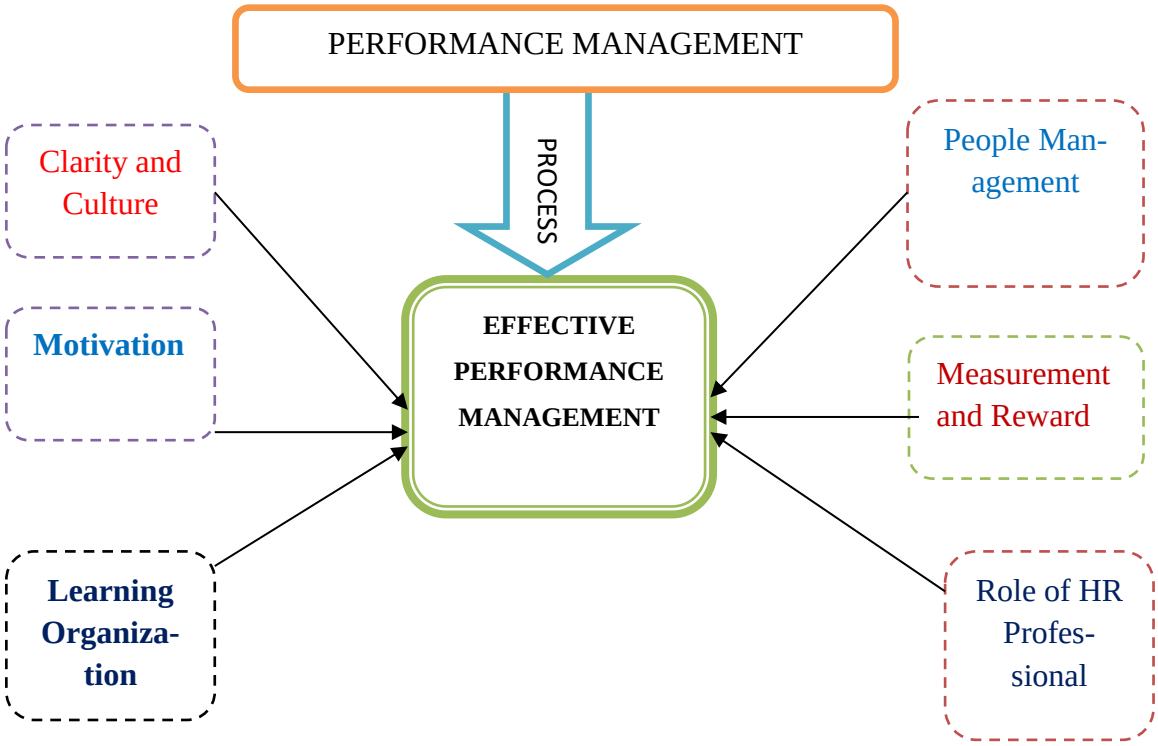
Measurement and Rewards: The performance criteria or indicators that that are used to evaluate individual performance and the organizational effectiveness of the whole system, and how these are used to allocate rewards.

Role of HR professionals: The extent to which HR professional demonstrate subject matter expertise: draw upon relevant theory research evidence and influence through leaders within organizations to focus energy on the aspects on performance management that make a significant difference to performance. Human resource professional should follow a win approach in order to help mangers and their employees succeed.

Learning Organization: The extent to which organizations are able to objectively reflect and lean from their own performance management experience, builds on what works, and refining where necessary.

Culture and clarity of purpose: The extent to which an approach to performance management resonates and is congruent with the broader culture of the organization in which it is being applied.

FIGURE 1: KEY ELEMENTS OF EFFECTIVE PERFORMANCE MANAGEMENT



5. TYPES OF APPRAISAL

There are basically three types of appraisal. These include confidential or secret appraisal, open appraisal and we also have semi open and semi secret. However, Mamoria (1995) and Ryars and Rue (1979) identified two types of appraisal, confidential and open appraisal.

Confidential Appraisal: In confidential appraisal, Murthy (1989) writes that the individual is not involved in the appraisal exercise as the appraisal outcome is not at all communicated to the person being appraised. In essence, the person's strengths and weaknesses are not communicated to him or her. Obisi (1996) adds that some managers and supervisors involved in performance appraisal ignore periodic counselling after an incident has taken place.

Open Appraisal: Open appraisal system reveals to the appraisee his or her strengths and weaknesses, his contributions and failures, which are discussed with him or her during performance counselling interview. Mukundan (1989) writes that open appraisal method would reveal and create self awareness, which is a process of giving insight into one's own performance. It helps the employee become more reflective and objective about him and future planning, which establishes an action plan for the coming year in terms of fixing targets, activities, responsibilities etc. It also makes the employee aware of his key performance areas and the contribution that he is making to the organization.

Semi Open and Semi Secret Appraisal: This is an appraisal process whereby performance appraisal procedure would be made open at the beginning and later made secret. For instance, if an appraise is asked to fill an appraisal form and the superior rates the subordinate and return his rating to the subordinate to sign and after signing, the subordinate would not hear anything again about his final performance outcome. In some cases, the subordinate would be given the form to fill and after filling and returning the form, the subordinate receives no further communication.

6. FACTORS AFFECTING PERFORMANCE APPRAISAL

According to S. K. Chakra borty performance appraisal should be done with caution. It is always advisable to make a preliminary survey of the following constraints within which the employees of an organization is working.

Environmental Constraints: These are several environmental constraints which may be outside the control of a worker and to ignore this fact in judging his performance would be unjust.

Organizational leadership: The style of the top leadership of an organization should be looked into. it is the nature of leadership at the top which determines to large extent the loyalty and commitment of employees to the goals of an organization.

Interdependence of subsystem: Since every organization is a big system composed of a number of interdependence subsystems, the success or failure of any one subsystem has got to be interpreted in the context of all other systems to which it is related. For example the substandard output of the production department may be due to the poor quality of purchases made by the purchasing department or the trouble may be at some higher level subsystem where planning for the production and purchase department has been done.

Organizational structure: Initiative, drive and innovation thrive best in a flexible structure. These qualities do not receive encouragement in a rigid structure. This is because in this type of structure the authority to approve innovation is often placed several levels above the people who innovate.this is because in this type of structure the authority to approve innovation is often placed several levels above the people who innovate. This makes the proposal pass from person to person and robs the information reaching the ultimate decision maker of much of its logic and understanding. What is needed is a direct relationship between the doer and the approver.

7. APPROACHES TO PERFORMANCE APPRAISAL

George odiorne has identified four basic approaches to performance appraisal.

Personality based systems: In such systems the appraisal form consists of a list of personality traits that presumably are significant in the jobs of the individuals being appraised. Such traits have initiative, drive, intelligence, ingenuity, creativity, loyalty and trust worthiness appeared on most search lists.

Generalized descriptive systems: Similar to personality based systems they differ in the type of descriptive term used. Often they include qualities are actions of presumably good mangers organizers, planes, controllers, motivate other, delegates, communicates, make things happen and so on. Such a system, like the personality base system, might be useful if meticulous care were taken to define the meaning of each term in respect to actual results.

Behavioural descriptive system: Such Systems feature detailed job analysis and job descriptions, including specific statements of the actual behaviour required from successfully employees**.**

Result centred systems: These appraisal systems are directly job related. They require the manger and subordinate sit down at the start of each work evaluation period and determine the work to be done in all areas of responsibility and functions, and the specific standards of performance to be used in each area.

8. PERFORMANCE APPRAISAL METHODS

The important methods of Performance Appraisal are:

METHODS

A) TRADITIONAL METHOD

1. **Ranking Method**

The oldest and simplest system of formal systematic rating is to compare person with all others for the purpose of placing them in a simple rank order of worth, In doing this, the appraiser considers person and performance as an entity; no attempt is made to systematically fractionize what is being appraised in to component elements. In this method, the employees are ranked from best to worst on some characteristic. The rater first finds the employee with the highest performance and the employee with the lowest performance in that particular job category and rates the former as the best and the latter as the poorest.

2. Alphabetical /Numerical Rating Method

There is various method of rating, but the basis is that the appraiser is presented with a series of performance factors. Such as job knowledge, versatility, analytical ability and so on. Each of these is rated with a number or letter in a scale: 1 to 7 or A to E with A being regarded as outstanding and E as unsatisfactory.

3. Checklist Method

To reduce the burden upon the appraiser a checklist system can be utilized. The rater does not evaluate employee performance, it its merely reported. The evaluation of the worth of reported behaviour is by the staff personnel department. A series of questions are presented concerning an employee to his behaviour. The rates then checks to indicate if the answer to a Question about an employee is positive or negative. The value of each question may be weighted equally or certain question may be weighted more heavily than others. This method is done on the basis of Yes or No format.

B) MODERN METHODS

1. Assessment Centre Method

The Assessment centre concept was initially applied to military situations by somnolent in the German Army in the 1930s and the war office selection board of the British army in the 1960s. The purpose of this method was and is to test candidates in a social situation, using a number of assessors and a variety of procedures. The most important feature of the assessment centre is job related simulations involve characteristics that managers feel are the important to the job related simulations. These simulations involve characteristics that managers feel are the important to the job success. The evaluators observe and evaluate participants as they perform activities commonly found in these higher level jobs. Under this method, many evaluation join together to judge employee performance in several situations with the use of a variety of criteria. It is used mostly to help select employees for the first level (the lowest) supervisory positions. Assessments are made to determine employee potential for purpose of promotion. The assessment is generally done with the help of couple of employees and involves a paper –and – pencil test, interviews and situational exercises.

2. 360 degree appraisal

360 Degree Assessment and feedback is a way of getting feedback from managers, peers, subordinates, customers and suppliers on key competencies, and giving the person receiving that feedback the chance to compare it with their own self Assessment. 360 degree profiling is perception based and participants must be willing to hear a less than positive profile about them and also be willing to address the ambiguous causes. The normal reaction is to not accept the data and say that since and it is people – based, personal bias could have played a major role in the results. Whereas assessment profile of an individual's natural tendencies, talents and strengths result in self sports that focus on factors like work styles, traits and personality factors. These tools can be perfect complement to a 360 degree type assessment. Now, any organization needs to decide whether they want to use these assessment tools in combination with their existing methods of recruiting. A current assessment project and its success can depend on factors like costs, staff time and effort potential increase in productivity.

3. Management by Objective (MBO)

Is a process of agreeing upon objectives within an organization so that management and employees agree to the objectives and understand what they are? The term "management by objective" was first popularized by Peter Drucker in his 1954 book 'The Practice of Management'

9. SERVICE SECTOR

The portion of the economy that produces intangible goods, according to the U.S. Census Bureau, the service sector primarily consists of truck transportation, messenger services and warehousing; information sector services; securities, commodities and other financial investment services; rental and leasing services; professional, scientific and technical services; administrative and support services; waste management and remediation; health care and social assistance; and arts, entertainment and recreation services. Individuals employed in this sector produce services rather than products. Examples of service sector jobs include housekeeping, psychotherapy, tax preparation, guided tours, nursing and teaching. By contrast, individuals employed in the industrial/manufacturing sector might produce goods such as cars, clothing and toys.

Countries with primarily service-based economies are considered to be more advanced than countries with primarily industrial or agricultural economies. Examples of countries with a heavy emphasis on the service sector include the United States, Australia, Japan and the United Kingdom. In the U.S., the Institute for Supply Management's (ISM) monthly index provides a measure of the general state of business in the non-manufacturing sector. Because approximately two-thirds of U.S. economic activity resides in the service sector, the index is considered a measure of the country's overall economic health. The services sector covers a wide array of activities ranging from services provided by the most Sophisticated sectors like telecommunications, satellite mapping, and computer software to

simple services like those performed by the barber, the carpenter, and the plumber; highly capital-intensive activities like civil aviation and shipping to employment-oriented activities like tourism, real estate, and housing; infrastructure-related activities like railways, roadways, and ports to social sector related activities like health and education. Thus, there is no one-size–fits- all definition of services resulting in some overlapping and some borderline inclusions. The National Accounts classification of the services sector incorporates trade, hotels, and restaurants; transport, storage, and communication; financing, insurance, real estate, and business services; and community, social, and personal services. In the World Trade Organization (WTO) list of services and the Reserve Bank of India (RBI) classification, construction is also included.

Every economy consists of three sectors. They are primary sector (extraction such as mining, agriculture and fishing), secondary sector (manufacturing) and the tertiary sector (service sector). Economies tend to follow a developmental progression that takes them from a heavy reliance on primary, toward the development of manufacturing and finally toward a more service based structure. Historically, manufacturing tended to be more open to international trade and competition than services. As a result, there has been a tendency for the first economies to industrialize to come under competitive attack by those seeking to industrialize later. The resultant shrinkage of manufacturing in the leading economies might explain their growing reliance on the service sector. However, currently and prospectively, with dramatic cost reduction and speed and reliability improvements in the transportation of people and the communication of information, the service sector is one of the most intensive international competition. The service sector is the most common workplace in India.

The service sector consists of the soft parts of the economy such as insurance, government, tourism, banking, retail, education, and social services. In soft-sector employment, people use time to deploy knowledge assets, collaboration assets, and process-engagement to create productivity, effectiveness, performance improvement potential and sustainability. Service industry involves the provision of services to businesses as well as final consumers. Services may involve transport, distribution and sale of goods from producer to a consumer as may happen in wholesaling and retailing, or may involve the provision of a service, such as in pest control or entertainment. Goods may be transformed in the process of providing a service, as happens in the restaurant industry or in equipment repair.

However, the focus is on people interacting with people and serving the customer rather than transforming physical goods.

10. SERVICE SECTOR IN INDIA

Service Sector in India today accounts for more than half of India's GDP. According to data for the financial year 2006-2007, the share of services contributes to 55.1 per cent of the GDP, where as industry, and agriculture in shares 26.4 per cent, and 18.5 per cent respectively. This shows the importance of service industry to the Indian economy and as service sector now accounts for more than half the GDP marks a watershed in the evolution of the Indian economy and takes it closer to the fundamentals of a developed economy.

There was marked acceleration in the growth of services sector in the nineties. While the share of services in India's GDP increased by 21 per cent points in the 50 years between 1950 and 2000, nearly 40 per cent of that increase was concentrated in the nineties. While almost all service sectors participated in this boom, growth was fastest in communications, banking, hotels and restaurants, community services, trade and business services. One of the reasons for the sudden growth in the services sector in India in the nineties was the liberalization in the regulatory framework that gave rise to innovation and higher exports from the services sector. In the current economic scenario it looks that the boom in the services sector is here to stay as India is fast emerging as global services hub. Indian service industry covers a wide gamut of activities like trading, banking & finance, infotainment, real estate, transportation, security, management and technical consultancy among several others. The major sectors that combine together to constitute service industry in India are listed below. Information Technology, Trade, Education, Financial services, Media, Hospitality, accommodation and food services, Entertainment, culture and recreation, Transportation and warehousing, Storage, Communication, Healthcare & social assistance, Tourism, Public utilities, Real estate and leasing, Public administration and defence, Business support services. Professional, scientific and technical services

Composition of Service Sector in India

In India, the national income classification given by Central Statistical Organization is followed. In the National Income Accounting in India, service sector includes the following:

1. Trade, hotels and restaurants (THR)
1.1 Trade
1.2 Hotels and restaurants
2. Transport, storage and communication
2.1 Railways
2.2 Transport by other means
2.3 Storage
2.4 Communication
3. Financing, Insurance, Real Estate and Business Services
3.1 Banking and Insurance
3.2 Real Estate, Ownership of Dwellings and Business Services
4. Community, Social and Personal services
4.1 Public Administration and defence (PA & D)

11. ORGANIZATION

An organization (or organisation) is a social entity that has a collective goal and is linked to an external environment. The word is derived from the Greek word organon, itself derived from the better-known word ergon which means "organ" – a compartment for a particular task. A social unit of people that is structured and managed to meet a need or to pursue collective goals. All organizations have a management structure that determines relationships between the different activities and the members, and subdivides and assigns roles, responsibilities, and authority to carry out different tasks. Organizations are open systems they affect and are affected by their environment. Organizations are social systems. If one wishes to work in them or to manage them, it is necessary to understand how they operate. Organizations combine science and people – technology and humanity. Unless we have qualified people to design and implement, techniques alone will not produce desirable results.

Human behaviour in organizations is rather unpredictable. It is unpredictable because it arises from people's deep-seated needs and value systems. However, it can be partially understood in terms of the framework of behavioral science, management and other disciplines. There is no idealistic solution to organizational problems. All that can be done is to increase our understanding and skills so that human relations at work can be enhanced. Organization as a purposeful system with several subsystems where individuals and activities are organized to achieve certain predetermined goals through division of labor and coordination of activities. Division of labor refers to how the work is divided among the employees and coordination refers to how all the various activities performed by the individuals are integrated or brought together to accomplish the goals of the organization. The term organizing is used to denote one aspect of the managerial activities when he or she is preparing and scheduling the different tasks that need to be completed for the job to be done.

12. BENEFITS OF SUCCESSFUL APPRAISAL SYSTEM FOR THE ORGANISATION

1. Effective communication of organisations objectives and values.
2. Increased sense cohesiveness and loyalty among employees.
3. Managers can be better equipped to use their leader ship skills and to develop their staff.
4. Improved over view of task performed by each member of a group.
5. Identification of ideas for improvement.
6. Development of training and long term views.

7. Communication to personnel that they are valued.

For the appraiser

1. Opportunity to develop and over view of individual jobs.
2. Identification of tasks/ areas for improvements.
3. Increased job satisfaction and sense of personal value
4. Opportunity to reprioritize targets.
5. Opportunity to link team and individual objectives.
6. Opportunity to clarify the expectations the team leader as from them

For the appraise

1. Increase the levels of motivation and job satisfaction
2. Increased sense of personal value.
3. Clear understanding of what is expected and what needs to be do9ne to meet expectations.
4. Opportunity to discuss work problems and how they overcome.
5. Improved working relationships with the manager.
6. Opportunity to discuss aspirations and any guidance, support or training needed to fill these aspirations.

13. CONCLUSION

Performance appraisal system is used in the organizations to measure the effectiveness and efficiency of their employees. Performance Appraisal system is needed because every employee has a different attitude to handle the work. Performance Appraisal tends to improve the work performance, communication expectations, determining employee potential and aiding employee counselling. From this, we conclude that there are many techniques that used for performance appraisal. It is very difficult to say that which technique is better than other technique because it depends upon the type and size of organization. Each technique has its own pros and cons Performance appraisal systems need to be effective in improving or sustaining employee performance, otherwise they are a tremendous waste of time and money spend on development and implementation.

REFERENCES

1. Armstrong, M. and Baron A. (2005), Managing performance: performance management in action, CIPD, London.
2. Banjoko Simbi (1982), Employee Performance Appraisal; Pennan Vol. 8, No. 3, July-Sept.
3. Brumbark and Vincent (1970), Jobs and Appraisal of Performance in Personnel Administration, Vol. 33, No. 4, p. 26-30.
4. CIPD. (2008d), ―Performance Appraisal‖, Factsheet, CIPD.
5. Clark G. (1998) 'Performance management strategies' in C. Mabey, G. Salaman and J. Storey, Human Resource Management: A strategic introduction (2nd edition). Oxford: Blackwell.
6. Fletcher C. (1997) Appraisal: Routes to improved performance (2nd edition). London: CIPD.
7. Fletcher C. (2001), 'Performance appraisal and management: The developing research agenda' Journal of Occupational and Organisational Psychology, 74, 4, 473-487.
8. Mendonca M. and Kanungo R. N. (1996) 'Impact of culture on performance management in developing countries', International Journal of Manpower, Vol. 17, No. 4/5: 65–75.
9. Milliman J., Nason S., Zhu C. and De Ciere H. (2002) 'An exploratory assessment of the purposes of performance appraisals in North and Central America and the Pacific Rim', Human Resource Management, Vol. 41, No. 1: 87–102.
10. Mintzberg H. (1994) 'The rise and fall of strategic planning', Harvard Business Review, Jan-Feb: 107–14.
11. Mitra, Arup (2008), Tertiary Sector Growth: Issues and Facts", Artha Beekshan, Vol.16, No.4, March.
12. Newton T. and Finlay P. (1996) 'Playing god? The performance of appraisal', Human Resource Management Journal, Vol. 6, No. 3: 42–58.
13. Planning Commission, Govt. of India, March, 2008: "Report of the High Prasad H.A.C. and Kochher J.S., March 2009 "Climate Change and India – Prasad H.A.C., October, 2007 "Strategy for India's Services Sector: Broad Reserve Bank of India website.
14. Rao, T.V. (1984), Performance Appraisal: Theory and Practice, Vikas Publishers Aima Management Series, New Delhi.
15. Redman T. (2001) 'Performance appraisal', in T. Redman and A. Wilkinson, Contemporary Human Resource Management: Text and cases. Harlow: Pearson Education.
16. The impact of national culture on human resource management practices: the case of performance appraisal', Advances in International Comparative Management, Vol. 12: 157–83.

EMPLOYEES' JOB SATISFACTION LEVEL: A STUDY OF PALLAVAN GRAMA BANK IN TAMILNADU

Dr. R. ESWARAN
RESEARCH SUPERVISOR & ASST. PROFESSOR OF COMMERCE
THIRUVALLUVAR GOVERNMENT ARTS COLLEGE
RASIPURAM

A.VANITHA
Ph.D. RESEARCH SCHOLAR
DEPARTMENT OF COMMERCE
THIRUVALLUVAR GOVERNMENT ARTS COLLEGE
RASIPURAM

ABSTRACT

In this highly competitive world, success of any organization depends on its human resource. Banks are no exception to this. A satisfied, happy and hardworking employee is the biggest asset of any organization, including banks. Workforce of any bank is responsible to a large extent for its productivity and profitability. Efficient human resource management and maintaining higher job satisfaction level in banks determine not only the performance of the bank but also affect the growth and performance of the entire economy. So, for the success of banking, it is very important to manage human resource effectively and to find whether its employees are satisfied or not. Only if they are satisfied, they will work with commitment and project a positive image of the organization. The present project makes an effort to study the job satisfaction of Pallavan Grama Bank in Tamilnadu.

KEYWORDS

Pallavan Grama Bank, employees' job satisfaction level.

JEL CODE

J28.

1. INTRODUCTION

Banking sector essentially provides job to a large no. of individuals and thus it is necessary to measure satisfaction level of employees working at bank. "Job satisfaction can be defined as acceptance of goals, willingness to work hard and intention to stay with the organization." Work has an economic aspect as well as mechanical aspect; it has also a psychological aspect. The happier people are within their job, the more satisfied they are said to be. Job satisfaction is not the same as motivation, although it is clearly linked. Job design aims to enhance job satisfaction and performance; methods include job rotation, job enlargement and job enrichment. Other influences on satisfaction include the management style and culture, employee involvement, empowerment and autonomous work groups. Job satisfaction is a very important attribute, which is frequently measured by organizations.

2. REGIONAL RURAL BANK

Regional Rural Banks were established under the provisions of an Ordinance passed in September 1975 and the RRB Act 1976 to provide sufficient banking and credit facility for agriculture and other rural sectors. These were set up on the recommendations of The M. Narasimham Working Group[1] during the tenure of Indira Gandhi's government with a view to include rural areas into economic mainstream since that time about 70% of the Indian Population was of Rural Orientation. The development process of RRBs started on 2 October 1975 with the forming of the first RRB, the Prathama Bank with authorised capital of Rs. 5 crore at its starting. Also on 2 October 1976 five regional rural banks were set up with a total authorised capital Rs. 100 crore ($10 Million) which later augmented to 500 crore ($50 Million). The Regional Rural Bank were owned by the Central Government, the State Government and the Sponsor Bank(There were five commercial banks, Punjab National Bank, State Bank of India, Syndicate Bank, United Bank of India and UCO Bank, which sponsored the regional rural banks) who held shares in the ratios as follows Central Government-50%, State Government- 15% and Sponsor Banks- 35[2]%. Earlier, Reserve Bank of India had laid down ceilings on the rate of interest to be charged by these RRBs.

2.1 PALLAVAN GRAMA BANK

Pallavan Grama Bank, Sponsored by Indian Bank was formed on 31-08-2006 by amalgamation of erstwhile Adhiyaman Grama Bank, Dharmapuri & Vallalar Grama Bank, Cuddalore as per GOI Gazatte Notification dated 31-08-200. Prior to amalgamation, Adhiyaman Grama Bank with its Headquarters at Dharmapuri was functioning in two districts viz. Dharmapuri & Krishnagiri and Vallalar Grama Bank with its Headquarters at Cuddalore was functioning in two districts viz. Cuddalore and Villupuram After amalgamation, the Bank has been allotted additional 11 Districts viz., Coimbatore, (Tiruppur.) Erode, Kancheepuram, Karur, Namakkal, Nilgiris, Salem, Thiruvallur, Thiruvannamalai and Vellore taking the total number of districts to 15.

2.2 SHARE CAPITAL

The authorised capital of the Bank is ₹ 2000.00 lakhs and the paid up capital is ₹655.78 lakhs shared by the shareholders as below:

TABLE 1

Government of India (50 %)	- ₹ 327.89 lakhs
Government of Tamil Nadu (15 %)	- ₹ 98.37 lakhs
Indian Bank (35 %)	- ₹ 229.52 lakhs

2.3 HUMAN RESOURCE DEVELOPMENT

The staff strength of Pallavan Grama Bank is 702. In each branch, employees were working in the designation of working. Manager, Assistant Manager, Officer, Clerk and Cashier.

3. RESEARCH OBJECTIVES

To study PGB employees satisfaction level from analysis of job related factors

3.1 DATA SOURCES

Primary data source used and a field survey method was employed to collect first-hand information from 150 sample respondents.

3.2 STATISTICAL TOOLS

The statistical tools like, Percentage, Mean, Standard deviation, Chi-Square Test, t-test and ANOVA were used for analysis of job related factors.

3.3 ANALYSIS OF JOB RELATED FACTORS

The analysis of job related factors of the respondents have been made with the help of parameters such as Designation, Computerized branch, Working experience, Salary drawn from the bank, Salary drawn sufficient to meet the family requirements, Challenging assignments in the bank, Recognition of service in the banking career, Job transfer, Promotion policy for the bank, Situation in which job satisfaction is derived, Work load, Working on Saturday and Job rotation. The analysis job related factors helpful to know the satisfaction level of the employees of Pallavan Grama Bank. The satisfaction of job related factors to the employees was the basic requirements of banking organization. So, it is important to identify the factors which satisfy the employees and those factors which are not satisfy the employees. The banking organizations may be in a position to correct the factors, which are not satisfy the employees.

TABLE 3: JOB RELATED FACTORS ANALYSIS

S.No	Variables	Group	No.of Respondents	Percentage
1	Designation	Manager	43	28.6
		Assistant Manager	51	34.0
		Officer	17	11.3
		Clerk	21	14.0
		Cashier	18	12.0
2	Computerized	Fully computerized	104	69.3
		Partly computerized	46	30.7
3	Working experience	Less than 2 years	30	20.0
		2-4 years	57	38.0
		4-6 years	28	18.6
		More than 6 years	35	23.4
4	Salary drawn from the bank	Below Rs. 20,000	25	16.7
		Rs. 20,001– 40,000	76	50.6
		Rs. 40,001–60,000	29	19.4
		Rs. 60,000 and above	20	13.3
5	Salary drawn sufficient to meet the family requirements	Yes	106	70.7
		No	44	29.3
6	Challenging assignments in the bank	Yes	116	77.3
		No	34	22.7
7	Recognition of service in the banking career	Yes	115	76.6
		No	35	23.4
8	Job transfer	Within the region	29	19.3
		Within the District	106	70.7
		Within State	8	5.4
		Any Branch	7	4.6
9	Situation in which job satisfaction derived	Working in the native place	28	18.6
		Working within the region of the native place	72	48.0
		Working within the native state	26	17.4
		Working in any place	24	16.0
10	Work load	High	20	13.4
		Medium	80	53.3
		Normal	46	30.7
		Low	4	2.6
11	Working on Saturdays	Yes	85	56.6
		No	65	43.4
12	Job rotation	Highly satisfied	65	43.3
		Satisfied	35	23.3
		Neutral	39	26.1
		Dissatisfied	5	3.3
		Highly dissatisfied	6	4.0
	Total		**150**	**100**

Source: Primary Data

The majority respondents said that 69.3 percent of the bank branches were fully computerized and the least 30.7 percent of the respondents said that the bank branches were partly computerized.

Among the respondents the majority 38.0 percent of the respondents were working in the bank 2 to 4 years and the least 18.6 percent of the respondents were working in the bank 4 to 6 years.

Among the respondents the majority 50.6 percent of the respondents amount of salary drawn from the bank were Rs. 20,001 to 40,000 and the least 13.3 percent of the respondents amount of salary drawn from the bank were Rs. 60,000 and above.

Among the respondents the majority 71.0 percent of the respondents feels that the salary drawn were to meet the family requirements and the least 29.0 percent of the respondents said that the salary drawn were not to meet the family requirements.

Among the respondents the majority 77.3 percent of the respondents were get challenging assignment in the bank and the least 22.7 percent of the respondents were not challenging assignment in the bank.

Among the respondents majority 76.6 percent of respondents were said that they are favour towards recognition of service in the banking career and the least 23.4 percent of the respondents were said that they are unfavour towards recognition of service in the banking career.

Among the respondents the majority 70.7 percent of the respondents told that the job is transferable within the state and the least 4.6 percent of the respondents told that the job transferable to Overseas.

Among the respondents the majority 48.0 percent of the respondents were drive job satisfaction in working within the region of the native place and the least 16.0 percent of the respondents were drive job satisfaction in working in any place.

Among the respondents the majority 53.3 percent of the respondents told that the work load were medium and the least 2.6 percent of the respondents told that the work load were low.

Among the respondents the majority 56.6 percent of the respondents were told that they were satisfied on working Saturdays and the least 43.4 percent of the respondents were told that they were not satisfied on working Saturdays.

Among the respondents the majority 43.3 percent of the respondents told that the job rotation were highly satisfied and the least 3.3 percent of the respondents told that the job rotation were dissatisfied.

4. CONCLUSION

The bank should introduce a scheme of incentives and pay incentive bonus to the staff who show good performance of recovery of overdue. For difficulties undergone by the staff placed in rural areas suitable compensatory incentives should be provided. Efforts should be made for providing basic amenities like housing, transport and communications, drinking water, electricity, education and entertainment in the rural areas. The branch staff should not be transferred from the branch before a specified period, say 5 years, unless their shifting becomes absolutely necessary in the interest of the bank. The manager and staff should reside in the same village / town where the bank branch is located.

REFERENCES

1. Nakkiran, S., Agricultural Financing and Rural Banking – An Evaluation, Rainbow Publications, Coimbatore, 1980.
2. Narasimham, M., The Financial System Report, A Noble Publications, New Delhi, 1992.
3. Reddy, C.R., Rural Banking in India, Rainbow Publications, Coimbatore, 1987.
4. Sharma, R. and Shashi K. Gupta, Management Accounting – Principles and Practice, Kalyan Publishers, New Delhi, 1984.
5. Shetty, S.A., "Weakness of Poverty Alleviation Programmes', Rural India – Real India (ed.), by N.A. Thimgalaya, Himalaya Publishing House, Bombay, 1986.
6. Vivek Ranjan Bhattacharya, New Face of Rural India, Metropolitan Book Company Ltd., New Delhi, 1982.

WEBSITES

7. en.wikipedia.org/wiki/Regional_Rural_Bank
8. www.nabard.org/
9. www.pallavangramaban.in/

A STUDY ON IMPACT OF EMPLOYEE ENGAGEMENT PRACTICES ON AUTO MOBILE INDUSTRY

D.BABJOHN
ASST. PROFESSOR
DEPARTMENT OF MANAGEMENT STUDIES
GATES INSTITUTE OF TECHNOLOGY
GOOTY

R.RAMANJANEYULU
PG STUDENT
DEPARTMENT OF MANAGEMENT STUDIES
GATES INSTITUTE OF TECHNOLOGY
GOOTY

R.REVATHI
PG STUDENT
DEPARTMENT OF MANAGEMENT STUDIES
GATES INSTITUTE OF TECHNOLOGY
GOOTY

ABSTRACT

This study is conducted at automobile industry, to understand employee engagement in the organisation. The employee engagement is the level of participation and interest an employee has towards the organisation. An engaged employee is known as business context and works with co-workers to improve performance at the job for the benefit of the organisation. Now days to overcome turnover and retention issues of many organisations. The HRM practices impact on employee engagement that indirectly facilitates employee's intrinsic motivation, attitude and behaviorism empowerment. It stands in an unspecified relationship to earlier construct such as morale and job satisfaction. Despite academic critiques, employee-engagement practices Employee engagement is stronger predictor of positive organizational performance clearly showing the two-way relationship between employer and employee compared to the three earlier constructs: job satisfaction, employee commitment and organizational citizenship behavior. Engaged employees are emotionally attached to their organization and highly involved in their job with a great interest for the success of their employer, going extra mile beyond the employment contractual agreement are well known in the management of human resources and of internal communications.

KEYWORDS

HRM practices, employee engagement, factors, organization culture, automobile industry.

JEL CODES

M50, M5.

INTRODUCTION

Indian manufacturers have accepted a global mind-set while carefully selecting their product part. They are constantly working to attain cost excellence and marketing capability, which has even involved foreign players to proactively develop India as their sourcing and manufacturing center. India involvements a competitive advantage on the global canvas owing to key reforms in taxation, organization and clusters (like special economic zones implemented by the Government, efficacy of reasonably-priced skilled labor workforce and a normative eco-system. Moreover, the global stage to manufacture and source products in low-cost countries has gained pace in the past ten years, detail in skill-intensive unit, and India has been able to take action on the opportunity to its best. Manufacturing sector is the backbone of any country. It maintains growth, productivity, employment, and stronger agriculture and service sectors.

India's manufacturing segment is a crucial cog in the wheel of economic progress; the sector's contribution to the gross domestic product (GDP) being 16 per cent. Thus, The Indian manufacturing sector is the mainstay of entire Indian industry as manufacturing output constitutes over 75 per cent of the index of industrial production. Most organisations today realize that a 'satisfied' employee is not necessarily the 'best' employee in terms of loyalty and productivity. It is only an 'engaged employee' who is intellectually and emotionally bound with the organisation, feels intense about its goals and is committed towards its values. He goes the extra mile beyond the basic job responsibility and is associated with the actions that drive the business. Moreover, in times of decreasing loyalty, employee engagement is a potent retention strategy. Engagement at work was abstracted by Kahn as the 'harnessing of organizational members 'selves to their work roles. Employee engagement is a key business driver for organizational success. Every organization wants to improve reasonable advantages over others and employee engagement is the best tool for it. Engagement is creating viewpoint for human resources to attach with their managers, employees and organization. It's interest is to shape an environment where employees are motivated and connected with their job in real caring manner to do a high-quality job. High levels of engagement in domestic and global firms promote retain of talent, foster customer loyalty and increase organizational performance and stakeholder worth.

OBJECTIVES OF THE STUDY

The following are the various objectives of the study:

1. To measure the level of employee satisfaction at the organisation.
2. To know the factors that influences the effectiveness of Employees Engagement.
3. To know how human resource practices influence on employee performance.
4. To suggest some methods of employee engagement.

REVIEW OF LITERATURE

The enhancement of employee performance is the result of which level employee are engaged in the organization. Similarly, the organization having high level engaged employees gain more organizational outcomes through high employee performance. During the past decade, several studies conducted to on organization and performance relationship. Where it was evident that high employees engagement level foster employees job performance as well as their productivity at the workstation.

According to **Saks (**2017) the main intention of his study was to check the copy of the antecedents and 30 Journal of Social Welfare and Management Consequences of job and institute engagement based on the social exchange theory. Key language of this is Employee Engagement is strain, member of staff job fulfilment. There is a vital difference among job engagement and organization engagement. **Robertson** (Leadersh Organ Dev J. 2010;) reported his research findings under the title, "Full Engagement: The integration of Employee engagement and Psychological well-being", According to him, the main function of introducing this idea 'full-engagement' is that the employee gathering is more likely to be sustainable when employees wellbeing also high. Employee position, work psychology, **Crawford and Rich** (Appl Psychol. 2010) reported that the goal was to look at the association among demand and engagement. There is a bigger influence on employee engagement according to the preposition of the job demand and resource. **Ologbo and Saudah** (2011), note that employees need to be confident with their organization and this confidence can be built through reliability of the leadership. Trust in leader, support from the leader, and creating a blame-free are considered as components of psychological safety, a condition proposed by Kahn, which leads to employee engagement. **Rhoades and Eisenberger** (2001), state that because employees tend to view their supervisor orientation toward them as indicative of the organization support. Therefore perceived supervisor support is likely to be an important predictor of employee engagement. **Ram and Prabhakar** (2011), two variables that are likely to capture the essence of social support are perceived organization support and perceived supervisor support. Perceived organizational support (POS) refers to the employees' beliefs that an organization values their contributions and cares about their well-being. **Kahn** (1990) suggested that supportive and trusting interpersonal relationships as well as supportive management promoted psychological safety. It revealed that employees feel safe in work environments that are characterized by openness and supportiveness. Supportive environment according to Kahn (1990) allows members to experiment and to try new things and even fail without fear of consequences.

FACTORS THAT AFFECT EMPLOYEE ENGAGEMENT AND WELL-BEING

1. MANAGEMENT

It is critical to understand the enormous impact of management on organizations, society and individuals. It affects our professional, as well as our personal lives. The specific management components that play a crucial role include:

Choice of managers: The criteria for the selection of managers must be aligned with the competencies and requirements of their function.

Leadership capacities: Leadership cannot be separated from management. It is not possible to be an effective manager without having strong leadership capacities.

Managerial skills: The managers' capability to listen and communicate effectively, emotional intelligence, selecting and retaining talents, team building and coaching, delegation and conflict management, for example, significantly affect employee engagement every day.

Management training and coaching: Without intensive initial training, as well as continuous updating and personalized coaching, how can managers be expected to effectively exercise this highly demanding profession?

Accountability: Ongoing assessments of managers and accountability for the quality of their people management are indispensable.

2. ORGANIZATIONAL CULTURE

Besides management and leadership, the corporate culture significantly impacts employee engagement, sometimes in less tangible ways. Studies have revealed a number of dimensions that play a decisive role:

Top executive involvement: Not surprisingly, leadership from the C-suite is a key ingredient of a great workplace. Without permanent and strong support from top management, truly committed to the principle of reciprocity and win-win, any engagement initiatives are bound to fail.

Employee recruitment: The quality of recruiting and selecting new employees is arguably among the most important factors of engagement. Finding the best fit between job requirements and candidates' qualifications and interests represents a major challenge.

Strengths-based management: Focusing on employee strengths is more rewarding and productive for both workers and organizations. Trying to fix weaknesses is more costly and less efficient. When employees have the opportunity to do what they do best, they reach much higher levels of performance.

Building trust and transparency: Employees whose managers are open and approachable are more engaged. It must be possible for workers to communicate with their superiors without fear, raise questions, propose changes and make recommendations for improvements. "A productive workplace is one in which people feel safe – safe enough to experiment, to challenge, to share information and to support one another".

Genuine relationships with managers and co-workers: Effective managers know and care for their employees. They meet regularly with them, listen to them and follow up on their feedback. Close and enjoyable relationships with colleagues are equally important for engagement and wellbeing.

Performance management: "When managers help employees set work priorities and performance goals, they give employees more freedom in meeting these objectives, enabling them to take initiatives and work autonomously".

Assessments and accountability: Ongoing concrete and actionable measures of employee engagement and wellbeing, such as pulse surveys, must be followed by specific and rapid corrections and improvements. Annual performance reviews, although still widely used, have proven to be largely ineffective and a poor investment of time and resources.

Work-Life Balance: In order to maintain wellbeing, it is indispensable to disconnect from work and find time for family, friends, leisure and rest and regenerate energy. As a great deal of research has indicated, working much more than 40 hours a week is counterproductive, diminishing the overall performance and quality of work. When your work and personal life are out of balance, your stress level is likely to take a heavy toll.

A culture of learning and growth: A thriving organizational culture provides opportunities for learning and development, coaching and training on the job, offers new challenges and facilitates internal mobility. Such investments have huge returns in employee engagement and performance, as well as in talent attraction and retention.

Basically, corporate cultures that operate on reciprocity and a win-win approach, where employees are respected and their contributions are recognized and honored, are the ones that prosper and where work is enjoyable.

3. MOTIVATION

"Dispirited, unmotivated, unappreciated workers cannot compete in a highly competitive world." Frances Hesselbein

The level of engagement is intimately related to motivational factors. Motivation and basic human needs have long been of interest to psychology and the subject of intensive investigation, long before "engagement" became a major preoccupation in management circles:

Maslow, for example, was one of the early pioneers in exploring motivation. He proposed the pyramid of five basic human needs that has inspired countless studies, experimentations and theories to this day.

Herzberg demonstrated that the prevalent reward-and-punishment or carrot-and-stick approach, involving extrinsic reinforcements, is far less effective for most tasks than intrinsic motivation. While financial rewards, job security, work conditions and fringe benefits are important to maintain satisfaction and prevent de-motivation, the real motivating factors are the work itself, the level of challenge, responsibility, autonomy, achievement, recognition and advancement.

4. EMOTIONS

Positive psychology has revealed numerous dimensions that affect our performance and wellbeing at work (Achor, 2010; Greenberg & Maymin, 2013). Some of the most significant findings include:

Positive emotions and a positive attitude lead to higher performance and better relationships.

An optimistic outlook is transmissible, just like engagement!

Positive approaches also help reduce stress and thereby improve productivity.

When we are happy, Achor has found, we are smarter, more motivated and thus more successful. Happiness fuels success rather than the other way around and gives the organization a competitive edge. Google's care for the happiness of its workers is legendary, as are its outstanding business

You can experience flow when you are involved in a task with attainable and challenging goals. When you are totally absorbed and experience intense positive emotions, you perform at the peak of your potential.

5. EMPLOYEE RESPONSIBILITY

It is important to avoid a Manichean approach and put all the blame for the lack of engagement on organizations and management. Employees have a major responsibility for engagement as well. The role of managers is capital (managers account for 70% of the variance in employee engagement across business units according to Gallup), but ultimately employees choose how much, where and how they want to engage. As experience shows, even when all seems in place to assure optimal working conditions, some employees still choose not to contribute all they could to the success of the organization.

Potential benefits of their engagement for the workers themselves include:

- ✓ Enjoying pride and satisfaction for the quality of their work.
- ✓ Remaining congruent with their own values and ethics.
- ✓ Experiencing greater pleasure and fulfillment when working with enthusiasm.
- ✓ Enhancing the possibilities of learning and progressing in their career trajectory.
- ✓ Receiving recognition for their contributions by superiors and colleagues and improving their chances of subsequent advancements and promotions.

And most importantly, finding opportunities to contribute to changing the corporate culture and create a more positive working experience.

EMPLOYEE ENGAGEMENT- BEST PRACTICES

We share some of these best practices here under the areas that most often appear as key drivers of engagement. We also strongly recommend following up with employees using focus groups to further explore each area and get their specific improvement ideas and suggestions

PROFESSIONAL DEVELOPMENT

- ✓ Develop competency models for key job roles to form the basis for better selection, performance reviews and development planning
- ✓ Share competency models with employees to use as a guide for development and coaching
- ✓ Implement a process for soliciting and discussing career aspirations with staff
- ✓ Look for ways to increase job challenge and variety where possible
- ✓ Demonstrate trust in employees' capability to do their jobs
- ✓ Provide training and coaching opportunities as well as accommodating employees' needs to take time for development
- ✓ Tie manager incentives to development of staff.

INFORMATION & COMMUNICATION

- ✓ Develop and maintain an organizational chart with high-level role descriptions for managers and teams
- ✓ Implement "town hall" meetings once per quarter with a standardized meeting template
- ✓ Start a regular staff newsletter, which promotes key messages, celebrates staff achievements and profiles, individual staff or teams
- ✓ Appoint communications champions or communication networks across the organization to help promote better internal communications
- ✓ Establish communication processes and channels to support and improve information sharing between groups
- ✓ Implement knowledge-sharing processes and technologies that enable employees to connect easily and share expertise

INNOVATION

- ✓ Tie innovation into employee recognition, for example, create an "innovation award" that will encourage employees to think outside the box and make suggestions on improving processes, reducing costs, driving new business or other priorities
- ✓ Celebrate creativity and risk taking
- ✓ Facilitate cross-function meetings to allow for diverse brainstorming sessions
- ✓ Encourage management to support innovative ideas by assigning value to new ideas, providing feedback and follow up on suggestions brought forward

IMMEDIATE MANAGEMENT

- ✓ Develop a process for management and leadership transition that ensures smooth onboarding for a new manager
- ✓ Implement a manager training program for all newly promoted or hired managers
- ✓ Create manager "standards" such as minimum frequency of department meetings, timing of performance reviews, etc.
- ✓ Promote collaboration between managers and employees with regards to setting goals for the department
- ✓ Prepare managers to provide guidance to employees on career development
- ✓ Provide a safe mechanism for employee feedback if they have concerns about their immediate manager, for example, anonymous surveys, suggestion boxes, websites, etc.
- ✓ Assess manager performance frequently and regularly
- ✓ Hold regularly scheduled, clearly structured individual one-on-one meetings between managers and their direct reports, building the foundation to foster a great relationship

SENIOR LEADERSHIP

- ✓ Develop a Leadership Development Strategy, which includes defined competencies for leaders, core and elective learning opportunities, an assessment mechanism related to the competencies, individual development plans, management-specific orientation for new leaders, leadership coaching, mentoring, etc.
- ✓ Ensure the Senior Leadership team is visible to staff; leaders should be visible in each location a minimum of four times a year
- ✓ A 360-degree assessment of each policymaking, along with interpretation of assessment and individual coaching and/or action planning
- ✓ Make leadership aims transparent to all employees; explain how and why decisions are made
- ✓ Promote accountability, ownership and personal responsibility among leaders.

ORGANIZATIONAL VISION

- ✓ Craft a compelling mission, vision, plan and value statements
- ✓ Regularly and clearly, communicate the mission, vision, and values, as well as short and long-term goals of the organization; take time to explain and promote them.
- ✓ Develop a coherent operating plan that links department and unit goals to the overall vision.
- ✓ Identify and remove obstacles to achieving arrangement between the vision and employees' jobs

EMPLOYEE ENGAGEMENT METHODS

There are 3 ways to engage with employees, each of which has its own strengths.

1. Informative Engagement – One-way information.
2. Reciprocal Engagement – Two-way information.
3. Dynamic Engagement – Real-time and intelligent use of information.

INFORMATIVE ENGAGEMENT

This is obviously the most traditional method, being the one-way information about company benefits and the present/future conditions for employees. This is done through –

- ➢ Paper documents

- Electronic documents
- Verbal education

The emotional response from this process is comparatively low, as it does not require the employee to fully abridgment the information or more importantly, understand its meaning in the background of their lives. It is a one-way information which will usually is speed-read and then filed away. But this information typically carries long-term important content, particularly as reference substantial for when it suddenly becomes high priority, such as a Healthcare benefit in a time of illness. Hence, its financial value to the employee can be high, but the emotional engagement value can be low for employee retention.

RECIPROCAL ENGAGEMENT

This is a natural situation for companies that honestly mean well for their staff. Most of the profitable companies are in this zone as they want to retain their staff and will ensure they provide sufficient conversation and open-door policies for all aspects of employment to feel they're providing a positive workplace.

Particularly for large companies, the latter half of the 20th Century majored strongly on this with even greater emphasis put on it now. There are many business support companies that run a two-way communication and training sessions for staff, covering topics such as –

- ✓ Employee Assistance Programs
- ✓ Buddying and Mentoring
- ✓ Open Floor Suggestions
- ✓ Feedback Surveys and Polls
- ✓ Management Tutoring
- ✓ Skills Development Courses
- ✓ NLP Training

Whilst this can be very successful for global firms down to micro boutique businesses, it is often only effective for a few days or weeks before the old habits sneak back in. If the leaders and managers don't live the principles fully, then the chances are that the staff won't live them either. Consistent sessions and reminders work well, but the need for their frequency reflects the lack of deep long-term cultural change that is needed.

DYNAMIC ENGAGEMENT

An outstanding manager will primarily have leadership attributes that they instinctively want to pass on to their staff. Once those staff has progressed within the company, they will provide the same control to their teams and so on as the company grows through time.

To achieve this, the bests need to fully understand how their team members work and what drives them personally. They must do more than communicate benefits or ask for feedback on what the company could be doing better. If they know the specific personal and professional goals of each of their team members, then they can respond with relevant and timely information that helps the employee to achieve those goals.

As mentioned in mutual engagement, this is not always possible, particularly if the leader has a very large team, they simply don't have time to do their main job whilst seeking to understand every nuance of their employees. This is where technology can help.

CONCLUSION

Employee engagement is a positive attitude held by the employees towards the organizational it's working culture. Most studies determine that it is valued by management, two-way communications between management and employee's management interest employee's well-being and giving more likelihood for em-ployees do not give much position to pay and benefits. Employee engagement plays a dynamic role for the success of any company. Employee engagement is a process, which holds of several aspects, on fulfillment of which a worker becomes a consistent employee and performs at his high-level stable with job satisfaction and a feeling of belongingness.

It is gaining popularity, use and importance in the company and affects company in many ways. Employee engagement leads to improved productivity, holding, client trust and profitability. Employees who trust that their employer cares about their health and wellbeing are more likely to be loyal and stay in their work for longer. This can bring huge gains for employers who transport more successfully through increased productivity and performance and can reduce worker turnover, sickness absence and recruitment cost. When a person values a particular aspect of a job, his engagement is more greatly affected both positively and negatively, associated to one who doesn't value the aspect.

REFERENCES

1. Akovska, M. (2012). Importance of employee engagement in business environment. Aarhus school of business and social sciences. (Unpublished master's thesis). Aarhus University.
2. Aswathappa K (2007) Organizational behavior, (7thedtn), Himalaya Publishing House, Mumbai.
3. Bhavani et' al (2015) A Study Effectiveness of Employee Engagement in Automobile Industry Int J Econ Manag Sic 2015, 4:10
4. Blau, P.M. (1964). Exchange and power in social life. New York: John Wiley.
5. Castellano, W.G. (2015). A new framework of employee engagement, EPE white paper; Rudgers School of Management and Labor Relations.
6. Cawe, M. (2006). Factors contributing to employee engagement in South Africa Unpublished Master's Thesis). University of Witwatersrand.
7. Crawford ER, Lepine JA, Rich BL (2010). Linking job demands and resources to employee engagement and burnout: a theoretical extension and metaanalytic test. J Appl Psychol. 95(5):834-848.
8. Czarnowsky, M. (2008). Learning's role in employee engagement: An ASTD research study. Alexandria, VA: ASTD.
9. Deci, E.L., & Ryan, R.M. (1985). Intrinsic motivation and self-determination in human behavior. New York: Plenum.
10. Dennis, H.S. (1974). A theoretical and empirical study of managerial communication climate in complex organization. (Unpublished doctoral dissertation). Purdue University, West Lafayette, IN.
11. Eisenberger, R., Huntington, R., Hutchison, S., & Sowa, D. (1986). Perceived organization Support. Journal of Applied Psychology, 71, 500-507.
12. Fleming, J.H., & Asplund, J. (2007). Human sigma. New York: Gallup press.
13. http://management-training-coaching.ch/?p=149
14. Kahn, W. (1990). Psychological conditions of personal engagement and disengagement at work. Academy of Management Journal, 33, (4), 692-724.
15. Ologbo, C.A., & Saundah, S. (2011). Engaging people who drive execution and organizational performance American Journal of Economic and Business Ad-ministration, 3 (3) 569-575.
16. Posner, B., & Kouzes, J. (1993). Psychometric properties of the Leadership Practices Inventory –updated. Educational and Psychological Measurement, 53, 191-198.
17. Ram, P., & Prabhakar G. (2011). The role of employee engagement in work related Outcomes. Interdisciplinary Journal of Research in Business, 1, (3) 47-61.
18. Rhoades, L., & Eisenberger, B. (2002). Perceived organization support: a review of literature. Journal of Applied Psychology, 87, 698-714.
19. Robertson IT, Cooper CL2010). Full engagement: the integration of employee engagement and psychological wellbeing. Leadersh Organ Dev J.; 31(4):324-336.
20. Saks AM. Antecedents and consequences of employee engagement. J Manag Psychol. 2006; 21(7):600-619.
21. Shaheen Ahmed, Dr. Fais Bin Ahmad, Dr. Abdul Rahman Jaaffar School of Business Management, College of Business, Universiti Utara Malaysia, Malaysia
22. Thibaut, J. W., & Kelley, H. H. (1959). The social psychology of groups. New York: John Wiley.
23. Towers Perrin (2003). The Towers Perrin talent report. Working today: Understand what drives employee engagement, 11-201.
24. Vevita Priya Aranha, Johnson Fernandes, Vencita Priyanka Aranha, Asir John Samuel, Volume 9 Number 1, January - April 2017
25. www.tutorialspoint.com/employee_engagement/employee_engagement_effective_methods.htm.

PERFORMANCE ANALYSIS AMONG PRIVATE SECTOR BANKS VIA CAMELS MODEL

SUDIP BANERJEE
ASST. PROFESSOR
SCHOOL OF MANAGEMENT & COMMERCE
SANSKRITI UNIVERSITY
MATHURA

VAIBHAV SHARMA
MBA STUDENT
INDIRA GANDHI NATIONAL OPEN UNIVERSITY
NEW DELHI

ABSTRACT

CAMELS Stands for Capital Adequacy, Assets Quality, Management Efficiency, Earnings Quality Liquidity, Sensitivity to market risk. It is a tool to measure the performance in respect to various factors. It is the revolution of the financial sector to measure operational, managerial and financial performance in banking Sector. As we, all know that Indian banking sector majority dominated by the public sector banks but some private sector banks are also performing well like ICICI Bank, HDFC Bank, Axis Bank and Indusind Bank these are the leading private sector banks in India. In my study, these four banks are measured by composite ranking method to check the performance levels.

KEYWORDS

CAMELS analysis, capital adequacy, assets quality, management efficiency, earnings quality liquidity, sensitivity to market risk.

JEL CODES

F65, G21.

INTRODUCTION

Capital Adequacy, Assets Quality, Management Efficiency, Earnings Quality Liquidity, Sensitivity to market risk concept generated from USA. It is a concept of Financial Management. CAMELS rating system is adopted in 1987 by the national credit union administration (NCUA) in 1990 India also adopt this like other developing nations. As because our expectation is the get the authentic result in short time span so instead of traditional method of analyzing like ratio analysis this is much more acceptable method. It is the best suitable approach in banking sector. With this approach, we apply composite ranking method as because we have sample of more than two so that our calculation will be easy and convenient and the result of this study will be reliable and authentic.

CAMELS rating are between 1 to 4. 1 stand for best and the 4 stand for worst. It gives our results in different stages like: - best, satisfactory, average and worst or we can say below average or poor. The rating system comes under the federal reserve of comptroller general on credit union organization.

CAMELS ANALYSIS has six parameters these are known Capital Adequacy, Assets Quality, Management Efficiency, Earnings Quality, Liquidity and Sensitivity to market risk. This approach generally based on the BASELS documents. These approaches prevent to their stakeholders to insolvency. It also help in planning, controlling, distributing and also help in administration of the banks. In these earnings related to the future growth prospects of the banking institutions. Liquidity related to the overall assets in the banks they are in short term or long term liquidity, and the last sensitivity to market risk is related to the current market situation of the banking sectors or institutions.

ICICI BANK

The Industrial Credit and Investment Corporation of India (ICICI) was formed in 1955 at the initiative of the World Bank, Government of India and representatives of Indian industry. The principal objective of ICICI was to create a development financial institution for providing medium-term and long-term project financing to Indian businesses. In the 1990s, ICICI transformed to a diversified financial services group offering a wide variety of products and services, both directly and through a number of subsidiaries. ICICI Bank was originally promoted in 1994 by ICICI Limited, an Indian financial institution, and was its wholly-owned subsidiary. In 2002 ICICI merged with ICICI Bank Ltd and create second largest Bank in India. At present ICICI Bank currently has a network of 4,850 Branches and 13,859 ATM's across India. ICICI Bank is India's largest private sector bank with total consolidated assets of Rs. 9,860.43 billion (US$ 152.0 billion) at March 31, 2017 and profit after tax of Rs. 98.01 billion (US$ 1.5 billion) for the year ended March 31, 2017.

HDFC BANK

The Housing Development Finance Corporation Limited (HDFC) incorporated in 1977. HDFC has developed a large variety of customers in retail mortgage loan and corporate loan. HDFC promoted HDFC bank, which was incorporated in August 1994 in the name of 'HDFC Bank Limited' with its register office in Mumbai, India, HDFC Bank commenced operations as a Scheduled Commercial Bank in January 1995. As of June 30, 2017, the Bank's distribution network was at 4,727 branches and 12,220 ATMs across 2,666 India. It is the largest bank in India by market capitalization as of February 2016. It was ranked 69th in 2016 Brand Z Top 100 Most Valuable Global Brands.

AXIS BANK

Incorporated in 1994, Axis Bank has emerged as one of India's most trusted banks and the third largest in the private sector. It is among the country's first new generation private sector banks, and offers the entire spectrum of financial services to customer segments, spanning large and mid-corporates, SME and retail businesses.

INDUSIND BANK

Indusind Bank is the first among the new-generation private banks in India. Indusind Bank established in 1994. The bank started its operations with a capital amount of Rs. 1 billion among which Rs. 600 million was donated by the Indian Residents and Rs. 400 million was raised by Srichand P Hinduja, a Non–Resident Indian businessman and head of the Hinduja Group. The bank has specialized in retail banking services and continuously upgrades its support systems by introducing newer technologies. It is also working on expanding its network of branches all across the country along with meeting the global benchmark. A decade after its incorporation, June 2004, the bank was merged with Ashok Leyland Finance, which is among the largest leasing finance and hire purchase companies. According to the bank, its name is derived from the Indus Valley Civilisation. As on June 30, 2016, Indusind Bank has 1,004 branches, and 1885 ATMs spread across 625 geographical locations of the country.

REVIEW OF LITERATURE

- **Sharma Mukund (2014)** In this paper researcher talks about if banks are using CAMEL analysis that it gives easier to understand bank performance compare to other banks. The finding of this paper is that a public sector bank gives better performance or we can say it gives satisfactory result rather than the private sector banks.
- **Yogender Gulia (2014)** - In our country financial service sector is changing very fast and rapidly and banking is one aspect where private players are functioning since 1991. There are many private sector banks who are giving challenges to the Public sector major market dominated banks of our country. These private banks are using CAMELS rating or model for the purpose of giving the quick result as soon as possible, or we can say giving the quick image of their better performances in financial banking sectors.
- **Srinivas.K & Saroja.L (2013)** - In this paper researcher talk about the two banks in private sectors in India that is HDFC & ICICI both banks are using CAMEL analysis. Finally, it is appear that there is no such big difference between both the banks. ICICI gives their better performance rather than the HDFC because of long-term solvency.
- **Manoj Kumar Mishra & Veena Kumari (2012)** - In this paper researcher talks about the public & private sector banks on the basis of market capitalization to understand the efficiency & reliability of the selected banks. The sample size of banks was 12 & the research study was carried out for the years of 12. After analyzing that the union bank of India & state bank of India taken last position because of their low economic performances on the other hand private sector banks gives their best performances & taken good position in this research study.
- **Reddy Sriharsha. K (2012)** This paper says that researcher are using CAMEL model to check their financial performances of the selected banks which are related to the assets in our country. After analyzing that the findings are the improvement in these parameters i.e. reforms in liberalization rate, credit which was directly related to the creditors of the banks & increasing competitions in PSB's.
- **Prasad K.V.N. & Ravinder.G (2012)** In this paper researcher talk about the Indian banks which is related to the public sectors. The sample sizes of banks are 20 & they are using CAMEL model to check their financial performance. After analyzing that each parameters of CAMEL MODEL Andhra banks was given their best performance & taken first position which were followed by the P&S bank & bank of Baroda, at last central bank of India was taken last position in this research study because of their poor performance.
- **Mishra.S.K& Aspal Kumar Parvesh (2012)** In this paper researcher talk about the PSB'S of India or we can say public sector banks in India except SBI groups. The research studies were carried out for the 4 years (2007-2011). Bank of Baroda was given their best performance & taken first position with the help of their better performance in asset quality management, management efficiency & their liquidity performance followed by the Andhra bank & at last but not the least UBI (united bank of India) was giving their poor performance.
- **Jha Suvita & Hui Xiaofeng (2012)** In this paper researcher talks about the banks of Nepal. The paper reveals that the financial performance of bank which was concert to the financial ratio's based on CAMEL model approach. After analyzing that the private sector banks & domestic banks are performing better & give better result rather than the public sectors banks of Nepal.

NEED OF THE STUDY

Today we are living in the world which is very much competitive nature so survive in the completion and sustainable growth comparative analysis is needed which will help to overcome the weakness of the bank. The CAMELS model is the comprehensive model that tells us about the Capital Adequacy, Assets Quality, Management Efficiency, Earnings Quality, Liquidity & Sensitivity to Market Risk.

OBJECTIVES OF THE STUDY

1. To study the performance of four private sector banks in India applying CAMELS models.
2. To make the comparative analysis of these four banks by using composite ranking method.
3. To give the suggestions various measures to improve the performance of the banks in future.

RESEARCH METHODOLOGY

SAMPLE SIZE

A comparative study is based on four private sector banks in India. The list of banks is given below:

	1	2	3	4
PRIVATE BANKS	ICICI BANK	HDFC BANK	AXIS BANK	INDUSIND BANK

DATA COLLECTION

Collections of data are of two types these are secondary & primary and data my research study is based on the secondary source of data to reach the objectives of this research. Secondary data collection was related to journals, Indian banking association bulletin banking and finance, statistics information's that is reveals by Reserve bank of India (RBI) and annual reports published by the banks.

STATISTICAL TOOL

CAMELS Model is use.

PERIOD OF STUDY

The data is examined for the 4 accounting year's i.e.2012-13, 2013-14, 2014-2015, 2015-16 and 2016-17.

DATA ANALYSIS

In this research CAMELS approach is used to evaluate the top capitalization private banking performance in India those are operating in the country. The research is made on the performances of the banks for the period of 2013-2017. Here different categories of CAMELS ratios are calculated for the banks and analysis are based on the outcome to determine the achievements of the banks in capital adequacy, asset management, and management efficiency, earning quality, liquidity & sensitivity market risk. The results are presented in table form for easily understand.

ANALYSIS OF COMPONENT OF CAMELS FRAMEWORK

1. CAPITAL ADEQUACY

In financial ratios capital adequacy plays a very important role in CAMELS approach. The main purpose of this it's a formation of financial manager to maintain the minimum risk level that is credit, operational or market risk with regard or we can say with the help of 9% of CRAR. It is very important for any banking institution because it prevent to their stakeholders from the insolvency or bankruptcy. The whole process is based on BASEL norms.

TABLE 1

CAMELS RATING OF CAPITAL ADEQUACY FOR THE YEAR (2013-2017)						
BANKS	CAPITAL ADEQUACY RATIO (%)	ADVANCE TO ASSET RATIO	DEBT TO ASSET RATIO	GOVT.SEC.TO TOTAL INVT.	AVERAGE	RANK
ICICI BANK	0.1748	0.5859	0.2417	0.6303	0.4082	4
HDFC BANK	0.1596	0.6236	0.0896	0.7695	0.4106	3
AXIS BANK	0.1568	0.5618	0.1188	1.0000	0.4593	1
INDUSIND BANK	0.1442	0.6244	0.1557	0.7794	0.4259	2

Interpretation: This ratio ensures that Bank has adequate capital to expand its operations. From the above analysis of five years average date of Capital Adequacy Ratio it has been clearly seen that ICICI Bank is the best Capital adequacy ratio which provides better prospect of the Bank in the future.The higher the return on assets ratio, the more efficiently the company is using its asset when we talked about advance to Assets ratio then it has been observed that Indusind Bank is able to maximize its advance in respect to its assets.The debt (Long term) to total assets ratio is a measurement representing the percentage of a bank's assets financed with loans for more than one year. ICICI Banks has the highest level of debts compare to others banks. Whereas HDFC has lowest level of debt to its assets ratio which is best among the four banks. Government securities are the most liquid and safe investments. Axis Bank is using 100% of its investments in the government security.

2. ASSETS QUALITY

In CAMELS approach assets quality plays a very significant role in any banking institutions. Asset can protect with the risk & the solvency. In assets quality loss against capital has been recovered by the value of assets. In this approach, we talk about non-performing assets, total investment to total assets etc.

TABLE 2

CAMELS RATING OF ASSETS QUALITY FOR THE YEAR 2013-2017					
BANKS	GROSS NPA TO ADVANCE	NET NPA TO ADVANCE	TOTAL INVT.TO TOTAL ASSETS	AVERAGE	RANK
ICICI BANK	0.0545	0.0264	0.2533	0.057467	1
HDFC BANK	0.1008	0.0294	0.2609	0.043567	2
AXIS BANK	0.2607	0.0994	0.2379	-0.04073	4
INDUSIND BANK	0.1155	0.1794	0.2301	-0.0216	3

Interpretation: An NPA are those assets for which interest is overdue for more than 90 days (or 3 months). The gross NPA to loans (advances) ratio is used as a measure of the overall quality of the bank's loan book. From the five year average data analysis from the chart it has been seen Axis Bank has the poorest record of Gross Non-Performing Assets when it compare to its assets. One of the most important ratio of banks performance measurement is Net Non-Performing assets. Net NPAs are calculated by reducing cumulative balance of provisions outstanding at a period end from gross NPAs. Higher ratio reflects rising bad quality of loans. Form the average data analyzing it has been seen that Indusind Bank has the poorest record of Net NPAs to its advances. HDFC Bank is the leading Bank in terms of major investment when it compare to its Assets.

3. MANAGEMENT EFFICIENCY

It plays a vital role in CAMELS model. Management efficiency is related with the planning, controlling, distribution, environment, leaderships & administration of the banks. In this we find business or profit per employee of the selected banks. Without management efficiency there is no significance improvement cannot be seen of any financial institution.

TABLE 3

CAMELS RATING OF MANAGEMENT EFFICIENCY FOR THE YEAR 2013-2017					
BANKS	TOTAL ADVANCE TO TOTAL DEPOSITS	BUSINESS PER EMPLOYEE (in million)	PROFIT PER EMPLOYEE (in million)	AVERAGE	RANK
ICICI BANK	1.0097	84.92	13.4	33.1099	3
HDFC BANK	0.9021	100.6	12.6	38.0340	2
AXIS BANK	0.8722	134	14.31	49.7293	1
INDUSIND BANK	0.9066	78.8	9.776	29.8275	4

Interpretation: ICICI Bank best utilized its advance when it compare to total deposits. Business per employee is a measure of how efficiently a particular company is utilizing its employees. In general, relatively high business per employee is a positive sign that suggests the company is finding ways to squeeze more business out of each of its workers. Axis Bank generates highest business per employee of Rs 134 million followed by HDFC Bank. Profit per employee is a company's net Profit divided by the number of employees. In general, the higher the number, the more efficient the company uses its employees. Here Axis Bank has more advantages position compare to all others. It generates Rs 14.316 million profits per employees.

4. EARNINGS QUALITY

In CAMELS approach, earning quality is very important. It is related to the future growth of the banks or financial institutions and overall profitability and future or sustainable growth of the banking institutions. Earnings are calculated by the overall profit comes from the end of the financial year.

TABLE 4

CAMELS RATING OF EARNINGS QUALITY FOR THE YEAR 2013-2017				
BANKS	NET INCOME TO TOTAL ASSET	NET PROFIT TO AVG. ASSETS	AVERAGE	RANK
ICICI BANK	0.01492	0.0162	0.01556	3
HDFC BANK	0.01691	0.0194	0.01816	1
AXIS BANK	0.01207	0.0154	0.01374	4
INDUSIND BANK	0.01574	0.0182	0.01697	2

Interpretation: Return on assets (ROA) is an indicator of how profitable a company is relative to its total assets. Net Income to total assets gives an idea as to how efficient management is at using its assets to generate earnings. In this regard, HDFC Bank is in the leading position. Return on average assets (ROAA) is an indicator used to assess the profitability of a firm's assets, and it is most often used by banks and other financial institutions as a means to gauge financial performance. Here HDFC Bank is in better position compare to other banks.

5. LIQUIDITY

Liquidity is of two type's short-term liquidity and long term liquidity. The short-term liquidity is related to deposit holders of the banking institution. Liquidity plays a very significant role in CAMELS model, with the help of liquidity liabilities and assets of the bank can convert into the cash at the reasonable cost.
In liquidity approach two ratios has been calculated:

TABLE 5

CAMELS RATING OF LIQUIDITY FOR THE YEAR 2013-2017				
BANKS	LIQUIDITY ASSETS TO TOTAL DEPOSITS	GOVT.SECURITIES TO TOTAL ASSETS	AVERAGE	RANK
ICICI BANK	0.1374	0.1597	0.1486	2
HDFC BANK	0.0890	0.2008	0.1449	4
AXIS BANK	0.1026	0.2379	0.1703	1
INDUSIND BANK	0.1155	0.1794	0.1474	3

Interpretation: Banks liquidity ratio represents banks' ability to pay immediate cash to its accounts holders. In that respect ICICI Bank is best position because of large numbers of customers. Government securities are the most liquid and safe investments. When it compare to total assets then Axis Bank is in the top position.

6. SENSITIVITY TO MARKET RISK

In CAMELS model when we talk about sensitivity to the market risk so that it is related to the financial institutions which is directly connected to the finance, changes in interest an foreign rates, capital & earnings and share which is related to the business and market price per share.

TABLE 6

CAMELS RATING OF SENSITIVITY TO MARKET RISK FOR THE YEAR 2013-2017		
BANKS	SENSITIVITY TO MARKET RISK	RANK
ICICI BANK	54	1
HDFC BANK	45	2
AXIS BANK	3	4
INDUSIND BANK	9	3

Interpretation: From the above analysis it can be concluded that, under the sensitivity market risk ICICI Bank gives their better performance and stood first position because its market price per share and earnings are high. On the other hand Indusind Bank gives their poor performance and stood last position in the research.

TABLE 7: COMPOSITE RANKING BY USING TABLE

BANKS	C	A	M	E	L	S	AVERAGE	RANK
ICICI BANK	0.4082	0.057467	33.1099	0.015562	0.1486	54	87.7397	1
HDFC BANK	0.4106	0.043567	38.034	0.018155	0.1449	45	83.6512	2
AXIS BANK	0.4593	-0.04073	49.7293	0.013737	0.1703	3	53.3319	3
INDUSIND BANK	0.4259	-0.0216	29.8275	0.016968	0.1474	9	39.3962	4

From the above table after analyzing the composite ranking method of large capitalization private banks the result shows that the ICICI Bank has taken first position because it gives the best performance regarding others. HDFC Bank and Axis Bank take mid position in this research and Indusind Bank gives their poor performance so it takes last position. All are possible because of CAMELS model to check their viability; it gives the quick result so we can say it is convenient method to check the performances of the banks.

FINDINGS

- The average capital adequacy ratio of ICICI Bank is 17.48 Percent followed by HDFC Bank and Axis Bank respectively.
- The net non-performing assets to the total advance of Indusind Bank is worst, although Axis Bank is also very poor position, which reflect poor asset management.
- Profit per employee of Axis Bank 14.31 million rupees followed by ICICI Bank and HDFC bank. Indusind bank was at least position. It clearly indicates that the highest bank management efficiency using its human resources for the purpose of generating revenue is high as compared to other banks.
- Net Income to Total assets of HDFC Bank is 1.69%, which is highest. This shows that the management is efficient in converting its assets by its high income.
- The liquid assets of ICICI Bank is highest which suggest that banks' ability to pay liquid cash to its customers.
- The sensitivity to market risk of ICICI Bank is 54 followed by HDFC Bank and Indusind bank. And Axis Bank stands last position due to its poor performance by 3. There are various kinds of risk involve to business like interest rate risks, market risk, liquidity risk etc.

CONCLUSION

At last, we can conclude that, in current era have enhanced ICICI Bank superior Bank in India and also the largest Private sector Bank in India. Performance analysis of top four private sectors bank via analyzing of CAMELS MODELS justifies the same thing. Now a day's many banking institution are following the UFIRS rating system or we can say standardized financial rating system all are along with the other financial techniques. In India or outside the India or abroad many banking institutions are using CAMELS approach, with the help of this approach banks are ranked in six dimensions these six dimensions are as follows: - capital adequacy ratio, asset quality ratio, management efficiency ratio, earrings ratio, liquidity ratio and the last one is sensitivity to market risk ratios. The result shows the difference between financial, statistical and camels ratios. So there is a lot of scope to improvement of Indusind Bank.

REFERENCES

1. Ashwini Kumar Mishra & G.Shri Harsha (2012) "Analyzing Soundness in Indian Banking. Research Journal for Management Sciences Vol 1(3) ISSN 2319-1171.
2. Dr. K. Sriharsha Reddy (2012) "Relative Performance Of Commercial Banks In India Using Camel Approach: International Journal For Multidisciplinary Research Vol2, Issue 3 ISSN 2231-5780.
3. Dr. K. Srinivas & L.Saroja (2013) "*Comparative Financial Performance of HDFC Bank And ICICI Bank*" International Refereed Multidisciplinary Journal Of Contemporary Research EISSN 2320-3145.
1. Dr. Mukund Sharma (2014) Performance of Indian Banking Sector-A Comparative Study. EPRA International Journal of Economic & Business Review Vol-2 Issue-3 ISSN 2347-9671.
4. K.V.N. Prasad, G. Ravinder (2012) "A Camel Model Analysis of Nationalized Banks in India" International Journal for Trade & Commerce Volume 1, NO-1, PP 23-33.
5. K.V.N.Prasad & DR. D. Maheshwara Reddy (2012) "Evaluating Performance Of Nationalized Banks & SBI Group through CAMEL Model." International Business Research Conference.
6. Yogender Gulia (2014) "*Financial Performance Of Private Banks In India*": Global Journal For Research Analysis, Volume 3, Issue 9, ISSN 2277-8160.

AGRICULTURE FINANCING AND PERFORMANCE OF THE AGRICULTURAL SECTOR IN NIGERIA, 1981-2015

Dr. UDEORAH, S.F.
LECTURER
DEPARTMENT OF ECONOMICS
FACULTY OF SOCIAL SCIENCES
UNIVERSITY OF PORT HARCOURT
NIGERIA

VINCENT, M.O.
RESEARCH FELLOW
DEPARTMENT OF ECONOMICS
FACULTY OF SOCIAL SCIENCES
UNIVERSITY OF PORT HARCOURT
NIGERIA

ABSTRACT

This paper investigated the relative effect of government and deposit money bank financing on the Nigeria's agricultural sector performance. The existence of unit root was observed from data available from the Central Bank of Nigeria (CBN). Hence, the results from estimated error correction regression models was adopted. The results showed that while government financing through the agricultural credit guarantee scheme fund (ACGSF) had a significant positive effect on aggregate agricultural output, crop output, and livestock output; government recurrent expenditure on agricultural sector had a significant negative effect on the aggregate agricultural output and crop production output. On the other hand, bank financing proved insignificant in predicting output from the aggregate agricultural sector, and other examined agricultural sub-sectors. Commitment of more effort and funds to the ACGSF as well a deliberate reduction in recurrent expenditure in the agricultural sector is therefore recommended. A change in the attitude of deposit money banks towards the agricultural sector and designing of programmes that are either modelled after the ACGSF or even an upgrade of the ACGSF was also recommended.

KEYWORDS

agricultural credit guaranteed scheme fund (ACGSF), bank credits to the agricultural sector, government a spending on the agricultural sector, aggregate agricultural output.

JEL CODE

Q14.

1. INTRODUCTION

Agriculture is the art and sciences of crop and live stock production. It involves cropping, live stock, foresting, fishing, processing and marketing or agriculture products. In the opinion of Anyanwu et al (1997), agriculture include farming livestock rearing fishing and forestry. The role agriculture plays in a nation's development has been acknowledge since the time of Ricardo (Wilson, 2002). Ihugba, Nwosu and Njoku (2013) asserted the role agriculture can play in the industrial and economic "take off" of a nation. Kuznets (1965) also asserted that agriculture makes the emergence and growth of other sectors feasible. As a sector capable of providing, among others, food for citizens of a nation, foreign exchange through export, and raw materials for industries, Mathew and Mordecai (2016) referred to the agricultural sector as a crucial. Anyanwu et al, (1997) posit that, due to its role as a provider of food and raw materials, agriculture forms the bedrock of economic development of a nation. Hence, a call for policies and programmes aimed at improving the growth and development of the agricultural sector.

The Nigerian agricultural economy is a sub-sector of the nation's aggregate economy. It is known as the sector that produces food and raw materials for consumption, export, and local industries. To facilitate its development, policies are made by government to achieve agricultural economy development goals (Segun, 1996). Banks agricultural credit policies constitute an invaluable avenue through which growth and development of the agricultural sector can be stimulated. The commercial bank (deposit money bank) agricultural credit supply has always fallen short of its demand despite all the enabling environment government has put in place to bridge the gap. This has made most farmers to turn to their second best alternatives, i.e. loans from money lenders for their credit needs. These money lender charge as high as between 50% and 100% interest rate on their capital which in turn affects resource use in the farm. From 1977, government designed and implemented various programs aimed at increasing banks credit supply to agriculture. These include the agricultural credit guaranteed scheme fund (ACGSF), which act as surety for every farmer that received credit from commercial banks to the tune of 75%, cooperative bank, rural banking, agricultural insurance scheme, among others. Some studies have shown that monetary base, cash reserve ratio, liquidity ratio, the price of credit significantly influenced banks credit supply (Ojo, 1978; Balogun and Otu, 1991). Over the years, the performance of financial institutions has altogether not been satisfactory. The process of ensuring that financial resources are allocated to the existing projects in the agricultural sector efficiently has been adjudged cumbersome, time consuming as well as engagement of a number expertise. Banks' credit available to the farmers is often hindered by certain factors like amount of loanable funds and lack of collaterals. The ultimate goal of banks' credit to agricultural sector policies is to see to the appropriate and judicious utilization of agricultural loans by farmers. In an effort to strengthen the banking sector's commitment to the agricultural sector, the CBN implemented the bank consolidation policy starting in the year 2001. Irrespective of this effort and others, non-availability of credit for the growth and development of the agricultural sector is still evident leading low output from the sector. Banks' continuous poor financing of the agricultural sector has had adverse effect on food production in Nigeria. Access to bank credit by farmers has been positively linked to improved productivity in agricultural sector by several studies. Yet this vital input has eluded smallholder farmers in Nigeria. Banks with large loan funds are generally difficult for smallholder farmers to access. Problems with collateral and high interest rates appear to frequently screen out most potential rural smallholder beneficiaries. In addition, agricultural loans are often short-term with fixed repayment periods, a loan structure that is not suitable for annual cropping or livestock production. Therefore, there the need for adequate banking policy that will encourage access to credit by farmers in order to boost investment in agricultural sector and increase food production.

The above scenario makes an investigation into the effect of different financing option on the performance of the agricultural sector in Nigeria a worthwhile exercise. Thus, a comparative analysis of effect of government and bank financing on agricultural sector performance shall constitute the aim of the paper. To achieve the aim, the objectives and hypotheses as stated in the following sections will be achieved and tested.

1.1 AIM AND OBJECTIVES

An investigation into the relative impact of financing on agricultural sector performance (measured by output) in Nigeria between 1981 and 2015 was the aim of this study. In specific terms, the paper examined:

i. The relative impact of government and banking sector financing on aggregate agricultural sector output;
ii. The relative impact of government and banking sector financing on crop production output;
iii. The relative impact of government and banking sector financing on fishery production output; and
iv. The relative impact of government and banking sector financing on livestock production output.

1.2 HYPOTHESES

$H0_1$: Government and banking sector financing has no significant effect on aggregate agricultural output.
$H0_2$: Government and banking sector financing has no significant effect on crop output.
$H0_3$: Government and banking sector financing has no significant effect on livestock output.
0_4: Government and banking sector financing has no significant effect on fishery output.

2. LITERATURE REVIEW

There exits an avalanche of literature on agricultural sector financing. While theoretical literature provides theoretical explanation on the essence of agricultural financing, empirical literature provides evidence of the effect of agricultural financing on productivity in both multi-country and single country studies.

2.1 THEORETICAL REVIEW

Financial Intermediation Theories: Schumpeter (1934), Goldsmith (1969), McKinnon (1973), Shaw (1973), Greenwood and Jovanovich (1990), Bencivenga and Smith (1991) have rationalized the role of fund mobilization by financial intermediaries (i.e. intermediation) in production and output. While some authors (Schumpeter, 1934; Goldsmith, 1969; McKinnon, 1973; and Shaw, 1973) made a strong case for financial intermediation as a necessary condition for economic growth, Greenwood and Jovanovich (1990) theorized that rapid growth is premised on financial development. Lastly, Bencivenga and Smith (1991) maintained that a developed banking system accompanied by an efficient mobilization of savings to investors (i.e. financial intermediation) is a necessary and sufficient conditions for economic growth. From the foregoing, a consensus on the role of financial intermediation in productivity and growth exists. Hence, this paper, among others, tested the validity of these theories with focus financial intermediation on agricultural productivity.

2.2 EMPIRICAL REVIEW

Banks' credit, from the study of Izhar and Tariq (2009), was not a significant predictor of productivity in India's agricultural sector.

Though they found that it correlated highly with growth in agriculture and manufacturing output, Merdynwati et al (2011) also found that banking sector development contributed very little to aggregate output in the Indonesian economy.

Azeez and Ojo (2010) found a positive but inadequate impact of banking sector reforms on the Nigerian economy.

Akpansung and Babalola (2012) statistically showed that economic growth responded positively to bank credit to the private sector in Nigeria. Moreover, lending rate was found to negatively influence growth in the Nigerian economy.

In a regression model estimated by Obamuyi et al (2012), bank lending rates significantly predicted output from the manufacturing sector.

Bank credit to the private sector, according to Okwo et al (2012), positively predicted growth in Nigeria. An expansionary monetary policy regime that are targeted at real sectors like agriculture was therefore recommended.

Aggregate output from the agricultural sector, from the study of Obilor (2013), responded positively to the Agricultural Credit Guarantee Scheme (ACGS) financing option in Nigeria.

Onoja et al (2012) empirically demonstrated that the increase in agricultural credit supply grew an exponentially in Nigeria as a result of reforms of the financial sector.

In a paper the employed the VAR econometric technique, Udah and Obafemi (2012) stated that the FEVD and IRF results shows that the growth of the economy and output from the agricultural sector were positively explained the development of financial sector as measured by financial sector deepening.

Financing by non-bank financial institutions' (NBFIs) was found by Acha (2012) to predict output from the manufacturing and agricultural significantly in Nigeria.

Onoja and Agumagu (2009) were not satisfied with the role played by deposit money banks and agricultural intervention funds implemented by the government in efforts to improve the performance of the agricultural sector between 1999 and 2006.

Akinyele and Osinubi (2006) established a linkage relationship between bank lending rates, working capital and real sector performance. The authors concluded that increase in lending rate leads to fall in working capital and then poor performance of the agricultural sector.

From an ARDL model estimated, Ikenna (2012) found that financial sector deregulation adversely affected the long run credit allocation to the real sector of the Nigerian economy. Moreover, the author also found that financial liberalization in the short run had a negative insignificant influence on the amount of credit available to the real sector. The study concluded that banks have over the years strong discriminated agriculture sector both in the short and long run.

Using the ordinary least square (OLS) econometric technique, Rhaji and Adeoti (2010) identified, among others factors, low supply of affordable credit as the major contributory factor to the poor contribution of the agricultural sector growth in Nigeria.

In a study that examine how activities in agricultural sector has affected the aggregate output of the Nigerian economy, Ayoola and Oboh (2006) maintained that the *life blood* of every agricultural activity is capital. With credit as a source of capital, the authors concluded that agricultural productivity and efficiency is bound to increase.

Oboh (2008) estimated an error correction credit utilization model for farmers in Benue State. Availability was not found to be a significant determinant utilization of agricultural credit; rather identification and allocation of credit to worthwhile agricultural projects is what counts.

Akintola (2004) examined the role of played by the banking sector in agricultural financing in Nigeria. Banks proved to be an important player in financing of the agriculture sector; as banks provision to the agricultural sector was found to have been on the increase over the years.

Using a panel data on banks in Nigeria, Adekanye (2005) estimated a growth model with bank credits as the explanatory variables. Credits from banks were found to have improved capital investment, productivity, standard of living among farmers.

3. METHOD OF STUDY

3.1 DATA

The secondary (time series) data used in this paper comprised of annual observations from the period of 1981 to 2015 in Nigeria. Moreover, on the one hand, output from aggregate agricultural sector, crop output, livestock output, and fishery outcome are the selected proxies for agricultural performance. On the other hand, government recurrent expenditure on agricultural, agriculture credit guarantee scheme fund (ACGSF), and bank credit to the agricultural sector financing are the selected proxies for agricultural financing. All data was sourced from the Central Bank of Nigeria Bulletin of the year 2015. Lastly, the study adopted the quasi-experimental research design.

3.2 MODEL SPECIFICATION

Thus, the estimated macroeconometric agricultural performance models are specified as follows:

$\log(agric) = \beta_0 + \beta_1 \log(acgsf\_agric) + \beta_2 \log(govtrexp\_agric) + \beta_3 \log(bankcred\_agric) + \varepsilon_t$ 3.1

$\log(crop) = \beta_0 + \beta_1 \log(acgsf\_crop) + \beta_2 \log(govtrexp\_agric) + \beta_3 \log(bankcred\_agric) + \varepsilon_t$ 3.2 $\log(livestock) = \beta_0 + \beta_1 \log(acgsf\_livestock) + \beta_2 \log(govtrexp\_agric) + \beta_3 \log(bankcred\_agric) + \varepsilon_t$ 3.3

$\log(fishery) = \beta_0 + \beta_1 \log(acgsf\_fishery) + \beta_2 \log(govtrexp\_agric) + \beta_3 \log(bankcred\_agric) + \varepsilon_t$ 3.4

Where

Agric = Aggregate Agricultural Sector Output

Crop = Crop Production Output
Livestock = Livestock Production Output
Fishery = Fishery Production Output
Acgsf_agric = Agricultural Credit Guarantee Scheme Fund to the Aggregate Agricultural Sector
Acgsf_crop = Agricultural Credit Guarantee Scheme Fund to Crop Production
Acgsf_livestock = Agricultural Credit Guarantee Scheme Fund to Livestock Production
Acgsf_fishery = Agricultural Credit Guarantee Scheme Fund to Fishery Production
Govtrexp_agric = Government Recurrent Expenditure in the Agricultural Sector
Bankcred_agric = Deposit Money Banks Credit to the Agricultural Sector
β_1, β_2, *and* β_3 = Parameters of the independent variables.
β_0 and ε_t = the constant and white noise error terms respectively.
The a priori expectation is that $\beta_1>0$, $\beta_2>0$, *and* $\beta_3>0$.

3.3 ECONOMETRIC TECHNIQUE

Since time series are mostly trended (i.e. none mean reversibility), estimations based on the level values of time series are bound to be spurious. Hence, this paper did not find it necessary to estimate an Ordinary Least Square (OLS) regression equation. Therefore, the study first check the stationarity property of each variable by employing the augmented Dickey-Fuller (ADF) (Dickey and Fuller, 1981) unit root tests. Next, a multivariate Johansen cointegration test (Johansen, 1988; Johansen and Juselius, 1990) is used to analyze the presence of the long-run equilibrium relationship between the time series variables in all four specified models. The conditions (i.e stationarity of variables and at least one cointegrating equation) for estimating an error correction model must thus be satisfied.

4. RESULTS AND ANALYSIS

4.1 UNIT ROOT TEST

TABLE 1: ADF TEST RESULTS AT LEVELS

Variables	ADF Stat.	5% Critical Value	Decision
Aggregate Agricultural Output [log(agric)]	-2.07	-3.55	Non-stationary
Crop Output [log(crop)]	-2.21	-3.55	Non-stationary
Livestock Output [log(livestock)]	-0.86	-3.55	Non-stationary
Fishery Output [log(fishery)]	-1.88	-3.55	Non-stationary
ACGSF to Aggregate Agricultural Sector [log(acgsf_agric)]	-2.50	-3.55	Non-stationary
ACGSF to Crop Production [log(acgsf_crop)]	-2.30	-3.55	Non-stationary
ACGSF to Livestock Production [log(acgsf_livestock)]	-2.10	-3.55	Non-stationary
ACGSF to Fishery Production [log(acgsf_fishery)]	-3.28	-3.55	Non-stationary
Government Recurrent Expenditure on the Agricultural sector [log(govtrexp_agric)]	-2.34	-3.55	Non-stationary
Deposit Money Banks Credit to the Agricultural sector [log(bankcred_agric)]	2.69	-1.95	Non-stationary

Source: Authors' computation

TABLE 2: ADF TEST RESULTS AT 1st DIFFERENCE

Variables	ADF Stat.	5% Critical Value	Decision
Aggregate Agricultural Output [log(agric)]	-5.62	-3.55	Stationary
Crop Output [log(crop)]	-5.60	-3.55	Stationary
Livestock Output [log(livestock)]	-4.27	-3.55	Stationary
Fishery Output [log(fishery)]	-8.48	-3.55	Stationary
ACGSF to Aggregate Agricultural Sector [log(acgsf_agric)]	-6.01	-3.55	Stationary
ACGSF to Crop Production [log(acgsf_crop)]	-5.89	-3.55	Stationary
ACGSF to Livestock Production [log(acgsf_livestock)]	-4.92	-3.55	Stationary
ACGSF to Fishery Production [log(acgsf_fishery)]	-9.16	-3.55	Stationary
Government Recurrent Expenditure on the Agricultural sector [log(govtrexp_agric)]	-6.52	-3.55	Stationary
Deposit Money Banks Credit to the Agricultural sector [log(bankcred_agric)]	-4.53	-3.55	Stationary

Source: Authors' computation

The unit root test results for the time series are shown in Tables 1 and 2. The results in Table 1 shows that the macroeconometric time series are all not -stationary at levels. This conclusion was reached because the absolute ADF statistics are less than the absolute values of the 5% test critical values. This confirms our earlier position of non-stationary of time series at levels. Moreover, the results presented in Table 2 shows that the macroeconometric time series were all stationary after differencing once since the absolute ADF statistics are greater than the absolute values of the 5% test critical values. The time series are hence integrated of order one [i.e. I(1)]. The most desirable situation or result is therefore the case here (Asteriou and Hall, 2007). Next is the Johansen co-integration test as shown in the next section.

4.2 COINTEGRATION TESTS

The trace statistics shows that the hypothesis of no cointegration, H_0, among the variables can be rejected. The results as shown in Tables 3, 4, 5, and 6 revealed the existence of three, three, two, and one cointegrating vectors respectively. This conclusion was reached because the trace test statistics for all the significant VAR equations are greater than the 5% critical values. The existence of more than the least required on cointegrating equations confirms that a long run relationship exists among the time series in the four models. It also implies that the study can proceed to estimating the Error Correction Models.

TABLE 3: COINTEGRATION TEST RESULT FOR TIME SERIES IN THE AGGREGATE AGRICULTURAL OUTPUT MODEL

Trace Test k = 4				Maximum Eigenvalue Test k = 4			
H_0	H_A	(λ Trace)	5% Critical Value	H_0	H_A	(Max. Engen)	5% Critical Value
r≤0	r>0	85.01*	47.86	r≤0	r>0	49.27*	27.58
r≤1	r>1	35.74*	29.80	r≤1	r>1	18.35*	21.13
r≤2	r>2	17.39*	15.50	r≤2	r>2	16.18*	14.26
r≤3	r>3	1.21	3.84	r≤3	r>3	1.21	3.84

Note: r represents the number of Cointegration vectors and k represents the number of lags in the unrestricted VAR model. * denotes rejection of the null hypothesis at the 5% level

TABLE 4: COINTEGRATION TEST RESULT FOR TIME SERIES IN THE CROP OUTPUT MODEL

Trace Test k = 4				Maximum Eigenvalue Test k = 4			
H_0	H_A	(λ Trace)	5% Critical Value	H_0	H_A	(Max. Engen)	5% Critical Value
r≤0	r>0	118.56*	47.86	r≤0	r>0	73.96*	27.58
r≤1	r>1	44.61*	29.80	r≤1	r>1	25.19*	21.13
r≤2	r>2	19.42*	15.50	r≤2	r>2	17.42*	14.26
r≤3	r>3	2.00	3.84	r≤3	r>3	2.00	3.84

Note: r represents the number of Cointegration vectors and k represents the number of lags in the unrestricted VAR model. * denotes rejection of the null hypothesis at the 5% level

TABLE 5: COINTEGRATION TEST RESULT FOR TIME SERIES IN THE LIVESTOCK OUTPUT MODEL

Trace Test k = 4				Maximum Eigenvalue Test k = 4			
H_0	H_A	(λ Trace)	5% Critical Value	H_0	H_A	(Max. Engen)	5% Critical Value
r≤0	r>0	107.40*	47.86	r≤0	r>0	68.86*	27.58
r≤1	r>1	38.53*	29.80	r≤1	r>1	24.50*	21.13
r≤2	r>2	14.03	15.50	r≤2	r>2	12.27	14.26
r≤3	r>3	1.98	3.84	r≤3	r>3	1.98	3.84

Note: r represents the number of Cointegration vectors and k represents the number of lags in the unrestricted VAR model. * denotes rejection of the null hypothesis at the 5% level

TABLE 6: COINTEGRATION TEST RESULT FOR TIME SERIES IN THE FISHERY OUTPUT MODEL

Trace Test k = 2				Maximum Eigenvalue Test k = 2			
H_0	H_A	(λ Trace)	5% Critical Value	H_0	H_A	(Max. Engen)	5% Critical Value
r≤0	r>0	54.31*	47.86	r≤0	r>0	32.61*	27.58
r≤1	r>1	21.70	29.80	r≤1	r>1	14.09	21.13
r≤2	r>2	7.61	15.50	r≤2	r>2	5.68	14.26
r≤3	r>3	1.93	3.84	r≤3	r>3	1.93	3.84

Note: r represents the number of Cointegration vectors and k represents the number of lags in the unrestricted VAR model. * denotes rejection of the null hypothesis at the 5% level

4.3 ERROR CORRECTION MECHANISM

First, the Durbin-Watson (i.e DW) statistics and coefficient of determination (i.e. R^2) statistics for the estimated aggregate agriculture output model result presented in Tables 7 below are of 1.97 and 0.58 respectively. This proved that the aggregate agricultural output model is not spurious and thus adequate for interpretation. Next, total ACGSF and two year lag of government recurrent expenditure in the agricultural sector were statistically significant at 5% and 1% level respectively. Moreover, from the signs of the coefficients we saw that a unit increase in total ACGSF led to a 0.07% increase in aggregate agricultural sector output. Again, a unit increase in government recurrent expenditure to the agricultural sector led to 0.05% decrease in aggregate agricultural sector output. The entire aggregate agricultural output model is also statistically significant (since the F-statistics of 3.42 is statistically significant at 1%). The negative sign of the ECM coefficient shows that the model adjusted from short-run disequilibrium to long-run equilibrium dynamics at a speed of 51%.

TABLE 7: AGGREGATE AGRICULTURAL SECTOR OUTPUT MODEL

Variables	Coefficients	T-statistics	Probability
C	0.07	2.77	0.01
DLOG(AGRIC(-1))	0.14	0.89	0.39
DLOG(AGRIC(-2))	-0.05	-0.31	0.76
DLOG(ACGSF_AGRIC)	0.07**	2.46	0.02
DLOG(ACGSF_AGRIC(-1))	-0.05	-1.37	0.19
DLOG(GOVTREXP_AGRIC)	-0.02	-1.21	0.24
DLOG(GOVTREXP_AGRIC(-1))	-0.02	-1.20	0.24
DLOG(GOVTREXP_AGRIC(-2))	-0.05***	-3.42	0.00
DLOG(BANKCRED_AGRIC)	0.01	0.29	0.78
ECM(-1)	-0.51***	-3.05	0.01
R^2 = 0.58 | F-statistics= 3.42*** | DW = 1.97			

Source: Authors' Computation

*, **, *** implies significance at 10%, 5%, and 1% respectively.

TABLE 8: CROP OUTPUT MODEL

Variables	Coefficients	T-statistics	Probability
C	0.10***	3.86	0.00
DLOG(CROP(-1))	0.03	0.22	0.83
DLOG(CROP(-2))	-0.15	-1.05	0.30
DLOG(ACGSF_CROP)	0.07**	2.41	0.03
DLOG(ACGSF_CROP(-1))	-0.02	-0.68	0.50
DLOG(GOVTREXP_AGRIC)	-0.04*	-1.79	0.09
DLOG(GOVTREXP_AGRIC(-1))	-0.03	-1.68	0.11
DLOG(GOVTREXP_AGRIC(-2))	-0.07***	-4.02	0.00
DLOG(BANKCRED_AGRIC(-2))	-0.04	-0.83	0.42
ECM(-1)	-0.28**	-2.40	0.03
R^2 = 0.56 | F-statistics= 3.08*** | DW = 1.99			

Source: Authors' Computation

*, **, *** implies significance at 10%, 5%, and 1% respectively.

First, the Durbin-Watson (i.e DW) statistics and coefficient of determination (i.e. R^2) statistics for the estimated crop output model result presented in Tables 8 above are 1.99 and 0.56 respectively. This proved that the crop output model is not spurious and thus adequate for interpretation. Next, ACGSF to crop production and two year lag of government recurrent expenditure in the agricultural sector were statistically significant at 5% and 1% level respectively. The signs and magnitude of the coefficients shows that a one unit increase in ACGSF to crop production led to a 0.07% increase in crop production output between 1981 and 2015. Again, a unit increase in government recurrent expenditure to the agricultural sector led to 0.07% decrease in crop production output between 1981 and 2015. The entire crop production output model is also statistically significant (since the F-statistics of 3.08 is statistically significant at 1%). The negative sign of the ECM coefficient and magnitude confirms that the model adjusted from short-run disequilibrium to long-run equilibrium dynamics at a speed of 28%.

TABLE 9: LIVESTOCK OUTPUT MODEL

Variables	Coefficients	T-statistics	Probability
C	0.01	1.21	0.24
DLOG(LIVESTOCK(-1))	0.15	0.94	0.36
DLOG(LIVESTOCK(-2))	0.24	1.48	0.15
DLOG(ACGSF_LIVESTOCK)	0.01	1.456	0.16
DLOG(ACGSF_LIVESTOCK(-2))	0.03**	2.18	0.04
DLOG(GOVTREXP_AGRIC)	0.01	0.99	0.33
DLOG(GOVTREXP_AGRIC(-2))	0.01	0.89	0.38
DLOG(BANKCRED_AGRIC)	-0.03	-1.25	0.23
DLOG(BANKCRED_AGRIC(-2))	0.02	0.87	0.39
ECM(-1)	-0.01	-0.05	0.96
R^2 = 0.47 | F-statistics= 2.15* | DW = 1.80			

Source: Authors' Computation

*, **, *** implies significance at 10%, 5%, and 1% respectively.

First, the Durbin-Watson (i.e DW) statistics and coefficient of determination (i.e. R^2) statistics for the estimated livestock output model result presented in Tables 9 above are 1.99 and 0.47 respectively. 47% of the variation in livestock production was accounted for by the explanatory variables as the DW statistics is also close to 2. The preceding proved that the livestock output model is not spurious and thus adequate for interpretation. Next, only two year lag of ACGSF to livestock production was statistically significant at 5%. The sign and magnitude of the coefficient shows that a one unit increase in two year lag of ACGSF to livestock production led to a 0.03% increase in crop production output between 1981 and 2015. The entire crop production output model is also fairly statistically significant (since the F-statistics of 2.15 is statistically significant at 10%). The negative sign of the ECM coefficient and magnitude confirms that the model adjusted from short-run disequilibrium to long-run equilibrium dynamics at a speed of 1%.

The Durbin-Watson (i.e DW) statistics and coefficient of determination (i.e. R^2) statistics for the estimated fishery output model result presented in Tables 10 below are 2.15 and 0.57 respectively. Thus, 57% of the variation in fishery production was accounted for by the explanatory variables as the DW statistics is also approximately 2. The preceding proved that the fishery output model is not spurious and thus adequate for interpretation. Though none of the explanatory variables was statistically significant, the entire fishery production output model is statistically significant (since the F-statistics of 2.68 is statistically significant at 5%). The explanatory variables all combined significantly to influence fishery production output. The negative sign of the ECM coefficient and magnitude confirms that the model adjusted from short-run disequilibrium to long-run equilibrium dynamics at a speed of 69%.

TABLE 10: FISHERY OUTPUT MODEL

Variables	Coefficients	T-statistics	Probability
C	0.07	1.38	0.18
DLOG(FISHERY(-1))	0.35	2.43	0.03
DLOG(FISHERY(-2))	0.31	1.84	0.08
DLOG(ACGSF_FISHERY)	0.01	0.38	0.71
DLOG(ACGSF_FISHERY(-1))	-0.03	-0.98	0.34
DLOG(ACGSF_FISHERY(-2))	-0.03	-1.07	0.30
DLOG(GOVTREXP_AGRIC)	-0.04	-1.11	0.28
DLOG(GOVTREXP_AGRIC(-1))	-0.04	-1.05	0.31
DLOG(BANKCRED_AGRIC(-1))	-0.13	-1.21	0.24
DLOG(BANKCRED_AGRIC(-2))	-0.09	-0.90	0.38
ECM(-1)	-0.69	-4.41	0.00
R^2 = 0.57 | F-statistics= 2.68** | DW = 2.15			

Source: Authors' Computation

*, **, *** implies significance at 10%, 5%, and 1% respectively.

5. SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATION

The results so far shows that the agricultural credit guarantee scheme fund (ACGSF) was the only agricultural sector financing fund that has positively and significantly influenced aggregate output from the agricultural sector. Though financing through government recurrent expenditure on the agricultural sector was a significant predictor of the performance of the aggregate agricultural sector, its influence on the aggregate agricultural sector was negative. When the results of estimated agricultural sub-sectors of crop, livestock, and fishery were analysed, some interesting findings were also made. First, it was found that the ACGSF had the same direction and magnitude of impact on crop production output as it does on the aggregate agricultural sector output. Again, government recurrent expenditure on the agricultural sector had a negative and significant impact on crop production output. Secondly, though the magnitude of its impact was less than what was observed in the crop sub-sector, ACGSF also had a positive and significant impact on livestock production as well. Moreover, the result shows that the impact of ACGSF in the livestock sub-sector only became evident in the longrun (i.e. two year lag period). This may not be unconnected to the nature of production associated with the livestock sub-sector. Lastly, the result shows that the fishery sub-sector was not significantly influenced by any of the financing options available.

This paper concludes that ACGSF, among other financing options, is a potent agricultural financing option in Nigeria. Also, this paper considers the performance of the crop sub-sector identical to the aggregate agricultural sector output due to its dominance in the agricultural sector. Hence the performance of the crop sub-sector determines the performance of the aggregate agricultural sector output. Moreover, increasing government recurrent expenditures to the agricultural sector (which includes salaries and others) has proven to be a bad fiscal policy. An expansionary fiscal policy that is more tilted toward capital expenditure and capital investment (as evident in the impact of ACGSF on the aggregate agricultural output, crop production output, and livestock production output) would be a step in the right direction. Finally, deposit money banks are yet to change their attitude towards the agricultural sector as they have continued to favour the oil and gas and manufacturing sector in their credit disbursement. This trend portends grave danger for food security and export of agricultural products.

As a way of recommendation, the Nigerian government should commit more effort and funds to the ACGSF. Again, a contractionary fiscal policy should be implemented when it comes recurrent expenditure in the agricultural sector. Lastly, deposit money banks should be mandated, by appropriate authorities, to increase credit to the agricultural sector. Deposit money banks should change their attitude towards the agricultural sector and design programmes that are either modelled after the ACGSF or even an upgrade of the ACGSF.

REFERENCES

1. Acha, I. A. (2012). Non-Bank Financial Institutions and Economic Development in Nigeria. *International Journal of Finance and Accounting*, 1 (2), 14-22.
2. Adekanye, F. (2005). Elements of Banking in Nigeria agricultural development: a case study of small-scale food production in Ondo State, Nigeria. *Samaru Journal of Agricultural Education*, 3(1 and 2), pp.29-35.
3. Ajakaiye, M.B (1991). NACA as a development Finance Intermediary: It's Impact on the Development Process. *The Democrat Weekly*, Sunday July 7th.

4. Akintola, S. (2004). Banks Move against Soludo. *Nigerian Tribune* (July 23rd), p.24.
5. Akinyele, A. and Osinubi, T.S. (2006). Commercial Bank Lending Rates and the Real Sector of the Nigerian Economy. *The IUP Journal of Bank Management*, 5(3), pp.27-48.
6. Akpansung, A. O. and Babalola, S. J. (2012). Banking Sector Credit and Economic Growth in Nigeria: An Empirical Investigation", Central Bank of Nigeria: An Empirical Investigation. *Central Bank of Nigeria Journal of Applied Statistics*, 2 (2), pp.51-62.
7. Anyanwu, J.C. Onyetusi A. Aikhanah H.D, and Dimowo F.A. (1997). *The structure of Nigeria Economy (1960-1997)*. Onitsha: Joance Education publishing Ltd.
8. Ayoola, G. B., & Oboh, V. U. (2006). A model of public expenditure to reveal the preference for agriculture in the budget. *Journal of Rural Economic Development*, 14(1), pp.56-73.
9. Azeez, B.A. and Ojo, O.M. (2010). A Time-Series Analysis on the Effects of Banking Reforms on Nigeria's Economic Growth. *International Journal of Economic Research*, 3(4), 26-37.
10. Balogun, E.D and Otu, M.F (1991). Credit policy and Agricultural development in Nigeria. *Central Bank of Nigeria Economic and Financial Review*, 29(2), pp.138 -155.
11. Bencivenga, V. R. and Smith B. D. (1991). Financial Intermediation and Endogenous Growth. *Review of Economics Studies*, 58, pp.195-209.
12. Goldsmith, R. W. (1969). *Financial Structure and Development*. New Haves CT: Yale University Press.
13. Greenwood, J. and Jovanovich, B. (1990). Financial Development, Growth and the Distribution of Income. *Journals of Political Economy*, 98, pp.1076-1107.
14. Ikenna, O.D. (2012). Financial Deregulation Bounding to Credit Mobilization in Nigeria: A Case for the Real Sectors and SMEs. *IOSR Journal of Humanities and Social Science*, 5(5), pp.40-59.
15. Izhar, A. and Tariq, M. (2009).Impact of Institutional Credit on Aggregate Agricultural Production in India during Post Reform Period. *MPRA Paper*, No. 17075.
16. Kuznets, S. (1966). *Modern economic growth*. New Haven, CT: Yale University Press.
17. Manyoug, V.M., Ikpi, A. & Olayemi, J.K. (2004). *Agriculture in Nigeria: Identifying Opportunities for Increased Commercialization and Investment*. International Institute of Tropical Agriculture.
18. Matthew, C. and Mardecai, I. (2016). Impact of Public Agricultural Expenditure on Nigerian, 1981-2014. *Asian Journal of Agricultural Extension, Economics & Sociology*, 11(2), pp.1-10.
19. McKinnon, R. (1973). *Money and capital in Economic Development*. Washington: The Brooking Institute.
20. Merdynwati, H., Yunanto, M. and Gunadarma University (2011). Banking Development, Agriculture and Manufacturing Industry Sector in Economic Growth in Indonesia: Do They Influence? *International Journal of Trade, Economics and Finance*, 2 (4), pp.312-316.
21. Obamuyi, T.M. Adebisi, T.E. and Edun, O.F. (2012). Bank Lending, Economic Growth and the Performance of the Manufacturing Sector in Nigeria. *European Scientific Journal*, 8 (3), 19-36.
22. Obilor, S. I. (2013). The Impact of Commercial Banks' Credit to Agriculture on Agricultural Development in Nigeria: An Econometric Analysis. *International Journal of Business, Humanities and Technology*, 3 (1), pp.85-94.
23. Oboh, V. U. (2008). *Farmers' allocative behavior in credit utilization: a case study of arable crop farmers in Benue State, Nigeria*. Unpublished PhD Dissertation Submitted to the Department of Agricultural Economics and Extension, Abubakar Tafawa Balewa University, Bauchi, Nigeria.
24. Oguoma, N.N.O (1998). Performance of the Imo Cooperative Financing Association in Credit Extension Services to Small-Scale farmers in the State. *Nigerian Journal of Technical Education*, 15(2), pp.18-33.
25. Ojo, O (1978), "The Demand and Supply for commercial Banks Loan in Nigeria, 1962-1978. In Terriba and V.P Diejomat, (eds). *Money Finance and Economic Development: Essay in honour of Obasanmi Olakanpo.* Ibadan: Ibadan University Press.
26. Okezie A. I., Nwosu, C. and Njoku, A.C. (2013).An assessment of Nigeria expenditure on the agricultural sector: Its relationship with agricultural output, 1980 -2011. *Journal of Economics and International Finance*, 5(5), pp. 177-186.
27. Okwo, I, M., Mbajiaku, B. and Ugwunta, D. O. (2012). The Effect of Deposit Money Banks' Credit on Nigeria's Economic Growth. *International Journal of Current Research*, 4(12), pp.555-559.
28. Onoja, A. O. and Agumagu, A. C. (2009). Econometric Modelling of the Effects of Economic Policies on Food Output in Nigeria under Obasanjo's Administration. *Journal of Sustainable Development in Africa*, 11(1), pp.98-112.
29. Onoja, A.O., Onu, M. E. and Ajodo-Ohiemi, S. (2012). Financial Sector Reforms and Credit Supply to Nigerian Agricultural Sector Before and After the Reforms, 1978-2009). *Advances in Arts, Social Sciences and Education Research*, 2(5), pp.176-183.
30. Rahji, M. and Adeoti, A. (2010). Determinants of Agricultural Credit Rationing by Commercial Banks in South-Western Nigeria. *International Research Journal of Finance and Economics*, 37, pp.7-14.
31. Schumpeter, J. A. (1934). *The Theory of Economic Development*. Cambridge, Mass: Havard University Press.
32. Segun, O. (1996). An appraisal of credit administrative practices in the banking Sector. *First Bank Bi-annual Review*, 4(9), pp.30-41.
33. Shaw, E.S. (1973). *Financial deepening in Economic Development*. New York: Oxford University Press.
34. Udah, E.B. and Obafemi, F.N. (2012).The Impact of Financial Sector Reforms on Agriculture and Manufacturing Sectors in Nigeria: An Empirical Investigation. *European Scientific Journal*, 8(17), pp.155-179.
35. Wilson G. (2002). *Development Economics*. Port Harcourt: Pearl Publisher.

ANNEXURE

TABLE 11

Year	Aggregate Agriculture Sector Output (N B)	Crop Production Output (N B)	Livestock Production Output (N B)	Fishery Production Output (N B)	ACGSF to the Agricultural Sector (N B)	ACGSF to Crop Production (N B)	ACGSF to Livestock Production (N B)	ACGSF to Fishery Production (N B)	Government Recurrent Expenditure on Agriculture (N B)	Bank Credit to Agriculture (N B)
1981	2,364.37	1,854.76	341.41	90.3	0.04	0.008	0.025		0.01	0.60
1982	2,425.96	1,897.08	361.12	93.86	0.03	0.006	0.022	0.00004	0.01	0.80
1983	2,409.08	1,842.70	393.13	97.96	0.04	0.009	0.022	0.00158	0.01	0.90
1984	2,303.51	1,759.12	399.69	68.01	0.02	0.004	0.012	0.00083	0.02	1.10
1985	2,731.06	2,180.91	428.1	43.97	0.04	0.015	0.014	0.00072	0.02	1.30
1986	2,986.84	2,427.10	421.63	51.51	0.07	0.036	0.026	0.00164	0.02	1.80
1987	2,891.67	2,330.00	433.43	40.65	0.10	0.064	0.029	0.00453	0.05	2.40
1988	3,174.57	2,581.60	444.27	59.79	0.12	0.090	0.018	0.00454	0.08	3.10
1989	3,325.95	2,710.67	453.16	94.81	0.13	0.111	0.008	0.00454	0.15	3.50
1990	3,464.72	2,828.59	462.22	101.29	0.10	0.084	0.005	0.00390	0.26	4.20
1991	3,590.84	2,955.88	454.82	105.35	0.08	0.070	0.004	0.00170	0.21	5.00
1992	3,674.79	3,044.55	458.92	94.81	0.09	0.081	0.006	0.00104	0.46	7.00
1993	3,743.67	3,132.84	461.67	71.11	0.08	0.072	0.006	0.00043	1.8	10.80
1994	3,839.68	3,226.83	466.29	66.49	0.10	0.088	0.011	0.00244	1.18	17.80
1995	3,977.38	3,336.54	485.87	73.14	0.16	0.132	0.018	0.00151	1.51	25.30
1996	4,133.55	3,463.00	499.96	88.35	0.23	0.185	0.028	0.00215	1.59	33.30
1997	4,305.68	3,611.91	512.46	98.33	0.24	0.201	0.023	0.00355	2.06	27.90
1998	4,475.24	3,752.77	526.3	112.2	0.22	0.182	0.023	0.00346	2.89	27.20
1999	4,703.64	3,949.42	541.03	128.12	0.24	0.209	0.012	0.00618	59.32	31.00
2000	4,840.97	4,067.90	553.48	133.25	0.36	0.309	0.027	0.00090	6.34	41.00
2001	5,024.54	4,222.48	570.08	143.91	0.73	0.623	0.060	0.01574	7.06	55.80
2002	7,817.08	6,977.88	597.5	153.02	1.05	0.939	0.064	0.01207	9.99	59.80
2003	8,364.83	7,493.02	622.56	159.23	1.15	1.026	0.100	0.01305	7.54	62.10
2004	8,888.57	7,956.66	663.03	173.02	2.08	1.826	0.190	0.01824	11.26	67.70
2005	9,516.99	8,524.15	707.87	183.43	9.37	8.194	0.845	0.26220	16.33	48.60
2006	10,222.47	9,162.65	756.73	195.43	4.20	3.703	0.368	0.11440	17.92	49.40
2007	10,958.47	9,826.77	809.16	208.29	4.09	3.576	0.353	0.14069	32.48	149.60
2008	11,645.37	10,437.99	864.19	221.97	6.50	4.966	1.108	0.36863	65.4	106.40
2009	12,330.33	11,046.16	920.2	235.66	8.33	5.795	1.726	0.70862	22.44	135.70
2010	13,048.89	11,683.90	979.56	249.71	7.84	5.295	1.305	0.46113	28.22	128.40
2011	13,429.38	12,017.19	999.4	270.32	10.03	6.766	1.878	0.58967	41.2	255.20
2012	14,329.71	12,919.54	972.76	291.31	9.33	6.388	1.878	0.37831	33.3	316.40
2013	14,750.52	13,247.80	1,030.94	317.47	9.26	5.811	1.883	0.37140	39.43	343.70
2014	15,380.39	13,793.45	1,086.85	338.75	12.46	7.459	2.342	0.45343	36.7	478.90
2015	15,952.22	14,274.94	1,151.32	358.7	10.86	7.259	1.444	0.48509	41.27	449.30

Source: CBN Statistical Bulletin, 2015

ASSESSMENT OF CHALLENGES AND OPPORTUNITIES OF VALUE ADDITION IN SIDAMA COFFEE VALUE CHAIN: THE CASE OF DALE DISTRICT, SOUTHERN ETHIOPIA

HIWOT ABAYNEH AYELE
LECTURER
SCHOOL OF ENVIRONMENT
GENDER & DEVELOPMENT STUDIES
HAWASSA UNIVERSITY
HAWASSA

YITNA TESFAYE
LECTURER
SCHOOL OF ENVIRONMENT
GENDER & DEVELOPMENT STUDIES
HAWASSA UNIVERSITY
HAWASSA

YAYNABEBA ABAYNEH
LECTURER
SCHOOL OF ENVIRONMENT
GENDER & DEVELOPMENT STUDIES
HAWASSA UNIVERSITY
HAWASSA

WORKALEMAHU TASEW
LECTURER
SCHOOL OF ENVIRONMENT
GENDER & DEVELOPMENT STUDIES
HAWASSA UNIVERSITY
HAWASSA

ABSTRACT

Coffee has a great social, cultural and livelihoods importance for the majority of Ethiopian population and to the national economy as well. This paper focuses on assessment of challenges and opportunities of value addition in sidama coffee value chain. Key Informant Interview (KII), Focus Group Discussion (FGD) and surveys were conduct to collect qualitative and quantitative data from key stakeholders in the coffee value chain. Qualitative data analysis methods and statistical analytic techniques were used to analyze the data. The survey result identified land, disease and climate change as the three major constraints for coffee value addition. In contrary, the three major opportunities identified were demand for coffee, extension services & government policy. These results were further complemented by findings of the FGD and KII which identified dependence on rain-fed agriculture, disease, and lack of expert in the coffee sector as the major constraints and availability of trainings, increase in the price of coffee, the availability of Awada research center as opportunities. Disease was identified as the major constraint in the process of value addition, which calls the focus of research centers on releasing new varieties and tackle the problem. In addition, the dissemination of modern input technologies should be focused to increase productivity. Effort should also be made to strengthen farmers' cooperative and encourage collective action of farmers to lower transaction costs to access inputs.

KEYWORDS
coffee, value chain, value addition, sidama.

JEL CODE
Q13.

1. INTRODUCTION

1.1 BACKGROUND OF THE STUDY

Coffee is the most important agricultural commodity in Ethiopia, both economically and socially. It is one of the most important export crops. (EEA, 2000). It is grown in many parts of Ethiopian. However, the major producing areas are Sidama, Kefa, Wallaga, Iluabbabora, and Hararghe which taken together account for more than 85 percent of national production. According to Mekonen (2009) the total area under coffee production is 0.6 million hectares; and more than 90% of the total production comes from small-scale subsistent farmers who have neither the capacity nor the access to use agricultural inputs.

Coffee has a great social, cultural and livelihoods importance for the majority of Ethiopian population and to the national economy as well. Ethiopians drink nearly 50% of the coffee they produce, and it is tied to complex and strong socio-cultural settings. The country produces more than 30% of the total coffee production in Sub-Saharan Africa. Besides its cultural importance, coffee has been a significant source of export earning to the country. In the year 2012/13 it had 24.2% share in the total export revenue the country generated (NBE, 2014). About 25 % of the total population is dependent on production, processing, distribution and export of coffee (Mekonen, 2009). It also accounts for more than 25 % of GDP, about 40 % of the total export earnings, absorbs around 25% of employment opportunity for both rural and urban dwellers and 10% of the total government revenue (MOA 2008 as cited on Dessalegn, 2009). Coffee, being a leading cash crop in Ethiopia, has a high potential of enhancing the purchasing power of the small holding farmers.

In the country most of the produce is coming from smallholder producers however, they are not gaining much from value addition. Coffee value chain can be seen through three sectors each with different economic and competitive dynamics that are relevant for African policy makers. The first sector is green coffee production i.e. raw coffee beans are the seeds of the coffee cherry and with a varieties of Arabica or Robusta. The second sector is instant coffee production, it is capital intensive activity to manufacture powder or granules and the resulting high levels of minimum efficient scale and the high levels of investment marketing and branding of incumbent. The last one is roast and ground coffee production. In 2009 this sector is much larger than the instant coffee market at $26 bn of value added (ACET, 2011).

Key opportunities to capture value for African countries are: increase the value of green coffee, increasing volume, exploiting high value niche markets and creation of a "coffee hub". Opportunities in processing are production of instant coffee, toll processing of roast and ground coffee, domestic demand creation and promoting coffee origins (ACET, 2011).

In regard to value addition certification and traceability have become major new requirements in the global food trade (Swinnen, 2007), with such certification schemes often implemented to add value to a product (Jena et al., 2012). By guaranteeing the product origin, fair prices to producers, ethical standards of production and processing, environmental sustainability in production, and safety and quality safeguards for a product, international buyers and consumers are often willing to pay extra for a product. Conversely, adhering to those new requirements can be costly. In the global coffee sector, it is estimated that around 16 percent of current coffee production is certified. This share should reach over 25 percent by 2015 (Panhuysen and Van Reenen, 2012 as stated by mintene, 2014).

1.2 STATEMENT OF THE PROBLEM

Ethiopia is the world's 5thand Africa's leading producer of coffee. The country produces 480 thousand tons or 5.6% of world production. It is also the world's 10th coffee exporting country, exporting 198,706 metric ton in 2012/13. Coffee is the leading commodity in generating foreign exchange for the country i.e. 24.2% in 2012/13 (Alemseged and Yeabsira, 2014).

In addition to contributing for foreign exchange coffee sub sector has been characterized by a bunch of opportunities and constraints. Opportunities of coffee industry include favorable policy environment, unique character of coffee quality, birth place of coffee and strong local coffee culture & availability of different varieties of coffee and potential for volume and quality expansion. Besides these most of the cooperatives are getting accesses to different certification schemes. According to Grote et al., 2009 and Wissel et al., 2010 certification is a means to add value to a product. Despite the above opportunities mentioned and others there are a number of challenges related to coffee business. Some of the challenges are inconsistency in quality supply, weak logistic services, weak public private partnership, and weak market information system (Alemseged and Yeabsira, 2014).

Having the above mentioned challenges the participation of smallholder coffee farmers and cooperatives in coffee value addition activities has been limited. Commonly smallholder coffee farmers and cooperatives perform activities like coffee harvesting, sorting, washing, and drying tasks. Besides, the whole chain is facing bottlenecks in using quality inputs and technologies, adulteration, awareness on quality of coffee, and breakups in maintaining trust & commitment among cooperative members. These all contributes negatively for value addition.

The existing opportunities related to value addition of coffee should be identified and the smallholder producers, processors and other value chain actors should capitalize on them. Even though coffee is contributing a lot for income generation of the farmers there are different constraints which prevent the smallholders' farmers from adding value to their product and benefit from participating in the international market. Therefore, this study is designed to deal with the existing information gap on opportunities and constraints of coffee value addition.

1.3. RESEARCH QUESTIONS

1. Who are the actors, what roles do they play & what type of linkages exist among actors in the coffee value chain?
2. What are the opportunities in value addition for smallholder producers & processors?
3. What are the challenges in value addition for smallholder producers & processors?

1.4. OBJECTIVES OF THE STUDY

GENERAL OBJECTIVE

The general objective of this study is to investigate the challenges and opportunities related with value addition in coffee value chain.

SPECIFIC OBJECTIVES

The specific objectives of this study are:

1. To assess opportunities in value addition for small holder producers & processors
2. To asses challenges in value addition for small holder producers & processors

1.5. SIGNIFICANCE OF THE STUDY

The output of this study will be very important for both policy makers and individual implementers who involve in coffee value chain in the study area for planning purpose and other policy issues. On top of this, it can be used as a base for researchers to further study the bottlenecks in value addition in Ethiopian coffee value chain.

2. RESEARCH METHODOLOGY

The study was conducted in coffee production potential area, Dale District Sidama Zone, Southern Nations Nationalities and People's Regional State.

The study was undertaken on coffee producers and processors in Dale district. Key-informant interviews and focus group discussions were held with representatives of major stallholders in the value chain. Most quantitative data were collected directly from producers and processors through survey.

Cross sectional survey was made and two stage sampling procedure was followed. Accordingly, three kebeles were selected from 36 kebeles found in the district purposively based on their coffee production capacity and agro-ecological representation. In the second stage 182 producer households were selected proportional to the size of total population. The size of Sample was determined by using the formulas provided by Cochran (1967) and adjusted for finite population proportion as indicated by Glenn (2013).

Since coffee producer in the three kebeles were assumed to have homogenous attributes in coffee production the variability were assumed to be 15% and sample size was calculated to 196 household (N_0=$(1.96)^2$(0.85x0.15)/$(0.05)^2$=196) accordingly 182 adjusted sample size estimated by applying finite population correction using 2,486 total population of three kebeles and proportionately samples were taken from each kebeles. (n=196/1+ (196-1)/2,487=182). The individual coffee producer household were selected using, systematic random sampling technique from the list of producers provided by each kebele. In the case of processors 10% was taken and individuals were selected randomly using systematic random sampling method.

Primary data was collected by interviewing techniques using pretested questioner. Collected data was analyzed by using descriptive statistics, econometric analysis and financial ratios.

Descriptive & Inferential statistics: In this study, descriptive and inferential statistics will be found to be important, for the purpose of discussion and comparison of some important variables of the sample.The descriptive analysis will be made by using mean, minimum, and maximum values of sample units while the inferential statistics was made by using chi-square and F-test.

VALUE CHAIN MAPPING

The value chain mapping was used to review distinct value adding functions, which link the production of a commodity (coffee in our case) to its final destination. These ranges of activities include input supply, coffee production, trading, and processing and exporting. For each function, service & facilitation in the chain there are actors who undertake the respective roles. The study was separately identify specific activities/ functions of value addition and the responsible actors undertaking them. The inter-relationships within their segment and with other actors; the value they add to the product; and the constraints and opportunities in the sector in general and the actors face in particular will be analyzed.

For a variety of reasons, a more streamlined and/or participatory form of value chain analysis is preferred, whereby use focus groups and key informant interviews with value chain representatives is emphasized. Focus group discussions with value chain representatives are a cost effective means of sharing experiences and ideas among different kinds of enterprises and institutions operating within the same value chain.

A value chain map presenting all the major actors in the coffee value chain was developed in pictorial form. It comprises information on the different supply channels that transform the product and the different markets or market segments to which products were sold.

SWOT analysis: The SWOT analysis was made to identify constraints and opportunities value chain actors face during value addition. It was done using structured interview guides, focus group discussion and key informant interview with value chain actors.

Narration and triangulation: were used to analyze qualitative data to support the descriptive and SWOT analysis. The qualitative data includes focus group discussion and key-informant interview.

3. RESULT AND DISCUSSION

This section describes the major findings of the study.

3.1. SOCIO-DEMOGRAPHIC CHARACTERISTICS

As it can be verified from the table, 95 % of the sample households were male. With regard to marital status, 89% of total sample respondents are married.

TABLE A: DEMOGRAPHIC CHARACTERISTIC OF SAMPLE COFFEE PRODUCERS

		Kebele						Total Mean and N%	χ^2 /F-value
		QaliteSimita		Chume		BeraTedicho			
		Mean	N %	Mean	N %	Mean	N %		
Age of the Producer		40		47		42		43	4.501***
Sex of the Producer	Female		1.1%		4.5%		5.0%	10.5%	4.120*
	Male		29.6%		29.6%		30.2%	89.5%	
Marital Status of the Producer	Married		30.0%		28.3%		30.6%	89.0%	10.143*
	Single		0.0%		0.6%		1.1%	1.6%	
	Divorced		0.6%		0.0%		0.0%	0.5%	
	Widowed		0.6%		5.0%		3.3%	8.8%	
Formal level of Education of the Producer		6		6		7		6	1.640
Family size of the producer		5		5		5		5	0.729
Coffee farming Experience		12.69		14.18		23.5		17	26.628***

Source: Own survey result, 2016

N=sample size, *** and * significant at less than 1% and 10% significance level, respectively

The educational background of the sample household heads is believed to be an important feature that determines the readiness of household heads to accept new ideas and innovations. The mean age of the sample households was 42. The one-way ANOVA, F test, revealed that there is difference at 1% level of significance on mean age of farmers among KAs. The data indicates that average family size in each household is 5 members.

The average years of farming experience in coffee production for total sampled household were 17 years. The years of experience show a statistically significant difference at 1% level among the study KAs.

3.2. VALUE CHAIN MAPPING

The actors in value chain can be classified in to three levels based on the roles they play in the value chain (KIT and IIRR, 2010). Accordingly a comprehensive description of each actor in the coffee value chain is presented below.

3.2.1. Value Chain Main Actors

These are the chain actors who directly deal with the products. In our case includes input suppliers, smallholder coffee farmers, local traders coffee farmers cooperative, private coffee processors and share company, coffee union, local and international coffee buyers.

INPUT SUPPLIERS

These are the first actors in the coffee value chain. They play a great role in supplying inputs for smallholder coffee producing farmers. The input suppliers in the woreda includes agriculture office, model farmers, Jimma Agricultural Research Center - Awada sub- center, smallholder farmers, cooperatives and Sidama Coffee Farmers cooperatives union.

In the woreda smallholder coffee producers' use different types of inputs for coffee production, harvesting and processing. These include improved coffee seeds, seedlings, organic fertilizer, coffee shade tree seedlings, small farm tools, alcohol and cotton.

SMALLHOLDER COFFEE FARMERS

In Dale woreda there are 36,236 smallholder coffee farmers, out of which 34,149 are male farmers. The average coffee productivity per hectare in the woreda is 11.62 quintal (Agriculture office, 2016). Their main activity is coffee production and selling coffee bean, seed and seedling to cooperatives, share companies and private processors.

COFFEE FARMERS' COOPERATIVES

There are 18 coffee farmers cooperatives in the woreda out of which 13 are functional. The main activity of the cooperatives include buying coffee from farmers, washing, hulling the coffee, drying, coffee quality controlling like moisture testing, packing, transportation, supplying washed coffee to union, paying premium price and dividends for producers. They used to participate in development work like construction of road, electricity, school (Agriculture office, 2016).

PRIVATE PROCESSORS

They are among the traders of coffee in the woreda and there are 15 licensed private coffee processors in the woreda out of which only 5 are functional. Their main role in the coffee value chain include collecting coffee beans from farmers and perform value adding activities of washing, hulling, drying, storing, and transport to regional coffee grading center.

SHARE COMPANIES

These are enterprises owned by more than one individual shareholders which are established and licensed to perform coffee processing and marketing business activities. There are 18 share company's out of which 11 are functional. They are also engaged in similar value adding activities like private processors.

SIDAMA COFFEE FARMERS COOPERATIVES UNION

Sidama Coffee Farmers Cooperatives Union (SCFCU) was established in 2001 and when the data for this study was collected it has 51 member Coffee Farmers Cooperatives, which have over 87,000 smallholder coffee farmers. The 18 coffee cooperatives found in the study area also perform their activities under this union. The union provides credit service for cooperatives, play market facilitation role, promotion, transportation and storage. In addition it checks whether it meets the certification given for the cooperatives.

3.2.2. Value Chain Supporters

WOREDA AGRICULTURE AND NATURAL RESOURCE DEVELOPMENT OFFICE

The Woreda Agriculture and Natural resource development (WANRDO) office plays a great role in supporting and creating enabling environment for coffee value chain actors. It provides different services like extension service, material supply and capacity building to coffee growers. Their stakeholders are coffee producers, private traders, cooperatives, research centers and consumers.

According to the data from the office the total area covered by coffee tree in the woreda is 14,327.71 ha, out of which 12,468.21ha was productive while 1859.5ha was non productive. In 2016 the total red cherry production of the woreda was 22,489,000kg and average productivity was 11.62 quintal per hectare (KII, 2016).

WOREDA MARKETING AND COOPERATIVE DEVELOPMENT OFFICE

It is primarily mandated to lead and support the establishment of different primary and secondary level producer and marketing cooperatives, including coffee farmers cooperatives. It is also responsible to provide capacity building services to cooperatives.

TRADE AND INDUSTRY OFFICE

It is responsible for licensing eligible private traders, renewing licenses, issuing certificate letter indicating the amount of coffee traded legally and other trade regulation activities and controlling illegal coffee trade.

JIMMA AGRICULTURAL RESEARCH CENTER -AWADA SUB CENTER (JRC)

JRC primarily focuses on conducting research activities on coffee and releases improved coffee varieties. JRC has been the main supplier of improved coffee seeds and seedlings at national level for many since its establishment. It is also established to further extend these activities in Sidama area. In this sub center so far four new coffee varieties were introduced and now it is working to introduce additional eleven new varieties. Besides these, it is also provides technical and awareness creation activities to local producers on coffee production method, including coffee management like shading for coffee, breeding and selecting coffee variety in collaboration with the WANRDO.

3.2.3. Value Chain Influencers

GOVERNMENT ENTITIES

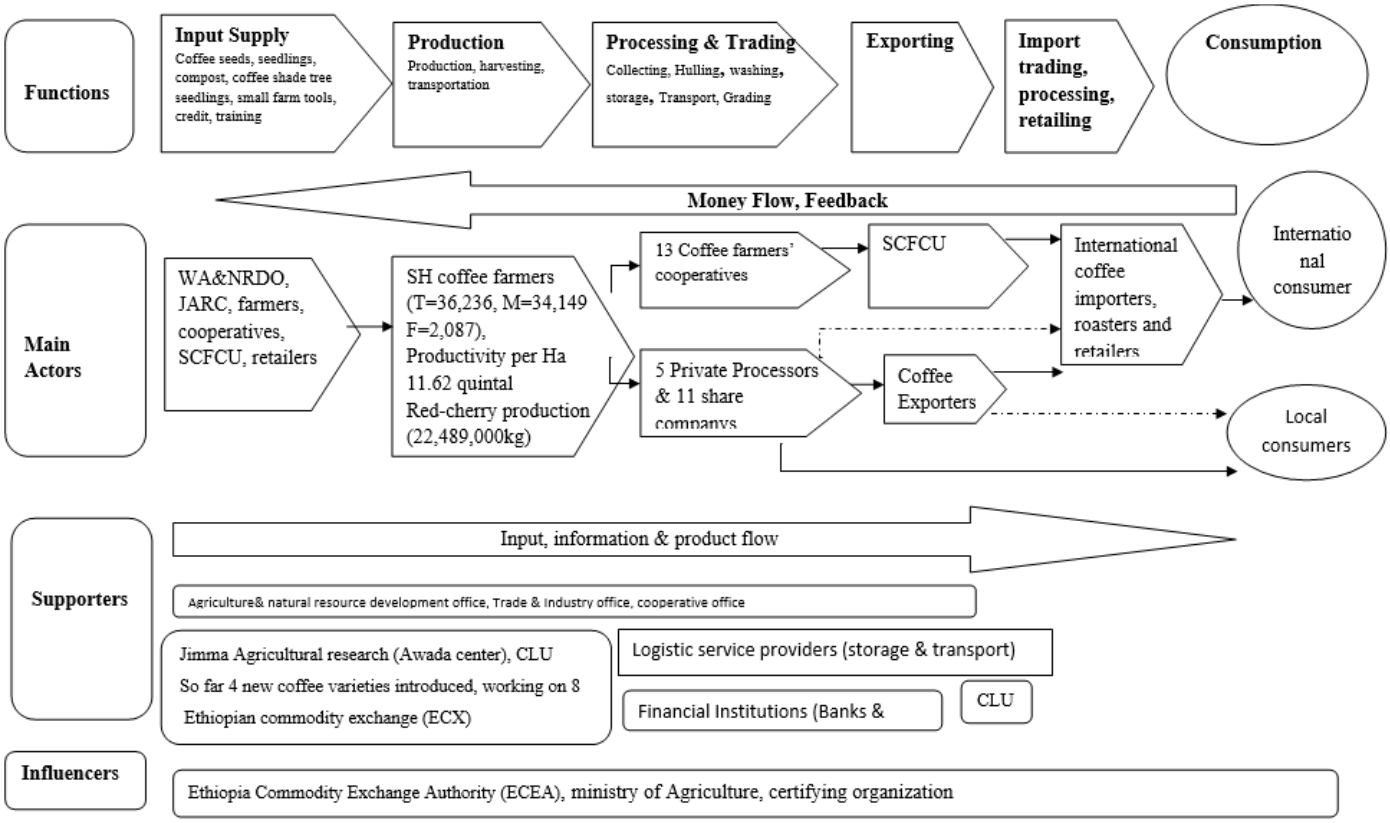
Coffee plays a significant socio-economic role for the country and thus it has been closely controlled by the state through various institutional reforms. The Ministry of Agriculture and Natural Resource Development is one of the higher level state organizations which has a power to determine the places and conditions of coffee transaction and quality control, inspect and grant certificate of quality, and issue certificate of competency to persons engaged in coffee export business (Coffee Quality Control and Marketing Proclamation No. 602/2008). The Ethiopia Commodity Exchange Authority (ECEA) is another regulatory body involved in the marketing system and oversees the implementation of the ECX rules, extend licenses to its members and audit its performance.

INTERNATIONAL THIRD PART CERTIFICATION BODIES

International third part certification bodies on the other side also constitute the coffee value chain context. In the Ethiopian context, and particularly in the case of cooperatives of Sidama area the certification bodies are, Fair-trade Labeling Organization, UTZ Kapeh Foundation, Rainforest Alliance, Starbucks, and Germany based BCS OKO-GARANTIE GMBH. Though each certification body has its own protocols, procedures and requirements, generally they undertaking compliance assessment and certification of producer organization guaranteeing other international buyer that a coffee from these certified producer organizations is produced as per some set standards and certification attributes.

COFFEE VALUE CHAIN MAPPING

FIG. 1: SIDAMA COFFEE VALUE CHAIN MAP



The cooperatives purchase coffee as it is primarily produced and sold by most of the coffee producers in the study area. The duration of their purchasing ranges from October to May. In 2012/3, 53% of the sampled coffee producers marketed coffee through the cooperatives. This figure increased to 58.3% in 2013/4.

The study identifies that, 66.7% of the total respondents' sale coffee through the cooperatives. Among users of the cooperatives, 27% of the respondents use cooperatives to sale their coffee by assuming that cooperatives provide them genuine measurement (no cheating in the weight) of the coffee. Other users, 33.2% of the respondents use cooperatives due to imagining an advantage of patronage refund from cooperatives. Both genuine measurement and patronage refund considered as essential arguments to use cooperatives by 37.7% of the respondents. Genuine measurement and introduction of desirable competition were pointed out by 16% of the respondents. The consistent numbers for patronage refund and introduction of desirable competition were 3.7% and 8.4% respectively. Cooperatives provide other services to the farmers besides supplying farm inputs, purchasing farm produces and extending credit. In the study areas, coffee marketing cooperatives gave coffee washing machine, sacks, and other services. As indicated in Table 2, 46.2% of the sample respondents were beneficiary from these cooperatives services. From the users of cooperatives to sale their coffee 70% of the respondents' get different service provided by the cooperatives, while 24.6 % of the non-users of the cooperatives as marketing agent get different cooperative services. There is statistically significant difference between cooperative users and non-users in getting these services. The significant χ^2 test indicates that more of the sample farmers who used the cooperative as their marketing agents were beneficiary from the services.

3.3. CHALLENGES AND OPPORTUNITIES COFFEE VALUE CHAIN ACTORS

3.3.1. Major challenges of coffee value chain actors

SMALLHOLDER COFFEE PRODUCERS

According to focus group discussion result, coffee production is difficult and costly business because it needs intensive labor. In the area, a laborer should be paid 3 birr/hole in order to dig one hole for cofafee seedling plantation. Whereas the selling price of coffee is low even it is not possible to cover cost of production and compensate the producers. Because of this, some farmers are replacing coffee tree by different crops like *Khat.*

The coffee production in the area is completely follows rain-feed agriculture. Therefore, when there is irregularity on the rainfall pattern like that of 2007 EC the production used to fall down. Disease and theft is also the other constraint for producers, which cause a huge loss on the harvest. The common prevailing diseases include CBD, Welt and new disease outbreak. In addition, cheating in weight machine at cooperative market center is also another problem.

The extension service at kebele level is undertaken by one development agent working on all crops. As it is reported by representative from ANRDO, 2016 the ratio of extension agents to producers is 1:500. Because of this agronomic practice are not properly followed. Additionally, coffee producers do not have enough access for some of the required inputs like scissors, cotton, and alcohol. However, these things are very important for proper coffee tree management.

TABLE 1: CONSTRAINTS OF COFFEE PRODUCERS

Constraint	Frequency(n)	Percentage
Disease	180	100
Theft	180	100
HR	29	16
Land	99	54.4
Certification	16	8.8
Price	49	27.1
Capital	72	39.8
Transport	85	47
Infrastructure	119	66.1
Brokers	152	84
Climate	158	87.3
Brand	33	18.3

Source: Authors' own computation (2016)

The major constraints that were raised by the sampled households were disease, climate, theft, and capital. The entire sampled respondents reported that disease and theft are constraints in the study area. When the respondents asked to rank the constraints land was found to be the first followed by climate, disease and theft as shown in the table below.

TABLE 2: CONSTRAINTS OF COFFEE PRODUCERS RANKED

Constraint	Frequency(n)	Percentage Rank
Land	48	27 1st
Climate	45	25.3 2nd
Disease	37	16 3rd
Theft	23	12.9 4th
Capital	17	9.3 5th
Infrastructure	4	2.2 6th
Broker	2	1.1 7th
Training	1	0.6 8th
Human resource	1	0.6 8th

Source: Authors' own computation (2016)

3.3.2. Coffee Processors

The major coffee processors in the study area were primary coffee cooperatives, private processors and share company. The major challenges faced by traders according to (FGD, 2016) were discussed below.

The quality of coffee that is supplied by the cooperative members has different problems. This includes mixing coffee with foreign material, with coffee that stayed more than 24hours after harvesting and mixing coffee coming from other districts. The processing operations is also continue to be hampered by infrastructure constraints, especially with regard to access to clean water and good transportation system. The quality of coffee depends on the water used for fermenting and washing. Coffee processors have different market centers that are near to consumers in the village however when it is raining, it is difficult for the truck to bring the collected coffee to the processing cite on time.

Absence of coffee quality expert in each coffee processing site is among the constraints. There is only one coffee quality expert for 39 kebeles (51 hulling machine) Because of lack of quality expert they are using market linkage expert after short training about quality of coffee but the result is not sufficient. In reality they are a key player in determining the quality of coffee since they are responsible for measuring moisture, loading packing and the like.

Poor infrastructure facility that makes transportation difficult and thus quality of coffee beans is deteriorating. The profit for producers is low because of high cost of labor, transportation and the system of exporting. Transportation cost is becoming very high because the truck used to stay a number of days waiting for a queue. Some of the reasons for the truck to stay at ECX for a long are absence of electric power, waiting for grading etc, The payment for a truck per day is 1000birr because of this rather than transporting coffee to ECX the trucks prefer to transport wood to Nazeret. But ECX is reporting that they can serve 60 trucks per day but in reality, only 15-20 trucks were served. The price of Sidama coffee is falling down among the other reasons one is electric power fluctuation.

Poor farming practice of the producers is becoming one of the challenges in the district. Those producers who use the proper agronomic practice package are producing 157-160 kg per ha and those who fail to use are producing 30 to 40 kg per ha. Some producers are planting coffee with *khat* and it takes all the minerals from the soil and results floating beans.

On the side of processing firms, the sites were not studied before planting the coffee processing machine. Waste materials */legage/* is entering to the water and the rivers are polluted. It is becoming difficult to find clear water for livestock and domestic use. If it is possible to bring technology to control pollution from coffee washing, it will be best.

The capacities of the machineries are very limited because they are very obsolete. If one cooperative purchase 50,000 kg then for processing it takes one or two days. At those times, the sites must announce for producers not to harvest coffee beans since it will be difficult for them to process it. Therefore; those who have already harvested will fail to sell or they will sell it another time by mixing it with the new one and this will reduce the quality of coffee (FGD, 2016).

All the sampled processors reported that disease, theft and brokers are the major challenge they were facing. Disease ranked first followed by brokers.

AGRICULTURE AND NATURAL RESOURCE DEVELOPMENT OFFICE

The major challenges according to FGD & KII were discussed below:-

Poor access to transportation services for extension agents. They do not have enough transportation facilities for providing technical support for producers. They reported that the ratio of extension agents to Motorbike is one to thirteen ration (1:13). In addition, there is also lack of human power especially related to the sector that specializes in coffee quality management. The crop experts are responsible for any technical advice related to coffee tree. Even there is only one coffee quality expert for all coffee processors.

Shortage of budget to supply different inputs for producers is also another challenge for the office. Each year the office has a limited budget to buy and supply different inputs like scissors, cotton, and alcohol for coffee growers.

There is no incentive for producers based on quality supplied; brokers are used to cheat producers, ownership of coffee i.e. Coffee is under the control of the male household so the wife and children used to steal and sell coffee, this contributes for the expansion of illegal coffee trade and the size of the land holding is also small.

3.2.4 Awada Research center

According to key informant interview, the followings are the major constraints:-

The nature of the crop: For other crops like *chat,* it is possible to harvest three times per year but because of perennial nature of coffee tree the harvesting time is once per year. The other is by its nature coffee tree needs more care.

Production and productivity in Sidama zone is decreasing because of management problem. In the study area, most of producers are not willing to remove old trees which are less productive and replace them by the new once. There are different challenging diseases like CBD, Welt and new disease outbreak which are causing a huge loss to the producers.

There is no incentive for those who are producing quality coffee beans; the price is equal for all producers who are supplying different quality coffee beans. These discourage producers from producing high quality coffee.

3.3.3. Major opportunities of coffee value addition

AGRICULTURE AND NATURAL RESOURCE DEVELOPMENT OFFICE

The major opportunities of Sidama coffee as it is reported by the office of agriculture during interview and focus group discussion, 2016 are: The agro climate of the area is very convenient to coffee production. Coffee is cash crops in the area because of these producers are committed in producing coffee. The economy of the district is highly dependent on coffee. Therefore, at the time of harvest and processing everyone is alert and busy to support the sector. The other opportunity is the increased in demand of coffee especially starting from last three years the demand for coffee is increasing in local market. Availability of market centers of processors in each kebeles that simplify transportation of producers.

COFFEE PRODUCERS

Coffee producers describe different opportunities and the major once are: Availability of different training for producers, the price of coffee is increasing, the availability of Awada research center (FGD, 2016)

The survey result showed Demand for coffee, extension services, training and government policy was reported as an opportunity by the entire sampled households. Certification, human resource and brand were reported by 91.2%, 84% and 81.7% households respectively.

TABLE 3: OPPORTUNITIES OF COFFEE PRODUCERS

Opportunity	n	Percentage
Training	180	100
Demand for coffee	180	100
Extension service	180	100
Government policy	180	100
HR	152	84
Land	82	45.3
Certification	165	91.2
Price	132	72.9
Capital	109	60.2
Transport	96	53
Infrastructure	61	33.9
Brokers	29	16
Climate	23	12.7
Brand	147	81.7
Training	180	100

Source: Authors' own computation (2016)

When the respondents asked to rank the opportunities demand for coffee was found to be the first followed by extension service and government policy as shown in the table below.

TABLE 4: OPPORTUNITIES OF COFFEE PRODUCERS RANKED

Opportunity	n	Percentage Ranked
Demand for coffee	48	27 1st
Extension service	38	21 2nd
Government policy	38	21 2nd
Human resource	20	11 4th
Climate	16	9 5th
Coffee price	6	3.3 6th
Infrastructure	6	3.3 6th
Training	4	2.2 7th
Capital	4	2.2 7th

Source: Authors' own computation (2016)

4. CONCLUSION AND RECOMMENDATIONS

4.1 CONCLUSION

The finding of this study shows the major challenges for coffee value addition were disease, climate, theft, and capital, thus research centers should focus on releasing new varieties, which resist the prevailing disease. Agriculture office should assign quality control expert to improve the quality of coffee and get better price.

A respective government institution has to work on the production of input facilities and harvesting technologies so that the export standards are met. Different stockholders should participate on the provision of farm tools like scissor and Quality expert to support extension agents and cooperatives

The major opportunities are availability of genetic diversity, convenient agro-climatic zone, indigenous knowledge, and known coffee brand at both local and international market.

4.2. RECOMMENDATIONS

On the basis of the results of this study, the following policy implications are drawn so as to suggest for the future intervention strategies aimed at the promotion of coffee production and marketing in the study area in particular and in the country in general.

- Effort should also be made to strengthen farmers' cooperative and encourage collective action of farmers to lower transaction costs to access inputs. Cooperatives can be very successful in dealing with both information asymmetry and in attaining competitive edge. They do this through collective action, pooling resources and lowering the unit cost of transaction.
- Providing an enabling environment for micro finance organizations is critical for delivering financial services to the producers and processors who are in need of cash.
- A respective government institution has to work on the production of input facilities and harvesting technologies so that the export standards are met.

REFERENCES

1. Alemseged Assefa andYeabsira Zewdu, 2014.Coffee export business in Ethiopia: Business start-up and operational manual. ECEA, Addis Ababa. 112p.
2. Dessalegn G. 2009. The performance of coffee marketing in south west Ethiopia: the case of bench maji zone. M.Sc Thesis, Department of Agricultural Economics, Haramaya University, Haramaya, Ethiopia
3. ECEA (Ethiopian Coffee Exporters Association) 2013. Ethiopia's coffee export performance report 2013. Addis Ababa, Ethiopia
4. EEA (The Ethiopian Economic Association) 2000. Annual Report on the Ethiopian Economy. The 2000 Ethiopian Economic Association Report, Addis Abeba, Ethiopia
5. Glenn D. Israel, 2013. Determining sample size, The Institute of Food and Agricultural Sciences (IFAS) University of Florida (UF) Gainesville, FL 32611.
6. Grote. U. 2009. Environmental Labeling. Protected Geographical Indications and the Interests of Developing Countries, The Estey Centre Journal of International Law and Trade Policy 10(1). pp. 94-110.
7. Jena P. R. Bezawit B.C. Stellmacher T. and Grote U. 2012. The impact of coffee certification on small-scale producers' livelihoods:a case study from the Jimma Zone, Ethiopia. Agricultural Economics 43: 429–440.
8. Mekonen HailemichaelSalla. 2009. Influence of genotype, location and processing methods on the quality of coffee (coffe aarabica l.). MSc. Thesis. Hawassa University, Hawassa, Ethiopia. 105 p.
9. Minten B. Tamru S. Kuma.T. and Nyark.Y. 2014. Structure and performance of Ethiopia's coffee export sector, IFPRI, Working paper 66, 2014.
10. NBE 2014. Annual Report 2012/13. Available online at: http://www.nbe.gov.et/publications/annualreport.html.
11. Wissel, S., A.Berghöfer,R.Jordan, S. Oldfield andT. Stellmacher 2010.Certification and Labelling. In: TEEB - The Economics of Ecosystems and Biodiversity for Local and Regional Policy Makers. United Nations Environment Programme: 161-171.

REQUEST FOR FEEDBACK

Dear Readers

At the very outset, International Journal of Research in Computer Application & Management (IJRCM) acknowledges & appreciates your efforts in showing interest in our present issue under your kind perusal.

I would like to request you to supply your critical comments and suggestions about the material published in this issue, as well as on the journal as a whole, on our e-mail **infoijrcm@gmail.com** for further improvements in the interest of research.

If you have any queries, please feel free to contact us on our e-mail **infoijrcm@gmail.com**.

I am sure that your feedback and deliberations would make future issues better – a result of our joint effort.

Looking forward to an appropriate consideration.

With sincere regards

Thanking you profoundly

Academically yours

Sd/-
Co-ordinator

DISCLAIMER

The information and opinions presented in the Journal reflect the views of the authors and not of the Journal or its Editorial Board or the Publishers/Editors. Publication does not constitute endorsement by the journal. Neither the Journal nor its publishers/Editors/Editorial Board nor anyone else involved in creating, producing or delivering the journal or the materials contained therein, assumes any liability or responsibility for the accuracy, completeness, or usefulness of any information provided in the journal, nor shall they be liable for any direct, indirect, incidental, special, consequential or punitive damages arising out of the use of information/material contained in the journal. The journal, neither its publishers/Editors/ Editorial Board, nor any other party involved in the preparation of material contained in the journal represents or warrants that the information contained herein is in every respect accurate or complete, and they are not responsible for any errors or omissions or for the results obtained from the use of such material. Readers are encouraged to confirm the information contained herein with other sources. The responsibility of the contents and the opinions expressed in this journal are exclusively of the author (s) concerned.

ABOUT THE JOURNAL

In this age of Commerce, Economics, Computer, I.T. & Management and cut throat competition, a group of intellectuals felt the need to have some platform, where young and budding managers and academicians could express their views and discuss the problems among their peers. This journal was conceived with this noble intention in view. This journal has been introduced to give an opportunity for expressing refined and innovative ideas in this field. It is our humble endeavour to provide a springboard to the upcoming specialists and give a chance to know about the latest in the sphere of research and knowledge. We have taken a small step and we hope that with the active co-operation of like-minded scholars, we shall be able to serve the society with our humble efforts.

Our Other Journals