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EXAMINING THE EFFECT OF DECLARATION OF INITIAL PUBLIC OFFERING ON SHARE PRICE AND RETURN: EVIDENCE FROM TEHRAN STOCK EXCHANGE

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ABSTRACT

The article 44 of the constitution of Islamic Republic of Iran, as an economic reform, converts Iran's state economy to a private one. Therefore, this study seeks to examine the effect of declaration of initial public offering on share price and return in Tehran stock Exchange. To test the research hypotheses, the research has enjoyed data relating to the general indices, expected and real return during 8 weeks before and after declaration of block share offering, and abnormal returns for each company during 16 weeks around the declaration of block share offering. The Excel software is employed to study information on prices, cash dividend and declaration date of block offering during 2001-2012. Then, calculations required for share return and abnormal return rate during the week around the declaration of the selected share offering were done. After that, the average cumulative abnormal return for transferring to Eviews statistical software is computed. To check the reliability of the variables, the Augmented Dickey Fuller Test is used and Chow's break point is also employed to check the breakpoint in the estimated model. The results indicate that initial public offering can affect price and return in financial and production/service companies.

KEYWORDS

initial public offering, share price and return, abnormal return, block share offering.

INTRODUCTION

Due to the importance and increasing spread of capital market in equipping and raising individual small capital towards production activities, identifying investors' behavior and variables affecting share price has gained great importance. Thus, recognizing effective news and finding its degree of importance based on its degree of effectiveness on share price is one of the desires of investors and capital market scholars (Saleh nezhad & Ghayoor, 2010). However, accounting researchers such as Biur (1968), Kaneli (1968) and Andrass (1974) believe that information data given in decision-making process should also be used by its prediction power in addition to investment objectives (Pattarathammas *et al*, 2009). In fact, scholars and investors should be able to predict as best as possible the share price and return affected by various factors (Saleh nezhad & Ghayoor, 2010).

Generally speaking, many factors may influence share price and returns. O'Conner (2001) suggests that factors such as financial and monetary policies of the country and certain conditions of the mentioned industry have the greatest possible effect. Of course, these are factors that organizations do not have control over. Factors which are under the control of organization and the firm's condition itself have direct effect on the share price and return. Factors such as management status, paid earnings, development projects, firm's reputation and history and debt position are considered among the most effective factors (Joub, Tursoy and Gonsel, 2009).

In Iran and in line with the implementation of the policies outlined in Article 44, some parts of state sector properties have been allocated to the private sector in addition to this transfer, the important point is the way of transfer. Since a considerable portion of share (more than 3 percent to even more than 30 percent) will be offered at once (Moradi, 2007), market reaction to this block offering has drawn many experts' attention. In 2011, for example, the Telecommunication share has been widely offered in only one day. Sometimes ago, the news about possible share offering of this company has caused changes in capital market and stock exchange. Along with block offering issue, one can point to the demand and block purchasing that can influence capital market, too. For instance, the Telecommunication share (as one of the largest privatized companies) has been purchased together by Bahman investment group. However, this research aims to seek the effect of initial public offering on share price and return. Regarding the condition of capital markets in Iran and the fact that transferring ownership from state sector to private sector occurs more in this period than last years, this topic is of particular importance.

BLOCK SHARE OFFERING

Block trade: is a type of trade in which the rules relating to price limit and volume limit are not respected. According to some experts, block share offering refers to those cases where 3 percent of share is offered while some other experts state that it involves more than 6 percent of company's share. Regarding block share offering, the volume of share offered goes beyond normal condition and it usually takes place when a company is going to be transferred from state sector to private sector.

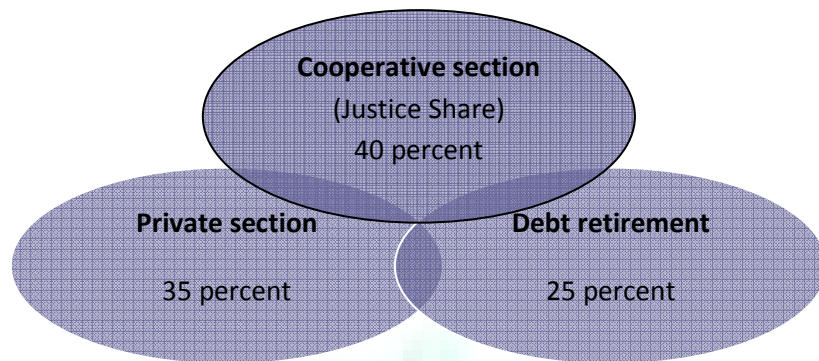
BLOCK SHARE OFFERING SITUATION IN IRAN

Considering the article 44 of the constitution of Islamic Republic of Iran and its importance, it is worth noting that Iran's economy is a state economy, and government and Supreme Leader state that implementing this article is important for country development. Implementing this economic principle has been considered as an economic reform since Imposed War.

After several years of discussion and with the aim of strengthening private sector, the government is notified to implement the article 44. Accordingly, it is believed that these quasi-state companies act better than real private sector in owning divested companies. However, economic theories and discussions necessitate economic liberalization and fewer government regulations and restrictions in the economy in exchange for greater participation of private entities and this policy is actually outlined in Note A, article 44 of the constitution and reflects the primacy of economic liberalization than privatization.

One of the major problems of the above-mentioned process is the high participation of the quasi-state companies which have purchased a large amount of divested share, especially block share, in recent years. According to the statistical observations, all divested shares are divested to the quasi-state companies based on debt retirement method. The studies show that Shosta investment company (affiliated with Social Welfare Organization), Mehr-e- Eghtesad-e-Iranian investment company (affiliated with Mehr Financial and Credit Institute) and pension funds have purchased nearly half of the total value of the divested block share.

FIGURE 1: SHARE DIVESTMENT TO VARIOUS SECTIONS SINCE ISSUING NOTE C, ARTICLE 44 OF THE CONSTITUTION



Source: Hamshahri Newspaper, Vol 19: No 5500

COLLECTING AND RECORDING COMPANIES' INFORMATION

To test the research hypotheses, the research has enjoyed data relating to the general indices, expected and real return during 8 weeks before and after declaration of block share offering, and abnormal returns for each company during 16 weeks around the declaration of block share offering. Information about block share offering, share price and other information delivered by Tehran stock Exchange is available in the official website of Tehran stock Exchange. Many financial analysts and investment companies make use of this information network to do their analysis and make appropriate decision for selling or purchasing share. The Excel software is employed to study information on prices, cash dividend and declaration date of block offering during 2001-2012. Then, calculations required for share return and abnormal return during the week around the declaration of the selected share offering were done. After that, the average cumulative abnormal return for transferring to Eviews statistical software is computed. To check the reliability of the variables, the Augmented Dickey Fuller Test is used and Chow's break point is also employed to check the breakpoint in the estimated model. The results indicate that initial public offering can affect price and return in financial and production/service companies.

TESTING THE RELIABILITY AND VALIDITY OF THE VARIABLES

Since the data using in this study is of quantitative and secondary type collected from official websites affiliated with Stock Exchange and are determined based on that organization standards, their validity is confirmed. In order to avoid false regressions, however, the reliability of the dependent and independent variables are tested. The Augmented Dickey Fuller Test is one of the most reliable tests used to examine the reliability. Therefore, the reliability of each variable is examined using Dickey-Fuller Unit Test. The results of Dickey-Fuller Unit Test are presented in Table 3. The results suggest that the number of transactions, as a variable, is reliable in the level and variables like overall index, price and cash return index, primary market index, secondary market index and financial index are reliable in the first-order difference.

TABLE 1: THE RESULTS OF DICKEY-FULLER UNIT TEST

O	Time series	ADF test-statistic	Level of significance (1%)	Collective degree
1	overall index	-11/327	0/000	I(1)
2	price and cash return index	-9/431	0/000	I(1)
3	primary market index	-6/692	0/000	I(1)
4	secondary market index	-11/504	0/000	I(1)
5	financial index	-8/099	0/000	I(1)
6	Number of transactions	-4/312	0/001	I(0)

To ensure the reliability, Im, Pesaran and Shin Test (1997) is used. According to the results of IPS test, all research variables are reliable since the P value is less than 0.05, i.e. mean and variance of the variables over time and the covariance of them between different years have remained constant. As a result, using these variables in the model would not result in false regression.

CHAW'S BREAKPOINT TEST

Since important changes occurred in the economic situation during conducting our study, especially in the mid-2005, we came to this conclusion that these changes may cause the model to make error. Therefore, the Chaw's breakpoint test is done to locate these changes. In this method, the significant level is supposed less than 1%. Consequently, the null hypothesis, the lack of break point in the 335th observation, is rejected. Thus, one can say that a breakpoint is observed in the 335th observation and the periods before and after that can be considered as two different peripheral periods.

THE RESULTS OF TESTING RESEARCH HYPOTHESES

This section tests the hypotheses in both main and two peripheral periods, the model parameters are estimated and finally the estimated model is presented. Due to the heteroscedasticity, the Garch Models are used to compute the mean equation and if heteroscedasticity is not observed, that ordinary regression model will be appropriate fit.

TABLE 2: VOLATILITY EQUATION PARAMETERS USING GARCH MODEL

		Main period 2001-2012			First peripheral period March 2001-October 2005			Second peripheral period October 2005-June 2005		
		coefficient	Z-test	Sig.	coefficient	Z-test	Sig.	coefficient	Z-test	Sig.
H1	Declaration	-0/236	-5/708	0/000	-0/296	-4/299	0/000	0/316	2/221	0/026
	Constant coefficient	-0/083	-4/837	0/000	-0/046	-1/308	0/191	3/103	3/326	0/001
H2	Declaration	-0/367	-5/746	0/000	-0/879	-4/278	0/000	0/876	2/175	0/026
	Constant coefficient	-0/094	-4/873	0/000	-0/063	-1/647	0/191	3/827	3/266	0/001
H3	Declaration	-0/135	-3/188	0/001	-0/296	-4/299	0/000	0/061	0/989	0/048
	Constant coefficient	-0/116	-5/019	0/000	-0/046	-1/308	0/032	0/069	0/727	0/032
H4	Declaration	-0/263	-3/198	0/000	-0/313	-4/299	0/000	0/057	0/976	0/000
	Constant coefficient	-0/181	-5/022	0/000	-0/053	-1/308	0/047	0/086	0/754	0/000
H5	Declaration	-0/176	-3/674	0/000	-0/237	-3/176	0/000	0/597	1/973	0/000
	Constant coefficient	-0/076	-2/345	0/000	-0/062	-1/476	0/024	2/235	2/246	0/001
H6	Declaration	-0/348	-3/457	0/000	-0/461	-3/168	0/000	0/367	2/326	0/000
	Constant coefficient	-0/072	-2/678	0/000	-0/053	-1/268	0/000	2/256	2/357	0/000

Table 2 indicates the results of estimation of Garch model for volatility equation of companies' share price in Tehran stock Exchange and findings of declaration virtual variable. As can be seen, in the main period and in declaration and constant coefficient, the volatility of share price decreases and the effect of these variables on reducing volatility is statistically significant, though reduction coefficient is more for declaration. Therefore, the first hypothesis for financial companies' share price is not rejected in the main period. In the first peripheral period, the volatility of the share price reduces and this reduction is significant in declaration, but not significant in constant coefficient. Thus, the first hypothesis is not rejected in the first peripheral period. In the second peripheral period, declaration and constant coefficient have significant effect on financial companies' share price and this effect is statistically significant for both variables. The second hypothesis, therefore, is not rejected in the second secondary hypothesis. As can be seen, other hypotheses are accepted in much the same way. In all presented results, the F test is significant at 1% level. In the periods under study, at least one of the estimated coefficients influences weekly returns. Now, let's consider the hypotheses based on ANOVA. To do so, a null hypothesis consistent with this test is formulated as follow:

$$\left\{ \begin{array}{l} H_0: \mu_1 = \mu_2 \\ H_1: \mu \neq \mu \end{array} \right.$$

The results of ANOVA are presented in the following table:

TABLE 3: ANOVA FOR SHARE PRICE

			Degree of freedom		f-statistic	Sig
H1	Between group	3279.22	99	57.2645	74.079	0/000
	Within group	4141.44	60	64.354		
H2	Between group	4801.16	62	69.2904	343.021	0/009
	Within group	1717.41	108	41.4417		
H3	Between group	4161.16	37	64.5071	231.07	0/012
	Within group	2606.29	41	51.0518		
H4	Between group	3487.31	59	59.0535	17.005	0/000
	Within group	3145.33	30	56.0833		
H5	Between group	3589.41	33	59.9117	383.098	0/009
	Within group	3544.21	37	59.5333		
H6	Between group	4863.35	33	69.7377	294.017	0/000
	Within group	4110.29	46	64.1115		

As indicated in table 3, the level of significance is less than 5% and H0 is rejected. Thus, the research hypotheses are accepted in a period between date of block share offering of the privatized financial companies and share price and return. In the following table, the acceptance - rejection status of the hypotheses is presented. As considered in the previous chapter, all six research hypotheses are accepted. In other words, initial public offering may influence different dimensions of share price and return.

TABLE 4: ACCEPTANCE-REJECTION STATUS OF THE RESEARCH HYPOTHESES

Hypotheses	Acceptance/rejected
Accepted	There is a significant relationship between the declaration date of block share offering of privatized financial companies and share price.
Accepted	There is a significant relationship between the declaration date of block share offering of privatized production companies and share price.
Accepted	There is a significant relationship between the declaration date of block share offering of privatized financial companies and normal return.
Accepted	There is a significant relationship between the declaration date of block share offering of privatized production companies and normal return.
Accepted	There is a significant relationship between the declaration date of block share offering of privatized financial companies and abnormal return.
Accepted	There is a significant relationship between the declaration date of block share offering of privatized production companies and abnormal return.

Regarding the price, although we found various effects such as price reduction and increase, the results emphasize price increase. In other words, having declared offer and considered prices in different periods till 8 weeks, the price increase was tangible. Generally speaking, the offered share price is expected to have ascending order in the course of initial public offering.

Considering the return, it is noteworthy that these effects are significant. Return partly due to price has had considerable volatility--meanwhile an ascending trend is seen. The ongoing research aims to examine the effect of informational content of block share offering declaration of privatized companies on return as well as examining the effect of block share offering declaration on share return. The result of testing this hypothesis shows a significant relationship between block share offering declaration and share return.

Using abnormal return rate is one of the most common ways of examining the informational content of declaration. The results of average cumulative abnormal return test suggest that there is a significant relationship between block offering declaration and share return. The findings of a research carried out by Ball and Brown on the relationship between earnings, abnormal return and activity volume revealed that there is a significant relationship between earnings and abnormal return, and it transfers informational earnings to the share market.

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ODE TO THE FABRIC OF DESERT: THE SANCTUARY WAY

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ABSTRACT

This article is based on my observation over a span of five years, on the making of fabric of desert "Kota Doria" – an epitome of Indian traditional knowledge, unique for its warp and weft, enduring power and mystique. This field study comprised of 150 respondents from different actors of the cluster. Conversation was carried out with weavers in particular women weavers, master weavers and dyers in the villages of Kaithun, Siswali, Mangrol, Roteda and Sultanpur of Rajasthan. Interviews were conducted with the government representatives, local panchayat and Members of Kota Doria Hadauti Foundation. Besides this, study of various wellknown reports of its intervention in the Kota cluster was also carried out. The views expressed in this article are those of the author and should not be attributed to the cluster and affiliation bodies. It provides a glimpse of the grassroots realities which were very different from theoretical perspectives thereby urging the need for greater conservation of 'Weavers skills - The intangible heritage' and strategize weaver's village as 'Weaver's Sanctuary'-a model tourist site for cluster sustenance.

KEYWORDS

Traditional Knowledge, Weaver's sanctuary, Uniqueness, Artisan skill.

ODE TO THE FABRIC OF DESERT: THE SANCTUARY WAY

The Rich Traditional couture, 'Kota Doria' has survived the changing fashion norms, to emerge among the most resilient fashion statements, recognised and appreciated the world over. On one hand these fabrics have paved their way into the ramp shows as well a wide range of fashionable garments like saris, suits, stoles, scarves, and furnishings but on the other hand the weavers and their magical fingers are now becoming an endangered species. The communities traditional knowledge comprising of collective wisdom and 'artistic, aesthetic and creativity- skills' are lost each day. Weavers cease work as earnings in this sector are now only 'labour-based' and not 'skill-based', giving no incentive to pursue their traditional practices. Ethnicity is the mantra used in attracting and retaining consumers in an overcrowded marketplace. Given today's instant communication facilities, coupled with the speed of imitation, the market is flooded with look-alike products. The need of the hour is to safe guard, the whole biodiversity from collapse, preserve the community's traditional knowledge and prevent the mushrooming growth of look alike Kota Doria.

THE GENESIS OF DEVELOPMENT

According to the weavers, Kota Doria's origin as a craft is shrouded in mystery but several tales have passed on by way of mouth for generations. The fact is that, it is known after the erstwhile Kota State from where it originated. Kota Doria's existence has been attributed to the relatively humid geographical conditions of the area. It is said that the craft spread to nearby villages as a result of girls from Kaithun –considered as the epicentre of craft, marrying in other villages. During the times of Prince Jagat Singh in the late 17th century, silk got introduced in the fabric and thereafter the cotton-silk composite structure having the square check pattern evolved. It was used as a turban cloth of nine to ten inches width. Later it got converted into a short sari or 'odhana' (traditional fabric woven by Indian women) of 36 inches width. Around the pre-independence period it further, got converted into a 46-inches wide sari. The zari (a thin golden colour thread), which earlier formed the end of the turban, started getting placed on the borders or at the pallu (end-portion) of the sari. This fabric's demand increased as it was considered as 'auspicious' among the Oswal community residing in Rajasthan, Kolkata and various parts of India. Thus even though beginning of this exquisite fabric is mired into mystery and not much is known in written form about the exact date or period of the initiation of Kota Doria in its present form it has captured the hearts and minds of the high fashion conscious youth both domestically and internationally.

GLOBAL PRESENCE

Bibi Russel, a well known figure in the European fashion world, seems to be the first person who made Kota Doria go contemporary. Her show "Renaissance Weaves" in January 2007 at Jaipur earned unimaginable applause and accolades for the weavers and then there was no looking back for the fabric. In May 2010, Puja Rajvanshi of Kota exhibited her collection tunics made of Kota Doria for winters at the Indian Premier London Fashion Week. The Kota Doria product range is under constant innovation not only by reputed Indian and International designers but also by some of the leading industries, such as Fabindia, Soma, Mother Earth, Weaver's Studio, Handloom Heritage, Upada Saree Ltd, Zari and Sheetal. Designers Digvijay Singh's 'Geometrees -100 per cent organic fabrics' and Nimish Shah's, 'GOT' certified organic fabric fashion collection depicts the transformation in the taste of contemporary designers over the synthetic options. It has heavily drawn attention of media too. 'HandEye' the American craft magazine, in their 21st April edition had featured special article on Kota Doria. Thus this yarn has made possible the weaver's hand loom a style statement.

CURRENT OUTPUT

The annual production of Kota Doria is estimated at One lakh and twenty thousand saris at full capacity with 2000 looms. One sari is composed of five and a half meters of fabric with minimum price of ₹ 450. The annual Value of the product is estimated at ₹ 45.9million. This is based on an assumption that only plain fabric is being prepared, the value of fabric with ornamentations would be at least 60% more than that of the plain fabric. Each household has one handloom and generally two to three people from each family are dedicated to work in the loom. Each handloom accommodates one 'bundle' of yarn at a time. The 'bundle' of yarn is 30 yards long and makes five saris. It generally takes 20-25 days to weave 30 yards of plain Kota Doria saris and up to 30 days to weave 30 yards of elaborate saris. The weaver spends almost eight hours daily on this activity.

UNIQUENESS

Kota Doria is known for its fineness, transparent look and durability. It is perhaps the only fabric, which uses cotton as well as silk in predefined proportions in the warp as well as weft to produce unique square check patterns known as 'Khat'. In the 'Khat' pattern, stress is applied on cotton yarns, so inspite of the fact that the silk yarns are not degummed here; still there is a sheer texture in the fabric instead of fabric getting brittle. The fabric was also known by Kota -Masuria as the finest check in the Khat pattern resembled the 'Masur' lentil seed. The delicate and porous nature of the fabric makes it more convenient for surface ornamentation techniques like batik, tie-and-dye and embroidery work. The Khats are made so skillfully that the fabric becomes transparent.

The popular combinations presently in production are:

a) Cotton x Cotton b) Cotton x Silk c) Tussar Silk x Tussar Silk.

The Cotton- Cotton variety has 90- 96 'Khats' across the fabric width of 46 inch with approximately two Khats found in an inch, both in transverse as well as longitudinal directions. Each Khat has 30 threads in both the directions, thus there are approximately 60 ends per inch and 60 picks in the fabric.

Cotton- Silk variety has three variations based on the number of 'Khats' in the 46 inch width of the fabric:

1. 300-'Khat' variety: Having 285-300 'Khats' across the width with transverse dimension, five to six (70-84 ends/inch) and longitudinal dimension of five to six (70-84 picks/inch).
2. 350-'Khat' variety: Having 325-350 'Khats' across the width with transverse dimension, seven to eight (98-112 ends/inch) and longitudinal dimension of six to seven (84-98 picks/inch).
3. 400-'Khat' variety: Having 385-400 'Khats' across the width with transverse dimension nine to ten (126-140 ends/inch) and longitudinal dimensions eight to nine (112-126 picks/inch).

Each khat in above varieties has 14 threads (eight of cotton and six of silk yarns) both in transverse and longitudinal directions, hence number of ends and picks per inch can be ascertained. The 'Khat' thus needs to be protected. Technically speaking, it is not possible to create a structural pattern in a fabric using a simple two-pedal loom. However, it is the fine skill of the weavers of this region that a structural pattern is created in Kota Doria fabric with just two pedals. This prompted the Kota Doria Development Hadauti Foundation (KDHF), with the help of the United Nations Industrial Development Organisation (UNIDO) to apply for a Geographical Indication (GI). In July 2005, under the Geographical Registration Act 1999, GI was granted to Kota Doria, covering both the area of production as well as the handloom process that creates these traditional products. The logo of Kota Doria is shown in Figure 1. The attributes of uniqueness like Scarcity (resource is widely not available), Superiority (fulfills customer's need better than competitors), Inimitability (cannot be easily copied), Durability (long life) and Substitutability (does not have viable alternative) not only makes the resource valuable but these core competencies help to establish competitive advantage for sustainability.

METHOD OF PRODUCTION

According to the weavers Kota Doria fabric production process involves (a) preparation of yarn which includes activities like winding, wrapping, dyeing and sizing (b) preparation of loom which includes activities like drafting, denting, design setting and weaving. The entire production processes is carried out manually and artistically on very traditional and age-old pit looms with a throw shuttle technique. The raw material from natural fibers namely cotton and silk are used in the entire process. Cotton yarn of 80s to 120s counts mainly of combed quality are bought in from Ahmedabad, and Mumbai while silk yarns of 20/22 D to 13/15 D are brought in from Bangalore. Besides, zari from Surat, jute and other fancy yarns from nearby areas are also used in lesser amount for motif, weft insertions or other ornamental purposes. The weavers further mentioned that recently the subsidy on raw materials was removed. It was wonderful and heartening for me to witness the production activities step by step. Weavers explained very each step in detail with enthusiasm.

Winding was the primary process of transferring the yarns from the hank onto bobbins for warp and pims or sirki for the weft. They obtained cotton in the form of hanks (lachhis). They showed me a small swift consisting of rotor wheel which was attached to a harness of conveyor belt at the other end. Then they rotated the wheels by hands resulting in the rotation of the spindle and transferring of the thread from hank to the spools. This is followed by Warping wherein, a predetermined length of warp with number of the threads as required for the whole fabric is obtained. Here they placed the wooden pegs along the length of the yarn and then tied a thick rope below it to a pair of iron pegs which is dug into the ground fully stretching the rope on each end so that a continuously crisscrossed set of two yarns may be obtained. Generally they said, warp of 31-36 yards is prepared for producing five saris of six yards each or four saris with blouse, of seven yards each. Margin for shrinkage and wastage is carefully kept in mind during the process.

I noticed involvement of two person's here, one of them was twisting the yarns with the help of a heald (locally called as 'Hattha'), which has the yarns passing through it, and the other person was holding the creel (locally called as 'Pinjras') which consisted of the spools of the yarns. Both of them then took turns round the pegs. The number of turns taken depends on the number of 'khats' of the sari and the creel's capacity to obtain yarns in the warp. Usually The Kota Doria sari comprises of 300 Khats, each khat comprises of eight cotton and six silk yarns thus resulting into 2400 cotton and 1800 silk yarns in the warp. These yarns are then collected in the form of ball. This entire activity is performed by the non-weaving family members of the village in the open spaces near their home.

Wrapping leads to Dyeing activity. It is the manual process of coloring the material by dipping them in warm bath of dye. Dyers allow the dye to be fixed once that is done it is followed by washing and drying. I found the dyer very ecofriendly in nature as they used natural shades only like VAT, Naphthol, Direct and Reactive. Their artistic rich experience was reflected in the colourful spectrum of fabric carried out by tying and dyeing in different shades to produce the tie-dye effect in the fabric.

This is followed by imparting the yarn enough strength, surface glaze and stiffness by a process called as sizing. This helps to withstand the beating of the reed during the weaving process as no further ironing or finishing of the sari is done in the later stage. In Sizing paste of rice ('Maandi') and the juice of a special wild variety of onion which renders a soft feel to the yarn is made. This is then applied using special brushes made up of a particular type of coniferous leaves brought in from Kashmir. According to the weavers, Sizing is done only for cotton yarns and is highly a painstakingly process.

Now they were busy in drafting. I saw all the cotton and silk individual threads being drafted through the double clasped country cotton heald (locally called as 'Ranch') of the loom and dented through the bamboo reed (locally called as 'Fani'). These reeds are brought in from Banaras. Around one hundred and ten reeds are used in order to produce a unique check pattern popularly known as Khat with weft threads. The pattern of laying the threads in cotton silk variety is highly skillful. It comprises four threads of cotton, two threads of silk, both in warp way and weft way. Silk threads are taken one by one through the dent of the reed making the transparent background whereas two threads of cotton pass through one dent of the reed forming a very compact check pattern relatively coarser known as Khat, which are woven across the width of the saris. The Khats so formed does not get flattened even after putting the fabric in water. This is followed by design setting. The design setting of Kota Doria sari is mainly based on the extra-weft pattern of weaving using jacquard or dobby. For the purpose of producing floral patterns, or any other intricate designs in the pallu, border and body of the fabric, the desired paper designs are first made on the graph papers and then transferred to the fabric. Dobby is used for ground motif and for fine small borders in the saris and is upto 16 plates, however jacquard is being used for making exquisite borders of the saris and pallus of the saris and is of 120 hooks. The design setting is then followed by weaving in pit loom by throw shuttle technique.

CORE CLUSTER ACTORS CONCERN

Geographical area of the cluster is shown in Figure 2. Kota Doria are made in many villages located in Kota, Bundi and Baran districts of Rajasthan. With a total strength of 2500 weavers the oldest and biggest concentration of 1400 weavers is in Kaithun. Other major places of concentration of weavers are Kotsuwan with 35 weavers, Sultanpur with 25 weavers, Mangrol with 100 weavers, Siswali with 50 weavers, Kapren with 15 weavers and Roteda has 150 weavers. Although Kota Doria Development Hadauti Foundation (KDHF), was primarily set up to manage the GI and undertake verification activities, it is now structured as an umbrella organization for the cluster consisting of weavers, dyers, warpers, and sizers. I noticed that around 70 percent of people engaged in the cluster belonged to Ansari Muslims community, with production based mostly in homes. Production was undertaken by weavers of which seventy five percentage constituted women. These weavers have their families and the looms living in cramped houses, most of which are 'kuchha' rainwater seepage and poor working conditions affects the production most of the times. The women said that the education level in the weaver's community was quite low, with some not even completed secondary school. Lack of education lead to unawareness of the many benefits available to them, one among them during my visit was the issue of Bunker (weaver) identity card. They also complained about weak eye sight and expressed their ignorance about health benefits available to them. Their basic monthly wages varied from ₹ 1500-2000 for plain sari and for zari sari from ₹ 2500-3000. Weaver of village Sultanpur had a different concern they all worked under a government initiative called Rajasthan Khadi Sanstha Sangh (RKSS) which provides the weaver families with handlooms. The weaver families

under this initiative just produce plain saris and fabric, which RKSS buys back from them. However, the weavers have to travel to Kaithun to get the raw materials as well as to sell the woven product with no travel reimbursement. This reduces the already minimal amount they receive for the woven products. What surprised me was that many institution realised the need to create awareness, build confidence and synergy among women workers but these institution could not work with women workers directly without first getting acceptance from the community. Master Weavers bought raw material at wholesale rates from the mills and provided the same to the weavers attached to them. Kaithun had a population of 47 master weavers, who not only procure saris from the weavers of Kaithun but also from Kotsuwan and other weaving villages. Master Weavers developed marketing linkages with the traders of Kota, boutique owners of other cities who provided designs and colours to them and in turn bought the finished product. However, traders often did not pay for products supplied on a weekly basis as their transactions were of longer-term, this affected the weavers payment too. Some of the smaller master weavers resorted to direct sales in various cities by door-to-door selling. The master weavers said that they had to bear expenses on their own in order to travel to different cities and to participate in various exhibitions to sell their products. However, selling all products is not guaranteed as it depends on the demand in the market at that particular time, which means there is no certainty of a constant flow of income for them.

About 70 per cent weavers knew the benefits of being GI-registered and were enthusiastically weaving in the Kota Doria GI logo on the clothes made by them. Fake Doria sellers were now forced to sell under names like Kota Cotton. It is another matter that only one case has been filed against traders dealing in fake Kota Dorias, due to poor awareness about the procedure for filing a complaint. These non-genuine duplicate products are comparatively sold at a lower price thereby throwing threat to the livelihood of weavers. Master weavers expressed their displeasure in KDHF inactive role in creating awareness about filing complaint. The other grievance about the umbrella organisation was that it did not cover the entire universe in terms of various brochure distribution.

Master weavers further said that they do not engage in exporting Kota Doria directly. This is mainly done by big retailers. Number of weavers are decreasing in the cluster, so they are unable to meet export demand of high quality standards timely. Mostly Plain Kota Doria fabric is exported as the demand for elaborate saris in particular is low. Once the fabric goes there, it is made into different types of clothing and household products. As a result, many weavers have left the profession because they get paid less to weave plain cloth.

Besides weavers and master weavers, 10-15 families of the cluster are involved in sizing and washing. Kaithun has 12-15 raw material suppliers who procure cotton, silk and zari from the wholesalers or production centres and stock the same to supply to the master weavers. There is one raanch maker and 10-15 Raanch fillers, three graph designers, six dyers, 10-15 loom mechanics and about 50 traders dealing in Kota Doria saris have their shops in Bhairu Gali (a small lane of around 75 meters length and 3 meters wide) of Kota.

The institutions that provide activity-oriented support to the cluster includes Rajasthan Handloom Development Corporation (RHDC), Rajasthan Rajya Bunkar Sahkari Sangh, Weavers Service Centre (WSC) and District Industries Centre. The other institutions that can be linked with the cluster are Development Commissioner (Handlooms), Textiles Committee, Handloom Export Promotion Council, Cotton Textile Research Associations, Cotton Textiles Export Promotion Council (TEXPROCIL), Design Institutes, Rajasthan Small Industries Corporation (RSIC). Besides this Financial Institutions like SIDBI and NABARD, Rural Non-Farm Development Agency (RUDA) and District industries centre (DIC) have also been closely associated with the cluster. Figure 3 Depicts DIC's Common facility centre planning for welfare of weavers for the year 2009-2010. The main objective of the planning as told to me by its officials were social and economic upliftment and easy availability of raw material. The planning would be carried out in two phases. The First Phase comprises of imparting training to weavers, making availability of raw material and marketing of finished products while the second Phase comprises of selection of 100 weavers, bringing them to a common platform called as facility centre wherein land would be provided by municipal corporation.

'TRADITIONAL KNOWLEDGE' -THE INTANGIBLE HERITAGE

One of the beliefs is that the Doria saris were originally woven in Mysore, and from there, some weaver families were brought to Kota due to the patronizing efforts of the then Kota Prince, Rao Kishore Singh (1684 - 1695). All these 'Living Human Treasures' involved in the production of Kota Doria involving number of process are carrying on their age-old traditional craft with high level of skills, patience and concentration and passing on the skill to their new generation. In this cluster, the local ethnicity of origin, traditional and cultural skills of the weavers, traditional knowledge and the 'hand-factor' are the USP of the intangible cultural Heritage. While the cramming of the yarns is mechanically achieved in the reed of the warp way, it is only the inherited skills of the weavers that helps them throw silk as well as cotton yarns along the width according to the design requirements and beat the cotton yarns double and keep the silk yarns lightly beaten to evolve the square check. It is this inherited skill and the evolving 'Khat' pattern that is so unique that no words would be sufficient to explain it. You cannot learn a skill just by listening which is a part of oral tradition. Social identity and memory, learning by doing are crucial in the transmission of skills from generation to generation which is reflected in finishing process given to yarn during sizing activity. The tradition of weaving stayed alive only in Kaithun and its nearby villages, due to the spread of its marriage route, each girl getting a loom as part of her 'dowry', not only as a source of livelihood for the whole family but also preservation of biological diversity of this indigenous communities. This culture if continues lead to village societal happiness, an important parameter in Human development. Conscious efforts also has to be made to save the old graph designs by the designers to prevent mass extinction of local ethnic and distinctive appeal in the traditional motifs of the weavers ecosystem.

TOURISM BOOST FOR VILLAGES--- EXPLOITING DESI GRANDEUR

When we think about The City Kota, three things that come in the mind are Kota Doria, Kota stone and Kota coaching. The pace at which the coaching centres have flourished and contributed unremarkably to the Kota's economy is incomparable to the age old Kota Doria's production. Much has been said and done to revive this vanishing traditional craft. Then the question arises why is younger generation of these weaver families not willing to continue in the weaving profession, why are they opting for other types of employment, especially opportunities presented by the National Rural Employment Guarantee Scheme (NREGS). Why are the weavers committing suicide. My first hand field assessment thrust that a lot has to be executed for the weavers ecosystem to emerge from present crisis.

For sustainable development it is essential to promote sustainable tourism here. Kota as such reigns supreme among tourists for holding gala celebrations during Dussehra Festival and for hosting Chambal adventure sports. The flows of tourism traditionally concentrated on a these limited set of popular destinations, Tourists are looking for diverse destinations to explore 'Weavers Sanctuary' at Kota can be touted one among them. Visit to weaver's sanctuary can offers a viable alternative for these indigenous populations to receive income in a way that protects their resources from exploitation. For this to happen, the imperative is to have a national policy to promote Globally Sustainable tourism. In case of Kota Doria most of the consumer I found were not even aware of its uniqueness even after purchase, Sustainable Tourism can educate, both domestic and foreigners about the Khat preparation, Eco friendly dyes used and rich artistic skills involved in the preparation of Kota doria.

One of the initiative of the Ministry of Rural Development to underpin their commercial success as well as to preserve cultural identity and diversity was the launch of Kota Grameen Haat (A traditional concept of weekly or monthly market). In these haats, weavers of that particular region come and sold their products. It is generally a mobile and transient arrangement. Another strategy for poverty alleviation and sustainable development was Mela (It is larger in size compared to haat and sells a wider variety of commodities). Mela involves transparent management comprising of a safe and healthy working environment for producers. It also helped in producers' independence by developing commercial relations to deal fairly and respectfully with trading partners. It worked on the principle of equal pay for equal work by women and men. Kota Gramin Haat foundation stone was laid on an area of 1.5 hectare on 10th May 2003 by Honorable Industry Minister Dr Chandrabhan. It was functional on 15th March 2005. The Mela attracts hundreds of tourists who flock to see and buy the exquisite saris. Prior to the allotment of stalls, several visits to Haat were undertaken by a team of officials to ensure that the allotment was done in a fair and transparent manner. The infra structure includes 10*10 pakka 25 stalls with tubelights and fans, a training centre, food plaza, toilets, drinking water supply and a rest shed for the tourists. The participants were provided with dormitory type of accommodation. A committee of officials was specially constituted to look into all issue pertaining to transport and lodging facilities of the participants. The publicity of the Mela was done through the advertisements given in the National and local Newspapers both in Hindi and English language. Cultural programmes were organized after the inaugural function.

Unlike other fair in Rajasthan Kota Doria fair exhibitions was extraordinary, unique and full of amusements. This fair would be popularly known as paradise for the Fashion with conscience. But these fair were held in Kota city efforts should be made to shift the same at the geographical location of the cluster – 'weavers sanctuary'. A major challenge before the government is to attract private investment for developing tourism-related infrastructure in this remote yet exotic locale. The new tourism policy of should have provisions for public-private partnership for tourism-related infrastructure development in rural areas.

CONCLUSION

India Inc is shining on the global map. While the organised sector is enjoying all the benefits and making remarkable growth, much needs to be done to uplift and meet the demands of the unorganised sector in the country. The traditional approach of welfare activities by the State and intervention of non-profit civil society organisations is increasingly losing relevance due to issues of sustainability. Dependence on external grants or funding support for empowering people and bringing them out of abject poverty is not increasingly being perceived as a viable option beyond specific timeframe and limited geographical boundaries. What is required is a mechanism addressing 'Bottom of the Pyramid' or a model that sustains its activities by way of profit generation and is equally compassionate towards social good. Turning weavers village to a model ecofriendly ethnic tourist site known as Weavers Sanctuary is the answer key.

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FIGURES

FIGURE 1: LOGO OF KOTA DORIA



TABLES

TABLE 1: GEOGRAPHICAL LOCATION OF THE CLUSTER

	Name of the location	District	Latitude	Longitude
1	Kota	Kota	25.183 °N	75.833 °E
2	Kaithuri	Kota	25.133°N	75.983 °E
3	Sultanpur	Kota	25.283 °N	76.167 °E
4	Kotsuwan	Kota	25.217 °N	76.083 °E
5	Mangrol	Baran	25.333 °N	76.517 °E
6	Siswaili	Baran	25.350 °N	76.350 °E
7	Bundi	Bundi	25.450 °N	75.650 °E
8	Kapren	Bundi	25.417 °N	76.067 °E
9	Keshoraipatan	Bundi	25.300 °N	75.933 °E
10	Mandawara	Kota	25.367 °N	76.150 °E

FIGURE 2: DIC ACTIVITIES FOR YEAR 2010-2011

(A. Project Cost)

S.No.	Particulars	Cost (In Lakhs)
1.	Central & State Government	70.00
2.	Working Capital By Bank	40.00
Total		110.00

(B. Financial Sources)

S.No.	Particulars	Cost (In Lakhs)
1.	Land	Free- By Municipal Corporation
2.	Building	60.00
3.	Machinery	10.00
4.	Working Capital	40.00
Total		100.00

(C. Recurring Expenses)

One family monthly weaves five plain & three colour Zari Kota doria sarees

Capacity : 85%

Working days : 25 days per month

A.	Raw material		
	i.	Raw material 5 plain sarees	
		▪ Cotton thread: 750 grams @ 300 Rs./Kg.	225.00
		▪ Silk Thread: 250 grams @ 1800Rs./Kg.	450.00
	ii.	Raw material 5 Jhari sarees	
		▪ Cotton thread Colour: 300 grams @ 350 Rs./Kg.	105.00
		▪ Silk Thread: 100 grams @ 1800Rs./Kg.	180.00
		▪ Jhari: 10 Tola @ 200Rs./tola	2000.00
			2960.00
		Therefore 100 weaver family per Raw Material 100X 2960	296000.00
B.	Water & Electricity 250/- per family		25000.00
C.	Repairs & maintenance 100/- per family		10000.00
D.	Salary & wages (Self-employed)		
E.	Miscellaneous Expenses 300/- per unit		30000.00
F.	Depreciation		
	Building @ 3.39%	20000.00	
	Machinery @ 10%	10000.00	30000.00
G.	Interest on working capital- at 12%		40000.00
	Total recurring Expenses (A to G)		431000.00
	Sales & Income (per month)		
	➤ 5 plain Doria sarees @ 500 Rs./-		2500.00
	➤ 2 zari Sarees @ 2000 Rs./-		4000.00
			6500.00
	Therefore Sales Per 100 Units		650000.00
	Profit per month= Cost – Sales (650000- 431000)		219000.00
	Profit per unit (month)		2190.00

(ACTIVITIES FOR KAITHUN CLUSTER)

S.No.	Particulars	Rs. (In Lakhs)
1.	Construction of showroom	15.00
2.	Raw material & finished Goods	10.00
3.	Rest houses for weavers	10.00
4.	Workshop	10.00
5.	Drinking Water Facility	0.50
6.	Dry cleaning	0.50
7.	Training room with furniture	5.00
8.	Electricity	4.00
9.	Wash room	5.00
		60.00

NAME OF PLAN

- Health Insurance Plan
- Mahatama Gandhi weavers Insurance Plan
- Cash award plan for weavers
- Integrated Handycraft Vikas Plan
- Product Distinctive Plan
- Yarn Bank Plan
- Marketing & Export promotion Plan

CASH DIVIDENDS ANNOUNCEMENTS AND IMPACT ON THE SHARE PRICES OF LISTED COMPANIES IN COLOMBO STOCK EXCHANGE IN SRI LANKA

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ABSTRACT

This study examines the share price reaction to cash dividends announcement by manufacturing versus non-manufacturing companies using a sample of 40 listed companies from different sectors of the emerging market of Colombo Stock Exchange (CSE) in Sri Lanka during the period from 2000 to 2005. Standard event study methodology of Brown and Warner (1985) is employed to find the results. The study has 240 events for cash dividend announcement. The results show that positive Average Abnormal Returns (AARs) earn 90% of the window period and AARs is strongly significant at 1% level on the dividend announcement date. The study found that dividends have a stronger signal and significant information content in the CSE. On average, market reacts positively to dividend announcement. Further the dividends announcements are stronger for manufacturing companies. The findings justify that information leakage is evident before the dividend announcement in manufacturing companies. The market takes considerable time to fully incorporate information contained in dividend announcements made by the non-manufacturing companies.

KEYWORDS

Cash Dividends, Standard Event Study, Abnormal Returns.

INTRODUCTION

In any country, capital market is an important body in contributing economic development. It has traditionally been viewed as an indicator or predictor of the economy. Many believe that a decrease in stock prices signals a slowdown in the economy (CSE-2005-Annual Report), whereas an increase in stock prices is evidence of growth. In Sri Lanka also Colombo Stock Exchange (CSE) plays a major role in contributing much towards economic development. CSE is emerging trend in Sri Lanka. The peace process, relatively stable political environment, foreign aid, low interest rate scenario, improved economic fundamentals and the increased listed company profitability had a positive impact on the performance of the CSE. In the year 2005 Annual Report of CSE it was mentioned that, "It is one of the best performing stock markets in Asian region for the fifth consecutive year, recording best ever turnover figures and a record breaking annual growth rate of 34% since 2001 and 142 listed companies have made a total of 210 cash dividend payments during the year 2005". One way of expanding business activity is to invest in Stock Exchange. The ups and down of share prices are affected by many factors such as dividend announcement, company's profit, market condition, Government policy, politics, and security condition.

A positive wealth impact results from a dividend policy that communicates valuable information to investors. Dividends generally provide a vehicle for communicating management's superior information concerning their interpretation of the firm's recent performance and their assessment of future performance. Using this valuable information, investors try to gain some excess return. Most firms that pay dividends exhibit behavior that results in constant dividend payouts. They increase their dividend payment amounts only when management is relatively certain that higher dividend payout can be maintained indefinitely. Given this type of management behavior, it is likely that investors will interpret an increase in current dividend payout as a message that management anticipates permanently higher cash flows. Study may, therefore, expect to observe an increase in share prices associated with public announcement of a dividend increase. If dividend changes are to have an impact on share values, it is necessary that they convey information about future cash flows. Therefore, it becomes an empirical question whether or not announcements of dividend changes actually affect the share value.

The considerable amount of research in finance has been devoted to the effect of an announcement on share price. These studies are known as "event studies." Initially event studies were undertaken to examine whether markets were efficient, in particular, how fast the information was incorporated in share price there is a preponderance of evidence that dividends play an important role in capital market. Dividend policy is considered one of the most crucial issues for management decision, because it serves as a communication tool between management and investors. Investors do not always trust managers to provide unbiased information about their companies' prospects, but dividend signals are relatively reliable, because they require cash payments and cash cannot be easily manipulated. Therefore, in the present study is initiated to find out that how far the dividend announcement impact on share prices. The dividend announcement which indicates financial strengths of the public quoted companies can cause whether the share price will go up or down or not

REVIEW OF LITERATURE

There is abundant theoretical and empirical evidence that relates market reaction to dividend announcements. According to Miller and Modigliani (1961) proposed the dividend irrelevance theory. M M pointed out that there is no connection between the stock value and dividend payment (The irrelevancy school of thoughts). The Bird in the Hand theory are positive concerned to the shareholder's value (High payout school of thoughts). Further, the Tax Disadvantage theory is that higher dividend payout ratio will lead to lower equity values (Low payments school of thoughts).

The majority of studies have documented a positive association between announced changes in dividend policy and stock price movements. For example, Petit (1972) was the first who demonstrated that positive (negative) changes in dividend payments induce positive (negative) abnormal returns. Watts (1973) disputed the results of Petit (1972). He tested whether unexpected dividend changes were associated with positive future earning changes and subsequently with excess stock returns. His dataset consisted of 310 firms of S&P 500. The results indicated that this relationship did exist; it was positive, but not very strong (Cited by Apostolos Dasilas)

Number of studies has come to the light investigating the stock price reaction to the announcement of changes in regular paid dividends. For example, the studies of Charest (1978), Aharony and Swary (1980), Woolridge (1982), Divecha and Morse (1983), 5 Dielman and Oppenheimer (1984), Eades et al. (1985), Kalay and Loewenstein (1985), Aharony et al. (1988); Ghosh and Woolridge (1988), Bajaj and Vijh (1990), Eddy and Seifert (1992), Bernheim and Wantz (1995), Dyl and Weigand (1998) Nissim and Ziv (2001) and Lie (2005) are all consistent with the signaling hypothesis. That is, regular cash dividend increases (decreases) bring about positive (negative) stock price reactions around dividend announcements. The only exception is the study of Bernartzi et al. (1997) who found little empirical support for the information content of dividends (Cited by Apostolos Dasilas).

Majluf (1984) and Miller and Rock (1985) defend the opposite position, as they think that the announcement of new external financing conveys unfavourable information and will have a negative impact on the market. Their model suggests that the riskier the security issued, the higher the (negative) issue impact on the market value of the firm. Nickolaos Travlos (1999) examines the stock market reaction to announcements of cash dividend increases and bonus issues (stock dividends) in the emerging stock market of Cyprus. Both events elicit significantly positive abnormal returns, in line with evidence from developed stock markets. This study contends that special characteristics of the Cyprus stock market delimit applicability of most traditional explanations for cash and stock dividends in favor of an information-signaling explanation.

Hamid Uddin (2003) finds investors do not gain value from dividend announcement. His results based on 137 samples of dividend paying companies listed on Dhaka Stock Exchange.

Dissa Bandara and Samarakoon (2002) Investigates the informational content of dividend announcement and analyze the impact of dividend announcement by firm size and dividend growth using a sample from the CSE in Sri Lanka. They found that dividend have a significant information content in Sri Lankan Stock Market. On average, market reacts positively to dividend announcements.

Dharmarathne et al (2006) finds dividend announcement signals important information to the investors.

STATEMENT OF THE PROBLEM

One can argue that Sri Lanka is not an ideal setting to study this issue, in light of the limited role of the stock market in the economy. But in this respect Sri Lanka is not too different from many other countries, where the stock market is underdeveloped relative to the scale of the economy. Even European (Korea and Italy) and Indian markets are fairly similar to our market.

Most of the works on the impact on earnings announcement on stock prices pertains to the US market. Relatively little is known about other parts of the world, especially on the developing capital markets. Examining the market reaction to dividend announcement or its impact on shareholder’s value in an emerging market like Sri Lanka can be a fruitful empirical work, which may likely to differ from a developed market. There is not much widely cited empirical works on Colombo Stock Exchange especially impact of dividend announcement on share price.

Therefore, the main objective of this study is to bridge the gap by providing empirical evidence from a Colombo Stock Exchange in Sri Lanka. In addition, the researcher thought that a study of this type could give valuable insights into the special characteristics of these specific companies and even increase our knowledge about the manufacturing versus non-manufacturing business sectors as a whole.

OBJECTIVES OF THE STUDY

The reach will focus on the following objectives:

MAIN OBJECTIVE

To examine the degree of impact of dividend announcement on share prices.

SPECIFIC OBJECTIVE

To find out the any significant differences between manufacturing and non-manufacturing sector related to dividend announcement and share prices.

RESEARCH METHODOLOGY

SAMPLE AND DATA

For the purpose of measuring impact of dividend announcement on share prices, the sample includes 40 companies listed on the Colombo Stock Exchange (CSE) which have announced dividends by way of final dividend each year during the period from year 2000 to year 2005 totaled 240 final dividends without any break. This choice of sample period is governed by the availability of data. The necessary data on dividend announcement records and daily stock prices is obtained from the data library CD of the CSE. A breakdown of the sample companies according to industrial sectors is shown in Table 1. The highest dividend (300%) was announced in the manufacturing sector and lowest in the motor sector (2.5%). 40 listed companies in CSE are the sample for the present study and the details are presented in Table 1.

TABLE 1: DISTRIBUTION OF SAMPLE COMPANIES LISTED ON CSE

Industry Classification	Number of Companies (Domestic)	Number of Companies (Samala)	Percentage of Sample (%)	Maximum Dividend (%)	Minimum Dividend (%)
Bank, Finance and Insurance	32	12	30	80	4
Hotels & Travels	33	02	5	35	5
Beverage food & Tobacco	18	03	7.5	25	12
Plantation	18	01	2.5	25	7.5
Trading	11	02	5	85	15
Diversified	10	02	5	20	5
Health care	06	01	2.5	10	7.5
Chemicals & Pharmaceuticals	09	03	7.5	75	13
Manufacturing	34	10	25	300	10
Land & Property	21	03	7.5	20	6.5
Motors	07	01	2.5	10	2.5
Total	199	40	100.00		

Source: The Data Library CD of the CSE from Year 2000-2005

MANUFACTURING AND NON- MANUFACTURING SECTOR

In addition this study focus on how dividend announcement impacts on share prices between the manufacturing versus non manufacturing companies in Colombo Stock Exchange by using sample of 10 manufacturing and 30 non-manufacturing companies. Following Table is shown sample of manufacturing and non- manufacturing.

TABLE 2: SAMPLE OF MANUFACTURING AND NON-MANUFACTURING COMPANIES

Sectors	Sample of Companies	Percentage of sample (%)
Manufacturing Companies	10	25
Non manufacturing Companies	30	75
Total	40	100

Source: The Data Library CD of the CSE from Year 2000-2005

This study uses the Standard Event study method (Brown and Warner,1980,1985) to estimate the abnormal returns (AR), average abnormal returns (AAR) and cumulative average abnormal returns (CAAR) around the dividend announcement day (the event-day). In the study, researcher has taken 21 days around the event (dividend announcement date), and study has designated -10,-9,-8 , -1 as the 10 days prior to the event, 0 as the event day, and +1, +2, +3....., +10 days after the event and AAR and CAAR were computed for 21 days surrounding (lead and lag 10 days) the event-day. In the literature the estimation period, of size between 120 – 200 days used in most studies, is the period immediately before the event window (Rahul Telang, Sunil Watt -2004). From below the market model present study compute the alpha and beta coefficient in respect of each event over the estimation period. This market model is estimated through ordinary least squares regression. In our case, we use an estimation period of size 200 days (-211,-11).

The following market model is used:

$$R_{it} = \alpha_i + \beta_i R_{mt} + e_{it} \dots \text{Equation 1}$$

Where,

R_{it} = the rate of return on security 'i' on day 't',

R_{mt} = the rate of return on the market on day 't',

α_i = the intercept term (alpha coefficient) of security i,

β_i = Slope of a straight line (beta coefficient) of security i, and

e_{it} = regression error term of security i on day t.

R_{it} is the time t return on security i, calculated as

$$= (P_{it} - P_{it-1}) / P_{it-1} \dots \text{Equation 1.1}$$

Where, P_{it} is the market closing price per share i on day t (end).

P_{it-1} is the market closing price per share i on day t-1 (beginning).

R_{mt} is the time t return on the CSE all-share price index calculated as

$$= (I_t - I_{t-1}) / I_{t-1} \dots \text{Equation 1.2}$$

Where, I_t is the market index on day t.

I_{t-1} is the market index on day t-1.

Expected rate of return for each event is determined by using the estimates of alpha and beta in respect of each event as follows.

$$E(R_{it}) = \alpha_i + \beta_i R_{mt} \dots \text{Equation 2}$$

Where,

$E(R_{it})$ = expected return of stock i on day t in the window period,

α_i = estimate the market model intercept (alpha) of stock i, and

β_i = the estimated market model beta of stock i.

Compute the AR for each firm included in the sample for each of the days being studied. AR is the difference between the realized rate of return and the expected rate of return. The ARs are computed using the following model.

$$AR_{it} = R_{it} - E(R_{it}) \dots \text{Equation 3.1}$$

$$AR_{it} = R_{it} - \alpha_i + \beta_i R_{mt} \dots \text{Equation 3.2}$$

Where

AR_{it} = abnormal return of stock i on day t, and

R_{it} = the rate of actual return of stock i on day t in the window period.

After computation of abnormal return, we compute the average abnormal return (AAR) for each event date is calculated as simple average of abnormal returns for each day across the sample.

$$AAR_t = \frac{1}{N} \sum_{i=1}^N AR_{it} \dots \text{Equation 4}$$

Where,

AAR_t = average abnormal return for day t in the window period, and

N = number of events in the sample.

The statistical significance of AAR is measured through the student t statistic (For details please see annexure-1)

In Panel-A, the AAR shows the average deviation of the returns of the ith security from their normal returns with the market index. The CAAR is the cumulative deviations of the securities' returns from their normal relationship with the market over the periods surrounding the event-day (from -10th day to +10th day). This shows the cumulative effects of the residuals of all securities. The AAR can be either positive or negative. However, the AAR can be positive for some time immediately preceding the event-day if the market expects good news from the dividend announcement and negative if the market expects bad news.

FINDINGS AND DISCUSSIONS

AVERAGE ABNORMAL RETURNS (AARS)

As per the Annexure-1, Panel A shows that the returns are positive throughout the 100% (All 10 days) before the announcement and 80% (8 days) after the dividend announcement. However, there is no negative AAR before the event day and 20% (2 days) after the event day. During the 21 days window period, the AARs are positive for 90% (19 days) and negative for only 10% (2 days). This indicates that these returns are positive for most of the days than they are negative. Therefore, the figure indicates that these are greater positive returns on majority of the days (90%) surrounding the event-day. Results of the t - test presents that the returns are significant only on day 0 other than other days.

In this regard one important aspect of pattern of average abnormal returns prior to the announcement day can come from four sources:

- The fact that the important announcement will take place is often released to the public prior to the announcement (Information leakage) ;
- If the announcement is at the discretion of the firm, an event study of this announcement will show ex - dividend period average abnormal return ;
- Average abnormal returns prior to the announcement day reflect leakage of the information (Insider information) by those with access to it (Insiders);
- Investors' expect the share price reaction toward positive: - i.e., Selected companies will announce dividend regularly without any break. This is good information to investors and leads to buy the more shares of particular company.

By using two-tail test of t-statistics, whether the AAR and CAAR is significantly different from zero. The level of significance is used 1% and 5 %. In this study, magnitude of the share price reaction of AAR on day 0 is positive of 3 %, this is statistically highly significant at 1% level. This implies that the market absorbs very quickly the favorable signal released by the announcement of the dividend made by the companies. Therefore, this evidence suggests that on the dividend announcement day 0 provide stronger signal to the market than other days. In addition, for the period, day -10 to day -1 and day +10 to +1 the price reaction to dividend announcement is almost positive returns (except day +1 and day +7) but they are not statistically significant since there is a less information leakage or slow market response to dividend announcement. This may be a result of the inefficiencies of the information dissemination process. The dividend announcements are contained in the stock market daily, which is published by the CSE on the following day. It takes several days for the subscribers to receive this publication by mail. Also electronic media do not provide adequate coverage of company announcements. The results also point to possible herding where the less informed investors tend to follow the more informed investors' trading behaviour.

The study shows that value of AARs have minor fluctuating yielding both positive and negative after the event day. The positive reaction in pre announcement period is 100% (All 10 days) and 80% (8 days) post announcement period. Around the dividend announcement day, the highest AARs distribute 0.95 % on day -2 and 1% on day +10 (except day 0). This indicates that most investors are aware of the financial prosperity state and the positive returns in the post announcement period could possibly due to the investors' confidence on the future. The highest negative AARs (-0.66%) is shown on day +1 which is the first day after the announcement, suggesting a strong selling pressure on the firms' share.

In addition results in annexure-1, Panel A shows that share holders could be earn from dividend announcement. Evidence depicts the CAAR during the (-10, -1) period is 5.7%. Which may be due to potential leakage of information and the CAAR for the (0, +10) period is 5.8% due to information taking time to be reflected in share price. Therefore, this slow response has the potential of generating abnormal returns based on publicly available information, which runs counter to the efficient market hypothesis. Finally it will increase to 11.5% over the period of 21 days. The following dividend announcement days CAAR are statistically significant. This scenario implies that investors are able to maximize their profit if they sell them at a higher price after the event day. Findings also show that investor's gain more value in the post announcement period, owing to the reasons might be the dividend announcement carries information about the future earnings and cash flow of the companies in CSE.

DIRECTION OF THE ABNORMAL RETURNS ON EVENT DAY

The direction of the abnormal returns on the dividend announcement date is presented in annexure-1, Panel - B for the overall sample. As shown in Panel - B, 64% of the events have positive ARs on the dividend announcement date while 36% of the events have negative ARs. This reveals that positive ARs are more than the negative ARs on the dividend announcement date. Therefore, the overall market reaction is positive and AARs are 3 % on the dividend announcement date.

DIRECTION OF THE ABNORMAL RETURNS OF THE TOTAL OBSERVATION

Panel-C (For details please see annexure-1) represents the direction of ARs of the window period of total observation of 5,040 of the study. 54% of the trading days earn positive ARs of the total observations and 46% of the trading days earn negative abnormal returns of the total observations. It indicates that while positive and negative observations are fairly evenly distributed.

SECTORCOMPARISON (MANUFACTURING VERSUS NON – MANUFACTURING COMPANIES)

In any Country, manufacturing sector is contributed more to development of the economy. In Sri Lanka also it is one of the most important sector. The contribution of manufacturing sector in Sri Lanka was about average of 16% to GDP over the last five years. Selected sample companies are divided into two groups such as manufacturing and non-manufacturing companies. Comparison these made to find out the significant difference if any between the manufacturing and non-manufacturing on the dividend announcement date.

ANNOUNCEMENT EFFECT BETWEEN THE MANUFACTURING VERSUS NON- MANUFACTURING SECTOR

Annexure-2 shows abnormal returns of the manufacturing and non-manufacturing sector. Panel A reports percentage daily average abnormal returns, percentage daily cumulative average abnormal returns and their t values over the entire event period of 21 days for the sample of manufacturing and non manufacturing companies. This study has examined the pattern of average abnormal returns around the dividend announcement day and also examined whether there is a significant difference between the non manufacturing versus manufacturing companies on the dividend announcement day and therefore, this study will help to compare the announcement effects between those sectors.

The direction of the daily abnormal returns (ARs), on day 0 is shown in annexure-2, Panel A for the non-manufacturing versus manufacturing sectors. ARs are positive for 65% of the events and negative for 35% of events of non-manufacturing on the announcement. On the other hand, 62% of the events have positive ARs and 36% of the events have negative ARs of the manufacturing sector on the dividend announcement date. Thus, the positive price reaction to dividend announcement is almost equally distributed among these two sectors (62% Vs 65%).

The price reactions to dividend announcements of manufacturing and non- manufacturing sector are clearly examined above. Further, results of t-values shown in Panel A indicates that on day 0 the magnitude of the price reaction is statistically strongly significant of non-manufacturing ($t = 4.85$) and manufacturing ($t = 3.07$) at 1% level. At first sight, the price response to dividend announcement seems to be stronger in non-manufacturing companies than manufacturing companies on the day of dividend announcement. Channel of communication to the public of non- manufacturing to be more effective than manufacturing companies. However, at surrounding the event day, the magnitude of price responses are found in the manufacturing sector will such significant on day -9, -7, -2, -1, +4 and +6 mean while, any other statistical significant could not be found in non manufacturing sector. Overall results may be indicated that manufacturing companies' announcement conveys stronger signals to the market than non-manufacturing sector, as it is reflected on the response of the share price on the day 0 and almost around the announcement date. Similar pattern of behaviour also continue after the announcement in non-manufacturing sector only.

CONCLUSION

The main objective of this research study is analyzing the impact of dividend announcement on share prices and sector comparison among manufacturing and non- manufacturing companies. As is well known, the Sri Lankan stock market is very small relative to the size of its economy. More specifically, this study addresses two major empirical issues:

- The CSE responds quickly or slowly to announcement of dividend.
- CSE responses vary according to manufacturing versus non-manufacturing sector

The empirical results for the overall sample provide strong significant average abnormal returns to the dividend announcement. This findings support the signaling hypothesis, thus, dividend announcement give positive information to the Colombo Stock Exchange (CSE). However, there is a evidence of an anticipatory effect (CAARs = 5.67%) during the pre announcement period (-10,-1) because of information leakage and also large CAAR (5.76%) is observed during the period of (0, 10) due to investors do not adjust quickly to the information and a considerable amount of time passes before the prices fully incorporates relevant information in dividends .Therefore, the abnormal returns are generated after the public information is available.

The analysis of the market response by manufacturing versus non manufacturing sector indicates that significant announcement effect observed in both sectors. However, the largest anticipatory response is found (CAARs = 9%) in manufacturing sector during the pre announcement period (-10,-1) and the delayed anticipatory response (CAAR = 10.7%) is shown in non manufacturing sector during the period of (0, 10)

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ANNEXURE

ANNEXURE - 1: ABNORMAL RETURNS OF THE OVERALL SAMPLE

Window Period	AAR%	T(AAR)	CAAR%	T(CAAR)	CAAR1%
-10	0.42	0.61	0.42	0.12	0.42
-9	0.80	1.16	1.23	0.34	1.23
-8	0.43	0.63	1.66	0.46	1.66
-7	0.21	0.30	1.87	0.51	1.87
-6	0.69	1.00	2.56	0.70	2.56
-5	0.45	0.65	3.02	0.83	3.02
-4	0.22	0.32	3.24	0.89	3.24
-3	0.68	0.98	3.92	1.08	3.92
-2	0.95	1.37	4.87	1.34	4.87
-1	0.81	1.16	5.67	1.56	5.67
0	3.02	4.35**	8.69	2.39*	3.00
1	-0.66	-0.96	8.03	2.20*	2.34
2	0.11	0.16	8.14	2.23*	2.45
3	0.91	1.31	9.05	2.48*	3.36
4	0.34	0.49	9.39	2.58**	3.70
5	0.13	0.19	9.52	2.61**	3.83
6	0.42	0.60	9.94	2.73**	4.25
7	-0.26	-0.37	9.68	2.66**	3.99
8	0.31	0.45	9.99	2.74**	4.30
9	0.46	0.66	10.45	2.87**	4.76
10	1.00	1.44	11.45	3.14**	5.76

Source: The Data Library CD of the CSE from Year 2000-2005.

Direction	Number of Events	Percentage of Events (%)
Positive	154	64
Negative	86	36
Total	240	100

Source: The Data Library CD of the CSE from Year 2000-2005.

Direction	Number of Observations	Percentage of Observations (%)
Positive	2712	54
Negative	2328	46
Total Observations	5,040	100

ANNEXURE - 2: ABNORMAL RETURNS OF THE MANUFACTURING AND NON-MANUFACTURING SECTOR

Window period	Manufacturing Companies					Non Manufacturing Companies				
	AAR %	T (AAR)	CAAR%	T (CAAR)	CAAR1 %	AAR %	T (AAR)	CAAR%	T(CAAR)	CAAR1 %
-5	0.5	0.86	5.0	1.13	5.0	0.7	0.89	3.7	0.63	3.7
-4	0.9	1.71	5.9	1.34	5.9	0.0	0.06	3.8	0.64	3.8
-3	0.6	1.15	6.6	1.49	6.6	1.2	1.40	4.9	0.84	4.9
-2	1.2	2.19*	7.8	1.77	7.8	1.0	1.15	5.9	1.00	5.9
-1	1.2	2.19*	9.0	2.04*	9.0	0.6	0.73	6.5	1.11	6.5
0	1.7	3.07**	10.7	2.43*	1.7	4.1	4.85**	10.6	1.80	4.1
1	-0.8	-1.40	9.9	2.25*	0.9	0.8	0.96	11.4	1.93	4.9
2	0.3	0.52	10.2	2.32*	1.2	0.9	1.02	12.2	2.08*	5.7
3	0.8	1.41	11.0	2.50*	2.0	1.4	1.67	13.6	2.31*	7.1
4	0.9	1.70	11.9	2.71**	2.9	0.6	0.67	14.2	2.41*	7.7
5	0.8	1.44	12.7	2.89**	3.7	0.7	0.83	14.9	2.53*	8.4

THE MANAGEMENT OF SMALL AND MEDIUM ENTERPRISES TO ACHIEVE COMPETITIVE ADVANTAGES IN NORTHERN THAILAND

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ABSTRACT

This research aims at studying the management to achieve competitive advantages, the success of business management, the impact and relationship between the management to achieve competitive advantages and the impact of management to achieve competitive advantages. From the questionnaire collected data from 400 small entrepreneurs who run business in 9 provinces of northern Thailand, the researcher found out that there are the management to achieve competitive advantages and the success in overall operations are in high level. Also the relationship in each type of small entrepreneurs business in each area has no different in overall of the management to achieve competitive advantages. In term of problem and obstacle arose from interviewing the thought leader, the researcher found out that to run small enterprise business, there are not different in term of marketing and innovation in the manufacturing process. In term of financial matters, there are no account operating, no cost management and has no network of partners.

KEYWORDS

Competitive Advantages, Management, Small Enterprises.

INTRODUCTION

STATEMENTS AND SIGNIFICANCE OF THE PROBLEMS

Since there is a changing of concept in developing country into more and more oriented focus on small size, but it still should be realized that small business nowadays is not different from other type of Thai business. It can be said that small business has to face the problem arise from severe economic crisis. It is not only meant to help small businesses to survive from the crisis of change in this current situation (The Office of Small and Medium Enterprises Promotion, 2008) but small businesses development approach also need to consider in terms of creating sustainable strength to be able to rely on this modern time business as a base for sustainable country development in the future by managing businesses competitive advantage for business sustainable success. When there was the economic crisis in year 2008, many businesses have to close their businesses, especially small businesses. Even many Thai financial institutions which are international acceptance as stable institutions still have to close down their businesses. This crisis affected many countries; this problem also has many causes and issues. Anyway, the important issue to consider is why some countries that their business was affected but their domestic businesses will still be able to survive. From many sources of information, it can be found out about more and more management adjustment. Then when there is crisis or any transition, those countries can use their systemic approach effectively. As a result, their economic become stable in both micro-economic and macro-economic. Major problems of small businesses in Thailand can be categorized into the following 4 issues: 1) Focus to create a trading strategy which base on competitive advantages. 2) Lack of long-term strategy planning for the organization in order to enhance the adaptation of the organization, lack of skill to analyze various factors. 3) No competitive advantage management. There is no analyzing on pros and cons, opportunity and obstacle in running business, also no clear planning and no assistance from government policy towards small business. And 4) Majority of small businesses are not aware of importance or they don't know of integrating knowledge in management of competitive advantages of businesses in their product and service (Reungsak Eungprasertphakorn, 2001) Therefore, small business management and operation play an important role in nowadays business due to the significant resources that create competitive advantages for organizations. If any business has information and potential opportunity, they would create the opportunities for organizations to success in business running by having proper information and opportunity for management. Also the small business can use their competitive advantages in efficiency way and match with the nature of nowadays situation that changing all the time. (Nattapan Khejoranan et al, 2002: 189) The upper North of Thailand is the region that is ready in term of economic, social, culture, financial potential and also growth of small business in tourism. However, there is no business expansion and no additional competitive advantages of nowadays business in this upper North of Thailand. This issue makes the researcher interested to study in the management of small and medium enterprises to achieve competitive advantages in Northern Thailand.

OBJECTIVES

- 1) To study the management of competitive advantages of small enterprises in Northern Thailand.
- 2) To study successful operation of small enterprises in Northern Thailand.
- 3) To study the relationship between management of competitive advantages and successful operation of small enterprises in Northern Thailand.
- 4) To study the impact of management of competitive advantages towards the success operation of small enterprises in Northern Thailand.

SCOPE OF STUDY

This research aims to study the competitive advantages and success in operation by applies from the concept of Balanced Scorecards of small enterprises' owners in Northern Thailand.

HYPOTHESES

- 1) The management of competitive advantages is related to the successful operation of small enterprises in Northern Thailand.
- 2) The management of competitive advantages have an impact on successful operation of small enterprises in Northern Thailand.

- 3) Small enterprises in Northern Thailand are various different in term of type of business, capital investments, total employees and age of business which distinct competitive advantages.
- 4) Small enterprises in Northern Thailand are various different in term of type of business, capital investments, total employees and age of business which distinct success in operation.

CONTRIBUTION TO KNOWLEDGE

- 1) As a guideline to improve and enhance the potential competitive of small enterprises in Northern Thailand.
- 2) As an information of direction of small enterprises operation in Northern Thailand to meet the changing of competition.
- 3) As a guideline to create management of other competitive advantages which suitable for business management base on the concept of management of competitive advantages and success in operate of small enterprises in Northern Thailand.

MATERIALS AND METHODS

LITERATURE REVIEWS

1.1) The concept of "Small and Medium Enterprises" means the business which is managed independently, the executives or director are self-employed, business investment funds are from private funds and operations are local operate. Number of employees, investment fund and assets are determine according to the size and operation of small and medium enterprises which divided into 3 main groups that are manufacturing, commercial and service businesses. (The Office of Small and Medium Enterprises Promotion, 2008).

1.2) The concept of competitive advantages of Siriwan Serirat et al, 1999: 179 – 200 which include:

1.2.1) Differentiation is the strategy to make a difference of the products or services to be unique and distinguishes from competitors in the same business. For example, differentiation in form of goods image, brand image, technology used for customer service or dealer network and etc. This differentiation may be a difference of one thing or various things. This differentiation will result greater customers loyalty to the company and cause customers to less focus on the price factor. As a result, business will be able to efficiency compete with other competitors (Supanat Chouchinprakarn, 2003: 33)

1.2.2) Cost Leadership, Suwannee Anansaynon (2004: 83-86) mentioned that the organization be able to create competitive advantages by creating Economic of Scope which is the ability to reduce the cost by sharing resources between each unit of the business. There can be notice that large manufacturer tend to have lower production cost per unit due to many types of products that can share production resources together which resulted cost saving in production. The main part of Economic of Scope will focus on large quantities manufacturing to keep unit costs down.

1.2.3) Quick Response

1.2.4) Market Focus by Porter, Michael E which found out that competitive advantages nowadays are used in term of business by connect important marketing concepts to crate general competitive advantages which are Cost leadership, Differentiation and Market Focus.

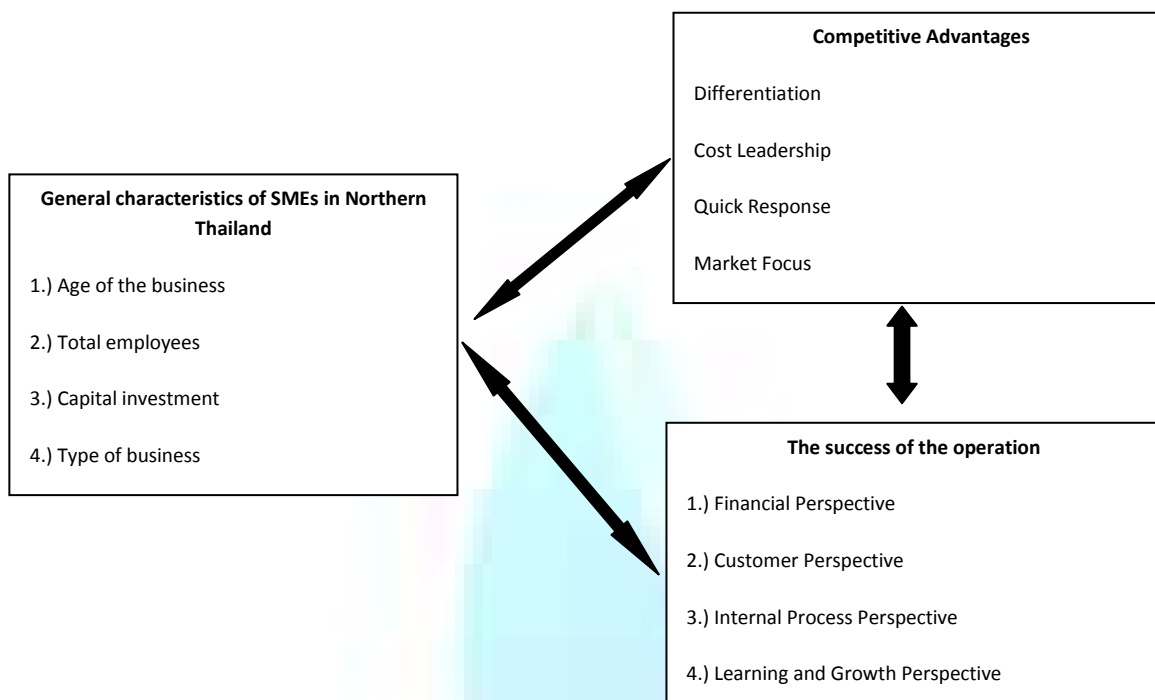
Therefore, Competitive Advantages is the result of practice on Value Creating Strategy. Anyway, this is not to stimulate the response of competitors nowadays, not stimulate potential or request to compare with competitors, no competitive advantages on competitors from providing value to consumers in both lower prices or offer superior benefits and offer better facilities but at higher prices. In this case, advertising can increase capability of products or superior distribution performance (Barney, 1991) which the management of competitive advantages and success factor in management of small and medium enterprises are categorized under framework of BSC (Atchara, 2005) as follows:

- 1) Financial perspective. Financial capital is one important factor to consider. There would be limited of funding from outside because to research and develop of small and medium enterprises are high risk and lack of loan security to get the fund for research and development. There must be publicly supported from the government to allow small and medium enterprises to research and develop themselves.
- 2) Customer perspective. Small and medium enterprises should concern on marketing management which Carson, Gilmore and Rocks (2004) present research which shows that small and medium enterprises should use Marketing Network Processes to manage marketing strategy which consists of 3 dimensions which are 1. The dimension of structure is to focus on network infrastructure which are size, pattern, variety, density, sustainability and flexibility. 2) The dimension of relationship is to focus on the channel to link the strength which consists of reliability, consistency and collaboration. And 3) The dimension in term of use is to focus on marketing activities which including management of decision making on product, management of promotional activities, planning of marketing activities, price management, management of distribution, acquisition of marketing resources, increasing knowledge on marketing and marketing innovation.
- 3) Internal Process perspective (Teder, Venesaar, 2003). Due to the weakness of small and medium enterprises which have small size and have limited resources and also do not gain advantages of economies of scale to produce as large enterprises. Therefore, there would need to reduce vulnerability by creating networking which relevant factors are factor relating to company, factor on partnership, factor on relationship between companies which can cause the competition by organization's operators, the use of resources and networking, and affect company contribution directly.
- 4) Learning and Growth perspective of employee and role of the leader which important towards employees' innovative behaviour. However, the prudent foresight of leaders will stimulate employees on thought and usage on a daily basis (de Jong & Hartog, 2007). So, the study of skills development is also one important factor in developing human resources. Anyway, small and medium enterprises often face the obstacle on cultural attitudes of small and medium enterprises such as awareness, financial, accession, and preparation of training and opportunity to develop their other skills. To minimize the effect of these obstacles, it would need to create strategies on new skills, new initiation, and new staffs (Lang, Ottens & Taylor, 1999) which gives enterprises active in supporting continuous development of skills.
- 5) Corporate Social Responsibility and Environment Management. Corporate social responsibility being awareness and advocacy nowadays but small and medium enterprises are interested less on social responsibility which reveal in the research of Jenkins (2006) that found out that the goal of being good example and principles such as the stakeholder theory that need to achieve corporate social responsibility of small and medium enterprises.

1.3) The concept of success of the operation which means the result of the business operation that achieve its goals more effectively in order to meet customer or service recipient's requirement and satisfaction to people in the organization by applying the concept of Balance Scorecard or BSC of Pruek Usahawanichchkit (2004: 444) which refer to Garrison & Norren (2003: 445-446) including 1.3.1) Financial Perspective, 1.3.2) Customer Perspective, 1.3.3) Internal Process Perspective and 1.3.4) Learning and Growth Perspective and other important concept of Balanced Scorecard. BSC is a management tool to use in policy and strategy implementation by base on assessment which help the organizations to achieve consistency in unison that also balance the business in both short and long term.

From 4 perspectives according to the concept of Balanced Scorecards, there is cause and effect relationship by starting from Learning and Growth Perspective that result the continuous improvement of Internal Processes Perspective. Once Internal process efficiency and gain the maximum performance, then it would create customer satisfaction in the business which lead to significant financial performance in long term.

FIGURE 1: CONCEPTUAL FRAMEWORK



RESEARCH METHODOLOGY

2.1 Research instruments

This research is an Applied Research which categorized research instruments as follow:

2.1.1) Questionnaire which creates purpose and framework of the research by divided into 3 steps. Part 1: Overview of small enterprises of Thailand. Questionnaire is a checklist type for 4 questions including type of business, capital investment, total employees and age of the business. Part 2: Opinions on competitive advantages for 20 questions consists of 6 questions on differentiation, 5 questions on cost leadership, 5 questions on quick response and 4 questions on market focus. Part 3: Opinions on the success of the operation for 24 questions which are financial perspective on 5 questions, customers perspective on 6 questions, internal process perspective on 8 questions and learning and growth perspective on 5 questions. Questionnaire of part 2 and part 3 are the rating scale questionnaire by to score the questions (Nattapon Yajom, 2007). The scales measure five score level. The respondents chose 1 means the lowest agree until 5 means strongly agree. Means criteria average 5 levels are mean level 1.01 – 1.80 is in lowest agree level and mean level 4.21 – 5.00 is in strongly agree level.

2.1.2) Individual – Depth Interview with key opinion leaders which are small and medium entrepreneurs representative who success and well recognized among small enterprises, association executives or public sector of community enterprises management policy makers. The interview is a divergent interviewing to avoid blocking any information and to obtain width, depth and accuracy information from various parties. Also to meet the objective and framework of the research that determined by considering the detail that cover all the purpose by applied concept of competitive advantages of Miller and Dess (Siriwan Serirat et al, 1999: 179 – 200 referred from Miller and Dess 1996: 152) and the successful operation of Maneerat Sakulsirajit (2005: 161-165)

DATA COLLECTION DURATION

From 1st October 2010 until 31st March 2011.

SAMPLING AREA

Small enterprises entrepreneurs, small and medium entrepreneurs’ representative who success and well recognized among small enterprises, association executives or public sector of community enterprises management policy makers in 9 provinces of Northern Thailand which are Chiang Rai, Chiang Mai, Nan, Phayao, Phrae, Mae Hong Son, Lampang, Lamphun and Tak.

SAMPLING AND SAMPLE COLLECTION

Sample selection is due to quantitative methodology on a group of entrepreneurs by selecting only small and medium enterprises. From the information of The Office of Small and Medium Enterprises Promotion, Northern region office, total amount of small enterprises’ entrepreneurs in 9 provinces of Northern Thailand are 400 according to the calculation from formula for sample size of Yamane (Yamane, 1967; Nattapon Yajom, 2007) and using a stratified sampling design based on the proportion. Qualitative methodology are used on nonprobability sampling by using a specific sample which are small and medium entrepreneurs’ representative who success and well recognized among small enterprises, association executives or public sector of community enterprises management policy makers in 9 provinces of Northern Thailand

DATA ANALYSIS

Data analysis and statistics used in this analysis are divided into 2 types which are quantitative approach and qualitative approach. For quantitative approach, descriptive statistics are used by finding frequency and percentage, test statistics on average, analysis of variance, multivariate analysis of variance: MANOVA, multiple correlation analysis and multiple regression analysis.

For qualitative approach, it was done by individual – depth interviewing which identify issues into categories by comparing each variable and synthesize the knowledge and interpretation the answer with Delphi technique to determine the objectives and goals of the research.

RESULTS

Entrepreneurs of small and medium enterprises in Northern Thailand are mostly run commercial business (38.25 percent) and service business (30.75 percent). Majority of their capital investment is under 10 million Thai baht (79.50 percent) and the other rank is with capital investment range 20-30 million Thai baht

(12.00 percent). Top rank of total employees is under 20 employees (59.75 percent) and next is total employees range 20-30 employees (18.25 percent). For age of business, the group that running business more than 15 years is at 35.68 percent and range 6-10 years at 24.31 percent.

Entrepreneurs of small and medium enterprises in Northern Thailand are agreed with management of competitive advantages in high level ($\bar{X}=3.94$) when considered each aspect. The average order of 3 descending priority are differentiation ($\bar{X}=4.06$), quick response ($\bar{X}=4.06$) and cost leadership ($\bar{X}=3.90$).

Entrepreneurs of small and medium enterprises in Northern Thailand are agreed with overall success of operation at high level ($\bar{X}=3.83$) when considered each aspect which are all in high level. The average orders of 3 most to least are internal process perspective ($\bar{X}=4.97$), customer perspective ($\bar{X}=3.90$) and learning and growth perspective ($\bar{X}=3.85$)

To compare the opinion towards the management of competitive advantages of entrepreneurs of small enterprises in Northern Thailand which type of business, capital investment, total employees and age of business are different. These differences don't make much different in term of management of competitive advantages as the result are $F=0.979, 0.355, 0.316$ and 0.957 in respectively order. As a result, the relationship of type of business, capital investment, total employees and age of business that is different but make no different in term of management of competitive advantages for small and medium enterprises in Northern Thailand.

The multiple correlation analysis and multiple regressions are used to test the relationship and the impact of management of competitive advantages and the success of operation of small and medium enterprises in Northern Thailand. The researcher used the multiple correlation analysis, multiple regressions and also statistical forecasting methods as the hypothesis as follow:

1) Overall success of operation. (SOT)

The management of competitive advantages in term of differentiation (CDP), cost leadership (CLC), quick response (CFF) and market focus (CMF) are related to overall success of operation (SOT) significantly in statistic at 0.05 and the coefficient of forecast improvement (Adj R^2) equal to 0.518 which accepted hypothesis number 1, 2, 3 and 4 when use competitive advantages in term of differentiation (CDP), cost leadership (CLC), quick response (CFF) and market focus (CMF) to create a model of the coefficients forecasting equation as follow:

$$SOT = 0.439 + 0.196CDP + 0.236CLC + 0.354CFF + 0.007CMF$$

2) Financial perspective

The competitive advantages in term of cost leadership (CLC), and quick response (CFF) is associated with financial perspective (SF) of success of operation with statistically significant at 0.05, which accepted hypothesis number 2 and 3. For competitive advantages in term of differentiation (CDP) and market focus (CMF) are not correlated to success of operation in term of financial perspective (SF) when take competitive advantages in term of cost leadership (CLC) and quick response (CFF) to create the forecasting equation of competitive advantages in financial perspective (SF) which the coefficient of the forecast improvement (Adj R^2) equal to 0.450 as the equations as follow:

$$FP = 0.221 + 0.356CLC + 0.509CFF$$

3) Customer perspective

The competitive advantages in term of differentiation (CDP), cost leadership (CLC), quick response (CFF) and market focus (CMF) have relationship with success of operation in term of customer perspective (SC) significantly in statistic at 0.05 which accepted hypothesis number 1, 2, 3 and 4. Anyway, constants have no relationship with success of operation in term of customer perspective (SC) when use competitive advantages in term of differentiation (CDP), cost leadership (CLC), quick response (CFF) and market focus (CMF) to create the forecasting equation of competitive advantages in customer perspective (SC) which the coefficient of the forecast improvement (Adj R^2) equal to 0.427 as the equations as follow:

$$SC = 0.393 + 0.185CDP + 0.311CLC + 0.300CFF + 0.009CMF$$

4) Internal Process Perspective

Competitive advantages in term of differentiation (CDP), cost leadership (CLC), quick response (CFF) have relationship with success in operation in term of internal process perspective (SI) significantly in statistic at 0.05 which accepted hypothesis number 1, 2 and 3. For competitive advantages in term of market focus (CMF) has no relationship with success of operation in term of internal process perspective (SI). Success of operation in term of internal process perspective (SI) creates the coefficient of the forecast improvement (Adj R^2) equal to 0.461 as the equations as follow:

$$SI = 0.629 + 0.290CDP + 0.241CLC + 0.307CFF$$

5) Learning and Growth Perspective

Competitive advantages in term of differentiation (CDF) and quick response (CFF) have relationship with success of operation in term of learning and growth perspective (SP) significantly in statistic at 0.05 which accepted hypothesis number 1 and 3. For competitive advantages in term of cost leadership (CLC) and market focus (CMF) have no relationship with success of operation in term of learning and growth perspective (SP) creates the coefficient of the forecast improvement (Adj R^2) equal to 0.361 as the equations as follow:

$$SP = 0.806 + 0.267CDP + 0.494CFF$$

For part of qualitative data from Delphi method from key opinion leaders, the researcher found out that small enterprises in Northern Thailand have the problem on issue relevant to the management of competitive advantages in term of success of operation because each business has no different in term of marketing especially on products and services. The differentiation is not value-added on product, service, distribution channels, marketing promotion and innovation of organization. As manufacturing process is mainly from wisdom of the community, then there is no technology used in production. Majority of financial are the loan from financial institutions and no accounting management then it can't be able to verify the financial status which also cause high cost in management. The government part continuing to support on giving knowledge but as there is no budget to support and follow up project evaluation. As a result, the management of competitive advantages of small enterprises in Northern Thailand cannot operate their business in current situation. Anyway, key opinion leaders have the solution to solve these problems that small enterprises should manage the competitive advantages for success of operation of small enterprises by create the strength in creating sustainable economic growth and get competitive advantages. Solving by creating and develop innovation of new products and focus on modern management which are general management, marketing management, financial management and service and product management. Solving by creating differentiation in product or service to be unique and different from other competitors in the same business and focus on the Economic of Scope. In other words, to create the ability to reduce the costs by sharing business resources including maintain nature of products and services which customer is important. To operate business to success requires adaptation, learning, and improving continuously to meet the changing of economic environment especially to respond the needs of customers in different ways.

DISCUSSION

Entrepreneurs of small enterprises in Northern Thailand have opinion towards the management of competitive advantages and success of operation in high level which is differentiation, cost leadership, quick response, market focus, financial perspective, customer perspective, internal process perspective and learning and growth perspective. The management of competitive advantages is important and necessary for business operation in aggressive competition in present situation. This corresponds to four main pillars of modern management which are general management, marketing management, financial management and manufacturing management that affecting comparative advantage. Then, clear strategy planning and competition policy will help to create capacity and competitive advantages of the business over competitors as clear strategy and future direction of operation can conduct business to reach their target and respond the needs of continuous market change. Nowadays, competitive advantages also used global competitive strategy which is total cost leadership, differentiation and focus on speed. (Portec (1980), Barncy (1991 and 2001), Ruiz-aliseda and Zemsky (2006))

Small enterprises entrepreneurs in Northern Thailand, who have different type of business, capital investment, total employees and age of business, agreed that overall competitive advantages and success in operation are not different. As majority of small enterprises in Northern Thailand unable to create competitive

advantages in their organization because their businesses are managed independently. Most of funding is personal fund which lack of opportunity to get the funding and loans from financial institutions. They also lack of experience in management because most of products and services meet only local or domestic market which lead entrepreneurs lack of skill in marketing, especially international market and this cause small enterprises in Northern Thailand are inefficient manage. Therefore, small enterprises in Northern Thailand need to increase efficiency and effectively management of competitive advantages for success of operation. This is related to Bureetho Zamarat (2005: 47) who stated that efficient management require operation target to achieve cost saving, efficiently use of existing resources to increase capability in competition of the organization. Concept of Porter, Michael E (1980) mentioned that business needs to consider how to approach company industry, understand the competitors and location of the competition. To create competitive advantages can be done by general competition strategy which is overall costs leadership, differentiation and focus. It must be considered each factor to success of each strategy before apply these strategy.

Impact and relationship between competitive advantages and success in operation of small and medium enterprises in Northern Thailand are in positive impact and success in operation in all aspect which are 1) Market focus. Company has to narrow down the area to focus on marketing or small market to supply goods or service to the target group for competitive advantages in market focus. The principle is that business be able to respond the need of specific target group which better, more efficiency and effectively than to gather all customer. Business, which success from this strategy, is normally able to respond the need of specific target group by offering unique product or service which different from competitors or being company with low cost in respond the need of the target group (Supanat Chouchinprakarn, 2003: 34-35). 2) Quick response, financial perspective, customer perspective, internal process perspective and learning and growth perspective. To operate business nowadays is more complicated and more aggressive in competition. Thus, to be success in business operation, the business needs adaptation and continues learning and develops to suit the changing of economic environment, Especially, to respond the needs of customers in different ways by focus on customer needs and feedback to ensure customer satisfaction and impression. These factors will bring good image and success of organization which corresponding to concept of Siriwan Serirat et al (1999: 193) that quick response means to create flexibility to meet customer needs such as offer new product, improve product or even the decision of the executive. Nowadays, many executives know that cost leadership or offering unique product is not enough, anymore, they must be able to respond customer needs quickly. 3) Cost leadership. To be low cost leadership is one way to create competitive advantages in operating business by aims to get most cost effective to achieve cost advantages. This strategy uses the cost when compare with competitors but may not the least cost. To achieve cost leadership, executives are required to maintain nature of products and services that customer need. This consistent with the concept of Suwannee Anansainon (2004: 83-86) stated that organization can create competitive advantages by focus on creating Economic of Scope which is ability to reduce cost by sharing business resources. This can be noticed that large plants tend to have lower production cost per unit due to big quantity of product made then they are able to share production resources with other unit which result cost saving in production. Main concept of Economic of Scope is focusing on production in large quantity to keep cost per unit down. And 4) Differentiation is one basic to be successful but not including the price factor. Therefore, to be success in differentiation in desirable way of the products or services, create brand loyalty on customers, reduce amount of product that buyer selected and reduce feeling towards price, all these mention strategies will help the business to gain higher profit without lower the cost down. This is corresponding to the concept of Supanat Chouchinprakarn (2003: 33) which stated that to create differentiation on product or service is to be unique from other competitors in the same industry. For example, make different in term of form of products, brand image, technology use to provide service to customer or dealer network and etc. To create differentiation, it can be one or many different. From mentioned differentiation, it will result customers to have greater loyalty to the company and allow customers to consider less on the price factor. As a result, business will be able to compete with competitors more effectively. March and Gunasegaram (1999) have proposed a conceptual model of business operation (The Domain of Marketing Operations) which presented by Adcock by representing the idea that the territory of business is divided into 3 issues, Firstly, the acceptant of the discovery of the needs or desires of customers, if lack of this, then business also lack of demand from customers. Secondly, if there is no possibility study of production capacity, then business with lack of some important skills. And lastly is the lack of appropriate comparison on competitive advantage which can lose in the competition.

The results of individual-depth interviews with key opinion leaders found out that small and medium enterprises in Northern Thailand should create strength in generate sustainable economic growth and competitive advantages by starting from developing innovation and new products to get competitive advantages in business and should be promoted by government organization and other funding group both local and national to help small and medium enterprises. This is corresponding to the concept of Porter, Michael E. that competitive advantages being used in business perspective nowadays by connecting competitive advantages with marketing concept. The important marketing concept is to create the competitive advantages in general which are cost leadership, differentiation, and focusing which come from modern management which are general management, marketing management, financial management and manufacturing or service management. (Porter, Michael E., 1980, Barney, 1991 and 2001, Ruiz-aliseda and Zemsky, 2006, Øystein, et al, 2007) Strategic management of small and medium enterprises is very important to create competitive advantages in the competitive as an important key of business of developing countries to survive in this globalization. Entrepreneur and owner of small and medium enterprises should notice the importance of business operation which focuses on important to business success base on 4 perspectives which are financial perspective, customer perspective, internal process perspective and learning and growth perspective. This is corresponding with Charin Asasongtham (2003) on concept of Balance Scorecard which stated that BSC is an important tool on management strategies to used in implementing the policy into practice bases on business evaluation that allows organization to be unite and balance the business both short and long term.

CONCLUSION

The management of competitive advantages is important on success of operation of small and medium enterprises in Northern Thailand. Each business of small and medium enterprises in Northern Thailand has to try to develop the innovation and new products base on customer needs and also understand the competitors. The competitive position in competitive advantages by evaluating business performance is very important thing that can help small and medium enterprises in Northern Thailand to know their situation and know their problem and solution. Management of competitive advantages of small and medium enterprises in Northern Thailand should focus on 3 aspects which are overall cost leadership, differentiation, and market focus.

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FUNDS GENERATION AND MANAGEMENT IN ONDO STATE LOCAL GOVERNMENT, NIGERIA

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ABSTRACT

Local government arm of the government has been the third level of government and its administration covered a very wide area. The impact and influence of the local government have exacted in the general life pattern of citizens in the rural areas and therefore cannot be over-emphasized. Majority of Nigerians are ultimately affected by the activities of local government whether they are in the rural or urban areas. A key factor in the ability of local governments to provide services is no doubt the availability of funds. Unfortunately, the financial resources of the majority of local governments in the country when compared to the needs to be met, presents an unhealthy score card. Therefore, the purpose of this study is to appraise the operation of the local governments in relations to funds generation and management. Irele Local government of Ondo State was chosen as a case study. Both primary and secondary data were used to obtain Data and the analysis was carried out with the use of variance analysis. The findings reveal that Irele local government was adequately funded albeit, majority of the respondents attested to the fact that funds were often diverted from the original purposes to personal or non budgeted areas. This creates an impression that the administration of the council has no focus and not persistent in her pursuit. The study recommended the need to strengthen the internal control mechanism of the local government to forestall unnecessary diversion of funds. Also, transparency and accountability must be encouraged so as to make the best use of funds available to the local government. There should be regular training programmes for all categories of workers so as to update their knowledge in the day to day running of the council affairs.

KEYWORDS

Revenue, Fund Management, Accountability, Transparency.

INTRODUCTION

The primary aim of the Local Government Administration in Nigeria is to bring the Government closer to the grassroots, and thus ensuring that no one is left out of the various activities of the government. This sounds logical because majority of Nigerian live in the rural areas across Nigeria. It should be recalled that the creation of local government council areas in Nigeria was partly due to the agitation on the parts of the people aimed at overcoming the problem of over-concentration of government activities in the Federal Capital Territory and State Capitals. In the process, the people were mostly left out unaffected. They did not have a true sense of belonging. However, one of the pre-conditions for the creation of Local Government Council in Nigeria was that of economic viability of the proposed council area. This was necessitated by the need to ensure that such councils do not have to be over dependent on the Federal and State allocations.

This underscores the central role finance (fund) has to play in that life at Local Government Administration. The need to see how Irele Local Government Area has performed in this regard provides the basis for the selection of this topic. But this will not stop at examining the sources of the revenue drive; concerted efforts will equally be made towards assuring that the management of funds so generated is looked into.

STATEMENT OF THE PROBLEM

At the centre of any Local Government Administration in Nigeria is the question ask as to how viable are the Local Councils in terms of their ability to generate the required funds necessary for providing the services to the people, both in the urban and rural areas. There has been popular view to the effect that Local Government Councils in Nigeria are generally weak in their capacity to generate revenue locally. Many reasons have been given for this. The facts emerged that there are inadequate revenue sources in the rural areas, corrupt Local Government Staff through deliberate decision on the part of the citizen not to pay their levies as a way of punishing the leadership of the council administration. Implied in the above is the fact that most council has been over dependent on the revenue allocation from the federal and state governments. This development has exposed the councils to the whims and caprices of the government or leadership at the centre who may want to use this weakness to facilitate or hinder administrative and development process in some local government councils. Local Government Administrations have been accused of one time or another for financial recklessness. It is being argued that apart from plenty of fund at the local government level mismanagement is one of the various problems confronting the local government administration in Nigeria. All the above are true to a varying degree in all the local council areas in Nigeria, and in the same manner, it has subsequently affected the ability of the councils in providing for the people the important services that necessitated its creation.

It was out of the need to know how this affected Irele Local Government Council in Ondo State that, this study is being carried out.

LITERATURE REVIEW

Every country is made up of many heterogeneous groups that are unique and distinct in many respects namely population, customs, culture, religion language and so on (Dare and Oyewole, 1987). On this note therefore, the needs and aspiration of these groups are bound to be varied from one to another. Having these under one common central administrative may be very difficult. The best way the differences can be accommodated is to have some measure of decentralization of power and authority, thus creation of local government is one way of ensuring this. In the word of Dare and Oyewole (1987) "Local Government can be described as a system of government where the central government sets up subordinate units of administration and vest in them the authority to perform local functions". According to Norris (2004), Local Government Administration is relevant in a Federal Structure just as it is in a unitary system. It is so because too much concentration of power at the centre may not give room for rapid development and social transformation objectives of the local government councils. According to Laski (1996) government should not be carried out by a single body. It could maintain its local staff that will report directly to it, and apply the necessary solution in accordance with its directions. In other words, a vivid local life in any society is not to live in strict political terms and Nigeria is trying to provide uniform system not minding the diversity of the entire polity. This is in spite of the several clamour for devolution or not decentralization of power and authority and part of this clamour is that unless the resumption of active powers by the local authority is made possible, the federal and state government will stifle all local initiatives. It will also destroy the well spring of local knowledge and local interest without which it cannot possibly exercise its functions. Laski (1996) further asserted that the full benefit of democratic government cannot be realized unless we begin by the admission that all problems are not central or national problems, and the result of problems not being so central/national in their incidence require decision at the place, and by the person where and by whom the incidence is mostly deeply felt.

Further, Butter worth opined that if a service is mainly applied to the benefit of a particular area, it is only fair that the inhabitants of the area in question should pay for it, and to raise for them the funds for payment means certainly that they will demand control of the service and probability that they will manage it efficiently in order to keep their bill of cost as low as possible, Combell, w (1964). In addition, we cannot make an average man realize his/her citizenship in any creative sense of his/her only relation to government is obtained by voting in every four or five years in a national election. Relevance of such government must

be brought to him/her interest in the political process will name to vanishing process. It should be noted that the more inert the citizen-body, the more likely is there to be corruption and sinister privilege in the political process. Local Government is educative in perhaps a higher degree, at least continentally than any other level of government. There is not other way of bringing the minds of citizen into intimate contact with the persons responsible for decisions. It is clear that any great degree of centralization must mean and can only mean a bureaucratic system. No legislative assembly will be able however, greedy of power to make decision upon more than the largest outlines of local problems, (Golding, F.C 1970).

FUNCTIONS OF LOCAL GOVERNMENT

The nature of Local Government is such that duties that is local and which can only be well performed by small government that is allocated to it (Adamolekun and Rowland, 1979). Among such duties are the following:

MAINTENANCE OF LOCAL ROADS AND BRIDGES

This is important to enhance commutation and effective transportation links at intra and inter community levels. In this way, communities that may not be known at the central level of the political administration can still be remembered and linked up with the local government headquarters and subsequently the major highways. This development will facilitate the evacuation of goods and services from one part of the areas that constitute the local government to the other. The stretch of water from Ogolo stream has been a major communication barrier between Ode-Irele and Ajagba community; several efforts have been made and are still being made to construct a bridge across the stream at the community level. Successive administration of Irele Local Government has tried to complement these independent community efforts. The combination of the efforts described above has made the road partially motorable for some part of the year (i.e. Dry season). The feat was not possible some years before.

DISPENSARIES AND MATERNITY CENTRES

The relevance of good health for all can be contested yet not everyone gets it. The proportion of those that could not is higher in the rural centers. This is because most of the modern health institutions are concentrated in the capital living the rural and other urban centre uncured for. To reduce this gap, local government is charged with the responsibilities of providing primary health institutions in their area of jurisdictions to meet the basic needs of the people at the grassroots (Hillman, 1964). It is hoped that such attempt will reduce infant mortality rate, reduce cases of antenatal death, increase life expectancy ratio, reduce the spread of epidemic diseases, and increase the rate of awareness about preventive medical care and so on. It is to be noted that many maternity centers and dispensaries have been established in Irele Local Government within the last couple of years. However, a cursory look at these institutions will reveal that quite a number of them are not manned by qualified and experience medical personnel. This is in addition to the fact that they are not provided with adequate drugs among other facilities. Besides the centers, are hardly enough to meet the growing population. Supervision of Environment Sanitation Monitoring and evaluation of the State of environmental sanitation at the grassroots level will be very difficult for the government either at the federal (National) and state level. To lesson this burden required giving the responsibility to the government structure that is closed to the people, and of course, the obvious option is the local government. Under this arrangement, it becomes easier to closely monitor the sanitation process at the level, going from street to street, home to home, village to village and so on.

A part from monitoring and evaluating, it also enhances the process of mobilizing the rural dwellers for the purpose of ensuring that sanitation exercise is carried out effectively. The fact that local health administration can speaks the local dialect, makes it easier to educate the local people about health hazards (Jackson, 1966).

MARKETS AND MOTOR PARKS UP KEEP

Markets and Motor parks are very vital for rapid economic growth and development of the rural areas in African in general and Nigeria in particular. The absences of such vital facilities have made it highly problematic for some communities to effectively exchange and transport their goods and services in the most effective and efficient way. The role of the local government administration in providing and maintaining such facilities would therefore be a source of great relief to the people. Unfortunately, many local governments in Nigeria are found wanting in this area. Even where such facilities are put in place, they are not properly maintained by the council officials for one reason or the other. Irele Local Government is not an exemption in this regard.

COMMUNITY DEVELOPMENT AND PLANNING

Community development activities are no longer as simple as they once used to be. The increasing pressure brought about by modernization has made community development initiatives more complex and vigorous. This has therefore made even more difficult for the central government so effectively take charge of this function, as it is too remote from the various communities involved both physically and socially. The local government councils are therefore saddled with the task of mobilizing the people at the local level towards initiating and supporting programmes that are tailored towards massive and rapid development of the rural areas. No doubt, such efforts are needed to storm the increasing tide of rural- urban migration with the attendant shortage of productive workforce to support agriculture and other allied activities. This is being done through effective liaison with the various groups at the grassroots level. They include the youth organization, market woman associations, artisans clubs, traditional rulers' woman councils, community development associations (CDAS) religious groups etc.

LICENSE AND BIRTH CERTIFICATES

Without the Local Government structure in place, it would have been difficult, if not impossible for the government at he centre to know all the beer parlors, vehicles, bicycles, motorcycles etc and licenses to be issued to them just as it would be trying to monitor and control their activities for the overall well being of the society. The same thing would have happened in respect of birth rate and the contribution of such knowledge and information to the compilation of vital statistics. This is because of the largeness of the size of the country and the remoteness of the centre to the periphery. So, local governments are better equipped to perform this function because they are close to the local inhabitants, speaks their dialects, share their sentiments and values.

PERMITS TO BUILD HOUSES

The need for proper town planning and building layout can not be ignored in the file of modern development. Proper planning will take care of road networks, industrial layout/estates, residential areas, pipelines among others. All these are necessary to ensure there is orderliness and sanity in the process of erecting structures, so as not impeding free movements of people and equipments and accelerated development. The government at the centre may not be able to get all the detail information required for this. But the government at the grassroots will be able to and make adequate and necessary provisions required.

Unfortunately, this is an area the local administration has not been handling with all the seriousness it deserves. This is probably due to the fact that they are not handling the required manpower to achieve this purpose.

DATA PRESENTATION AND ANALYSIS

Both primary and secondary methods were used to obtain Data. For this study, the primary data used is basically from personal interview with key personnel of the local government, while the secondary data is based on information gathered from the government approved estimates, local government journeys and the revised financial memoranda for senior head government functionaries. The sample size was limited to one hundred and twenty (120) randomly selected from the population as indicated in Table 1. The data obtained were analyzed using variance analysis and the result presented subsequently.

METHODOLOGY

This is concerned primarily with the issues like restatement of research questions, study population, samples size, sampling techniques, methods of data collection and methods of data analysis. Consequently, the details of these shall be found in the subsequent parts of this chapter.

STUDY POPULATION

The staff population of Irele Local Government is currently put at one thousand four hundred and eighty (1,480). This is made up of the junior, senior and management staff of the local government. The distribution of the population is as shown in the table below.

TABLE 1: STAFF POPULATION OF IRELE LOCAL GOVERNMENT AS AT 31ST DECEMBER, 2010

DEPARTMENT	CATEGORY OF STAFF			
Treasury	450	146	4	600
Works	222	26	2	250
Health	170	27	3	200
Community	132	16	2	150
Personnel	70	40	10	120
Agric	134	22	4	160
Total	1178	277	25	1480

Source: Personal interview of the researcher

TABLE 2: SAMPLE DISTRIBUTION

Department	Sample	Percentage (%)
Treasury	49	40.83
Works	20	16.67
Health	16	13.33
Community	12	10.00
Personnel	10	8.33
Agric	13	10.83
Total	120	100.00

Source: Personal interview of the researcher

PRESENTATION OF RESULT AND FINDINGS

TABLE 3: IRELE LOCAL GOVERNMENT ACTUAL REVENUE FOR THE YEARS ENDING 31ST DEC. 2007 - 2010

Details of Revenue	2007 Actual	2008 Actual	2009 Actual	2010 Actual
Head 1001 (Taxes)	164,935.26	203,081.00	165,458.85	374,556.11
Head 1002 (Rates)	82,390.00	105,210.00	24,062.00	111,000.00
Head 1003 (Local License and Fees)	1,797,427.84	310,210.00	550,721.00	392,192.00
Head 1004 (Earning from Commercial undertaking)	375,663.00	310,233.0	453,900.00	7,345,910.00
Head 1005 (Rent of Local Government Property)	-	-	-	-
Head 1006 (Interest payment and dividend)	79,200.00	-	-	-
Head 1007 (Grants)	25,018,220.49	-	-	24,919,071.02
Head 1008 (Miscellaneous)	-	-	-	-
Head 1009 (Statutory Allocation)	67,917,993.02	40,874,315.00	220,348,052.89	203,413,270.03
Total	95,435,829.61	53,469,510.00	221,542,194.60	236,556,004.66

Source: Annual estimate for 2007 - 2010

TABLE 4: IRELE LOCAL GOVERNMENT BUDGETARY REVENUE FOR THE YEARS ENDING 31 DECEMBER, 2007 - 2010

Details of Revenue	2007 Actual	2008 Actual	2009 Actual	2010 Actual
Head 1001 (Taxes)	110,000	2,100,000.00	1,600,000.00	1,600,000.00
Head 1002 (Rates)	200,000	400,000.00	400,000.00	400,000.00
Head 1003 (Local License and Fees)	868,000	3,245,500.00	2,245,500.00	2,245,500.00
Head 1004 (Earning from Commercial undertaking)	270,000	270,000	1,336,500.00	1,336,500.00
Head 1005 (Rent of Local Government Property)	200,000	200,00	200,00	200,000
Head 1006 (Interest payment and dividend)	21,000	110,000.00	110,000.00	110,000.00
Head 1007 (Grants)	25,000	50,000	30,000.00	30,000.00
Head 1008 (Miscellaneous)	50,000	80,000.00	80,000.00	80,000.00
Head 1009 (Statutory Allocation)	171,500	227,027,980	577,252,689	577,252,689
Total	173,244,000	234,549,980	583,254,689	585,224,689

Source: Annual estimate for 2007 - 2010

TABLE 5: VARIANCE ANALYSIS

Details of Revenue	2007 Actual	2008 Actual	2009 Actual	2010 Actual
Head 1001 (Taxes)	54,939.26	(1,896,919.00)	(1,434,541.25)	(1,225,443.89)
Head 1002 (Rates)	(117,610.00)	294,279.00	(375,938)	(289,000.00)
Head 1003 (Local License and Fees)	929,427.84	2,935,290.00	(1,694,779.00)	(1,853,303.00)
Head 1004 (Earning from Commercial undertaking)	105,663.00	(40,233.00)	(882,600.00)	6,009,410.00
Head 1005 (Rent of Local Government Property)	(200,000)	(200,000)	(200,000)	(200,000)
Head 1006 (Interest payment and dividend)	58,200	(110,000.00)	(110,000.00)	(110,000.00)
Head 1007 (Grants)	24,993,220.49	(50,000.00)	(30,000.00)	(24,889,072.02)
Head 1008 (Miscellaneous)	(50,000.00)	(80,000.00)	(80,000.00)	(80,000.00)
Head 1009 (Statutory Allocation)	(103,582,007)	(186,153,665.00)	(356,904,636.20)	381,811,418.50
Total	(77,808,170.39)	(181,080,470.00)	(361,712,494.40)	(348,668,684.40)

Source: Author's computation 2010

The variance is favourable where the actual revenue is greater than the budgetary revenue, while it is unfavourable if the budgeted revenue is greater than the actual revenue. Variance analysis is calculated by subtracting the budgeted revenue from the actual revenue.

TABLE 6: SUMMARY OF INTERNALLY AND EXTERNALLY GENERATED REVENUE

	2007	2008	2009	2010
Internal	2,499,616.10	928,992.99	1,194,141.75	8,223,663.11
External	92,936,213.51	40,874,32.00	220,348,052.89	228,332,341.50
Sum	95,435,829.61	41,803,049.00	221,542,194.60	236,556,004.60
% of Internally	2,499,616.10	928,734.00	1,194,141.75	8,223,663.11
Generated Revenue	95,435,829.61	41,803,049.00	221,542,194.60	236,556,004.60
Total	2.62%	2.22%	0.54%	3.48%

Source: AUTHORS COMPUTATION 2010

Financial memorandum of Irele Local Government:2007,2008,2009,2010

Average percentage for the four years

$$\frac{2.62 + 2.22 + 0.54 + 3.48}{4}$$

$$= 2.22\%$$

Internally generated revenue comprised Head 1001 to Head 2008 which are Taxes, rates, Local License and fees, earning from commercial undertakings, interest payment and dividend and miscellaneous, while externally generated revenue is the statutory allocation. The internally generated revenue of the council was N2,499,616.10 in 2007, this declined to N928,734.00 in 2008, it further rose to N1,194,141.75 in 2009 and finally rose to N8,223,663.11 in 2010. This represents 2.62% in 2007, 2.22% in 2008, 0.54% in 2009 and 3.48% in 2010. On the other hand, the externally generated revenue which is mainly from statutory allocation was N7,917,993.02 in 2007, this declined to N40,874,315.00 in 2008, it further rose to N220,348,052.89 in 2009 and fell to N203,413,270.53 in 2010.

The total internally generated revenue for the four years stood at:

$$= N(2,499,616.10 + 928,734.00 + 1,194,141.75 + 8,223,663.11)$$

$$= N12,846,154.96$$

The total externally generated revenue for the four years stood at:

$$= N(92,936,213.51 + 40,874,315.00 + 220,348,052.89 + 228,332,341.50)$$

$$= N582,490,922.80$$

From the facts above or overleaf, the percentage of the four years IGR generated in 2007 can be calculated thus:

$$\frac{2,499,616.10}{12,846,154.96} \times \frac{100}{1} = 19.44\%$$

For 2008

$$\frac{928,734.00}{12,846,154.96} \times \frac{100}{1} = 7.23\%$$

For 2009

$$\frac{1,194,141.75}{12,846,154.96} \times \frac{100}{1} = 9.29\%$$

For 2010

$$\frac{8,223,663.11}{12,846,154.96} \times \frac{100}{1} = 64.02\%$$

Using 2007 as index, the internally generated revenue decreased to

$$= \frac{928,734.00}{2,499,616.10} \times \frac{100}{1} = 37.16\%$$

$$\text{Decreased to} = \frac{1,194,141.75}{2,499,616.10} \times \frac{100}{1} = 47.77\%$$

$$\text{Increased to} = \frac{8,223,663.11}{2,499,616.10} \times \frac{100}{1} = 328.99\%$$

In 2010, internally generated revenue increased by N7,029,521.36 which represents 88.62% increase over that of 2009.

The statutory allocation fluctuates in line with whatever is received from the Federation account.

CONCLUSION

Based on the data collected from the field survey and analysis on the various review of the paper, I have been able to highlight the various issues that readily come under local government finance. These include the sources of the local government funding, fund management, accountability, financial administration, financial control and accounting. The changing role and importance of director of finance department (chief financial adviser to the council) the executive and legislative arms of the council from the evidences available so far, central to the development of a virile and viable local government, is a system of prudent financial management, the revised financial memoranda provides elaborate managements to ensure that public funds are handled by the local government functionaries with a high sense of probity and accountability. It also requires those concerned to tap these resources and make effective and efficient use of the opportunity offered to serve the public. Both the political and the career officers of the local government need to acquire adequate working knowledge of the financial memoranda consciously and patriotically apply same to their work for progress.

RECOMMENDATIONS

In view of the findings arising from the study, it is pertinent to make the following recommendations.

- **Supervision:** There is need to strengthen the internal control mechanism of the local government and effort should be made how funds are being managed and generated by the local government to reduce the level of financial impropriety on the part of local government staff or officials.
- **Financial Management:** The financial management in the sense of realistic approach should entail advance planning progressive development of services to the advantage of the people in the locality. Transparency and accountability must be encouraged so as to make the best use of funds available to the local government. The auditors both external & internal should be strengthened to enable them probe or investigate the various financial mismanagement discovered at any time and should be published quarterly for the general populace to see and commend.
- **Training Scheme:** Training programmes for workers in the local government should be introduced for all categories of workers so as to update their knowledge in the day to day running of the council. Staff should be encouraged to further their studies by giving them study leave with or without pay so as to enhance development and standard improvement in financial and personnel management. The Local government should employ the services of a commission management consultants to assist them in their internally generated revenue drive so as to tap the untapped revenue due to the local government.
- **Adequate incentive:** Workers of the local government must be well remunerated and well taken care of by building staff quarters where necessary. This will discourage fraud and mismanagement of funds. All entitlement must be paid to all categories of workers as at when due e.g. claims and leave bonus. Modern office blocks should be provided to replace the old ones. Modern equipment, such as computers accessories should be required for easy process of accounting procedure.

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DEMOGRAPHICAL ANTECEDENTS IN DECISIONAL AUTONOMY OF WOMEN ENTREPRENEURS: A CASE STUDY OF WOMEN ENTREPRENEURS OF LAHORE, PAKISTAN

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ABSTRACT

The emerging women entrepreneurs are not the new breed but lately acknowledged potential of economic growth. Now females are more aware of their substance of existence. Demographical factors may affect the echelon of their participation, but somehow the circumstances are rotary in their favor. The emergence of women entrepreneurs is a contemporary issue but still treated as invisible entities that need scholarly attentions. In this study, demographical profile of women entrepreneurs of Lahore is assessed as contributing antecedents in business related decisional autonomy starting from choosing entrepreneurship as a career to business expansion. The methodology adopted is focused around quantitative methods taking a deductive approach. It's a survey on a sample of 60 women entrepreneurs operating in Lahore where snow ball sampling technique was adopted. For data analysis, descriptive statistics and inferential statistics were applied. This study assessed the demographical profiles of women entrepreneurs and critically analyzed the business related decisional autonomy among women entrepreneurs. The most critical part of the study is the examination of association between demographical profiles as an important antecedent in determining the decisional autonomy among women entrepreneurs. It was found that the age, marital status and education play pivotal role in shaping the extent of decisional autonomy in the Pakistani society where as income group was found least significant in this regard. As this is a case study of women entrepreneurs operating in Lahore, the generalizability of data analysis and findings on the other part of the country cannot be claimed.

KEYWORDS

Autonomy, Demographical antecedents, Entrepreneurship, Women entrepreneurs.

INTRODUCTION

Women entrepreneurship is not a phenomenon which has suddenly popped up on the face of SMEs (small and medium business enterprises) sector of the economy as a potential contributing factor; rather it has passed through many evolutionary stages and now is able to draw the attention of business thinkers around the globe. Women entrepreneurship is doing magical wonders around the globe by its immense capability of creating self employment, bringing unleashed potential of under privileged females to the mainstream business environment, and bestowing the women with the ultimate joy of being autonomous in their decisions about their businesses and also about their personal lives indirectly.

In spite of the lately but rightly recognized significance of women entrepreneurship in the recent past; entrepreneurship is still considered as a domain associated with the males of any society due to various societal factors and prejudice towards the phenomenon of female entrepreneurship. Women entrepreneurs in spite of their significant entrepreneurial existence in developing countries have not been brought under the spotlight by both the academia and the governments in these regions of the world. The entrepreneurial world has embedded gender disparity and this gender gap is wider in developing countries that are socially and culturally backward and characterized with social imbalances. In such countries the potential of women are marginalized in every walk of life.

Pakistan being a developing country is indifferent from the other developing countries in case of women entrepreneurship in the Asia pacific, where women no doubt make up a larger part of the population but have not been empowered, skilled, and leveraged enough to be free in choosing and pursuing entrepreneurship as a career. Women who make up 51% of the total population of Pakistan have been evidenced to play the much anticipated and demanding role in country's economic uplift from the last decade. An interesting fact in this regard is that the 3.7% growth of labor force in 2008-09 out of which the growth rate of female labor force has been greater than the men labor force. (Economics survey of Pakistan, 2009-10). In addition to the mentioned facts; growth rate of self employed females has also risen from 12.8% in 2007-08 to 13.1% in 2008-09 which manifests the increasing trend of self employment in females resulting into more and more women owned micro, small and medium scale business enterprises (Labor force survey 2008-09). In Pakistan the overall female economic participation in the economy is evident from the statistic that the percentage of female employers was 0.3% in 2001/2002 (GEM Country Brief Pakistan, 2007). Statistics prove that women entrepreneurship in Pakistan is amongst the lowest in the developing countries.

Different support factors for women entrepreneurship in Pakistan can also be referred in the context of present status of women entrepreneurship in Pakistan. Notably these are the creation of Ministry of Women Development in 2004-05, Women Chamber of Commerce in 2002, Women's Resource Centre within Lahore Chamber of Commerce and Industry (LCCI) and many supporting institutional entities in the form of NGOs (Non governmental organizations) working for the empowerment through self employment and capacity building of women entrepreneurs in Pakistan. The aforementioned statistics represent a feeble but gradually improving situation of the women entrepreneurship in Pakistan. Different socio-economic factors hinder the fostering growth of women entrepreneurship and need attention of government and academicians (Roomi & Parrott, 2008).

These factors create obstacles in multifold dimensions which can be related not only to motivational factors but also to the operational matters associated with running a business enterprise by females. In Pakistani culture women are supposed to have a stereotyped role in the society comprising of responsibilities related to their families. Due to these factors women entrepreneurs in Pakistan do not enjoy the luxury of decisional autonomy both in their personal lives and in the business related matters. This particular study has a specific aim of empirically establishing the fact that there exists an association among significant demographical factors acting as antecedents to the business related decisional autonomy which is at the disposal of women entrepreneurs in Pakistan.

The business opportunities for the women entrepreneurs operating their businesses in Lahore are considerably better than other parts of the country as it is the provincial capital of Punjab which is the largest province in Pakistan. It is considered to be the economic hub of Punjab as it possesses good quality infrastructure, advanced educational infrastructure and established industries. The urbanization has brought new businesses opportunities not only to businessmen but also for business women as well.

LITERATURE REVIEW

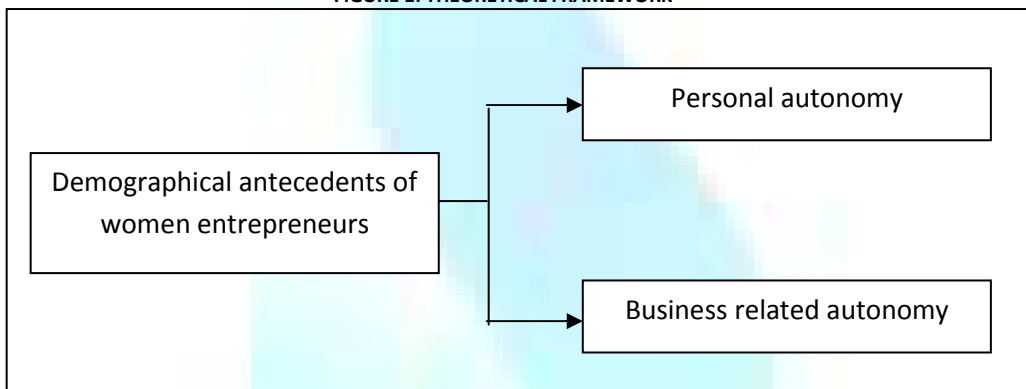
In the post industrialization era and the modern era of global trade gateways entrepreneurship has been able to draw its fair share of appreciation as the major source of a country's economic well being. Entrepreneurship has a lot to do with the self employment of people who are skilled enough to make the bread and butter out for their own business ventures (Startiene, 2009). Women entrepreneurship is a phenomenon which was not given its due importance in an economy in the past but now it has started gaining appreciation because it has been admitted that women in a society are the significant agents of positive economic change and without women's non passive participation in an economy the goal of economic well being cannot be achieved (Luke & Munshi, 2007).

For quite a long period of time entrepreneurship has been solely treated as a male oriented career and women were not supposed to be involved in this. A lot of socio economic factors are responsible for this wrong perception in the business environment around the globe (Singh, 1993). Most of these factors adversely affect women's right of career selection for their own and business related decisional autonomy (Roomi & Parrott, 2008; Das, 1999; Kalyani & Chandralekha, 2002; Naqvi & Shahnaz, 2002; McIntosh & Islam, 2010; Jejeebhoy & Sathar, 2001; Nayyar, Sharma, Ksishwaria, Rana, & Vyas, 2007). *business related decisional autonomy is the life line for the healthy existence of women entrepreneurship and the level of joy and happiness in their personal lives. Empirically proven studies in this regard state that the developing countries in which women enjoy the leverage of business related decisional autonomy are more conducive in terms of women's entrepreneurial growth (Ali & Haq, 2006; Acharya, Bell, Padam Simkhada, Teijlingen, & Regmi, 2010; Anderson & Eswaran, 2007; Orhan & Scott, 2001; Raman, Anantharaman, & Jayasingam, 2008). Economic empowerment of women in the developing countries can turn the table around and the creeping situation of women entrepreneurship in these countries can be made better. Adequate numbers of empirical studies in this regard have proven the significance of women empowerment not only in terms of financial capacity but also in terms of business related decisional autonomy to be the strengthening factor for women entrepreneurship (Raheim & Bolden, 1995; Irma, Rattani & Khan, 2011).

THEORETICAL FRAMEWORK

The theoretical framework being used in this study consists of the significant demographical factors acting as antecedents to the business related decisional autonomy of the women. The significant demographical factors related to women in Lahore considered in this study are age, educational background, marital status, and income group. The reason behind treating the mentioned factors as significant is that the authors have observed these factors to be significant in terms of affecting the personal and business related decisional autonomy of the respondents involved in this particular study.

FIGURE 1: THEORETICAL FRAMEWORK



Source: Author

These demographical factors act as independent variables in this framework and the dependent variable is the business related decisional autonomy of the female entrepreneurs. The very purpose of developing such theoretical framework is to study the association among these demographical antecedents and the business related decisional autonomy.

DESIGN/METHODOLOGY/APPROACH

The methodology adopted for the study is focusing on quantitative methods taking a deductive approach to research. It was a survey on a sample of 60 women entrepreneurs operating in Lahore where snow ball sampling technique (non-probability) was adopted due to non-availability of exhaustive list of women entrepreneurs. It was also due to the fact that most of the women are working in informal sector where their economic activities are not registered. In survey method, to conduct a cross sectional study, questionnaires were used as data collection tool that contain close-ended questions with nominal scale. For data analysis frequency, percentage, cross tabulation and chi-square have been applied.

DATA ANALYSIS

As the snow ball sampling technique was applied (non-probability) with nominal scale application that is why the researchers have applied Chi-Square test to find the association between demographical antecedents of women entrepreneurs and their personal and decisional autonomy. Age group, marital status, income and education were taken as most important and relevant demographical antecedents where as decisional autonomy was divided into personal decisional autonomy and business related decisional autonomy. This categorization of decisional autonomy has facilitated researchers for an in-depth understanding of underlying study. The data indicates the spread of respondents in terms of industry type as Service Industry 50%, Manufacturing Industry 30% and Trading 20% of total sample.

TABLE 1: INDUSTRY SELECTION BY WOMEN ENTREPRENEURS IN LAHORE (N=60)

<u>Industry</u>	<u>Frequency</u>	<u>Percentage</u>
Service industry	30	50%
Manufacturing	18	30 %
Trading	12	20%
Total	60	100%

Source: Author's field survey

It was noted that most of the women entrepreneurs were engaged in the beauty care business and education sectors in the domain of service sector whereas garments, either stitched or unstitched were dominant in the manufacturing and trading sectors. This fact was also supported by the list of women entrepreneurs who are the member of Lahore Chamber of Commerce and Industry (LCCI). Out of 150 women entrepreneurs, more than 80% are operating their businesses in garments business irrespective of local or international markets. This data also indicates the industry choice trend among women entrepreneurs where services sector is the most preferred industry choice. Similarly as discussed earlier, in manufacturing trading sectors, garments business is the most preferred business among women entrepreneurs in Lahore.

To study the demographical profiles of women entrepreneurs in Lahore, age, marital status, education and income group were considered to be the most important demographical antecedents to study in the association of personal and business related decisional autonomy.

TABLE 2: DEMOGRAPHICAL PROFILE OF WOMEN ENTREPRENEURS IN LAHORE (N=60)

Demographic Profile of WE	Frequency	Percentage (%)
Age		
Less than 20	5	8.3
20 – 29	25	41.7
40-49	26	43.3
50-59	4	6.7
Marital Status		
1.Single	15	25
2.Married	25	41.7
3.Separated	8	13.3
4.Divorced	6	10
5.Widow	6	10
Education		
Master's	20	33.3
Bachelor	15	25
Secondary/Primary/ Vocational	15	25
No formal education	10	16.7
Income Group		
Below Rs. 10,000	17	28.3
Above Rs. 10,000 to Rs 30,000	8	13.3
Above Rs. 30,000 to Rs. 50,000	19	31.7
Rs. 50,000 and above	16	26.7

Source: Source: Author's field survey

Table.2 indicates that most of the women entrepreneurs fall under the age bracket of 20 to 49 years that constitutes 85% of the total sample. The tendency of starting business in the age of less than 20 years and above 50 years is exceptional and possible with the help and assistance of family and friends. In dominant age bracket of 20 to 49 years, most of the females (41.7% of total sample) were carrying the status of being married where as 25% of females were single. 13.3% of the respondents were separated, 10% were divorced and 10% were widows. The dominant educational level among the female entrepreneurs in Lahore was in between bachelor to vocational education that constitutes 50% of the total sample. 33.3% respondents were holding a masters' degree and 16.7% were having no formal education at all. In the income group category, 28.3% respondents fall under the income group below Rs.10, 000, 13.3% were from the income group of Rs. 10,000 to Rs 30,000, 31.7% were from above Rs. 30,000 to Rs. 50,000 category and 26.7% of the respondents were earning more than Rs. 50,000 per month.

For further data analysis, the cross tabulation was applied within the demographical factors of women entrepreneurs in Lahore. The relationship between age and marital status and education level and income group was studied by applying cross tabulations.

TABLE 3 (a) CROSS TABULATION: AGE GROUP AND MARITAL STATUS OF WOMEN ENTREPRENEURS IN LAHORE

Age Group	Marital status					Total
	Single	Married	Separated	Divorced	Widow	
less than 20	2	0	0	0	0	2
20 – 29	10	10	2	2	3	27
40-49	3	18	3	1	5	30
50-59	0	0	0	1	0	1
Total	15	28	5	4	8	60

Source: Author's field survey

Table 3 (a) reveals that there were only 2 respondents who were single in the age bracket of less than 20 years. In the age bracket of 20 to 29 years, 10 respondents were single, 10 were married, 2 were separated, 2 were divorced and 3 were widows. Similarly in the age bracket of 40 to 49 years, 18 respondents were married, whereas only 3 were single, 3 were separated and 1 was divorced and 5 were widows. In the last age bracket of 50 to 59 years, only 1 respondent was carrying the status of being divorced. Table 3(a) also shows that the married status was found to be the most frequent in the age bracket of 40 to 49 years.

TABLE 3 (b): CROSS TABULATION: EDUCATION LEVEL AND INCOME GROUP AMONG WOMEN ENTREPRENEURS IN LAHORE

Education	Income group (per month)				Total
	Below Rs.10,000	Above 10,000 to Rs. 30,000	Above Rs. 30,000 to Rs.50,000	Above Rs.50,000	
Master's	1	3	7	13	24
Bachelor	4	4	8	3	19
Secondary/Primary	2	2	0	0	4
Vocational	5	1	0	0	6
No formal education	7	0	0	0	7
Total	19	10	15	16	60

Source: Author's field survey

Table 3 (b) shows that out of 24 master's degree holders, 1 respondent was from below Rs.10,000 income category, 3 were from Rs.10,000 to Rs.30,000, 7 were from above Rs.30,000 to Rs.50,000 category and 13 respondents were from above Rs.50,000 category. In bachelor degree holders, 4 respondents were from below Rs.10,000 income category, 4 were from above Rs.10,000 to Rs.30,000, 8 were from above Rs.30,000 to Rs.50,000 category and 3 respondents were from above Rs.50,000 category. In secondary and primary educational level, 2 respondents were from below Rs.10, 000 category, 2 were from above Rs.10, 000 to Rs.30, 000 and none of the respondent falls under the income group of above Rs.30, 000. Similarly respondents with no formal education, all 7 respondents were from below Rs.10, 000 income category. This cross tabulation between income group and education level also shows the high tendency of education in higher and middle income group and low tendency in lower income group.

The association between demographical antecedents and personal decisional autonomy was explored while applying chi square. Table 4 (a) contains the results of chi square to measure the association between variables.

TABLE 4 (a): ASSOCIATION AMONG DEMOGRAPHICAL FACTORS AND PERSONAL DECISIONAL AUTONOMY OF WOMEN ENTREPRENEURS IN LAHORE

Demographical factors	Age Group	education level	marital status	Income group	Personal Decisional Autonomy
Chi-Square	48.933 ^a	26.500 ^b	32.833 ^b	4.667 ^a	40.000 ^c
df	3	4	4	3	7
Asymp. Sig.	.000	.000	.000	.198	.000

Table 4 (a) indicates that there is a significant association between age, education and marital status with the personal decisional autonomy of women entrepreneurs in Lahore as P value of chi-square is less than .05 in all cases except income group.

TABLE 4 (b): ASSOCIATION AMONG DEMOGRAPHICAL FACTORS AND BUSINESS RELATED DECISIONAL AUTONOMY OF WOMEN ENTREPRENEURS IN LAHORE

Demographical factors					
	Age Group	education level	marital status	Income group	Business Related Decisional Autonomy
Chi-Square	48.933a	26.500b	32.833b	4.667a	62.733c
df	3	4	4	3	13
Asymp. Sig.,	.000	.000	.000	.198	.000

Table.4 (b) indicates that there is a significant association between age, education and marital status with the business related decisional autonomy of women entrepreneurs in Lahore as P value of chi-square is less than .05 in all cases except income group.

DISCUSSION

The purpose of this study was to explore the association between demographical antecedents of women entrepreneurs in Lahore with their personal and business related decisional autonomy. Before initiating the discussion on the association among variables, the authors have drafted a wide-ranging profile of women entrepreneurs operating in Lahore with the help of the data collected. It is revealed that most of the businesswomen in Lahore have started their career in the middle age group (20 years to 35 years), with no formal education in business and married marital status. They enjoy the luxury of personal and business related decisional autonomy to take both the business and career related decisions as per their own choice. For further interrogation of understudied phenomenon, the business related decisional autonomy was further divided into categories of autonomy required for business startup and the autonomy required for managing day to day business operations.

With the mindset about the common profile of businesswomen of Lahore mentioned earlier, the trends in the industry and business selection can be observed. As it is evident from the data analysis section that 50% of the respondents involved in this study belonged to the services sector. The reason behind such a large number of women entrepreneurs in this sector is that females are more at ease in starting the businesses which are less capital intensive, do not require specialized training and skill development rather depend on the already learned skills and knowledge, and are less labor intensive. Another significant factor in this regard is that females are interested in the businesses in which males are least involved either as clients or the business process partners.

After the services sector a mix of manufacturing and trading activities is observed in businesses operated by Lahore based female entrepreneurs as their industry choice for business purpose. Businesses related to products like unstitched and stitched garments, embroidery, and home décor related fabrics are examples of such businesses. Females in these businesses have strong business contacts with the other females of their respective localities who not only act as the clients but also act as the business process outsourcing partners. It has been found that female entrepreneurs get the orders and they outsource some of the operations to females of the locality; this not only provides the employment opportunities for those females but also makes it convenient for the female entrepreneurs to manage the businesses in an efficient way. Another interesting dimension getting explored from the dynamics related to female entrepreneurs mentioned in the data analysis portion is that females mostly prefer those businesses which include the activities which have been traditionally regarded as activities related to female domain in the subcontinent region like beauty care, garments stitching, and embroidery.

Although cooking is also one of the activities which are associated with females in households but none of our respondent female entrepreneurs belongs to this business activity. This also hints towards many industries which have either been least explored or are unexplored yet. Similarly, the manufacturing industries that are more technology intensive are less preferred by businesswomen in Lahore and those who are operating in such industries are treated as exceptional. Size of the business is another important factor and cannot be ignored though this dimension is not the prime concern of the study. It was noted during the survey that most of the female entrepreneurs were engaged in micro, small, and middle level of the businesses in terms of numbers of employees. Different reasons are at play behind this situation which not only relate to the demographics of these entrepreneurs but also to the business practices in use of these entrepreneurs. It is observed that there exists a tendency among women entrepreneurs of not expanding their businesses beyond a certain limit and that is why very few were found in large size enterprises.

In the demographical profile, age is one of the most significant demographical factors being studied. The age bracket of 85% of the respondents has been observed as 20-49 years; this fact indicates that this is the age bracket in which women entrepreneurs of Lahore are empowered and leveraged enough to choose entrepreneurship as their career. One of the reasons behind this observation is that females in Pakistani society are not capable enough to exercise their personal and business related decisional autonomy before the age of 20 years because in this age any of their initiatives are not taken seriously by their families. Most of the females in this age group operate their hobbies as their businesses to kill the spare time or to earn their pocket money. It can not be denied that in this age females have lesser social relationships than the females who are married. Another fact associated with age is capability of rational decision making. As age grows, women become more rational and capable to knob the situations. There family members consider their opinion and engage them in important family decisions. This was observed as prime reason of allowing the women to operate their businesses in this age bracket.

Marital status has also been significantly observed to affect the capacity of entrepreneurial decisions of the females. As the data analysis shows that 42% of the respondent entrepreneurs are married females; the possible reason behind this observation is that the life gets settled for such females in terms of social relationship building in the form of getting married and moving into a new family as its family member. All other marital statuses other than being married have not been significantly observed in the respondents other than single which were 25% of the total sample because as the business environment in Pakistan is very much male dominated. It's very tough for a single female to initiate and operate a business enterprise even if the support of family members exists because of lesser probability of developing strong business contacts. The decisional autonomy as significantly associated with marital status can also be viewed with the angle that businesswomen, while dealing in male dominated entrepreneurial world, become more conscious if they are single, divorced, separated or widow due to many socio-cultural disparities whereas the married women, backed by their in-laws and husband, feel more secured. They become more confident while taking the important decisions in the favor of their businesses.

The third important demographical factor considered for this study was educational level among the women entrepreneurs in Lahore and its association with decisional autonomy. The females with higher level of education have been observed to be more involved in the entrepreneurial process than the ones with under graduation level of education or no education acquired at all. It can be inferred that educating females in the society makes them more empowered and self confident so that they can opt for entrepreneurship resulting into the self employment of such entrepreneurial prospects. Education serves as the source of self awareness and exposure to the world for educated females. Contrary to this, females with no or under graduate level of education lack these capabilities and are dependent on their families ultimately adding up to the unemployment rate in a society. In case of Lahore, which is the financial and educational hub of Punjab, the females have better access to education as compared to other parts of the country, thus it was noted that out of 60 women, 24 respondents were holding master's degree and 19 were bachelor degree holders. It can also be inferred that in Lahore, women have better educational background thus capable to handle the business related issues. The association among education is also justified with the fact that business requires some conceptual, human and operational skills that can be learnt and polished in educational institutions, thus it is presumed that more education brings more rational and wise decision making capability.

Last but not the least, the income group was also observed as an important demographical factor with association to business related decisional autonomy. As it is well understood that one cannot envision a business enterprise without having adequate financial resources and this also holds true in case of female entrepreneurship. Data analysis shows that females with higher level of personal income are more vulnerable to become entrepreneurs. This observation has multiple dimensions; one of those is that being an income contributing agent in the family they already enjoy an adequate amount of personal decisional autonomy which they convert into business related decisional autonomy in the later stage. The other dimension of income association with decisional autonomy is that, as women earn and contribute their income in household, they get voice in every matter of home and business. It was shared by many entrepreneurs

during survey that they have become more independent since they have started making significant financial contributions in their families. The more the women earn and contribute their income in families, the more they enjoy the liberty of being autonomous. Although the data analysis does not show a very significant association between income group and decisional autonomy but this particular association was observed quite prominently during the study. Along with the demographical factors considered in this study there do exist a wide range of factors related to socio-cultural dimensions which also contribute significantly to the business related decisional autonomy of the female entrepreneurs but those factors are to be studied in depth in the academic discipline of sociology.

CONCLUSION

For the faster economic development and growth, women's passive behaviors cannot be afforded by the country like Pakistan where women constitute 51% of the total population. In the society where social imbalances, gender inequality and hostile take on career as masculine, the growth of women entrepreneurs is a challenging task. These challenges can be met through empowerment through self employment in the male dominated entrepreneurial world. Ample evidences advocate the growth of women entrepreneurs in the city of Lahore, Pakistan which is considered to be the economic hub of province of Punjab. Other than socio-cultural and economic factors, the demographical factors play vital role in initiating and operating the women owned businesses in Lahore, where the market is full of potential due to predisposition of urbanization. Among the demographical factors, age, marital status, education and income group are the profound antecedents when it comes to decisional autonomy of women entrepreneurs. Age brings rational decision making capability, where as education, undoubtedly, paves the way of self awareness and self confidence. Similarly, marital status and income remove many socio-cultural ambiguities and work as invisible psychological supporting factors. As significantly linked with autonomy that is required for women empowerment, the state and non-state actors need to understand this association if they are serious to bring the women in the main stream of male dominated entrepreneurial world.

RECOMMENDATIONS OF THE STUDY

As this has been empirically proven in this study that there exists significant association among certain demographical factors and business related decisional autonomy of the female entrepreneurs so this study also comes up with a set of recommendations.

1. Cultural myths about the incapacity of females to look after financial matters and to run business organizations need to be broken; this also includes eradication of the practice of not involving female members of the family in decision making. Females should be trusted upon in not only the matter of their career selection as being an entrepreneur but also to be able to move freely in the society for the business networking. Stereotyped role of females of running a household also needs to be mended and it should be considered and well understood that if a female along with fulfilling family related responsibilities is also capable of being an entrepreneur then she should be encouraged to be the one. This can be effectively done by the institutions whether government related or NGOs working for the improvement of female entrepreneurial growth in Pakistan through extensive societal and entrepreneurial awareness spread.
2. Financial empowerment of the females is also necessary so that they do not have to look for the arrangement of capital required for starting their businesses. Micro finance institution on the line of Grameen foundation In Bangladesh need to be developed which will not only provide the required financial resources to the females willing to become entrepreneurs but also the financial consultancy. Although some microfinance institutions like KASHF FOUNDATION are operating in the country already but not every prospective entrepreneur has access to such institutions so a deep penetration of such financial institutions in the society is being strongly recommended.
3. There exists an urgent need of massive level of vocational, technical and business related education programs for potential entrepreneurs for capacity building in terms of self awareness, and exposure to the outside world which will smooth their way of becoming an entrepreneur. A number of such programs are currently in progress but those have been unable to produce satisfactory results either because of the inefficient way of operating business activities or because of the poor access of prospective women entrepreneurs to such initiatives. In Pakistani society females are pushed to believe from their early age that they cannot become entrepreneurs. Such educational and training initiatives will also help females to identify their true potential of becoming an entrepreneur.

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IMPACT OF INTELLECTUAL CAPITAL ON THE FINANCIAL PERFORMANCE OF LISTED COMPANIES IN TEHRAN STOCK EXCHANGE

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ABSTRACT

Economical special conditions in to active companies has been caused competitive benefit in these companies don't be base on tangible asset of them. What that is the cause of competition in these companies economically nowadays are intangible assets and on the other hand, they are intellectual capital. Because of this type of intangible assets and capitals hasn't been written in the balance sheet and of course, they have significant effects in the performance, value and profitability, it needs to consideration, allocation of sources and emphasis of senior managers in the organization increasingly. In this research we tried to examine the impact of intellectual capital on financial performance of companies. For this purpose, the CIV method (Calculated Intangible Value) and ICE (efficiency of intellectual capital) for measuring the extent of the intellectual capital and use efficiency of the intellectual capital in companies and it has been studied the effect of the intellectual capital on the ratios of ROE (Return On Equity) and ROA (Return On Assets) and ROS (Return On Sales). For this purpose, it has been chosen in the stock exchange in Tehran 170 Companies in the time space from 2003 to 2007, accidently and necessary data of the research has been collected from the financial statements of mentioned companies. The main and sub- Hypotheses of the research has been confirmed by use of statistical methods whit 95% confidence coefficient by SPSS Software.

KEYWORDS

intellectual capital, knowledge management, intangible assets, financial performance of organizations.

INTRODUCTION

Traditional methods of accounting that is based on tangible assets, isn't enough for measuring of intellectual capital that it is the biggest and the worthiest intangible asset of organization, The new major of intellectual asset is a new research area for researcher and investigator of organization that focus on create mechanism of new measurement for reporting of important intangible variable as human capital, customer satisfaction and innovation.

Absence of sufficient vision and possibility of compare between firms and also increase of distance between market value and accounting value of firms have caused appearance of systematic errors at share price of firm and fluctuations more than extent at stock market and have caused decision power of investors and managers be in dangerous , so , it is need today that one method is used for measuring of this important section of firm capital (intellectual capitals) and study of its influence on firm value and determination of fair value of stock at market.

In this research, we engage in study of intellectual capital and its compounded elements and also study of intellectual capital influence on financial performance (capacity of value creation) accepted firm at Tehran's securities exchange with use of calculated intangible value model.

REVIEW OF LITERATURE

The first experience study for measuring of intellectual capital was performance by Swedish association in middle of decade 1980 and after then, very research have done for determination state of firms intellectual capital in countries and between countries documented research indicate effort for placing intellectual capital into firm balance sheet, is a researchable concept and performance research indicate this subject is perfectly scientific. Abeysekera Indra (2005), Olsson, B (2001), Brennan N. (2001).

Francisco aguar and colleagues examined value added theory of intellectual capital by research in 2009 in making machinery and equipment firms in Brazil that have more than 100 Employer in duration 2000-2006. Overall results of research showed model VAIC is appropriate for description of value creation in Brazilian firms.

Richeri and colleagues did a research among 1000 big firms of Brezile in the period of 2000-2005 in 2008. In this research, researchers have used accounted intangible assets value (CIV) and intellectual capital efficiency (ICE) for measuring market value of intellectual capital and their current. Result of research indicate a positive relation between two parameters CIV, ICE and depending variable mean, return rate of share bolder's equity (ROE) and assets output rate (ROA) and sale output rate (ROS).

Tan, Pleman and Hankok (2007) in their research- have investigated relation of intellectual capital with firms financial output result show that first there is a meaningful positive relation between intellectual capital and firm financial output of presence and future second influence of intellectual capital is different in firms Financial output in different industries.

DATA AND RESEARCH

This research has performed in the library methods. Research data collected by reference to organization website of Tehran's securities exchange from financial statements, study firms. Statistical community of research include: 298 firms that with use of sampling in the random method and Cochran formol – 170 firms as sample studied in the period of 2003-2007.

RESEARCH

METHODOLOGY

This research is descriptive and in terms of purpose, is applied. This study was conducted using a library And theoretical study of various books and articles were obtained. Research data, financial statements of listed companies in Tehran Stock Exchange was collected. Realm of spatial research is all manufacturing and industrial companies listed in Tehran Stock Exchange and Realm of research time is the period between 2003 and 2007.

DATA ANALYSIS

According to the study, the relationship between independent variables and dependent variables in the following three cases are investigated:

$$1) RoE = \beta + \beta_1 CIV_{it} + \beta_2 ICE_{it} + \beta_3 CE_{it} + \beta_4 END-GERAL_{it} + \beta_5 CRESC - VENDAS_{it} + at$$

$$2) RoA = \beta + \beta_1 CIV_{it} + \beta_2 ICE_{it} + \beta_3 CE_{it} + \beta_4 END-GERAL_{it} + \beta_5 CRESC - VENDAS_{it} + at$$

$$3) RoS = \beta + \beta_1 CIV_{it} + \beta_2 ICE_{it} + \beta_3 CE_{it} + \beta_4 END-GERAL_{it} + \beta_5 CRESC - VENDAS_{it} + at$$

SIMPLE RELATIONSHIP BETWEEN INDEPENDENT VARIABLES AND DEPENDENT VARIABLES

Study findings related to simple variables with the dependent variable is presented in the table (1).

TABLE1: SIMPLE CORRELATION COEFFICIENTS OF INDEPENDENT VARIABLES AND DEPENDENT VARIABLES

ROS		ROA		ROE		dependent variables / independent variables
P	R	P	R	P	R	
P<0.308 472	0.047	P<0.151 472	0.066	P<0.025 472	0.103	CIV
P<0.005 472	0.102	P<0.187 472	0.018	P<0.045 472	0.012	ICE
P<0.014 472	0.00	P<0.268 472	0.007	P<0.101 472	0.00	CE
P<0.022 472	0.006	P<0.249 472	0.016	P<0.182 472	0.00	END
P<0.042 472	0.001	P<0.273 472	0.011	P<0.001 472	0.279	CRESC-VENDAS

As the table (1) is observed, the findings revealed that the variable CIV (calculated intangible value) with variable ROE (Return on Equity) at P <0.025 significant relationship exists. Thus the first Hypothesis H0 is rejected and otherwise Assume to be confirmed. There is a positive relationship between independent variable (ICE) and the dependent variable (ROE) in the P <0.05 significant. There is a positive relationship between independent variable (ICE) and the dependent variable (ROS) in the P <0.01 significant. There is a positive relationship between variable (CRESC-VENDAS) and the dependent variable (ROE) in the P <0.01 significant. There is a positive relationship between variable (CRESC-VENDAS) and the dependent variable (ROS) in the P <0.042 significant.

DISCUSSION

Present findings in Tables 2 to 7 is given, shows that the only variables CIV, ICE and CRESC-VENDAS have positive effect on the ROE and there is a significant relationship with the ROE. The variable CRESC-VENDAS coefficient of 0.155 can explain ROE better than the other variables. Also ICE variable, and CIV, respectively 1.3 and 1.1% of the variance Explanation the ROE variable indicating that the efficiency of intellectual capital and intellectual capital to increase returns on equity have a positive impact but this variable effect is not so high.

The results of this study indicate that the multiple regression equation with dependent variable ROA, the sample studied, no correlation has been found between independent variables and the dependent variable (ROA).

The results of this study indicate that the multiple regression equation (the dependent variable ROS), ICE has positive impact at the level of P <0.01 significant relationship with the dependent variable ROS.

CONCLUSION

As we mentioned, in study case sample, Variable CIV have positive influence on variable ROE (it is one of index and criterion of value create capacity in firms) and on variables ROS, ROA don't have any influence. So assumption zero of hypothesis (1) is rejected and its value creative capacity in firms, that this result is accord with theory evidence and approve study finding and theory also present research results indicate independent variable ICE (intellectual capital efficiency) has positive influence on depend variables ROE and ROS and has a meaning full relation with this variables- so can say that intellectual capital efficiency have influence on value create capacity in firms. Therefore assumption zero of hypothesis (2) also is rejected and opposite assumption is approved, that this finding accorded with study evidence and subject theory and approve them.

However obtained result of this research, don't indicate significant influence in increase of value creative capacity of study case firms, by the way general results indicate that variables CIV and ICE have influence on some financial ratio (beneficial ratios) of study case firms.

Researchers believe that measuring of intellectual capital with use of method CIV in practical condition when sample volume of study case is very big don't seem appropriate for this work and efficiency of this method must distinguished in more experience researches because this method is used led by the researchers, also results of present research indicate that in this sample volume this method don't have appropriate efficiency for measuring of intellectual capital therefore seems it is necessary that more research is done for distinguishing efficiency of model CIV for measuring of intellectual capital in firms surface until restraints and defects of this method is distinguished more.

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HOSPITALITY INDUSTRY CSR WITH MARKETING USP – CASE STUDY OF TAJ HOTELS & IHM-A

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ABSTRACT

India is experiencing the open economy for the last 20 years. Globalisation and industrialization are the key concern areas for which government has given open policies to educational sectors to grow in support of the nation building. Indian education system with the ladders of privatization is growing in delivering diplomas, degrees, masters and above, only few are in the business of providing certificate programmes of life skills, profession skills, and apprentice skills programmes. In the last two decades some institutions have come up with apprentice skills programmes to support the people for suitable earning hands. In this case study, Pratham – PACE of Aurangabad of Maharashtra is an example of a successful CSR (Corporate Social Responsibility) initiative of Taj Hotels in absorbing the trained Hospitality service apprentices trained with the life skills of hotel industries. PACE – trains the rural youth of less than the qualifications of graduation in different hotel industry skills of serving the guests with special arrangement with the TATA Group Company, for which Taj hotels, resorts & palaces is the prime recruiter of the trainees from the campus at basic entry levels. Disadvantaged rural youth are trained and prepared fit for the basic recruitment by the hotel industry by PACE as a social benefit norm of the NGO, supported by IHM –A of Taj hotels for the content and curriculum development. A small step towards nation's progress is examined in this case study.

KEYWORDS

NGO, Skills Training, Hospitality Industry, Taj Hotels, Employment.

1. PRATHAM – A HOLISTIC VIEW OF THE NGO OF EDUCATION & PACE – SKILLS TRAINING PLATFORM

 NGO is a common terminology of serving the unprivileged or the under privileged community in India as the common man thinks. Non-Government Organization, from which the abbreviation NGO was coined in the taxonomy of the modern world. Charity for the noble cause of society's benefits is the activity at large for any NGO in India. Many NGOs do operate out of the frame of this connotation. India being a developing economy inhabits world's one third poor population as the World Bank estimation provides evidence. Change in the Indian economy is evident with the introduction of the open economic policy from 1991. At the same time China adopted an open economic policy since 1978. A gap that India is facing in the world economy is due to its untrained and unskilled manpower along with many policy lacunas at the macro levels. Role of the NGOs came in to the picture in the nation building as national policies provided the avenue to involve the masses for the noble causes of serving the community and the society. Today, more than thousands of NGOs are operating in India for the benefits of the society with noble and praise worthy intentions. One such NGO that supports the corporate world by providing semi trained and skilled manpower for the Hospitality Industry, located in the rural area of Aurangabad district is PRATHAM.

PRATHAM is the largest nongovernmental organization working to provide quality education to the underprivileged children of India. Pratham was established in 1994 to provide pre-school education to the children in the slums of Mumbai city. Since then, the organization has grown both in scope and geographical coverage. Today, we reach out to millions of children living in both rural and urban areas through a range of interventions. The Pratham team comprises of educationists, development professionals, media personnel, corporate, workers, activists, PhDs, MBAs, CAs, civil servants, bankers, corporate professionals, consultants, who all bring their experiences and perspectives to the organization and are unified by the common vision of improving the future of the children in the society. That includes the youth unemployed in the rural and semi urban areas in and around Aurangabad district of Maharashtra. Pratham's mission is to ensure "Every Child in School and Learning Well". The organization is founded on the firm belief that education is the fundamental right of every child and no child should be deprived of this basic right simply because he/she does not have access to it or does not have the resources to realize his/her dreams. The principal focus of our programs is to ensure quantum and visible improvement in the enrolment and learning levels of the underprivileged children. Pratham started its operation in the Khultabad area of Aurangabad almost two years before. India's leading hotel chain Taj Hotels, Resorts and Palaces which is one of the

entities of TATA corporate group tied up with the NGO for training assistance and recruitment support of its students. The technical learning support provided by Institute of Hotel Management, Aurangabad has made a success story together in bringing 22 batches of students being trained and placed in different hotels of India out of which 65 percent are absorbed in the Taj hotels of IHCL (Indian Hotels Company Ltd.). This initiative has miles to go with the cooperative efforts of the tripartite cooperative initiative of providing employability to the local youth by training them the basic skills of the hospitality industry requirements across the country. Unlike most other NGOs which are born out of the enterprise of only a few individuals, Pratham was established as a Public Charitable Trust in 1994 by the Commissioner of the Municipal Corporation of Greater Mumbai, UNICEF and several prominent citizens of the country. Over the years, the network has been expanded to various other cities where like minded people wanted to replicate the Pratham experience. Central to this massive expansion of Pratham's work has been a whole new way of approaching the education problem in India and a new way of implementing programs to create a national impact. Today Pratham has a nationwide presence with its net works as a reputed NGO. The board of trustees of the organization are people of eminence from different walks of life which includes; **Ajay Piramal** (Chairman), Chairman, Nicholas Piramal Group, **Gunit Chadha**, CEO, Deutsche Bank Group, India, **Kumara Mangalam Birla**, Chairman, Aditya Birla Group, **Mukesh Ambani**, Chairman, Reliance Industries, **Ramesh Mangaleswaran**, McKinsey & Company, **Sanjay Motwani**, Sansar Capital, **Narayana Vaghul**, Former Chairman, ICICI Ltd, **Rajat Gupta**, Former Chairman, McKinsey & Co., **Sanjay Nayar**, Kohlberg Kravis and Roberts, **Vijay Goradia**, Chairman, Vinmar International, **Sunny Varkey**, GEMS Education, **Atul Varadhachary**, President, Pratham USA, **Sharad Kale**, IAS (retd.), Secretary, Y B Chavan Centre, **Shahid Mahdi**, Former Vice Chancellor, Jamia Milia Islamia University, **Arvind Sanger**, Chairman, Pratham USA, **Reita Gadkari**, Trustee, Pratham UK.

Dr. Madhav Chavan is one of the founders and CEO of Pratham. He holds a Masters degree in Inorganic Chemistry from Mumbai University and a Ph.D. degree in Chemistry from the Ohio State University (1983). After a stint as a post-doctoral fellow and a Visiting Assistant Professor at the University of Houston he returned to India and was appointed Reader in Physical Chemistry at the University Department of Chemical Technology, University of Mumbai (1987). In 1989 he got involved in the adult literacy work in the slums of Mumbai. Dr. Chavan has been a visiting fellow to the Chinese Academy of Sciences (1986), Queensland University of Technology (1999) and has lectured on issues in education at various universities outside India. Dr. Chavan has been a creative contributor in the field of adult literacy, elementary education, sanitation, and the development sector in general. Dr. Chavan was awarded the FIE Foundation (India) award in 1999. He served in the Prime Minister's National Advisory Council in 2004-08 and is also a member of the Governing Council of a new initiative to rate educational institutions created by the Indian rating agency CRISIL. Dr Chavan was invited to be a Senior Ashoka Fellow and was recently given the Skoll Social Entrepreneurship Award. He has also penned many songs on women's and human rights issues, in the seventies. His song "Tara's school" was declared Maharashtra's theme song for the girl child in mid-nineties. He scripted, and anchored a prime time television program on Mumbai Doordarshan in the magazine format on adult literacy (1990-91). Dr Chavan has also worked to produce radio programs on adult literacy for AIR. He has anchored talk shows for youth on E-TV and is involved in creating educational audio-visual programs. He also has to his credit a short Marathi novel Parameshwar, in a thriller form that deals with the issue of faith.



2. CSR – INITIATIVE FOR CAPACITY BUILDING

Pratham centre PACE a new wing of the organization in Aurangabad district of Maharashtra is the pioneer of developing the human skills of the unemployed rural youth for the hospitality industry of India in collaboration of the Taj Hotels hotel management institute IHM –A of Aurangabad. IHCL is a Tata Group company represented by its popular brand Taj Hotels. Tata’s social mission statement always underlines their social concerns ahead of their products and the business. Their efforts to spot and develop the sports talent in Jharkhand where they have India’s biggest private sector steel plant, are well known.

IHCL has a 100 room Luxury grade five star hotel at Aurangabad supporting the training of the Asia-Pacific’s premier residential Hotel education college – IHM-A. Two years back IHCL forged another initiative in partnership with a social entrepreneurship group the PACE [Pratham Arora Centre for Education]. PACE has been a training organizer for many grass-root level village functionary programmes of government and local bodies for intermediation between the government schemes and the rural community. IHCL offered Pratham to become its partner in a different capacity building platform. IHCL understands its industry leadership role in India. As such, IHCL neither binds the IHM-A students in any kind of obligatory bond nor lays any preferential claim on them to join the Taj system. They feel happy in training the youth to become proper professionals to serve the industry at large. Keeping in line with this policy and a sense of corporate responsibility towards the neighbor-hood service, IHCL worked out a plan to pick up, train and equip the disadvantaged and barely-literate rural youth from the hinterland in basic hotel skills. The Taj-Pratham initiative has a very wide perspective. Unlike the IHM-A focus of purveying the five-star category staff needs of the industry, the Taj-Pratham plan aims at providing the venue-level functionaries to all the star and non-starred category of hospitality establishments. It has the twin objective of helping the neighbor-hood youth on the one hand, and upgrading the operating level service standards of non-descript hotels, restaurants and dhabas in the country side. The 12-week programme targets ostensibly the unemployable youth for training them into the desired soft skills, grooming standards and basic hotel and culinary skills, to instill in them a sense of empowerment and confidence.

In last two years 21 such batches of trained apprentices of such youth manpower, have rolled out and available data shows that all of them have been gainfully absorbed in hotel and hospitality industry, from Taj Coromondal at Chennai to Taj, Goa and down the line some local restaurants. That has brought about a big change in their life and attitude. The experiment has been driving home the message in the area for change of a traditional and cynical mind-set. The community thinking is also transforming into more positive outlook towards life and the life aspirations.

The Pratham offers a structured approach to institutionalized Skills Learning – Beyond Horizons. It redefines the employability delivery mode for Industry and the possible Market Reciprocation.

3. THE HOSPITALITY MANPOWER NEEDS IN THE INDIAN MARKET

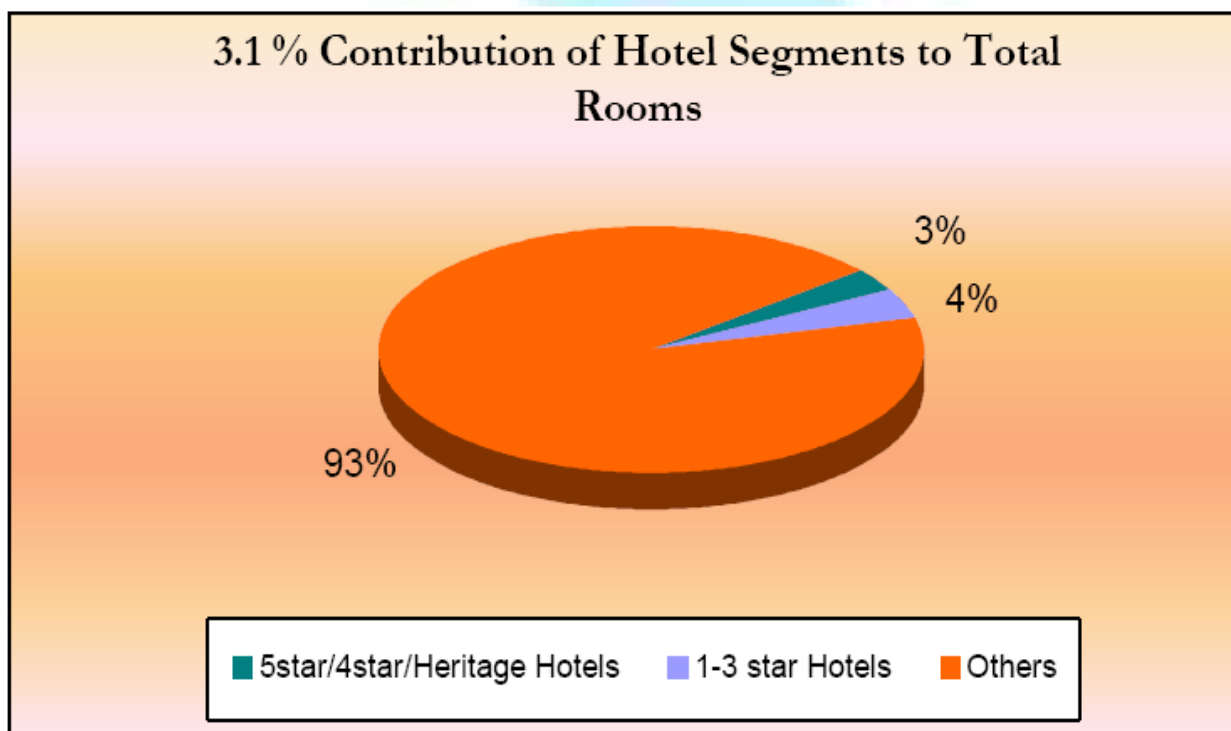
A HOTEL MAP

There is an estimated 1171000 hotel rooms in the country in both the organized and unorganized sectors combined. The star category and heritage hotels account for 7% of the hotel rooms; the balance is contributed by other places of lodging such as budget hotels, guesthouses and inns.

3.1 FIVE & FOUR STAR/ HERITAGE HOTELS

These hotels have a total of almost 36000 rooms. The metropolitan cities of Delhi (21%), Mumbai (17%), Chennai (7%), Hyderabad (5%) and Kolkata (5%) account for 55% of the rooms in this category. Goa accounts for 7% of the rooms.

HOTEL SEGMENTS IN ROOMS ESTIMATIONS IN INDIA



Source: Ministry of Tourism, Government of India, 2011

3.2 THREE, TWO & ONE STAR HOTELS

These hotels have 43000 rooms and are more extensively spread than their larger counterparts. They are not concentrated in the metropolitan cities. Both Mumbai and Goa have a significantly higher presence of these hotels; they together account for 5939 rooms (14%). The states of Andhra Pradesh (5045 rooms), Tamil Nadu (6213 rooms) and Maharashtra (6588 rooms) together account for almost 42% of the rooms in this category.

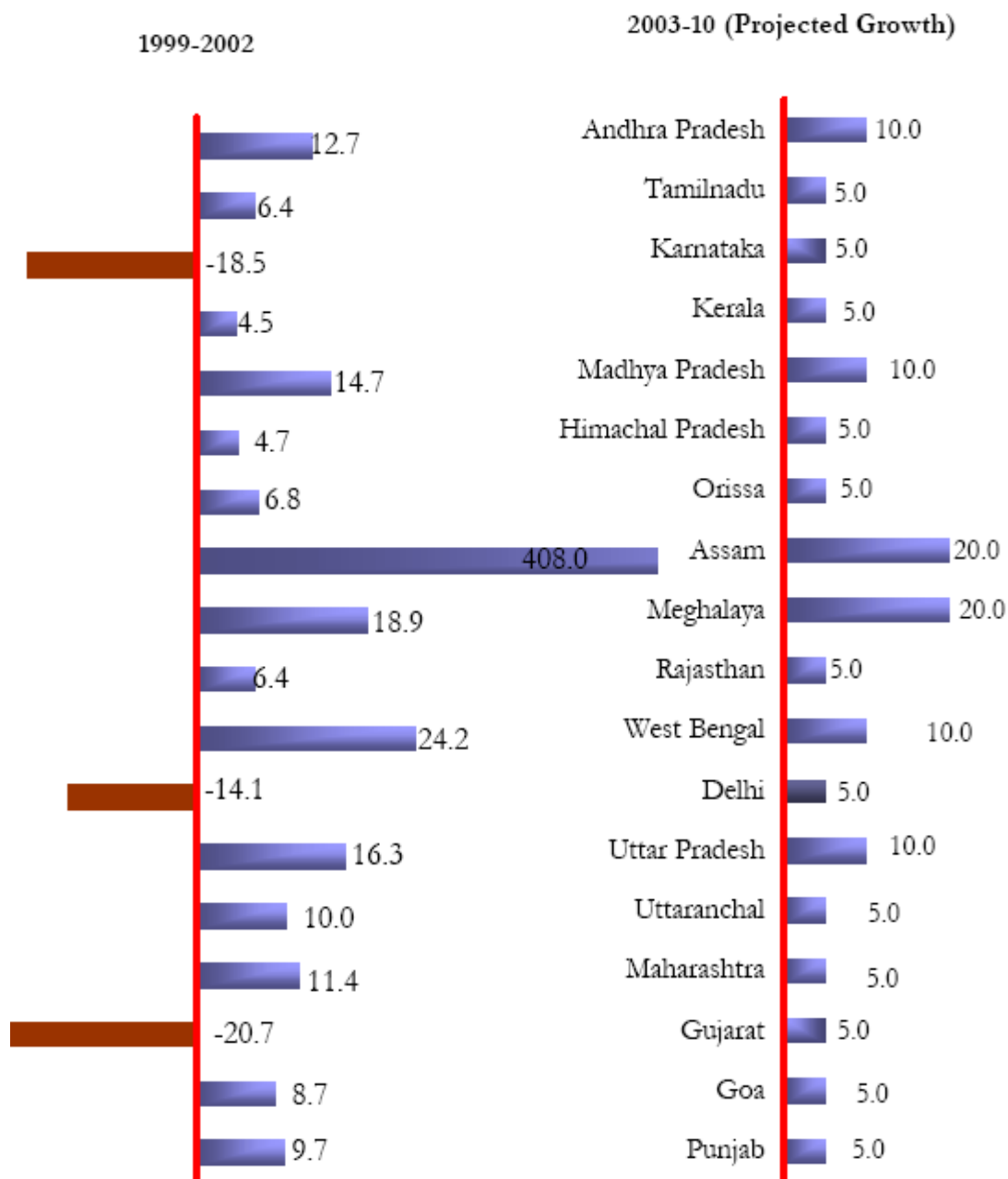
3.3 OTHER HOTELS IN THE UNORGANIZED SECTOR

These hotels are also well spread throughout India; their presence is correlated with the number of domestic tourists visiting different tourist destinations. The 3 states of U.P, Rajasthan and Tamil Nadu account for almost 45% of the total availability in the country.

3.4 TOTAL ROOMS AVAILABILITY PER LAKH TOURISTS

Places of pilgrimage such as Tirupati and Haridwar have significantly lower availability of rooms – 28 and 150 rooms per lakh of tourists, respectively. Even Agra’s availability of rooms is substantially lower (175) than the national average. However, this could be attributed to the fact that a large number of Agra tourists stay in Delhi. By comparison, states such as Delhi, Karnataka, Himachal Pradesh, Orissa, Rajasthan and Gujarat have substantially higher availability of rooms for tourists.

GROWTH IN TOURISM TRAFFIC IN INDIA



Source: Ministry of Tourism, GOI, New Delhi, 2010

3.5 ROOMS AVAILABILITY: A FORECAST (2010 – 2020)

In order to arrive at an estimate of hotel rooms in different states, the following bases have been assumed.

- The growth in star category hotels will follow the same trend as in the last 4 years. This trend has been obtained from the projects approved by the Ministry of Tourism in the last 4 years. If growth rate in tourism accelerates, this estimate can be treated as a conservative estimate.
- The growth in hotels in the unorganized sector will depend on the growth in tourism (domestic and foreign combined).
- The other assumption is that the 18 important states covered in the primary research will continue to represent 88% of hotel rooms in the unorganized sector. In 2010, there will be a total of 2.9 million hotel rooms, more than twice the numbers in 2002. Star category hotels will have almost 100,000 hotel rooms, while the balance will be present in the unorganized sector. The states of Andhra Pradesh, Madhya Pradesh, Uttar Pradesh, Assam/Meghalaya and West Bengal will register the quickest growth trends. The states of Delhi, Karnataka and Gujarat might experience a stagnant phase. These are also those states that already have a high availability of hotel rooms. In the year 2020, there should be approximately 6.6 million hotel rooms, if the full Potential of tourism is tapped. We feel that the contribution of North-eastern states as well as J&K would be substantially higher than the present levels.

3.6 EMPLOYMENT PATTERN

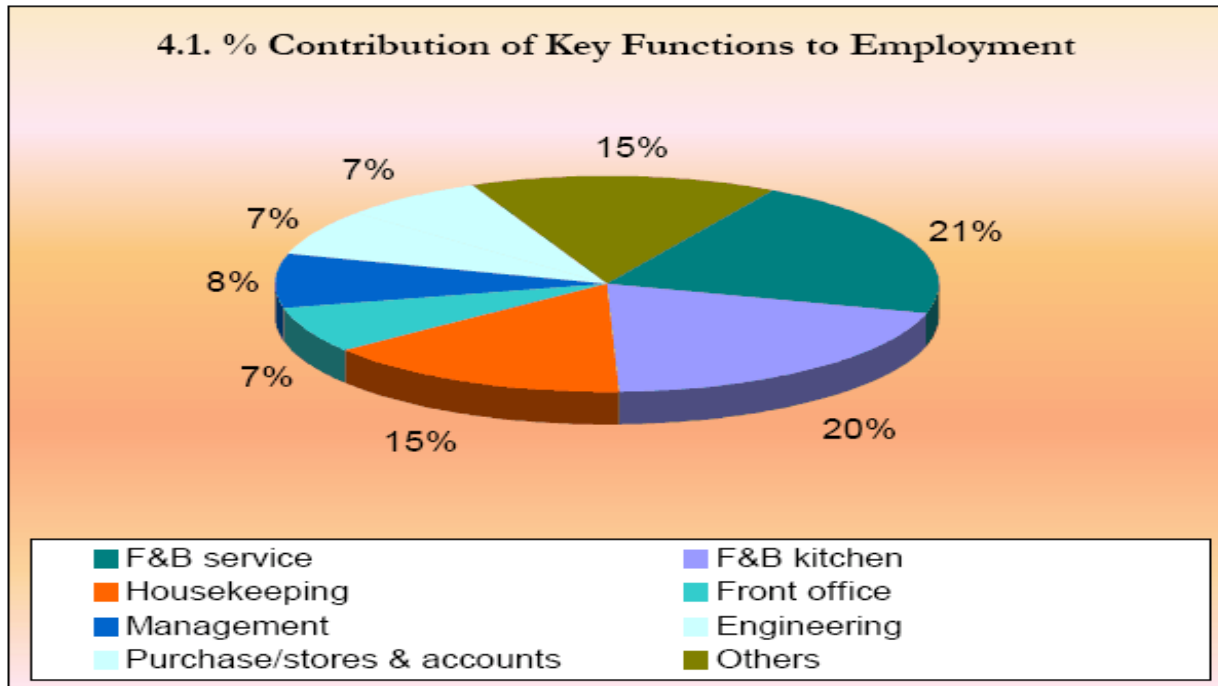
3.6.1 Five, Four Star/Heritage Hotels: A single five star hotel could employ more than 400 employees. A total of 57508 people are employed to service about 36000 rooms in this category. On an average, there are approximately 162 employees per 100 rooms in these hotels. The employment pattern is the across geographic regions. The major employing functions are F&B Service, F&B Kitchen and Housekeeping. They, together, account for 56% of the total employment in these hotels.

3.6.2 Three, Two & One Star Hotels

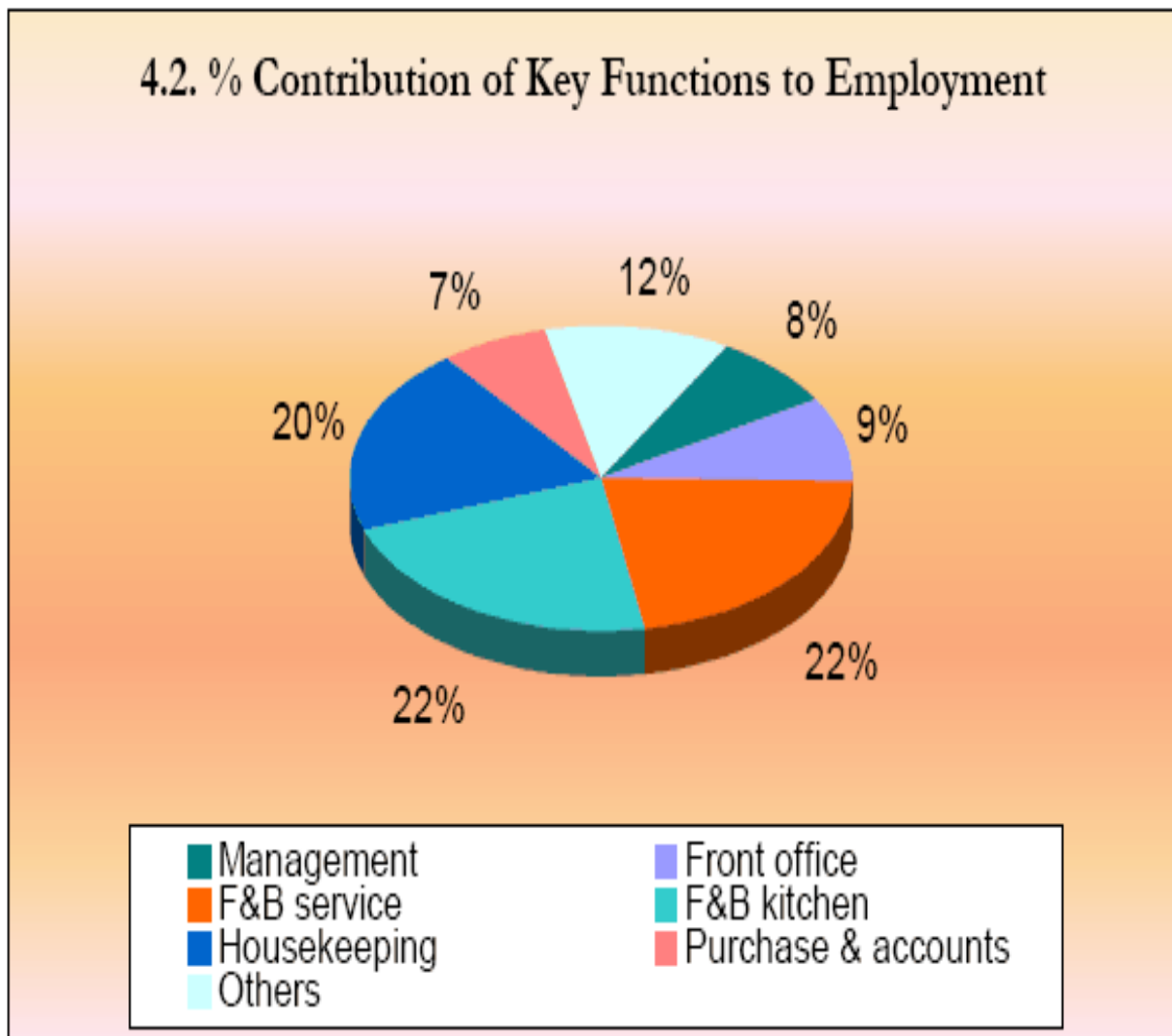
A total of 52,577 employees are present in these hotels to service almost 42,991 rooms nationally. On an average, there are 122 employees per 100 rooms in this category. The key employing functions are F&B and housekeeping. These together accounts for 62% of the total employment in these hotels.

3.6.3 Regional Employment Intensity

To a large extent, the employment across geographic regions depends on the presence of hotels; however, there are some differences in the employment intensity across regions.



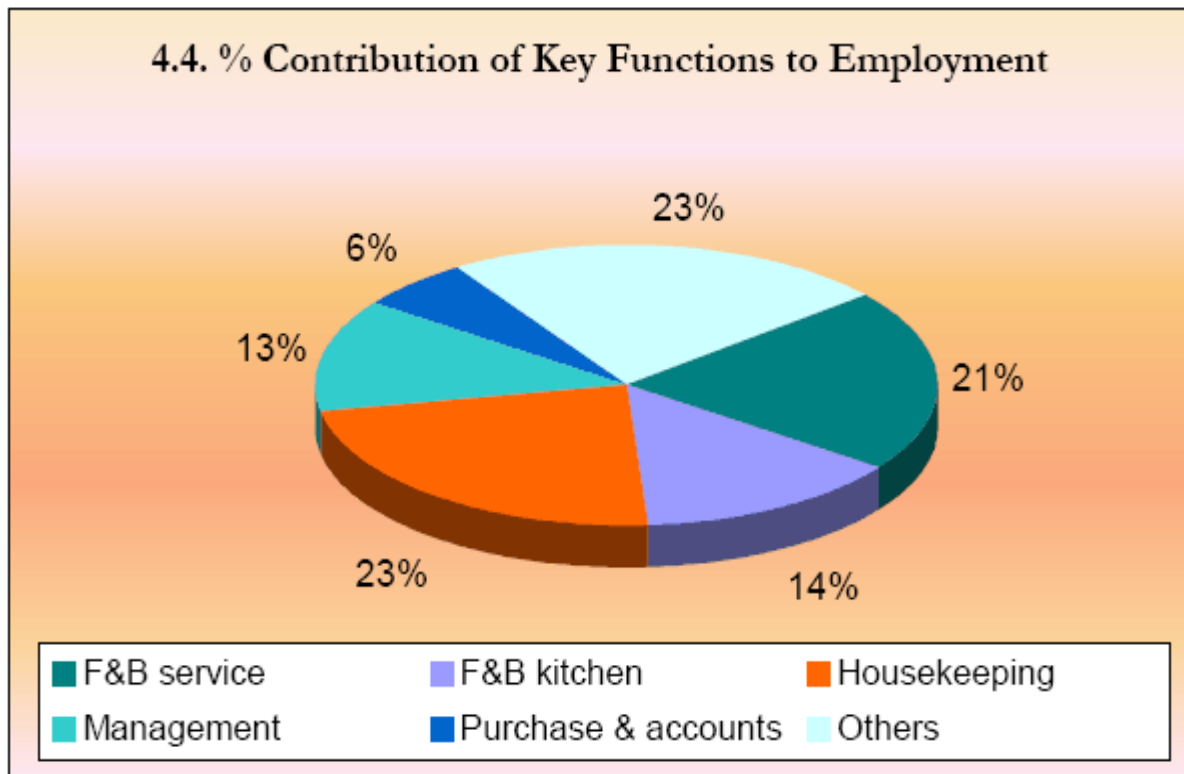
Source: Ministry of Tourism, GOI, New Delhi, 2011



Source: Ministry of Tourism, GOI, New Delhi, 2011

3.7 Other Hotels in the Unorganized Sector: There are approximately 638,000 employees working in hotels in the unorganized sector. These almost 58 employees for every 100 rooms in this sector, substantially less than in the star category hotels. Although employment pattern across geographic regions depends on the presence of hotels, there are some minor differences in the employment intensity across regions.

EMPLOYMENT PATTERNS OF THE OTHER HOTELS IN THE UNORGANIZED SECTOR IN INDIA

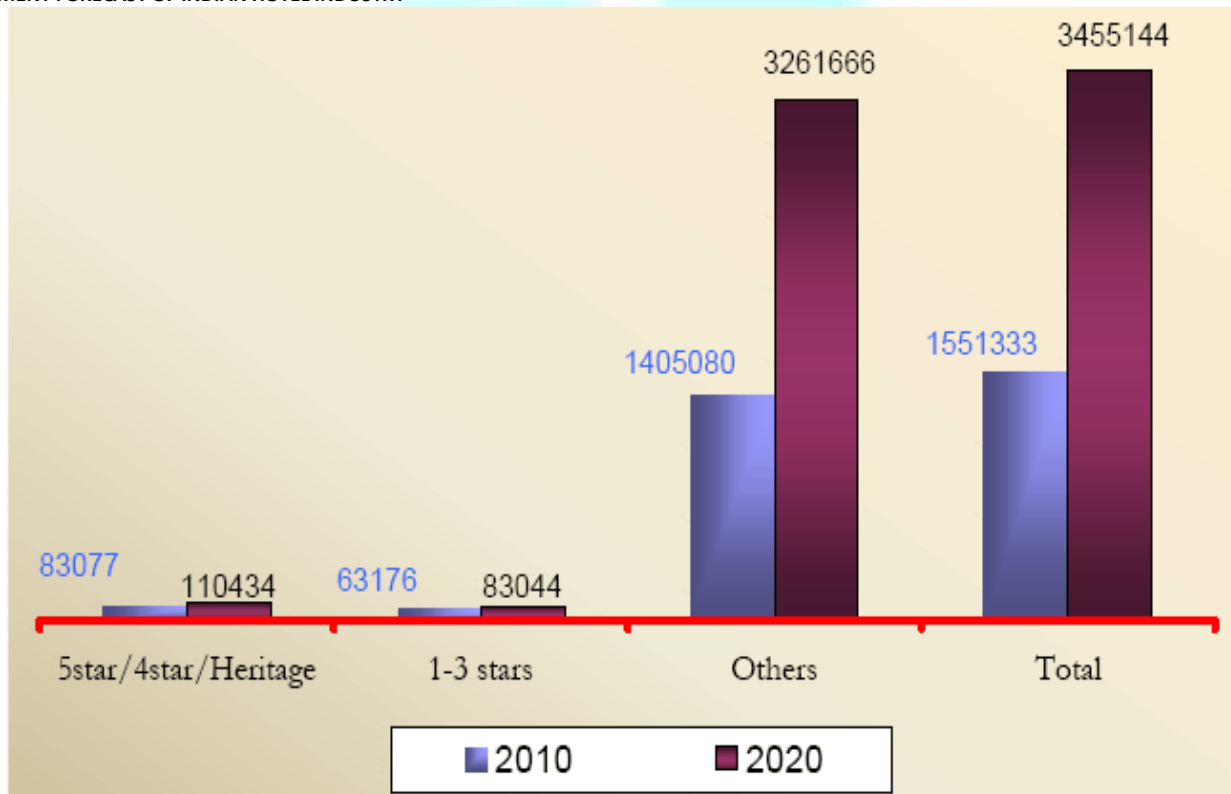


Source: Ministry of Tourism, GOI, New Delhi, 2011

3.8 EMPLOYMENT FORECAST (2010 – 2020)

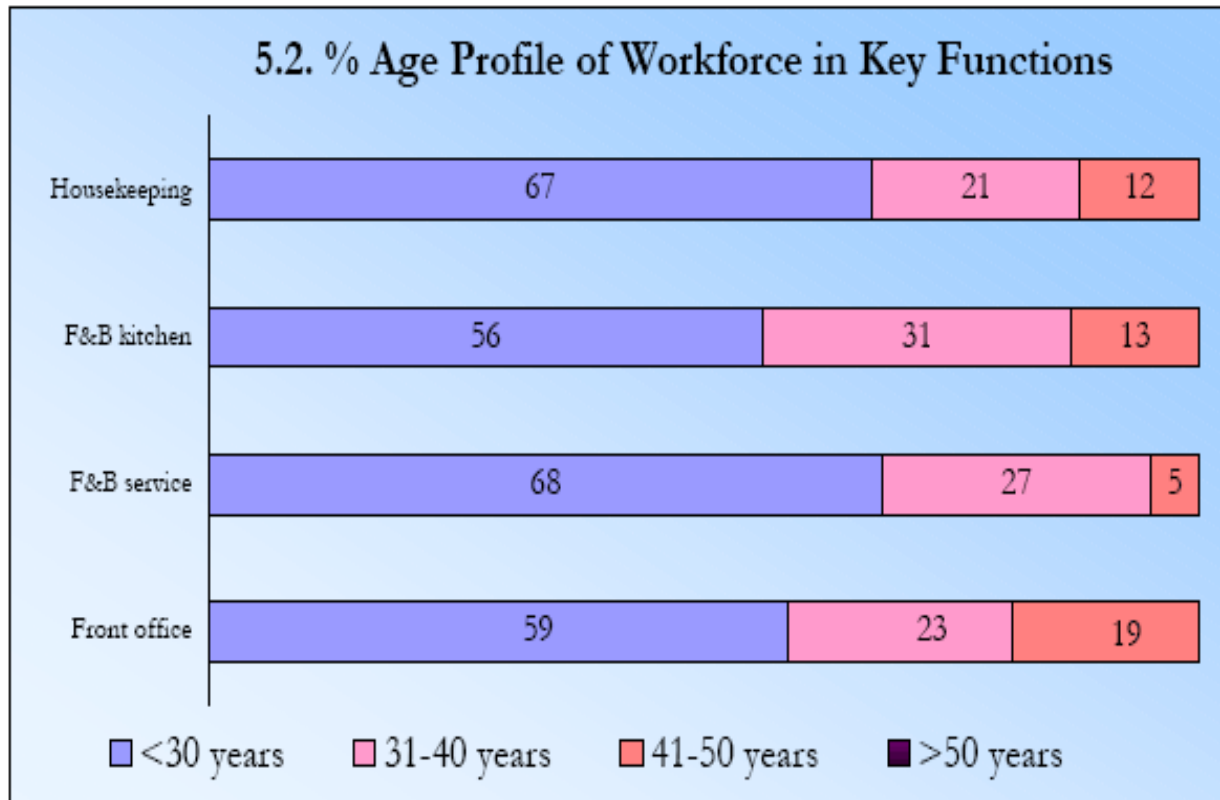
The employment forecast has been computed on the basis of the forecast of hotel rooms in different categories. Employment intensity per room has been assumed to be the same as the present level. The employment potential in different states is in direct proportion to the number of hotel rooms in future. In the years 2010 and 2020, there will be more than 1.5 million and 3.4 million people employed in hotels, respectively. However, given the trend in the growth of star category hotels and the higher employment intensity in these hotels, we expect a substantially higher numbers of employees in the five & four star/heritage hotels.

EMPLOYMENT FORECAST OF INDIAN HOTEL INDUSTRY



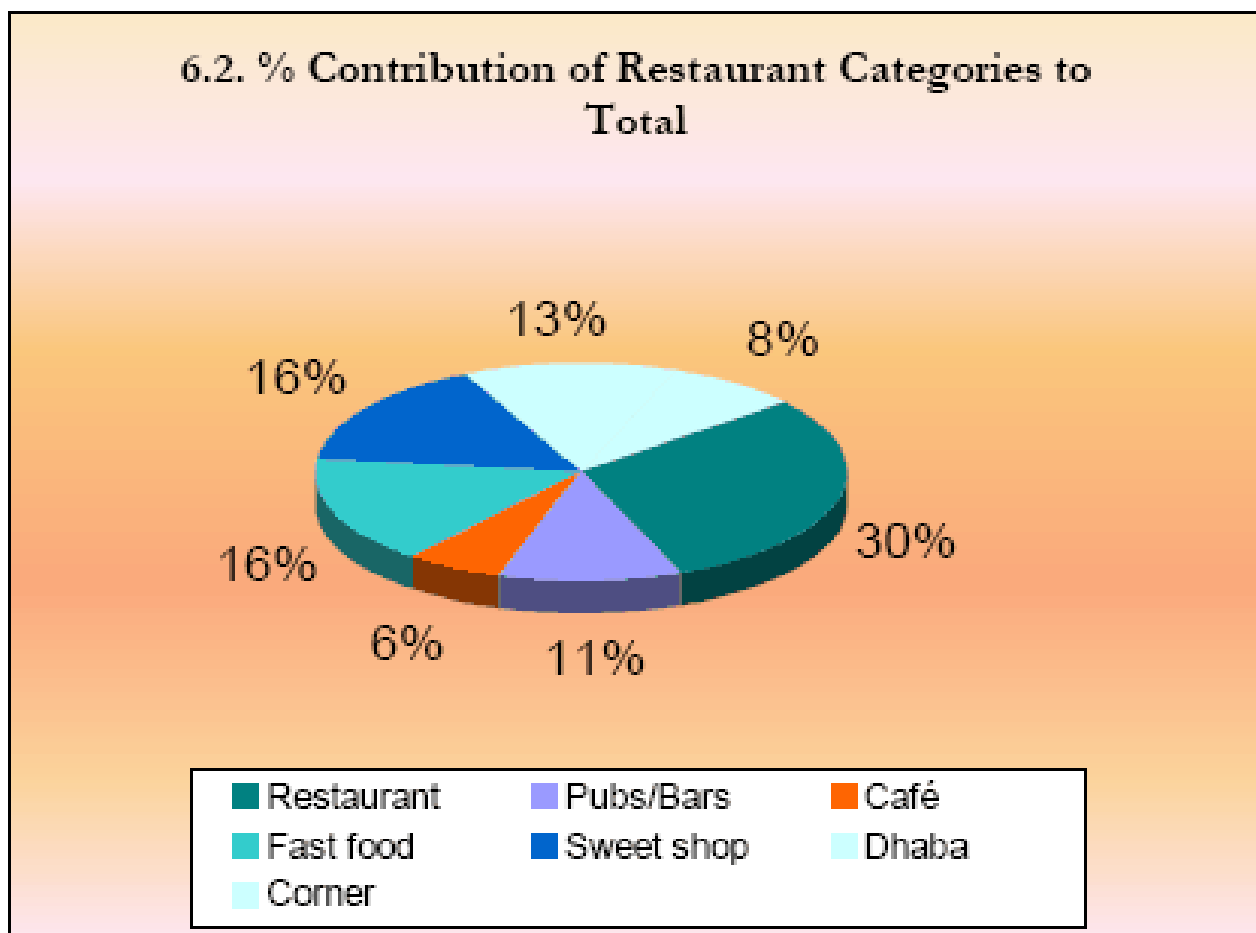
Source: Ministry of Tourism, GOI, New Delhi, 2011

3.9 Five, Four Star/ Heritage Hotels: None of the employees are more than 50 years old. Bulk of them are less than 40 years of age; particularly in the key functions of front office, F&B and housekeeping. A majority of them are less than 30 year of age.



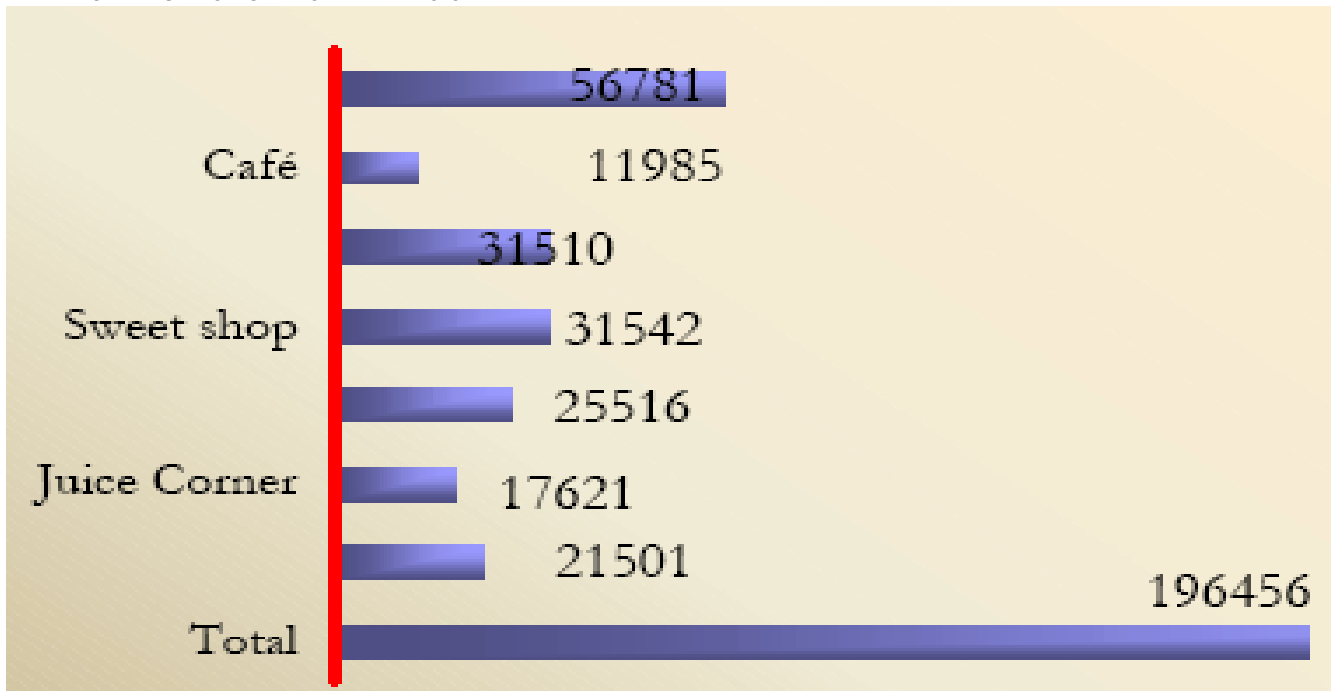
Source: Ministry of Tourism, GOI, New Delhi, 2011

RESTAURANT SEGMENTATION IN INDIA



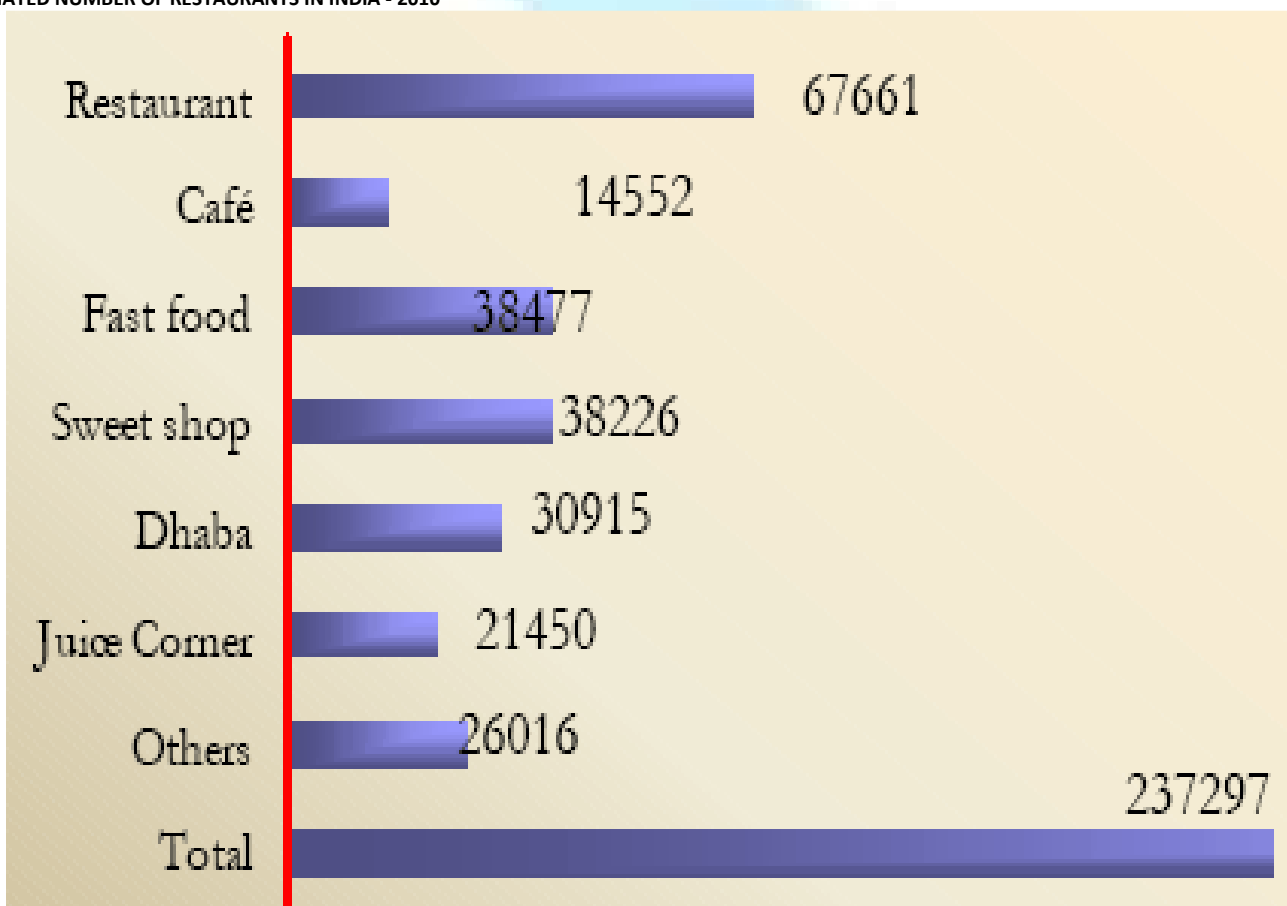
Source: Ministry of Tourism, GOI, New Delhi, 2011

ESTIMATED NUMBER OF RESTAURANTS IN INDIA - 2010



Source: Ministry of Tourism, GOI, New Delhi, 2011

ESTIMATED NUMBER OF RESTAURANTS IN INDIA - 2010



SOURCE: MINISTRY OF TOURISM, GOI, NEW DELHI, 2011

Indian hospitality market is gearing up for new change between 2010 and 2020. Several market surveys and reports do confirm the changing scenario of Indian tourism market in international and the domestic segment too. Current rank of India in the global as estimated by the WTO (World Tourism Organization) stands as 41 where as neighboring China is at the 5th position. Heritage capacity and diverse culture and languages of India have ample to serve the tourist market of the future. Central government initiative of Incredible India campaign is a continuous effort to promote the tourism industry indirectly the hospitality industry. Few branches of tourism have taken up the stand and position to compete in the global scenario. Growths of the hotel and the hospitality industry have attracted foreign direct investments in a mega way in the hotel properties. When the experts do talk about the 'Budget Hotel' as the future hotel in the industry, Indian hotel industry doesn't have the organized players in this segment. Unconventional hotel industry is at a baby stage in India. Resorts and motels in India along with the roadways like highways have miles to go. Larger than Europe, in the Middle and Lower Middle Class economy segment, India demands the hospitality industry beyond government estimations.

4. PACE – OPERATIONS AND FUNCTIONS IN IMPARTING HUMAN SKILLS TRAINING & FUTURE PROSPECTS

- PACE in its delivery of employable human skills for the recruitment of the rural untrained youth with little education that is 10th and 12th of the school in the regional language enrolls them to the training institute for a 12 weeks program in the areas of hotel services program in House Keeping, Food & Beverage Services and Bakery Services. After in house training as per the recommendations of the IHM-A (Institute of Hotel Management – Aurangabad) for twelve weeks the trainees are put before the employer hotels for recruitment process. Taj Hotels, Resorts and Palaces turns out as the prime recruiter with more than 65 to 70 percent of the trainees other hotels also recruits from the campus. In order to train youth in marketable skills such as banking, entrepreneurship, agriculture, and hospitality, Pratham has set up **training centres** Aurangabad, Kolhapur, Latur, Nandurbar, Nashik, Ralegaon, Sangli, Satara, and Solan.
- PACE Pratham has well researched in to the requirements of the manpower demands of the Indian hotel industry at the entry level especially the service staff of Food & Beverage, Room Services and House Keeping, Kitchen assistance services, Bakery production, Restaurant services etc. departments of the star category hotels. Employments are at base level remunerations for these kinds of the recruitments. Aurangabad center located in the rural location between the famous Daulatabd Fort and the Ellora Caves. This center caters almost to a distance of a fifty km. radius. This has started expanding beyond territories. With a turnover of 21 batches the good word of mouth spreads far wide. In house full time residential programme for twelve weeks trains the students with the employable human skills of the industry. Training curriculum developed and designed by IHM –A of Taj Hotels and training skills delivered by the fulltime faculties resident in the campus from the hospitality industry with adequate professional qualifications and master skills.
- Rural unemployed youth including boys and girls from the rural area are selected for this programme with nominal charges for the hospitality skills training in the center. As per the requirements of the industry standard they are strictly trained with the basics of the grooming standards on day to day basis along with the other technical hospitality skills. Rigorous and intense training makes the trainee fit for the job in the reputed hotel chains including the Taj group of hotels of the House of Tata. Communication skills especially the verbal sufficiency of speaking English for the guests needs in the hotels. Specific training makes these youth fit for the requirements of the speaking the hotel conversation English language. Dressing skills which are taken care of through grooming standards. Table services in the dining time, room service like the house keeping, outlet services like restaurants and operation also provided in the course of the twelve weeks training programme. This entire designed curriculum makes the unemployed rural youth to secure a job in the hotel industry. Recruitment assistance is provided by the Taj hotels by recruiting the majority chunk of the students in to the hotels. Some students are assisted to be placed in different hotels.
- The journey is just few more months more than two years for Pratham PACE. The basic human skills training has brought the expertise for the PACE to think beyond, that is to proceed with higher leaning and training programmes in the hotel management and culinary arts and sciences. The human resource strength and infrastructure assets of the organisation will pave the ways clear for the future. Programmes like diploma and degree level qualifications will be the future movements of the organization. Addition of more training centers and in different locations of the country will add to the organization's cluster and technical strength towards a greater educational entity in the hospitality education and training. Encasing the relationships with the hotels and hospitality organizations will be the strength of providing campus placements and recruitment supports to the students. Recruitment assistance and assured larger recruitments from the campus is the prime USP (Unique Selling Proposition) of any educational organization. Different levels of trainees and manpower availability through one educational and training organization will be more attracting factor for the recruiters of the hospitality industry.

Nationwide presence of Pratham and wide spread operations with well organized management and supporters from the national and international corporate houses and world organizations is the finest institution building strength of the organization. As an NGO it has established its prominence, only miles to go. CSR is the right benefit word of the corporate philosophy to be utilized by the NGOs in bringing improvements to the society and people at large. PACE of Pratham at Aurangabad has the best advantage of using the CSR of the Taj Hotels and Resorts of (IHCL) – A TATA enterprise for the benefit of the rural unemployed youth of the lower economy segment of the society. A small step in the noble cause of the nation building is made with the movement of Pratham – PACE, IHM –A, and Taj Group of Hotels in the rural location of Aurangabad district of the State Maharashtra.

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HOUSING IN RURAL INDIA: AN OVERVIEW OF GOVERNMENT SCHEMES IN KARNATAKA

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ABSTRACT

India's desire to become the world's next big economic power is as real as the enormous challenges it faces in raising the social and economic well being of its rural populations. According to 2011 census, nearly 69 percent of India's 1.21 billion populations still lives in 6, 41,000 villages. If India is to be truly understood, it is the lives of these people that really count. Housing has been recognized as a basic human need. Housing offers individuals and families the privacy and security for healthy living. Adequate housing is considered by many to be a fundamental human right regardless of income level. It is a basic necessity for all, which cannot be denied in a fair and equitable society. Overall 25 percent of the population doesn't have proper housing facility in 2001, contributed by 14 percent in rural and 11 percent in urban area. Keeping in view, the shortage of houses especially in rural areas and the need to provide housing for all citizens, Government of India and Karnataka has taken a number of initiatives to improve the availability of houses in rural areas. In this paper, an attempt has been made for the planning of shelter provisions in different schemes and its allocation to economically backward and poor section of the society like SC/ST over a period of time in Karnataka.

KEYWORDS

Government, Housing, Population, Rural, Schemes.

INTRODUCTION

India's desire to become the world's next big economic power is as real as the enormous challenges it faces in raising the social and economic well being of its rural populations. Mahatma Gandhi said, 'India lives in the villages'. That statement is as true today as it was more than 64 years ago. According to 2011 census, nearly 69 percent of India's 1.21 billion populations still lives in 6, 41,000 villages. If India is to be truly understood, it is the lives of these people that really count. Many of the rural poor work the fields in agriculture and are employed by the few landowners who reside in their villages. Several others pursue caste-associated occupations like- priests, carpenters, blacksmiths, barbers, weavers, potters, oil-pressers, leather workers, sweepers and so on. Lately, with increased economic activity in nearby towns, many commute outside their villages every day to work as drivers, construction laborers, packers and in other industrial jobs. Some migrate to cities for months, leaving their families behind.

Housing is one of the top priorities for most people, regardless of their income levels. It is a basic necessity for all that cannot be denied in a fair and equitable society. Adequate housing is considered by many to be a fundamental human right. Housing is known to have multiple linkages with the rest of the economy and investments in housing have orchestrated impact in the region and on the broader economy. Housing offers individuals and families the privacy and security for healthy living. The protection of individuals and families is directly dependent on the type of shelter they have (Majumder, 2007). Housing initiatives must be viewed in the background of the overall economic development and the needs of the people. However, for the poor even this most basic shelter may be beyond reach because they do not own land or because the cost of building materials and construction is too high. Poor people do not have the financial means to buy or construct houses with their savings, and therefore they live in their ancestral huts, those rented from landlords, or government-supplied houses. The National Housing Policy as advocated by the Global Shelter Strategy seeks to facilitate provision of affordable shelter for all by creating an enabling environment for housing by the State public agencies. Food, clothing and housing are required in that order for fulfilling the aspirations of the people. The demand for housing increases due to growth of population, rapid pace of industrialization and urbanization.

OBJECTIVE AND METHODOLOGY

The main objective of the paper is to understand various programs launched by Karnataka government for housing to the rural poor and allotment of houses under various schemes to the beneficiaries. The paper is based on the secondary information collected from published books, journals and reports published by the government. The paper is analytical in nature, as it gives glimpse of various programs. An attempt has been made for the planning of shelter provisions in different schemes and its allocation to economically backward and poor section of the society over a period of time in Karnataka.

INDIAN RURAL SCENARIO

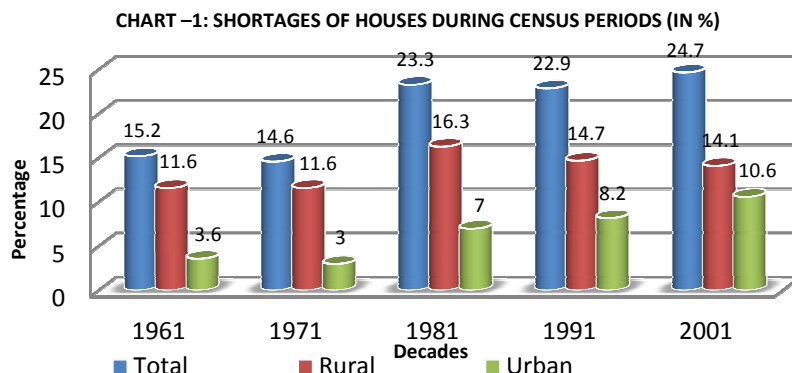
Rural housing has attracted considerable attention in the recent years just as much as the rural markets in general have. In a policy sense, recognition of housing deficiencies was at the centre of several rural development programs. After all, rural India accommodates over 833 million people according to 2011 census. There is of course heterogeneity within the 'rural areas'; some are fairly large and close to the urban centers. Some are small and remote. There are many in between the spectrum. Some villages are 'rich' as the average farm holdings may be large and there is irrigation. Likewise the rural housing needs are also varied depending on the needs of cultivators: e.g. space for storage of output and space for livestock.

There is no question of rural housing demand not rising as the overall economic growth is taking place. It is also well recognized that improvement and expansion in the rural housing stock would lead to gains in labor productivity and positive health benefits. There are, however, constraints to faster improvements. There are indeed policy measures to relax some of the constraints such as subsidies to the poor or support to drinking water supply schemes; there are also market developments such as innovations that help to bring down the cost of house construction. But there is also a central role that the village panchayats ought to play to make a positive difference to the quality of life in rural habitations.

According to the National Family Health Survey -2000, only 19 percent of the rural population lives in pucca (strong) houses, while the remaining live in kaccha (weak) and semi-pucca houses with mud walls and thatched roofs. Eighty-seven percent of homes in the villages do not have toilet facilities. Cooking is usually done inside the house under inadequate ventilation with biomass such as dried cow-dung, fire wood, dry weeds or crop residue, exacerbating the risk of tuberculosis.

SHORTAGE OF HOUSING

As of 2011, with an estimated population of 1.210 billion, India is the world’s second most populated country after China. India occupies 2.4 percent of the world’s land surface area but is home to 17.5 percent of the world’s population. Various censuses have supported this with decadal growth rate of population. Growing population creates many problems, apart from housing. There is a shortage of houses required to the growing population (Chart-1). It is observed that total shortage of houses have grown up from 15 percent in 1961 to 25 percent in 2001; this has contributed mostly by increase in the shortage percent in urban and decline in the shortage percent in rural area. It is clear from the data that overall 25 percent of the population doesn’t have proper housing facility in 2001, contributed by 14 percent in rural and 11 percent in urban areas. This is due to industrialization and urbanization.



As per the 2001 Census, 71 percent of the total population of India lives in the rural areas where the problem of housing shortage and the lack of civic amenities have become a serious cause for concern. The data released by the Census of India on Houses, Households, Amenities and Assets for 2001 indicate that total number of households in rural areas is 138.27 million as against the availability of 135.05 million houses, of which nearly 11.40 million houses were non-serviceable kutcha (temporary) houses needing replacement. Thus, we may consider requirement of houses in rural areas as 14.6 million units. Besides this absolute shortage, if congestion and obsolescence factors as also the damage of houses due to vagaries of nature such as cyclone/flood/earthquake etc., are taken into consideration, the housing requirement in rural areas is estimated to further increase to 24 million.

GOVERNMENT POLICIES

Several Initiatives at the centre and state levels have focused on “housing” as an integral part of the growth process. An assessment of the magnitude and nature of housing shortage in the state will determine the nature of policy prescriptions and policy interventions. Good and timely policy prescriptions help in establishing a well functioning and sustainable housing market (GOK-2009). Keeping in view the shortage of houses especially in rural areas, and the need to provide housing for all citizens, Government of India has taken a number of initiatives to improve the availability of houses in rural areas. The approach has been bi-pronged by making budgetary provision for upgradation of unserviceable *kutcha* houses and by providing credit with subsidy for certain sections of the poor. Emphasis has also been laid on use of cost effective, disaster resistant and environment friendly technologies in rural housing.

The important schemes implemented by the Government are

- (i) The *Indira Awaas Yojana (IAY)* is the flagship rural housing program of the Government being implemented since 1985-86.
- (ii) Credit-cum-Subsidy Scheme for Rural Housing launched in April 1999, which was merged with IAY from April 2004.
- (iii) Golden Jubilee Rural Housing Finance Scheme introduced in 1997.
- (iv) Innovation Scheme for Rural Housing and Habitat Development being implemented on project basis since 1999-2000.
- (v) Rural Building Centers launched in April 1999 with the objective of technology transfer / dissemination of information.
- (vi) National Mission for Rural Housing and Habitat to facilitate introduction of science and technology inputs, and
- (vii) Equity support to HUDCO to meet the requirement of economically weaker households in rural areas.

KARNATAKA GOVERNMENT HOUSING POLICIES AND PROGRAMS

The ‘Working Group on Housing’ for the preparation of the ‘Tenth Plan Approach Paper’ has observed that 90 per cent of the housing shortage relates to the poor and that there is a need to increase the supply of affordable housing to the low income groups through a proper process. This includes allocation of land, extension of funding assistance and provision of support services. All these issues identified by the Working Group related to the sphere of activity and responsibility of state governments and local bodies, and therefore, the success of the National Housing Policy depends largely on the efforts of state governments.

Providing housing for all and better living conditions for people across all market segments is a challenge before the policy makers and the institutions responsible for serving the sector. In this context, urban planning and governance structures are also critical components of any policy framework, needing to be made more effective, functional and responsive to the ground realities. The measures that would result in better funds position for the sector, with higher levels of investments and credits from different stake holding institutions. The core issue of ‘adequate and affordable housing’ has to be addressed through a multipronged strategy and program keeping in view, the market development, the institutional depth of the sector, the legislative and the legal environment in which the market operates, the trends in the housing and credit demand and supply, and the profile of the market segments most affected by houselessness.

TABLE – 1: GOVERNMENT HOUSING SCHEMES

Scheme	Launched	Objectives	Financial Assistance	Funding
Indira Awaas Yojana (IAY) (Centrally Sponsored Scheme)	1985 - 86	Houses for rural population living below poverty line with focus on SC/ST castes, freed bonded labourers, etc.	Maximum assistance of houses was Rs.20,000 including cost of smokeless chulhas, sanitary latrines and other common facilities and Rs.10000 for up gradation of house.	Central & State Governments (80:20 up to March 1999 and 75:25 from April 1999)
Ashraya Housing Scheme (AHS) (State Sector Scheme)	1991 -92	To develop and distribute sites to target population and to construct and distribute houses to those annual income less than Rs.8,400 up to March 1995 and Rs.11,800 thereafter.	Sites measuring 30’x 40’ were distributed free of cost in rural areas. Subsidy of Rs.5000 was provided for construction of houses in rural areas up to 1994-95 and raised to Rs.10000 from 1995-96. Loan was limited to Rs.10000.	Fully funded by State Government
Dr. Ambedkar Housing Scheme (DAHS)(State Sector Scheme)	1991 - 92	For construction of houses by SC/ST population in rural areas.	To provide assistance in the form of subsidy of Rs.20000 for construction of houses.	Fully funded by State Government.

Source: AR (2002) – ‘Audit Report (Zilla Panchayats), Rural housing in Karnataka’, P: 27.

Given the relatively low percentage of house ownership in the State, Karnataka had long recognized the significance of housing as an important component of the Minimum Needs Program. Indeed, Karnataka had launched a state-funded housing program for the poor through the Ashraya and Ambedkar housing programs in 1991-92 (Table-1), long before the National Habitat Policy was formulated. The state has one of the best housing programs in the country. The prominent housing programs of the state government are as under:

- o Rural Ashraya Housing Scheme including Navagrama Housing Scheme and the Pilot scheme of GPHP.
- o Urban Ashraya Housing Scheme.
- o Rural and Urban Ashraya Sites Schemes
- o Dr. Ambedkar Housing Scheme
- o Neralina Bhagya
- o Housing for Special occupational groups.
- o Hundred Housing Projects
- o Chief Minister's Model Town Housing Program (CMTHP)

The purpose of rural Ashraya and urban Ashraya programmes are to provide housing to the economically weaker sections with financial assistance and loan. The Dr. Ambedkar housing scheme is taken up for housing the socially and economically weaker Schedule Caste and the Schedule Tribes beneficiaries, to whom the houses are given free without any loan component. Under the special occupational groups housing program assistance is given to various categories of economically weaker sections persons in different occupations for construction of houses, in convergence with various housing programs of the central government. Under the Ashraya sites program sites are given free in rural and urban areas to economically weaker sections beneficiaries. Neralina Bhagya is a scheme for up-gradation of thatched roofs to tiled roofs, for which a subsidy of Rs. 5000 is provided per house.

Gram Panchayat Housing Scheme is being implemented as an experimental Scheme of housing for EWS in Gram Panchayat areas. Under this scheme financial assistance up to Rs. 20,000/- (including loan and subsidy) is provided; the subsidy for general category beneficiaries is Rs.10, 000/- and Rs. 20,000/- for SC / ST beneficiaries. The beneficiaries are selected only out of lists site less/house-less persons prepared by Gram Panchayaths.

Navagrama Housing Scheme seeks to change the lives of the poor by facilitating them to move into new habitations or village extensions developed through community action, funded through convergence of schemes with construction labour paid for through the SGRY Programme. The "Nava Grama Ashraya Yojana", thus provides a framework for convergence of Ashraya housing scheme and SGRY, utilizing funds and food grains under SGRY to provide for infrastructure for houses under Ashraya. Nava Grama Ashraya Yojana is demand driven and Grama Panchayats have been encouraged to utilize the SGRY funds and food-grains under the component of providing village infrastructure to undertake the layout part of the Nava Gramas wherever Ashraya houses are constructed.

"100 Housing Schemes" was initially launched to provide 15,000 Sites and 13,500 Houses, at an approximate Cost of Rs. 850 Crores, with the Government's revolving Guarantee of Rs 100 Crores. The Implementation period was 21 months from the date of commencement. The key infrastructure features in the layout are as per the Town Planning norms.

Chief Minister's Model Town Housing Programme (CMTHP) envisages housing schemes for checking population congestion in towns and cities. As per this initiative, the Chief Minister's Model Town Planning Housing Programme was taken up for housing in hobli head quarters and other small towns with a population of 10,000 - 20,000 in association with the local bodies.

The state launched the ambitious 'One Million Housing Programme' in October 2000, which envisaged the construction of one million dwelling units in rural and urban areas during the period 2000-05, i.e. 2,00,000 houses each year. Rural housing has been given primacy with an annual target of about 1,70,000 -2,20,000 houses. The annual target for the urban programme was 30,000.

INSTITUTIONAL FRAMEWORK IN KARNATAKA

To implement the policies and programs of the government, it requires the institutional framework to implement the same. The institutional framework in Karnataka is depicted in table -2. Karnataka government has established four major institutions to provide housing facility to the rural poor.

TABLE -2: INSTITUTIONAL INFRASTRUCTURE FOR HOUSING DEVELOPMENT IN KARNATAKA

Agency	Year of Est.	Functions	Area of Operation and Target Group
Cooperative Housing Societies (CHS)	1909	<ul style="list-style-type: none"> • To acquire land and develop residential layouts for the members. • To Finance house construction of the members. 	Largely located in Urban areas and members of the societies.
Karnataka Housing Board (KHB)	1962	<ul style="list-style-type: none"> • To prepare and execute housing schemes for the satisfaction of the labor housing. • To develop sites and services and satellite towns 	Urban areas and All mean groups (economically weaker sections, LIG, MIG & HIG).
Karnataka Slum Clearance Board (KSCB)	1976	<ul style="list-style-type: none"> • To identify and declare slum areas. • To take up socio-economic survey in the identified schemes. • To provide new houses and to upgrade existing houses of the slum dwellers. • To provide basic amenities (drinking water, toilets, street lights, drains, roads community baths and toilets, etc) 	All slum areas in Urban areas and slum dwellers that generally consists of wage related migrants, casual wage cameras, construction workers etc.
Urban Development Authorities (UDAs)	1998	<ul style="list-style-type: none"> • To prepare dent and action plans for the urban areas. • To approach dent and building plans and residential layouts. • To provide residential, commercial, industrial and civic amenities. • To put up parks and playgrounds. • To develop major infrastructure facilities. 	All distinct headquarters and all income groups.
Rajiv Gandhi Rural Housing Corporation Ltd. (RGRHC)	2000	<ul style="list-style-type: none"> • To implement housing program for economically and socially weaker sections and specially occupation groups. • To ensure smooth flow of funds and recovery of loans from the beneficiaries. 	Rural and Urban areas and all poorer sections including SCs/STs.

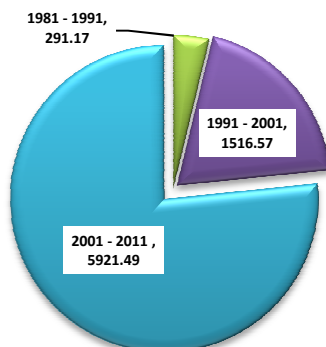
Source: KDR (2007) - 'Karnataka Development Report', P: 287.

HOUSING SCENARIO IN KARNATAKA

Housing is measured as one of the merit goods and housing symbolizes many aspects of life. It is replica of human taste and an institution of social order and economic development. Therefore housing is considered as one of the important social infrastructure, which helps for overall development of the state. Karnataka is the eighth largest states to face the housing problem with 4.38 percent share in the total housing shortage of the country. The present order of the shortage of 6.62 lakh units in Karnataka is not only very well above the average shortage (4.73 lakh units) per state in the country but also more than the average shortage (6.58 lakh units) per state in the southern states (Census, 2001). In all, about 7 percent of the total families are facing the housing shortage in the state as on 2001 as against 7.54 per cent in the entire country. The most disturbing reality is the higher incidence of the housing problem in rural areas. Rural areas are facing a total housing shortage of 4.86 lakh families @ 18000 units per district (Mahadeva, 2004). The rural housing shortages are around 73.41 percent as against 26.59 per cent (or 1.76 lakh units) in urban areas of the state (KDR, 2007).

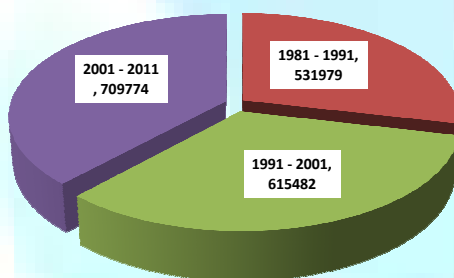
Karnataka is the eighth largest state in India both in area and population. Nearly 69 percent of the population lives in rural areas (HHP, 2009). According to revised estimation of Tendulkar committee report, as on 2004 - 05, 37.2 percentage of people lived below the poverty line in India and in Karnataka it is 33.4 percent (37.5 and 26 percent in Rural and Urban area respectively) (GOI,2009).It shows that there are more number of the population still facing poverty. Therefore, shelter is the one of the major minimum need for poor. In this regard the decade's wise government allocation of houses as well as financial assistance to poor in Karnataka through lights on the government's initiatives (see Chart – 2 and 3).

CHART -2: DECADE WISE FINANCIAL ALLOCATION TO HOUSING SCHEMES (RS. IN CRORES)



Source: Economic Survey of Karnataka various issues

CHART-3: DECADE WISE NUMBER OF GOVERNMENT HOUSES DISTRIBUTED TO THE POOR'S IN KARNATAKA (IN NO'S)



It is evident from Chart -2; various schemes have been supported by financial assistance of both state as well as central government. Rs.291.17 crores financial assistance has been provided for housing construction in 1981 to 1991 which rose to Rs.5921.49 crores during 2001 - 2011. Over a period of 30 years, from 1981 to 2011, the government has provided Rs. 7729.23 crores financial assistance for housing construction in the state. It shows the concern of the government to the housing problem.

It is evident from Chart -3, that the decade wise housing allocation in Karnataka is quite interesting. The state government has started number of housing schemes with the central assistance for construction of houses to economically poorest section of the society. During, 1981 to 91 the state distributed 531979 houses through different schemes to the poor. This increased to 709774 during 2001-2011. Indeed, from 1981 - 2011, 1857235 houses have been allocated to the poor from different schemes. It shows that the government has undertaken significant step to provide shelter to poor section.

CONSTRUCTION OF HOUSES UNDER DIFFERENT SCHEMES

Over the period of time, the government has introduced number of housing schemes in the state. Government of Karnataka implemented all these for economically weaker section and special occupational categories both in rural and urban areas (GOK, 2011). These schemes are functioning very effectively to identify the beneficiary and for providing housing facilities to them every year. The table-3 gives the glimpse of construction of houses under various schemes over the period of time.

TABLE – 3: CONSTRUCTION OF HOUSES UNDER DIFFERENT SCHEMES IN KARNATAKA

Schemes		1971-1981	1981-1991	1991-2001	2001-2011	Total	%
Janata Housing scheme	Without Finance	108426	-	-	-	108426	05.0
	HUDCO Assistance	148313	336800	-	-	485113	22.3
	Bank Assistance	-	43900	-	-	43900	02.0
Girijan Scheme		3751	6932	-	-	10683	00.5
Economically Backward Class Scheme		53583	111865	-	-	165448	07.6
Indira Awaas Yojana		-	32482	264026	86717	383225	17.6
Ashraya Scheme		-	-	351456	493161	844617	38.9
Rural Ambedkar Scheme		-	-	-	129896	129896	06.0
Total		314073 (14.5)	531979 (24.5)	615482 (28.3)	709774 (32.7)	2171308 (100)	100

Source: Economic Survey of Karnataka various issues

It is evident from the table-3, that the major housing schemes of the state have increased their allocation of houses to poor from year to year and from decade to decade. The Janata Housing scheme introduced three schemes like without Finance, Hudco Assistance and Bank Assistance schemes. In these schemes the

without finance scheme has been dropped in 1980-81, the Hudco Assistance schemes which was started during 1978 -79 was dropped in 1991-92 and one more programme of the Janata Housing Scheme of Bank assistance, started on 1982-83 and dropped in 1984-85. These schemes totally contributed 29.3 percent of the total constructed houses in the state. The Girijana Housing Scheme has been launched on 1976 -77 and it was dropped on 1992-93. This scheme supported 0.5 percent of houses that has been constructed. In the same time, one more housing scheme of Economically Backward Class made 7.6 percentages of total houses constructed.

1985 onwards there are number of Housing schemes of state government with the financial support from central government. These schemes are still in operation and constructing houses for rural as well as urban poor's. The Indira Awaas Yojana, a centrally sponsored scheme contributed total 17.6 percent of house construction. Ashraya, a state government sponsored scheme, for rural and urban poor scheme contributed total 38.9 percent. One more state government sponsored housing scheme (Dr. B.R. Ambedkar Rural housing scheme) has constructed 6 percent houses. The total decade wise houses construction has been increased from 14.5 percent in 1971-81 decade to 32.7 percent in 2001-2011 decade. Thus, it may be concluded that the Ashraya Rural and Urban has constructed highest number of houses in the state followed by Janata Housing scheme and Indira Awaas Yojana. The house construction under various schemes has been increasing from one decade to another.

DISTRICT WISE HOUSES CONSTRUCTED UNDER VARIOUS SCHEMES

The district wise total percentages of houses constructed in different government housing schemes in the year of 2009- 10 is clear from the below table- 4. There are 30 districts in Karnataka. Within the 30 districts the highest houses allocated to Belgaum district followed by Tumkur, Bellary, Chradurga, Mysore, Richur and Gulburga. Other than these districts, houses are constructed less than 4 percent. Udupi, Kodagu, Dakshina Kannada and Bangalore rural districts have been allocated houses less than 2 percent.

The total number of houses constructed by Indira Awaas Yojana in north Karnataka is 52.3 percent followed by Ashraya rural (41.3 percent). Within south Karnataka Ashraya Rural housing scheme constructed 50.7 percent of houses followed by Indira Awaas Yojana (38.1 percent). Ambedkar, Slum Development scheme and Ashraya urban constructed 5.3, 4.7 and 1.2 percent of houses respectively. For the total state, Ashraya Rural has constructed highest houses followed by Indra Awaas Yojana. In all housing scheme during year of 2009 – 2010, 48.4 percent houses constructed in south Karnataka, whereas it is highest 51.6 percent in north Karnataka. Compared to south Karnataka, economically backward and flood affected families are more in north Karnataka. Therefore, north Karnataka is still lagging behind in getting the minimum needs of house infrastructure.

TABLE - 4: DISTRICT WISE HOUSES CONSTRUCTED UNDER VARIOUS SCHEMES DURING 2009-10

Districts	Ashraya Houses		Ambedkar Housing	Indira Awas Yojana	Slum Devt. Program	Total	Percent
	Rural	Urban					
Bangalore	1857	835	367	2042	1869	6970	2
Bangalore (R)	2147	0	338	2910	626	6021	1.8
Ramanagara	5836	28	415	1989	421	8689	2.5
Chitradurga	7670	414	1298	10852	55	20289	5.9
Davanagere	5709	352	698	4449	-	11208	3.3
Kolar	5304	0	583	3245	-	9132	2.7
Chikkaballapur	3418	88	471	2806	140	6923	2
Shimoga	5550	46	268	3318	-	9182	2.7
Tumkur	12611	75	1158	10092	-	23936	7
Chikmagalur	4936	0	270	2309	453	7968	2.3
Dkshina Kannada	2768	35	172	1604	-	4579	1.3
Udupi	2006	0	71	1130	-	3207	0.9
Hassan	6297	0	539	2854	1530	11220	3.3
Kodagu	2251	0	62	1418	-	3731	1.1
Mandya	5178	0	301	3020	660	9159	2.7
Mysore	7177	1	1028	6088	1964	16258	4.7
Chamaraj Nagar	3369	62	795	3141	-	7367	2.1
South Karnataka	84084	1936	8834	63267	7718	165839	48.4
S.K Percentage	50.7	1.2	5.3	38.1	4.7	100	
Belgaum	14615	445	963	19095	195	35313	10.3
Bijapur	5316	0	492	5799	-	11607	3.4
Bagalkot	4033	515	262	5432	-	10242	3
Dharwad	3083	117	138	4323	121	7782	2.3
Gadag	3763	170	229	2602	621	7385	2.2
Haveri	5656	145	437	4259	-	10497	3.1
Uttara Kannada	5318	24	94	4301	-	9737	2.8
Bellary	5988	8	721	15292	101	22110	6.5
Bidar	7533	0	1270	4349	85	13237	3.9
Gulburga	6883	62	751	6191	517	14404	4.2
Yadagiri	3833	370	335	4747	157	9442	2.8
Raichur	3401	75	910	10460	-	14846	4.3
Koppal	3711	268	440	5627	250	10296	3
North Karnataka	73133	2199	7042	92477	2047	176898	51.6
N.K Percentage	41.3	1.2	4	52.3	1.2	100	
State Total	157217	4135	15876	155744	9765	342737	100
State Percentage	45.9	1.2	4.6	45.4	2.8	100	

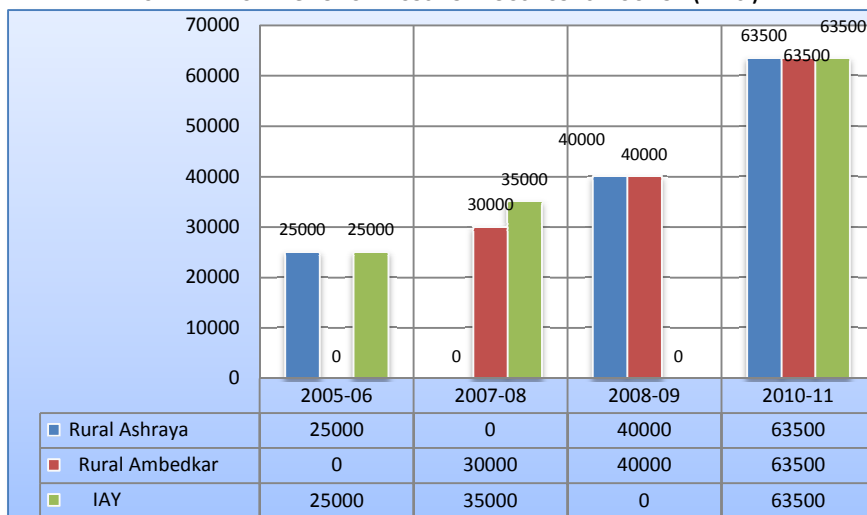
Source: Annual Report (2010) 'Rural Development and Panchayat Raj Department' P: 113.

CHANGE IN UNIT COST OF HOUSE CONSTRUCTION

Over period of time the Karnataka government have introduced number of housing schemes for economically weaker section and special occupational categories both in rural and urban areas and provided constantly increased the unit cost of each houses. The details of unit cost increased by the Government are given in chart-4. It is evident that the changed unit cost of house construction varies from year to year and across schemes in the state. The Rural Ashraya scheme has been fixed Rs. 20,000 in 2000-01 and later increased financial assistant up to Rs. 25000, 30000, 40000 and 63500 for 2005-06, 2006-07, 2008-09 and 2010-11 respectively in rural areas. Another two rural housing schemes, namely Rural Ambedkar scheme and Indira Awaas Yojana also observed similar increase. In fact, the financial assistance increased from Rs. 20,000 in 2000-2001 to Rs. 63,500 in 2010-11. One more program of the state government Urban Ashraya

have increased the financial assistance for housing construction in Urban areas from Rs.25,000 in 2000-01 to Rs.1,30,000 in 2010 -11. It seems that the increase of financial assistance in housing schemes of Karnataka have mainly taken place due to increase in cost of raw materials and cost of living.

CHART - 4: CHANGE OF UNIT COST OF HOUSE CONSTRUCTION (IN RS.)



Source: Economic Survey of Karnataka -2010-11, P: 401.

NEW HOUSING SCHEMES IN KARNATAKA

Government have also introduced new housing scheme apart from the earlier schemes like Pradhan Manthry Grameena Awas Yojana, Basava Vasathi Yojane, Vajpayee Urban Housing Scheme (Replacement of Urban Ashraya), Nanna Mane (Affordable Housing for Low income groups), Houses for Flood Affected Families (ESK, 2011). These housing schemes have been recently introduced for poor and economically backward category in the state.

A FAILING HOUSING PROGRAM

Despite the allocation of considerable funds by central and state governments, the housing program for the poor is failing for a number of reasons. The plan is ill-conceived, focusing on offering shelter as opposed to improving living conditions, and executed without sufficient thought about many inter-related considerations. While the government is the main promoter of housing schemes, several non-governmental organizations (NGOs) and social entrepreneurship ventures have also entered the arena. For the most part, NGOs have to rely on donor funds that are hard to come by, and therefore their contribution has not been significant. Social entrepreneurs who expect a certain return on their investment are focusing on lower-middle-class customers who are able to repay a mortgage or pay adequate rental; these investors have not found a suitable financial arrangement to offer housing to those who cannot pay the high interest rates (ranging from 18 – 36 percent) that are usually charged.

Currently, the total supply of new housing is far short of the 100 million units that are needed at the very least, if the goal is to offer adequate housing for every poor family. Bad construction and poor maintenance are causing the breakdown of houses that were built some time ago, adding to the need for substantial home improvement. Further, many homes were built without considering the size of the family or its likely new members, and consequently, they are simply too dense or congested. The average floor space of 38 sq. ft per individual, not including the space taken by cattle, creates a very unhealthy and uncomfortable indoor environment. The focus on offering houses as "shelters" has motivated the government to look for cheap construction without offering even basic necessities. Without a small separate kitchen and adequate cross ventilation, for example, the entire house is turned into a smoke stack not suited for human habitation. The absence of an adjacent toilet with each house is inconsistent with any reasonable concept of meeting minimum human needs. Unless existing houses are extended to include a separate kitchen with proper ventilation and a small toilet, they cannot be considered "livable" dwellings.

Additionally, government housing perpetuates the centuries-old practice of separation of residences based on caste. Instead of trying to break down this discriminatory practice, houses being built by the government for the "scheduled castes" ensure this separation. Further, the government has created a number of identical structures in new areas, effectively creating "scheduled caste colonies." It is hard to reconcile the government's official position concerning discrimination and human rights, and what it actually practices. Most poor people do not have the ability to apply for these benefits without the assistance of middlemen or the direct intervention of government officials. Such intervention is expensive for the beneficiary because it invites kickbacks, commissions and bribes. Further, government-built houses are usually substandard because of poor workmanship and use of defective materials.

CONCLUSION

Allocation of houses is one of the basic minimum requirements for poor people. In this regard, the Karnataka state have played significant role in the country. The government has undertaken many housing schemes for houseless families as well as poor, but some programs were not successful and some programs were misused, even though the government has introduced new schemes for poor like Indira Awas yojana, Ashraya yojana and Ambedkar Yojana. There are number of examples like two to three person of the same family have been benefited from housing schemes cases. On the other hand, budget allocation and amount has increased from year to year in the state. The almost poor families have got benefited and they are taking benefit from the government schemes still today. The present government has given much more importance for providing more houses to houseless poor. In the same time, government have undertaken lot of progresses for implementation of housing schemes, but still government has failed providing lack of infrastructure like electrical facility, drinking water, toilet and roads. The programs and schemes of government of Karnataka have helped many rural poor in getting house facility. Still there are some lacunas in providing housing to the rural poor.

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TRENDS AND GROWTH OF PUBLIC EXPENDITURE IN INDIA DURING 2001-12

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ABSTRACT

The public expenditure has been assigned a key role in the economic development of any country more specifically in the underdeveloped and developing countries and hence there has been a rapid expansion of the public expenditure in a developing economy like India. According to Adolf Wagner's law, the expansion of public expenditure is in proportion to the growth of the national income i.e. increase in government activity is accompanied by an increase in public expenditure. This is due to the fact that the government has to perform a number of functions more efficiently, which has led to an intensive growth in public activity thereby increasing government expenditure. According to Peacock and Wiseman, public expenditure grows over time, not at a constant rate, but on a rising curve. Emergencies like war and depression leads to increase in public expenditure. With this background, an attempt has been made in this paper to know the growth rate in public expenditure. Further, it is also analysed the percentage increase and decrease in the public expenditure as percentage to gross domestic product, in the first decade of 21st century.

KEYWORDS

determinants, growth, GDP, public expenditure, trend.

INTRODUCTION

Public expenditure is the expenditure incurred by public authorities like central, state and local governments to satisfy the collective social wants of the people. Before 20th century most of the governments in the followed laissez faire economic policy and also the role was also limited, thus the size of the public expenditure is small. But during 20th century and onwards this has increased significantly. During great depression John Maynard Keynes advocated the role of public expenditure in determination of level of income and its distribution. In developing countries like India, public expenditure not only accelerates economic growth and promotes employment opportunities but also plays a useful role in reducing poverty and redistribution of income. But what is important is that the direction of the public expenditure and its result.

There are different criteria's to classify the public expenditure like some experts classify public expenditure on the basis of functions for which it has incurred. The government performs various functions like defence, social welfare, agriculture, infrastructure and industrial development. The expenditure incurred on such functions fall under this classification. These functions are further divided into subsidiary functions. This kind of classification provides a clear idea about how the public funds are spent.

Another way of classification is revenue and capital expenditure. Revenue expenditure is current or consumption expenditures incurred on civil administration, defence forces, public health and education, maintenance of government machinery. This type of expenditure is of recurring type which is incurred year after year. On the other hand, capital expenditures are incurred on building durable assets, like highways, multipurpose dams, irrigation projects, buying machinery and equipment. They are non recurring type of expenditures in the form of capital investments. Such expenditures are expected to improve the productive capacity of the economy. Modern economists suggested public expenditure can be classified as development and non-development expenditures. The development expenditure is all expenditures that promote economic growth and development are termed as development expenditure or can also be said as productive expenditure and all unproductive expenditures are termed as non development expenditures.

Yet another popular classification in India is plan and non-planned expenditure. Plan expenditure is spent on productive asset creation through Centrally-sponsored programmes and flagship schemes, while "non-Plan" refers to all other expenditure such as defence expenditure, subsidies, interest payments, including expenditure on establishment and maintenance activities such as salaries.

REVIEW OF LITERATURE

Abu Nurudeen and Abdullahi Usman (2010), it is proved that rising government expenditure has not translated to meaningful development as Nigeria still ranks among world's poorest countries. The results disaggregated analysis in their paper reveals that government total capital expenditure, total recurrent expenditures and government expenditure on education have negative effect on economic growth. On the contrary it is also proved that rising government expenditure on transport and communication and health results to an increase in economic growth. Authors advised that the government should increase capital expenditure, recurrent expenditure, expenditure on education. The government should increase its investment in the development of transport and communication, in order to create an enabling environment for business to thrive. They also advised that government should raise its expenditure in the development of the health sector since it would enhance labour productivity and economic growth.

James Njeru (2003) in his study found that foreign aid represents an important source of finance in most countries in sub-Saharan Africa (SSA), where it supplements low savings, narrow export earnings and thin tax bases. The empirical results indicate that the flow of foreign aid does influence government spending patterns. There is a positive and statistically significant relationship between the share of government expenditure in gross domestic product (GDP) and the share of net disbursement of overseas development assistance (ODA). While the study finds relatively little evidence that aid leads to tax relief, there are strong indications that the government renders aid fungible by financing recurrent expenditures.

J.F.J Toye (2008), the author had gathered information related to India government public expenditure and commented on the same. His opinion was that the trend of public expenditure and macroeconomic objectives of the Indian plans was, in 1960's, initially not very strong and progressive weaker.

Subir Gokarn and Gunjan Gulati (2006) this paper attempted to provide a broad-based description of the growth performance of the Indian economy from 1991 reforms. The fluctuating growth rate of the economy during the post reforms period is the combined effects like inflationary policy, interest rate, agricultural growth and depreciation of the currencies of many Asian countries. They are also of the opinion that from 1997 to 2003, the economy grew at a relatively sluggish pace. During this period, the merits of the reform agenda naturally came into question.

JBIC Research Paper 11 (2001), the book in its fourth chapter highlights the Public Expenditure Management (PEM) established link with objective of economic policy and that of removal of poverty. Paper finds that India is having effective PEM. With the purpose of assessing effectiveness of PEM in India a framework of PEM cycle is adopted, at each stage PEM is assessed and identified the task ahead. An alternate assessment of the budget and financial management practices is also reviewed.

IMPORTANCE OF THE STUDY

Indian economy has been in the limelight. It has been among the fastest growing economies during the last two decades. The economy is more resilient, less vulnerable to external shocks and has opened up for more potential. It is the outcome of wide range of economic reforms like monetary and fiscal reforms. The spending pattern of the government is also responsible for this success story. Government of India spending patterns have changed dramatically over the last several decades. But at the same time several studies proved that there is no link between the economic development and public expenditure. Thus, it is important to monitor trends in the levels and composition of government expenditures, and to assess the causes of change over time.

OBJECTIVES

The objectives of the study are to:

1. study the growth in revenue and capital receipts of the Government of India,
2. analyze the trend in public expenditure of the central Government of India,
3. calculate public expenditure as percentage to Indian GDP,
4. estimate the Major Heads of Expenditure as a Percentage of to Indian GDP.

DETERMINATION OF PUBLIC EXPENDITURE

The numerous studies on the role of government spending found conflicting results about the effects of government spending on economic growth. Never the less public expenditure is very important more specifically in developing economies like India; it is not only for economic development but also for the social improvement. To achieve the country's target not only it is important but it is also important the approach of the respective government.

There are various theories have been formulated by many experts to explain different aspects of public expenditure. The theories suggest the method, criteria, mechanism, and hypothesis in spending the public expenditure. Let us discuss some of the important theories which seek to explain the factors that determine public expenditure.

Marginal Utility Approach: This is one of the important theories developed in the 1920s which suggested an economic approach to determine the composition of expenditure and budgeting. According to this theory, the government spends its limited income on alternative services in such a way that the marginal benefit is the same on all items. Just as an individual, in order to satisfy his/her wants, spends in a manner to achieve a certain balance among different types of expenditure which would ensure some marginal return of satisfaction from all of these.

Public Goods Approach: Public goods are those for which no private mechanism exists for providing them and which are consumed in equal amounts by all. People who have not paid for them cannot be excluded from their enjoyment. The demand for such public goods becomes an important element in the determination of public expenditure.

Public Choice: The budgeted expenditure is determined not with reference to overall spending and taxation but through a series of separate policy decisions based on estimates of gains and losses of votes. According to Downs, government will provide what voters want and not necessarily what is beneficial. Thus the central reality for governments is the public choice or demand.

Positive Approach: The positive approaches are concerned with the actual growth of public expenditure over a period of time and deal with the formulation and verification of hypothesis every now and then.

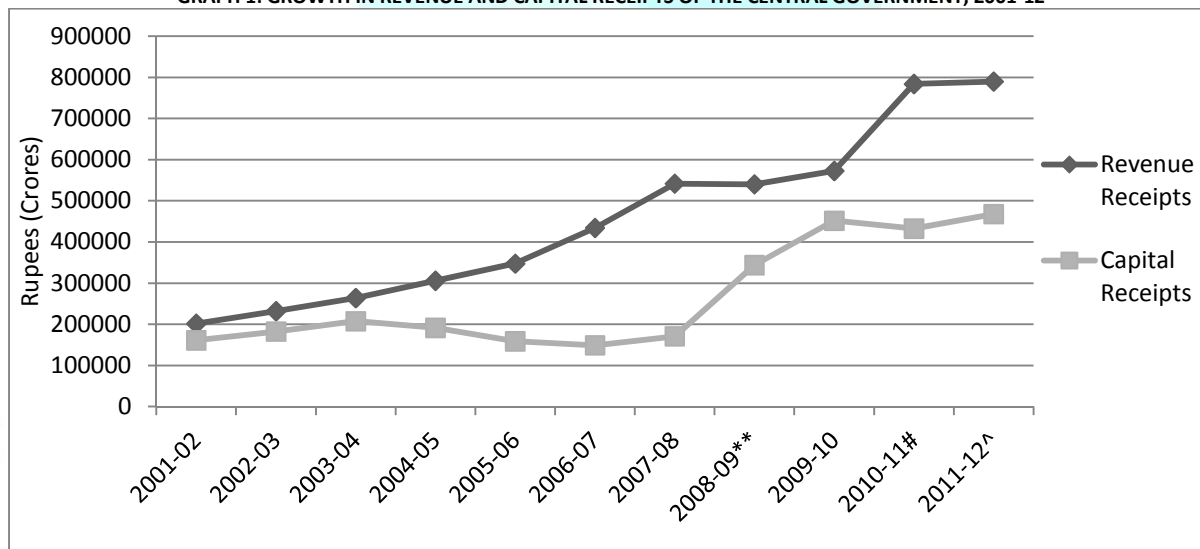
Wagner's Law: Wagner propounded the "Law of increasing expansion of public and particularly state activities" which is referred to as the "law of increasing expansion of fiscal requirements". The law suggests that the share of the public sector in the economy will rise as economic growth proceeds, owing to the intensification of existing activities and extension of new activities.

TREND IN REVENUE OF THE CENTRAL GOVERNMENT OF INDIA

The government total receipts both on revenue and capital account has been increasing continuously, since from several decades. The revenue from revenue receipts was Rs. 4,523 crore have been increased to Rs. 7,89,892 crore by 2011-12 (BE). The capital receipt has also increased from Rs. 6,987 crore to Rs. 12,57,729 crore during the same period. First time the total receipt has been felled from Rs. 17,259 crores in 1978-79 to Rs. 16,529 crore in 1979-80. It is mainly due to reeducation in interest receipts, shortfall in loans and advances etc.

Graph 01 shows that there is continues increase in both revenue and capital receipts of the central government. At the same time it is also observed that revenue receipts were the source compared to capital receipts. During the year 2007-08 and 2010-11 (BE), the difference between the two is very high. It may be high contribution from non-tax revenue.

GRAPH 1: GROWTH IN REVENUE AND CAPITAL RECEIPTS OF THE CENTRAL GOVERNMENT, 2001-12



Source: various union budgets of 2001 to 2011

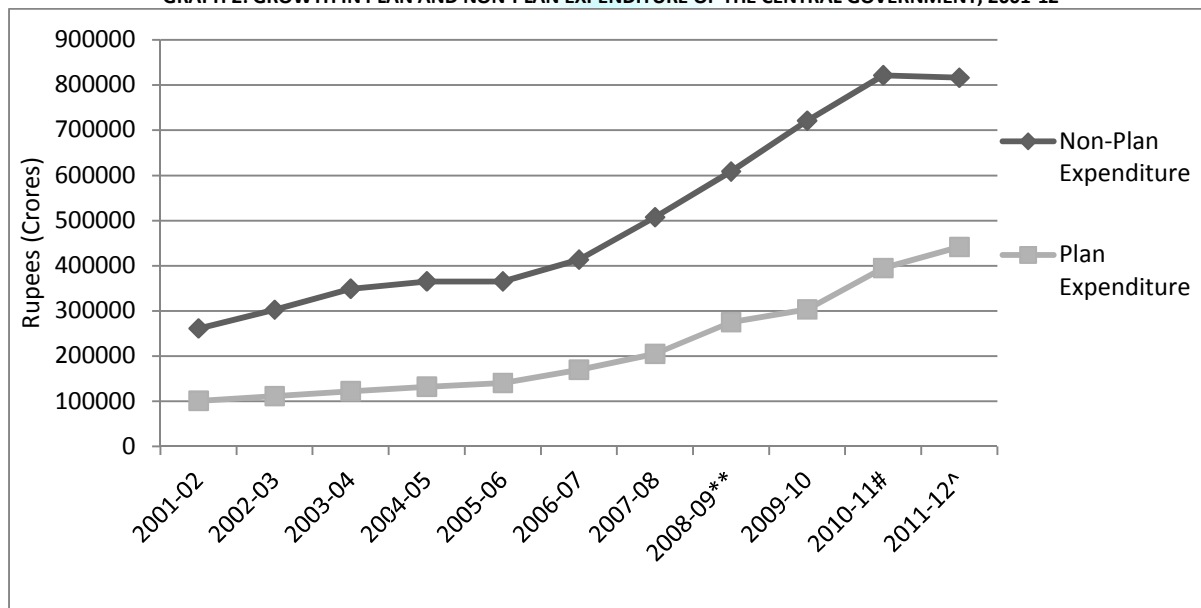
TREND IN PUBLIC EXPENDITURE OF THE CENTRAL GOVERNMENT OF INDIA

Historically the policies by the government of India aimed at social development and eradication of poverty. This is why public expenditure in India has its importance. The trend of public expenditure in India varied from time to time. The public expenditure was much important during the under developed phase of the Indian economy. Even during the present phase (first decade of 21st century) the public expenditure in India growing not to give momentum to the economy but extended task of the government. The extended tasks are managing population and their requirements like health, education, law, social security, health facilities etc. As the growth of economy, the security takes the important role, thus we can find enormous increase in defence expenditure in India. It increased Rs. 1,439 crores during 1972-73 to Rs.95,216 crores by 2011-12 (BE). The subsidy offered by the central government is another for the huge increase in the public expenditure. According RBI government offered Rs. 205 crores subsidies during 1972-73, it rose to Rs. 1,43,570 crores by 2011-12 (BE). Yet another major reason for increase in the public expenditure is debt servies, the interest paid by government was Rs. 776 crores and it has increased to Rs. 2,67,986 crores, during 1972-73 and 2011-12 respectively.

The public expenditure of the government can be classified as revenue and capital account expenditure; developmental and non- developmental expenditure and plan and non-plan expenditure. Each classification of the public expenditure is to serve one or the other purpose. With the help of revenue and capital expenditure classification, it can be analyzed the trend of government expenditure in terms of expenditure resulted in creation assets and how much the expenditure is into unproductive areas. Similarly, developmental and non-developmental classification helps in to know how much public expenditure is spent on social, community and economic services as against general services. In the same way, with the plan and non-plan expenditure classification government can determine the pattern of central assistance on plan schemes to state governments, and union territories. Therefore, each classification of government expenditure serves one or other objectives of the government. So, let us discuss the trend in public expenditure of government of India by using above method of classification.

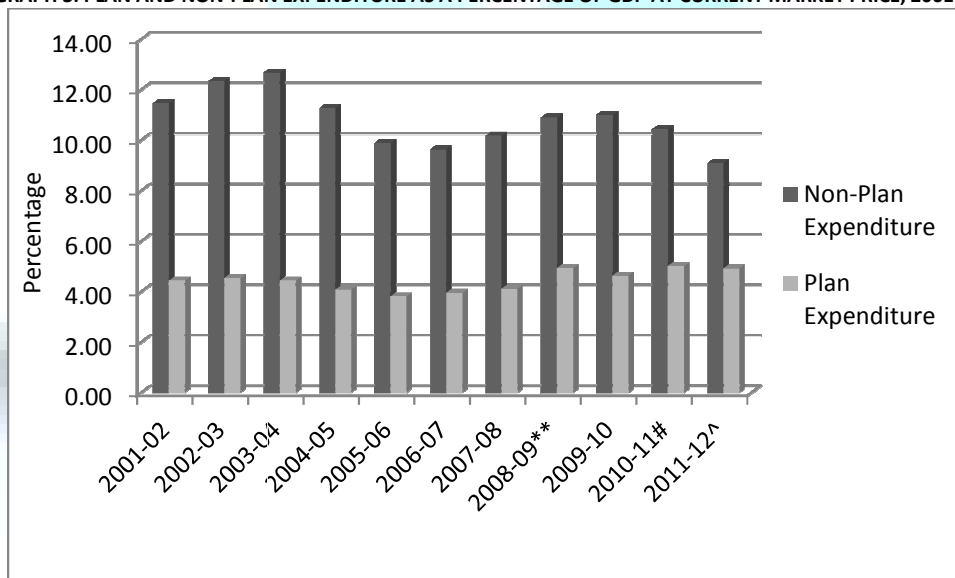
Plan expenditure refers to the expenditure incurred by the central government on projects, which are recommended by the planning commission. Non-plan expenditure, on the contrary, is a general term used to cover all expenditure of government, not included in the plan. Graph 2 and 3 indicates that both plan and non-plan expenditure is increasing continuously, it also true that the non-plan expenditure is very much higher than plan expenditure. The graph also shows that the total expenditure proposed in the 2011-12 (BE) budget is Rs.12,57,729 crore, which is an increase of 13.4 per cent over the budget estimates for 2010-11. In the same budget the plan expenditure was proposed at Rs.4,41,547 crore, which is an increase of 18.3 per cent and the non plan expenditure proposed at Rs. 8,16,182 crore is an increase of 10.9 per cent over budget estimates for 2010-11. During the first part of this century i.e. is between 2001 to 2012, non-plan expenditure as percentage to Indian GDP at current market price was lowest, it was 9.09 percentage (Rs.816,182). In the same period plan expenditure as percentage to Indian GDP at current market price is highest and it was 4.92 percentage (Rs.441,547).

GRAPH 2: GROWTH IN PLAN AND NON-PLAN EXPENDITURE OF THE CENTRAL GOVERNMENT, 2001-12



Source: various union budgets of 2001 to 2011

GRAPH 3: PLAN AND NON-PLAN EXPENDITURE AS A PERCENTAGE OF GDP AT CURRENT MARKET PRICE, 2001-12

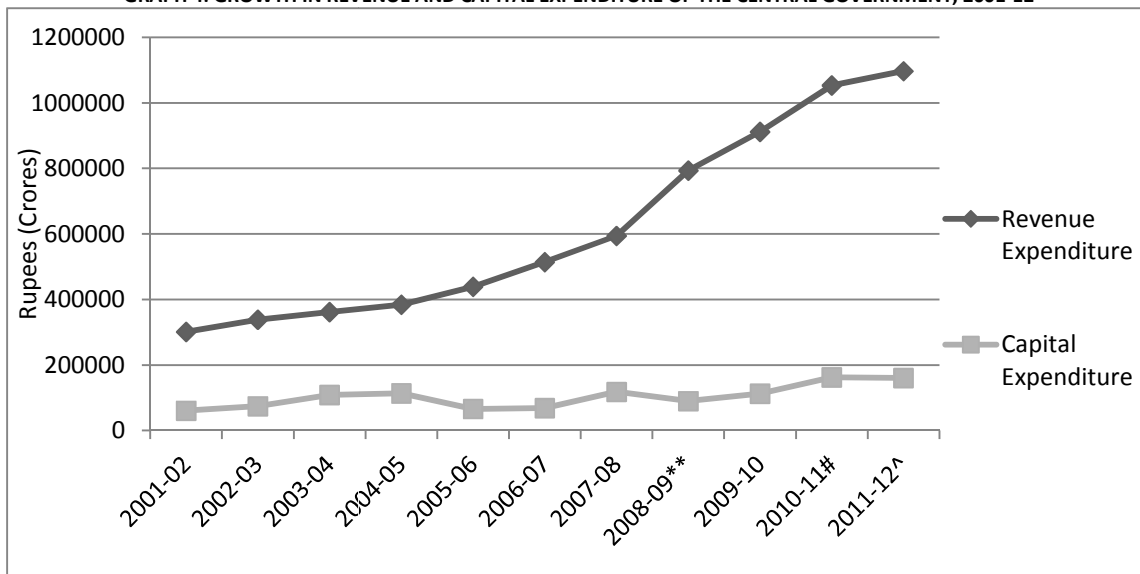


Source: various union budgets of 2001 to 2011 & RBI 2011

The main difference between revenue and capital expenditure is the difference between expenditures that result in the creation of new assets and those which will not create the assets. The goods and services consumed within the accounting period are included in the current expenditure; at the same time the allocation may be based whether expenditure produces revenue or not. The gross and net capital formation in the public sector is shown in the capital account for the account period. The graph numbers 4 and 5 shows that both revenue and capital expenditure are increasing continuously. It is the revenue expenditure increasing faster than the capital expenditure. The revenue expenditure grew from Rs. 4538 crore in 1972-73 to Rs. 1097162 crore (B.E) in 2011-12, that means which increased two hundred and fifty times in thirty nine years. In the same period capital expenditure grew at a slightly slower rate than the revenue expenditure. It was Rs. 3319 crore during 1972-73 to Rs. 160567 crores by 2011-12 (BE). Which means capital expenditure is increased by just forty eight times, in same duration. As per graph 03, during the first part of the present century i.e. from 2001 to 2012, revenue expenditure grew by nearly four times; whereas

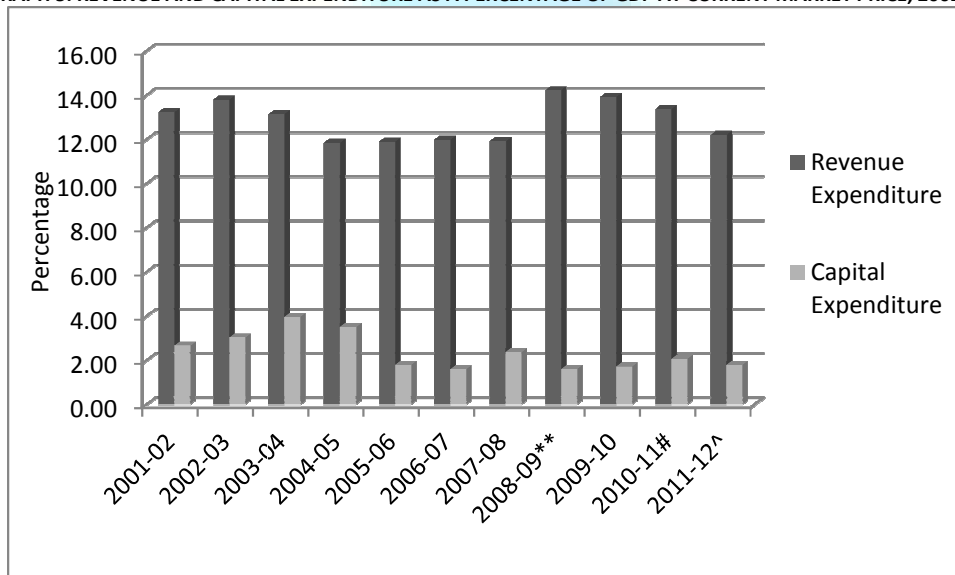
capital expenditure is increased nearly by three times during the same period. Except in the first four years of this present century, the capital expenditure in India, as percentage to Indian GDP at current market prices not exceeded more than 2 percent. The ratio between revenue and capital expenditure is also too wide.

GRAPH 4: GROWTH IN REVENUE AND CAPITAL EXPENDITURE OF THE CENTRAL GOVERNMENT, 2001-12



Source: various union budgets of 2001 to 2011

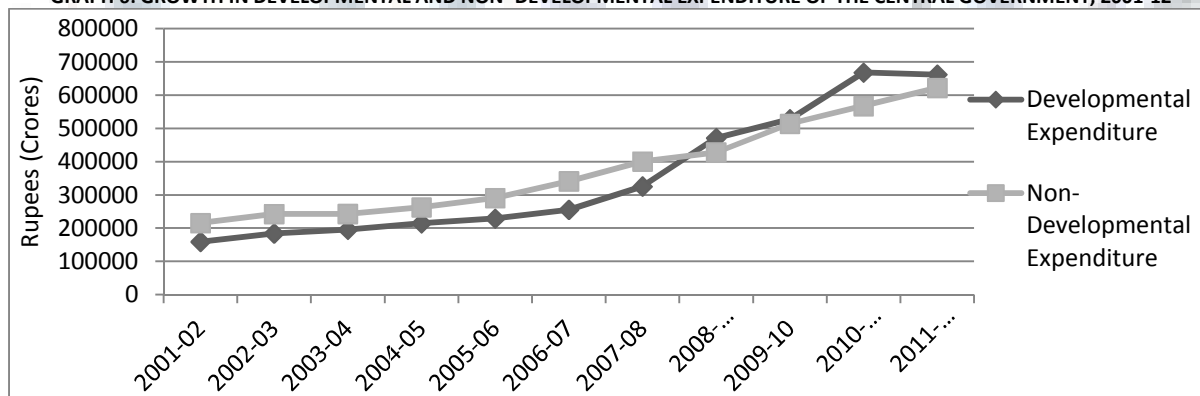
GRAPH 5: REVENUE AND CAPITAL EXPENDITURE AS A PERCENTAGE OF GDP AT CURRENT MARKET PRICE, 2001-12



Source: various union budgets of 2001 to 2011 & RBI 2011

Developmental expenditure includes expenditure on agriculture, cooperation, public health, labour, employment etc. On the other hand non-developmental expenditure includes expenditure incurred on defence, administrative services, interest payments; other general services etc. From the graphs 4 and 5 it can be observed that both the developmental and non-developmental expenditure of the central government is going hand in hand during period 2001 to 2012. From the year 2008-09 onwards developmental expenditure is more than the non-developmental expenditure, both these expenditures are Rs. 471399 crore and Rs. 428145 crore respectively.

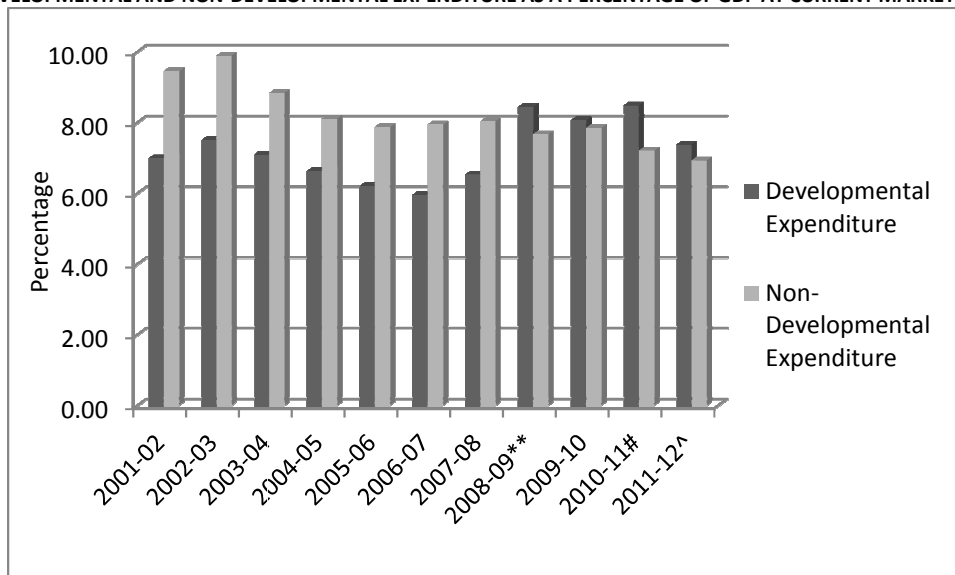
GRAPH 6: GROWTH IN DEVELOPMENTAL AND NON- DEVELOPMENTAL EXPENDITURE OF THE CENTRAL GOVERNMENT, 2001-12



Note: Data is inclusive of commercial and postal department,

Source: various union budgets of 2001 to 2011.

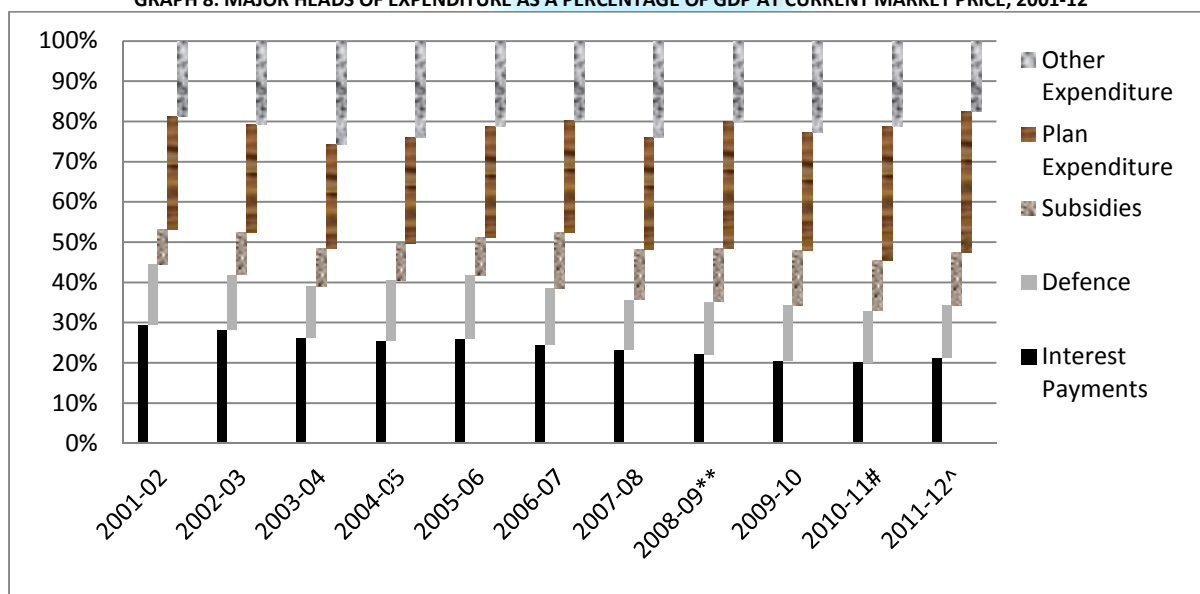
GRAPH 7: DEVELOPMENTAL AND NON-DEVELOPMENTAL EXPENDITURE AS A PERCENTAGE OF GDP AT CURRENT MARKET PRICE, 2001-12



Source: various union budgets of 2001 to 2011 & RBI 2011

The graph 8 shows the major heads of expenditure by the Indian government as a percentage of GDP at current market price. After the planned expenditure, government pays (spends) more on interest payments. However as a percentage of GDP at current market price, interest payments is reduced to 2.98 percent in 2011-12, and it was 4.70 percent during 2001-02. Similarly, as a percentage of GDP at current market price, the defence expenditure was also decreased from 2.40 to 1.83 percent, during 2001-02 to 2011-12 respectively. However this percentage is marginally increased in case of subsidies, it was 1.40 percent in 2001-02 and increased to 1.83 percent by 2011-12.

GRAPH 8: MAJOR HEADS OF EXPENDITURE AS A PERCENTAGE OF GDP AT CURRENT MARKET PRICE, 2001-12



Source: Gol, 2012

FINDINGS

The major findings of the paper are as follows:

- Wagner's Law is more applicable for the present rate of increase in the public expenditure of the government of India. The law says that the role public sector will rise as economic grows, leading to the escalation of the existing activities and extension of new activities.
- In the study period that is from 2001 to 2012, revenue receipts contribution is increased by nearly four times, whereas public revenue from capital receipts is increased by nearly three times.
- No doubt union government is spending more on non-plan expenditure than the plan expenditure, but as percentage to Indian GDP at current market price, its plan expenditure increasing more than the non-plan expenditure.
- The revenue expenditure is not only increasing faster than capital expenditure, but percentage share of capital expenditure is coming down. As percentage to Indian GDP at current market price, during 2011-12, revenue expenditure was 12.22 percent and capital expenditure was just 1.79 percent.
- In the graph number 6 and 7, it is estimated that both developmental and non-developmental expenditure are growing but as percentage to Indian GDP at current market price the share between the two very much near. In the year 2011-12, as percentage to Indian GDP at current market price, the developmental expenditure was 7.37 percent and non-developmental expenditure was 6.93 percent.
- During the first part of present century i.e. from 2001 to 2012, as percentage to Indian GDP at current market price, the interest payment was degreased. In the year 2001-02 interest payment was 4.70 percent and gone done to 2.98 percent in the 2011-12.

SUGGESTIONS

- The percentage public expenditure should be more on new activities than the existing activities. Government should make all efforts to complete all the proposed projects well within the stipulated time.

- Similarly, percentage public expenditure should be more to words capital expenditure than the revenue expenditure side. For this government should use cost cutting technique like
- To reduce the interest payments, government should raise fewer loans. But to meet the money requirement, government should encourage FDI, and the efforts had should be made to get back the black money.
- Government borrowing should be confined to priority sectors.
- Government should have executive control over the public expenditure, with sufficient powers.
- Government before implementing any new projects, it has to make pre-investment appraisal.
- Reduce the growth in non-developmental expenditure, by assessing the quality of expenditure.

CONCLUSIONS

There has been huge increase in public expenditure both in absolute terms and also as a percentage to as percentage to Indian GDP. This shows that the importance of public expenditure is increasing due to the increase in the welfare programmes of the government. Wagner's Law rightly says that public expenditure increases because of escalation in the existing activities and extension of new activities. It is always worth to discuss not only rate of growth public expenditure but also direction of the public expenditure. It is because the direction of public expenditure will affect the pattern and degree of production, consumption, income, investment, price level, employment etc. From 2001 to 2012 in India, as percentage to the GDP at current market prices, plan expenditure increasing more than the non-plan expenditure. At the same time as percentage to Indian GDP at current market price, during 2011-12, revenue expenditure was 12.22 percent and capital expenditure was just 1.79 percent. The good thing is the interest payment was decreased by 4.70 percent to 2.98 percent during 2001-12.

END NOTES

- * based on provisional actual for 2001-02.
- ** based on provisional actual for 2007-08.
- # revised estimates
- ^ budget estimates

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FINANCES OF SCHOOL OF DISTANCE EDUCATION OF ANDHRA UNIVERSITY, VISAKHAPATNAM: AN APPRAISAL

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ABSTRACT

Education is one of the most important factors in achieving the developmental goals of the country, India being no exception to it. It is an investment in the human resources, which is key commend to national development. If the fruits of education have to reach the common man, it must be adequately and properly administered. Distance learning has come as a boon for those who want to pursue their education further but are constrained to do it through a regular education mode medium for want of time and resources. To fill this gap, many distance learning educational establishments have mushroomed in India offering quality education through the online medium. The distance learning education directory is one step information resource on the leading distance learning education institutes of India. One gets access to distance learning institutions offering distance learning educational programme by browsing their websites listed under the distance learning online web guide. Distance education provides the opportunity to exchange the cultural and provincial heritage as persons from different cultural and lingual areas of the land are allowed to get admission together into its various courses. The School of Correspondence Courses in the Andhra University, Visakhapatnam was established on 1-7-1972. Later, it was renamed as School of Distance Education with the objective of providing education to the disadvantaged sections of the society. The institute offers almost all the subjects as offered to regular students in Andhra University with the same rules and regulations. There is discrepancy in the degree awarded. The learning mode includes self-study material, audio-visual packages and face to face interaction. Institutes of correspondence studies are generally established without taking into account the potential of the catchment area and socioeconomic manpower needs of the country. In the circumstances correspondence education has been looked down upon as a poor substitute for the formal higher education programmes and as a means for the less academically endowed students to obtain degrees. The average income from examination fee appears to be high in graduate and post-graduate courses while low in diploma courses in SDE of AU. Yearly variations in income are of high magnitude in post-graduate and diploma courses while reverse picture is true in the case of graduate courses. The growth income is low in graduate and diploma courses whereas the growth is significant and appreciable level in P.G courses. The general charges are dominant expenditure category in total expenditure of SDE of AU followed by 'others' as distant second and development fund as distant third. There is statistically significant difference between expenditure items of SDE of AU. The variations in expenditure of various levels, courses and items shall be reduced by the sample DEC. Disorderly growth in various items of expenditures in select DEC shall be controlled through scientific methods. Expenditure on general charges shall be condensed in the case of SDE of AU.

KEYWORDS

distance education, Andhra university.

1. INTRODUCTION

Education is one of the most important factors in achieving the developmental goals of the country, India being no exception to it. It is an investment in the human resources, which is key commend to national development. If the fruits of education have to reach the common man, it must be adequately and properly administered¹. Distance learning has come as a boon for those who want to pursue their education further but are constrained to do it through a regular education mode medium for want of time and resources. To fill this gap, many distance learning educational establishments have mushroomed in India offering quality education through the online medium. The distance learning education directory is one step information resource on the leading distance learning education institutes of India. One gets access to distance learning institutions offering distance learning educational programme by browsing their websites listed under the distance learning online web guide. Distance education provides the opportunity to exchange the cultural and provincial heritage as persons from different cultural and lingual areas of the land are allowed to get admission together into its various courses.

The School of Correspondence Courses in the Andhra University, Visakhapatnam was established on 1-7-1972. Later, it was renamed as School of Distance Education with the objective of providing education to the disadvantaged sections of the society. The institute offers almost all the subjects as offered to regular students in Andhra University with the same rules and regulations. There is discrepancy in the degree awarded. The learning mode includes self-study material, audio-visual packages and face to face interaction. Institutes of correspondence studies are generally established without taking into account the potential of the catchment area and socioeconomic manpower needs of the country. In the circumstances correspondence education has been looked down upon as a poor substitute for the formal higher education programmes and as a means for the less academically endowed students to obtain degrees².

2. FINANCES OF ANDHRA UNIVERSITY DISTANCE EDUCATION

The financial position of the School of Distance Education has been assessed basing on enrollment, income and expenditure of various courses offered by it. These three components are key indicators of the financial position of any distance education institute. The position of enrollment, income levels and expenditure levels has been discussed in detail.

2.1 ENROLMENT

The enrollment enormously expounds the strength of the students and indicates the demand for that course. Higher the enrollment higher will be the income as well as expenditure. There exists always a positive relationship between the size of the enrollment and level of income. The income from various levels of courses offered by the institute has been presented in the Table 1.

2.1 ENROLMENT

The enrollment enormously expounds the strength of the students and indicates the demand for that course. Higher the enrollment higher will be the income as well as expenditure. There exists always a positive relationship between the size of the enrollment and level of income. The income from various levels of courses offered by the institute has been presented in the Table 1. Enrolment in graduation in AU was highest at 56333 in 2002-03 and lowest at 45099 in 1999-2000 with an average of 51914.50. There was a gradual decline in enrolment from 2002-03 to 2006-07. The coefficient of variation is 6.78 and CGR is 0.019. The 't' value is significant at one per cent level witnessing significant enrolment of graduate students.

TABLE 1: TOTAL ENROLMENT OF STUDENTS IN SDE OF SELECT UNIVERSITIE

Year	AU			
	Graduation	Post Graduation	Diploma	Total
1999-2k	45099 (81.17)	9810 (17.65)	658 (1.18)	55567 (100)
2000-01	47972 (65.63)	24651 (33.74)	462 (0.63)	73084 (100)
2001-02	48958 (61.89)	28589 (36.15)	1556 (1.96)	79103 (100)
2002-03	56333 (68.05)	24179 (29.22)	2262 (2.73)	82774 (100)
2003-04	55356 (69.57)	21779 (27.37)	2426 (3.06)	79561 (100)
2004-05	52975 (69.08)	19887 (25.95)	3817 (4.97)	76679 (100)
2005-06	52624 (67.48)	19436 (24.94)	5914 (7.58)	77974 (100)
2006-07	52296 (68.46)	16605 (21.74)	7486 (9.80)	76387 (100)
2007-08	53215 (68.25)	19542 (25.06)	5217 (6.69)	77974 (100)
2008-09	54321 (68.28)	20521 (25.79)	4719 (5.93)	79561 (100)
Mean	51914	20499	3451	
C.V	6.78	24.64	68.28	
C.G.R	0.019	0.077	0.218	
t. cal	46.671*	12.832*	4.631*	

Source: Records of DEC of select University

Notes:

(i) * Indicates significant at five per cent level

(ii) Figures in parentheses indicate the percentage to total

The enrolment of students in post-graduation was very low when compared to graduation. Highest enrolment was 24651 in 2000-01 and lowest at 9810 in 1999-2000 with an average of 21779. There has been decreasing trend in enrolment gradually from 2003 to 2004. The value of CV is 24.64 and the CGR is 0.077. The 't' value 12.832 is significant at one per cent level which shows significant enrolment. The enrolment in diploma courses in AU was highest at 7486 in 2006-07 and lowest being 462 in 2000-01 with a mean of 3451.70. There was rapid growth in enrolment of diploma courses from 1999 to 2009 and thereafter, the enrolment gradually decreased. The CV is 68.28, thereby indicating maximum variation in enrolment from year to year. The CGR is 0.218 which shows significant growth. The 't' value is 4.631 and significant at one per cent level. It denotes significant improvement in the enrolment.

2.2 INCOME

Income to University mainly comes from various levels of courses such as PG, UG and diploma. The income comes from tuition fee, sale of applications, admission fees, examination fee and the like. The details of income from various levels of education in SDE of AU are presented in Table 2.

TABLE 2: INCOME FROM VARIOUS LEVELS OF COURSES (Rs. in lakhs)

Year	Income at constant price			
	Graduation Courses	Post-graduation courses	Diploma courses	Total
(1)	(2)	(3)	(4)	(5) (2+3+4)
1999-2K	339.5	26.51	76.21	442.22
2000-01	(76.77)	(5.99)	(17.23)	(100)
2001-02	601.81	157.22	23.39	782.25
2002-03	(76.92)	(20.09)	(2.99)	(100)
2003-04	530.74	155.71	34.17	720.67
2004-05	(73.65)	(21.61)	(4.74)	(100)
2005-06	617.42	301.66	36.3	955.32
2006-07	(64.63)	(31.57)	(3.80)	(100)
2007-08	862.99	258.26	24.25	1145.5
2008-09	(75.34)	(22.55)	(2.12)	(100)
	442.42	232.24	14.03	688.72
	(64.24)	(33.72)	(2.04)	(100)
	508.2	525.25	9.55	1043
	(48.72)	(50.36)	(0.92)	(100)
	1211.68	436.22	2.54	1650.44
	(73.42)	(26.43)	(0.15)	(100)
	864.51	713.58	8.24	1648.66
	(54.50)	(44.98)	(0.52)	(100)
	876.43	706.51	9.52	1592.46
	(55.05)	(44.37)	(0.6.)	(100)
Mean	685.57	351.32	23.82	
CV	38.37	67.20	90.77	
C.G.R	8.82*	32.83*	-23.21*	
t-cal	2.55	5.30	-4.19	

Source: Budget Books of DEC of select University

Notes:

(i) * Indicates significant at five per cent level

(ii) Figures in parentheses indicate the percentage to total

The income from graduate courses was lowest at Rs. 339.5 lakhs in 1999-2000 and highest at Rs. 1211.68 lakhs in 2006-07 with the mean of Rs. 685.57 lakhs. The income is not constant but showing mixed trend. The CV value which registered at 38.87 per cent shows moderate magnitude of variation from year to year in income. The CGR is recorded at 8.82 percent growth. The 't' value is 2.55 and significant at five per cent level, denoting significant income from graduation courses. The income from post-graduate courses was lowest at Rs. 26.51 lakhs in 1999-2000 and highest at Rs. 713.58 lakhs in 2007-08 with a mean of Rs. 351.32 lakhs. The income shows up and down trend. The CV is 67.20 and shows 67.20 percent of high variation in the income of post graduation courses. Moreover, the CGR shows 32.83 percent, growth in income and is rather substantial. The 't' value is 5.30 and significant at five percent level implying that the income from post graduation courses is significant at higher magnitude.

In case of diploma courses, the income was very low when compared to income from graduate and post graduate courses. The income had varied between Rs. 2.54 lakhs in 2006-07 and 76.21 lakhs in 1999-2000 with a mean of Rs. 23.82 lakhs. The table explains that the income upto 2004-05 was in double digit and from 2005-06 the income had fallen to single digit. The income shows an up and down trend. The CV shows 90.77 per cent variation in income showing highest level from year to year. The CGR is recorded at -23.21 per cent of negative growth. It is significant at five per cent level. It may be said that more variations from year to year income of P.G and diploma courses are pronounced while moderate variations with regard to graduation courses. It is confirmed that growth is significant for all the courses under study with mild variations.

2.3 ITEM-WISE INCOME

Income particulars from various items of graduation courses under constant prices and current prices are presented in Table 3. The income from sale of applications for graduate courses was very low at Rs 4.2 lakhs in 2001-02 and very high at Rs. 21.55 lakhs in 2002-03. The mean income from sale of applications is Rs. 13.89 lakhs. The income from sale of applications seems an up and down in nature. The CV shows 39.81 per cent of variation in the sales and indicates moderate level. The CGR is 5.76 per cent growth which is very low magnitude. The 't' value is 7.95 and not significant. It indicates that there is no significant growth in sale of graduate applications.

The income from registration and admission was lowest at Rs. 21.45 lakhs in 2000-01 and highest at Rs. 426.72 lakhs in 2007-08. The mean income is Rs. 147.12lakhs. The table shows that the income was very low up to 2004-05 and later on the income increased 7 folds and above due to increase in tuition fee and admission fee. The increase is observed up to 2007-08 and decreased in 2008-09. The CV of 12.25 per cent shows abnormal variation in the income from registration and admission and the CGR of 46.06 per cent and shows high magnitude. The 't' value is 2.82 and significant at five per cent level showing significant income from registration and admission. This is due to increase in registration and admission fee.

TABLE 3: ITEM-WISE INCOME AT CONSTANT PRICES

Year	Item-wise income at constant prices					
	Sale of applications	Registration & admission	Tuition fees	Exam fees	Entrance	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7) (2+3+4+5+6)
1999-2K	13.49	23.47	210.19	46.97	45.38	339.5
2000-01	(3.97)	(7.26)	(61.91)	(13.83)	(13.37)	(100)
2001-02	9.00	21.45	484.31	42.92	44.12	601.81
2002-03	(1.50)	(3.56)	(80.48)	(7.13)	(7.33)	(100)
2003-04	4.20	24.61	426.52	49.24	26.17	530.74
2004-05	(0.79)	(4.64)	(80.36)	(9.28)	(4.93)	(100)
2005-06	21.55	28.15	443.65	62.68	49.04	617.42
2006-07	(3.49)	(5.07)	(71.85)	(10.15)	(7.92)	(100)
2007-08	18.37	32.10	632.43	102.23	63.43	862.99
2008-09	(2.13)	(4.06)	(73.28)	(11.85)	(7.35)	(100)
	15.08	24.52	285.57	88.32	24.82	442.42
	(3.41)	(5.83)	(64.54)	(19.96)	(5.61)	(100)
	8.71	179.99	252.01	53.93	13.56	508.2
	(1.71)	(35.42)	(49.59)	(10.61)	(2.67)	(100)
	7.54	271.43	828.78	60.00	33.93	1211.68
	(10.44)	(22.50)	(68.39)	(4.97)	(2.80)	(100)
	11.49	422.39	411.49	-	14.81	864.51
	(1.32)	(49.48)	(47.59)		(1.71)	(100)
	19.45	381.75	395.16	80.45	21.59	876.43
	(2.22)	(42.45)	(45.09)	(9.18)	(2.46)	(100)
Mean	13.89	147.12	440.31	65.19	29.55	
C.V	39.81	112.25	41.69	31.54	47.89	
CGR	5.76*	46.06*	3.76*	5.88 ^{NS}	-10.24*	
t-cal	7.95	2.82	7.59	9.51	-6.51	

Source: Budget Books of DEC of select University

Notes:

(i) * Indicates significant at five per cent level

(ii) NS: Not significant

(iii) Figures in parentheses indicate the percentage to total

The tuition fee was lowest at Rs. 210.19 lakhs in 1999-2000 and highest at Rs. 828.78 lakhs in 2006-07 with a mean of Rs. 440.31 lakhs showing tuition fee mixed trend. The CV is 41.69 and shows 41.69 per cent of variation in the income. The CGR is 3.76 and shows significant growth and the same has been confirmed by 't' value which is significant at five per cent level. The income from exam fee was minimum at Rs. 42.92 lakhs in 2000-01 and maximum at 102.23 lakhs in 2003-04 with a mean of Rs. 65.19 lakhs. The income from exam fees gradually increased from 1999 to 2004 and later on it gradually decreased. It is surprising to note that the fee has not been collected in 2007-08. The CV shows 31.54 per cent variation in fees. The compound growth rate is 5.88 and shows very low per cent. The 't' value is 9.51 and not significant and shows that the growth rate in examination fee is not significant. The income from conducting entrance examination shows that minimum income from entrance was at Rs. 13.56 lakhs in 2005-06 and maximum at Rs. 63.43 lakhs in 2003-04. The income is observed higher in the first five years and lower income in the later period. The average income from entrance was Rs 33.69 lakhs. The CV shows 48.52 percent variation in the income and the CGR shows -10.24 per cent negative growth. The 't' value is -6.51 and significant at five per cent level indicating negative growth rate in the income. It may be deduced that the variations in item-wise income of graduate courses are high in the case of registration and admission, tuition fee and examination fee whereas moderate variations from year to year income on sale of applications. The growth in income is significant in all the items of income barring sale of applications. However, the significant growth is not even in these items of income.

3. EXPENDITURE

Break-up of annual expenditure of SDE of AU under the education levels graduate, post-graduate and diploma courses is shown in Table 4.

The annual expenditures Rs.1156.01 lakhs, Rs.417.10 lakhs and Rs.83.71 lakhs for graduate, post-graduate and diploma courses respectively. As revealed by CV values yearly valuation is highest at 110.72 per cent for diploma courses followed by 43.59 per cent for graduate courses and 39.03 per cent for post-graduate courses. All the three levels of education registered positive CGRs which are statistically significant at five per cent level. The CGRs happen to be highest at 54.59 per cent for diploma courses and it is around 12 per cent both for post-graduate and graduate courses. In total expenditure, the share of graduate courses ranged from 61.89 to 86.83 per cent.

TABLE 4: LEVEL OF EDUCATION-WISE CATEGORIZATION OF EXPENDITURE OF SDE OF AU (Rs. in lakhs)

Year	Expenditure at constant prices on			
	Graduation courses	Post -graduation courses	Diploma courses	Total
(1)	(2)	(3)	(4)	(5) (2+3+4)
1999-2k	429.22	103.27	4.24	536.73
2000-01	(79.97)	(19.24)	(0.79)	(100.00)
2001-02	1015.56	220.83	14.76	1251.15
2002-03	(81.17)	(17.65)	(1.18)	(100.00)
2003-04	984.68	506.22	9.45	1500.35
2004-05	(65.63)	(33.74)	(0.63)	(100.00)
2005-06	750.92	438.61	23.78	1213.31
2006-07	(61.89)	(36.15)	(1.96)	(100.00)
2007-08	1371.95	589.11	55.04	2016.1
2008-09	(68.05)	(29.22)	(2.73)	(100.00)
	950.67	374.01	41.81	1366.49
	(69.57)	(27.37)	(3.06)	(100.00)
	1347.52	506.19	96.95	1950.66
	(69.08)	(25.95)	(4.97)	(100.00)
	839.68	310.34	94.32	1244.34
	(67.48)	(24.94)	(7.58)	(100.00)
	1706.18	541.81	244.24	2492.23
	(68.46)	(21.74)	(9.80)	(100.00)
	2163.67	580.61	252.52	2996.8
	(72.20)	(19.37)	(8.43)	(100.00)
Mean	1156.01	417.10	83.71	
C.V	43.59	39.03	110.72	
CGR	12.06*	12.45*	54.59*	
t-cal	3.27	2.40	11.24	

Source: Budget Books of DEC of select University

Notes:

- (i) * Indicates significant at five per cent level
(ii) Figures in parentheses indicate the percentage to total

4. ITEM-WISE EXPENDITURE

The Table 5 shows the annual expenditures of SDE of AU segregated under three expenditure heads namely general charges, development fund and others at constant and current prices for the ten-year period.

TABLE 5: ITEM-WISE EXPENDITURE (Rs. in lakhs)

Year	Expenditure at constant prices			
	General charges	Development fund	Others	Total
(1)	(2)	(3)	(4)	(5) (2+3+4)
1999-2k	278.91	20.93	236.89	536.73
2000-01	(51.96)	(3.90)	(44.14)	(100)
2001-02	1063.93	14.34	172.88	1251.15
2002-03	(85.04)	(1.15)	(13.82)	(100)
2003-04	1177.50	79.02	243.83	1500.35
2004-05	(78.48)	(5.27)	(16.25)	(100)
2005-06	793.19	123.58	296.54	1213.31
2006-07	(65.37)	(10.19)	(24.44)	(100)
2007-08	1583.38	58.16	374.55	2016.09
2008-09	(78.54)	(2.88)	(18.58)	(100)
	961.31	29.69	375.49	1366.49
	(70.35)	(2.17)	(27.48)	(100)
	1454.44	81.47	414.76	1950.67
	(74.56)	(4.18)	(21.26)	(100)
	619.99	211.56	412.79	1244.34
	(49.82)	(17.00)	(33.17)	(100)
	1929.59	25.02	537.39	2492.00
	(77.43)	(1.00)	(21.56)	(100)
	1912.23	27.32	552.21	2491.76
	(76.35)	(1.63)	(22.16)	(100)
Mean	1177.45	67.11	361.73	
CV (%)	46.28	91.80	34.76	
CGR (%)	12.62 ^{NS}	5.80 ^{NS}	12.34*	
t-test	2.73	0.57	7.94	

Source: Budget Books of DEC of select University

Notes:

- (i) * Indicates significant at five per cent level
(ii) NS: Not significant
(iii) Figures in parentheses indicate the percentage to total

Mean annual expenditures are Rs.1177.45 lakhs, Rs.67.11 lakhs and Rs.361.73 lakhs under general charges, development fund and 'others' respectively. Annual mean general charges are 17.5 times and 3.25 times higher than development fund and others respectively. Relative shares of these expenditure heads are also shown in the table both at constant prices and current prices. In the total expenditure, the percentage share of general charges ranged from 49.83 in 2006-07 to 85.04 in 2000-01, of development fund ranged from one in 2007-08 to 17 in 2006-07 and of 'others' ranged from 13.81 in 2000-01 to 44.15 in 1999-2K. C.V. value is highest at 91.80 for development fund followed by 46.28 per cent for general charges and 34.76 per cent for others. CGR. is highest at 12.62 per cent for general charges followed by 12.34 for 'others' and 5.80 per cent for development fund. CGRs is found significant for others, whereas C.G.R. is not significant for general charges and development fund at five per cent level.

5. CONCLUSIONS

Distance learning has come as a boon for those who want to pursue their education further but are constrained to do it through a regular education mode medium for want of time and resources. The average enrolment is 51914.50 in graduation, 21779 in post-graduation and the enrolment in diploma at 7486. The mean income is mean of Rs. 685.57 lakhs in graduation, Rs. 351.32 lakhs in post graduation and Rs. 23.82 lakhs in diploma courses. The mean income from sale of applications is Rs. 13.89 lakhs and the mean income is Rs. 147.12lakhs in registration fee. The annual expenditures Rs.1156.01 lakhs, Rs.417.10 lakhs and Rs.83.71 lakhs for graduate, post-graduate and diploma courses respectively. Mean annual expenditures are Rs.1177.45 lakhs, Rs.67.11 lakhs and Rs.361.73 lakhs under general charges, development fund and 'others' respectively. The enrollment, income and expenditure are in sound position. The income is higher compared to expenditure and the difference between these two is large. Hence the financial position of the School of Distance Education, Andhra University, Visakhapatnam is sound and hence it is running with flying colours.

The average income from examination fee appears to be high in graduate and post-graduate courses while low in diploma courses in SDE of AU. Yearly variations in income are of high magnitude in post-graduate and diploma courses while reverse picture is true in the case of graduate courses. The growth income is low in graduate and diploma courses whereas the growth is significant and appreciable level in P.G courses. The general charges are dominant expenditure category in total expenditure of SDE of AU followed by 'others' as distant second and development fund as distant third. There is statistically significant difference between expenditure items of SDE of AU. The variations in expenditure of various levels, courses and items shall be reduced by the sample DEC. Disorderly growth in various items of expenditures in select DEC shall be controlled through scientific methods. Expenditure on general charges shall be condensed in the case of SDE of AU.

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THE IMPACT OF MGNREGA ON THE LIVING CONDITION OF RURAL POOR IN RURAL ECONOMY WITH SPECIAL REFERENCE TO GULBARGA DISTRICT IN KARNATAKA STATE

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ABSTRACT

The main focus of this article is to examine the impact of Mahatma Gandhi National Rural Employment Guarantee Scheme on the living condition of the rural poor in rural economy and the present study also tries to assess the working of MGNREGA in two villages Kawalaga and Kesarhattigi in Gulbarga district. Gulbarga district is one of the most rural regions in India and this has been identified by the Dr. Najundappa Committee by Government of Karnataka. So it is hoped that the study is suitable for to find out the, in what extent the MGNREGA Scheme has impact on the living condition of the rural poor in rural economy. Hence the performance of MGNREGA Scheme in Gulbarga district would be of considerable interest both to the planners and to administrators.

KEYWORDS

MGNREGS, Living Condition, Income, Employment, Rural Poor.

INTRODUCTION

In India, our rural masses lack the basic infrastructure facilities to sustain their life, rural India constitutes about 72 percent of the total population. Their small land holdings provide them with minimal yield to support their existence. The opportunities to be better standard of living in rural areas of our country are minimal. The strategy of rural development viz. improving the economic conditions of the individual rural poor and investments to develop overall economy of an area are being given increasing importance in our planning process. The objective are to solve the problems of unemployment, under employment and poverty which are the major factors hunting the Socio-economic development of the country in order to achieve the goals of growth with Social Justice. Several schemes have been taken up in the matter of rural development with a view to ensure Social Justice. But these programmes have neither reduced the poverty levels in a sustainable manner nor have they expanded the labour absorption capacity of the main stream economy in any significant scale. Attempts to reduce the income poverty in India since the 1970's followed two distinct approaches. While one approach considered privately owned asset based strategy aiming to increase incidence of self employment through schemes like IRDP, ITDP, TRYSEM, the other approach concentrated on wage-based strategy through providing employment to rural poor for creation of protective assets owned publicly. Schemes like NREP, RLEGP, JRY, EAS, fell under the second category. Both the asset based and employment based interventions were characterized by a large-scale leakage of resources in to the hands of individuals who managed a space for themselves between the source of funds and the intended recipients. To arrest the leakages and to improve the income level of the rural masses the parliament enacted an act No:42 of 2005, called the National Employment Guarantee Act (NREGA) which received the accent of the president on 5th September 2005. The Act came into force on February 2006 in 200 districts of rural areas of India and extended to another 100 districts in 2007 and it has further extended to all the districts of India in 2008. The prime goal of the scheme is providing 100 days of wage employment to those claim employment in the appropriate authority, in the absence of providing employment the act instructs the authority to provide unemployment allowances.

The MNREGA of 2005 covered 200 districts in the Phase I district and in 2006-2007 this was extended to cover 130 additional districts known as the Phase II districts. During 2006-2007 against the total available fund of Rs.12073.56 crore, Rs.8823.36 crore was utilized. The average fund utilization per district was Rs.44.12 crore. In 2006-2007 out of this Rs.8303.82 crores have been released up to 14th November 2007, out of this Rs.5365.99 crores have been released to the phase I districts and Rs.2937.92 crore have been released in the phase II covering 131 districts. During 2006-2007 2.12 crore households have demand for employment out of which 2.10 crore households were provided employment. During the year 90.51 crore man days of employment was provided under the programme. Average of 45.2 lakh man days of employment per-districts have been generated. Out of total 90.51 crore man days, the share of Scheduled Castes was 22.95 crore man days (25.36%) and Scheduled Tribes was 32.99 (36.45%) constituting a total of 55.94 crore man days for SC/STs which comes all outed for 62% as per the MNREGA Programme. The share of women man days should be 1/3 rd and the same has 36.79 crore man days which is about 41%. During 2007-2008 1.97 crore households have demanded employment and 1.88 crore households were provided with employment. A total 56.14 crore man days of employment has been generated under MNREGA Programme. Out of this share of the Scheduled Castes was 14.70 crore man days (26.18%) and Scheduled Tribes was 18.44 crore man days (32.84%) constituting of 33.14 crore man days, which is about 59.03 % total. The share of women is 26.61 crore person days which is allowed for 47.40 %. During the year 2008-2009 4.50 crore households have been provided employment. A total manin days 214.56 crore employment has been generated under the Programme. Out of this share of Scheduled Castes is 62.88 crore man days (29%) and Scheduled Tribes is 54.51 crore man days (25%) the share of women is 102.73 crore man days which consisting 48%. During the year 2009-2010 i.e upto August 2009 73.05 crore households have been provided employment and the total man in days 21.27 crore employment has been generated under the programme. Out of this share of Scheduled Castes is 21.27 crore person days (28.94%) and Scheduled Tribes is 17.63 crore person days (23.99%) the share of women is 38.22 crore man days allowed for 52.01 %.

The main focus of this article is to examine the impact of Mahatma Gandhi National Rural Employment Guarantee Scheme on the living condition of the rural poor in rural economy and the present study also tries to assess the working of MGNREGA in two villages Kawalaga and Kesarhattigi in Gulbarga district. Gulbarga district is one of the most rural regions in India and this has been identified by the Dr. Najundappa Committee by Government of Karnataka. So it is hoped that the study is suitable for to find out the, in what extent the MGNREGA Scheme has impact on the living condition of the rural poor in rural economy. Hence the performance of MGNREGA Scheme in Gulbarga district would be of considerable interest both to the planners and to administrators.

OBJECTIVES OF THE STUDY

The present paper aims at assess the impact of MGNREGA on the living condition of rural poor in rural economy a case study of two villages namely Kusnooru and Kandhal in Gulbarga district of Karnataka State for this purpose following objectives have been outlined.

1. To find out the impact of MGNREGA on the living condition of the rural poor in Kusnooru and Kandhal village
2. To identify the socio-economic condition of the sample respondent households under MGNREGA.

3. To analyze the extent of additional employment generation through MGNREGA to the rural poor
4. To assess the changes in the income levels of the job seekers/rural poor through MGNREGA.
5. To examine the socio economic conditions of rural poor after the implementation of MGNREGA in selected villages.

Evaluation of MGNREGA scheme in Gulbarga block, for the purpose of the present study, two gram panchayats from Gulbarga block are selected on the basis of simple random sampling method. For the purpose of the evaluation of MGNREGA scheme in Gulbarga Block, 40 households were selected from different categories on the basis of simple random sampling method.

MAHATMA GANDHI NATIONAL RURAL EMPLOYMENT GUARANTEE SCHEME AND ITS PROVISIONS

Has been launched on February 2nd 2006 in 200 districts of the Country. The scheme is different from the earlier wage employment programmes in different ways as they follow in below:-

- Adult members of a rural household, willing to do unskilled manual work, may apply for registration in writing or orally to the local Gram Panchayat.
- The Gram Panchayat after due verification will issue a Job Card. The Job Card will bear the photograph of all adult members of the household willing to work under NREGA and is free of cost.
- The Job Card should be issued within 15 days of application.
- A Job Card holder may submit a written application for employment to the Gram Panchayat, stating the time and duration for which work is sought. The minimum days of employment have to be at least fourteen.
- The Gram Panchayat will issue a dated receipt of the written application for employment, against which the guarantee of providing employment within 15 days operates
- Employment will be given within 15 days of application for work, if it is not then daily unemployment allowance as per the Act, has to be paid liability of payment of unemployment allowance is of the States.
- Work should ordinarily be provided within 5 km radius of the village. In case work is provided beyond 5 km, extra wages of 10% are payable to meet additional transportation and living expenses
- Wages are to be paid according to the Minimum Wages Act 1948 for agricultural labourers in the State, unless the Centre notices a wage rate which will not be less than ₹60 (US\$1.34) per day. Equal wages will be provided to both men and women.
- Wages are to be paid according to piece rate or daily rate. Disbursement of wages has to be done on weekly basis and not beyond a fortnight in any case.
- At least one-third beneficiaries shall be women who have registered and requested work under the scheme.
- Work site facilities such as crèche, drinking water, shade have to be provided
- The shelf of projects for a village will be recommended by the gram sabha and approved by the zilla panchayat.
- At least 50% of works will be allotted to Gram Panchayats for execution
- Permissible works predominantly include water and soil conservation, afforestation and land development works
- A 60:40 wage and material ratio has to be maintained. No contractors and machinery is allowed
- The Central Govt. bears the 100 percent wage cost of unskilled manual labour and 75 percent of the material cost including the wages of skilled and semi skilled workers
- Social Audit has to be done by the Gram Sabha
- Grievance redressal mechanisms have to be put in place for ensuring a responsive implementation process
- All accounts and records relating to the Scheme should be available for public scrutiny

TYPE OF WORKS UNDER THE SCHEME

As per Schedule 1 of the Act, the focus of the Rural Employment Guarantee Scheme shall be on the following works:

- Water conservation and Water harvesting
- Drought proofing (Afforestation and tree plantation)
- Irrigation canals
- Provision of irrigation facility to land owned by SC/ST/beneficiaries under Indira Aawas Yojana*
- Renovation of traditional water bodies
- Desilting of tanks
- Land development
- Flood control and protection works including drainage in water logged areas
- Rural connectivity to provide all weather access
- Other works notified by the Central/State Government

ANALYSIS, FINDINGS AND SUGGESTIONS

An analysis of the respondent households in two selected gram panchayat namely Kusunooru gram panchayat 20 respondents and Kandhal gram panchayat 20 respondents has been picked up. Reversed 40-60 years to be the pre-dominant group of the 40 respondent, 32% were found to be aged of 26 to 40 years, 48% to be aged 40 to 60 years and 12% to be aged 21 to 25 years 8% aged over 60 years as respondents indicates the need for employment even for those over 60 years and the poor framework of MGNREGA which has not set any age limit for considering to be eligible for the scheme.

The analysis of gender classification of the respondents revealed that 70% of the respondents to male and reaming 30% to be female.

The study revealed that out of 40respondents 40% are SCs 10% are STs, 30% are OBCand 20% are OCs in all the four panchayats. It is thus clear that MGNREGA has been strictly applied to rural categories people especially in the rural areas like Gulbarga district.

Landholding particulars of the households in two panchayat are shown in table-3. Table shows that 50%of farmers own less than 2.5 acres of land. Due to this rural households have not been getting sufficient income from agriculture and so they may be depending on employment generation programmes like MGNREGA.

Number of days worked under MGNREGA it's observed from the table that out of 40 respondents from two panchayats 50 of the respondents in Kusunooru.50% in Kandhal had worked less than 78 days during 2009-2010.

Total wages received under works during 2009-2010 in two panchayats out of 85 respondents, 42% received an amount of less than Rs 6500, 54% revived between Rs.6500 to 8000 and 15% received between Rs 8500 to 11500 and only 8% received above Rs.1200 from MGNREGA wages during 2009-2010.

The extent of migration after MGNREGA Scheme it is shown in table number 4% of the respondents opine that there has been a decreases in migration since the launch of MGNREGA. 32% opine that there has been no change and 3% opine that migration has increase even with the introduction of MGNREGA. 63% stating that migration to have decreased with MGNREGA implementation is a good indicator of development for these Gram Panchayats.

MGNREGA workers as per the study findings in selected villages have helped in food security management as stated by 22% of the respondents. An analysis by Kusunooru Gram Panchyat to have a highest proportion of respondents 68% perceive MGNREGA to have helped particularly in food security management. 17% of the respondents perceive that MGNREGA in no way to have helped in food security management while 15% are not sure about food security management.

The Main Findings of the study in brief are:-

- Employment has been generated on a massive scale. The average job card holder in Gulbarga has already been employed for nearly 28 days since 20010 compared with just about 2days for the same period in 2009.

- Minimum wage Rs. 80 for men and Rs.70 per women RE BEING PAID.
- Wages are paid within a week and there were few complaints of delay in wage payments. .
- Gender classification of the respondents revealed that 70% of the respondents to male and other 30% to be female.
- MGNREGA is a life line for the rural poor.
- The large proportion of the respondents 62% unaware of the MGNREGA in two villages.

SUGGESTIONS

- There are more landless poor in Gulbarga district who totally depend on farm work and other seasonal, manual labourers, the number of days are to be increased from 100 to at least 150 days. So that the labour can make out their livelihood.
- Participation of women should be increased with the men for raising the income of the family.
- Genuine labourers who richly deserve work should be enrolled there by providing work to all the needy families without any political interference.
- An evaluation of MGNREGA annually would help in releasing the programme effectively.
- Gulbarga district is one the more rural district of Karnataka state and is actually in need of proper implementation of MGNREGA.
- Most of the people would prefer not to migrate men and women both. Therefore, if MNREGA can be used to curb rural urban migration migration then it will be yet another benefit from this act.

CONCLUSION

This paper looks at the Mahatma Gandhi National Rural Employment Guarantee Programme (NREGP) in India that was launched in the year 2005 as a social security measure aimed at providing employment security to the poor in villages. The MGNREGA was also meant to use this labour to construct rural infrastructure that is clearly wanting in India. The National Rural Employment Guarantee Act guarantees 100 days of work to all households. This analysis looks at the direct and the indirect effects that the NREGP has on employment generation and poverty reduction in a local. For this, a micro level survey in a specific village was undertaken to highlight the impact of the MGNREGP on the living condition of the rural poor in rural areas. This survey covered a poor agricultural village with 40 households. The survey recorded income and expenditure levels by type of household (large, small and marginal farmers, agricultural labour.

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TABLES

TABLE - 1: AGE WISE CLASSIFICATION OF SAMPLE BENEFICIARIES

Gram Panchayat	21-25	40-60	60	Total
Kusunoor	06	15	03	24
Kandhal	04	10	02	16
Total	10	25	05	40

Source: Field survey

TABLE - 2: GENDER WISE CLASSIFICATION OF THE SAMPLE RESPONDENTS

Gram Panchayat	Male	Female	Total
Kusunoor	14	06	20
Kandhal	14	06	20
Total	28	12	40

Source: Field survey

TABLE-3: LAND HOLDING PARTICULARS OF THE MGNREGA SAMPLE RESPONDENTS (IN ACRES)

Gram Panchayat	<2.5 acres		2.5 to 5.00 acres		5-10 acres		>10 acres	
	I	UI	I	UI	I	UI	I	UI
Kusunoor	02	06	00	05	00	01	00	00
Kandhal	01	02	02	03	01	02	00	01
Total	03	08	02	08	01	03	00	01

Source: Field survey

TABLE - 4: NO OF WORKED DURING 2009-2010

Gram Panchayat	No of days worked				
	< 75 days	76-90 days	90-100 days	>100 days	Total
Kusunoor	05	04	05	03	17
Kandhal	10	06	04	03	23
Total	15	10	09	06	40

Source: Field survey

TABLE - 5: RESPONDENTS PERCEPTION OF MIGRATION TO CITIES

Gram Panchayat	Decreased	Increased	Remained Same	Total
Kusunoor	12	02	04	18
Kandhal	08	08	06	22
Total	20	10	10	40

Source: Field survey

TABLE - 6: MGNREGA AND FOOD SECURITY

Gram Panchayat	Yes fully	Yea partially	No	Can't say	Total
Kusunoor	05	08	05	02	20
Kandhal	03	10	04	03	20
Total	08	18	09	05	40

Source: Field survey

CONCERNS OF FOOD SECURITY IN INDIA AMIDST ECONOMIC CRISIS

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ABSTRACT

'Food security is achieved when all people, at all times, have physical and economic access to sufficient safe and nutritious food to meet their dietary needs and food preferences for an active and healthy life.' (WFS1996). Hence the key elements of food security are availability of food, access to food and distribution of food. In recent times food insecurity is not due to lack of food availability but primarily due to less purchasing power in the hands of poor. The worldwide financial crisis of 2007-10 is seen as worst since the Depressions of 1930's. The current food and financial crises, linked in complex ways, will both have implications for food security, financial and economic stability. The impacts will be greatest on the poor and hungry. Though the economic fallout was not very acute for India the growth rate declined to 7.3% in 2008, down from 9.3% in 2007. Decline in economic growth contracts demand for labor resulting in job cuts and downward pressure on wages. Food being the single largest item of expenditure for the poor, rising food prices exacerbate poverty which is the major driver of food insecurity. In India the prices of food articles continued to rule high as a result of which consumer price indices remained firm near double digit. The Global Hunger Index 2010 estimates that the number of hungry people increased to 1.02 billion in 2009 from 854 million people in 2006. Undernourishment captures an access-adjusted perspective of food insecurity. India has 40% of world's malnourished children under the age of five years of age. The devastating cycle of malnutrition has continued to alarming levels in India as identified by the 2008 India State Hunger Index (ISHI) released by IFPRI.

KEYWORDS

food security, economic crisis, rising prices, malnutrition, poverty.

INTRODUCTION

Food security has been widely defined in economic literature. The World Food Summit (1996) used the following definition, "Food security exists when all the people, at all times have physical and economic access to sufficient, safe and nutritious food to meet their dietary needs and food preferences for an active and healthy life." Thus the three key elements of food security are availability of food, access to food and distribution of food. In recent times food insecurity is not due to unavailability of food but primarily because of lack of purchasing power i.e. economic access. One way of tracking food insecurity is through the global hunger index which is based on a simple average of three indicators--- percent of population undernourished, percent of under five children underweight and the under five mortality rate. The Global Hunger Index 2010 (IFPRI) has estimated that the number of hungry people is more than 1.02 billion in 2009. It is a sizable increase from 2006 estimate of 854 million. The increase in food insecurity from 2006 has been due to many causes but the three factors responsible are neglect of agriculture sector relevant to poor by the governments, significant increase in food prices in past several years and the most immediate is the current global financial crisis.

The global financial crises and economic downturn of 2007-09 is considered the worst since the depressions of 1930's. Though the economic crisis emerged in US and other developed nations but the severity was felt by developing nations more. This financial crisis was different from other crises due to several factors. One very important fact is that most of the world economies are now more integrated both financially and commercially and hence more vulnerable to change in international markets and thus the crisis affected large parts of the world simultaneously. Secondly this crisis was preceded by food and fuel crisis of 2006 which strained the poor people who are more vulnerable to food insecurity. Many countries experienced drops in trade, financial inflows, saw their exports earnings, foreign investment and remittances falling. This not only reduces employment opportunities but also money available to governments for programs promoting growth and spending on ensuring food security. Though the Indian economy looked insulated from the Global financial crisis that started in 2007, but in 2008, with the collapse of Lehman brothers the impact on Indian economy was almost immediate. Credit flows suddenly dried up and money market interest rates spiked up. The second way through which global downturn came to India was by steep decline in the demand for India's exports in major markets. The first market to hit was gems and jewellery that lost more than 300,000 workers. Some export-oriented sectors like garments and textiles, leather, handicrafts, auto parts etc. faced 21% decline in their exports in 2009 which was steepest fall since the last two decades. The assessment for the country as a whole based on secondary data indicated that approximately 7-8 million potential jobs could not be created because of economic slowdown and the resultant slowdown in India's economic growth from 9% in 2007-08 to 6.7% in 2008-09. This must have put a strain on the food security system in the country because India is home to the world's largest food insecure population with more than 200 million people who are hungry. Although at the national level, we have solved the problem of food security which is reflected in mounting buffer stocks. Yet, there are millions of food insecure and undernourished people in India. India is home to 40 percent of the world's malnourished children and 35 percent of the developing world's low-birth-weight infants; every year 2.5 million children die in India, accounting for one in five deaths in the world. More than half of these deaths could be prevented if children were well nourished. India's progress in reducing child malnutrition has been slow. Due to the global financial crisis economic situation of many poor households deteriorated and intensified hunger issues. India's overall rank on the 2008 Global Hunger Index (GHI) was 66 out of 88 countries. The rank of different India states in relation to GHI range from 34 for Punjab (between Nicaragua & Ghana) to 82 for Madhya Pradesh (between Chad & Ethiopia). India's poor performance on the GHI is primarily due to its relatively high levels of child malnutrition and undernourishment resulting from calorie deficient diets. This paper attempts to study the food security status of India during the global economic crisis.

FOOD SECURITY STATUS – INDIA**TRENDS IN FOOD PRODUCTION**

Even with food grains surplus economic access to food by vulnerable groups remains poor. India raised production of food from 51 million tonnes in 1951 to 231 million tonnes in 2007-08 and 234.5 million tonnes 2008-09. The table 1 below brings out the increase in food grains production from 1950-51 to 2009-10 and also shows the drastic rise of population along side. Prior to 1960s India relied on imports and food aid to meet domestic food requirements. But it was not sufficient for food security needs and meeting dietary needs of the vast population. Consequently steps were taken to become self-sufficient in the production of food grains. The new strategy in agriculture led to the Green revolution. It benefitted from a remarkable boost in agricultural output as a result of using new varieties of rice and wheat along with the application of fertilizer and irrigation. The result was striking increase in cereal yields. Total foodgrain production soared and by the early 1970s India became self sufficient. It achieved national food security and there were several positive developments. Per capita availability of food increased as did per capita generation of income. Indian agriculture became much more insulated from the effects of drought. There was greater commercialization and diversification of cropping patterns from food grains to higher value crops. But towards the late 70's and early 80's this boost in production did not appear to be benefitting everyone and it was certainly not eliminating hunger and malnutrition.

TABLE 1: FOODGRAINS PRODUCTION AND POPULATION

Year	Food grains (million tonnes.)	Population (millions)
1950-51	50.8	359
1960-61	82.0	434
1970-71	108.4	541
1980-81	129.6	679
1990-91	176.4	839
2000-01	196.8	1019
2005-06	208.6	1106
2006-07	217.3	1122
2007-08	230.8	1138
2008-09	234.5	1154
2009-10(A)	218.2	Na.

Source: Agriculture Statistics at a glance-2010. Directorate of Economic and Statistics Ministry Of Agriculture and Cooperation.

Food insecurity is also critically linked to poverty and low incomes. The table 2 below brings out the extent of poverty in India even now and it is these poor people who are most impacted by economic crisis and high food prices.

TABLE 2: PERCENTAGE OF POPULATION BELOW POVERTY LINE 61ST (2004-05) ROUNDS OF MAJOR STATES

States.	Uniform Reference Period			Mixed Reference Period.		
	Rural	Urban	combined	Rural	urban	Combined.
All-India	28.3	25.7	27.5	21.8	21.7	21.8
Andhra Pradesh	11.2	28.0	15.8	7.5	20.7	11.1
Bihar	42.1	34.6	41.4	32.9	28.9	32.5
Chhattisgarh	40.8	41.2	40.9	31.2	34.7	32.0
Gujarat	19.1	13.0	16.8	13.9	10.1	12.5
Jharkhand	46.3	20.2	40.3	40.2	16.3	34.8
Karnataka	20.8	32.6	25.0	12.0	27.2	17.4
Maharashtra	29.6	32.2	30.7	22.2	29.0	25.2
Madhya Pradesh	36.9	42.1	38.3	29.8	39.3	32.4
Orissa	46.8	44.3	46.4	39.8	40.3	39.9
Rajasthan	18.7	32.9	22.1	14.3	28.1	17.5
Uttar Pradesh	33.4	30.6	32.8	25.3	26.3	25.5
Uttarakhand	40.8	36.5	39.6	31.7	32.0	31.8
West Bengal	28.6	14.8	24.7	24.2	11.2	20.6

Source: planning commission and NSSO 61st Round.

The major problem hence is economic access which is reflected in the high incidence of poverty in the country. There are 456 million people (about 42%) of the population in India who is below the new international poverty line (i.e., earning less than \$1.25 per day). The overall poverty figures disguise particularly acute and persistent poverty and food access problems of certain states. As many as nine states have poverty ratios higher than the national average.

Food expenditure, food consumption, and calorie intake: Another important indicator of India's fragile food security situation is declining per capita availability of grains. The per capita net availability per day (grams) of cereals and pulses in 1970 was 455 grams that declined to 410gms in 1980. There was improvement in 1990 when it increased to 476gms. But since 2006 there has been complete decline with 445grams per day, and 443 grams per day in 2007. It further fell to 436 grams in 2008. There is emerging a food grain crisis. According to the NSS survey on consumer expenditure 64th round Average Monthly Per Capita Consumer Expenditure (MPCE) in 2007-08 was Rs.772 in rural India and Rs.1472 in urban India at 2007-08 prices. About 65% of the rural population had MPCE lower than the national rural average. For urban India the corresponding proportion was 66%. The survey estimated that in 2007-08, around one-half of the Indian rural population belonged to households with MPCE less than Rs.649 at 2007-08 prices. In 2006-07, the corresponding level of MPCE for the rural population had been estimated as Rs.580. In urban India, one-half of the population belonged to households with monthly per capita consumer expenditure less than Rs.1130. In 2006-07, the corresponding level of MPCE for the urban population had been estimated as Rs.990.

Nutritional status: The incidence of malnutrition mirrors the intensity of food insecurity at the household level. The National Nutrition Monitoring Bureau (NNMB) and National Family Health Survey (NFHS) provide data on nutritional status. The NFHS-3 indicates that between 1998-99 and 2005-06, coinciding with the period of rapid economic growth the proportion of underweight children remained virtually unchanged. India has not been able to address the basic issue of food security of the population.

TABLE 3: THE EXTENT OF UNDERNOURISHMENT (Percent)

Key Indicators for India from NFHS-3	2005-06	Urban	Rural	NFHS-2 1998-99	NFHS-1 1992-93
Children less than 3 years who are stunted.	44.9	37.4	47.2	51.0	Na
Children less than 3 years who are wasted.	22.9	19.0	24.1	19.7	Na
Children less than 3 years who are underweight	40.4	30.1	43.7	42.7	51.5
Women who's BMI less than normal.	33.0	19.8	38.8	36.2	Na
Pregnant women age 15-49 who are anaemic (%)	57.9	54.6	59.0	49.7	Na

Source: NFHS-3 2005-06. National Family survey of India.

The above table shows that 40 percent of children below 3 years are underweight; 33 percent of women and 28 percent of have Body Mass Index (BMI) below normal; 58 percent of pregnant women have anaemia. These indicators have not changed much since the earlier NFHS report in 1998-99. The nutrition indicators have stagnated and per capita calorie consumption has declined suggesting that the problem of hunger has got worse. According to the NSS Report No.513: Nutritional intake in India, 2004-2005 average daily intake of calories by rural population has dropped by 106 kcal (4.9 percent) from 2153 kcal to 2047 Kcal from 1993-94 to 2004-05 and by 51 Kcal (2.5 percent) from 2071 to 2020 Kcal in the urban area. Population reporting a calorie intake level of "less than 100%" of the norm of 2700 kcal formed 66 percent of the total in rural areas and 70 percent of the total in urban areas. Average daily intake of protein by the Indian population has decreased from 60.2 to 57 grams in the rural area between 1993-94 and 2004-05 and remains stable around 57 grams in the urban area during the same period. The India state hunger index 2008 (IFPRI) shows wide variations across states as far as these indicators are concerned. All 17 states assessed in the 2008 India State Hunger Index scored significantly worse than the "low" and "moderate" hunger categories. Twelve of the 17 fell into the "alarming" category, and one—Madhya Pradesh—fell into the "extremely alarming" category.

Rising Prices and Economic Downturn: The already grave situation of global hunger was further worsened by the 83 per cent increase in global food prices between 2005 and 2008. While maize prices almost tripled, wheat prices increased 127 per cent, and rice prices increased 170 per cent between January 2005 and June 2008. Higher prices pushed an additional 40 million people into hunger in 2008, raising the overall number of

Undernourished people in the world to 963 million from 923 million in 2007. This further increased to 1.02 billion in 2009. FAO had warned that the ongoing financial and economic crisis could continue to augment the number of people living in hunger and poverty. While food prices today may no longer be at peak levels, they remain substantially higher than their 2000 to 2005 averages. The global economy is still weak. Prices are likely to remain volatile for the foreseeable future because of their close link to energy prices, which have a direct impact on fertilizer and transportation costs.

Access to food, by households, is a function of the price of food, incomes, wealth and transfers. Use of food by individuals is then a matter of how food is distributed within the household. There are many intermediate variables between changes in international prices, economic downturns, and the food security and nutrition of individuals and it affects all those who are vulnerable to malnutrition. Food security and nutrition depend on the incomes of the poor and local price levels of food. The purchasing power of poor consumers who spend a substantial share of their income on staple foods remains severely curtailed when domestic prices are rising. Under the circumstances, rise in food prices along with economic crisis is bound to make eradicating hunger more challenging especially in a developing country like India where even small increase in food prices directly impacts upon the poor and adversely affects food consumption because most workers do not get inflation indexed incomes. The rise in price has been sharpest for cereals which is main item of consumption for poor.

TABLE 4: PRICE POSITION OF FOOD GRAINS (The WPI of food grains)

Year	Food grains	Cereal	Rice	Wheat
2007	216.3	213.7	193.1	229.8
2008	239.6	236.2	222.2	240.9
2009	280.0	267	249	269.9

Source: Annual reports of Department of Food & Public Distribution.

The WPI of Food grains which stood at 216.3 in December 2007 began to rise and were 239.6 in December 2008. Then there was a sizable increase to the extent of 280.0 in December 2009. The index for Cereals began with 213.7 in December 2007, and stood at 267 in December 2009. The WPI of rice which stood at 193.1 in 2007 in December, rose to 249 in December, 2009. The above table shows that the price of all the items have increased but the maximum rise was in case of cereal in the period of economic crisis. The increase in cereal price is, by itself, a matter of grave concern as cereals are a major part of the consumption basket of the poor, and options for substituting away from them are limited. For example, the poorest decile in rural India spends about three-quarters of its income on food, with cereals accounting for almost half the total expenditure. Cereals contribute around 80 percent of the total calories consumed by this group, and a significant increase in their price threatens to erase much of the gains in poverty reduction and nutrition that have been achieved in the last decade. In spite of huge buffer stocks, 8 per cent of Indians do not get two square meals a day and there are pockets where severe under-nutrition takes its toll even today. Every third child born is under weight. India responded to the situation of rising prices through a combination of trade related measures, safety nets and use of its grain stocks. It banned non-basmati rice exports effective April 2008, and imposed an export duty on the exports of basmati rice. Import duties on rice were removed as of March 2008. To further support consumers, the Government has used its existing 'Targeted Public Distribution System' (TPDS) to sell subsidized cereals to pre-identified poor families, through a network of more than 462,000 'fair price shops'. The National Rural Employment Guarantee Program also provides the rural poor with at least 100 days of paid work in the year, and functions as a targeted conditional cash transfer mechanism that helps mitigate the effect of high prices, at least among the able bodied. The Government also seeks to maintain a minimum buffer stock of 20 million tons of rice and wheat, from which releases are made regularly into the open market to maintain prices, and which is replenished through offering a commercially attractive support price for grain procurement, and through imports as needed. The minimum support prices for rice and wheat were raised by 33 percent and 56 percent respectively in 2007-08, and the government has imported wheat to maintain its level in the stockpile.

CONCLUDING OBSERVATIONS

Food insecurity is both an immediate tragedy and threat to longer-term wellbeing. India was able to achieve success in combating transient food insecurity caused by droughts or floods, but it has failed to make a dent on chronic food insecurity as reflected by high incidences of hunger and malnutrition. The improvement nutritional status has also been slow. Besides it is interesting to note that the proportion of expenditure spent on food is also declining in households with chronic under-nourishment. The financial and commercial integration of the developing economies exposes the poor to risk of market uncertainties as happened during the current economic crisis. Therefore programmes targeting the poor who are food insecure, especially on account of inadequate access to food in periods of crisis should be undertaken. Reducing malnutrition among children and women is also important. To sum up; adequate availability of foodstuffs is required by ensuring production of cereals, pulses vegetables to meet nutritional needs and then making them available through the year at affordable costs and more cost-effective and efficient targeting of the PDS to address macro and micronutrient deficiencies. This may include providing coarse grains, pulses and iodised/ double fortified salt. Improving people's purchasing power through appropriate programmes including food for work schemes. We also need to address the challenges of the agriculture sector through comprehensive and coordinated efforts. Renewed attention needs to be paid to improving farm production and productivity, better utilization of agricultural inputs, proper marketing infrastructure and support, stepping up investment in agriculture with due emphasis on environmental concerns and efficient food management. But the most important step has to be to provide economic access to the poor so that they are able to withstand such economic crisis without many hardships. Appropriate steps have to be taken to minimise the potential adverse consequences of globalisation on domestic production, employment and price stability of food commodities.

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ATTAINING SUSTAINABLE DEVELOPMENT THROUGH GREEN BANKING

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ABSTRACT

The banking sector can play an intermediary role between economic development and environmental protection, for promoting environmentally sustainable and socially responsible investment, banking of this kind can be termed as "Green Banking". Green Banking refers to the banking business conducted in selected area and manner that helps the overall reduction of external carbon emission and internal carbon footprint. To aid the reduction of external carbon emission, bank should finance green technology and pollution reducing projects. Green finance as a part of Green Banking makes great contribution to the transition to resource-efficient and low carbon industries i.e. green industry and green economy in general. Green banking is a component of the global initiative by a group of stakeholders to save environment. The present paper aims to highlight the means to create awareness in internal as well as external sub systems among target groups and impart education to attain sustainable development through green banking. Further, an attempt has been made to enumerate effective methods for green banking.

KEYWORDS

Sustainable development, environment friendly, green banking, carbon footprints.

INTRODUCTION

Green banking means promoting environmental-friendly practices and reducing your carbon footprint from your banking activities. This comes in many forms. Using online banking instead of branch banking, paying bills online instead of mailing them open up CDs and money market accounts at online banks, instead of large multi-branch banks or finding the local bank in your area that is taking the biggest steps to support local green initiatives. Green Banking helps to create effective and far-reaching market-based solutions to address a range of environmental problems, including climate change, deforestation, air quality issues and biodiversity loss, while at the same time identifying and securing opportunities that benefit customers. Green Banking Product Coverage includes:

- Green mortgages
- Green loans
- Green credit cards
- Green savings accounts
- Green checking accounts
- Green CDs
- Green money market accounts
- Mobile Banking
- Online banking
- Remote deposit (RDC)

Based in Eustis and Clermont Florida USA, First Green Bank is the first bank of its kind to promote positive environmental and social responsibility while operating as a traditional community bank providing excellent service to investors and clients. The progressive approach to the community and the Earth sets it apart from other banks.

State Bank of India (SBI), India's largest commercial bank, took the lead in setting high sustainability standards and completed the first step in its 'Green Banking' initiative with **Shri O.P.Bhatt, Chairman, SBI**, inaugurating the bank's first windfarm project in Coimbatore. Recent Green Bank initiatives include a push for solar powered ATMs, paperless banking for customers, clean energy projects and the building of windmills in rural India. State Bank of India is a leader in green banking. Green banking is relatively easy. It means promoting environmental-friendly practices and reducing your carbon footprint from your banking activities. This comes in many forms. Using online banking instead of branch banking, paying bills online instead of mailing them Open up CDs and money market accounts at online banks, instead of large multi-branch banks or finding the local bank in your area that is taking the biggest steps to support local green initiatives. Green Banking helps to create effective and far-reaching market-based solutions to address a range of environmental problems, including climate change, deforestation, air quality issues and biodiversity loss, while at the same time identifying and securing opportunities that benefit customers.

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THE FIRST GREEN BANK

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OBJECTIVES OF THE STUDY

1. To highlight the means to create awareness in internal as well as external sub systems among target groups and impart education to attain sustainable development through green banking.
2. To enumerate effective methods for green banking.

RESEARCH METHODOLOGY

The present empirical study has incorporated the collection of both primary and secondary data for the in-depth investigation. All the information, data and opinion are collected which have a direct or indirect relevance to the information. An intensive desk research has been undertaken to collect published data. For collecting primary data, structured questionnaire has been used and 100 managers of public banks were surveyed after pilot survey.

The present study is an attempt to analyze various strategies. To find out the most significant strategies while going ahead with green banking, Garrett's ranking technique was used. As per the method, respondents have been asked to assign the rank for all the strategies and outcome of such ranking have been converted into score value with the help of the following formula.

$$\text{Percent Position} = \frac{100(R_{ij}-0.5)}{N_j}$$

where

R_{ij} = Rank given for i th item by the j th respondents
 N_j = Number of items ranked by j th respondents.

The present position of each rank thus obtained was converted into scores by referring to the table given by Henry Garrett. Then for each factor the scores of individual respondents were added together and divided by the total number of respondents. These mean scores for all the parameters were arranged in the order of their ranks and inferences were drawn.

BENEFITS OF GREEN BANKING

1. **Avoids Paper Work:** Paperless banking almost all banks in India are computerized or operate on a core banking solution (CBS). Thus there is ample scope for the banks to adopt paperless or less paper for office correspondence, audit, reporting etc. these banks can switch over to electronic correspondence and reporting thereby controlling deforestation.
2. **Creating Awareness to Business People about Environment.** Many NGOs and environmentalists are propagating environment consciousness among the public in general by arranging awareness programs and organizing seminars etc. Banks may associate themselves by sponsoring such programs. Besides, many corporate bodies are organizing similar program in their own line of business such as "free pollution check program" organized by a car manufacturer. Banks may tie with such corporate. These will help to brighten the image of the bank.
3. **Loans at Comparatively Lesser Rates:** Banks can also introduce green bank loans with financial concessions for environment friendly products and projects such as fuel efficient vehicles, green building projects, housing and house furnishing loans to install solar energy system etc.
4. **Environmental Standards for Lending:** Banks follow environmental standards for lending, is really a good idea and it will make business owners to change their business to environmental friendly which is good for our future generations.

ATTAINING SUSTAINABLE DEVELOPMENT THROUGH GREEN BANKING

Green banking can help a lot in attaining sustainable development by creating awareness and by imparting education. Awareness can be through communication. The first step would be defining target groups and means of communication. We can divide the whole system into two subsystems that is internal and external sub-system. For internal sub systems, means which can be followed to create awareness on the issue can be weekly green news on internet, clearing programmes, high level meetings, bank's news letter, publication etc. and the target groups are managers and other personnel. As far as external subsystems are concerned, effective means which can be followed are websites, capacity building, road shows, events meetings, bench marking, media etc. whereas clients, subsidiaries and general public are target groups. Education can be imparted to related people by –

- ✓ Interactive E-learning Programs.
- ✓ Interactive Internet Applications.
- ✓ Special Fields on the Internet.
- ✓ Participation in Conferences and Meetings.
- ✓ Publication of Information Material.
- ✓ Annual Environmental Report.

ATTAINING SUSTAINABLE DEVELOPMENT THROUGH GREEN BANKING BY

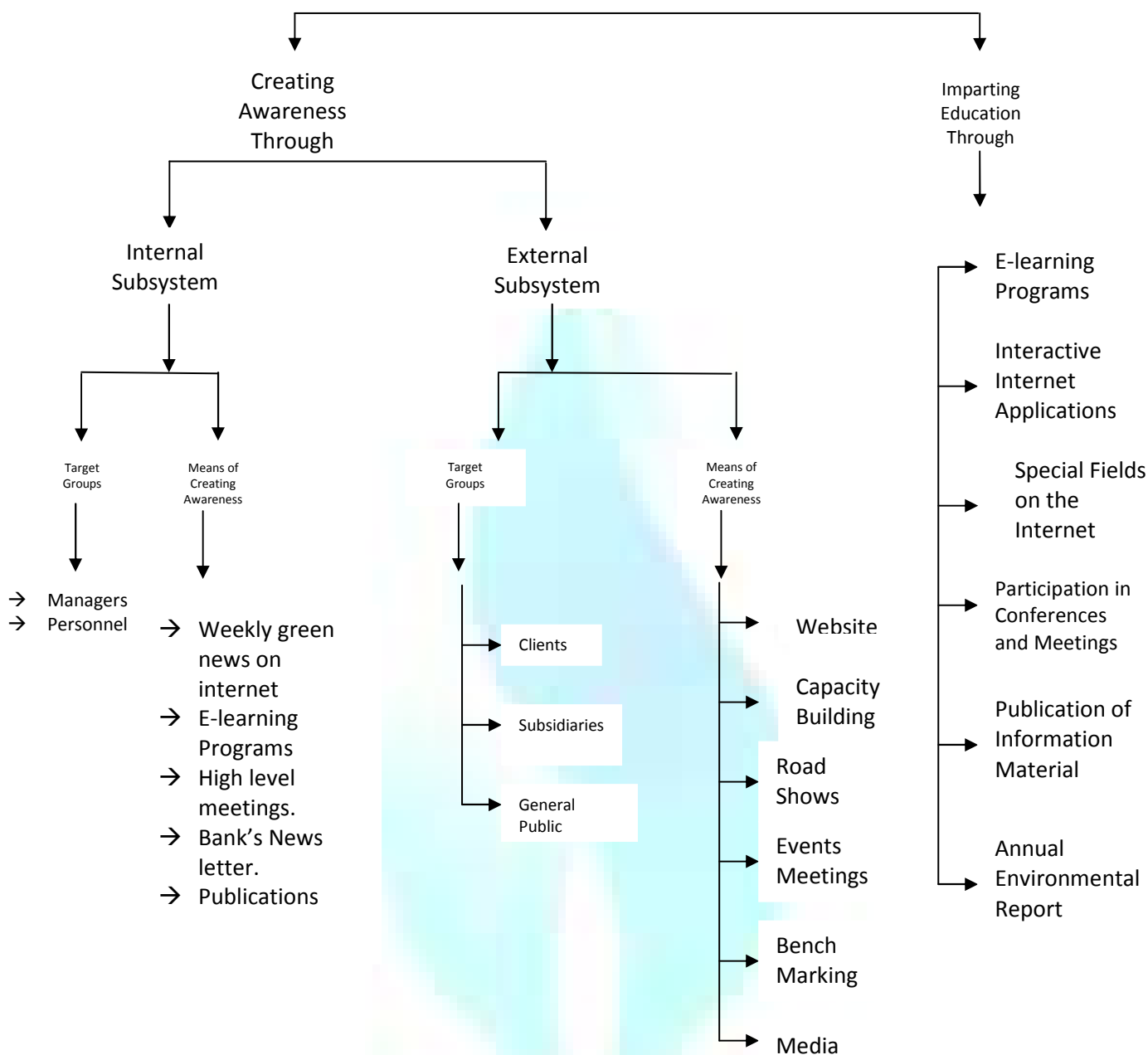


TABLE 1 (a): MANAGERS’ VIEWS REGARDING RANKING OF EFFECTIVE MEANS FOLLOWED TO CREATE AWARENESS AMONG MANAGERS AND PERSONNEL AS INTERNAL SUBSYSTEM TO ATTAIN SUSTAINABLE DEVELOPMENT THROUGH GREEN BANKING

Sr.No.		1	2	3	4	5	Total
1.	E-learning programs	39	28	22	9	2	100
2.	Banks Newsletter.	45	28	21	4	2	100
3.	Weekly green news on Internet	60	34	6	1	-	100
4.	High level meetings	41	30	18	7	4	100
5.	Publications	52	31	13	3	1	100
	Value from Garret Table	75	60	50	40	25	

Source – Primary Data

TABLE – 1(b): GARRET’S RANKING REGARDING EFFECTIVE MEANS TO CREATE AWARENESS AMONG MANAGERS AND PERSONNEL AS INTERNAL SUB SYSTEM TO ATTAIN SUSTAINABLE DEVELOPMENT THROUGH GREEN BANKING

Sr. No.		1	2	3	4	5	Garret Score	Average	Rank
1.	E-learning programmes	2925	1680	1100	360	50	6115	61.15	V
2.	Banks Newsletter.	3375	1680	1050	160	50	6315	63.15	III
3.	Weekly green news on Internet	4500	2040	300	40	-	6880	68.80	I
4.	High level meetings	3075	1800	900	280	100	6155	61.55	IV
5.	Publications	3900	1860	650	120	25	6555	63.55	II

Source: Calculated from Garret Table

It has been observed from Table 1(a) and 1(b) that weekly green news on preferred choice as effective mean followed to create awareness among managers and personnel as internal subsystem to attain sustainable development through green banking with average Garret score 68.80 followed by publications and banks news letter with average Garret score 63.55 and 63.15 respectively. However, high level meetings and E-learning programmes were considered not so effective.

Therefore, emphasis must be given to publications, news letter and news on internet so that managers and other personnel may be well-versed with the concept.

TABLE 2(a): VIEWS REGARDING RANKING AND EFFECTIVE MEANS FOLLOWED TO CREATE AWARENESS AS EXTERNAL SUBSYSTEM AMONG CLIENTS, SUBSIDIARIES AND GENERAL PUBLIC TO ATTAIN SUSTAINABLE DEVELOPMENT THROUGH GREEN BANKING

S. No.	Factors	1	2	3	4	5	6	Total
1.	Websites	12	22	27	8	20	11	100
2.	Event Meeting	20	19	24	11	5	21	100
3.	Bench Marking	10	14	23	19	6	28	100
4.	Capacity Building	14	10	25	7	30	14	100
5.	Road Shows	19	17	14	9	21	20	100
6.	Media	22	11	20	24	5	18	100
	Garret Table Value	77	63	54	46	36	23	

Source: Primary Data

TABLE 2 (b): RANKING OF EFFECTIVE MEANS FOLLOWED TO CREATE AWARENESS AS EXTERNAL SUBSYSTEM TO ATTAIN SUSTAINABLE DEVELOPMENT THROUGH GREEN BANKING

S. No.	Factors	1	2	3	4	5	6	Total Garret Score	Average	Rank
1.	Websites	924	1386	1458	368	720	253	5109	51.09	III
2.	Event Meeting	1540	1197	1296	506	180	483	5202	52.02	I
3.	Bench Marking	770	882	1242	874	216	644	4628	46.28	VI
4.	Capacity Building	1078	630	1350	322	1080	322	4782	47.82	V
5.	Road Shows	1463	1071	756	414	756	460	4920	49.20	IV
6.	Media	1694	693	1080	1104	180	414	5165	51.65	II

Source: Calculated from Henry Garret Table

Table 2(a) and 2(b) depict that event-meetings, media and websites have been rated as most effective means of creating awareness as external subsystems among clients, subsidiaries and general public to attain sustainable development through green banking having average Garret score 52.02, 51.65 and 51.09 respectively. However, road shows were also given certain weightage with average Garret score 49.20. Whereas, capacity building and benchmarking were considered as least preferred choice as means of creating awareness among clients, subsidiaries and general public as external system. Therefore, a wide publicity is required to make general public aware about the issue.

METHODS ADOPTING GREEN BANKING

- Online Savings Account:** Online savings account and mobile banking is the easiest way that you can do your part to bank green and help the environment. Green banking includes setting up direct deposit to receive your paychecks, receiving electronic statements from your bank and by paying bills online. All of these steps can drastically reduce the amount of paper produced by your bank. Online banking and mobile banking are also highly effective ways to keep track of your finances and to avoid late payment fees. Another green banking step you can take is to suggest that the company you work for sign up for a product called "Remote Deposit". Remote customers have to physically deliver each check to their bank to make a deposit. Remote deposits also allow banks to easily clear checks digitally.
- Paperless Statements:** Sending out bank statements by mail is a big waste of paper. Signing up for online banking at most banks includes an option for customers to receive their statements electronically through a secure log-in. Copies of banking records and statements can then be stored electronically instead of in a filing cabinet. Receiving statements electronically also reduces the chance of identity theft.
- Use Direct Deposit:** Most employers will give employees the option to receive their paycheck electronically. Not only does this speed up the availability of your money and save you a trip to the bank, it saves paper, lots of paper work etc.
- Online Bill Payments:** Paying bills online is something of a lifestyle change, but it can be done. Telephone bills, cable bills, utility bills, credit card payments and mortgage payments can all be paid electronically. In fact, some online banking customers have thrown away their checkbooks and completely converted to online payments. Not only is the recordkeeping much easier, but again massive amounts of paper is saved.
- Reward Debit and Credit Cards:** Some banks have joined up with environment-friendly groups like The Sierra Club or Defenders of Wildlife to create reward debit cards and reward credit cards. Participating banks will make a small charitable donation as a percentage of your online banking activity to help the environment.
- Net Banking:** Online banking is when customers perform most of their banking related functions without visiting the bank, personally. To do so, customers must possess an internet banking ID and a password provided by the bank in which the individual customer has an account. Online banking offers several benefits like time saving, convenience, 24 x 7 service, eco-friendly process, easy access etc.
 - Credit and Debit Cards.** Credit card and debit card can be used while making the payment of various expenses without carrying the money.
 - Online Bill Payment.** Through online payment we can make payments of telephone bills. Credit card bills or loan installments.
 - Electronic Fund Transfer.** Electronic banking, also known as electronic fund transfer (EFT), uses computer and electronic technology as a substitute for checks and other paper transactions. EFTs is initiated through devices like cards or codes that let you, or those you authorize, access your account. Many financial institutions use ATM or debit cards and Personal Identification Numbers (PINs) for this purpose.
- Mobile Banking:** Mobile banking is a term used for performing balance checks, account transactions, payments, credit applications etc. via a mobile device such as a mobile phone or Personal Digital Assistant (PDA).

TABLE 3 (a) RESPONDENTS' VIEWS REGARDING RANKING OF EFFECTIVE METHODS OF ADOPTING GREEN BANKING

S. No.	Methods of Green Banking	1	2	3	4	5	6	7	Total
1.	Online Savings Account	8	24	12	5	17	14	20	100
2.	Paperless Statements	14	3	28	11	12	15	17	100
3.	Use Direct Deposit	19	1	20	17	26	6	11	100
4.	Online Bill Payments	6	19	2	21	8	29	15	100
5.	Reward Debit and Credit Cards	23	3	13	5	17	30	9	100
6.	Net Banking	31	9	1	12	18	5	24	100
7.	Mobile Banking	33	3	21	16	11	6	10	100
	Garret Table Value	79	66	57	50	43	34	22	100

Source: Primary Data

TABLE 3 (b) GARRET'S RANKING REGARDING ADOPTING EFFECTIVE METHODS OF GREEN BANKING

S. No.	Methods of Green Banking	1	2	3	4	5	6	7	Garret Total Value	Average	Rank
1.	Online Savings Account	632	1584	684	250	731	476	440	4797	47.97	Vlth
2.	Paperless Statements	1106	198	1596	550	516	510	374	4850	48.50	Vth
3.	Use Direct Deposit	1501	66	1140	850	1118	204	242	5121	51.21	Illrd
4.	Online Bill Payments	474	1254	114	1050	344	986	330	4552	45.52	Vlth
5.	Reward Debit and Credit Cards	1817	198	741	250	731	1020	198	4955	49.55	IVth
6.	Net Banking	2449	594	57	600	774	170	528	5172	51.72	Ilnd
7.	Mobile Banking	2607	198	1197	800	473	204	220	5699	56.99	Ist

Source: Calculated from Garret table

Table 4(b) reveals that on-line saving account has been rated as effective method of green banking by setting up direct deposits to receive pay checks, receiving electronic statements from your bank and by paying bills online. On-line banking is the second preferred method to bank green and help the environment by possessing on internet banking ID and a password provided by the bank in which the individual customers has an account. Direct deposits have been rated as third important method of green banking as this will speed up the availability of money, save paper and paper work. Reward debit and credit cards can be created by banks in the form of small charitable donations as a percentage of on-line banking activity to help the environment.

SUGGESTIONS THAT CAN BE ADOPTED BY BANKS TO ENCOURAGE GREEN BANKING

- Construct a Website and Spread the News.
- Educate through the Bank's Intranet and Public Website.
- Participate in Events.
- Set up outlets to promote green business.
- Communicate through the Press.
- Disseminate info through Leaflets.
- Social Responsibility services done by banks.
- Carbon footprint reduction by energy consciousness.
- Carbon footprint reduction by mass transportation.
- Impart education through E-learning Programmes.
- Making it a part of annual environment report.

CONCLUSION

India's growth story and commitment to cut its carbon intensity by 20-25 percent from 2005 levels by 2020 provides tremendous opportunities for Indian banks from funding sustainable projects to offering innovative products and services in the areas of green banking. Initially, these commitments to environmental and social guidelines will cause a huge financial burden for Indian banks. For effective green banking, the RBI and the Indian government should play a pro active role and formulate a green policy guidelines and financial incentives. The survival of the banking industry is inversely proportional to the level of global warming. Therefore, for sustainable banking, Indian bank should adopt green banking as a business model without any further delay.

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A STUDY OF HOUSING DEVELOPMENT PROGRAMMES IN KANCHIPURAM DISTRICT, TAMILNADU

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ABSTRACT

Housing policies and programmes of the central and state governments play a major role in deciding housing location and prioritizing housing development. The successive public housing policies aim to slum clearance, removal of squatter settlements, etc. Tamil Nadu Housing Board was formed to achieve the goal of providing 'One house for each family'. Bharat Nirman, Indira Awas Yojana, Valmiki Ambedkar Awas Yojana, State Run Housing Policies etc. plays a major role in India for providing house building for the roofless people. The main objective of this study is to analyze the nitty-gritty of housing development programmes to develop the housing in Kanchipuram District.

KEYWORDS

Housing policies, housing programmes, upgradation, poverty alleviation, assistance.

INTRODUCTION

After independence, India underwent a rapid population rise which has stabilized somewhat in recent decades. The number of households has been growing largely due to increase in family size and hiving of families accompanied by the important phenomenon of urbanization. To meet the housing needs of the lower segment of the population, including slums, a more dedicated approach will be required. Explicit Government support, in the form of subsidies and infrastructure provision will considerably leverage investments in housing from the individuals as well as the lending institutions. It is estimated that 40 percent of the Indian population will be residing in the urban India by 2030. Migration of rural residents to the urban centres in search of jobs and employment will continue to pose challenge to urban planning and housing, towards mitigating the housing shortage projected at 26.53 million units in urban areas by 2012, the Government at the Centre and the State levels are implementing programmes in both urban and rural areas. The economic importance of housing in India is reflected in its contribution to income and employment generation, and to capital formation. The housing and urban development sector has been a thrust area of economic planning in India. It has got a better deal in most of the five year plans. The investments were stepped up regularly but the share in plan outlay has remained stagnant at 2.5 percent.

REVIEW OF LITERATURE

UNCHS, Nairobi (2000), has pointed out that "Homelessness represents the most obvious and severe manifestation of the unfulfilment of the human right to adequate housing. While estimates on scale of homelessness are invariably difficult to ascertain with precision, it is generally mentioned in the relevant United Nations documents that there are about 100 million homeless persons in the world. Few countries, if any have entirely eliminated homelessness and in many nations this phenomenon is clearly increasing rather than declining, and further action is clearly required to uproot homelessness".

Manoj P.K. (2008), study makes an attempt to analyze the role of micro finance in housing and poverty eradication with Indian and global experience. The study makes an overview of housing situations in India from an international perspective and the major national and global trends in housing. The study made an analysis about housing loan disbursement by various institutional agencies and also mentioned the house price indicators of several countries.

Planning Commission (2008-09), indicates that housing besides being a very basic requirements for urban settlers, also holds the key to accelerate the pace of development. Investments in housing like any other industry have a multiplier effect on income and employment. It is estimated that employment generation in housing sector is 8 (eight) times of the direct employment. The estimated housing shortage for EWS and LIG categories at the turn of the eleventh plan was 24.71 million. To this, has to be added the estimated increase in housing requirements of 1.82 million during the years 2007-12, making the total 26.53 million units at the end of the eleventh plan period.

OBJECTIVES

1. To investigate the National Housing Development Programmes to solve the housing problem and shortage.
2. To study the role of housing development schemes in the promotion of houses.
3. To elicit the opinion of housing beneficiaries of the various housing programmes in Kanchipuram District.

METHODOLOGY ADOPTED

The present study is mainly concerned with the steps taken by the government to solve the housing problems and shortages by introducing National Housing and Habitat Policy and various housing programmes viz., IAY, VAMBAY, Bharat Nirman, State-run housing policies etc. The collection, analysis, interpretation and presentation of the primary and secondary data are the main keys to arrive the findings of the study. The main emphasis of the analysis is to examine the opinion of housing beneficiaries, benefitted through state and central housing programme in Kanchipuram district in Tamil Nadu.

This study used primary as well as secondary data. Questionnaire technique was used to collect information from the beneficiaries of home loan from Kanchipuram district. The primary data was collected from 200 beneficiaries of the selected Housing Development Programmes connected to the parameters such as procedures, selection, and facilities etc. The study covers the period from 1999-00 to 2009-10. A few Housing Programmes since their inception are covered under the period. For the purpose of analyzing the primary data collected and to test the hypothesis to achieve the objective of the study, Kruskal Walli's Chi-square Test and Cluster Analysis are used.

HOUSING DEVELOPMENT PROGRAMME IN INDIA

The planning commission under the aegis of Ministry of Rural Development set up a Group on rural housing for the 11th plan in 2007, which in their draft report inter-alia recommended increased capital assistance under IAY, launching loan scheme for just above poverty line rural borrowers i.e., EWS and LIG segments

setting up of National Rural shelter fund, introduction of title indemnity scheme and interest subsidy scheme etc. Thus affordable housing continued to be the major consideration behind the various policy measures taken during 2009-10 by the Government, Reserve Bank of India (RBI) and the National Housing bank (NHB)

BHARAT NIRMAN PROGRAMME

The Government of India launched its Bharat Nirman Programme as a time bound plan for rural infrastructure in partnership with the state governments and Panchayatraj Institutions for the period 2005-09. The programme envisages development in irrigation, roads, rural housing, rural water supply, rural electrification and rural telecommunication in a target oriented manner. Under this programme, 15.52 lakh units were constructed/ upgraded as against the annual target of 14.41 lakhs rural houses for the year 2005-06. Towards this, a sum of Rs.3, 653.90 crores was utilized by the states during 2005-06 of which the total share of central government was Rs.2,907.53 crores. Bharat Nirman with its six schemes is an important initiative for bridging the gap between the rural and urban areas and improving the quality of life of people particularly the poor, in the rural areas. An amount of Rs.48,000 crore has been earmarked for rural infrastructure programmes under Bharat Nirman for the year 2010-11.

TABLE 1: BUDGETARY ALLOCATION OF FUNDS UNDER BHARAT NIRMAN FROM 2005-06 TO 2010-11

Year	Targeted / constructed / upgraded units (in Lakhs)	Amount (Rs. in crores)
2005-06	14.41	3653.90
2006-07	15.00	18696
2007-08	15.00	24603
2008-09	15.00	31280
2009-10	15.00	47850
2010-11	15.00	48000

Source: Annual Reports National Housing Bank

Table 1 show that each and every union budget allocate huge amount for housing development under Bharat Nirman Programme. Bharat Nirman Programme has not only resulted in positive impact on ancillary industries such as steel, cement, brick etc., and the secondary chain of industries, but has also been responsible for generation of additional employment.

TABLE 2: BHARAT NIRMAN – KANCHIPURAM DISTRICT FROM 2005-06 TO 2010-11

Year	No. of houses constructed / upgraded
2005-06	300
2006-07	876
2007-08	1378
2008-09	1400
2009-10	1412
2010-11	1418 *

Source: Kanchipuram District – Survey Register

* work in progress

Table 2 indicates that the number of houses constructed / upgraded under Bharat Nirman Scheme in Kanchipuram District, from 2005 to 2011. Under this scheme the houses are constructed through the Panchayat Board of this district based on the beneficiaries economic status. The number of houses constructed in 2005-06 is only 300 but it is increased to 1418 in 2010-11. It reveals that along with the Central Government the State of Tamil Nadu has also taken due care for constructing more number of houses to solve the housing problems of Kanchipuram District.

INDIRA AWAS YOJANA (IAY)

The government of India has been implementing Indira Awas Yojana since the year 1985-86 with an objective to provide dwelling units free of cost to the members of scheduled castes and scheduled tribes in rural areas. From the year 1993-94 the scope of the scheme has been extended to cover other classes subject to the condition that the benefit to non-scheduled castes and scheduled tribes shall not be more than 40 percent of IAY allocation. Benefits of the scheme have also been extended to the ex-serviceman of the armed and paramilitary forces killed in action. Three percent of the houses under the scheme are reserved for the below poverty line, disabled persons living in rural areas. The ceiling on construction assistance under the Indira Awas Yojana is Rs.20000 per unit for plain areas, Rs.22000 for hilly / difficult areas during the year 2000-01.

IAY, a flagship rural housing scheme of Government of India was launched in 1985-86 as a sub scheme of Rural Landless Employment Guarantee Programme (RLEGP) and from 1989, as a sub scheme of Jawahar Rojgar Yojana (JRY) became independent scheme from 1st January 1996. IAY is a cash subsidy scheme for rural BPL families for construction of dwelling units on their own using indigenous design and technology. During 2005-06 per unit assistance is enhanced to Rs. 25,000 in plain areas and Rs.27,500 in hilly areas. Funding under the scheme is provided by centre and the state in the ratio of 75:25.

TABLE 3: BUDGETARY ALLOCATION OF FUNDS UNDER IAY

Year	Constructed / Upgraded unit (in lakhs)	Amount Rs. (in crores)	Subsidy Per Unit	
			Plain Areas (Rs.)	Hilly Areas (Rs.)
1985 to March 2006	146	26959	20000	22000
2006-07	41.13	2480	25000	27500
2007-08	51.77	3060	35000	35000
2008-09	75.1	5400	35000	35000
2009-10	82.3	8800	35000	35000
2010-11	85.4	10000	45000	48500

Source: Compiled from NHB's Annual Reports.

The above Table 3 reveals that there is a gradual increase of number of houses constructed / upgraded under the scheme from 2006 to 2011. The amount of subsidy given by the rural poor for house construction also increased from Rs.20,000 (2006) to Rs.45,000 (2011) in plain areas and Rs.22,000 to Rs.48,500 in hilly or difficult areas (2006 to 2011).

Since the inception of the scheme in 1985-86 and till the end of March 2006, a total of 146 lakh houses have been constructed/upgraded against the target of 153 lakh houses with a total (Central and State) budgetary expenditure of Rs.26,959 crores. Taking note of the increase in the cost of construction, the allocation for unit cost under the scheme has been increased to Rs.45,000 for the plain areas and to Rs.48,500 for hilly or difficult areas. Also the allocation under the scheme has been increased to Rs.10,000 crore for the year 2010-11. Public sector Banks were advised to include IAY houses under the Differential Rate of Interest (DRI) Scheme and lend up to Rs.20,000 per unit at an interest rate of 4 percent per annum.

TABLE 4: INDIRA AWAS YOJANA – KANCHIPURAM DISTRICT FROM 2008-09 TO 2010-11

Year	No. of families benefited	Cash subsidy per unit (in Rs.)
2008-09	558	35,000
2009-10	1007	35,000
2010-11	1275 *	45,000

Source: Kanchipuram District – Survey Register

* work in progress

Table 4 shows that the benefits of IAY in Kanchipuram District from 2008-09 to 2010-11, those who are willing to construct houses in their own land only are eligible to get the cash subsidy. Hence limited number of people only gains this scheme benefit. The cash subsidy is increased from Rs.35,000 (2008-09) to Rs.45,000 (2010-11).

VALMIKI AMBEDKAR AWAS YOJANA (VAMBAY)

Valmiki Ambedkar Awas Yojana (VAMBAY) scheme was announced by the honorable Prime Minister of India while addressing the nation on the 15th August 2001 as an important measure for providing permanent residences to urban poor similar lines of “Rural Housing Scheme” that was in operation in rural areas. The scheme announced by government of India, provides for subsidy to an extent of 50 percent of the project cost to an identified beneficiary and the balance 50 percent to be contributed by the state government. The state government was given the option of mobilizing its matching portion of 50 percent either by budgetary provision or from other sources like local bodies, loans from other agencies, contribution from the beneficiaries or NGOs etc., the subsidy portion of Government of India will be released only after the states matching share of 50 percent has been mobilized or released. The subsidy under the scheme is on 1:1 basis with loan. Housing Development of VAMBAY scheme from 2001 to 2006 is given below:

TABLE 5: PROGRESS OF VAMBAY SCHEME 2001-02 TO 2005-06

Year	Total Funds (Rs. in crores)		Physical Achievements (in numbers)	
	Allocated	Net Releases	Houses	Toilets
2001-02	69	68.7	25219	4212
2002-03	256.8	193.3	105444	21398
2003-04	238.5	238.3	108276	3170
2004-05	280.6	269.4	112143	35086
2005-06	249	96.4	60335	381
Total	1093.9	866.1	411417	64247

Source: Trend and Progress of Housing in India, National Housing Bank 2006, Annexure XIII, page 91.

Table 5 exhibits that Rs.69 crore allocated by the government for construction of 25,219 dwelling units and 4,212 toilets, of this Rs.68.7 crore is released by the year 2001-02. But it was increased more than 15 times during the year 2006. It reveals that this scheme was implemented properly and benefited by the people belonging to weaker sections.

As on 31.12.2005, GOI released subsidy of Rs. 866.16 crores as against the allocation of Rs. 1093.93 crores under the scheme covering construction/ up gradation of 4,11,417 dwelling units and 64247 toilets of these dwelling units and 2,34,669 dwelling units have been completed

TABLE 6: VAMBAY (JNNURM) – KANCHIPURAM DISTRICT FROM 2001-02 TO 2005-06

Year	No. of Houses	No. of Toilets
2001-02	1165	1540
2002-03	1187	1500
2003-04	1170	1700
2004-05	1286	1825
2005-06	1298	60

Source: Kanchipuram District – Survey Register

In Kanchipuram District most of the areas come under rural limit and limited areas only come to the limit of urban and sub-urban. This scheme is meant for urban poor. So limited number of people only gains housing benefit through this scheme.

VAMBAY has been subsumed into a new scheme called Integrated Housing and Slum Development Programme (IHSDP) along with Jawaharlal Nehru National Urban Renewal Mission (JNNURM). However, VAMBAY will continue till IHSDP is implemented in full force.

JAWAHARLAL NEHRU NATIONAL URBAN RENEWAL MISSION (JNNURM)

The Jawaharlal Nehru National Urban Renewal Mission was launched on December 3, 2005, as a main vehicle for improving urban infrastructure. JNNURM is a flagship programme of the Central Government in concert with the state governments and urban local bodies. The budgetary allocation of JNNURM has been increased from Rs. 5842 crores in 2007-08 to Rs.6866 crore in 2008-09. Allocation under this scheme was stepped up by Rs.12,877 crore in the union budget 2009-10

STATE-RUN HOUSING SCHEMES

Many states have been implementing their own rural housing schemes. Nearly 15 states/UTs are financing their own schemes enabling them to increase the coverage to a much larger group than what is possible under IAY. Most of the state-run rural housing schemes broadly follow the IAY pattern, of providing subsidy for construction of houses and are financed through state budgetary allocations. However, the ceiling on assistance varies from state to state. In the state of Tamil Nadu majority of the housing development activities are done through the following schemes.

PERIYAR NINAIVU SAMATHUVAPURAM

To promote social justice and spread Thanthai Periyar’s message of social equality, a housing scheme called Samathuvapuram was launched by Government of Tamil Nadu in the year 1997-98. Under the scheme, model habitations called ‘Samathuvapuram’ are established in rural areas in which all the communities live with unity and brotherhood and share all basic infrastructure and amenities without discrimination. Government constructs houses and also allotted among the beneficiaries belonging to different communities at random.

The first Samathuvapuram was inaugurated on 17th August, 1998 in Melakottai Village of Madurai by the Hon’ble then Chief Minister. Till now, 145 Samathuvapurams have been established in the State.

Under the scheme, a habitation consisting of 100 houses shall be constructed-complete with basic infrastructure like Street lights, Drinking water with OHT, CC roads and Public Distribution Shop. Each house shall have a separate toilet and an appropriate disposal system like septic tank with soak pit. The Committee for selection of beneficiaries for Samathuvapuram will seek applications from those eligible people who will be willing to stay at Samathuvapuram on permanent basis. While selecting the beneficiaries for Samathuvapuram, the persons living in houses with 1) mud walls with thatched roof, 2) brick walls with thatched roof, 3) mud walls with tiled roof, and 4) brick walls with tiled roof will be given priority in the above order as such persons are considered to be poor. No such

persons who have been the beneficiaries of IAY houses or other housing schemes such as Fishermen free housing Scheme, Tribal housing through Adi Dravidar and Tribal Welfare Department will be eligible for getting house under Samathuvapuram. The beneficiaries list will have to be finally approved by the District Collector.

The entire cost of the Samathuvapuram will be met by the Government of Tamil Nadu. 29 Samathuvapuram at a cost of Rs.75 crores had been constructed in 2008-09. In 2009-10 a sum of Rs.75 crores was spent for 30 Samathuvapuram and Rs.75 Crores for 2010-11 for 36 Samathuvapuram.

TABLE 7: PERIYAR SAMATHUVAPURAM – KANCHIPURAM DISTRICT

Year	No. of houses constructed / upgraded
Upto 2000	300
2009-10	200
2010-11	20 *

Source: Kanchipuram District – Survey Register

* work in progress

Out of 145 Samathuvapurams 5 of them were in Kanchipuram District itself. Now, there is a proposal to construct another one in the same district. For this nearly 20 houses were in progressing stage.

KALAINAR VEEDU VAZHANGUM THITTAM (KVVT) (PASUMAI VEEDU THITTAM)

Kalaignar Veedu Vazhangum Thittam' is a landmark scheme which aims at replacing all the huts in Tamil Nadu with permanent houses over a 6-year period between 2010-11 and 2015-16. Tamil Nadu will, thus, earn the distinction of being the first 'hut free State' in the country by 2016. The Scheme was formally inaugurated by the Hon'ble Chief Minister on 03.03.2010 at Tiruchirappalli.

The permanent houses will be constructed in site and no land acquisition is envisaged under the Scheme, Only people with proper title for their house sites will be eligible. KVVT houses will be built with RCC roofing and a separate toilet. The area of a house will be 200 sq.ft. and the unit cost will be Rs.60,000 per house, like IAY, the houses will be constructed by the beneficiaries themselves and there will be no tendering. Three lakh houses will be constructed under KVVT during 2010-11 with a budget provision of Rs.1,800 crores.

TABLE 8: SOCIO-ECONOMIC PROFILE OF SAMPLE BENEFICIARIES

Particulars	Category	Nos.	Percentage
Gender	Male	122	61
	Female	78	39
Age (Years)	< 30	13	6.5
	31-40	52	26
	41-50	79	39.5
	51-60	44	22
	>60	12	6
Community	SC / ST	86	43
	MBC	104	52
	BC	10	5
Educational Status	Uneducated	110	55
	Educated	90	45

Source: Primary Data

Table 9 shows that the housing programmes schemes implemented in Kanchipuram District by the Central and State Government. The above table projects that out of the total beneficiaries 105 (53%) availed the benefit through the State Run Housing Policies, 52 of them gain the benefit through Indira Awas Yojana (IAY), 23 of them gain the benefit through Bharat Nirman and 20 of them gain the benefit through VAMBAY scheme.

TABLE 9: HOUSING PROGRAMMES

Sl. No.	Housing Programme	Respondents	
		Nos.	%
1	Indira Awas Yojana	52	26
2	VAMBAY	20	10
3	Bharat Nirman	23	11
4	State Run Housing Policies	105	53
	Total	200	100

Source: Primary Data

TABLE 10: SELECTION OF HP BENEFICIARIES

Sl. No.	Basis of Allocation	Nos.	%
1	Income Basis	64	32
2	Community Basis	22	11
3	Need Basis	20	10
4	Random and Income Basis	78	39
5	Random and Community Basis	6	3
6	Income and Community Basis	10	5
	Total	200	100

Source: Primary Data

Table 10 shows that selection criteria of housing programme beneficiaries. The above table projects that majority (39%) of the beneficiaries were selected applying Random and Income Basis and nearly 32 percent were selected applying income basis and the remaining were selected applying community basis, need basis, income and community basis and Random and Community basis.

TABLE 11: PROCEDURES TO AVAIL THE HP SCHEME

Particulars	Nos.	%
Highly complicated	8	4.0
complicated	44	22.0
Not sure	18	9.0
simplified	121	60.5
Highly simplified	9	4.5
Total	200	100.0

Source: Primary Data

Procedures to avail the housing programme Schemes benefit is exhibited in the above Table 11. Nearly two-third of the beneficiaries said that the procedures are simplified and highly simplified but nearly one-fourth of them said that the procedures are complicated and highly complicated.

TABLE 12: PREFERENCE OF HOUSING PROGRAMME BENEFITS - AGE WISE DISTRIBUTION

Age		Preference among H P		Total
		Constructed House	Cash subsidy	
30 Years or lesser	Count	11	2	13
	Row %	85	15	100
	Col %	9	3	6
31 - 40	Count	25	27	52
	Row %	48	52	100
	Col %	20	35	26
41 - 50	Count	58	21	79
	Row %	73	27	100
	Col %	47	27	40
51 - 60	Count	23	21	44
	Row %	52	48	100
	Col %	19	27	22
above 60 Years	Count	6	6	12
	Row %	50	50	100
	Col %	5	8	6
Total	Count	123	77	200
	Row %	61	39	100
	Col %	100	100	100
Chi-square = 13.882		Significance Level = 0.008		

Source: Primary Data

HYPOTHESIS

Association between age group of the beneficiaries and the preference among housing programme benefits either constructed houses or cash subsidy. Table 12 indicates that constructed houses are preferred by respondents with age of 30 years or less, and between 41 and 50 years. Both constructed house and cash subsidy are equally preferred by the respondents in the age groups of 31-40 years, 51-60 years and more than 60 years. To validate the hypothesis Pearson Chi-square test is used. The test result reveals that there is close association between age group of the beneficiaries and the preference of the housing programme benefits ($p < 0.05$).

TABLE 13: BASIS OF ALLOCATION – COMMUNITY WISE DISTRIBUTION

Basis of Allocation		Community			Total
		SC / ST	MBC	BC	
Income Basis	Count	23	40	1	64
	Row %	35	63	2	100
	Col %	27	38	10.0	32
Community basis	Count	9	8	5	22
	Row %	43	33	24	100
	Col %	10	7	50	10
Need basis	Count	14	5	1	20
	Row %	70	25	5	100
	Col %	16	6	3	10
Random and Income basis	Count	32	43	3	78
	Row %	39	56	5	100
	Col %	35	41	40	38
Random and Community basis	Count	3	2	1	6
	Row %	50	33	17	100
	Col %	5	2	2	3
Income and Community basis	Count	4	5	1	10
	Row %	40	50	10	100
	Col %	6	5	3	5
Total	Count	86	104	10	200
	Row %	43	52	5	100
	Col %	100	100	100	100
Chi-square = 31.002		Significance level = 0.006			

Source: Primary Data

HYPOTHESIS

Association between “community of the beneficiaries” and “the basis of allocation of housing programme benefits”.

Table 13 describes the basis of allocation of housing programme benefits based on community of the beneficiaries. Majority of the SC / ST beneficiaries said that the housing programme benefits are allocated on the basis of need (70%), random and community (50%), and community itself (43%). But the beneficiaries from MBC community said that housing programme beneficiaries are selected based on income and random basis. Backward community beneficiaries express that benefits are allotted mostly on the basis of ‘community’ and ‘Income’. Pearson Chi-square test result reveals that there is close relationship between community of the beneficiaries and basis of allocation of housing programme benefits ($p < 0.05$).

TABLE 14: LOCATION OF THE HOUSE AND FACILITIES – SCHEME WISE DISTRIBUTION

Schemes	Location				Facilities			
	Yes		No		Yes		No	
	N	%	N	%	N	%	N	%
India Awas Yojana	48	27	4	20.0	29	29.9	23	22.3
VAMBAY	8	4	12	60.0	8	8.2	12	11.7
Bharat Nirman	21	12	2	10.0	4	4.1	19	18.4
State run Housing Policies	103	57	2	10.0	56	57.7	49	47.6
Total	180	100	20	100.0	97	100.0	103	100.0
Chi-square = 9.453				Chi-square = 0.148				
Significance level = 0.002				Significance level = 0.700				

Source: Primary Data

HYPOTHESIS

Relationship between ‘Housing Scheme’ and location of the house in a convenient place and facilities of the house.

Table 14 indicates that more than 57 percent of the beneficiaries of State Run Housing Policies said that the houses which are constructed under the Housing Programme Schemes are situated in a convenient location and facilities of the housing programme schemes are adequate. 27 percent of the beneficiaries of Indira Awas Yojana said that the houses are located in a convenient place and facilities are adequate. To test the hypothesis Kruskal Wallis Chi-square test is used. The test result reveals that there is a close association between Housing Schemes and location of the house in a convenient place ($p < 0.05$). But in case of facilities the results are not statistically significant ($p > 0.05$).

CLUSTER ANALYSIS – PRIMARY DATA

The cluster analysis indicated the presence of two clusters in the data set. The first cluster consists of 107 respondents and the second cluster has 93 respondents. A detailed explanation is given in the Table 15.

TABLE 15: NO. OF BENEFICIARIES IN EACH CLUSTER

Cluster	No. of cases
1	107
2	93
Total	200

The number of variables and its percentage of the two clusters are given in the table presented below. The Levene’s F-test has been employed to test whether the cluster differ one another for each one of the items listed in the 10 variables and its significance level. It is assumed that the number of aspects and its percent are the same for the two clusters. The hypothesis of equality of the number of aspects and its percent is rejected if the significance value of the test is less than 0.05. Here again, the variances are assumed to be equal for each one of the 10 aspects of the two clusters. The following table provides details of the F-tests carried out between the two clusters for all the items included in the 10 aspects.

TABLE 16: CLUSTER DISTRIBUTION OF HOUSING PROGRAMME SCHEMES

		Clusters			
		Cluster 1		Cluster 2	
		N	%	N	%
Schemes under which HP availed	India Awas Yojana	52	49	0	.0
	VAMBAY	19	18	1	1
	Bharat Nirman	23	22	0	.0
	State run Housing Policies	13	12	92	99
Total		107	100	93	100
		Clusters			
		Cluster 1		Cluster 2	
		N	%	N	%
Procedures to avail the HP scheme	Highly complicated	8	8	0	.0
	complicated	14	13	30	32
	Not sure	15	14	3	3
	simplified	61	57	60	65
	Highly simplified	9	8	0	.0
Total		107	100	93	100
Benefits of H P	Constructed House	31	29	92	99
	Cash subsidy	76	71	1	1
Total		107	100	93	100
Availed mode of the HP Schemes	Through the Govt.	74	69	93	100
	Through N.G.Os.	2	2	0	.0
	Through Panchayats	31	29	0	.0
Total		107	100	93	100
Facilities of HP Schemes are adequate	Yes	47	44	50	54
	No	60	56	43	46
Total		107	100	93	100
Random Basis	Yes	1	1	83	89
	No	106	99	10	11
Total		107	100	93	100
Income Basis	Yes	64	60	87	94
	No	43	40	6	7
Total		107	100	93	100
Community Basis	Yes	21	20	16	17
	No	86	80	77	83
Total		107	100	93	100
Need Basis	Yes	20	19	0	.0
	No	87	81	93	100
Total		107	100	93	100
		Clusters			
		Cluster 1		Cluster 2	
		N	%	N	%
Houses constructed under the Housing Programme Schemes are situated in a convenient place.	Yes	90	84	90	97
	No	17	16	3	3
Total		107	100	93	100

The above table indicates that the two clusters differ from one another in all the 10 parameters like schemes, procedures, benefits and facilities of HPs allotment basis, convenient place and maintenance of the house building. The first clusters have significantly higher values in all the 10 parameters than the variables belonging to the second cluster.

CONCLUSION

In order to achieve the dual objective of women empowerment and reducing the housing shortage the IAY scheme allotted dwelling units to the female member. Bharat Nirman with its schemes was launched for bridging the gap between the rural and urban areas and improving the living quality of the poor people in rural areas. The VAMBAY scheme was introduced for the purpose of providing shelter or to upgrade the shelter for the helpless and hapless people and through this scheme a large number of weaker section were benefited. The government efforts through the implementation of RAY encourage the states to create 'Slum Free India'. Majority of the beneficiaries of housing programme schemes gain the benefits from State formulated Housing Policies through the government. There is a close association between Housing Schemes and location of the house in a convenient place. Majority of the housing programme beneficiaries said that the housing programme facilities are not sufficient. Most of the house roofs are having chinks / crack resulting seepage during rainy season. The built area of the house is very small and insufficient for a joint family. In order to remove the short-fall, 'Housing for All', the housing and habitat policy of India have been formulated. The central and state governments implement various housing programmes to provide shelter for homeless and hapless people of both rural and urban areas.

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THE EFFECT OF PARENTAL INTERVENTION ON THE FAMILY PROBLEMS OF LATE ADOLESCENTS

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ABSTRACT

The article examines the effect of parental support programme for the management of family problems of late adolescents. Adolescence can be a specifically turbulent as well as a dynamic period of one's life. It has been identified as a period in which young people develop abstract thinking abilities, become more aware of their sexuality, develop a clearer sense of psychological identity, and increase their independence from parents. G. Stanley Hall denoted this period as one of "Storm and Stress" and, according to him, conflict at this developmental stage is normal and not unusual. The aim of this study is to find the effectiveness of parental intervention programme on the family problems of late adolescents. This study was conducted among 250 problem adolescents whose parents are having very low parental support scores. The universe of the study is Government Higher Secondary Schools of Ernakulam District of Kerala State. Multi-stage systematic random sampling technique was adopted for the selection of the final study sample. The data was collected by using Youth Problem Inventory and Parental Support Scales. The research design used is Pre- Post Experimental Group Design. The data collected was subjected to suitable statistical analysis and results infer that a significant reduction is found in the family problems of the late adolescents after Parental Intervention programme.

KEYWORDS

Adolescent, parental intervention, parental support, & youth problem.

INTRODUCTION**ADOLESCENCE**

It can be defined biologically, as the physical transition marked by the onset of puberty and the termination of physical growth; cognitively, as changes in the ability to think abstractly and multi-dimensionally; or socially, as a period of preparation for adult role. Developmental psychologists focus on changes in relations with parents and peers as a function of school structure and pubertal status. Adolescence can be a specifically turbulent as well as a dynamic period of one's life. It has been identified as a period in which young people develop abstract thinking abilities, become more aware of their sexuality, develop a clearer sense of psychological identity, and increase their independence from parents. G. Stanley Hall denoted this period as one of "Storm and Stress" and, according to him, conflict at this developmental stage is normal and not unusual. Margaret Mead, on the other hand, attributed the behavior of adolescents to their culture and upbringing. Several developmental stage models have placed adolescence in a period of human development. Sigmund Freud saw it as the "genital phase" of psychosexual development, where the child recaptures the sexual awareness of infancy. Jean Piaget focused on cognitive development, seeing adolescence as the "formal operative stage" where the young person develops the ability to think abstractly and draw conclusions from the information available. Erik Erikson's theory of psychosocial development identified the identity crisis as central to the notion of adolescence. Adolescent psychology addresses the issues associated with adolescence, such as whether or not the aforementioned "storm and stress" is a normal part of this period. The American Psychological Association has a separate division dedicated to adolescence, and the psychologists specializing in this topic attempt to answer questions dealing with the age group. One issue in adolescent psychology discusses whether adolescence is in fact a discrete developmental period, a point along a continuum of human development, or a social construction.

PARENTAL SUPPORT: It can be defined by different authors in different ways. Often it refers to assistance given to children to ease mental stress and unhappiness. This is one of the fundamental ways in which parents provides support to children. However, the manner in which they do this varies depending on the child's psychical and psychological closeness between parent and child but it may also involve a degree of parental control when the children need help regulating their behavior or developing social and intellectual competence. If, in situations in which adolescent children may be prone to engage in conflict, parents are likely to deescalate the conflict by creating a family atmosphere of warm approval, praise, and acceptance, and by offering reasons for a required change in behavior. It can be said that parents are ultimately responsible for helping children become independent and for creating a family environment that helps them develop the ability to be flexible in different surroundings. For these reasons, among others, parental support is vital and not only to individual children but also to society at a large. When parents use positive means to motivate and guide, children become better family members, better social partners, and better citizens.

PARENTING PROGRAMS: The term 'parenting programs' is an umbrella term used to describe all forms of parenting interventions, including parent education, parent training, and parenting support. Parenting programs can be implemented as an early intervention to prevent the onset of problems or to ameliorate the severity of existing problems in high risk children and youth.

REVIEWS

Research examining the efficacy of parenting programs for child, parent and family outcomes has overwhelmingly focused on the preschool and early school age years, and there is a lack of studies that have focused on parenting interventions for adolescents. One of the reasons for the lack of research on parenting programs for youth is the assumption that parental influence becomes less important as children enter adolescence, due to the increasing influence of peers, and due to young people spending less time in the home and therefore being less amenable to change through typical parenting strategies (Kazdin, 2005). However, research confirms the strong and enduring influence of parenting practices during the adolescent period (DeVore and Ginsburg, 2005) and it is clear that parents have an important role to play in supporting their adolescent in the transition to adulthood.

Parenting programmes for parents of adolescents largely aim to modify the risk factors of coercive family interaction and poor parenting which have a role in causing and/or maintaining externalizing behavior problems and delinquency (Dishion and Andrews, 1995; Dishion and Patterson, 1992). Parenting programs also aim to enhance parent child communication and connectedness and improve parental supervision and monitoring. Parental supervision, in particular, appears to be of crucial importance in preventing a range of adolescent risk behaviors (Coleman, 1997; DeVore and Ginsburg, 2005). Parenting programs may also address additional family risk factors such as parental stress and depression and marital conflict.

Brown (2008) in his article on Child and Adolescent mental Health Services suggested the dilemma for therapist in these situations. He wrote on how the parents can be helped to see their own role in how child problems have emerged.

Woolfenden and Williams & Peat (2001) says a therapeutic alliance with both adolescent and parents is the key to successful treatment, yet this may be difficult balance in practice. The Stronger evidences exists for the effectiveness of family and parental intervention in reducing time spent by juveniles in institutions.

Dimond and Josephson (2005) argued that the inclusion of parents in the treatment of adolescent with psychiatric disorders is very effective. Carr (2009) argued that family-based intervention is as effective as individual cognitive behavioral therapy and psychodynamic therapy in the specific treatment of major depression. Lerner (2009) proves the importance of integration of family therapy into the treatment for adolescent depression. David-Ferdon & Kaslow (2008) Suggested the main benefits of family intervention for depression is:-improve communication skill, promotion of effective family based problem solving, promotion of attachment and disruption of negative and critical intervention between parents and adolescents. Carr (2009) Lerner (2009) also suggested that building family resilience and hope and helping families manage depression and contain suicidal risk.

Carr (2009), Carey & Oxman (2007); Cottrell & Boston,(2002), Dimond and Josephson (2005) , Hogue & Liddle (2009) proved that the use of family based therapies to address other adolescent problem behaviors. It is the most effective current treatment for adolescent substance abuse. In Australia, the evolution of whole of family therapy option for families of adolescent drug users indicates that the programme is more effective in helping families to develop positive family environment that encourage recovery from drug abuse. Bamberg, Findley & Toumbourou , (2006) suggested that this programme has also shown to have positive impact on other adolescent behaviors and symptoms rather than causes or difficult family relationships.

Hogue & Liddle (2009) support has been found for family based treatment for co-morbid behavior (delinquency and drug abuse) and for externalizing (eg.aggression) and internalizing (eg. anxiety) behaviors although the evidence base is limited. Cottrell & Boston (2002) proved the effectiveness of family based therapies for eating disorders and conduct disorders (Carr, 2009).

Carr, (2009) highlighted that family based interventions are effective for anxiety, school refusal, obsessive compulsive disorder, grief, bipolar disorder attempted suicide and somatic problems. DeVore and Ginburg (2005) confirm the strong and enduring influence of parenting practices during adolescent period and it is also proved that parents have an important role to play in supporting their adolescent in the transition on adulthood. Dishion and Andrews (1995), Dishion and Patterson (1992) proved that parenting programme for adolescents largely aim to modify the risk factors of coercive family interaction and poor parenting which have a role in causing and maintaining externalizing behavior problems and delinquency. Colman (1997) DeVore and Ginsburg (2005) proved that parenting programme aim to enhance parent-child communication and connectedness and improve parental supervision and monitoring. Parenting programs may also address additional family risk factors such as parental stress and depression and marital conflict.

Ralph and Sanders (2006) introduced *Teen triple P* programme and Parenting adolescent: A creative experience introduced by Toumbourou and Gregg, (2002) are the most effective parenting programme , which is very effective to the management of maladaptive behavior, conduct disorder, smoking and substance use. Kazdin (1991) proved that parent management training is most effective to alter child's antisocial behavior at home. Kazdin (2005) says PMT can delivered in individual and group setting and parents are taught specific behavior modification skill via active skill training involving practice, role play, feedback and modeling by therapist. Patterson's (1982) coercion hypothesis states that parent and child establish a pattern of interaction in which parents escalate their discipline over time to keep up their or adolescent's similarly escalating aversive responses.

Serketch and Dumas (1996) proved that PMT has been predominantly utilized in the management of externalizing problem behavior, including oppositional defiant disorder and conduct disorder. A meta – analysis of behavioral parenting interventions found evidence to support the short term effectiveness of parent training in modifying anti-social behavior at home and at school and in improving parental adjustment. Research evidences suggest that PMT is effective in improving parenting skills and reducing adolescent conduct disorder. Hughes and Wilson (1988) proved that PMT was found to be superior to communication skill training in reducing clinically significant problem in youth with conduct disorder. Bank, Reid, Petterson and Weinrott, (1991) examined the effectiveness of PMT for families of chronically offering delinquents by comparing in to community intervention based on family system approach. PMT resulted in the faster reduction of problem.

OBJECTIVE OF THE STUDY

To study the effectiveness of parental intervention programme on the family problems of late adolescents

SPECIFIC OBJECTIVES

- 1) To study the family problems of adolescents before and after intervention
- 2) To study the parental support scores before and after intervention

HYPOTHESIS

- 1) There will be significant reduction in the problems of adolescents after intervention
- 2) There will be significant improvement in the parental support scores after intervention

METHOD

The sample size is 250 adolescents between the age group of 16-19 and having high family problems and low parental support scores. Pre –post experiment research design is used for this study. Standardized scales were used for the data collection. Four Psychological interventions were provided to the parents of adolescents after regular intervals of one month.

DISCUSSION

TABLE 1: SHOWING THE FAMILY PROBLEM OF ADOLESCENTS BEFORE AND AFTER INTERVENTION (* Area A statine scores Crosstabulation)

		Area A statine scores	Very few	Below average	Average	Above average	High	Very High	Total
Time of intervention	Before	Count				7	29	214	250
		% within Time of intervention				2.80%	11.6%	85.6%	100.0%
	After	Count	15	70	84	66	10	5	250
		% within Time of intervention	6.0%	28.0%	33.6%	26.4%	4.0%	2.0%	100.0%
Total	Count	17	70	84	71	39	500	500	
	% within Time of intervention	3.4%	14.0%	16.8%	14.2%	7.8%	100.0%	100.0%	

The family problems of adolescents have 14 sub variables. The above table shows that 214 adolescents (85%) had very high problems in the family life, 29 respondents (11.6%) had high problem, 7 respondents had above average problem before intervention. But after intervention the value changes from 214 to 5 (2%) have very high problem, 10 have high problem, 66 respondents have (26.45) have above average problem, 70 respondents have below average problem and 17 respondents have (3.4%) very few problem. This table shows that the intervention was very effective and there is a reduction in the family problems of adolescents after intervention. This shows that parental attitude and change in the parenting style can reduce the family problems of adolescents.

Ha- There will be a significant reduction in the problems of adolescents in the family environment after intervention.

TABLE 2: SHOWING THE "t" VALUE OF FAMILY PROBLEMS OF ADOLESCENTS BEFORE AND AFTER INTERVENTION

Variable	Before Intervention		After Intervention		t' value
Family Problems	Mean	S.D	Mean	S.D	42.522
	47.12	6.418	19.55	7.995	P<.05

The mean value of the family problems of adolescents before intervention was 47.12 and after intervention is 19.55 the Standard Deviation values are 6.418 and 7.995 respectively. The t-value is 42.522 and the P value is less than the table value ($p < .05$) and H_a is accepted.

TABLE 3: SHOWING THE MEAN DIFFERENCE IN THE PARENTAL SUPPORT SCORES BEFORE AND AFTER INTERVENTION

Variables	Before Intervention		After Intervention		t-value
	Mean	S.D	Mean	S.D	
Parental Interest	18.6480	2.0932	22.2480	2.780	16.356 P<.05
Parental Behavior	32.8840	4.09115	35.768	4.9098	17.88 P<.05
Resource Provision	16.900	3.5941	24.344	4.033	21.787 P<.05
Grand total-Parental Support	68.432	7.129	82.360	8.887	19.328 P<.05

The mean value of the parental support scores of adolescent before intervention was 68.432 and after intervention are 82.360. The t-value is 19.328 it is significant at .05 levels. In all the dimensions of parental support of adolescent before intervention and after intervention there seems to be an increased parental support for the adolescents. This study proves that parental support is a significant factor in the management of adolescent problems in their family life.

INFERENCE OF THE STUDY

1. Intervention strategies positively influence the parental support scores
2. The intervention strategies have a significant influence on the family problems of adolescent

CONCLUSION

Every adolescent is an individual with a unique personality and special interests likes and dislikes. In contrast to that individualism is the fact that there are also numerous developmental issues that every teenager faces during the adolescent years, such as the adolescents move towards independence and increased freedom, an increased ability to think ideas through, increased, self-reliance, and an increased emphasis on personal dignity and self-esteem. Adolescents are beginning the often confusing crossing of the threshold toward adult reasoning or thinking. Parents and adults walk a tightrope. Parents need them to play an active role in their lives. However, adults need to provide adolescents some room to be responsible for their own decisions and be accountable for the consequences of those decisions. When adolescents make the wrong decision, they need the support and guidance of parents and adults to help them learn from these experiences. By knowing the developmental tasks of adolescents, parents and adults can help turn mistakes made by adolescents into opportunities that enhance adolescents' mastery of life skills.

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EFFECT OF INDEX FUTURE TRADING AND EXPIRATION DAY ON SPOT MARKET VOLATILITY: A CASE STUDY OF S&P CNX NIFTY

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ABSTRACT

This paper attempts to investigate the effect of index future on spot market and variation in expiration day. For this purpose daily average price related to S&P CNX Nifty, S&P CNX Nifty Junior and S&P 500 Index have been used. The GARCH model is used in this study. The study reveals that spot market volatility has declined and absorbing information faster since the introduction of index future in India. However, a significant decrease in volatility on the expiration day of derivative contract has been observed.

KEYWORDS

GARCH, VAR and Volatility.

INTRODUCTION

India is one of the most successful developing countries in terms of a vibrant market for exchange-traded derivatives. There is an increasing sense that the equity derivatives market is playing a major role in shaping price discovery. India's tryst with equity derivatives began in the year 2000 on the NSE and BSE. Trading first commenced in index future contract, followed by index option in June 2001, option in individual stocks in July 2001 and futures in single stock derivatives in November 2001. Since then, equity derivatives have come a long way. The spot and futures markets provide investors with an opportunity to trade in the same underlying security. So there is some relationship between derivative market and spot market. So this paper attempts to test the volatility of Nifty index before and after the introduction of derivatives contract.

LITERATURE SURVEY

A number of studies have examined the volatility before and after the introduction of derivative securities. Mostly studies in the Indian market find that volatility of the underlying market declined since the introduction of derivative market. **Alexakis (2002)** examined the price discovery function in daily returns and volatilities between price movement of stock index futures and the underlying cash index in ATHEX. They argue that future lead the cash index return, by responding more rapidly to economic events than stock prices. Thus, new market information may be disseminated faster in the future market compared to the stock market, and the future volatility spills some information over to the cash market volatility. This may imply that the future markets can be used as price discovery vehicles. **Y.P and Shalini (2006)** showed that daily spot market volatility in India has marginally declined after the introduction of future trading in India. They also revealed that significant improvement in the information coefficient 'α' and reduction in 'β' the persistence coefficient. **Kiran and Bodla (2008)** studied the introduction and expiration effects of index derivatives on S&P CNX Nifty and arrived at a conclusion that increased market efficiency and reduced volatility with no price change in the underlying market due to introduction of derivatives. It also showed that expiration day volatility is significant increase. **Nalinprava, Ramana and Kanagaraj (2009)** investigates the impact of introduction of derivative instruments and leverage and asymmetric effect on spot market volatility (Nifty) in India during the period October 1995 to December 2006 by using GARCH, EGARCH, TARARCH and component ARCH model. The results suggest towards a decline in spot market volatility and market efficiency improved after introduction of index futures, stock futures, stock options and index options on the spot market due to increase impact of recent news. This study also finds evidence of leverage and asymmetric effect on spot market where the conditional variance is an asymmetric function of past innovation, rising proportionately more during market declines. It is also observed that the asymmetric GARCH models provide better fit than the symmetric GARCH model.

OBJECTIVES

The objectives of this paper are:

- To examine the introduction of index future on S&P CNX Nifty; and
- To test the impact of expiration of derivatives contracts on S&P CNX Nifty.

DATA AND METHODOLOGY

This study attempts to evaluate whether the introduction of index futures has any significant impact on the spot stock return. For this purpose, daily highest and lowest prices for S&P CNX Nifty returns and S&P CNX Nifty Junior are obtained from the NSE website. But data on S&P 500 Index are taken from Yahoo Finance website. Index future was introduced in India on June 12, 2000. Therefore, the daily prices of indices have been collected for the period from January 1997 to March 2010. In order to measure the impact of index future, the data has been divided into two parts, i.e. from January 1, 1997 to June 11, 2000 and June 12, 2000 to March 2010. For removing the effect of world wide price movement S&P500 is taken in this study. The average price (highest and lowest price) is converted to daily compounded return by taking the first log difference. The daily return of the stock markets is calculated as:

$$R_t = \ln(P_t - P_{t-1})$$

In order to test the impact of index future and expiration day effect following equation is used in GARCH (1, 1) model:

$$R_{nifty\ t} = a_0 + b_1 R_{nifty\ junior\ t} + b_2 R_{S\&P\ t-1} + e_t$$

Where:

$R_{nifty\ t}$ is the return on the S&P CNX Nifty;

$R_{nifty\ junior\ t}$ is the return on the S&P CNX Nifty Junior;

$R_{S\&P\ t-1}$ is the return on S&P500; and

e_t is the error term.

D_{future} is introduced in conditional variance equation. If the coefficient is statistically positive, it means the market is affected by index future. For testing the expiration day effect, D_{exp} is taken in conditional variance equation. Expiration day dummy takes the value 0 (no future contract is expire) and 1 (the last Thursday of the month). If the coefficient is significant, then it indicates future contracts causes' abnormal stock price movement on expiration days.

RESULTS

Table-I presents the descriptive statistic of indices. It indicates that there is decrease of volatilities of NSE Nifty and NSE Nifty Junior after the introduction of index future, standard deviation of NSE Nifty has come down from 0.0168 to 0.0145 in case of data is taken from Jan1997 to March 2010 and similarly in case of data used from 12 JUNE 1999 to-12 June2001.

TABLE-I: DESCRIPTIVE STATISTICS-S&P CNX NIFTY RETURN, S&P CNX NIFTY JUNIOR AND S&P 500

BEFORE FUTURE (JAN1997-12JUNE2000)				AFTER FUTURE (12JUNE-MARCH2010)				BEFORE AND AFTER FUTURE(JAN1997-MARCH2010)			
Statistic	S&P CNX NIFTY	S&P CNX NIFTY Junior Returns	S&P500 Index	Statistic	S&P CNX NIFTY	S&P CNX NIFTY Junior Returns	S&P500 Index	Statistic	S&P CNX NIFTY	S&P CNX NIFTY Junior Returns	S&P500 Index
Mean	0.000388	0.001011	7.94E-04	Mean	0.00055	0.0006	-0.000159	Mean	0.000508	0.000707	8.75E-05
Median	0.000896	0.001292	0.00134	Median	0.001556	0.002091	0.000144	Median	0.00148	0.001939	0.000413
Maximum	0.061497	0.076621	0.039018	Maximum	0.100903	0.110056	0.077705	Maximum	0.100903	0.110056	0.077705
Minimum	-0.062556	-0.092407	-0.042644	Minimum	-0.134411	-0.159759	-0.074971	Minimum	-0.134411	-0.159759	-0.074971
Std. Dev.	0.016813	0.020422	0.009859	Std. Dev.	0.014555	0.01768	0.010386	Std. Dev.	0.01517	0.018428	0.010259
Skewness	-0.165285	-0.382514	-0.116357	Skewness	-0.898959	-1.02344	-0.135393	Skewness	-0.648291	-0.80036	-0.136169
Kurtosis	3.890856	4.898068	4.154343	Kurtosis	12.41129	12.03915	11.17291	Kurtosis	9.304872	9.474886	9.621542
Jarque-Bera	31.451	145.8795	48.30209	Jarque-Bera	9142.237	8553.808	6659.116	Jarque-Bera	5569.223	5979.721	5903.444
Probability	0	0	0	Probability	0	0	0	Probability	0	0	0
Sum	0.324135	0.844821	0.663456	Sum	1.315643	1.434415	-0.381084	Sum	1.639778	2.279236	0.282372
Sum Sq. Dev.	0.236027	0.348259	0.081168	Sum Sq. Dev.	0.506103	0.746798	0.257693	Sum Sq. Dev.	0.742146	1.095161	0.339424
Observations	836	836	836	Observations	2390	2390	2390	Observations	3226	3226	3226
BEFORE FUTURE (12 JUNE 1999-12JUNE2000)				AFTER FUTURE (12JUNE2000-12JUNE2001)				BEFORE AND AFTER FUTURE(12JUNE1999-12JUNE2001)			
Mean	0.000748	0.000505	0.000533	Mean	-0.001059	-0.002922	-0.00071	Mean	-0.00013	-0.001232	-7.23E-05
Median	0.001844	0.002287	2.47E-04	Median	0.000668	-0.001593	-0.000848	Median	0.001157	-0.000353	-0.000423
Maximum	0.059042	0.076621	0.034126	Maximum	0.04222	0.054744	0.032944	Maximum	0.059042	0.076621	0.034126
Minimum	-0.053038	-0.092407	-0.023905	Minimum	-0.062079	-0.075706	-0.033841	Minimum	-0.062079	-0.092407	-0.033841
Std. Dev.	0.018665	0.027671	0.010198	Std. Dev.	0.015946	0.018418	0.010688	Std. Dev.	0.017385	0.023582	0.010459
Skewness	-0.041898	-0.31115	0.203672	Skewness	-0.531994	-0.432464	-0.171931	Skewness	-0.208666	-0.26763	-0.007793
Kurtosis	3.31263	3.395863	3.176855	Kurtosis	3.873649	4.254017	3.519683	Kurtosis	3.623763	4.00303	3.410248
Jarque-Bera	1.086874	5.643646	2.04602	Jarque-Bera	19.42717	23.78676	3.980199	Jarque-Bera	11.59347	26.60543	3.469244
Probability	0.580749	0.059497	0.359511	Probability	0.00006	0.000007	0.136682	Probability	0.003037	0.000002	0.176467
Sum	0.186141	0.125835	0.132628	Sum	-0.26056	-0.718796	-0.174766	Sum	-0.064281	-0.60849	-0.035726
Sum Sq. Dev.	0.086403	0.189893	0.02579	Sum Sq. Dev.	0.062296	0.083106	0.027987	Sum Sq. Dev.	0.149003	0.274173	0.053929
Observations	249	249	249	Observations	246	246	246	Observations	494	494	494

For analysis the old and recent news effect, this study is divided into two parts such as before (A) and after(B) introduction of index future. Table-II shows that before index future $\alpha=0.2337$ and $\beta =0.6081$ and after $\alpha=0.2444$ and $\beta =0.72618$. It concludes that importance of current news as well as old news increasing with low per cent after index future was introduced. It reveals that the spot market is absorbing information faster in the post index future.

Table also depicts that the coefficient of lagged S&P 500 has increased from 0.24622 to 0.33127 which presents strong relation between the indices are increasing and significant. The coefficient of S&P 500 (lagged) are positively significant both in case of after and before introduction of future market and , this indicates that lagged international news has effect on sport market volatilities.

Results related to expiration day indicates that coefficient of expiration dummy is negatively significant. It reveals that expiration day has significant effect on spot market, expiration day is some different as compared to other days.

TABLE-II: ESTIMATION OF GARCH (1,1) MODEL

A BEFORE FUTURE (JAN1997-12JUNE2000)					B AFTER FUTURE (12JUNE-MARCH2010)					C BEFORE AND AFTER FUTURE(JAN1997-MARCH2010)				
Variables	Coefficient	Std. Error	z-Statistic	Prob.	Variables	Coefficient	Std. Error	z-Statistic	Prob.	Variables	Coefficient	Std. Error	z-Statistic	Prob.
C	0.000718	0.000529	1.356174	0.175	C	0.001368	0.000213	6.413703	0	C	0.001266	0.000198	6.403740	0
S&P500 Index (-1)	0.246225	0.051021	4.825989	0	S&P500 Index (-1)	0.331273	0.022184	14.93269	0	S&P500 Index (-1)	0.314072	0.019735	15.91445	0
S&P CNX Nifty Junior	0.000636	0.026087	0.024389	0.981	S&P CNX Nifty Junior	-0.001162	0.011956	-0.097229	0.92	S&P CNX Nifty Junior	-0.000896	0.010853	-0.08253	0.93
Variance Equation					Variance Equation					Variance Equation				
C	4.39E-05	1.32E-05	3.319784	9E-04	C	8.42E-06	7.75E-06	1.086386	0.28	C	2.42E-05	8.78E-06	2.75608	0.01
RESID(-1)^2	0.233733	0.051612	4.528628	0	RESID(-1)^2	0.244433	0.014866	16.44268	0	RESID(-1)^2	0.230123	0.013008	17.6911	0
GARCH(-1)	0.608104	0.084765	7.173975	0	GARCH(-1)	0.726185	0.018232	39.83056	0	GARCH(-1)	0.740901	0.015341	48.2954	0
					Expiration Dummy	1.07E-06	8.16E-06	0.130839	0.9	Expiration Dummy	-1.51E-05	8.93E-06	-1.6848	0.09

For removing the effect of other derivative contract, this study covers one year before and after introduction of index future. It gives same results related to coefficient of S&P 500 has increased from 0.2414 to 0.2544 and significant. Therefore, output related to expiration dummy and parameters is same as compares to table-II which also indicates that importance of recent news has an increasing but old news has declined in case of short time period taken.

TABLE-III: ESTIMATION OF GARCH (1,1) MODEL

BEFORE FUTURE (12 JUNE 1999-12JUNE2000)					AFTER FUTURE (12JUNE2000-12JUNE2001)					BEFORE AND AFTER FUTURE(12JUNE1999-12JUNE2001)				
S&P CNX NIFTY					S&P CNX NIFTY Junior Returns					S&P500 Index				
	Coefficient	Std. Error	z-Statistic	Prob.		Coefficient	Std. Error	z-Statistic	Prob.		Coefficient	Std. Error	z-Statistic	Prob.
C	0.001587	0.000996	1.592337	0.11	C	0.000571	0.000987	0.578408	0.56	C	0.001036	0.000684	1.515195	0.13
S&P500 Index (-1)	0.241437	0.10776	2.240514	0.03	S&P500 Index (-1)	0.254487	0.075009	3.392743	0.00	S&P500 Index (-1)	0.25825	0.057644	4.480112	0.00
S&P CNX Nifty Junior	-0.000524	0.036806	-0.014259	0.99	S&P CNX Nifty Junior	-0.037216	0.051437	-0.723518	0.47	S&P CNX Nifty Junior	-0.016354	0.028766	-0.568535	0.58
Variance Equation					Variance Equation					Variance Equation				
C	1.34E-05	1.30E-05	1.024876	0.31	C	6.04E-05	9.43E-05	0.640747	0.52	C	8.60E-05	7.48E-05	1.14916	0.25
RESID(-1)^2	1.66E-01	7.64E-02	2.170437	0.03	RESID(-1)^2	0.237953	8.82E-02	2.70E+00	0.01	RESID(-1)^2	0.227122	0.059898	3.791832	0.00
GARCH(-1)	0.799153	0.103177	7.745486	0.00	GARCH(-1)	0.664149	0.108301	6.132422	0.00	GARCH(-1)	0.697235	0.076647	9.096709	0.00
					Expiration Dummy	-3.44E-05	8.83E-05	-0.389616	0.70	Expiration Dummy	-6.47E-05	7.16E-05	-0.903825	0.37

VAR test has been used for testing the effect of lagged variables such as S&P 500 index return. The results of this model are presented in table-IV. It depicts that lagged returns have significant effect on returns of S&P CNX NIFTY and S&P CNX NIFTY Junior up to one day lag.

TABLE-V: VECTOR AUTO REGRESSION ESTIMATES (Before and After Future (Jan1997-March2010))

	S&P CNX NIFTY (N)	S&P CNX NIFTY Junior Returns(S)
N(-1)	0.202417	-0.009069
S-E	-0.01809	-0.01235
t-value	[11.1917]	[-0.73439]
N(-2)	-0.096137	0.005523
S-E	-0.01776	-0.01213
t-value	[-5.41316]	[0.45545]
S(-1)	0.283277	0.266707
S-E	-0.02624	-0.01792
t-value	[10.7947]	[14.8843]
S(-2)	-0.018178	-0.172585
S-E	-0.02671	-0.01824
t-value	[-0.68064]	[-9.46395]
C	0.000429	8.25E-05
S-E	-0.00025	-0.00017
t-value	[1.68707]	[0.47502]

In order to testing the effect of index future D_{future} is introduced in conditional variance equation. It can be concluded from table-IV that coefficient of lagged S&P 500 have positive and significant effect on NSE Nifty returns. But coefficient of future dummy is negative and significant which shows that there has been decline in volatility after introduction of future market.

TABLE-IV: ESTIMATION OF GARCH (1,1) MODEL FOR BEFORE AND AFTER FUTURE INTRODUCTION

(BEFORE AND AFTER FUTURE(JAN1997-MARCH2010))					BEFORE AND AFTER FUTURE(12JUNE1999-12JUNE2001)				
	Coefficient	Std. Error	z-Statistic	Prob.		Coefficient	Std. Error	z-Statistic	Prob.
C	0.001276	0.000198	6.45422	0.00	C	0.00099	0.00069	1.428358	0.1532
S&P500 Index (-1)	0.313936	0.019792	15.86151	0.00	S&P500 Index (-1)	0.263729	0.05858	4.50199	0.00
S&P CNX Nifty Junior	-0.00099	0.010814	-0.09106	0.9274	S&P CNX Nifty Junior	-0.01294	0.02905	-0.44529	0.6561
Variance Equation					Variance Equation				
C	2.07E-05	3.47E-06	5.961158	0.00	C	2.24E-05	1.09E-05	2.065374	0.0389
RESID(-1)^2	0.233957	0.013219	17.69908	0.00	RESID(-1)^2	2.11E-01	5.40E-02	3.905693	0.0001
GARCH(-1)	0.720719	0.017611	40.92527	0.00	GARCH(-1)	0.725062	0.06149	11.79171	0.00
F	-1.01E-05	2.83E-06	-3.58189	0.0003	F	-2.74E-06	8.08E-06	-0.3387	0.7348

CONCLUSION

Derivatives play a very important role in the price discovery process and in completing the market. This role as a tool for risk management clearly assumes that derivatives trading do not increase market volatility and risk. This study examines the effect of index future and expiration day on spot market. Specifically, the study examines whether the index Futures trading in India have caused a significant change in spot price volatility of the underlying. The result shows that the introduction of Nifty index futures trading in India is associated with reduction in spot price volatility. This is followed by significant and negative impact of introduction of futures on the spot market volatility. This study also shows that expiration day volatility is negative and significant. On comparing the present study with the previous studies, it has been found that there is no variation in the results.

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COMPARATIVE ANALYSIS OF PER SHRE RATIO OF SOME SELECTED INDIAN PUBLIC SECTOR BANKS

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ABSTRACT

Comparisons of per share ratio of selected Indian public sector banks are studied to understand the complication of global banking system. Banks are the backbone of economy of a country and shares are the most important post of bank or industry. By the analysis of per share ratio of banks, we can monitor the financial conditions of banks. In this manuscript, comparison of per share ratio of different selected Indian public sector banks has been done. In details conclusion of the manuscript is given in conclusion.

KEYWORDS

Limitations of ratio, per share ratio, selected Indian public sector banks and Types of ratio.

INTRODUCTION

Shares are the main components of any industry and banks. To study the economical position of any bank at a glance, the different types of ratio are analyzed by the profit and loss accounts and balance sheet of banks. Ratio analysis is an important and age-old technique of financial analysis. Ratio-analysis is a concept or technique which is as old as accounting concept. Financial analysis is a scientific tool. It has assumed important role as a tool for appraising the real worth of an enterprise, its performance during a period of time and its pit falls. Financial analysis is a vital apparatus for the interpretation of financial statements. It also helps to find out any cross-sectional and time series linkages between various ratios.

Unlike in the past when security was considered to be sufficient consideration for banks and financial institutions to grant loans and advances, now a days the entire lending is need-based and the emphasis is on the financial viability of a proposal and not only on security alone. Further all business decision contains an element of risk. The risk is more in the case of decisions relating to credits. Ratio analysis and other quantitative techniques facilitate assessment of this risk.

Ratio-analysis means the process of computing, determining and presenting the relationship of related items and groups of items of the financial statements. They provide in a summarized and concise form of fairly good idea about the financial position of a unit. They are important tools for financial analysis.

SURVEY OF LITERATURE

Banks have invested heavily in developing online competence in the hope of attracting customers to the new, cheaper service channel. According to Chuang and Hu (2011), Two different types of customers (i.e., short-time usage, long-time usage online banking customers) have different value perceptions of exploration factor, security factor and specialty information service factor but similar evaluations of transaction technicalities factor, decision-making convenience factor and interactive interrogation factor. It implies that the utilitarian functions (transaction technicalities factor, decision-making convenience factor and interactive interrogation factor) are the essential website service for most online banking customers. The results show online banking services need to intensify the core functions and design these utilitarian features as effectively as possible to satisfy all online banking customers' need. On the other hand, providing better service on exploration and specialty information factor is more successful to keep and attract long-time usage online banking customers (Hanson et. al. 2011).

In response to calls for banking system reforms in the wake of the global financial crisis, in 2010 the Basel Committee on Banking Supervision (BCBS) published a consultative document (BCBS 2010a) and operational guidelines (BCBS 2010b) for regulators on countercyclical capital buffers. The central feature of their proposal is the use of cyclical movements in the credit/GDP ratio to trigger increases in the reserves required to be held by banks. This in turn reflects the claim by Drehmann et al. (2010) that measured cycles in this ratio provide a useful, if imperfect, leading indicator of banking crises (Discussion, 2011). The profit-sharing investment account holders are a type of equity investor without the governance rights of either creditors or shareholders raises a major problem of supervision (Simon 2009, orphanides 2002). The service quality and customer satisfaction (Marugan 2012) of any banks depends upon the present fund which may be improved by the help of shares and position of that may be identified by the help of study of per share ratio of the banks.

TYPES OF RATIO**a. BALANCE SHEET RATIO**

Financial ratio, Current ratio, Quick Asset ratio, Proprietary Ratio, Debt Equity Ratio

b. P&L RATIO INCOME/REVENUE STATEMENT RATIO

Operating ratio, Gross Profit Ratio, Expense Ratio, Net Profit Ratio, Stock Turn Over Ratio

c. BALANCE SHEET AND PROFIT LOSS RATIO

Composite Ratio, Fixed asset turn over ratio, Return on total resources ratio, return on own fund ratio, earning per share ratio, debtor's turn over ratio.

Some important ratios are given below

i. CURRENT RATIO: It is the relationship between the current assets and current liabilities of a concern.

Current Ratio = Current Assets/Current Liabilities

ii. NET WORKING CAPITAL: This is worked out as surplus of Long Term Sources over Long Term Uses, alternatively it is the difference of Current Assets and Current Liabilities.

$NWC = \text{Current Assets} - \text{Current Liabilities}$

iii. ACID TEST OR QUICK RATIO: It is the ratio between Quick Current Assets and Current Liabilities. The should be at least equal to 1.**iv. QUICK CURRENT ASSETS:** Cash/Bank Balances + Receivables upto 6 months + Quickly realizable securities such as Govt. Securities or quickly marketable/quoted shares and Bank Fixed Deposits

$\text{Acid Test or Quick Ratio} = \frac{\text{Quick Current Assets}}{\text{Current Liabilities}}$

v. DEBT EQUITY RATIO: It is the relationship between borrower's fund (Debt) and Owner's Capital (Equity).

$\frac{\text{Long Term Outside Liabilities}}{\text{Tangible Net Worth}}$

Liabilities of Long Term Nature

Total of Capital and Reserves & Surplus Less Intangible Assets

vi. PROPRIETARY RATIO: This ratio indicates the extent to which Tangible Assets are financed by Owner's Fund.

$\text{Proprietary Ratio} = \frac{\text{Tangible Net Worth}}{\text{Total Tangible Assets}} \times 100$

The ratio will be 100% when there is no Borrowing for purchasing of Assets.

vii. GROSS PROFIT RATIO: By comparing Gross Profit percentage to Net Sales we can arrive at the Gross Profit Ratio which indicates the manufacturing efficiency as well as the pricing policy of the concern.

Gross Profit Ratio = (Gross Profit / Net Sales) x 100

Alternatively, since Gross Profit is equal to Sales minus Cost of Goods Sold, it can also be interpreted as below :

Gross Profit Ratio = [(Sales – Cost of goods sold) / Net Sales] x 100

A higher Gross Profit Ratio indicates efficiency in production of the unit.

viii. OPERATING PROFIT RATIO:

It is expressed as \Rightarrow (Operating Profit / Net Sales) x 100

Higher the ratio indicates operational efficiency

Net Profit Ratio :

It is expressed as \Rightarrow (Net Profit / Net Sales) x 100

1. COMPOSITE RATIO

i. RETURN ON EQUITY CAPITAL (ROE) :

Net Profit after Taxes / Tangible Net Worth

ii. EARNING PER SHARE: EPS indicates the quantum of net profit of the year that would be ranking for dividend for each share of the company being held by the equity share holders.

Net profit after Taxes and Preference Dividend/ No. of Equity Shares

iii. PRICE EARNING RATIO: PE Ratio indicates the number of times the Earning Per Share is covered by its market price.

Market Price Per Equity Share/Earning Per Share

THE FOLLOWING ARE SOME OF THE ADVANTAGES / BENEFITS OF RATIO ANALYSIS

SIMPLIFIES FINANCIAL STATEMENTS: It simplifies the comprehension of financial statements. Ratios tell the whole story of changes in the financial condition of the business

- FACILITATES INTER-FIRM COMPARISON:** It provides data for inter-firm comparison. Ratios highlight the factors associated with successful and unsuccessful firm. They also reveal strong firms and weak firms, overvalued and undervalued firms.
- HELP IN PLANNING:** It helps in planning and forecasting. Ratios can assist management, in its basic functions of forecasting. Planning, co-ordination, control and communications.
- MAKES INTER-FIRM COMPARISON POSSIBLE:** Ratios analysis also makes possible comparison of the performance of different divisions of the firm. The ratios are helpful in deciding about their efficiency or otherwise in the past and likely performance in the future.
- HELP IN INVESTMENT DECISIONS:** It helps in investment decisions in the case of investors and lending decisions in the case of bankers etc.

In all these types of ratio, the analysis of per share ratio is done in this manuscript for eight selected Indian public sector banks.

PURPOSE OF THE STUDY

The purpose of the study is to analyze about the per share ratio of the selected Indian public sector banks because shares are the important components of any bank or industry. This study is important to improve the circulation of fund in bank or industry. In this manuscript, the natures of last five years per share ratio of banks are studied. By the help of the analysis of this study, forecast may be done about the economy condition of banks.

AREA OF THE STUDY

Eight Indian public sector banks as State Bank of India, Bank of Baroda, Central Bank of India, Oriental Bank of Commerce, Punjab National Bank, Syndicate Bank, Bank of Maharashtra, And Indian Oversease Bank are selected for this study. The data for this study is taken from the profit and loss account which is given in the website of particular banks.

RESULTS AND DISCUSSION

The variation of Adjusted Eps, Adjusted cash Eps, Reported Eps, Reported cash Eps, Dividend per share, Operating profit per share, Book value(excl rev res), Book value(incl rev res), Net operating income per share, Free reserves per share ratios of selected public sector banks from 2006 to 2010 are shown in fig. 1 to 10 respectively. The discussion in details of the above mentioned ratio are given below.

ADJUSTED EPS

The variation of this ratio of different selected Indian public sector banks is shown in fig. 1. According to this graph

- 1-State Bank of India-This ratio is continuously increasing from 2006 to2010.
- 2-Bank of Baroda-It is decreasing from 2006 to07,but continuously increasing from 2007 to2010.
- 3-Central Bank of India- This ratio is extremely increasing from 2006 to07,it decreasing from 2007 to08,but it continuously increasing from 2008 to 2010.
- 4- Oriental Bank of Commerce- It is decreasing from 2006 to07,but continuously increasing from 2007 to2010.
- 5- Punjab National Bank- This ratio is continuously increasing from 2006 to2010.
- 6-Syndicate Bank- This ratio is continuously increasing from 2006 to09, but decreasing from 2009 to2010.
- 7-Bank of Maharashtra- This ratio is continuously increasing from 2006 to2010.
- 8-Indian Oversease Bank- This ratio is continuously increasing from 2006 to09, but decreasing from 2009 to2010.

ADJUSTED CASH EPS

The variation of this ratio of different selected Indian public sector banks is shown in fig. 2. According to this graph

- 1- State Bank of India- It is decreasing from 2006 to07,but continuously increasing from 2007 to2010.
- 2-Bank of Baroda- This ratio is continuously increasing from 2006 to2010.
- 3-Central Bank of India- This ratio is extremely increasing from 2006 to07,it decreasing from 2007 to08,but it continuously increasing from 2008 to 2010.
- 4- Oriental Bank of Commerce- It is decreasing from 2006 to07,but continuously increasing from 2007 to2010.
- 5- Punjab National Bank-- This ratio is continuously increasing from 2006 to2010.
- 6-Syndicate Bank- This ratio is continuously increasing from 2006 to09, but decreasing from 2009 to2010.
- 7-Bank of Maharashtra- This ratio is continuously increasing from 2006 to2010.
- 8-Indian Oversease Bank- This ratio is continuously increasing from 2006 to09, but decreasing from 2009 to2010.

REPORTED EPS

The variation of this ratio of different selected Indian public sector banks is shown in fig. 3. According to this graph

- 1- State Bank of India- This ratio is continuously increasing from 2006 to2010.
- 2-Bank of Baroda- This ratio is continuously increasing from 2006 to2010.
- 3-Central Bank of India- This ratio is extremely increasing from 2006 to07,it decreasing from 2007 to08,but it continuously increasing from 2008 to 2010.
- 4- Oriental Bank of Commerce- This ratio is continuously increasing from 2006 to2010.
- 5- Punjab National Bank-- This ratio is continuously increasing from 2006 to2010.

- 6-Syndicate Bank- This ratio is continuously increasing from 2006 to09, but decreasing from 2009 to2010.
 7-Bank of Maharashtra- This ratio is continuously increasing from 2006 to2010.
 8-Indian Oversease Bank- This ratio is continuously increasing from 2006 to09, but decreasing from 2009 to2010.

REPORTED CASH EPS

The variation of this ratio of different selected Indian public sector banks is shown in fig. 4. According to this graph

- 1- State Bank of India- This ratio is continuously increasing from 2006 to2010.
 2-Bank of Baroda- This ratio is continuously increasing from 2006 to2010.
 3-Central Bank of India- This ratio is extremely increasing from 2006 to07,it decreasing from 2007 to08,but it continuously increasing from 2008 to 2010.
 4- Oriental Bank of Commerce- This ratio is continuously increasing from 2006 to2010.
 5- Punjab National Bank-- This ratio is continuously increasing from 2006 to2010.
 6-Syndicate Bank- This ratio is continuously increasing from 2006 to09, but decreasing from 2009 to2010.
 7-Bank of Maharashtra- This ratio is continuously increasing from 2006 to2010.
 8-Indian Oversease Bank- This ratio is continuously increasing from 2006 to09, but decreasing from 2009 to2010.

DIVIDEND PER SHARE

The variation of this ratio of different selected Indian public sector banks is shown in fig. 5. According to this graph

- 1- State Bank of India- This ratio is constent from 2006 to07,but continuously increasing from 2007 to2010.
 2-Bank of Baroda- This ratio is continuously increasing from 2006 to2010.
 3-Central Bank of India- This ratio is extremely increasing from 2006 to07,it decreasing from 2007 to08,constent from2008 to09,but again increasing from 2009 to 2010.
 4- Oriental Bank of Commerce-This ratio is increasing from 2006 to07,constent from 2007 to08,but again continuously increasing from 2008 to2010.
 5- Punjab National Bank-- This ratio is increasing from 2006 to07,constent from 2007 to08,but again continuously increasing from 2008 to2010.
 6-Syndicate Bank- This ratio is increasing from 2006 to07,constent from 2007 to08, again increasing from 2008 to09,and then constent from 2009 to 2010.
 7-Bank of Maharashtra- This ratio is increasing from 2006 to07,constent from 2007 to08, it ,decreasing from 2008 to09 and again increasing from 2009 to 2010.
 8-Indian Oversease Bank- This ratio is continuously increasing from 2006 to09, but decreasing from 2009 to2010.

OPERATING PROFIT PER SHARE

The variation of this ratio of different selected Indian public sector banks is shown in fig. 6. According to this graph

- 1- State Bank of India- This ratio is continuously increasing from 2006 to09, but decreasing from 2009 to2010.
 2-Bank of Baroda- This ratio is continuously increasing from 2006 to2010.
 3-Central Bank of India- This ratio is extremely increasing from 2006 to07,it decreasing from 2007 to08,but again increasing from 2008 to 2010.
 4- Oriental Bank of Commerce-This ratio is continuously increasing from 2006 to 08, decreasing from 2008 to09 and again increasing from 2009 to2010.
 5- Punjab National Bank-- This ratio is continuously increasing from 2006 to2010.
 6-Syndicate Bank- This ratio is continuously increasing from 2006 to 08, decreasing from 2008 to09 and again increasing from 2009 to2010.
 7-Bank of Maharashtra- This ratio is continuously increasing from 2006 to2010.
 8-Indian Oversease Bank- This ratio is continuously increasing from 2006 to09, but decreasing from 2009 to2010.

BOOK VALUE (EXCL REV RES)

The variation of this ratio of different selected Indian public sector banks is shown in fig. 7. According to this graph

- 1- State Bank of India- This ratio is continuously increasing from 2006 to2010.
 2-Bank of Baroda- This ratio is continuously increasing from 2006 to2010.
 3-Central Bank of India- This ratio is extremely increasing from 2006 to07,it decreasing from 2007 to08,but again increasing from 2008 to 2010.
 4- Oriental Bank of Commerce- This ratio is continuously increasing from 2006 to2010.
 5- Punjab National Bank-- This ratio is continuously increasing from 2006 to2010.
 6-Syndicate Bank- This ratio is continuously increasing from 2006 to2010.
 7-Bank of Maharashtra- This ratio is continuously increasing from 2006 to2010.
 8-Indian Oversease Bank- This ratio is continuously increasing from 2006 to2010.

BOOK VALUE (INCL REV RES)

The variation of this ratio of different selected Indian public sector banks is shown in fig. 8. According to this graph

- 1- State Bank of India- This ratio is continuously increasing from 2006 to2010.
 2-Bank of Baroda- This ratio is continuously increasing from 2006 to2010.
 3-Central Bank of India- This ratio is continuously increasing from 2006 to2010.
 4- Oriental Bank of Commerce- This ratio is continuously increasing from 2006 to2010.
 5- Punjab National Bank-- This ratio is continuously increasing from 2006 to2010.
 6-Syndicate Bank- This ratio is continuously increasing from 2006 to2010.
 7-Bank of Maharashtra- This ratio is continuously increasing from 2006 to2010.
 8-Indian Oversease Bank- This ratio is continuously increasing from 2006 to2010.

NET OPERTING INCOME PER SHARE

The variation of this ratio of different selected Indian public sector banks is shown in fig. 9. According to this graph

- 1- State Bank of India- This ratio is continuously increasing from 2006 to2010.
 2-Bank of Baroda- This ratio is continuously increasing from 2006 to2010.
 3-Central Bank of India- This ratio is continuously increasing from 2006 to2010.
 4- Oriental Bank of Commerce- This ratio is continuously increasing from 2006 to2010.
 5- Punjab National Bank-- This ratio is continuously increasing from 2006 to2010.
 6-Syndicate Bank- This ratio is continuously increasing from 2006 to2010.
 7-Bank of Maharashtra- This ratio is continuously increasing from 2006 to2010.
 8-Indian Oversease Bank- This ratio is continuously increasing from 2006 to2010.

FREE RESERVES PER SHARE

The variation of this ratio of different selected Indian public sector banks is shown in fig. 11. According to this graph

- 1- State Bank of India- This ratio is continuously increasing from 2006 to2010.

- 2-Bank of Baroda-This ratio is continuously increasing from 2006 to 2008,but highly decreasing from 2008 to 2009 and remain constent from 2009 to 2010.
 3-Central Bank of India- This ratio is continuously increasing from 2006 to2010.
 4- Oriental Bank of Commerce- This ratio is continuously increasing from 2006 to2010.
 5- Punjab National Bank—This ratio is continuously decreasing from 2006 to 2008,but increasing from 2008 to 2009 and again decreasing from 2009 to 2010.
 6-Syndicate Bank- This ratio is continuously increasing from 2006 to2010.
 7-Bank of Maharastra-This ratio is increasing from 2006 to 2007,decreasing from 2007 to 2008,and again continuously increasing from 2008 to2010.
 8-Indian Oversease Bank- This ratio is continuously increasing from 2006 to2010.

CONCLUSION

After analysis of above graphs of all the ratio of per share ratio of selected public sector banks, it is concluded that

ADJUSTED EPS: After analysis of fig. 1, it is concluded that, in State Bank of India-the nature of this ratio is continuously increasing, in Bank of Baroda-It is almost increasing, in Central Bank of India- It is almost increasing, in Oriental Bank of Commerce- It is almost increasing, in Punjab National Bank- This ratio is continuously increasing, in Syndicate Bank- It is almost increasing, in Bank of Maharastra- This ratio is continuously increasing and in Indian Oversease Bank- It is almost increasing.

ADJUSTED CASH EPS: After analysis of fig. 2, it is concluded that, in State Bank of India- The nature of this ratio is almost increasing, in Bank of Baroda- This ratio is continuously increasing, in Central Bank of India- This ratio is almost increasing, in Oriental Bank of Commerce- This ratio is almost increasing, in Punjab National Bank-- This ratio is continuously increasing, in Syndicate Bank- This ratio is almost increasing, in Bank of Maharastra- This ratio is continuously increasing, and in Indian Oversease Bank- This ratio is almost increasing.

REPORTED EPS: After analysis of fig. 3, it is concluded that, in State Bank of India- The nature of this ratio is continously increasing, in Bank of Baroda- This ratio is continuously increasing, in Central Bank of India- This ratio is almost increasing, in Oriental Bank of Commerce- This ratio is continuously increasing, Punjab National Bank-- This ratio is continuously increasing, in Syndicate Bank- This ratio is almost increasing, in Bank of Maharastra- This ratio is continuously increasing, and in Indian Oversease Bank- This ratio is almost increasing.

REPORTED CASH EPS: After analysis of fig. 4, it is concluded that, in State Bank of India- The nature of this ratio is continuously increasing, in Bank of Baroda- This ratio is continuously increasing, in Central Bank of India- This ratio is almost increasing, in Oriental Bank of Commerce- This ratio is continuously increasing, in Punjab National Bank-- This ratio is continuously increasing, in Syndicate Bank- This ratio is almost increasing, in Bank of Maharastra- This ratio is continuously increasing, and in Indian Oversease Bank- This ratio is almost increasing.

DIVIDEND PER SHARE: After analysis of fig. 5, it is concluded that, in State Bank of India- The nature of this ratio is almost increasing, Bank of Baroda- This ratio is continuously increasing, Central Bank of India- This ratio is almost increasing, Oriental Bank of Commerce-This ratio is continuously increasing, Punjab National Bank-- This ratio is continuously increasing, in Syndicate Bank- This ratio is continuously increasing, in Bank of Maharastra- This ratio is almost constant or decreasing in nature, and in Indian Oversease Bank- This ratio is almost increasing.

OPERATING PROFIT PER SHARE: After analysis of fig. 6, it is concluded that, in State Bank of India- The nature of this ratio is almost increasing, in Bank of Baroda- This ratio is continuously increasing, Central Bank of India- This ratio is almost increasing, in Oriental Bank of Commerce-This ratio is almost increasing, in Punjab National Bank-- This ratio is continuously increasing, Syndicate Bank- This ratio is almost increasing, in Bank of Maharastra- This ratio is continuously increasing, and in Indian Oversease Bank- This ratio is almost increasing.

BOOK VALUE (EXCL REV RES): After analysis of fig. 7, it is concluded that, in State Bank of India- The nature of this ratio is continuously increasing, in Bank of Baroda- This ratio is continuously increasing, in Central Bank of India- This ratio is almost increasing, in Oriental Bank of Commerce- This ratio is continuously increasing, Punjab National Bank-- This ratio is continuously increasing, in Syndicate Bank- This ratio is continuously increasing, in Bank of Maharastra- This ratio is continuously increasing, and in Indian Oversease Bank- This ratio is continuously increasing.

BOOK VALUE (INCL REV RES): After analysis of fig. 8, it is concluded that, in State Bank of India- The nature of this ratio is continuously increasing, in Bank of Baroda- This ratio is continuously increasing, in Central Bank of India- This ratio is continuously increasing, Oriental Bank of Commerce- This ratio is continuously increasing, Punjab National Bank-- This ratio is continuously increasing, in Syndicate Bank- This ratio is continuously increasing, in Bank of Maharastra- This ratio is continuously increasing, and in Indian Oversease Bank- This ratio is continuously increasing.

NET OPERATING INCOME PER SHARE: After analysis of fig. 9, it is concluded that, in State Bank of India- The nature of this ratio is continuously increasing, in Bank of Baroda- This ratio is continuously increasing, Central Bank of India- This ratio is continuously increasing, Oriental Bank of Commerce- This ratio is continuously increasing, Punjab National Bank-- This ratio is continuously increasing, Syndicate Bank- This ratio is continuously increasing, Bank of Maharastra- This ratio is continuously increasing, and in Indian Oversease Bank- This ratio is continuously increasing.

FREE RESERVE PER SHARE: After analysis of fig. 10, it is concluded that, in State Bank of India- This ratio is continuously increasing, Bank of Baroda-This ratio is sometimes increasing and sometimes decreasing, Central Bank of India- This ratio is continuously increasing, Oriental Bank of Commerce- This ratio is continuously increasing, Punjab National Bank— This ratio is almost decreasing in nature, Syndicate Bank- This ratio is continuously increasing, in Bank of Maharastra-This ratio is continuously increasing, and in Indian Oversease Bank- This ratio is continuously increasing.

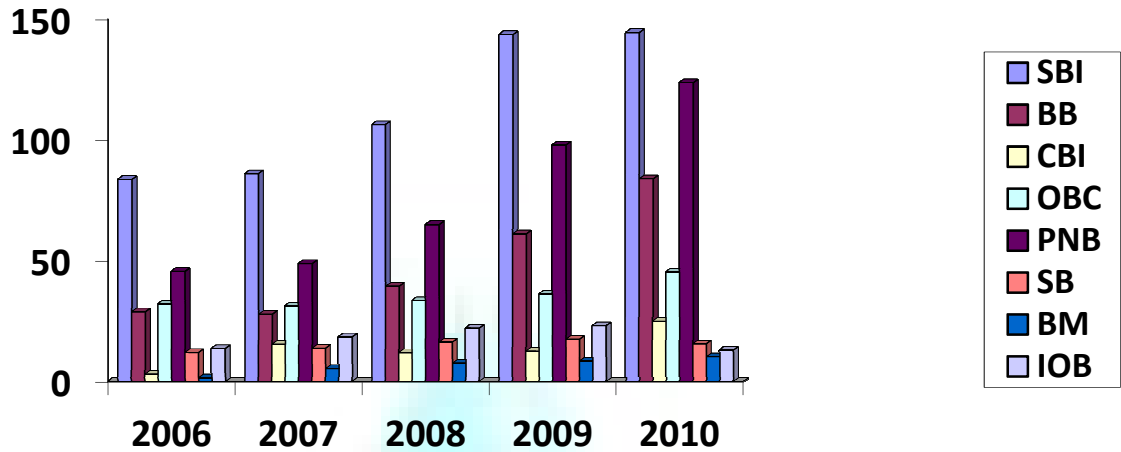
It is hoped that finding of this study will be helpful to keep the economy condition constant or in growth.

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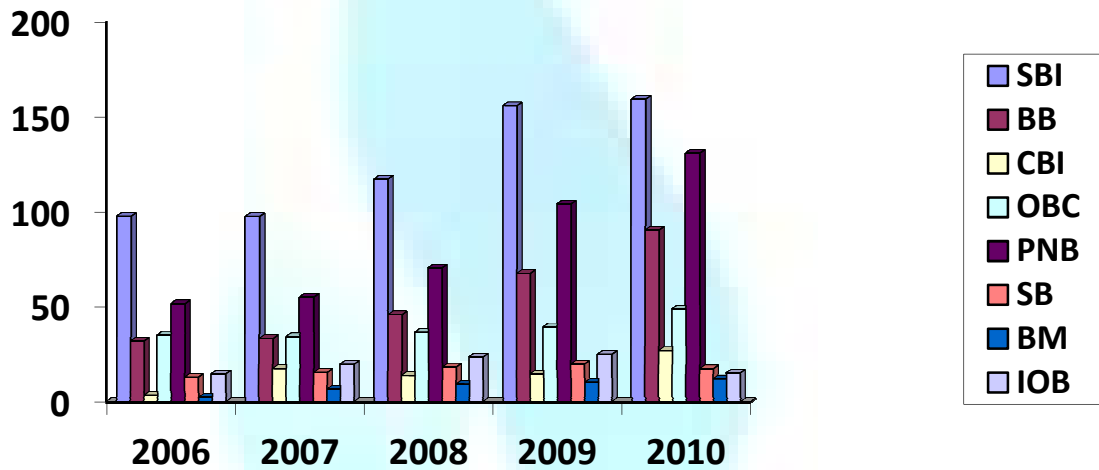
FIGURES

FIG. 1



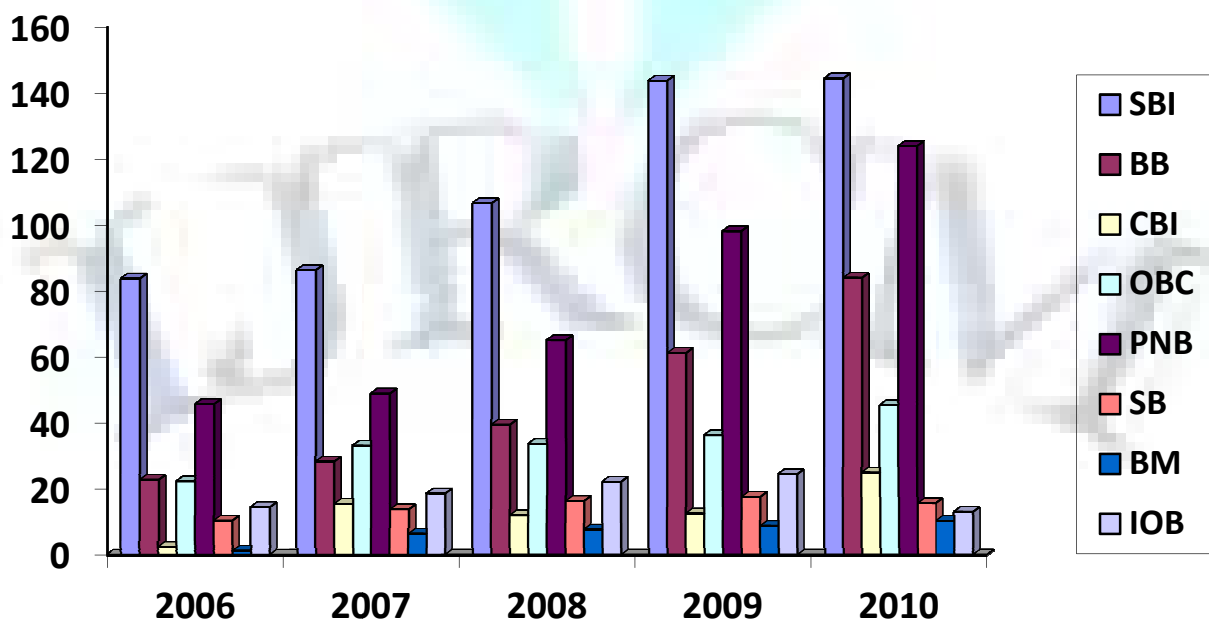
Source: Website of the selected banks.

FIG. 2



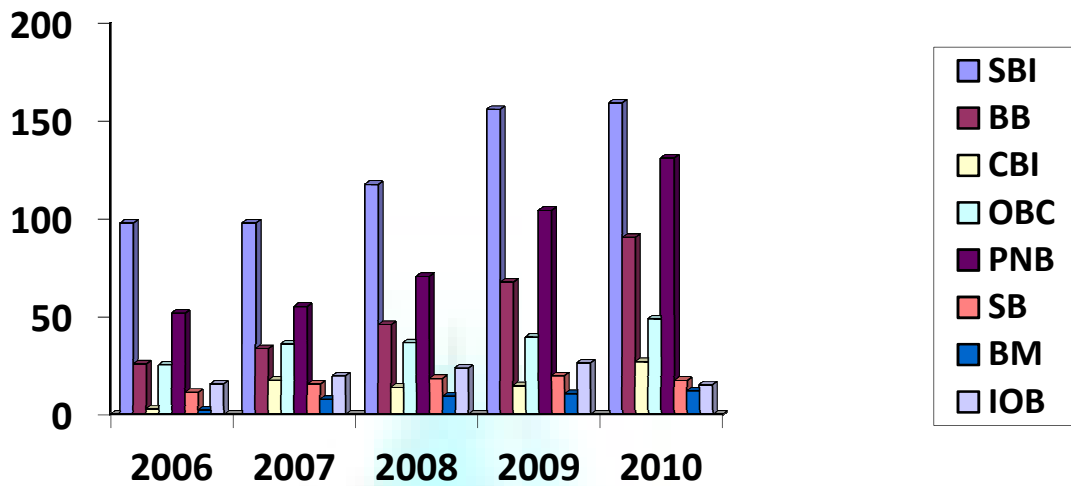
Source: Website of the selected banks.

FIG. 3



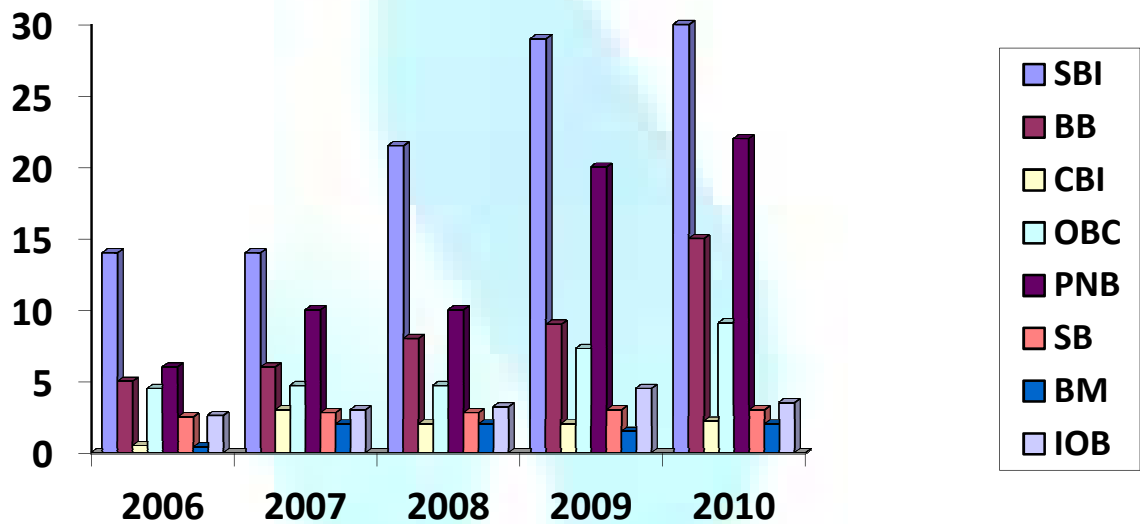
Source: Website of the selected banks.

FIG. 4



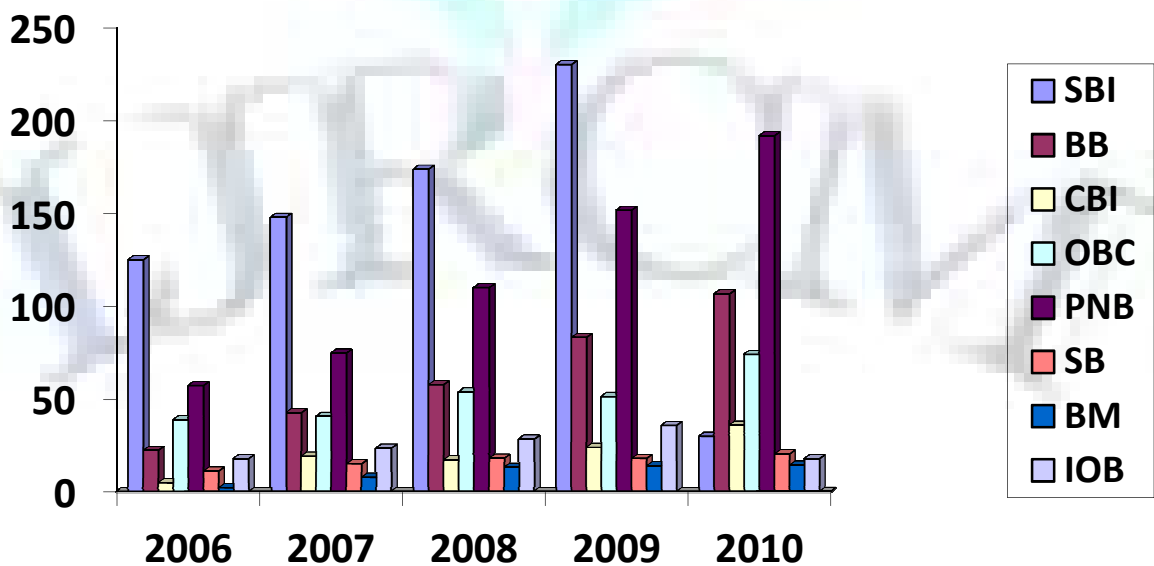
Source: Website of the selected banks.

FIG. 5



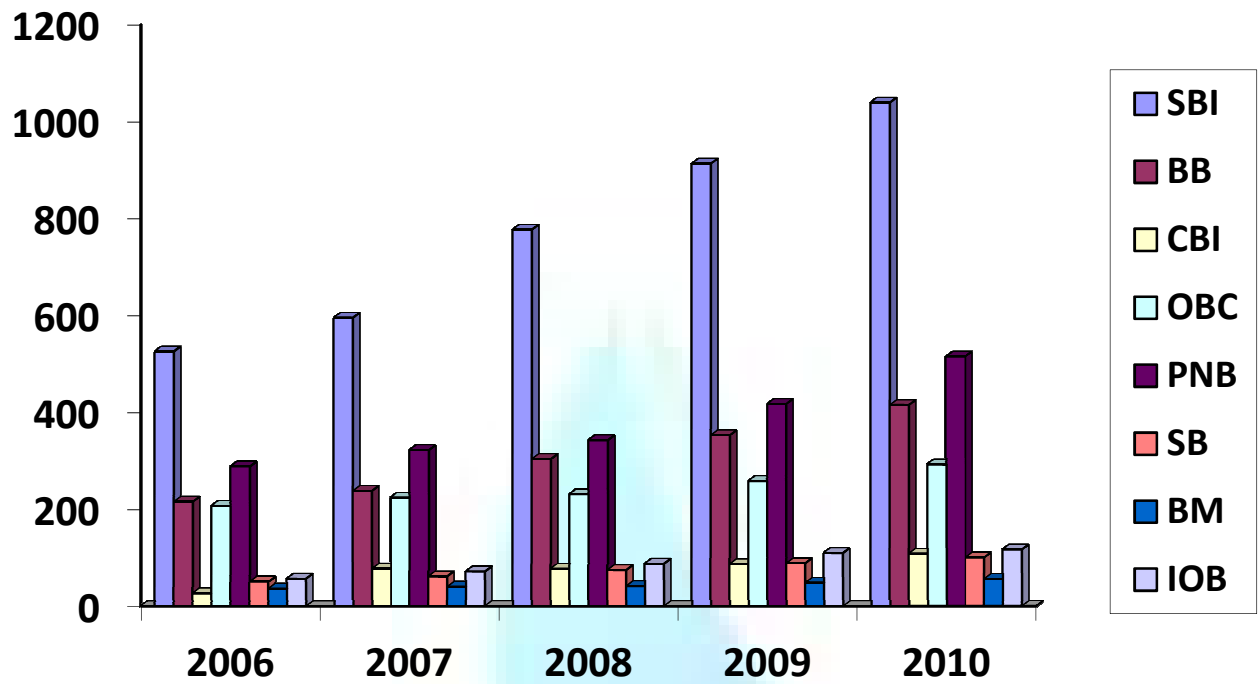
Source: Website of the selected banks.

FIG. 6



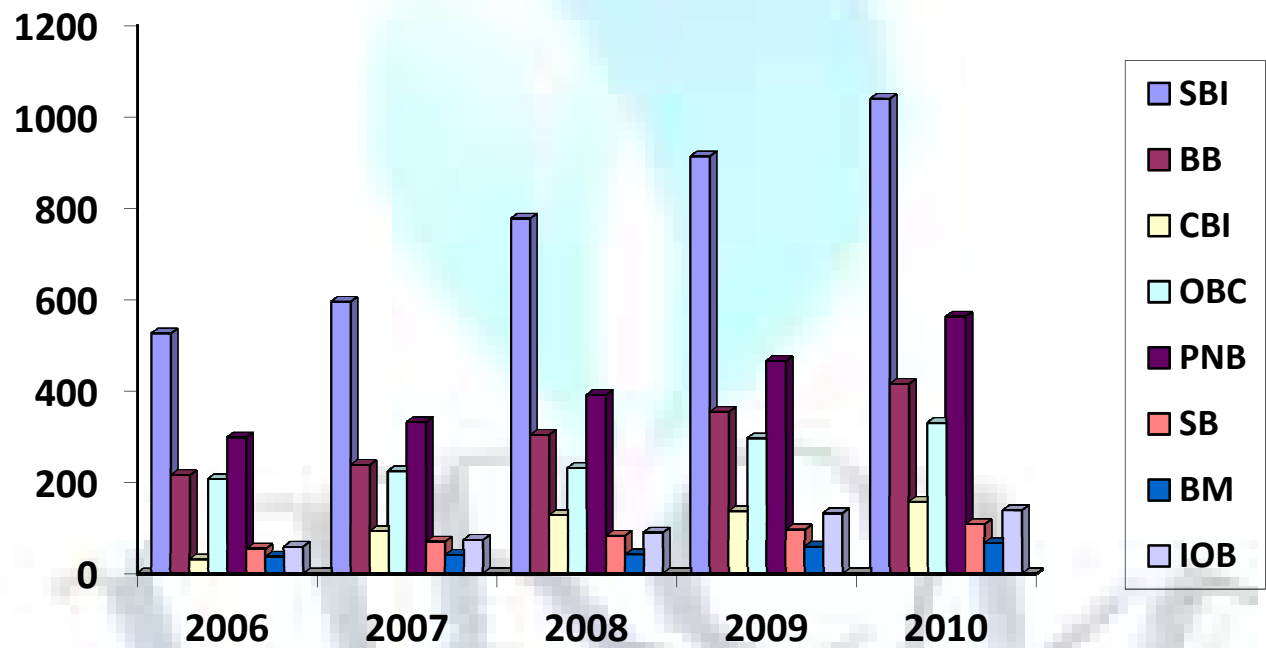
Source: Website of the selected banks.

FIG. 7



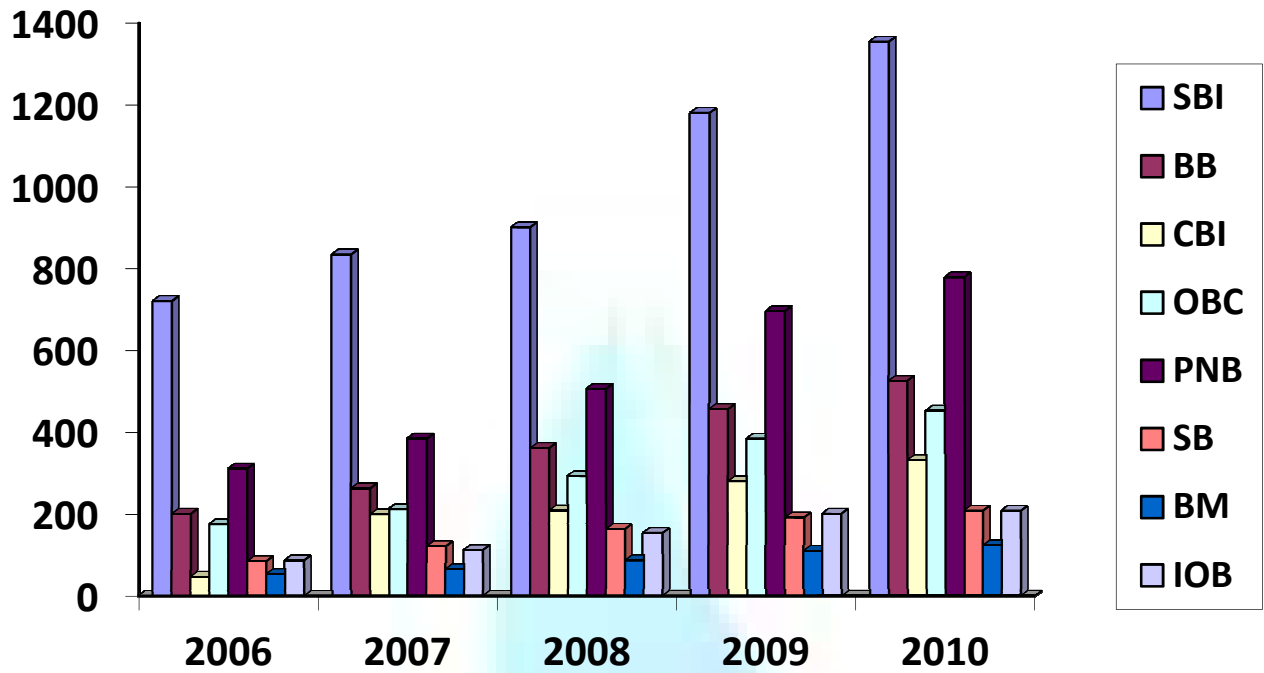
Source: Website of the selected banks.

FIG.8



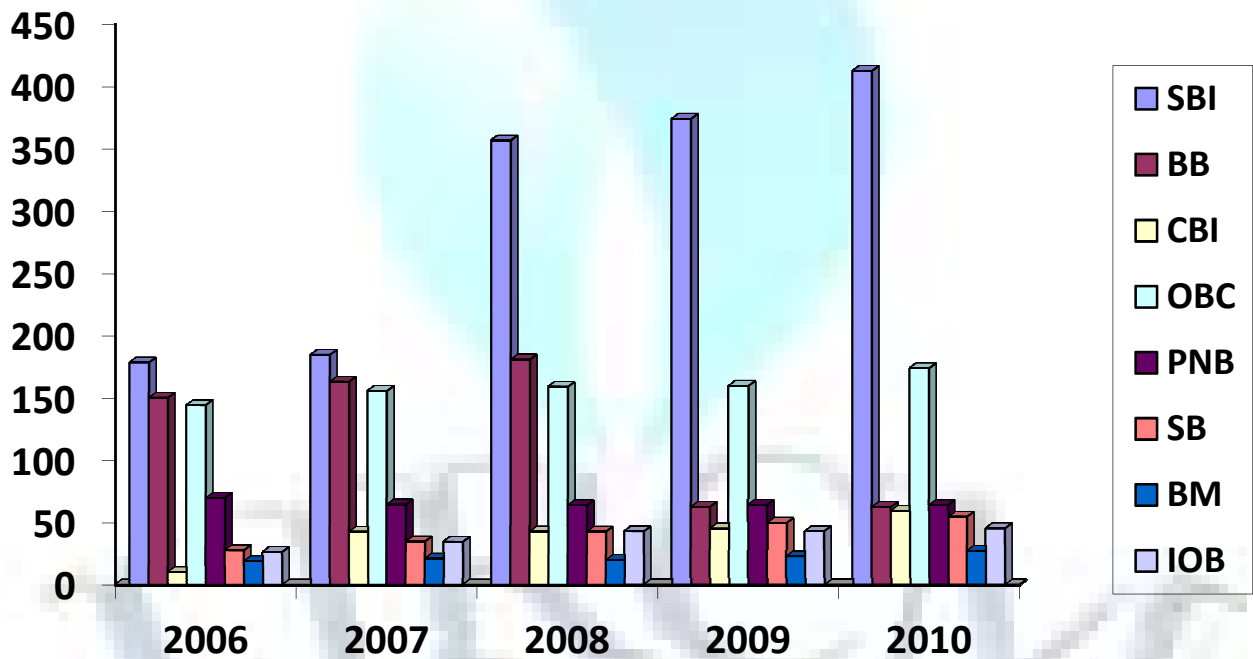
Source: Website of the selected banks.

FIG. 9



Source: Website of the selected banks.

FIG.10



Source: Website of the selected banks.

CONSUMPTION PATTERN OF CONVENIENCE GOODS: A STUDY WITH RURAL CONSUMERS

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ABSTRACT

The rural market is almost as big as the urban market. In some product categories, the rural market has outstripped the urban one. Hence it is really needed to analyze the rural consumer behavior and consumption pattern of convenience goods in order to understand the rural market in a better way. The study on rural consumer conception pattern helps to whom the consumers are what they want, how they use and react the product. The want of the consumer are carefully studied by conducting surveys on consumer behavior. The study also helps to know various marketing variables such as price and product features advertising message corporate image affect the buyer. I hoped that the study would help to gain knowledge on the issues such as the factors influencing the rural consumer consumption pattern.

KEYWORDS

Consumption pattern; Convenience goods; Rural consumer; Consumer Behavior.

INTRODUCTION

The rural population of India comprises more than 700 million people residing in about 1.4 million habitations spread over 15 diverse ecological regions. At present, Indian rural market has emerged as potential market with 75% of population living a more than 57000 in villages. The rural market is almost as big as the urban market. In some product categories, the rural market has outstripped the urban one. Hence it is really needed to analyze the rural consumer behavior and consumption pattern of convenience goods in order to understand the rural market in a better way. This study traces the consumer behavior and consumption pattern of convenience goods. Consumers get commodities such as drug, sugar, salt, tea, tooth paste, petrol, cool drinks etc., at minimum effort and at low cost. They are often required by the consumers. These types of goods are available at places, where consumers need. The purchase of such goods cannot be postponed because they are daily necessities of life

OBJECTIVE OF THE STUDY

- To develop an insight into the buying behavior and consumption pattern of rural consumers in Tirunelveli and Tutcorin district of Tamil Nadu with reference to convenience goods
- To assess the opinion of rural consumers about quality of product and to examine the factors those influence the rural consumers in the purchase of convenience goods
- To assess the preference of rural consumers regarding the package size of the consumer goods

RESEARCH METHODOLOGY

To carry out the study, primary data was collected through the field survey method in the study area of 425 village's panchayets in Tirunelveli and Tutcorin District with the help of a well structured questionnaire. Samples of 1020 respondents were selected by adopting a stratified Random sampling technique. The secondary data were gathered from the leading journals, magazines, paper cuttings etc.

STATISTICAL TOOLS

Chi-square test was employed to study the relationship between the selected independent variables and its impact on consumption pattern of convenience good. Further a multivariate model viz. Multiple regression analysis also used to measure the inter dependence of independent variable and their total contribution to the level of rural consumer consumption pattern of convenience goods.

RESULTS AND DISCUSSION**TABLE - 1 DEMOGRAPHIC PROFILE OF THE RESPONDENTS**

Parameters	classification	No. of respondents (N=1020)	Percentage
Age	Below18	60	5.9
	18-35	598	58.6
	36-50	292	28.6
	Above50	70	3.9
Gender	Male	459	45
	Female	561	55
Family type	Joint Family	559	54.8
	Nuclear Family	461	45.2
Education qualification	Illiterate	60	5.9
	Up to HSC	256	29.4
	Graduate	300	25.1
	Post Graduate	272	26.7
	Professional	132	12.9
Occupations	Business	132	12.9
	Professional	138	13.5
	Agricultural	137	13.4
	Employees	208	20.5
	Home makers	189	18.5
	Students	216	21.2
Monthly income	Below Rs. 10000	250	24.5
	Rs.10000-Rs.20000	489	47.9
	Above Rs.20000	281	27.6

The above table shows the respondents classification based on various age groups, gender, educational qualifications, monthly family income and family type. In order to find out the relationship existing between the various demographic and other related variables for rural consumer Consumption pattern for convenience goods *chi square* test have been applied by forming the *null hypothesis* for the 13 factors. Rural consumer Consumption pattern have been classified as *low, medium, and high* and the information collected for the various product categories

HYPOTHESIS TESTED

Ho: There is no significant relationship between the selected independent variables like age, gender, educational qualification, occupations, monthly family income, and family type, frequency of purchase, advertisement, Price, quality, Packaging size, brand, colour, and rural consumer consumption pattern.

TABLE-2: RESPONDENTS OPINION ABOUT FACTORS INFLUENCE THE CONSUMPTION PATTERN

Factors	Calculated value	Table value	DF	Remarks 5%
Age	20.102	12.592	6	Significant
Gender	7.62	5.991	2	Significant
Educational qualification	16.917	15.507	8	Significant
Occupations	19.117	18.307	10	Significant
Monthly family income	13.542	13.277	4	Significant
Family type	2.837	5.991	2	Not Significant
Colour	7.618	12.592	6	Not Significant
Advertisement	14.903	13.277	4	Significant
Price	11.382	9.488	4	Significant
Quality	9.746	9.488	4	Significant
Packaging size	12.530	9.488	4	Significant
Brand	10.030	9.488	4	Significant
Frequency of purchase	16.875	9.488	4	Significant

The above table various factors like age, gender, educational qualification, occupations, monthly family income, frequency of purchase, advertisement, Price, quality, Packaging size, brand, have shown the significant relationship towards the consumption pattern of convenience goods. But the factors such as Family type and colour have shown no relationship between the consumption patterns. In continuation of the above, the author made and attempts to test the variables by using a multivariate analysis. For this purpose a multiple regression analysis was employed and detail are furnished below

MULTIPLE REGRESSION ANALYSIS

Multiple regression analysis is applied when there are two or more independent variables especially, to predict the variability of the dependent variable based on its co- Variance with all the independent variables. It is useful to predict the level of dependent phenomena through multiple regression model provided the level of independent variables are given. In the following analysis, rural consumer consumption pattern of convenience goods in relation to the 13 independent variables were studied, It is found that, out of 13 variables, 9 variables are closely associated with the dependent variables. To measure the interdependence of independent variable and their total contribution to the rural consumer consumption pattern, a step wise multiple regression analysis was used. The results of the analysis were put into multiple regression analysis and the details are shown in table3

TABLE-3: MULTIPLE REGRESSION ANALYSIS

	Un standardized coefficients		standardized coefficients		
	B	Std error	Beta		
Constant	3.610	0.196		18.413	
Age	6.521e-02	0.043	0.097	1.523	NS
Gender	-0.157	0.042	-0.112	-3.750	1%
Educational status	6.931E-03	0.026	0.008	0.270	NS
Occupations	-7.40E-02	0.029	0.074	2.513	5%
family income	-6.29E-02	0.028	0.065	2.210	5%
Family type	-5.21E-02	0.012	0.126	4.172	1%
Colour	-0.221	0.018	0.357	12.388	1%
Advertisement	1.684E-02	0.009	0.027	1.820	NS
Price	0.875	0.014	0.891	62.553	1%
Quality	0.924	0.011	0.932	80.865	5%
Packaging size	-9.30E-04	0.025	0.000	-0.037	NS
Brand	0.924	0.011	0.932	80.967	1%
Frequency of purchase	0.176	0.048	0.118	3.657	1%

R-Value	R2-Value	DF-V1	DF-V2	F-Value	Significance
0.895	0.801	13	1006	311.568	1%level

From the table no 3 the multiple linear regression component (dependent variables) is found statistically a good fit since R2 value is 0.801.It shows that 9 independent variables contribute to about 80.1% to the variation of the consumer opinion on convenience goods and their level of effectiveness and this is statistically significant at 1% level and 5% level respectively

The table shows that co-efficient values for the variables such as age, educational qualification, occupation, monthly family income, family type, colour, advertisement, Brand, frequency of purchasing, price, quality are positively associated with the consumption pattern of rural consumer. On the other hand the coefficient values for the variables gender and packaging size are negatively correlated. Further it shows that the factors gender, family type, colour, price, frequency of purchasing, brand are statistically significant at 1% level and the factors such as Occupation ,monthly family income, quality are statistically at 5% level. Hence both of them imply that their influence on consumer buying pattern is stronger than the other variable

FINDINGS

Factors like Age, Gender, Educational qualification, Occupations, monthly family income, Advertisement, price, quality, packaging size, Brand, frequency of purchase have close relationship with the Consumption pattern. Factors like Family type and colour of the product have no relationship with the Consumption pattern

SUGGESTIONS

Rural consumers are not likely to switch over to higher priced products. If they do not see any signifying functional value addition at a justifiable price, because significant percentage of respondents reported no problem with loose product. Organizations can target rural market by developing value for money products, and then only, they will be able to upgrade the rural consumers from buy in loose or local products branded one. Smaller packages can be a good strategy. But it should be as one of the option and not as the only solutions. It was observed that respondents proffered medium price not low price. Therefore organization cannot expect to be competitive in the rural market on the basis of lower price alone, as it is normally tough to be

CONCLUSION

Rural market has its own set of challenges. Therefore, Organizations need to unlearn and then relearn the marketing strategies and tactics that will enable harnessing the immense rural potential. The approach strategies and marketing mix need to be modified and examined from rural consumers perspective to be successful in the rural market..

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MOTIVATORS AND MOTIVATIONAL ASPECTS OF THE WOMEN ENTREPRENEURS IN RURAL AREAS

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ABSTRACT

Entrepreneurship development among women is considered as a possible approach to economic empowerment of women, but women entrepreneurs are facing considerable challenges and severe competition. Hence, motivation of women entrepreneurs is one of the major resources in the promotion of entrepreneurship. Successful women entrepreneurs possess completely support from the family members to overcome the challenges and to succeed in this competitive business world. In this study, an attempt has been made to record the motivators and motivational aspects of the women entrepreneurs in rural areas and to analyze the essential support required to overcome the barriers and to be successful in business.

KEYWORDS

motivators, women entrepreneurs.

INTRODUCTION

All nations have attained greatness by paying proper respect to women. That country and that nation which do not respect women have never become great, nor will ever be in future".

—Swami Vivekananda.

Women of different socio-economic and educational status opt for entrepreneurship for different reasons. Women from lower strata, who are poor and less educated, opt for self-employment out of sheer economic necessity. Then comes the lower middle class women who take up entrepreneurship to earn more to catch up their status and standard of living. Then come the educated and qualified who have technical knowledge but not entrepreneurial knowledge and who opt for entrepreneurship training. Then there are middle class women who have free time but have no knowledge and skills yet want to achieve something in life and hence opt for entrepreneurship. Last are the high income groups who are well off and are least interested in entrepreneurship. For a person to become an entrepreneur there should be considerable motivation either from within himself or from others close to him. Without motivation one cannot achieve anything especially entrepreneurship, which is indulging in an unknown area, risking one's money and status, and needing a very strong motivation.

REVIEW OF LITERATURE

Some research studies done earlier in the field of women entrepreneurs, especially with reference to their motivators and motivational aspects, have been reviewed here. For a person to become an entrepreneur there should be considerable motivation either from within himself or from others close to him.

Examining the changes taking place in the status of Indian women in economic, educational and political spheres, Hate(1969) found that the chief motivation for working women was to support their families.

Singh and Gupta(1984) in their study on "Potential Women Entrepreneurs – Their Profile, Vision and Motivation" found out the reasons for becoming an entrepreneur amongst the respondents. "Economic gain" was ranked as the reason of greatest importance followed by 'keeping one self busy'. 'Fulfillment of one's ambition' was ranked third followed by 'wanted to become independent' and a host of other reasons.

Singh et.al.(1985) in their work relating to 'Successful Women Entrepreneurs – Their Identity Expectations and Problems', found out the reasons or motivational factors for venturing into entrepreneurship amongst the sample respondents.

Rani (1986) in her study on "Potential Women Entrepreneurs" found that the desire to do something independently was the prime motivating factor to start business activity amongst the sample respondents.

The study by Murthy et.al.(1986) classified the entrepreneurial motivation into three categories as, i) entrepreneurial ambitions, ii) compelling reasons and iii) facilitating factors.

A study on 'Women Entrepreneurs in Readymade Garments' conducted by Annie George (1988) showed that, 47.5 percent of the women entrepreneurs were motivated for earning more income and 26.25 percent for gaining economic independence.

Similar views were shared by Parthasarathi (1982) who conducted a study on the socio-economic background and the motivating factors of 125 women entrepreneurs in Andhra Pradesh. The study revealed that 25 percent of the women entrepreneurs had undertaken their entrepreneurship for economic need.

Sunanda Easwaran (1991) observed that the primary motive for engaging in some economically gainful activities by women were their desire for gainful time structuring and for making money or more money to support the family.

Kamala Singh (1992) had attempted a close look at the personal history of a select group of women entrepreneurs with special reference to their motivational forces. With regard to the motivational factor, it was found that most of the respondents had the motivations of 'economic necessity' and economic independence.

Lalitha Rani(1996), in her book on 'Women Entrepreneurs' quoted that 50.18 percent of women entrepreneurs were motivated by their husbands, while 33.95 percent were motivated by their family members. Friends had motivated women entrepreneurs to the extent of 7.38 percent while relatives had motivated to an extent of 4.80 percent. Government agencies and others had motivated them to the extent of 3.69 percent only.

Mitchell (2004) in his study on 'Motivates of Entrepreneurs: A case study of South Africa', examined the motivation of entrepreneurs in starting a business in the socio-economic milieu of South Africa. Both men and women entrepreneurs were found to be primarily motivated by the need for independence, need for material incentives and the need for achievement.

Dhemaja (2004) in his study on 'Women Entrepreneurs' choose three districts each from Punjab, Haryana and Chandigarh. The data revealed that a large number of younger women were motivated not only by the desire to become independent and to do something creative but also to achieve job satisfaction by accomplishing some challenging tasks and to compete with others.

Lavanya (2005) in the study on 'Female Labour Participation in a Selected Area in Coimbatore City' concentrated on 100 working women. The study revealed that the major motivating factor for women to undertake jobs was 'to be economically independent' (91.17 points) followed by, 'to supplement family income' (89.34 points) and 'only source of family income' (88.12 points).

METHODOLOGY

In this paper the motivation aspects such as motivators in starting the enterprise, reasons compelling the starting of the enterprise and factor influencing the idea of the enterprise were considered for detailed analysis.

PILOT STUDY

For the present study Anaimalai Block of Coimbatore district was selected. Due to the absence of any data relating to women entrepreneurs, the researcher first approached the lead bank – State Bank of India in the area and obtained the addresses of the women entrepreneurs who were financed by the bank under

various developmental schemes of the government. From the list, 200 women entrepreneurs who were willing to provide the necessary details were approached. Based on the nature of the activity women were categorized as manufacturers, traders and women belonging to service sectors. Under the present analysis 122 women entrepreneurs were manufacturers, 50 of them were traders and the remaining 28 women entrepreneurs were service providers.

QUESTIONNAIRE DESIGN

The data was collected by means of a three section questionnaire. Section I comprised of questions that focused in obtaining general information about entrepreneurs. Section II focused in obtaining profile of the enterprise. Section III was designed in Likert’s 5-Point scale ranging from 5-strongly agree; 4-agree; 3-neutral; 2-disagree; 1-strongly disagree to identify the motivators and motivational aspects of women entrepreneurs.

DATA ANALYSIS

The sources of data were primary. The data were analyzed using statistical packages for social science (SPSS).

OBJECTIVES

Keeping the above facts in views the following study was attempted by framing the following objectives,

1. To analyse the motivators for women entrepreneurs in starting the enterprise
2. To find out the extend of help provide by the government to rural women entrepreneurs
3. To assess the extent of success in business made by a married women.

ANALYSIS AND DISCUSSION

Once a woman has been convince that she should take up some gainful activity she has to be motivated and nurtured by some well wisher. The responses elicited through the interview schedule supplemented by the information received through personal interviews have helped to identify the persons who were instrumental in motivating the women to select a business and to carry out the functioning of that business venture. These agents are parents, husbands, friends, relatives and government agencies. Women have also exhibited their courage and capacity by starting an occupation on their own. The extent of influence that the above agents have exercised in initiating entrepreneurship among the respondents in presented in following table.

Motivators \ Sector	Sector			
	Manufacturing	Trading	Service	Total
Self motivation	18(14.75)	3(6.0)	9(32.14)	30(15.0)
Parents	30(24.59)	6(12.0)	7(25.0)	43(21.5)
Husbands	27(22.13)	12(24.0)	5(17.85)	44(22.0)
Relatives	16(13.11)	12(24.0)	5(17.85)	33(16.5)
Friends	23(18.85)	13(26.0)	1(3.57)	37(18.5)
Government	8(6.56)	4(8.0)	1(3.57)	13(6.5)
Total	122(100.0)	50(100.0)	28(100.0)	200(100.0)

In rural area, both parents and husbands had equally contributed in motivating the women entrepreneurs as the percentage was 21.5 and 22% respectively. Similarly there was not much difference with regard to friend and relatives as the percentage was 18.5 and 16.5 respectively. Out of the total respondents 15% of them had taken up entrepreneurship because of their self-motivation. The contribution of the government for women in rural areas was 6.5%. Sector-wise analysis showed the in rural areas, in the manufacturing sector the motivation of parents was the highest indicating 24.59%. In trading sector the highest motivators were friends with 26% and the husbands and relatives had motivated equally with 24% each. In the service sector, self motivation played a crucial role which has motivated 32.14% and the parents and husbands had motivated 25% and 17.85% respectively.

MOTIVATIONAL ASPECTS OF WOMEN ENTREPRENEURS

Apart from motivators there are both compelling and facilitating factors which make women to undertake entrepreneurship. Here we analyse the reasons which ha motivated the study group to become entrepreneurs. The factors considered for the analysis under compelling factors were, ‘unemployment’, ‘dissatisfying job’, ‘financial constraints at home’, ‘desire to earn extra income’, ‘to support the family’, ‘sole earner’ and ‘unemployed husband’. The factors considered under facilitating factors were, ‘use of idle funds’, ‘use of technical skills’, ‘leisure time on hand’, ‘to be economically independent’ and ‘family motivation’. The women entrepreneurs were asked to specify their responses on a five point rating scale – viz- ‘strongly agree’, ‘agree’, ‘neutral’, ‘disagree’ and ‘strongly disagree’. Scores were assigned as follows:

- Strongly agree = 2
- Agree = 1
- Neutral = 0
- Disagree = -1
- Strongly disagree = -2

The scores assigned for the factors are given in the following table. The scores range between -2 and +2.

The factors which influence the entrepreneurship among rural women were classified as compelling factors and facilitating factors. The respondents were asked to indicate which factor under each influenced their entrepreneurship and the percentage analysis was worked out. The above factors influenced the entrepreneurship in starting the enterprise so relevant data on the factors influencing entrepreneurship were collected and the data are presented below.

Motivational factors	Sector \ Reasons	Manufacturing		Trading		Service		Overall	
		Score	Rank	Score	Rank	Score	Rank	Score	Rank
		Compelling factors							
	Unemployment	0.992	7	0.920	6	0.857	6	0.955	5
	Dissatisfying job	0.131	5	0.080	9	0.000	9	0.100	9
	Financial constraints at home	1.393	3	1.400	3	1.250	4	1.375	3
	Desire to earn extra income	1.697	1	1.740	1	1.643	2	1.700	2
	To support the family	1.574	2	1.540	2	1.786	1	1.790	1
	Sole earner	-0.180	11	-0.320	11	-0.536	11	-0.265	11
	Unemployed husband	-0.651	12	-0.386	12	-1.160	12	-0.575	12
Facilitating factors									
	Use of idle funds	-0.090	10	-0.060	10	-0.143	10	-0.090	10
	Use of technical skills	0.205	9	0.220	8	0.821	7	0.295	8
	Leisure time on hand	1.295	4	1.200	4	1.321	3	1.275	4
	To be economically independent	0.631	8	0.720	7	0.821	7	0.680	6
	Family motivation	1.123	6	1.000	5	1.143	5	0.955	7

In rural area, the women entrepreneurs in the manufacturing sector fully agreed that 'desire to earn extra income' was the most compelling factor for them to start the enterprise, giving the score of 1.697. It was followed by 'to support the family' with the score of 1.574. For the women in the trading sector also, the most compelling factor was 'the desire to earn extra income'. This was given a score of 1.74. The necessity 'to support the family' was the second most compelling factor, with the score of 1.54. For the women in service sector, the necessity 'to support' was the first most compelling economic factor for the women to become entrepreneurs. This was followed by 'the desire to earn extra income' with the score of 1.643. All the women entrepreneurs in rural area disagreed that, it was to use idle money that they had become entrepreneurs. The score assigned for this was in negative. They reported that they were not the sole earners and that their husbands were not unemployed.

In the studies of Singh and Gupta(1984), Singh et.al (1985), Rani (1986), Annie George (1988), Sunanda Easwaran (1991) it was reported that the primary motive for women becoming entrepreneurs is the 'desire for keeping themselves busy'.

The analysis shows different results on the factors which had motivated the women in rural area for becoming entrepreneurs. For the women in rural area, it was the economic factor (to support the family) outweighing the non-economic factor (to use leisure time) which had motivated in a greater extend to become entrepreneurs.

SUGGESTIONS TO PROMOTE RURAL WOMEN ENTREPRENEURS

1. Re-orientation of educational system for women with due emphasis on career guidance, entrepreneurship awareness should start with school curriculum itself.
2. Group entrepreneurship should be promoted to bring out the hidden talents of the individual entrepreneur.
3. Publicizing the various incentive schemes of government and other agencies to rural women entrepreneurs is a must, to promote entrepreneurship in far-flung (remote) rural areas.
4. Follow-up support in marketing the products of women entrepreneurs should be properly executed.
5. The skill of the existing women entrepreneurs should be upgraded.

FINDINGS

In rural area 22% of the women entrepreneurs were motivated by their husbands, 21.5% of their parents and 15% have self-motivation in starting the enterprise. In rural area 24.59% of the women in manufacturing sector were motivated by their parents, 24% of the women in trading sector by their husbands and 32.14% of women in service sector had been urged by self motivation. In rural area, 'desire to earn extra income' was the first motivating factor for the women entrepreneurs in manufacturing and trading sector (scores assigned being 1.69 and 1.74 respectively). This was the second most motivating factor for the women entrepreneurs in service sector (score = 1.64). For the women of service sector 'to support the family' was the first factor (score = 1.79).

CONCLUSION

The study reveals the importance of women in supporting their families in terms of financial assistance. Women who were once considered to be only a bread maker now have started to be bread winners also. The schemes implemented for women should have their focus on rural women.

From the study, it is concluded that husbands of the women entrepreneurs, followed by their parents play a very important role in motivating them. Regarding motivational aspects it is their 'thirst to support the family' ranks first, followed by their 'desire to earn extra income'.

To conclude, the various factors motivating entrepreneurship should be the dimensions for the Entrepreneurship Development Programmes (EDP). This has to be considered by the Government and the NGOs to promote the entrepreneurship among rural women. Similarly, the policy table should consider the perceived constraints to be averted for the development of entrepreneurship among rural women.

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HANDLOOM INDUSTRY IN RELATION TO ITS PRODUCTION ORGANIZATION: A SOCIO-ECONOMIC STUDY IN TWO DISTRICTS OF WEST BENGAL

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ABSTRACT

Most of the traditional industries in developing countries like India are suffering from stagnation or decline and they survive even with the onslaught in the era of globalisation. This paper discusses on the economics of handloom industry in relation to its production organization. Production organization plays a vital role not only in economic activity but also in distribution of benefits of economic activity among the participants. Productivity of workers and earnings share vary substantially across different production organizations, namely independent (ind.), tied (under mahajan) and cooperative (copt.), and potentiality of growth also varies across the production organizations. The present note seeks to analyse the above-noted issues with reference to handloom industry of Purba Medinipur and Bankura districts of West Bengal. Our study reveals that production organization in handloom industry tied to mahajans is proliferating in the era of liberalization, privatization and globalization of the economy while independent and cooperative organizations rather stagnate or even suffer decline. Rural artisans mostly belonging to the weaker section of the society are hardly capable of coming out of the clutches of mahajans who exploit them using their merchant capital. Productivity, earnings and potential of growth of the rural artisans thus remain at low level not substantially contributing to rural development of the districts.

KEYWORDS

handloom industry, production organization, productivity, traditional industry.

INTRODUCTION

Most of the traditional industries in developing countries like India are suffering from stagnation or decline and they survive even with the onslaught in the era of globalization¹⁰. Handloom textiles constitute a timeless facet of the rich cultural heritage of India. The handloom sector occupies a place second only to agriculture in providing livelihood to the people. Handloom weaving in India is still largely a household enterprise, as well as being predominantly a rural activity, providing employment to the large number of people next only to agriculture. The sector about 23.77 lakh handlooms provides employment to 43.31 lakh persons in India. Out of which, 10% are scheduled castes, 18% scheduled tribes, 45% OBC and 27% are from other Castes (Annual Report 2009-10, Ministry of Textiles, Govt. of India). The importance of the industry in our country can be gauged from the fact that it meets 24 percent of total cloth requirements of the masses in 1980-81 and it meets about 15 percent in 2009-10. Apparently it seems it decreased by 9 percent but actual production went up from 3109 to 6769 million sq. meters, i.e., increase in total production by about 118 percent. During last six years from 2003-04 to 2009-10 it increases about 23.23 percent, from 5493 million sq. meters.¹²

Indian weavers are not only producing enough cloth to meet internal demand, but also exporting numerous artistic varieties to the highly industrialized countries of the world (Anjaneyula², 1990). Handloom products have a good demand outside India for their unique colour combinations and attractive designs. Industries of this type are necessary for the expansion of international trade and commerce, for securing favourable balance of payments and strengthening the socio-economic tie with other countries. The importance of handloom sector in the national economy cannot be overemphasized on account of having the advantage of flexibility of small production run, uniqueness, innovation and adaptability to the exports requirement. Export of handloom has been identified as "Thrust area" for the overall development of the sector⁴.

Handloom production in West Bengal increased significantly both before and after economic reforms but employment therein remains stagnant (Tables 1, 2 and 3).

TABLE 1: YEAR WISE PRODUCTION AND EMPLOYMENT IN HANDLOOM INDUSTRY OF WEST BENGAL, 1980-81 TO 1992-93

Equation	R ²	Adj. R ²	DW	F	CAGR(%)	Sig.(%)
InPro (WB) = 5.674 + 3.589 E-02t (224.190) (11.225)*	0.920	0.913	1.165	126.668	3.65	1
In employ = 6.574 - 3.52E-03t (115.199) (-.490)	0.021	-0.068	1.444	.240	-0.35	0

Source: Directorate of Handlooms, Govt. of West Bengal

TABLE 2: YEAR WISE PRODUCTION AND EMPLOYMENT IN HANDLOOM INDUSTRY OF WEST BENGAL, 1993-94 TO 2004-2005

Equation	R ²	Adj. R ²	DW	F	CAGR(%)	Sig.(%)
InPro (WB) = 5.686 + .107t (41.714) (5.778)*	.770	.746	1.087	33.387	11.29	1
In employ = 6.493 + 7.660E-04t (544.124) (.472)	.022	-.076	1.304	.223	.08	0

Source: Directorate of Handlooms, Govt. of West Bengal

TABLE 3: OVERALL YEAR WISE PRODUCTION AND EMPLOYMENT IN HANDLOOM INDUSTRY OF WEST BENGAL, 1980-81 TO 2004-05

Equation	R ²	Adj. R ²	DW	F	CAGR(%)	Sig.(%)
InPro (WB) = 5.539 + 4.595E-02t (43.695) (5.737)*	.622	.603	.483	32.916	4.70	1
In employ = 6.562 - 3.11E-03t (215.69) (-1.616)	.116	.071	1.373	2.612	-.31	0

Source: Directorate of Handlooms, Govt. of West Bengal

Note: Pro(WB) indicates handloom production in West Bengal and employ indicates employment in handloom industry in West Bengal

REVIEW OF EXISTING LITERATURE

Textile enquiry committee⁵ (1954) pointed out exploitation of handloom weaver by the middlemen and recommended for the abolition of those middlemen and also suggested necessary remedial measures to overcome the difficulties of the industry. The National Council of Applied Economic Research⁹ (1958) made a

survey on handloom industry in four district of Karnataka. The study mostly has confined to the organization, production and marketing activities of the household units. In 1959 the National Council of Applied Economic Research, New Delhi, conducted an investigation namely, Survey of the Handloom Industry in Karnataka and Sholapur". It elucidated the organizational structure and the size of cooperative and non-cooperative handloom sectors. It pointed out the need for giving encouragement to the handloom industry in those areas. Krishnamurthy⁷ (1970) pointed out that decentralized handloom weaving was beset with the crucial problem of funding adequate finance. Narasaiah⁸, (2004) pointed in his study that the fruits of the industry and actually grabbed by the usurious money lenders and extortionate middle-men and weavers are not conscious about their profession and are averse to their current activity. However, they are continuing in the profession, not because they like it but because they have no other way out. Syamasundari, Niranjana¹¹ (2006) made a case study. The study highlights different marketing experience and innovative strategies adopted by selected handloom marketing agencies. While the cases document the trajectories of particular players, the objective was not to evaluate their "success" or "failure", but to locate and analyse the implications of these marketing practices. Annapurna³ (2006), expresses his views in his paper that 'Despite many anticipation of its decline, the resilience of the handloom market in India demonstrates an inherent quality of the product as well as many intangible associations it carries for its customers. This article deals with different strategies used by the firms to face various challenges. It also presents a different perspective in which the artisan mode of production successfully negotiates and challenges markets and dominant mass production paradigm.'

Against this backdrop this paper discusses on the economics of handloom industry in relation to its production organization.

OBJECTIVES OF THE STUDY

The present study sets the following objectives for itself:

- To examine the socio-economic status of the sample handloom weavers working under different production organizations in handloom industry.
- To examine the economics of handloom units under different production organizations of the industry, namely independent, tied to mahajan and cooperative.

HYPOTHESES

The following hypotheses have been formulated to be tested in the study:

- Tied organization is proliferating in the handloom industry.
- Earning of independent units is higher than that of cooperative and tied units.

DATA BASE AND METHODOLOGY

Since secondary data available at present are not adequate to serve our purpose, we resort to primary data. Multi-stage stratified random sampling will be used to collect primary data on characteristic of the artisans' households, and production organization of handloom industries, economics of the industries. Stages here comprise District, Block, Village and Artisan Households while strata include relatively developed and relatively backward districts. One district each from among the relatively developed (Purba Medinipur) and the relatively backward (Bankura) districts will be selected purposively. Two blocks from each sample district and two villages from each sample block and sixteen (16) artisan households from each sample village will be randomly selected. Thus our sample comprises 2(two) districts, 4(four) blocks, 8(eight) villages and 128 households for our in-depth study on Handloom Industry. Simple statistical techniques like, mean, dispersion, correlation and regression will be used to analyze the data.

PLAN OF THE DISCUSSION

Section I: Types and status of handloom organizations

Section II: Socio-economic status of the sample handloom weavers

Section III: Economics of handloom units under different production organizations.

SECTION I: TYPES AND STATUS OF ORGANIZATIONS

In our study three types of production organization are found in handloom production, namely independent, weavers working under cooperative societies and weavers working under mahajan (tied to mahajan). It is revealed that, 28 (22%) handloom units out of total 128 sample household unites working independently, 32 (25%) handloom units working under cooperative societies and 68 (53%) handloom units working under mahajan (who supply required quantity of raw materials and paid *bani* or wages on piece rate system to the weavers after receiving the output). In Bankura district 15(23%) handloom units out of total 64 sample household unites working independently, 18(28%) handloom units working under cooperative societies and 31(49%) handloom units working under mahajan. Where as in Purba Medinipur district 13(20%) handloom units out of total 64 sample household unites working independently, 14(22%) handloom units working under cooperative societies and 37(58%) handloom units working under mahajan. From this, it can be said that 53% weavers working under mahajany system and merchant capitals of mahajan etc., controlled over the handloom industry in the era of globalization (Table 4). So tied organization is proliferating in the handloom industry

TABLE 4: DISTRIBUTION OF SAMPLE HANDLOOM UNITS BY TYPES OF PRODUCTION ORGANIZATION

Districts	Independent	Cooperative	Tied to mahajan	Total
Bankura	15(23.44)	18(28.13)	31(48.44)	64(100.00)
Purba Medinipur	13(20.31)	14(21.88)	37(57.81)	64(100.00)
Total	28(21.88)	32(25.00)	68(53.13)	128 (100.00)

Source: Field survey, 2010

Note: Parentheses represent the percentage of total.

SECTION II: SOCIO-ECONOMIC STATUS OF THE OF THE SAMPLE HANDLOOM WEAVERS

EDUCATION

From the view point of educational qualification out of all the persons involved in handloom activity in the sample districts 4 percent are illiterate, 41 percent have primary education, 49 percent have secondary education and only 6 percent have above secondary education. In Bankura district 3 percent artisans are illiterate, 55 percent have primary education, 41 percent have secondary education and only 1 percent have above secondary education where as, in Purba Medinipur district 4 percent are illiterate, 29 percent have primary education, 57 percent have secondary education and 10 percent have above secondary education. So it can be said that most of the artisans involved in handloom activity are semi literate (Table 5).

TABLE 5: DISTRIBUTION OF NUMBER OF WORKERS (INCLUDING ASSISTANT ARTISANS) BY EDUCATION

Districts	Illiterate	Primary	Secondary	Above Secondary	Total
Bankura	5(3.27)	83(54.25)	63(41.18)	2(1.31)	153(100.00)
Purba Medinipur	6(3.66)	48(29.27)	93(56.71)	17(10.37)	164(100.00)
Total	11(3.47)	131(41.32)	156(49.21)	19(5.99)	317(100.00)

Source: Field survey, 2010

Note: Parentheses represent the percentage of total

LAND HOLDINGS

In the district of Bankura about 87 percent independent handloom producing households possess more than one acre of land, 89 percent handloom producing households possess less than one acre of land and 61 percent handloom producing households possess less than 25 decimals of land. Whereas in the district of Purba Medinipur about 77 percent independent handloom producing households possess more than one acre of land, 86 percent handloom producing households possess less than one acre of land and 81 percent handloom producing households possess less than one acre of land. From this observation it may be said that due to the benefit of greater land holdings the independent weavers get a better scope of capital formulation than weavers of other production organizations (Table 6).

TABLE 6: DISTRIBUTION OF SAMPLE HANDLOOM PRODUCING HOUSEHOLDS BY LAND HOLDINGS AND PRODUCTION ORGANIZATION

Districts		Below 25 dec.	26dec.to 1 acre	1.1 acre to 2 acre	More than 2 acre	Total
Bankura	Ind	0(0.00)	2(13.33)	9(60.00)	4(26.67)	15(100.00)
	Copt.	6(33.33)	10(55.56)	2(11.11)	0(0.00)	18(100.00)
	Tied	19(61.29)	10(32.26)	2(6.45)	0(0.00)	31(100.00)
	Total	25(39.06)	22(34.38)	13(20.31)	4(6.25)	64(100.00)
Purba Medinipur	Ind	0(0.00)	3(23.08)	8(61.54)	2(15.38)	13(100.00)
	Copt.	3(21.43)	9(64.29)	2(14.29)	0(0.00)	14(100.00)
	Tied	6(16.22)	24(64.86)	5(13.51)	2(5.41)	37(100.00)
	Total	9(14.06)	36(56.25)	15(23.44)	4(6.25)	64(100.00)

Source: Field survey, 2010

Note: Parentheses represent the percentage of total

SECTION III: ECONOMICS OF HANDLOOM UNITS UNDER DIFFERENT PRODUCTION ORGANIZATIONS**EMPLOYMENT**

Like other cottage industry handloom industry also involves small number of weavers because most of the very tiny units producing handloom goods with family labour. The number of weavers engaged in this industry is classified into three categories – (i) 1 weaver, (ii) 2 weavers and (iii) above 2 weavers. Distribution of handloom units by number of weavers engaged shows that 76 percent of the handloom units are very tiny units belong to the first category employing only 1 (one) weaver, 15 percent tiny units belong to the second category employing only 2 (two) weavers and rest only 9 percent tiny units belong to the third category employing number of weavers above 2. About 80 percent handloom units are very tiny units employing only one weaver in the districts of Bankura. Whereas in Purba medinipur district 72 percent handloom units are very tiny units employing only one weaver (Table 7).

TABLE 7: DISTRIBUTION OF SAMPLE HANDLOOM UNITS OF INDEPENDENT AND TIED ARTISANS BY NUMBER OF WORKERS

District	Number of units by number of weavers employed			Total number of units
	1	2	Above 2	
Bankura	51(79.69)	8(12.50)	5(7.81)	64(100.00)
Purba Medinipur	46(71.88)	12(18.75)	6(9.38)	64(100.00)
Grand Total	97(75.78)	19(14.84)	12(9.38)	128(100.00)

Source: Field survey, 2010

Note: Parentheses represent the percentage of total.

Distribution of number of weavers engaged shows that out of 171 weavers 69 percent weavers are male, 27 percent weavers are female and 4 percent weavers are child. In the district of Bankura 66 percent weavers are male, 31 percent are female and rest 3 percent weavers are child. Where as in the district of Purba Medinipur 70 percent weavers are male, 24 percent female and rest 6 percent child. So percentage of child weavers is higher in Purba Medinipur than Bankura but the reverse situation is found in case of female weaver (Table 8).

TABLE 8: DISTRIBUTION OF NUMBER OF WEAVERS BY SEX

Districts	Male	Female	Child	Total
Bankura	55(66.27)	26(31.33)	2(2.41)	83(100.00)
Purba Medinipur	62(70.45)	21(23.86)	5(5.68)	88(100.00)
Total	117(68.42)	47(27.49)	7(4.09)	171(100.00)

Source: Field survey, 2010

Note: Parentheses represent the percentage of total

Distribution of number of assistant artisans engaged shows that out of 146 assistant artisans only 6 percent are male, 73 percent are female and 21 percent are child. In the district of Bankura 6 percent assistant artisans are male, 76 percent are female and rest 18 percent assistant artisans are child. Where as in the district of Purba Medinipur 6 percent assistant artisans are male, 70 percent female and rest 24 percent are child (Table 9). So in general males are involved in weaving activity but females are involved in other assistance activities of handloom industry in the sample districts.

TABLE 9: DISTRIBUTION OF NUMBER OF ASSISTANT ARTISANS BY SEX

Districts	Male	Female	Child	Total
Bankura	4(5.71)	53(75.71)	13(18.57)	70(100.00)
Purba Medinipur	5(6.58)	53(69.74)	18(23.68)	76(100.00)
Total	9(6.16)	106(72.60)	31(21.23)	146(100.00)

Source: Field survey, 2010

Note: Parentheses represent the percentage of total

CAPITAL

It is observed that out of 128 weavers household only 22 (17 percent) weavers household has fixed capital more than Rs.8000 and 60 (47 percent) weavers household has less than Rs.7000 invest as their fixed capital and the rest 36 percent weavers household has fixed capital more than Rs 7000 but less than Rs.8000 . Most of the weavers are not able to invest more amount as fixed capital by formulation of capital from their income as their earnings are very low (Table 10).

TABLE 10: DISTRIBUTION OF SAMPLE HANDLOOM UNITS OF INDEPENDENT AND TIED ARTISANS BY FIXED CAPITAL

Districts	Bankura				Purba Medinipur				Grand Total
	Ind	Copt.	Tied	Total	Ind	Copt.	Tied	Total	
Amount of Fixed capital (Rs.)									
1	2	3	4	5	6	7	8	9	10=5+9
Upto 6000	7	2	12	21(32.81)	2	6	3	11(17.19)	32(25.00)
6001-7000	3	5	6	14(21.88)	1	5	8	14(21.88)	28(21.88)
7001-8000	2	3	12	17(26.56)	6	3	20	29(45.31)	46(35.94)
8001-9000	3	4	1	8(12.50)	2	0	6	8(12.50)	16(12.50)
9001-10000	0	1	0	1(1.56)	0	0	0	0(0.00)	1(0.78)
Above 10000	0	3	0	3(4.69)	2	0	0	2(3.13)	5(3.91)
Total	15	18	31	64(100)	13	14	37	64(100)	128(100)

Source: Field survey, 2010

Note: Parentheses represent percentages

Fixed capital intensity is measured by the ratio of fixed capital to the number of labourers employed in the manufacturing units.¹ It is observed that capital intensity (Fixed Capital per Labour) of handloom units of Purba Medinipur district is higher than the handloom units in Bankura district in all the cases except cooperatives. In Purba Medinipur district capital intensity for weavers under cooperatives is lower than weavers tied to mahajan and independent weavers because some weavers has no own loom and they working on loom in the workshop of cooperative society, that's why they have no fixed capital investment. In Bankura district for the cooperative units the capital intensity lies in between independent units and units tied to mahajan. Capital intensity in handloom industry is very low like other rural industry⁶. Variability of capital intensity is highest among the cooperative units (CV=17.44) followed by independent units (17.23) and tied units (16.02) in Purba Medinipur district. In Bankura CV is highest in independent units (15.85) followed by tied units (13.34) and cooperative units (12.11) (Table 11).

TABLE 11: CAPITAL INTENSITY (FC/L) OF SAMPLE UNITS ACROSS PRODUCTION ORGANIZATIONS IN DISTRICTS (Rs)

District	Independent	Cooperative	Tied to Mahajan
Bankura	3904(15.85)	3812(12.11)	3733(13.34)
Purba Medinipur	6185(17.23)	2415(17.44)	5756(16.02)

Source: Field survey, 2010

Note: Parentheses represent coefficient of variation (CV)

CAPITAL PRODUCTIVITY

Capital productivity measured in terms of value of output per unit of fixed capital (Vo/Fc) of handloom units of Purba Medinipur district is lower than the units of Bankura district under all organizations. This productivity of independent units is higher than the other two organizations i.e., cooperative and tied units in Bankura district. But in Purba Medinipur district capital productivity is more or less equal in all organizations. It indicates that average amount of fixed capital investments in handloom units of Purba Medinipur district are greater than the units of Bankura district (Table 12).

TABLE 12: VALUE OF OUTPUT OF SAMPLE HANDLOOM UNITS PER UNIT OF FIXED CAPITAL (Vo/Fc)

District	Independent	Cooperative	Tied to Mahajan
Bankura	18.54(18.51)	17.22(11.14)	17.88(14.17)
Purba Medinipur	13.16(13.82)	13.06(16.48)	13.02(13.63)

Source: Field survey, 2010

Note: Parentheses represent coefficient of variation (CV)

Capital productivity measured in terms of value added per unit of fixed capital (Va/Fc) of handloom units of Purba Medinipur district is lower than the units of Bankura district under all organizations. This productivity of independent units is higher than the units working under cooperative and units tied to mahajan in Bankura district. Whereas in Purba Medinipur district capital productivity (Va/Fc) is more or less equal in all organizations (Table 13).

TABLE 13: VALUE ADDED OF SAMPLE HANDLOOM UNITS PER UNIT OF FIXED CAPITAL (Va/Fc)

District	Independent	Cooperative	Tied to Mahajan
Bankura	11.77(19.65)	10.92(11.01)	11.34 (14.56)
Purba Medinipur	7.91(14.23)	7.85(17.19)	7.83(14.26)

Source: Field survey, 2010

Note: Parentheses represent coefficient of variation (CV)

LABOUR PRODUCTIVITY

Labour productivity measured by way of value of output per man-day (Vo/md) of sample handloom units for Bankura district is lower than Purba Medinipur district under all the three organizations namely independent, tied to mahajan and cooperative. It is observed that this productivity for independent weavers is greater than cooperative weavers and weavers tied to mahajan in both the districts (Table 14). The causes behind low productivity are the weavers followed traditional methods of production and design due to lack of exposure, awareness and knowledge over changing technologies, methods and the requirements. Weavers must be oriented towards the betterment of their skills, knowledge and technology in order to ensure quality. Variability of labour productivity is highest among the independent units (CV=6.29) of Bankura followed by cooperative units (6.14) of Purba Medinipur district.

TABLE 14: VALUE OF OUTPUT OF SAMPLE HANDLOOM UNITS PER UNIT OF MANDAYS (VO/MD) ACROSS PRODUCTION ORGANIZATIONS IN DISTRICTS

District	Independent	Cooperative	Tied to Mahajan
Bankura	367 (6.29)	334(3.86)	319(3.34)
Purba Medinipur	379(3.96)	349(6.14)	329(4.16)

Source: Field survey, 2010

Note: Parentheses represent coefficient of variation (CV)

Labour productivity measured by way of value added per man-day (Va/md) of Purba Medinipur district is greater than Bankura district in all cases. It is also observed that this productivity is highest for independent weavers (Rs 237) followed by cooperative weavers (Rs. 218) and weavers tied to mahajan (Rs. 204) in Purba Medinipur district. Same observations are found in the district of Bankura (Table 15).

TABLE 15: VALUE ADDED OF SAMPLE HANDLOOM UNITS PER UNIT OF MANDAYS (VA/MD) ACROSS PRODUCTION ORGANIZATIONS IN DISTRICTS

District	Independent	Cooperative	Tied to Mahajan
Bankura	231(8.71)	209(6.02)	201(5.46)
Purba Medinipur	237(8.35)	218(7.31)	204(3.43)

Source: Field survey, 2010

Note: Parentheses represent coefficient of variation (CV)

EARNINGS

Monthly earnings from handloom are highest (Rs. 4560) in independent weavers followed by cooperative (Rs3030) and tied units (Rs. 2640) of Purba Medinipur district. Similarly in Bankura district earnings of independent weavers (Rs. 4290) are higher than the earnings of weavers working under cooperative organizations (Rs 2760) and weavers tied to mahajan (Rs 2550). Monthly earnings are very low in sample handloom units (Table 16). So earning of independent units is higher than that of cooperative and tied units in both the districts.

TABLE 16: EARNINGS (Rs.) OF SAMPLE HANDLOOM WEAVER PER MONTH

District	Independent	Cooperative	Tied to Mahajan
Bankura	4290(18.38)	2760(15.13)	2550(13.69)
Purba Medinipur	4560(14.98)	3030(21.94)	2640(19.69)

Source: Field survey, 2010

Note: Parentheses represent coefficient of variation (CV)

Distribution of sample handloom units by earnings per month highlights that about 72 percent weavers of total (64) weavers in the district of Bankura earn only Rs. 3000 or below per month. Whereas in the district of Purba Medinipur about 77 percent weavers earn only Rs. 3000 or below per month. In Bankura district about 87 percent independent weavers earn more than Rs 3000 per month and about 89 percent cooperative weavers & 90 percent tied weavers earn only Rs 3000 or below. Whereas in Purba Medinipur about 92 percent independent weavers earn more than Rs 3000 per month and about 93 percent cooperative weavers & 95 percent tied weavers earn only Rs 3000 or below (Table 17).

TABLE 17: DISTRIBUTION OF SAMPLE HANDLOOM UNITS OF INDEPENDENT AND TIED ARTISANS BY EARNING PER MONTH PER ARTISAN

Districts	Number of handloom units							
	Bankura				Purba Medinipur			
Amount of profit/earning per month (Rs.)	Ind	Copt.	Tied	Total	Ind	Copt.	Tied	Total
Upto 2000	0	7	17	24(37.50)	0	5	20	25(39.06)
2001- 3000	2	9	11	22(34.38)	1	8	15	24(37.50)
3001 – 4000	5	2	3	10(15.63)	7	1	2	10(15.63)
Above 4000	8	0	0	8(12.50)	5	0	0	5(7.81)
Total	15	18	31	64(100)	13	14	37	64(100)

Source: Field survey, 2010

Note: Parentheses represent percentages

Earnings from handloom activity of independent weavers per day are higher than the earnings of weavers working under cooperative organizations and weavers tied to mahajan in both the districts of Bankura and purba Medinipur. Per day earnings of weavers tied to mahajan are near about Rs.90 only in both the district (Table 18). The causes behind this i) most of the weavers tied mahajan produced low quality / low priced handloom cloth by the use their age-old techniques, tools and equipments as a result their productivity is also low after that ii) merchant capital controls over the production and marketing of handloom cloths that always want to maximize their share by exploit other. That is why their earnings are very low. Daily earning variability is highest among the weavers working under cooperative organization in Purba Medinipur district as Coefficient of variation (CV) is highest (16.62) followed by tied weavers (12.93) in that district.

TABLE 18: EARNINGS OF SAMPLE HANDLOOM UNITS PER WEAVER PER DAY (Rs)

District	Independent	Cooperative	Tied to Mahajan
Bankura	143(10.94)	92(9.85)	85(9.68)
Purba Medinipur	152(11.97)	101(16.62)	88(12.93)

Source: Field survey, 2010

Note: Parentheses represent coefficient of variation (CV)

In the district of Bankura 69 percent weavers out of the total sample weavers earn less than Rs. 100 per day, 14 percent weavers earn more than Rs. 100 but less than Rs 120 per day and rest only 17 percent weavers earn more than Rs. 120 per day. About 67 percent independent weavers earn more than Rs 120 per day whereas about 83 percent cooperative weavers and about 73 percent weavers tied to mahajan earn less than Rs 100 per day. In Purba Medinipur district 66 percent weavers earn less than Rs. 100 per day, 17 percent weavers earn more than Rs. 100 but less than Rs 120 per day and the rest 17 percent weavers earn more than Rs. 120 per day. About 77 percent independent weavers earn more than Rs 120 per day whereas about 93 percent cooperative weavers and about 89 percent weavers tied to mahajan earn less than Rs 100 per day. So earnings of cooperative and tied weavers are very low, inspite of that they are involved in this activity because i) they have no better remunerative job through out the year ii) some weavers feel that it is a prestigious job than other job of something more remunerative iii) most of the weavers involved agriculture activity with this activity. So in the agricultural slack season they earn less by use their idle time. As a result they get job throughout the year and they are able to maximize their family income with this handloom activity (Table 19).

TABLE 19: DISTRIBUTION OF SAMPLE HANDLOOM UNITS OF INDEPENDENT AND TIED ARTISANS BY EARNING PER DAY PER ARTISAN

Districts	Bankura				Purba Medinipur			
	Ind	Copt.	Tied	Total	Ind	Copt	Tied	Total
Net earnings/ pd (Rs.)								
Upto Rs. 80	1	8	18	27(42.19)	0	4	16	20(31.25)
81 – 100	1	7	9	17(26.56)	1	4	17	22(34.38)
101 – 120	3	3	3	9(14.06)	2	5	4	11(17.19)
121 – 140	5	0	1	6(9.38)	3	1	0	4(6.25)
141 – 160	3	0	0	3(4.69)	5	0	0	5(7.81)
Above 160	2	0	0	2(3.13)	2	0	0	2(3.13)
Total	15	18	31	64(100)	13	14	37	64(100)

Source: Field survey, 2010

Note: Parentheses represent the percentage of total

It is observed that about 60 percent of the weaver's household depends on handloom industry for collection of 40 percent-80 percent of their family income in both the sample districts, 28 percent and 24 percent weaver's household depends on above 80 percent of their family income respectively in the district of Bankura and Purba Medinipur. So handloom industry provide livelihood to the rural poor people in both the sample districts (Table 20).

TABLE 20: DISTRIBUTION OF ARTISANS HOUSEHOLDS BY PERCENTAGE OF INCOME FROM HANDLOOM IN THE DISTRICT OF BANKURA & PURBA MEDINIPUR

Percentage of income from handloom	No. of artisan households							
	Bankura				Purba Medinipur			
	Ind.	Copt.	Tied	Total	Ind.	Copt.	Tied	Total
10-20	1(8.33)	1(3.89)	0(0.00)	2(3.13)	1(7.14)	1(7.14)	0(0.00)	2(3.44)
21-40	3(16.67)	3(15.56)	0(0.00)	6(9.38)	3(21.54)	1(7.14)	2(4.59)	6(8.59)
41-60	6(41.67)	4(23.33)	8(24.19)	18(28.13)	6(46.15)	3(21.43)	9(22.97)	18(27.34)
61-80	4(25.00)	6(31.11)	10(32.26)	20(31.25)	3(21.54)	5(35.71)	14(37.84)	22(34.06)
81-100	1(8.33)	4(23.33)	13(40.32)	18(28.13)	0(0.00)	4(28.57)	12(32.16)	16(24.84)
Total	15(100)	18(100)	31(100)	64(100)	13(100)	14(100)	37(100)	64(100)

Source: Field survey, 2010

Note: Parentheses represent percentages

FINDINGS OF THE STUDY

Production organization plays a vital role not only in economic activity but also in distribution of benefits of economic activity among the participants. Productivity of workers and earnings share vary substantially across different production organizations, namely independent, tied (under mahajan) and cooperative, and potentiality of growth also varies across the production organizations.

Our study reveals that production organization in handloom industry tied to mahajans is proliferating in the era of liberalization, privatization and globalization of the economy while independent and cooperative organizations rather stagnate or even suffer decline. Rural artisans mostly belonging to the weaker section of the society are hardly capable of coming out of the clutches of mahajans who exploit them using their merchant capital. Productivity, earnings and potential of growth of the rural artisans thus remain at low level not substantially contributing to rural development of the districts.

CONCLUSIONS

Independent handloom units register higher profitability and prospects of growth than tied and cooperative units and that's why independent weavers enjoy better social and economical status than other weavers. Institutional measures should be taken for development of their socio-economic status through the development of handloom industry.

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A STUDY ON PUBLIC ATTITUDE AND CONTRIBUTION TOWARDS POVERTY ALLEVIATION**L. VIJAY****RESEARCH SCHOLAR****DEPARTMENT OF MANAGEMENT STUDIES****KARPAGAM UNIVERSITY****COIMBATORE****M. GANDHI****ASST. PROFESSOR****DEPARTMENT OF MANAGEMENT STUDIES****SAPTHAGIRI COLLEGE OF ENGINEERING****DHARMPURI****ABSTRACT**

The article of the study conducted on the title 'A study on public attitude and contribution towards poverty alleviation in Trichy city. The primary objective of the study is to find out the public awareness of the poverty, to know the public attitude towards poverty, and to identify the public contribution toward poverty alleviation. The authors have collected primary data by survey method and secondary data have been collected from books, journals and internet sources. The study was conducted for a period of three months. The study related towards common public from different strata. Simple percentage analysis, chi-square analysis were used for this study. In trichy city public have moderate level of awareness and moderate level of attitude towards poverty.

KEYWORDS

Attitude, Awareness, Poverty and Public contribution.

INTRODUCTION

Poverty may be defined as an individual's inability to satisfy basic needs in food, clothing, shelter and health. Here India is the second most populous country in the world. Though large population gives rise to large supply of labour force, it gives to a number of economic problems like poverty. The major causes of Indian poverty were due to weak growth strategy, growing unemployment, deforestation and inequalities in income distribution. Therefore Indian government has taken a number of measures to control population growth. There are many programmes namely Integrated rural development programme (IRDP), Training of rural youth for self-employment (TRYSEM), Food for work programme, Employment assurance scheme (EAS), etc and all these programmes not fully alleviated the poverty but helped to tackle and manage the poverty problems. According to 2011 census now Indian population rises nearly to 120 crores and the people living below poverty line is in significant level. Hence the public positive attitude toward poverty and contribution for it help the nation for reducing such problems and also it enables the government to alleviate poverty to large extent.

STATEMENT OF THE PROBLEM

Though India is a largest country, still lacks in holistic growth. Poverty spread out everywhere in the country. Government announced sacred schemes such as free meal scheme, old age pension, child development scheme, widow re-marriage scheme, etc, but the eradication programme not wholly fruitful and poverty prevailing and staying in india. There is a need for alternative ways and also additional sources other than national five year plans for eradicating poverty. A human being in the society whether the public interested to contribute money for poverty alleviation. This study attempts to know the public attitude towards poverty and also effort has taken in different view to know the public contribution towards poverty alleviation.

OBJECTIVES

1. To know the public awareness toward poverty
2. To find out the public attitude toward poverty
3. To identify the public contribution towards poverty alleviation.

REVIEW OF LITERATURE

The past and previous studies shows that poverty alleviation programmes in india was not yielded the required result. But this study is a new approach to identify the public attitude and contribution toward poverty alleviation and none of the studies has made any attempt in this area of the study.

Some reviews have been collected which are related to this topic is as follows;

According to the planning commission of india in the report titled 'Poverty alleviation in rural india; Programme and strategy pointed that ' inadequacy of social infrastructure affecting the quality of life of the people and their employability. Economic growth is important. Economic growth creates more resources and has the potential of creating more space for the involvement of the poor. But the involvement of the poor depends on the sources of growth and the nature of growth. If the growth is sourced upon those sectors of the economy or those activities that have a natural tendency to involve the poor in their expansion, such growth helps poverty eradication.

The planning commission report in the title 'Policies for poverty alleviation shows that 'poverty alleviation must be treated as an explicit objective and development strategies must be consciously structured to achieve this objective. Many national plans now have explicit quantitative targets for reduction in poverty and related issues such as creation of employment and provision of basic needs. There is also much greater interest in establishing an explicit linkage between policy formulation and the achievement of poverty related objectives.

The article titled 'government poverty alleviation programme; are they effective published in the time groups magazine as follows ' the percentage of india's population living below the poverty line in 2004-05 was estimated at 27.8 percent. The government has been able to reduce this rate by only an average of 0.74 percent since 1993. Statistics clearly indicate that the poverty alleviation programs have had a minimal effect on poverty levels in India.

RESEARCH METHODOLOGY

Research methodology is a way to systematically solve the research problem by applying various research techniques along with the logic behind the problem. The effectively used methodology will prove the validity of the findings and the success of the research depends mostly on methodology accordingly the researcher has used scientific method to arrive at certain conclusions.

The present study is descriptive in nature and the data source is primary data was collected through questionnaire and also secondary data was collected from books and websites. The primary data collected in the time period from the month of may to july 2011.

SAMPLING DESIGN

A sample design is a definite plan for obtaining a sample from a given population. It refers to the technique or the procedure, the researchers would adopt in selecting items for the sample. The area of the study is trichy city and sample size consist of 75 respondents were selected on the basis of convenience sampling method.

FRAMEWORK OF ANALYSIS

Based on the objectives of the study certain variables are taken in to consideration such as gender of the respondents, age of the respondents, educational qualification of the respondents and occupation of the respondents. Simple percentage analysis and chi-square test are used for data analysis purpose

DATA ANALYSIS AND INTERPRETATION

SIMPLE PERCENTAGE METHOD

Simple percentage analysis is one of the basic statistical tools which is widely used in analysis and interpretation of primary data. It deals with the number of respondents response to a particular question in percentage arrived from the total population selected for the study.

Formula:
$$\frac{\text{Number of respondent's response to a question}}{\text{Total number of samples selected for the study}}$$

CHI-SQUARE ANALYSIS

Chi-square test is an important test among the several test of significance. Chi-square symbolically written as χ^2 (pronounced as ki square) is a statistical measure used in the context of sampling analysis for comparing a variance to theoretical variance. Chi-square test enables to explain whether or not two attributes are associated. Chi-square is calculated as follows

$$\chi^2 = \sum \frac{E(O_{ij} - E_{ij})^2}{E_{ij}}$$

O_{ij} = Observed frequency of the cell in the i th row and j th column

E_{ij} = Expected frequency of the all in the i th row and j th column

As a non-parametric test it can be used to determine a categorical data. It is used to make comparison between theoretical population and actual data. Degree of freedom plays an important part in using the chi-square distribution and tests are based on it. The degree of freedom is worked out as follows

$d.f = (c-1)(r-1)$

where 'c' means number of columns and 'r' means number of rows.

1) PUBLIC AWARENESS TOWARDS POVERTY

To know the public awareness several questions were asked about poverty population, meaning of poverty and reasons of poverty.

TABLE 1: KNOWING THE REASONS OF POVERTY

Knowing the reasons of poverty	Number of respondents	Percentage
Weak growth strategy	13	17.3
Unemployment/underemployment	18	24
Inequalities in income distribution	4	5.3
Ecological degradation and deforestation	9	12
All	31	41.3
Total	75	100

It was observed that 41.3% of the respondents know about the reasons of poverty.

2) PUBLIC ATTITUDE TOWARDS POVERTY

a) PUBLIC SATISFACTION TOWARDS GOVERNMENT MEASURES REGARDING POVERTY ALLEVIATION

Respondents are asked to give their opinion about government measures regarding poverty alleviation. The level of satisfaction was classified as namely highly satisfied, satisfied, neutral, dissatisfied and highly dissatisfied.

The following table highlights the cross tabulation between the personal factors and level of satisfaction of the respondents towards government measures regarding poverty alleviation.

TABLE 2: SATISFACTION TOWARDS GOVERNMENT MEASURES REGARDING POVERTY ALLEVIATION

Personal Factors		Level of Satisfaction					Total
		Highly Satisfied	Satisfied	Neutral	Dissatisfied	High Dissatisfy	
Gender	Male	8	9	9	10	6	42
	Female	5	6	11	7	4	33
	Total	13	15	20	17	10	75
Age	15 to 25	4	5	5	6	3	23
	26 to 35	4	3	4	5	3	19
	36 to 45	3	4	6	2	3	18
	Above 45	2	3	5	4	1	15
	Total	13	15	20	17	10	75
Educational Qualification	Below SSLC	2	3	2	3	2	12
	X to XII	3	2	3	1	4	13
	UG	4	5	8	9	1	27
	PG	4	5	6	4	3	22
	Professional	0	0	1	0	0	1
	Total	13	15	20	17	10	75

It was observed that 13 respondents are highly satisfied among that only 4 ug and pg respondents are highly satisfied respectively. In the age group above 45 only 2 respondents and in the age group above 45 only 1 respondent highly dissatisfied.

b) PUBLIC ATTITUDE ABOUT WHETHER POVERTY RESTRAIN'S INDIA'S GROWTH

The respondents are asked to give their opinion on the basis of five level of attitude namely strongly agree, agree, neutral, disagree and strongly disagree.

The following table highlights the cross tabulation between the personal factors and level of attitude of the respondents regarding whether poverty restrain India's growth.

TABLE 3: ATTITUDE ON WHETHER POVERTY RESTRAINS INDIA'S GROWTH

Personal Factors		Level of Attitude					Total
		Strongly Agree	Agree	Neutral	Dissagree	Strongly Dissagree	
Gender	Male	6	13	6	7	10	42
	Female	14	6	4	5	4	33
	Total	20	19	10	12	14	75
Age	15 to 25	6	8	2	2	5	23
	26 to 35	2	6	4	5	2	19
	36 to 45	8	2	1	3	4	18
	Above 45	4	3	3	2	3	15
	Total	20	19	10	12	14	75
Educational Qualification	Below SSLC	7	1	2	1	1	12
	X to XII	2	4	0	3	4	13
	UG	9	6	5	3	4	27
	PG	2	8	3	4	5	22
	Professional	0	0	0	1	0	1
	Total	20	19	10	12	14	75

It was observed that 20 respondents are strongly agree. In 20 respondents 14 respondents are female and also 14 respondents were strongly disagree. In the 14 respondents, only 2 respondents are in the age group 26 to 35.

HYPOTHESIS

To Know the level of attitude Null hypothesis is framed as: H₀₁: There is no significant relationship between gender, age, educational qualification and respondent attitude on whether poverty restrains India's growth and the chi-square results are as follows

The table value of χ^2 for degree of freedom 4 at 5% level of significance is 8.121. The calculated value of χ^2 is less than the table value therefore the null hypothesis is rejected that there is significant relationship exist between the Gender and level of attitude on whether poverty restrains India growth

The table value of χ^2 for degree of freedom 12 at 5% level of significance is 12.267. The calculated value of χ^2 is greater than the table value therefore the null hypothesis is accepted that there is no significant relationship exist between the Age and level of attitude on whether poverty restrains India growth

The table value of χ^2 for degree of freedom 16- at 5% level of significance is 21.873. The calculated value of χ^2 is greater than the table value therefore the null hypothesis is accepted that there is no significant relationship exist between the Educational qualification and level of attitude on whether poverty restrains India growth

3) PUBLIC CONTRIBUTION TOWARDS POVERTY ALLEVIATION

A dichotomous question is asked towards respondents about contribution of one rupee per one day till their life time for poverty alleviation

TABLE 4: CONTRIBUTION TOWARDS POVERTY ALLEVIATION

Willing to contribute one rupee per one day	Number of respondents	Percentage
Yes	63	84
No	12	16
Total	75	100

It was observed that 84% of the respondents are like to contribute one rupee per one day till their life time for alleviating poverty. Both male and female respondents there are no discrimination in contribution.

FINDINGS

- 41.3% of the respondents know the reasons and causes of poverty.
- Most of the respondents in percentage of 64 were satisfied with government measures regarding poverty alleviation
- The majority of respondents of 65.3% answered that poverty restraining India's growth.
- 84% of the respondents are willing to contribute money for poverty alleviation if it is collected by a sincere government body.

SUGGESTIONS

In this study the results show that the public are almost aware of poverty. Most of the public were satisfied with government measures which had taken for poverty alleviation. The majority of respondent were answered that poverty restrains India's versatile growth and also the public are willing to contribute money for poverty alleviation. Therefore academicians and also government should take further research with large number of samples to identify the public attitude and contribution regarding poverty alleviation.

CONCLUSION

Poverty eradication programmes were effectively taken by our government even hurdles such as economic and political problems faced while implementing programmes. If poverty fully alleviated then it helps the nation for its economic growth. Apart from government measures public contribution will help the government to reduce the poverty to large extent. To achieve this dream in to reality the government should create more awareness about poverty in different views to the public in order to get their participation. Government should also strive to create an environment for bringing voluntary association of public towards poverty alleviation.

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DETERMINANTS OF PEOPLE'S PARTICIPATION IN JOINT FOREST MANAGEMENT: A STUDY IN VISAKHAPATANAM DISTRICT OF ANDHRA PRADESH

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ABSTRACT

It can be generalized that the performance or the success of the Joint Forest Management strategy is in the hands of the local communities, a little in the hands of forest department officials and the joint efforts of both these stake holders. It can be said that there is dearth of studies conducted on this issue in Visakhapatnam District of Andhra Pradesh, which has a forest cover of 3445 KM², which is 30.87 per cent of the total geographical area of the District according to the India State of Forest Report 2009. Hence, an attempt has been made in this study to analyse the determinants of peoples' participation in Joint Forest Management and concluded that the satisfaction of the respondents with the present position of the works undertaken by the VSS for forest development, respondents' attendance to the General Body meetings of VSS, respectful treatment of the forest department officials with the VSS members, satisfaction of the respondents with the present position of the species planted, confidence of the respondent on receiving aspired benefits after harvesting the trees, respondent's financial benefit from the forest, provision of training by the forest department to the respondents and family Size of the respondent are the important factors which determines the people's participation in Joint Forest Management in the study area.

KEYWORDS

Logistic Regression, Peoples' Participation, Vana Samrakshana Samities.

INTRODUCTION

According to UNDP participation means that peoples are closely involved in social, economic, cultural and political process that effect their lives. Therefore participation is a process by which the beneficiaries influence the direction and execution of a development programme to enhance prosperity in terms of income, personal growth, self-reliance or other values that they cherish.

Hardin's¹ tragedy of the commons suggests either state intervention or privatisation of property rights to preserve common-pool resources. According to the Wade², Ostrom³, Bromley⁴, Sengupta⁵, and Singh⁶, institution building at the community level for managing common-pool resources has emerged as a third possibility. This third possibility has been applied in rural India to the case of forest management. Studies conducted by Chopra⁷ et al., Palit⁸, Sarin⁹ stressed the importance of people's involvement in forest management. These studies show that in many institutional settings of rural India, forests are better managed when voluntary people's participation is secured. Hence, there exist many situations where people's participation is desired, and it is of considerable interest to find conditions under which voluntary participation takes place¹⁰.

JOINT FOREST MANAGEMENT IN ANDHRA PRADESH

The National Forest Policy of 1988 has recognised the need to involve local people in management of forests for ensuring their effective conservation. The Government of India has issued detailed guidelines in the year 1990 on the concept of implementing Joint Forest Management. Accordingly, the Government of Andhra Pradesh has issued formal orders in 1992 for adopting Joint Forest Management (JFM) as a strategy for rehabilitation of degraded forests. Detailed guidelines were also issued in the year 1993, for taking up JFM through village level committees called "Vana Samrakshana Samithies" (VSS).

Like many other State Governments, the AP Forests Department has also issued comprehensive guidelines for adopting Joint Forest Management as a strategy for rehabilitation of degraded forests in the year 1993, through village level committees called "Vana Samrakshana Samithies" (VSS). Initially, there was lot of skepticism among the foresters about the worthiness of this strategy as a remedy for protection problems. This type of approach for managing forests was new to the people also, hence lot of effort was needed to convince the people also about the assurances of the Government on the returns promised to the people, if they take up Joint Forest Management.

However, with the passage of time, both the local people as well as the forest officials started seeing what JFM can do for rejuvenating degraded forests, and the concept gained more acceptance. The success stories spread from one village to another village. What was started as a small program has today attained gigantic proportions. Keeping in view the tremendous enthusiasm being shown by the people towards this program and the spectacular improvement in forest regeneration due to their efforts, the State Government issued orders on 7-12-96 giving 100 per cent share of timber and bamboo to the VSS members, enhancing it from 50 per cent share envisaged earlier. This is a true sign of the confidence imposed in the ability of the people in managing their forest resources efficiently.

NEED FOR THE STUDY

Keeping the above discussion in view and on the basis of the studies conducted by the earlier researchers, it can be generalized that the performance or the success of the Joint Forest Management strategy is in the hands of the local communities, a little in the hands of forest department officials and the joint efforts of both these stake holders. It can be said that there is dearth of studies conducted on this issue in Visakhapatnam District of Andhra Pradesh, which has a forest cover of 3445 KM², which is 30.87 per cent of the total geographical area of the District according to the India State of Forest Report 2009. Hence, a study on the performance of the local communities (VSS) and participation levels of local people in the protection and sustainable management of forest resources is very

¹ Hardin, G., 1968. The tragedy of the commons. Science 162, 1243-1248.

² Wade, R., 1987. The management of common property resources: collective action as an alternative to privatization or state regulation. Cambridge J. Econ., 11: 95-106.

³ Ostrom, E., 1990. Governing the Commons, The Evolution of Institutions for Collective Action. Cambridge University Press, Cambridge.

⁴ Bromley, D.W., 1991a. Environment and Economy: Property Rights and Public Policy, Basil Blackwell, Oxford.

⁵ Sengupta, N., 1991. Managing Common Property, Irrigation in India and the Philippines. Sage, New Delhi.

⁶ Singh, K., 1994. Managing Common Pool Resources, Principles and Case Studies. Oxford University Press, Delhi.

⁷ Chopra, K., Kadekodi, G.K., Murty, M.N., 1990. Participatory Development, People and Common Property Resources. Sage, New Delhi.

⁸ Palit, S., 1993. The Future of Indian Forest Management: Into the Twenty-first Century. Ford Foundation, New Delhi.

⁹ Sarin, M., 1996. Joint Forest Management. The Haryana Experience. Centre for Environment Education, Ahmedabad.

¹⁰ Wietze Lise, 2000, Factors influencing people's participation in forest management in India, Ecological Economics 34 (2000) 379-392

much essential. So that, this study entitled “Determinants of Peoples Participation in Joint Forest Management (A Study in Visakhapatnam District of Andhra Pradesh)” is itself addressed to fill this gap in the literature.

THE PROBLEM

As already said earlier, the success of the JFM strategy lies in the joint efforts of the local communities and the forest department officials. In the state of Andhra Pradesh, some studies undertaken by the independent researchers indicated the failure of the JFM in terms of space allowed for people’s participation, the nature of people’s participation being nominal and confined to membership and wage labour in forestry activities. There is a quite few studies undertaken by forest department officials shows a remarkable success of the JFM. Thus the existing literature shows contradictory results with regard to community involvement in JFM and the impact as well as sustainability of the programme. In addition, there is dearth of studies on the performance of VSSs in forestry management in the district of Visakhapatnam in which 42.15 per cent of the reporting area is forest area and the population of Scheduled Tribes account for 14.55 per cent of the population of the district. With this background it is proposed to make an attempt in this study to analyse the factors determining the people’s participation in Joint Forest Management and the extent of participation along with the following specific objectives.

OBJECTIVES

The specific objectives of this study are:

1. to analyse the factors that determines the people’s participation in joint forest management in the selected study area i.e., Visakhapatnam District of Andhra Pradesh State; and in the three forest Divisions of Visakhapatnam District viz., Narsipatnam Forest Division, Paderu Forest Division and Visakhapatnam Forest Division; and
2. to suggest some measures, in the light of the findings of the study, for ensuring effective and meaningful participation of communities in forest conservation and development.

METHODOLOGY & SAMPLE DESIGN

The study is based on both primary and secondary data available from various published and unpublished sources. The secondary data has been collected from various issues of Statistical Abstracts of Andhra Pradesh, published by the Directorate of Economics and Statistics, Govt. of A.P., Hyderabad and Statistical Abstracts of India, Published by the Directorate of Economics and Statistics, Govt. of India and other web sites related to the Forest Development agencies and Environmental Protection Departments. The Primary Data have been collected with the help of a pre-tested and well designed schedule, specially designed for the purpose, from a sample of 300 VSS members Constituting 100 from Narsipatnam Forest Division, 100 from Visakhapatnam Forest Division and 100 from Visakhapatnam Forest Division of Visakhapatnam Distrct. For analyzing the factors influencing the people’s participation, Step-wise binary Logistic Regression Analysis has been carried out. The details are as follows:

THE MODEL

To identify factors that may influence the sustained participation of selected respondent (VSS members) in Joint Forest Management, a discrete variable logit analysis was carried out. The opinion of the participants as to whether they were interested in sustained participation in Joint Forest Management can be framed as binary-choice models which assume that individuals are faced with a choice between two alternatives (participation/not participation) and the choice depends on identifiable characteristics. Let T_i represents a dichotomous variable that equals 1 if the respondent is in favor of sustained participation in Joint Forest Management and 0 otherwise. The probability of farmers’ sustained participation in Joint Forest Management, $P_i(T_i = 1)$, is a cumulative density function F evaluated at $X_i\beta$, where X_i is a vector of explanatory variables and β is a vector of unknown parameters. This kind of cumulative density function can be modeled using logistic probability function, which has the following form:

$$P_i(\text{Farmers' sustained participation} = P_i(T_i=1) = \frac{\exp(X_i\beta)}{1+\exp(X_i\beta)}$$

Given the hypothesized factors of respondents’ attitudes in favor of sustained participation, the model to be estimated is:

$$\ln \left[\frac{P_i(T_i=1)}{1 - P_i(T_i=1)} \right] = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \beta_7 X_7 + \beta_8 X_8 + \beta_9 X_9 + \beta_{10} X_{10} + \beta_{11} X_{11} + \beta_{12} X_{12} + \beta_{13} X_{13} + \beta_{14} X_{14} + \beta_{15} X_{15} + \beta_{16} X_{16} + \beta_{17} X_{17} + \beta_{18} X_{18} + \beta_{19} X_{19} + \beta_{20} X_{20} + \beta_{21} X_{21} + \beta_{22} X_{22} + \beta_{23} X_{23} + \dots + \beta_n X_n$$

- Where
- X_1 = a dummy variable indicating whether the respondents are being paid in time for their work in VSS or not,
 - X_2 = a dummy variable indicating whether the respondents are satisfied with no. of working days provided by the VSS in the previous year or not;
 - X_3 = a dummy variable indicating whether the respondents are satisfied with the present position of the works undertaken by the VSS for forest development or not;
 - X_4 = a dummy variable indicating whether the respondents are attending the General Body meetings of VSS or not;
 - X_5 = a dummy variable indicating whether the respondents are participating in the book keeping activities of their respective VSS or not;
 - X_6 = a dummy variable indicating whether the forest department officials treating the VSS members with respect or not;
 - X_7 = a dummy variable indicating whether the forest department officials taking the opinions of the VSS members into consideration in preparation of micro plans or not;
 - X_8 = a dummy variable indicating whether the respondent is satisfied with the participation in VSS activities or not;
 - X_9 = a dummy variable indicating whether the forest department officials taking the advice/opinion from VSS members in deciding the species to be planted or not;
 - X_{10} = a dummy variable indicating whether the respondent is satisfied with the varieties of species planted or not;
 - X_{11} = a dummy variable indicating whether the respondent is satisfied with the present position of the species planted or not;
 - X_{12} = a dummy variable indicating whether the respondent is satisfied with present benefit sharing system or not;
 - X_{13} = a dummy variable indicating whether the respondent think that aspired benefits would be received after harvesting the trees or not;
 - X_{14} = a dummy variable indicating whether the VSS activities disrupted the interests of the local people or not;
 - X_{15} = a dummy variable indicating whether the local people accepted the participatory forestry gladly or not;
 - X_{16} = a dummy variable indicating whether the VSS members had any conflicts with the forest department officials or not;
 - X_{17} = a dummy variable indicating whether the respondent is receiving any financial benefit from the forest or not;
 - X_{18} = a dummy variable indicating whether the forest department provided any training to the respondents (VSS members) or not;
 - X_{19} = a dummy variable indicating whether the respondents are receiving any advice from forest department officials or not;
 - X_{20} = Age of the respondent
 - X_{21} = Education of the respondent
 - X_{22} = Income per annum of the respondent
 - X_{23} = Family Size of the respondent

Because of the large sample size, the test that a coefficient is 0 can be based on the Wald statistic, which has a χ^2 distribution. When the variable has single degrees of freedom, the Wald statistics is just the square of the ratio of the coefficient to its standard error.

RESULTS AND DISCUSSION

The results of the analysis of step-wise estimated logistic regression models for interested in JFM system – and not interested in JFM system households in the total study area viz., Visakhapatnam District and selected Forest Divisions viz., Narsipatnam Forest Division, Paderu Forest Division and Visakhapatnam Forest Division are presented in the table – 1 to 4 respectively. This analysis has been carried out for the entire sample of 300 observations collected from 30 villages in different Forest Division of Visakhapatnam District, Andhra Pradesh.

As said earlier, this study is limited to 300 observations. Independent variables selected are 23 in number, to carryout the analysis. Among these 23 independent variables –X₁, X₃, X₄, X₆, X₁₁, X₁₃, X₁₄, X₁₇, X₁₈ and X₂₃ are turned out to be statistically significant variables in differentiating respondents with interest in favour of JFM from the respondents with no interest in favour of JFM in Visakhapatnam District i.e., the total study area (Table – 1).

TABLE – 1: RESULTS OF THE STEP-WISE LOGISTIC REGRESSION ANALYSIS FOR VISAKHAPATNAM DISTRICT (TOTAL STUDY AREA) MODEL

Independent Variable	Coefficient	Standard error	Odds ratio	p-value
Constant	-1.484***	1.007		0.141
X ₁	-0.628***	0.330	0.534	0.057
X ₃	0.910*	0.305	2.484	0.003
X ₄	-0.887*	0.316	0.412	0.005
X ₆	1.597***	0.890	4.940	0.073
X ₁₁	-0.685**	0.342	0.504	0.046
X ₁₃	-1.412*	0.373	0.244	0.000
X ₁₄	1.412*	0.479	4.106	0.003
X ₁₇	1.364*	0.392	3.913	0.000
X ₁₈	1.397*	0.399	4.044	0.000
X ₂₃	-0.242***	0.130	0.785	0.062
No. of Observations = 300				
Nagelkerke R Square = .318				
Wald chi-square = 29.618*				
-2 Log likelihood = 384.621				

Note:

* indicates significant at 1 percent level

** indicates significant at 5 percent level

*** indicates significant at 10 percent level

The results of the logistic regression analysis which were presented in table – 1, suggest that respondents who reported that they have been paid in time for the VSS work (X₁) is significantly different from zero at 10 per cent of χ^2 value with unexpected negative sign. The odds-ratio indicates that respondents who reported that they have been paid in time for VSS work are 0.53 times more likely to show their interests in Joint Forest Management system than those who were reported that they not been paid in time for VSS work. Satisfaction of participants with the present position of the works undertaken by the VSS(X₃) is significantly different from zero at one per cent of χ^2 value with expected positive sign. The odds-ratio indicates that respondents who were satisfied with present position of the works undertaken by the VSS are 2.5 times more likely to show interest in Joint Forest Management system than the respondents who were not satisfied with the present position of the works undertaken by the VSS. Attendance of the respondents to the General Body meetings regularly (X₄) is significantly different from zero at one per cent of χ^2 value with unexpected negative sign. The odds-ratio indicates that respondents who were attending the General Body meetings regularly are 0.41 times more likely to show interest in Joint Forest Management system than the respondents who were not attending the General Body meetings regularly. Respectful treatment of the VSS members by forest department officials (X₆) is significantly different from zero at ten per cent of χ^2 value with expected positive sign. The odds-ratio indicates that respondents who have been treated respectfully by the forest department officials are 5 times more likely to show interest in Joint Forest Management system than the respondents who have not been treated respectfully by the forest department officials. Satisfaction of participants with the present position of species planted by the VSS(X₁₁) is significantly different from zero at one per cent of χ^2 value with unexpected negative sign. The odds-ratio indicates that respondents who were satisfied with present position of the species planted are 0.5 times more likely to show interest in Joint Forest Management system than the respondents who were not satisfied with the present position of planted species. Respondents' confidence on getting aspired benefits from the plantation after final harvesting of species planted by the VSS(X₁₃) is significantly different from zero at one per cent of χ^2 value with unexpected negative sign. The odds-ratio indicates that respondents who were confident on getting aspired benefits from the species planted are 0.24 times more likely to show interest in Joint Forest Management system than the respondents who were not confident of aspired benefits. Disruption of the local people' interest with the implementation of Joint Forest Management system(X₁₄) is significantly different from zero at one per cent of χ^2 value with expected positive sign. The odds-ratio indicates that respondents who were reported that the interests of local people does not disrupted are 4 times more likely to show interest in Joint Forest Management system than the respondents who were not reported that the interests of local people does not disrupted by the VSS activities. Financial benefits accrued to the respondents from the forests developed by the VSS (X₁₇), is significantly different from zero at one per cent of χ^2 value with expected positive sign. The odds-ratio indicates that respondents who were benefited financially by the VSS plantations are 4 times more likely to show interest in Joint Forest Management system than the respondents who did not benefit financially from the VSS plantations. Training to VSS members on VSS activities (X₁₈) is significantly different from zero at one per cent of χ^2 value with expected positive sign. The odds-ratio indicates that respondents who received training on various activities of VSS are 4 times more likely to show interest in Joint Forest Management system than the respondents who have not received any training. Family size of the respondents (X₂₃) is significantly different from zero at ten per cent of χ^2 value with unexpected negative sign. The odds-ratio indicates that if the family size increases by one member then the odds that the respondents' interest Joint Forest Management system decreases by 0.8 times.

In Narsipatnam Forest Division, there were only 100 observations and estimation was possible after excluding 21 independent variables from the model. Thus, among the 23 selected independent variables only two independent variables i.e., X₁₃ and X₁₈ are turned out to be statistically significant variables in differentiating respondents with interest in favour of JFM from the respondents with no interest in favour of JFM in Narsipatnam Division of the study area i.e., Visakhapatnam District.

Table – 2 furnishes the results of the step-wise logistic regression analysis for Narsipatnam Division. It is evident from the table that the respondents' confidence on getting aspired benefits from the plantation after final harvesting of species planted by the VSS(X₁₃) is significantly different from zero at one per cent of χ^2 value with unexpected negative sign. The odds-ratio indicates that respondents who were confident on getting aspired benefits from the species planted are 0.24 times more likely to show interest in Joint Forest Management system than the respondents who were not confident of aspired benefits. Training to VSS members on VSS activities (X₁₈) is significantly different from zero at one per cent of χ^2 value with expected positive sign. The odds-ratio indicates that respondents who received training on various activities of VSS are 5 times more likely to show interest in Joint Forest Management system than the respondents who have not received any training.

TABLE – 2: RESULTS OF THE STEP-WISE LOGISTIC REGRESSION ANALYSIS FOR NARSIPATNAM DIVISION

Independent Variable	Coefficient	Standard error	Odds ratio	p-value
Constant	-.847	.488		0.083
X ₁₃	-1.439*	.479	.237	.003
X ₁₈	1.638*	.572	5.145	.004
No.of Observations = 100 Nagelkerke R Square = .200 Wald chi-square =4.760** -2 Log likelihood = 117.771				

Note:

* indicates significant at 1 percent level

** indicates significant at 5 percent level

*** indicates significant at 10 percent level

In Paderu Forest Division, there were only 100 observations and estimation was possible after excluding 13 independent variables from the model. Thus, among the 23 selected independent variables –X₁, X₂, X₄, X₈, X₉, X₁₀, X₁₃, X₁₄, X₁₆ and X₂₀ are turned out to be statistically significant variables in differentiating respondents with interest in favour of JFM from the respondents with no interest in favour of JFM in Paderu Division of the study area i.e., Visakhapatnam District.

TABLE – 3: RESULTS OF THE STEP-WISE LOGISTIC REGRESSION ANALYSIS FOR PADERU DIVISION

Independent Variable	Coefficient	Standard error	Odds ratio	p-value
Constant	-5.446*	1.889		0.004
X ₁	-4.434*	1.341	.012	.001
X ₂	-7.646*	2.733	.000	.005
X ₄	-5.744*	1.760	.003	.001
X ₈	5.397*	1.763	220.702	.002
X ₉	2.419**	1.194	11.237	.043
X ₁₀	1.792***	.949	6.004	.059
X ₁₃	1.902**	.897	6.698	.034
X ₁₄	2.047**	1.021	7.743	.045
X ₁₆	-1.494***	.873	.224	.087
X ₂₀	.096*	.032	1.101	.002
No.of Observations = 100 Nagelkerke R Square = .560 Wald chi-square = 21.050* -2 Log likelihood = 114.611				

Note:

* indicates significant at 1 percent level

** indicates significant at 5 percent level

*** indicates significant at 10 percent level

Table – 3 furnishes the results of the step-wise logistic regression analysis for Paderu Forest Division. It is evident from the table that respondents who reported that they have been paid in time for the VSS work (X₁) is significantly different from zero at one per cent of χ^2 value with unexpected negative sign. The odds-ratio indicates that respondents who reported that they have been paid in time for VSS work are 0.12 times more likely to show their interests in Joint Forest Management system than those who were reported that they not been paid in time for VSS work. Number of working days provided by the VSS (X₂) is significantly different from zero at one per cent of χ^2 value with unexpected negative sign. Attendance of the respondents to the General Body meetings regularly (X₄) is significantly different from zero at one per cent of χ^2 value with unexpected negative sign. The odds-ratio indicates that respondents who were attending the General Body meetings regularly are 0.003 times more likely to show interest in Joint Forest Management system than the respondents who were not attending the General Body meetings regularly. Satisfaction of participants with participation in VSS activities (X₈) is significantly different from zero at one per cent of χ^2 value with expected positive sign. The odds-ratio indicates that respondents who were satisfied with present position of the species planted are 220 times more likely to show interest in Joint Forest Management system than the respondents who were not satisfied with the present position of planted species. Consideration of VSS members advice/opinion in deciding the species to be planted (X₉) is significantly different from zero at five per cent of χ^2 value with expected positive sign. The odds-ratio indicates that respondents who reported that the forest department official are considering the advices/opinions of the VSS members in deciding the species to be planted are 11 times more likely to show interest in Joint Forest Management system than the respondents who were not reported the same. Satisfaction of participants with the varieties of species planted by the VSS(X₁₀) is significantly different from zero at ten per cent of χ^2 value with unexpected negative sign. The odds-ratio indicates that respondents who were satisfied with the varieties of the species planted are 6 times more likely to show interest in Joint Forest Management system than the respondents who were not satisfied with the varieties of species planted. Respondents' confidence on getting aspired benefits from the plantation after final harvesting of species planted by the VSS(X₁₃) is significantly different from zero at five per cent of χ^2 value with unexpected negative sign. The odds-ratio indicates that respondents who were confident on getting aspired benefits from the species planted are seven times more likely to show interest in Joint Forest Management system than the respondents who were not confident of aspired benefits. Disruption of the local people' interest with the implementation of Joint Forest Management system(X₁₄) is significantly different from zero at five per cent of χ^2 value with expected positive sign. The odds-ratio indicates that respondents who were reported that the interests of local people does not disrupted are 8 times more likely to show interest in Joint Forest Management system than the respondents who were not reported that the interests of local people does not disrupted by the VSS activities. Conflicts with the forest department officials (X₁₆) is significantly different from zero at 10 per cent of χ^2 value with expected negative sign. The odds-ratio indicates that respondents who were reported that they have conflicts with the forest department officials are 8 times more not likely to show interest in Joint Forest Management system than the respondents who doesn't have any conflicts with the forest department officials. Age of the respondents (X₂₀) is significantly different from zero at one per cent of χ^2 value with expected positive sign. The odds-ratio indicates that if the age of the respondent increases by one year then the odds that the respondents interest in Joint Forest Management system also increases by 1.10 times.

In Visakhapatnam Forest Division, there were only 100 observations and estimation was possible after excluding 19 independent variables from the model. Thus, among the 23 selected independent variables only four independent variables i.e., X₃, X₁₃, X₁₄ and X₁₇ are turned out to be statistically significant variables in differentiating respondents with interest in favour of JFM from the respondents with no interest in favour of JFM in Visakhapatnam Division of the study area i.e., Visakhapatnam District.

TABLE – 4: RESULTS OF THE STEP-WISE LOGISTIC REGRESSION ANALYSIS FOR VISAKHAPATNAM DIVISION

Independent Variable	Coefficient	Standard error	Odds ratio	p-value
Constant	-1.143*	0.405		0.005
X ₃	1.300*	.497	3.670	.009
X ₁₃	-1.526*	.622	.217	.014
X ₁₄	2.194*	.863	8.973	.011
X ₁₇	1.440**	.601	4.219	.017
No. of Observations = 100				
Nagelkerke R Square = .273				
Wald chi-square = 6.603*				
-2 Log likelihood = 131.791				

Note:

* indicates significant at 1 percent level

** indicates significant at 5 percent level

*** indicates significant at 10 percent level

Table – 4 furnishes the results of the step-wise logistic regression analysis for Visakhapatnam Forest Division. Satisfaction of participants with the present position of the works undertaken by the VSS(X₃) is significantly different from zero at one per cent of χ^2 value with expected positive sign. The odds-ratio indicates that respondents who were satisfied with present position of the works undertaken by the VSS are 3.6 times more likely to show interest in Joint Forest Management system than the respondents who were not satisfied with the present position of the works undertaken by the VSS. Respondents' confidence on getting aspired benefits from the plantation after final harvesting of species planted by the VSS(X₁₃) is significantly different from zero at one per cent of χ^2 value with unexpected negative sign. The odds-ratio indicates that respondents who were confident on getting aspired benefits from the species planted are 0.22 times more likely to show interest in Joint Forest Management system than the respondents who were not confident of aspired benefits. Disruption of the local people' interest with the implementation of Joint Forest Management system(X₁₄) is significantly different from zero at one per cent of χ^2 value with expected positive sign. The odds-ratio indicates that respondents who were reported that the interests of local people does not disrupted are 9 times more likely to show interest in Joint Forest Management system than the respondents who were not reported that the interests of local people does not disrupted by the VSS activities. Financial benefits accrued to the respondents from the forests developed by the VSS (X₁₇), is significantly different from zero at five per cent of χ^2 value with expected positive sign. The odds-ratio indicates that respondents who were benefited financially by the VSS plantations are 4 times more likely to show interest in Joint Forest Management system than the respondents who did not benefit financially from the VSS plantations.

CONCLUSIONS & RECOMMENDATIONS

According to the results of the step-wise binary logistic regression analysis for the total study area i.e., Visakhapatnam District, the odds-ratios for different variables indicate that respondents who were satisfied with present position of the works undertaken by the VSS, respondents who have been treated respectfully by the forest department officials, respondents who were benefited financially by the VSS plantations and respondents who received training on various activities of VSS are 2.5 times, 5 times, 4 times and 4 times respectively, more likely to show interest in Joint Forest Management system than their counterparts. Hence, it can be suggested that the forest department must concentrate on the sustainable works, provide frequent trainings to the members of VSSs and visits to successful VSSs for enhancing the participants' interest towards Joint Forest Management and VSS activities. It is also suggested that the forest department officials need to maintain cordial and respectful relations with the VSS members to enhance their interest towards the success of the programme.

According to the results of the step-wise binary logistic regression analysis for the Narsipatnam Forest Division area, the odds-ratio in for training to VSS members indicate that the respondents who received the training on various issues relating to the VSS's activities are 5 times more likely to show interest in Joint Forest Management system than those who have not received any training. Hence, frequent trainings to the members of VSS, plays a vital role in enhancing the people's participation rate in Joint Forest Management.

According to the results of the step-wise binary logistic regression analysis for the Paderu Forest Division area, the odds-ratio for different variables indicate that respondents who reported that the forest department official are considering the advices/opinions of the VSS members in deciding the species to be planted, respondents who were satisfied with the varieties of the species planted, and respondents who were confident on getting aspired benefits from the species planted are 11 times, 6 times and 7 times respectively more likely to show interest in Joint Forest Management system than the respondents who were not reported the same. And the respondents who were reported that they have conflicts with the forest department officials are 8 times more not likely to show interest in Joint Forest Management system than the respondents who doesn't have any conflicts with the forest department officials. Hence, it can be suggested that the forest department officials must consider the advices/opinions in deciding the varieties of species to be planted and must try to build-up the confidence with regard to the aspired benefits from the final harvesting of the species planted. More importantly, the top level forest department officials should concentrate on the conflict resolving system for the VSS members and the forest department officials.

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AN ECONOMETRIC FRAMEWORK OF POLYTHENE INDUSTRIAL COOPERATIVES IN TAMIL NADU

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ABSTRACT

As an alternative to the paper bags, the polythene bags was introduced for packing material and widely used in many household items. It has a credit of cheap, light weight and portability, with its intrinsic values of non-bio degradable, hazardous and unfriendly to environment. Under cooperative manifestation, the polythene industries are in the category of industrial cooperatives. Forestry, agriculture, horticulture, consumer cooperative stores and other cooperative organizations are the major customers of the unit. The remuneration for worked laboures is given either shift basis (Purposively for male) or piece basis (for female) at the end of every month. Data analysis pertains to both State and district level for aggregate and individual respectively. The pattern of paid up share capital from growth orientation is not satisfactory as it gives negative results of CAGR. However, in terms of profit and loss, the societies are progressive scale. The stochastic production function is used to find the rate of returns of the industrial cooperatives and the finding suggests that the societies are under increasing scale. The results of ratio analysis in terms of viability and working capital turn over are moderate. The interrelationship between the economic variables of polythene industry shows that among all the rewards, the wages have more impact on production.

KEYWORDS

Stochastic Production Function, Trend Analysis and Ratio Analysis and Multiple Regression Analysis.

INTRODUCTION

As an alternative to the paper bags, the polythene bags was introduced for packing material and widely used in many household items. It has a credit of cheap, light weight and portability, with its intrinsic values of non-bio degradable, hazardous and unfriendly to environment. The development of polythene industries traced back to early seventies and got emerging sector during eighties. It is manufactured under government patrol, private and also cooperative regime. Under cooperative manifestation, the polythene industries are in the category of industrial cooperatives. Industrial cooperatives aim to provide employment opportunities to the rural and semi urban areas. They are helpful not only for providing employment opportunities but also absorb excess and crowded laboureres in the agriculture sector and Women laboureres also getting employment opportunities. The Industrial Cooperatives comes under the Ministry of Industries and Commerce, Chennai and there is a separate wing for gathering information. For administrative convenience, the functions of ICs are grouped under twenty heads like tea, coir, sago and starch, polythene, coal and coke, estates, handicrafts, bricks and metals. Today's competitive market parlance, packing is inseparable and it is most welcome by the consumers because of the easy handling. Hence, Polythene Industrial cooperative societies are one among the emerging ICs.

In Salem district Polythene Industrial cooperatives in Salem district is started in the year 1976 with an aim of raising economic status of the members. The works under the society was taken on contract basis. Forestry, agriculture, horticulture, consumer cooperative stores and other cooperative organizations are the major customers of the unit. The remuneration for worked laboures is given either shift basis (Purposively for male) or piece basis (for female) at the end of every month.

A few studies throw light about polythene industries and some studies have undertaken under cooperative regime. According to Macur and Pudlowski (2009), the polythene bags was introduced by USA during 1970's for food package materials and latter it expanded to commercial scale during 1973, and after four years 1977 it is used for glossary items. The wide usage has started in after eighties. The studies like Rajendran and Gandhimathy (2010 and 2011) and Gandhimthy and Rajendran (2011a&b) analyses the significance of industrial cooperative sector in the group of Sago and Starch and Coir. In this line, the author endeavors to analyze the performance of polythene industries under cooperative fold. With this underpinning, the present study has been undertaken to explore the performance of polythene industrial cooperatives at aggregate and individual level. The study is segregated into five sections: the first section gives the introduction and earlier studies, the second section pertains to methodology, the third and the fourth section discusses the results at aggregate and individual levels respectively and the fifth section gives conclusion.

OBJECTIVES OF THE STUDY

1. To examine the share capital pattern of polythene industrial cooperatives in Tamil nadu.
2. To analyze the growth of polythene industrial cooperatives in Tamil Nadu.
3. To study the viability position of Polythene industrial cooperatives in Salem district.
4. To bring out the extent of relationship between economic variables in the Polythene industrial cooperatives in Salem district.

METHODOLOGY

Data analysis pertains to both State and district level for aggregate and individual respectively. Depending upon the availability, the former data set contains one decade (2000-10) and the latter data set contains three decades (1981-2009). The variables selected for this study are number of societies, membership and their contribution, government contribution, total capital, profit, sales, government and bank loan, sundry debtors, production, working capital, wages, interest, value added. Compound Annual Growth Rate (CAGR) is find out by using the formula of $\frac{\text{Ending value}}{\text{Starting Value}}^{1/n-1} - 1 \times 100$. Percentage Change = $\frac{\text{Current year} - \text{Base year}}{\text{base year}} \times 100$. Economic Viability (EV) = $\frac{\text{Gross Profit}}{\text{Working Capital}} \times 100$. The Working Capital Ratio = $\frac{\text{Sales}}{\text{Working capital}}$. The simple and multiple regression model and stochastic production function is analyzed for using SPSS package and Micro soft excel 2007. Pictorial form also exhibited for clear understanding.

AGGREGATE ANALYSIS

As industrial cooperatives are State subject, the data analysis pertains to Tamil nadu Polythene Industrial cooperative societies. The following table shows the growth of paid up share capital.

TABLE – 1: GROWTH OF PAID-UP SHARE CAPITAL

Years	Members	Members contribution	Per Unit members contribution	Government contribution	Total capital	Percentage Change
2000-01	1117	1840	1.65	1212	3052	-
2001-02	1008	1797	1.78	1212	3009	-1.41
2002-03	818	1450	1.77	1012	2462	-18.18
2003-04	1097	2328	2.12	1213	3541	43.83
2004-05	1138	1507	1.32	1013	2520	-28.83
2005-06	1142	999	0.87	1012	2011	-20.2
2006-07	998	925	0.93	988	1913	-4.87
2007-08	1002	969	0.97	1303	2272	18.77
2008-09	996	930	0.93	1329	2259	-0.57
2009-10	804	724	0.9	1569	2293	1.51
M	1012	1346.9	1.324	1186.3	2533.2	-1.11
SD	121.33	521.55	0.46	186.36	513.68	
CV	11.98	38.72	35.32	15.70	20.27	
CAGR	-3.58	-9.84	-6.51	2.91	-3.12	

The table 1 reveals that except government contribution, all other factors have shown the negative growth rate. The members of the society, members' contribution, government contribution and paid up capital is decreasing from year to year as shown by the table. The extent of correlation between profit and sales is identified with the help of simple regression model. The following table 2 shows it.

TABLE – 2: RESULTS OF SIMPLE REGRESSION MODEL FOR PROFIT AND SALES (From 2000-01 to 2009-10)

Trade Type	Unstandardised Co-efficients		Std. Co-efficients		t	Significance	R2 Value
	B	Std. Error	Beta				
Polythene	.269	.048	.892		5.586	.001	.796

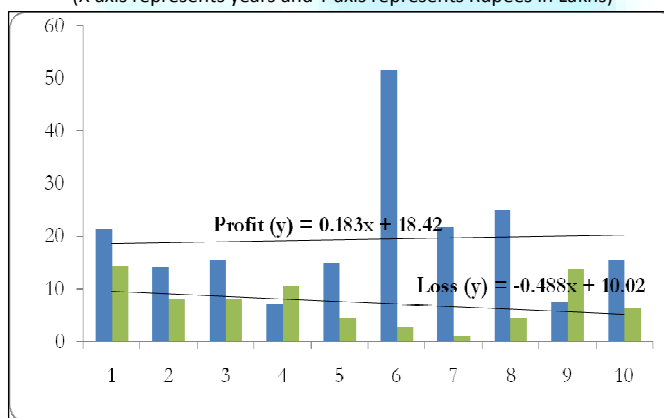
Note: Profit dependent variable and sales independent variable.

The table 2 indicates that, for every unit increase of sales, the profit increases at 0.29 units. The coefficient of determination is 0.796, hence it indicates that the profit explained by sales is 80 percent and remaining 20 percent is due to non included variable.

TREND ANALYSIS

Financial performances of the societies are identified by taking the values of profit and loss. Trend line equation is constructed for the movement of the society. It shows the financial position of the society. X = Time factor, Profit (y) = Profit amount, Loss (y) = Loss amount. The following chart shows it.

CHART -1: TREND LINES OF PROFIT AND LOSS IN POLYTHENE ICS
(X axis represents years and Y axis represents Rupees in Lakhs)



The average annual increase of profit value of the society is 0.183 lakhs and the average annual loss of the society decreased at 0.488 lakhs. Hence, it is clear that the societies are progressive scale.

STOCHASTIC PRODUCTION FUNCTION MODEL

Stochastic production function serves as a better tool for analyzing production function. It is hypothesized that the variables such as number of societies, workers, members' contribution, government contribution, government loan, bank loan and sundry debtors are the influencing factors for production. Hence, these factors are selected to compute the production function.

Model is constructed for the PICs as Production = f (No of societies (X₁), Labourers (X₂), Members Contribution (X₃), Government Contribution (X₄), Government Loan (X₅), Bank Loan (X₆) and Sundry debtors (X₇).

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \dots + \beta_n X_n + \epsilon;$$

Y is the dependent variable,

X₁, X₂, X₃,.....X_n are the independent variables,

β₀ = constant

β₁, β₂, β₃,.....+ β_n are the regression co-efficient.

ε =error term.

TABLE – 3: RESULTS OF THE STOCHASTIC PRODUCTION FUNCTION MODEL

Independent variable	Production (Dependent Variable)	
	B	t
Constant	-3.43	-2.42
Societies	2.56	2.94
Workers	-.38	-2.26
Members contribution	-.35	-1.52
Govt. Contribution	.22	.56
Govt.loan	-.02	-.70
Bank Loan	.84	5.45
Sundry Debtors	1.09	7.18
R2		.98
F		.98*
Sum of Regression co-efficients	3.964	
Rate of Returns	Increasing	
*.05 level of Significance		
Y= -3.43+2.56X ₁ -0.38X ₂ -0.35X ₃ +0.22X ₄ -0.02X ₅ +0.84X ₆ +1.09X ₇		

The inferences of the table 3 elaborated that for every increase of the society, production increases at 2.56 units. Establishment of new societies brings more production and there exists a positive association between production and societies. There exists a negative association between workers and production. Some of the workers under the polythene societies are either disguised or unproductive workers. All the workers do not contribute total production because every unit increase of the workers, the production decreases at 0.38 units. It indicates that while employing the labourers, care should be taken to see that they are actually contributing to the society are disturbing other workers. The members' contribution is negative and for every unit increase of members' contribution, production decreases at 0.35 units. For every unit increase of the government contribution, the production increases at .22 units. The government loan is used for productive purposes like purchase of raw materials. The society borrowed money either for production or repaying the loan amount including service charges and interest. For every unit increase of the government loan production decreases at .02 units, but the bank loan increases the production at 0.84 units. Sundry debtors are the miscellaneous small customers that are not assigned individual ledger accounts but are classified as a group. The sundry debtors are assets of the society, if the borrowers repay the amount at right time. It gives optimistic view about the society. The statistical significance of the variable is highly fit as it shows the R2 = 0.98. Only two percent is due to other factors and P value also satisfied at five percent. In order to find whether the societies are under increasing/decreasing/constant returns, the researcher sums all the b co-efficients of selected variables. As it is greater than one (3.964), the polythene industrial cooperative societies in Tamil nadu are under Increasing Returns to scale.

CASE STUDY FOR INDIVIDUAL ANALYSIS

Salem district is industrial pooled area and there is demand for polythene bags among various sectors like households, firms, government and cooperative societies. Taking advantage of this, the ministry of industries and commerce was decided to setup the polythene industrial cooperative society during the year 1976 in the Pachnampatty village, Omalur taluk in Salem district. The total area of the society is 1693 sq feet. Per value of share is fifty and maximum share is 100000. The members can avail a minimum of one share to a maximum of 2000 shares. The required raw material and machine are purchased and distributed to the members for ready cash or on credits. The society purchases granels from the Indian Petro Chemicals Corporation Dealers – Steel Tex Agency to make polythene bags. Members' contribution to the society is more in the first half of the study period where as government contribution is more in the second part of the study period.

TABLE – 4: CAGR OF PROFIT IN SALEM DISTRICT

Years	CAGR (%)
1981-91	3.84
1991-01	9.29
2001-09	7.60

The table 4 shows the CAGR of profit of the Omalur Polythene ICs in Salem district. Decadal comparison is made and it shows that during 1981-91, the CAGR is 3.84 percent, 1991-2001, it is 9.29 percent and in the last decade it is 7.60 percent. Relatively, post liberalization first phase (1991-01) had a higher level of growth than other two decades. The quantum of relationship between production and sales is finding out by the correlation matrix computed with the help of SPSS package.

TABLE – 5: CORRELATIONS BETWEEN PRODUCTION AND SALES

		prod	sales
prod	Pearson Correlation	1	.988(**)
	Sig. (2-tailed)	.	.000
	Sum of Squares and Cross-products	8646150900000.000	11100728700000.000
	Covariance	960683433333.333	1233414300000.000
	N	10	10
sales	Pearson Correlation	.988(**)	1
	Sig. (2-tailed)	.000	.
	Sum of Squares and Cross-products	11100728700000.000	14590874100000.000
	Covariance	1233414300000.000	1621208233333.333
	N	10	10

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

There exists a high degree of relationship between production and sales turn over. The correlation coefficient is 0.988 and P value is highly significant.

RATIO ANALYSIS

Economic viability of the society is finding out by using the ratio analysis. But profit in terms of working capital indicates the economic viability of the society and it is relatively bad condition during mid of the period. From the reference point of view, the working capital ratio is equal to five times. If it is less than five, it indicates idle cash and the society should enhance its trading activities. If it is more than five times, it indicates abuse of the working capital, indicates wastages. Hence, the idle ratio should be nearer or equal to five. The working capital ratio is not good in post liberalization first phase, than pre and post second phase.

TABLE – 6: PERFORMANCE OF OPWICS (1981-09)

Years	EV (%)	WCR (Times)
1981-82	107.91	12.62
1986-87	49.22	2.28
1991-92	55.83	3.08
1996-97	31.18	3.61
2001-02	34.31	2.15
2008-09	4.60	1.94
1981-91	64.14	4.35
1991-01	63.81	4.02
2001-09	33.69	2.44
1981-09	55.32	3.69

The table indicates that during the study period the economic viability is more than fifty percent. In the first decade the viability is relatively better than other two decades. The table four shows that the CAGR of profit is high in the mid nineties. To contradict to this the viability of the society is lower level in this period. It indicates that in absolute terms the growth of profit is good in during 1991-2000, but in terms of working capital and profit, the first phase (1981-2000) is good. The society should try to enhance its trading activities because it is lower than its ideal level. The viability position for the period of three decades is 55 percent.

ORDINARY LEAST SQUARE EQUATION

The trend equation is given that $Y_t = a + bX_t$ ($t = 1, 2, \dots, 30$). Y_t = Character under study, X_t is the time period under study. In this study the characteristics under study are Production (Pr), Wages (W), Purchase (Pu), Membership (M) and Time (T).

TABLE – 7: SUMMARY OF TREND ANALYSIS (1981-2009)

Variables	R2	P value & Significant level	Trend Equation	t value & Significant level
Production (Pr)	0.383	4.976 (0.056)	$Pr = 1642333 + 200466.7T$	2.231 (.056)
Sales (S)	0.041	5.715 (0.044)	$S = 1907600 + 271472.7T$	2.391 (0.044)
Wages (W)	0.251	2.677 (0.140)	$W = 153866.7 - 8684.84T$	-1.636 (0.140)
Purchase(Pu)	0.822	36.899 (0.000)	$Pu = 925116.4 + 308711.2T$	6.074 (0.000)
Membership(M)	0.745	23.335 (0.001)	$M = 42.733 - 2.370T$	-4.831 (0.001)

The results revealed that the average annual increase of the production is Rs. 200466. The average annual increase of the sales is Rs.271472.7, the average annual decrease of the wages is Rs.8684, and purchases are rs.308711. The average annual decrease of the membership of the society is two. The wages and membership decreases.

INTER RELATIONSHIP BETWEEN THE ECONOMIC VARIABLES

There are four factors of production viz., land, labour, capital and organization and their rewards are rent, wages, interest and profit respectively. As the society is situated in own land it need not pay the rent. Hence, excluding rent, other factor rewards such as wages, interest and profit are taken into account. One more variable value added is taken due to its significance. It is hypothesized that value added and factor rewards influences the production function. Hence, in order to find the extent of relationship between production and factor rewards and value added, multiple regression analysis is computed. Production (y) = f (Value Added, Wages, Profit and Interest).

TABLE – 8: MULTIPLE REGRESSION ANALYSIS

Independent variable	Production	
	B	t
Constant	4.198	
Value Added	0.153	1.053
Wages	0.376	1.960
Interest	-0.167	-1.559
Profit	0.045	3.154
R2	0.846	
F	6.879	
$Y = -4.198 + 0.153X_1 + 0.376X_2 + 0.045X_3 - 0.167X_4$		

There exists a positive relationship between value added and production. For every unit increase of value addition, the production increases at 0.15 units. The excess amount is capital formation, which is used for further investment. If it increases the production also increases. The remuneration given for labourers (wages) and production have positive relationship. Increased wages increases the marginal productivity of labourer. For every unit increase of wages, production increases at 0.37 units. Interest is paid for borrowed capital; hence it shows the negative association between the interest and production. For every unit increase of interest, the production decreases at 0.16 units. There exists a positive correlation between profit and production. The profit amount gives incentives to the society. The society can acquire fund by showing their profit amount. For every unit increase of profit, the production increases at 0.045 units. As the society is cooperative organization, it does not aim at profit. That's why the b co-efficient for profit is relatively smaller than other factor rewards like wages and interest. The profit level is acquired after deducting wages and interest. The co-efficient of determination (R2) value is 0.846 which is statistically significant P value at 0.05 level.

CONCLUSION

This study is an attempt to explore the economic performance of Polythene industrial cooperative societies. The pattern of paid up share capital from growth orientation is not satisfactory as it gives negative results of CAGR. However, in terms of profit and loss, the societies are progressive scale. The stochastic production function is used to find the rate of returns of the industrial cooperatives and the finding suggests that the societies are under increasing scale. From the case study, a few inferences are drawn. The CAGR of individual society is moderately good and the correlation between production and sales is excellent. The results of ratio analysis in terms of viability and working capital turn over are moderate. The interrelationship between the economic variables of polythene industry shows that among all the rewards, the wages have more impact on production.

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THEORETICAL PERSPECTIVES OF DOMESTIC VIOLENCE: AN OVERVIEW

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ABSTRACT

The universal phenomenon of domestic violence has seriously attracted the global attention during the past few decades. Violence against women exists in almost every society irrespective of caste, colour, sex, creed, status, religion, education etc. In India the phenomenon is viewed as an outcome of male patriarchal society and may take various forms like wife battering, torture for dowry, sexual perversion, use of abusive language, humiliation etc. Most often it is a hidden crime committed within the four walls of the matrimonial home and goes unreported. The poor victims of domestic violence suffer in silence considering it as their fate often they fear social stigma, involvement of family prestige, financial dependency, future of children, attachment of religious sentiments etc, because of which they prefer to remain silent, than to make such acts known to public.

KEYWORDS

Aggression, Domestic violence, Frustration, Stress.

1.1. INTRODUCTION

Domestic Violence covers the entire gamut of exploitation, discrimination, maintaining unequal economic and social structures and creation of an atmosphere of terror and threat, all of which are supported and mandated by the socio-economic context of power relations¹¹. Family with its underlying basis of hierarchical structure (gender, age and economic status) and sexual division of labour is a unit where violence is used as a tool to maintain its structures and also to ensure the continuation of the assigned roles of the members. "Violence inflicted on women in the internal life of the family, in so-called 'privacy' of the home extends beyond it, and so it should be understood in its total context"¹².

The theories of domestic violence to a very great extent centre round the concept of the subordination of women. In her excellent treatise 'Challenging Status and Adjustment of Women', Rita Sood¹³ has tried to review the various theoretical perspectives regarding the subordinate status and role of women. She discusses male supremacy and female subordination from biological, anthropological, Freudian and Marxist perspectives.

Before we discuss the major theories of family violence it would be relevant to consider some important factors associated with it. Richard J. Gelles¹⁴ in his article "Domestic Criminal Violence" has fully brought out the theoretical implications of the factors associated with domestic violence.

1.2. THE CYCLE OF VIOLENCE

According to Gelles one of the consistent conclusions of domestic violence research is that individuals who have gone through violent and abusive childhoods are more likely to grow up to become child and spouse abusers than individuals who experienced little or no violence in their childhood. Researchers report that less severe forms of violence are passed on from generation to generation. Data collected from various sources also lent support to the hypothesis that "Violence begets violence". Those who experience violence as teenagers indulge in domestic violence during their youths. "Husbands who were categorized as being reared in the more violent homes had a rate of wife abuse 600 times greater than husbands reared in the least violent homes"¹⁵.

Rehana Ghadially¹⁶ gives a different interpretation of the cycle theory of violence. On the basis of interviews with woman who had suffered at the hand of their husbands, she observes that women are generally beaten under stress and if they resist, they are beaten more severely but ultimately follows a peace loving respite. This theory, finds support in Walker's three phase theory of battering. (1) a tension building period followed by, (2) acute battering, and (3) then the clam-loving respite. These women – the ones who are put off their houses, hospitalized or seek the aid of institutions are the ones who are further victimized. The woman leaves the house when the man is in phase 2. Very often social workers do not accept the women's version of beating. When they meet the husband to know about his version, he has already moved into phase 3.

1.2.1. Socio-Economic Status

Early research on domestic violence claimed that social features were not related to acts of domestic abuse. The emphasis was in individual traits of spouses. Later research supported the hypothesis that domestic violence is more prevalent in low socio-economic status families (Byrd, 1979; Gelles, 1974; Elmer, 1967; Straus et al., 1980). This conclusion, however, does not mean that domestic violence is confined to lower class families. Recent reports confirm that gruesome spouse abuse can be found even in affluent families. The case of the burning of Naina Sahni in Delhi "Tandoor Case" June 1995) is a self-revealing instance.

1.2.2. Race

Data collected on the relationship between race and family violence have given mixed results. Data from the U.S. National Survey of Family Violence in 1980 indicates no difference in the rates of abusive violence towards children, among black and white families (15 percent in black families, 14 percent in white families). The National Family Violence Survey found that a rate of abusive violence among couples, i.e. towards wives and towards husbands was higher in black than in white families. Black couples reported a rate of abusive violence more than double the rate of whites¹⁷.

¹¹ U. Vindhya, "Battered Conjuality: The psychology of Domestic Violence" in Kalpana Kannabiran (ed.), The violence of Normal Times, Essays on Women's Lived Realities (2005), p.197.

¹² "Domestic Violence: The Perspectives and Experiences of an Activist Group" in Violence against women by Sushama Sood (1990), p.269.

¹³ Sood, Rita, Changing Status and Adjustment of Women, (Nanak publications, Delhi, 1990), pp.13ff.

¹⁴ Gelles, Richard J., "Domestic Criminal Violence", in Criminal Violence by Marvin E. Wolfgang & Neil Allan Weiner (Sage publications, London/New Delhi, 1982), pp. 220-222, He refers to the work done by Spinetta and Ringler (1971), Steinmetz (1977), Gayford (1975), Byrd (1979) in this field.

¹⁵ Ibid., p.220.

¹⁶ Ghadially, Rehana, Women in Indian Society, p.159.

¹⁷ Richard J Gelles "Domestic Criminal Violence", op. cit., p.221.

Though the picture of the relationship between race and family is somewhat blurred, it is clear that in terms of domestic violence, the differences between blacks and whites in U.S.A., parallel differences persist and have been found in studies of criminal violence elsewhere. In India relevant and authentic data regarding race and family relationship is not yet available.

1.2.3. Stress

Another important finding of most family violence research is that domestic violence rates are directly related to social stress in families (Gil, 1970; Maden and Wrench, 1977; Straus, 1980). Investigators also report association between various forms of family violence and specific conditions of stress, such as unemployment or part-time employment of males (Parke and Collmer, 1975; Straus et al., 1980), financial problems (Prescott & Letko, 1977) and pregnancy in the case of wife abuse (Gelles, 1975)¹⁸.

1.2.4. Social Isolation

A fourth major finding in the study of spouse abuse is that social isolation raises the risk that there will be severe violence between the married couples (Gil, 1970; Gell, 1974; Borland, 1976).

Researches of spouse abuse have reported higher rates of abuse when wife reports low job satisfaction of the husband (Prescott and Letko, 1977), when the husband has no religious affiliation (Prescott and Letko, 1977) and when there are alcohol problems (Byrd, 1979, Geyford, 1975). Finally, investigators have pointed out that there is an inter-relationship between spouse-abuse and child abuse (Rounsaville and Weissman, 1977-78; Straus et al., 1980).

1.3. THEORIES OF INTRA-FAMILY VIOLENCE

Scholars and researchers have approached the issue of family violence from three general levels of analysis Richard J. Gelles, summarizes it as follows¹⁹:

(a) THE INTRA INDIVIDUAL LEVEL OF ANALYSIS OR THE PSYCHIATRIC MODEL

The psychiatric model focuses on the offender's personality characteristics as the chief determinants of violence and abuse. This model includes theoretical approaches that link mental illness, alcohol and drug abuse, and other intra-individual phenomena to acts of family violence.

(b) THE SOCIAL PSYCHOLOGICAL LEVEL OF ANALYSIS

This approach assumes that violence and abuse can be understood by a careful examination of the external environmental factors that have impact on the family. This model also examines the types of everyday interactions. Theoretical approaches that examine stress the transmission of violence from one generation to another fit into the social-psychological model. Theories such as the frustration-Aggression Theory, the Perversion Theory, the Self-Attitude Theory and the Motive Attribution Theory approach family violence from the social-psychological level of analysis.

(c) THE SOCIOLOGICAL OR SOCIO-CULTURAL LEVEL OF ANALYSIS

This model provides a macro-level analysis of domestic violence. It examines criminal violence in terms of socially structured inequality and social and cultural attitudes and norms about violence and family relations. Structural functional theory and sub-culture of violence theory are two famous theoretical approaches that come under the socio-cultural level of analysis.

As the incidence of family violence is more frequent, complex and even brutal in the developed countries, scholars, investigators, legal luminaries, social reformers, feminists and other social activists have been producing enormous quantity of materials on various aspects of domestic violence.

Within the three general theoretical levels of analysis, a number of specific theories of violence have been applied to violence in the family. The works of R.J. Gelles and M.A. Straus, "Determinants of Violence in the Family" in Burr, Hill, Nye & Reiss (Eds) Contemporary Theories About the Family (New York, 1979), pp.549-581; S.K. Steinmetz (ed) Violence in the Family (New York, 1974), pp. 166-172; M.A. Straus, The Violent Home: A Study of Physical Aggression between Husbands and wives (California, 1974) and Wolfgang and Weiner, Criminal Violence (California, 1982) have assumed classical importance in the field of scholarship concerning family violence.

Gelles and Straus (1979) have made an inventory of fifteen specific theories of violence and discussed how they could be applied to domestic assault. The following discussion of the major theories of domestic violence is based largely on the insight provided by these scholars.

1.3.1. THE PSYCHO-PATHOLOGICAL THEORY

The theory concentrates on personality characteristics of offenders and victims as chief determinants of violence. It offers two different explanations for violence. According to Kemp and others²⁰, the causes of violence against women arise from the offender's psychological problems like depressive impulsiveness, uncontrolled emotions. According to Snell and others²¹, violence against women arises out of the psychological problems of the victims. It includes violence arising from mental illness, alcohol and other drugs and certain other intra-individual phenomenon.

Pizzey and Shapiro²² go further than simply asserting that women provoke violence by their behaviour or personal characteristics. They claim that "battered women are addicted to violence; they need and enjoy it, deriving sexual excitement from being abused".

There is, however, no adequate data to support either of these explanations. If women who are beaten, kidnapped or raped behave strangely, it is possibly the consequence not the cause of being battered or raped or kidnapped. The evaluation of the psycho-pathological approach to violence has also shown that the proportion of individuals who use violence against women and suffer from psycho-pathological disorders is no greater than the proportion of the population in general with psycho-pathological disorders²³.

1.3.2. SOCIO-PSYCHOLOGICAL THEORIES

1.3.2.1. Frustration – Aggression Theory

This theory first stated in 1939 by John Dollard and is primarily based on Freud's concepts. In 1939 John Dollard and his colleagues in their statement of the theory tried to explain the process by which frustration is linked to aggression. The aggressive drive helps to explain individual violence because the individual is the focus of high personal involvement and of high frustration in the family.

According to the Aggression-Frustration theory, aggression is always directed towards the source of frustration. Whenever something interferes with an individual's attempt to reach some goal or end, he feels frustrated and frustration in turn leads to some form of aggression. An actual display of aggression may be inhibited by either internalized norms of external controls, even though the impulse for aggression may be strong following some frustrating experience. Frustration can be cumulative and can remain active over a long period of time. It is also recognized that responses to frustration can be learned. Again aggressive actions are not an automatic consequence of frustration, and their occurrence depends upon numerous factors²⁴.

If this is so, the theory does not explain precisely as to why does a husband kill his wife or a mother-in-law her daughter-in-law when the source of frustration is not the girl who is killed but her parents who fail to satisfy the dowry demands of the husband or his family. Ram Ahuja²⁵ holds that this theory is faulty not only on the ground that aggression is not always directed to the source of frustration but is often directed towards some other object, though also on grounds that (1) the relationship between frustration and aggression is not innate, that (2) a wide variety of responses may result from frustration and aggression is not the only response and that (3) aggression may be an adaptive response and a rational choice of behaviour.

¹⁸ Ibid., p. 221.

¹⁹ Ibid., pp. 223-224.

²⁰ Kempe, Silverman, Steele et al., "The Battered Child Syndrome", Journal of American Medical Association, (1962), pp. 107-112, quoted by Ram Ahuja, Crimes Against Women (1987), p.187.

²¹ Snell, Rosenweld & Robey, "the Wife-beater's Wife: A Study of Family Interaction", Archives of General Psychiatry (Aug, 1964), pp. 107-113, Ibid.

²² With reference from Sharama, Bela Rani, Marriage, Family Violence and Divorce, 1997, pp.95- 96

²³ Straus, Gelles and Steinmetz, Behind Closed Doors, 1980; Violence in the American Family (New York, 1980), Supra note (10), p.187.

²⁴ Dhar, Sheeba S., Domestic Violence Against Women: A Conceptual Analysis, The Academy Law Review, Vol. 31: 1&2 (2007), A half yearly review published by The Kerala Law Academy. p.125.

²⁵ Ahuja, Ram, Crime Against Women, p.168.

1.3.2.2. Perversion Theory

Psycho-analysts like *W.H. Gillespie*²⁶ explain violence on the basis of the theory of perversion and the Theory of symptom Formation. They do not think that perverts are constitutionally inferior people but hold that perversion develops from instincts²⁷. Perversion means persistence in the adult of infantile instincts and behaviour at the expense of adult behaviour. In the pervert, infantile traits fail to undergo the normal process of integration during puberty but are not converted into neurotic symptoms. Violence can be the product of strong inborn drives or of pathological experiences in infancy or early childhood²⁸. Perversions can, therefore, be conceived of as distortions of aims and objects and in the absence or distortion of appropriate feelings towards these objects²⁹. The present theory is rejected because of the limitations of its approach. While explaining psychoanalytical hypothesis of 'infantile instincts', 'inborn pathological drives', 'distorted feelings', 'childhood sadism' or 'spilt ego' about causes for committing an offence by individual male offenders it ignores an important dimension of environment in the causation. Wife beating, rape, bride-burning, and even murder cannot be the result of a mere primary institutional component of a personality or a means of solving psychic conflict. Though aggression is a basic element in personality structure, its origin and direction in social relations, especially between the sexes, cannot be explained only as a result of personality pathology.

1.3.2.3. Self Attitude Theory

According to this theory persons of low self-esteem in a society or group that values violence may seek to bolster their image in the eyes of others and themselves by carrying out violent acts. It explains propensity to violence of those for whom society makes it difficult to achieve an adequate level of self-esteem³⁰.

Acceptance of this theory would mean that all individuals who use violence against women (i.e. wife-beaters, rapists, kidnappers etc.) suffer from low self-esteem and our data does not support this assumption.

1.3.2.4. Attribution Theory

According to *Gelles*³¹, this theory "specifies the process used by actors to impute the dispositional state (motivations) of others". It explains how the structure of family relations is such that there is a high probability of malevolent intent being attributed to the actions of other family members, thereby setting in motion an escalating cycle of resentment and aggression.

As a critique of this theory we can say that cases of violence are not always stimulated, aided and abetted by others. Tragedies in the family circles also occur as a result of an individual's own attitudes and the social structures. In the Indian context, however, the theory seems to be quite valid.

1.3.3. Socio-Cultural Theories**1.3.3.1. Structural Theory**

This theory asserts that social groups differ in respect to their typical levels of stress, deprivation and frustration and in the resources at their disposal to deal with these stresses. It explains that those individuals would be more violent who combine high stress with low resources³². This theory thus explains an individual's action in terms of the ways it is shaped or determined by social forces of one kind or another. Among the possible sources of stress are 'economic conditions, bad housing, relative poverty, lack of job opportunity and unfavorable and frustrating work conditions.' Men and women are socialized into particular roles to which are attached a set of socially determined expectations. If structural factors prevent expectations from being realized, frustration results and violence may ensue.

This theory explains an individual's action in terms of the ways it is shaped or determined by social forces of one kind or another. It leaves no room for conflict, guilt or rationality factors in the determination of the violence of an individual. The structuralist perspective therefore, is unacceptable.

It should also be observed, however, that while stress resulting from poverty, inequality and various forms of deprivation may be contributory factors in domestic violence, only a small proportion of those who experience such conditions behave violently and many of those who do behave violently are neither poor nor deprived.

The identification of structural factors gives a more political flavour to explanations of domestic violence. For example, a study by Straus revealed: (i) that there was a lower incidence of domestic violence when the inequalities between men and women were less marked, and (ii) that weaker social bonds gave rise to increased domestic violence³³.

1.3.3.2. System Tension and Feedback Systems Theory

The author of this theory, *M.A. Straus*³⁴, developed it to explain intra-family violence. He accounts for violence in the home by viewing the family as a purposive goal-seeking, adaptive social system. Violence is seen as a system product or output rather than an individual pathology. Straus specified "positive feedback" in the system which can create an upward spiral of violence, and "negative feedback" which can maintain, dampen or reduce the level of violence.

Tension in the broad sense, of which "stress" and "strain" are manifestations under conditions of felt blockages, is ever present in one form or another throughout the socio-cultural systems-sometimes as frustrations, aggressions or normative directions, sometimes as conflict and competition or upheaval and destruction.

This theory lays undue emphasis on the social system and attaches no importance to the individual's personality. In almost all cases of domestic violence, aggression in one form or the other is implied. Any theory, which suggests that aggression, is the result of social system or exclusively that of an individual's personal trait tends to limit its applicability to very few cases.

1.3.3.3. Anomie Theory

*Robert K. Merton*³⁵ in his articles "Anomie and social interaction" discusses socially learned needs, goals and aspirations and the restricted structural access or institutionalized means to their attainment. According to him some social structures exert a definite pressure upon certain persons in the society to engage in non-conformist rather than conformist conduct. The theory delineates the relationship between one's social position, the strain which accompanies that position and the resulting deviant and non-deviant adaptations.

If we apply Merton's theory to explore crimes by man against women, we find that it has a very limited range. The rapists, the kidnappers, the murderers and the wife-beaters do not have any monetary success goal in their minds, which may push them in the direction of illegitimate behaviour. *Wolfgang and Ferracuti*³⁶ have held that the anomie theory has failed to explain violent aggressive behaviour. *Leonard* too believes that Merton's theory does not explain sexual deviance³⁷.

²⁶ Gillespie, W., H., "Notes in the Analysis of Sexual perversions", International Journal of Psycho- analysis (1952), pp. 397-402, Ahuja, Ram, op.cit., p.187.

²⁷ Amir Menachem, patterns in Forcible Rape (Chicago, 1971), pp. 293-294, Ibid.

²⁸ Johnson, A.M., "Parental Influence in Unusual Behaviour", in Psycho- Analytical Quarterly (1956), pp. 37-55, supra note 15, p.187.

²⁹ Sigmund Freud, "Three Essay", quoted by Ram Ahuja, op.cit., p.170.

³⁰ With reference from Ahuja, Ram, Crime Against Women, p.187.

³¹ Supra Note, 4, p.226.

³² Mishra, Preeti, Domestic Violence Against Women (Legal Control And Judicial Response), Ed. 2007, p. 241.

³³ Sharma, Bela Rani, Women, Marriage, Family Violence and Divorce, 1997, p.97.

³⁴ Straus, M.A., "A General Systems Theory Approach to a Theory of Violence between Family members", A Social Science Information, (June, 1973), pp.105-125, Supra note (15), p.172.

³⁵ Merton, R.K., "Anomie and social Interaction", in Clinard's (ed.) Anomic and Deviant Behaviour (New York, 1964), pp.213-242, Quoted by Ahuja, Ram, op. cit., p.188.

³⁶ Quoted by Ahuja, Ram, op. cit., p.173

³⁷ Eileen B. Leonard, Women, Crime and Society (New York, 1982), p.54.

1.3.3.4. Theory of Sub-Cultures of Violence

According to this theory the life circumstances of certain groups cause violence as a relatively common place outcome of social interaction. It also asserts that values and norms provide meaning and direction to violent acts and thus facilitate or bring about violence in situations specified by these norms and values. Sub-cultures of violence, made up of groups quick to use force in inter-personal relations, are centralized in urban slum areas. This "sub-culture of poverty" explanation for criminal violence has been challenged on the ground that generally poor people are law-abiding and generally the rich and affluent are not.

1.3.3.5. Resource Theory

This theory of intra-family violence developed by *W. J. Goode*³⁸ in 1971 was in fact the first theoretical approach applied explicitly to family violence. This theory asserts that violence is one of the resources that "individuals or collectives can use to maintain or advance their interests". He states that all social systems rest to some degree on force or threat. The greater the resources a person can command within a social system, the more force he or she can muster. However, the more resources a person can command, the less the chances are that a person will actually deploy violence. Thus violence is one of the resources that individuals or groups use to advance their interests. But violence is used as a last resort when all other resources are exhausted. Applying this set of assumptions to the family, Goode explains that a husband who wants to be the dominant family member but has little education or income or status may be likely to resort to violence to be the dominant person³⁹. Resource Theory has been revised and has come to be known as Status Inconsistency Theory. This perspective suggests that violence is more likely to occur when an individual's power or status is inconsistent (high in one social setting and low in another) or when norms governing status in the family are ambiguous or changing⁴⁰.

This theory has also limited application. It cannot be applied to cases of wife-battering, rape, murders and dowry deaths. Empirical research on this theory has also produced inconsistent findings.

1.3.3.6. Patriarchy Theory

This theory of male supremacy was developed by *R.E. Dobash and R. Dobash* in 1979⁴¹. The authors maintain that throughout history, violence has been systematically directed towards women who are powerless. Economic and social processes operate directly and indirectly to support a patriarchal social order and family structure. The central argument of the authors of this theory is that patriarchy leads to the supremacy of men and subordination of women and contributes to a historical pattern of systematic violence directed against females.

Patriarchy is perhaps to be blamed for violence to women but *Dobash's* macro-level theory suffers from a major drawback. That is, it offers a single factor explanation of violence towards women and ignores other major factors. Moreover, this theory fails to explain as to why the least powerful member is subjected to violence by the most powerful one, even if their power is not challenged by the subordinate.

1.3.3.7. Social Learning Theory

This theory holds that those who witness violence between parents or who themselves experience abuse as children are likely to resort to violence in adulthood. It refers to the principle of 'intergenerational transmission of violence.' This theory asserts that human aggression and violence are learned conduct. The perpetrators of violence learn about it through direct experience and by observing the behaviour of other individuals. Imitation being natural to man, those with criminal proclivities tends to learn from those who are practising models. "Aggressive behavior patterns learned through modeling and imitation remain part of our repertoire of social responses overtime."

Scholars like *Steele and Pollock*⁴² (1974) hold that abusive male adults are likely to have been raised in abusive homes. Ill-treated children develop personality disorder which predisposes them to a life pattern of violence.

Like many other theories of family violence, this theory also has its disadvantages and limitations. The notion that violence is transmitted from one generation to the next cannot be fully accepted as the studies which claim to show this are methodologically flawed and base their conclusions on inadequate evidence and unsound interpretation. Also this theory does not take into consideration violence indulged in at the spur of the moment under extreme provocation. Thus accepting the social learning theory would be accepting a relationship in a too simplistic deterministic form.

1.3.3.8. Symbolic interaction theory

This theory specifies the process by which a self-image and identity of a person as "violent" are formed, and the process by which violent acts acquire individual and socially shared meaning⁴³. This perspective lays emphasis on the return of interaction, the dynamic patterns of social relationship. It attempts to "understand" the action as the participant himself understands it.

The basic idea of symbolic interactionism was advanced by *G.H Mead* in 1931. But this theory is linked more with scholars like *Herbert Blumer, Evertt Hughes, Erving Goffman and Howard Becker*. They are generally inattentive to the importance of "structural" constraints and under-estimate the extent to which choices are effectively fore-close by given social circumstances. Their perspective lacks a convincing account of "Motivation". *Ram Ahuja* is right in asserting that the symbolic interactions view of maximization of "effectiveness" completely ignores the constraints presented by the existing social structures⁴⁴.

1.3.3.9. Exchange theory

According to *Richard J. Gelles* the Exchange theory has the advantage of integrating the key elements of the diverse theories of human violence. The Exchange Theory stipulates that interaction or familial relationship is guided by the pursuit of rewards and the avoidance of punishment and costs. In addition, an individual who supplies reward services to another obliges him to fulfill an obligation and thus the second individual must furnish benefits to the first. The exchange does not pertain to concrete or tangible things; rather, it involves intangibles such as esteem, liking, assistance and approval. If reciprocal exchange of rewards occurs, the interaction will continue, but if reciprocity is not received, the interaction will be broken off. This theory explains the growth of resentment, anger, hostility and violence when "principle of distributive Justice" is violated. If we apply the principles of the Exchange theory to study wife-battering, rape, kidnapping or dowry-death, we might expect that people will use violence in the family if the costs of being violent do not outweigh the rewards⁴⁵.

Intra-family relations are more complex than those studied by exchange theorists. A wife cannot break off interaction with her husband and parents cannot break off interaction with their children, even if there is no reciprocity. In applying this theory to intra-family violence, we find some "costs" for being violent. It is possible that the victim might hit back or a violent assault may lead to imprisonment or even to loss of prestige and status. Thus "cost" being greater than the "reward", the Exchange Theory does not satisfactorily explain violence against women. Moreover, this theory does not account for the possibility of any change in familial relationships.

Apart, from these theories, the other theories that have been propounded from time to time so as to explain the causation of domestic violence are as follows:

1.3.4. FEMINIST THEORY

This theoretical perspective emerged during the height of the Women's movement in 1970s. Feminist theory expresses domestic violence as male coercion of women. Giving much stress to gender and power, the theory states that domestic violence reflects the unequal power of men and women in society and also, therefore within their personal relationship. The theory asserts that the etiology of domestic violence lies in the patriarchal structure of society in which men play a dominant role in most social institutions including family. Backed by physical and economic strength they maintain their power in the family. They throw out violence if their dominance is threatened anyway. Feminists argue that a consequence of the social arrangement in which men hold the positions of respect

³⁸ Goode, W.J. "Force and Violence in the Family", *Journal of Marriage and Family*, (Nov. 1971), pp.624-636 .

³⁹ Quoted by Ahuja, Ram, op..cit., p.175.

⁴⁰ Amarjit Mahajan Madhurima, *Family Violence and Abuse in India* (1995), p.22.

⁴¹ Dobash, R.E. and Dobash, R., *Violence Against Wives*, (New York, 1979), quoted by Ahuja, Ram, op. cit., p. 188.

⁴² Steele, B. and Pollock, C.B. "A psychiatric study of parents who abuse Infants and small Children", in Helfer and Kempe (eds.) *The Battered Child* (Chicago, 1974), *Supra* note (31).

⁴³ Ahuja, Ram, op. cit., p.177.

⁴⁴ Id., at 178.

⁴⁵ Id., at 179.

and power and nature of both men and women alike devalue the feminine and over-value the masculine also contribute to domestic violence. Also, in the Feminist view, men often resort to violence in the name of disciplining their wives and children⁴⁶.

This theory is criticized on the ground that it gives much emphasis to patriarchy, power relationship, sexual subordination and leaves no explanation based on individual behavior. The theory predicts that all men in society will be abusive. In short it has focused too narrowly on patriarchy and sexual oppression and has failed to consider class, racial and cultural oppressions.

1.3.5. FAMILY SYSTEMS THEORY

The theory focuses on domestic violence from a sociological perspective emphasizing family structure as the cause of domestic violence. Family is considered as a system of social relations with unique properties that make it a fertile ground for violence. For instance, family members spend a great deal of time with each other and their involvement with each other is intense, they know each member's vulnerabilities, membership is not voluntary, family matters are generally private and therefore there is a lack of social control of behaviours within the family. All these serve to cloak or hide violence inside home. The theory points out the fact that not one individual but both partners or even members of family contribute to violence each striving to dominate the other. It is the interactions that promote violence⁴⁷.

The theory stresses the factor of interaction among members rather than pathology of one individual as the cause of violence. It concentrates on solving the problem through adopting treatment involving betterment of communication and conflict resolution skills rather than looking for causes. It criticizes psychological approaches that focus on individual deficiency in the form of low self-esteem, dependence and anger.

1.3.6. PSYCHOLOGICAL THEORY

The theory focuses on individual problems and holds that personality disorders or early experiences of trauma predispose some individuals to domestic violence. For example, being physically abused by parents, rejection, failure to meet a child's dependence needs and the like may create problems. People with such underlying problems or disorder may choose partners with whom they can re-enact the dysfunctional relationship they had with their parents⁴⁸.

The theory is criticized on the ground that it tries to answer the evil of domestic violence by resorting to psychological problems and ignores the element of dominance and power relationship. The theory tries to justify such inhuman behavior by overemphasizing one's early experiences of trauma. It fails to give a specific reply as to what can be done to prevent this violent behaviour. That means until such psychological problem is resolved they will continue inflicting violence on others. It gives much emphasis on individual and personality factors.

1.3.7. PHYSIOLOGICAL THEORY

The theory focuses on evolution and genetic characteristics that predispose men to violence. It emphasizes the factors such as brain structure, chemical imbalance, dietary deficiency and hormonal factors as the root cause of violent behaviour⁴⁹.

The main defect of the theory is that it plays down both individual responsibility and the influence of structural factors for violence.

1.3.8. MULTI- FACTOR THEORY

The Indian sociologist *Ram Ahuja* who conducted empirical study on crime against women in 1986 thinks that any acceptable theory on family violence should be comprehensive enough to include both the psychological and the social aspects of the problem. Accordingly he prepares an integrated model which takes into consideration both innate and acquired behaviours⁵⁰. This model assumes the role of four factors:

- (i) Social norms and social organizations which socialize the individual,
- (ii) The personal characteristics of offenders and victims (Psychiatric view) like emotional disturbances or aggressive impulses,
- (iii) The inter-personal characteristics of offenders (socio-psychological view) such as the failure to get praise, appreciation or affection from others and
- (iv) The ecological factors, for it is within ecological boundaries that personal dispositions to commit crime are developed and crime-evoking situations arise.

Further *Ram Ahuja's* integrated model concentrates on the sociological analysis of social-structural conditions. The important conditions which lead a person to women's victimization are: status frustrations, life stresses, career crisis, and structural opportunities. This view focuses attention not only on the aggressive act itself but also on the person who uses aggression and the person against whom aggression is used. The man who assaults a woman, physically or mentally, is often the man who either feels at a disadvantage with a woman or who feels at an advantageous position in demanding a specific thing from a woman.

The study of domestic or family violence is a very complex scholarly pursuit. So, from the analysis of various theories it is clear that not one theory can fully explain causes for domestic violence. It varies with the nature and forms of domestic violence. For this one has to understand the nature and forms of domestic violence. Rather than a single factor theory a Multifactor Theoretical Approach provides a comprehensive framework to understand the nature and causes of domestic violence in India. This approach will view the cause of domestic violence from more than one perspective. The crux is that socio-cultural, psychological and physiological, economical and environmental stresses pave way to a particular form of domestic violence. One cannot resort only to single approach to substantiate the causes for a form of domestic violence but when all the theories combined together it will surely reflect the etiology of domestic violence.

Further, Newspaper reports, investigative journalism, police records and researches conducted by social organization and feminist groups provide ample material which throw light on the changing perspective of family crimes in India. If we study the various aspects of the, Naina Sahini's brutal murder allegedly committed by her husband, Sushil Sharma, it becomes clear that most of the theories of violence partially explain the motives and modes of the crime and yet much is left for us to reflect on. There are situations in family violence which defy current theories. Perhaps in our modern world, ideas and theories grow in arithmetical progression but crimes multiply in geometric progression. Yet research must go on to unravel the felonies of human behaviour which find expression in atrocities on weaker and oppressed members of the family, especially women.

⁴⁶ Supra note 14, pp. 122-123.

⁴⁷ Mishra, Preeti, Domestic Violence Against Women (Legal Control and Judicial Response), Ed. 2007, pp. 230-232.

⁴⁸ Id., pp.232-233, Christine Werkle, The Violence and Addiction Equation-Theoretical and Clinical Issues in Substance Abuse And Relationship Violence(2002), p.376.

⁴⁹ Id., at p.234.

⁵⁰ Ahuja, Ram, op. cit., pp. 180-186.

FDI INFLOWS IN INDIA TRENDS AND PATTERNS

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ABSTRACT

The purpose of this study is to provide a changing trends in the flow of foreign direct investment (FDI) (With the adoption of new economic policy in 1991 and subsequent reforms process, India has witnessed a change in the flow and direction of foreign direct investment (FDI) into the country. This is mainly due to the removal of restrictive and regulated practices. Foreign direct investment in India increased from 409 crores in 1991-92 to 122,919 crores in 2008-09. However, the country is far behind in comparison to some of the developing countries like China. In so far as growth trend of FDI is concerned, there has been quite impressive growth of FDI inflow into the country during this period. However, negative growth rate is noticed during the period 1998-2000 primarily due to falling share of major investor countries, steep fall of approval by 55.7% in 1998 compared to 1997 and slackening of fresh equity. However, traditional industrial sectors like food processing industries, textiles, etc. which were once important sectors attracting larger FDI, have given way to modern industrial sectors like electronics and electrical equipments, etc. In this paper analysis on the potentiality and challenges of FDI in the country is discussed and open a room for future discussion.

KEYWORDS

FDI, Liberalization, FIPB, FIPB, DIPP.

INTRODUCTION

Foreign direct investment has been directed towards the developed world, although the share of developing countries had been growing steadily until 1997 when it reached a peak of around 40 percent. There are three important features characterize FDI flows to emerging market Economies (EMEs) in the 1990s, owing largely to the adoption of macroeconomic and structural reforms by a number of these countries and the strengthening of their growth prospectus. Second, the surge in FDI, especially in the latter half of the 1990s was led by increased merger and acquisition activity .A number of EMEs in Latin America and eastern Europe including Argentina, Brazil, Mexico, and the Czech republic-undertook extensive privatization of state owned assets during this period which in many cases took the form of mergers and acquisitions. Third, for a number of countries there was a significant shift of FDI into services sector in tandem with the increasing share of services activities in these host countries. It may be noted that traditionally, FDI was directed towards the development of natural resources and manufacturing enterprises.

OBJECTIVES

In this study, an attempt has been made to depict the post reform scenario of FDI inflows in India. Though India has a more liberal FDI policy than the other countries like China and Malaysia, these two East Asian countries have attracted many times more FDI than India. Therefore, the objective of this study is to study the changing sectoral trends in India due to FDI inflows from the year 1991-92 to 2008-2009.

RESEARCH METHODOLOGY

The present study relates to period 1991 - 92 to 2008 - 09. Secondary sources of data have been adopted for the study. The required figures have been collected from Economic Surveys of the different years, RBI Bulletin, Direction of trade, statistics year book, IMF, Economic survey of India, Annual report of ministry of commerce, different websites, Journal and News papers.

TOOLS OF DATA COLLECTION AND ANALYSIS

In the present study collected data have been analysed and examined through different statistical tools like percentages, besides these time series analysis, annual rate of change and compound annual growth rates have been calculated.

FOREIGN DIRECT INVESTMENT –INDIAN SCENARIO

With the liberalization of the capital account and the initiation of structural reform, there has been a marked shift in the magnitude and instruments of capital flows to India during the 1990s. Reflecting the growing confidence among international investors. FDI to India which stood at a low level of US \$97 million during 1990-91, picked up significantly thereafter, reaching a peak of US \$ 6.1 billion in 2001-02. FDI inflows have, however, showed down in 2002-03 in tune with the global scenario. However FDI inflows increase in 2009 up to 27,309 US \$ dollars.

Country-wise break up of FDI inflows reflecting the increasing importance of Mauritius as a source of FDI in India during the recent years. This pattern highlights the role of tax policies in influencing the pattern of FDI flows at the global level. The realisation of approved FDI into actual disbursements has been quite slow, the average realization ratio (i.e. actual inflows to approvals was about 36 percent over the entire period. Reason being that for this gap is the type of investment projects involved.

The data from 1991 to 2002 depicts that the approval and inflows have wide divergence implying there by a lower rate of realisation. The total FDI proposals approved from 1991- 2002 amounted to Rs 2, 84,812 crores against just Rs 1,274 crores approved during the whole of the previous decades (1981-90). There is no doubt that it takes time for all these proposals to fructify into actual inflows. Unfortunately, the actual flows as a proportion of approvals were low till 1997. Industry- wise approvals of FDI from August 1991 to March 2009 reveal that for the entire period, basic goods industries accounted for about 39 percent of FDI. Out of this, the major share was appropriated by power (15.6 percent) and oil refineries (10.8 percent). Mining and metallurgy (ferrous and non- ferrous) accounted for 5.6 percent and chemicals only 4.6 percent. The next group in order of importance was that of services accounting for 37 percent of FDI.

The share of telecommunication was about 20 percent and that computer software was 6.4 percent financial services contributed to 4.2 percent .Capital goods and intermediate goods accounted for only 11 percent of FDI approvals. Although it is commonly believed that consumer durables are attracting large share of FDI, but that data reveal that they only accounted for 3.4 percent of FDI Consumer non durables shared about 10 percent FDI. Analysis of FDI approvals underlines the fact that nearly 75 Percent was accounted for by basic goods industries, capital good and Telecommunication and computer software service, which are high on our priority list. Since segregated data about actual flows industry-wise is not available, it is not possible to comment whether the intentions are being realised in practice, are distorted in the process of implementation.

Although India took significant steps towards inviting FDI in pursuance of its policy of emphasizing non- debit creating capital inflows during the reforms period, the actual FDI inflows did not pick up on he expected lines. FDI inflows in India remained low in comparison of annual average FDI and FDI inflows for the period 1997-2001 shows that such inflows to India were lower than those to emerging market economies like Argentina, Brazil, China, Korea, Mexico, Thailand, and Malaysia, India's failure to attract enhanced inflows of FDI strongly underlines that need for further reforms. The data reported in the world investment report reveal that the receipts of FDI inflows in the top ten developing countries in 2002 was highest in China with US\$52.70 billion compared with US \$3.45 billion in

India. The China has been the largest receipt of FDI inflows among the developing economies of Asia with its share 3.1 percent in the world total with 2.1 percent of Hon Kong and 0.5 percent of India. India is in the thick of tough competition to attract of FDI.

FDI inflows received by India during the 1990s showed a marked increase till 1997 when they peaked at \$3,682 million. However, in the subsequent period the inflows have stagnated despite progressive liberalization of the policy regime. In the year 2001, they rose again to a level of \$4.222 billion the expansion of FDI inflows in the mid-1990s can be partly attributed to the liberalization of FDI policy in the form of the opening up of new sectors, and partly to the expanded scale of global FDI inflows in the 1990s. Still, the magnitude of FDI flows into India is relatively small, especially if compared with those received by other countries in the region: the difference is particularly striking in terms of making FDI contribute to manufactured exports. While foreign-owned enterprises contribute about 44 per cent of manufactured exports and about 80 per cent of high-technology exports in China, this share in India's exports was a marginal 3 per cent in the early 1990s and is unlikely to exceed 10 per cent at present.

After the adoption of liberal foreign investment policy by government of India in 1991, FDI inflow has shown an upward trend in stock sense but varied in size over the period of time. FDI inflow in India has increased up to 5, 28,108 from 1991-2009 in cumulative sense. The inflow of FDI to the country has witnessed fluctuations during the period under consideration. It increased from 409 crores in 1991-92 to 13548 crores in 1997- 98, which declined to 10311 crores in 1999-2000. It increased to a peak of 19361 crores in 2001-02 before declining in the subsequent years in 2002-03 and 2003-04. The inflow again increased to 17138 crores in 2004-05. From the period 2005-06 up to 2009 it continuously increased up to 85700 crores.

During this period, the growth rate was positive though it varied year to year. During the period 1991-2005, growth rate of FDI inflow to India was negative for four years (1998-99, 1999-2000, 2002-03 and 2003-04). The reasons for this negative growth can be substantiated with the help of various government publications in different times. Falling share of FDI inflow by key source countries like USA and Mauritius was a main reason for the decline of FDI inflow for the period 1998 to 2000. FDI inflows from Mauritius and USA declined by 34.5 percent and 34.1 percent respectively in 1998-99 over the previous year (Economic Census, 2000). One of the expected reasons for low inflow during the period may be the impact of Pokhran Nuclear tests, though there is no evidence at large scale (ENS Economic Bureau, 1999). Moreover, Germany, South Korea and Netherlands accounted for a decline of US\$ 391.3 million in 1998-99 compared to 1997-98. Similarly, inflows routed through Mauritius and USA declined by 15.1 percent and 21.6 percent in 1999-2000. Besides, FDI inflows from Japan also declined in 1999-00 compared to the previous period. There was steep fall of approvals in 1998 compared to 1997 (a reduction of 55.7 percent in dollar terms). It is worrying to note that India's share in developing countries inflows declined from 1.9 per cent in 1997 to 1.4 percent in 1998. The reason of the overall decline in 2002-03 was principally slackening of fresh equity injected through FDI in the year 2002-03. During the year 2003-04 FDI inflows has shown a negative growth rate of 7.2 percent. The reduction can be attributed to a decline of \$ 379 million in fresh equity capital inflows in 2003-04. During the year growth rate was (-13.6) percent for equity capital and (-1.9) percent for reinvested earnings. The FDI inflows from Mauritius and Singapore increased up to 204,196 and 42,040 \$ million respectively in cumulative sense from 2000 to 2009.

RECENT FDI TRENDS IN INDIA

The major investing countries are Mauritius (mainly routed from developed countries), USA, Japan, UK, Germany, the Netherlands and South Korea. The States that account for maximum FDI are Maharashtra, Delhi, Tamil Nadu, Karnataka and Gujarat. During the first half of 2002 the FDI inflows went mainly into transportation industry, services, telecom and electronics/IT/software. Factors that are responsible for the recent spurt in FDI inflows into India are: (i) Progressive liberalisation of FDI policy has strengthened investor confidence – opening up of new sectors (integrated townships, defence industry, tea plantations, etc.) removal of FDI caps in most sectors, including advertising, airports, private sector oil refining, drugs and pharmaceuticals, etc.; and greater degree of automaticity for investment. (ii) Liberalisation of foreign exchange regulations by way of simplification of procedures for making inward and outward remittances. (iii) Sectoral reforms, especially in sectors such as telecom, information technology and automobiles have made them attractive destination for FDI. (iv) Policy to allow foreign companies to set up wholly owned subsidiaries in India has enabled foreign companies to convert their joint ventures into wholly owned subsidiaries. The percentage of FDI through merger and acquisition route has increased to around 30 per cent (from around 10 per cent in 1999), which still much lower than the global percentage of 70-80 per cent. (v) Public sector disinvestment has finally emerged as an important means to promote FDI. (vi) Liberal policy towards Foreign Venture Capital Investment (FVCI) has given an impetus to investments in technology and infrastructure projects. (vii) Various investment facilitation measures taken by DIPP such as facility for electronic filing of applications, online chat facility with the applicants, online status on registration/ disposal of applications, dedicated e-mail facility for investment related queries, etc., have also contributed substantially to improving investor confidence. On an average about 2,000 responses in a year are given to investors and potential investors.

Government has set up an inter-ministerial Committee to examine the extant procedures for investment approvals and implementation of projects, and suggest measures to simplify and expedite the process for both public and private investment. The Committee, which was set up in September 2001, has submitted Part I of its report to the Government, which is under examination. A sub-Group of the Committee is specifically looking into simplification of procedures relating to private investment. The sub-Group will submit its report shortly.

The Foreign Investment Implementation Authority (FIIA) has been activated and now meets at regular intervals to review and resolve investment-related problems. A recent study conducted by FICCI, FIIA acknowledges that has emerged as a problem-solving platform.

The Government of India has taken many initiatives to attract FDI inflows, to boost the Indian economy since economic liberalization. As a result; India has received FDI to the tune of Rs 2,522,687.38 crore at the end of June 2007. FDI inflows in India has been analyzed on the basis of the following categorization, viz., year-wise, country-wise, sector-wise and region-wise FDI inflows. The year-wise FDI inflows in India are presented in table 1.1

TABLE 1.1: YEAR WISE FDI INFLOWS IN INDIA

Year	Rs crores	Growth rate (%)	Amount (\$)	Growth rate (%)
1991-92	409	-	167	-
1992-93	1,094	167.47	393	135.32
1993-94	2,018	84.46	654	66.41
1994-95	4,312	113.68	1,378	110.09
1995-96	6,916	60.39	2,141	55.82
1996-97	9,654	39.59	2,770	29.38
1997-98	13,548	40.34	3,682	32.92
1998-99	12,343	-8.89	3,083	-16.27
1999-00	10,311	-16.64	2,439	-20.89
2000-01	12,645	22.64	2,908	19.23
2001-02	19,361	5.11	4,222	45.19
2002-03	14,932	-22.86	3,134	-25.77
2003-04	12,117	-18.85	2,634	-15.95
2004-05	17,138	41.44	3,754	42.52
2005-06	24,613	43.61	5,546	47.53
2006-07*	20,630	186.96	15,726	183.55
2007-08*	98,664	39.69	24,579	56.29
2008-09*	122,919	24.58	27,309	11.10

Source: www.dipp.nic.in/fdi.statistics/India

Note: -* Includes stock swap of share US\$ 3.2 billion for the year 2006-07 and US \$ % 5.0 billion for the year 2007-08.

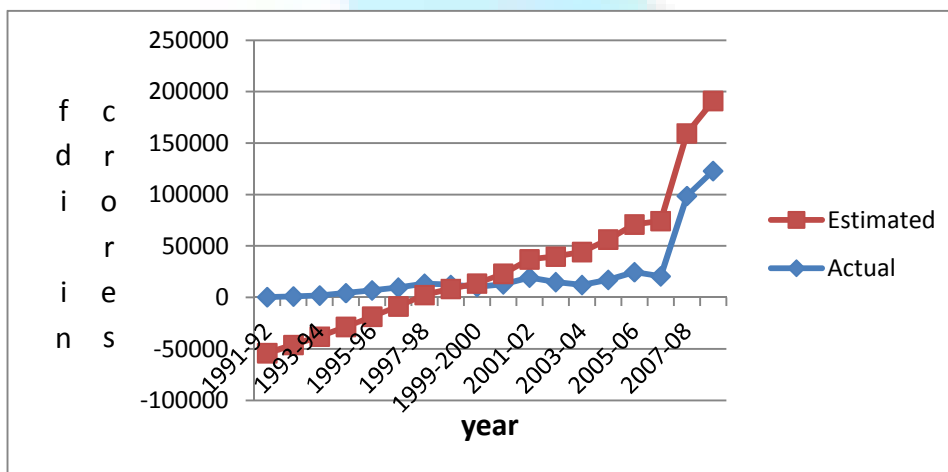
Table 1.1 shows the year wise FDI inflows in India. It is clear from the table that FDI inflows went up from 409 crore in 1991-92 to Rs 122,919 crores in 2008-09 i.e. an increase by more than 40 times within a span of 18 years. This is mainly due to the initiatives (liberal policies) taken by the Government of India in attracting FDI inflows in India. However, there has been inconsistency in the growth rate of FDI inflows. The FDI growth rate was positive till the end of 1997-98, but thereafter it was negative in the year of 1998-99, 1999-00, 2002-2003, and 2003-2004 and positive in 200-2001, 2001-2002, and 2004-2005. The growth rate in FDI inflows was the highest in 1992-1993 and the decline rate was highest in 2002-03, as compared to their respective previous years. The growth rate was again highest in 2006-07, but it declines in 2008-09.

TABLE 1.2: YEAR WISE FDI INFLOWS IN INDIA: TREND VALUES

YEAR	Y	YC
1991-92	409	-54403.4
1992-93	1,094	-47197
1993-94	2,018	-39990.5
1994-95	4,312	-32784
1995-96	6,916	-25577.6
1996-97	9,654	-18371.1
1997-98	13,548	-11164.6
1998-99	12,343	-3958.16
99-2000	10,311	3248.315
2000-01	12,645	10454.79
2001-02	19,361	17661.26
2002-03	14,932	24867.73
2003-04	12,117	32074.2
2004-05	17,138	39280.67
2005-06	24,613	46487.14
2006-07	20,630	53693.61
2007-08	98,664	60900.08
2008-09	1,22,919	68106.55

Source: Calculated on the basis of Table 1.1

FIG 1.1: ESTIMATED TREND LINES ON THE BASIS OF TABLE 1.2



The trend values of FDI inflows in India are presented in the table 1.2, shows that the estimated trend values from 1991-92 to 1998-99 are negative, where as actual inflows show positive trend i.e. actual inflows increases. Year 2000-01 to 2009 shows that both estimated values and actual inflows increased. The table shows the inverse relationship between actual inflows and estimated values from 1991-92 to 1998-99, but from the period 2000-01 to 2008-09 it depicts direct relationship between actual inflows and estimated values.

COUNTRY-WISE FDI INFLOWS

The country-wise FDI inflows in India from top ten investing countries, reveals that Mauritius has been investing the most in various sectors of Indian economy among the top ten investing countries in India from August 1991 to 2009. Out of the total FDI inflows from the top ten investing countries, 44% was from Mauritius at the end 2009. Further it also reveals that inflows of FDI from France is the lowest among the top ten investing countries accounting only to the tune of 1 % in the total. The Singapore, USA and U.K stood at second, third and fourth positions among the top eight investing countries in India in terms of FDI. The FDI inflows from Mauritius were 44,483 and 50,794 crores during the period, 2007-08 to 2008-2009. There is inconsistency in the share of FDI inflows from almost all the countries.

TABLE 1.3 SHARE OF TOP INVESTING COUNTRIES FDI EQUITY INFLOWS CRORES Amount Rupees in crores

Rank	1991-02	2002-03	2003-04	2004-05	2005-06	2006-07	Usgwdgh 2007-08	2008-09	2009-10	Cumulative inflows (April 00 to Dec.09)	%age of total inflows in RS
Mauritius	27,446	3,766	2,609	5,141	5,033	28,759	44,483	50,794	42,924	204,196	44 %
Singapore	1,997	180	172	822	660	2,662	12,319	15,727	8,188	42,040	9 %
USA	12,248	1,504	1,658	3,055	1,498	3,861	4,377	8,002	7,577	35,536	8 %
U.K	4,263	1,617	769	458	845	8,389	4,690	3,840	1,841	24,746	5 %
Netherland	3,856	836	2,247	1,217	70	2,905	2,780	3,922	3,687	19,539	4 %
Japan	5,099	1,971	360	575	410	382	3,336	1,889	5,197	16,421	4 %
Germany	3,445	684	373	663	170	540	2,075	2,750	2,581	12,069	3 %
France	1,947	534	176	537	36	528	583	2,098	1,158	6,639	1 %

Source: www.dipp.nic.in//fdi.statistics /India

FIG1.2 TREND LINE BASED ON TABLE 1.3

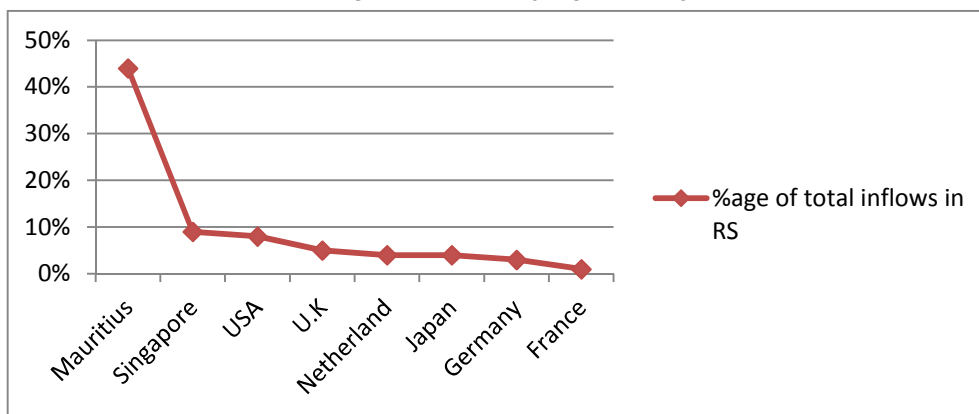


Table1.3 also reveals that Mauritius is the top most investing country in various sectors of Indian economy. Further it also reveals that Germany and France are the lowest among the top eight investing countries in India.

SECTOR-WISE FDI INFLOWS IN INDIA

The Department of Industrial Policy and Promotion has recently modified the classifications of the sectors and data released from August 2007 has been based on the new sectoral classifications. According to that classification, the top performers are the services and computer software & hardware sectors. Clearly, India has attracted significant overseas investment interest in services. It has been the main destination for off-shoring of most services as back-office processes, customer interaction and technical support. Indian services have also ventured into other territories such as reading medical X-rays, analyzing equities, and processing insurance claims. However, increasing competition is making it more difficult for Indian firms to attract and keep BPO employees with the necessary skills, leading to increasing wages and other costs.

Considering the sectoral composition of FDI over the period August 1991 to September 2006, shows that the largest recipient of such investment was the sector of electrical equipment (including computer software and electronics).The share of this sector in cumulative FDI inflows over the period was 17.54 % (i.e. one sixth). It was followed by service sectors (share 12.69%),telecommunication industry (share 10.39%),transportation industry (share 9.31%),power and oil refinery (share 7.45%),chemicals excluding fertilizers (share 5.79%),food processing industries (share 3.12%),drugs and pharmaceuticals (share 2.91%),metallurgical industries (share 2.14%)and cement and gypsum products (share 2.14%).in fact these ten sectors accounted for more than 70%of the FDI in India.

The information technology industry is one of the growing sectors in India. In the Asian pacific region India is one of the leading country pertaining to the information technology industry. With more international companies entering the industry, the Foreign Direct Investments (FDI) has been continuous over the year. The rapid development of the telecommunication sector was due to the FDI inflows in the form of international players entering the market and transfer of advanced technologies. The Telecom industry is one of the fastest growing industries in India. With a growth rate of 45%.The FDI in Automobile Industry has experienced huge growth in the past few years. The increase in the demand for cars and other vehicles is due to the increase in the levels of disposable income in India. The options have increased with quality products from foreign car manufacturers. The introduction finance scheme, easy repayment schemes has also helped the growth of the automobile sector. For the past few years the Indian Pharmaceutical Industry is performing very well. The varied functions such as contract research and manufacturing, clinical research, research and development pertaining to vaccines are the strengths of the Pharma Industry in India. Multinational pharmaceutical corporations outsource these activities and help the growth of the sector. The Indian Pharmaceutical Industry has been experiencing a vast inflow of FDI.

The FDI inflow in the Cement Industry in India has increased with some of the Indian cement giants merging with major cement manufacturers in the world such Holcim, Heidelberg, Italcementi, Lafarge, etc. The FDI in Semi-conductor sector in India were crucial for the development of the IT and the ITES sector in India. Electronic hardware is the major component of several industries such as information technology, telecommunication, automobiles, electronic appliances and special medical equipments.

The country is said to be developed only when there is development in all sectors of the economy. Accordingly, the government of India has been trying to attract foreign capital in all sectors of the economy. The FDI inflows from August 1991 to October 2005, the Electrical equipments including software industries enjoyed the lion’s share, as compared to all other sectors of the Indian Economy. Out of total, 14.93% of FDI inflows went to the service sector and 2.14%to the Metallurgical industries in India. These refers to the highest and the lowest percentages respectively in total FDI inflows in India, from August1991 to October 2005.This signifies the importance of the service sector in the development of Indian economy. Further, it also reveals that the FDI inflow was also highest in Transportation industry between 1991to October 2005.

The Table 1.4 shows that out of the total FDI inflows from April 2006 to December 2009, the service sector enjoyed the highest share of 22% of FDI inflows as compared to other sectors of the Indian economy. When we compare it with the last years data, the largest share goes to the electric equipment including software i.e. 14.93% .Here in Table 1.4 computer software and Hardware attains the second position i.e. 9% of the total share of FDI inflows and chemicals 2% in India These refer to the highest and the lowest percentage respectively in total FDI inflows in India from April 2006 to December 2009.This signifies the importance of service Sector in the growth of Indian economy. Further there has been no consistency in the growth of FDI inflows.

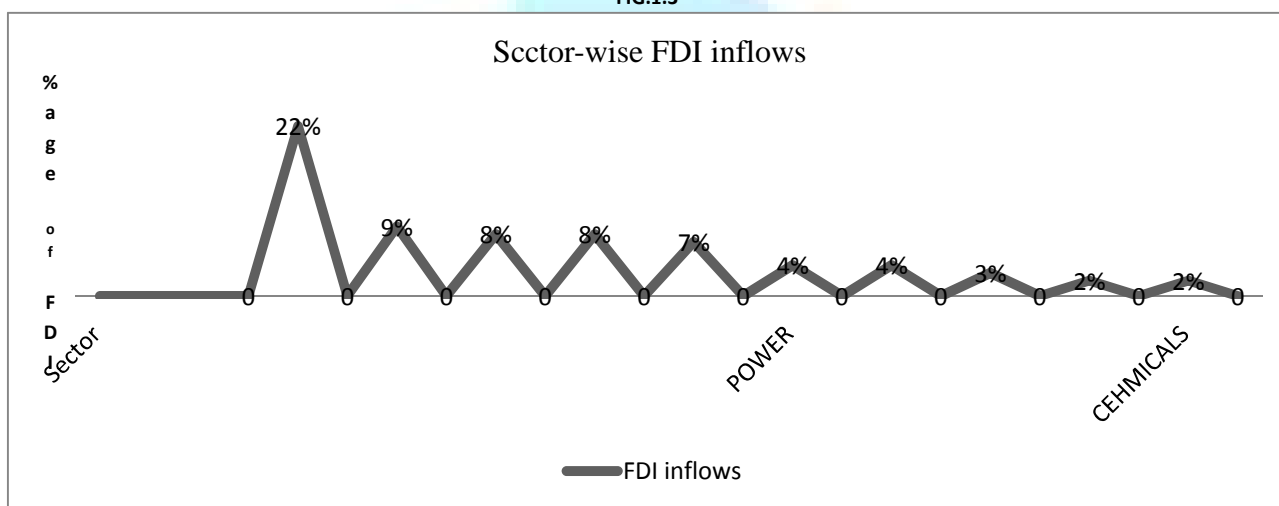
TABLE 1.4: SECTORS ATTRACTING HIGHEST FDI EQUITY INFLOWS Amount Rupees in crores

Ranks	Sector	2006-07 (April-March)	2007-08 (April-March)	2008-09 (April-March)	2009-10 (April-Dec. '09)	Cumulative Inflows (April '00 - Dec. '09)	% age to total Inflows (In terms of rupees)
1.	SERVICES SECTOR (financial & non-financial)	21,047 (4,664)	26,589 (6,615)	28,411 (6,116)	17,074 (3,547)	101,527 (22,796)	22 %
2.	COMPUTER SOFTWARE & HARDWARE	11,786 (2,614)	5,623 (1,410)	7,329 (1,677)	2,857 (595)	42,353 (9,549)	9 %
3.	TELECOMMUNICATIONS (radio paging, cellular mobile, basic telephone services)	2,155 (478)	5,103 (1,261)	11,727 (2,558)	11,442 (2,359)	39,809 (8,735)	8 %
4.	HOUSING & REAL ESTATE	2,121 (467)	8,749 (2,179)	12,621 (2,801)	11,472 (2,383)	35,255 (7,896)	8 %
5.	CONSTRUCTION ACTIVITIES (including roads & highways)	4,424 (985)	6,989 (1,743)	8,792 (2,028)	10,543 (2,218)	32,720 (7,409)	7 %
6.	POWER	713 (157)	3,875 (967)	4,382 (985)	6,088 (1,258)	20,099 (4,448)	4 %
7.	AUTOMOBILE INDUSTRY	1,254 (276)	2,697 (675)	5,212 (1,152)	4,696 (976)	19,763 (4,365)	4 %
8.	METALLURGICAL INDUSTRIES	7,866 (173)	4,686 (1,177)	4,157 (961)	1,613 (336)	13,118 (3,060)	3 %
9.	PETROLEUM & NATURAL GAS	401 (89)	5,729 (1,427)	1,931 (412)	1,085 (219)	11,262 (2,612)	2 %
10.	CEHMICALS (other than fertilizers)	930 (205)	920 (229)	3,427 (749)	1,258 (264)	10,825 (2,398)	2 %

Source: www.dipp.nic.in/fdi.statistics/India

Note: Cumulative Sector- wise FDI inflows (from April 2000 to December 2009).

FIG.1.3



Note: Trend line based on Table 1.4

REGIONAL DISTRIBUTION OF FDI INFLOW TO INDIA

Regional distribution of FDI is probably one of the prominent indicators to gauge the local business investment climate with a strong implication for the state policy maker. FDI inflow besides other regional distribution of FDI inflow shows disparity in regional level, which is evident from table during the period April 2000 to December 2009, a total number of inflows received with an amount of Rs 493,664.65 crores. The share of major FDI attracting six regions in terms of percentage was about 76.93 percent. Mumbai tops the list with a share of 35.89 percent of the total approved amount of FDI to India followed by Delhi (19.40 percent) and Bangalore (6.358percent). Out of sixteen regions as mentioned in the table, two regions and states covered under these regions are above the average level for the mentioned period, which comprises 55.29 percent share of total FDI approved amount. One interesting fact of the regional distribution of FDI to India is that nine regions as shown in the table, which has individual share of less than one percent, attract only 1.74 percent of total FDI inflows. The RBI's region-wise FDI inflows from January 2000 to June 2007 is evident that Mumbai region of the RBI had the Lion's share of total FDI inflows in India from January 2000 to 2009. Further, New Delhi region of the RBI stood at second position during the same period. In addition, Mumbai and New Delhi of the RBI together account for around 50 percent of the total FDI inflows in India. This indicated that the FDI inflows were concentrated mostly in these two regions. However, the FDI inflows in Patna ad Guwahati regions of the RBI were very less and both taken together are less than 1 percent of the total.

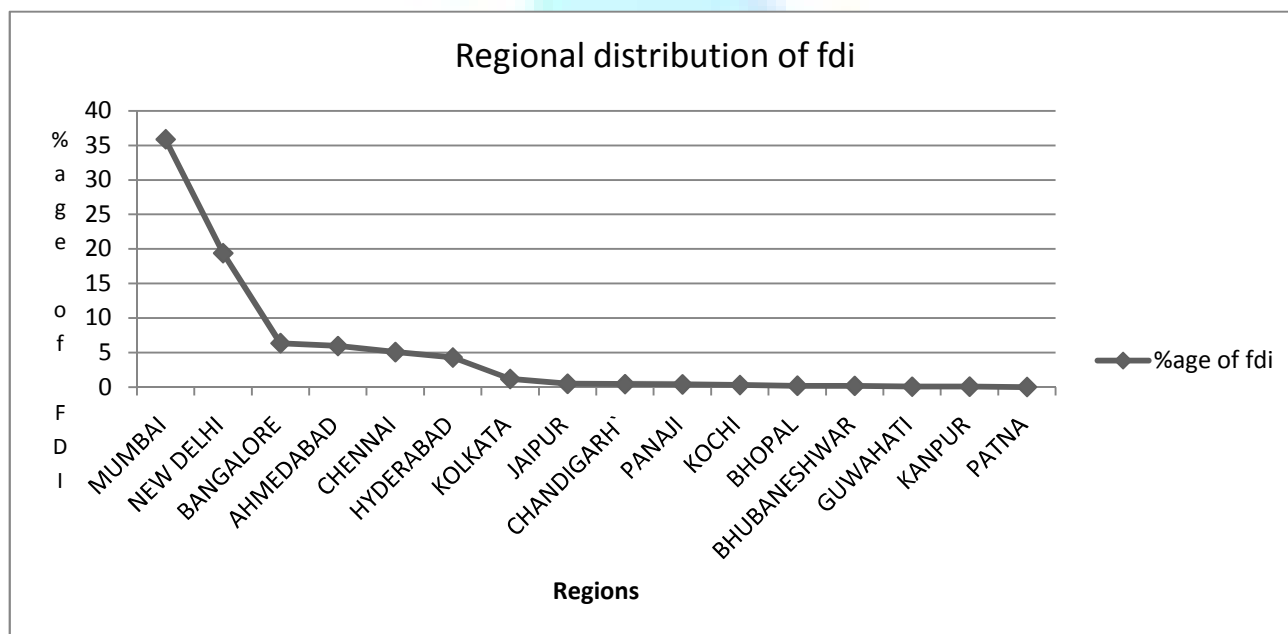
It is also observed from table 1.5 that regions like Patna, Kanpur, Guwahati, Bhubaneswar and Bhopal, which received a small number of FDI inflows from 2000 to 2009 i.e. (0.0 percent, 0.05, 0.06, 0.17 and 0.18 percent respectively), which implies pathetic condition of local business environment. Foreign investors are attracted towards developed states like Mumbai and New Delhi due to a number of reasons (Narayana, 2006 and Business Today, 2003). Availability of power at affordable rate, availability of raw materials, availability of labour, proximity to markets, connectivity to international cities, flexibility of state government policies, advance banking facilities, telecom facilities, hassle free regulation, overall business environment, developed IT sector, etc. are some factors which attract FDI to these states. Above all investment incentives are very much attractive to conduct a business in these regions.

TABLE 1.5 STATEMENT ON RBI'S REGIONAL OFFICES (WITH STATE COVERED) RECEIVED FDI EQUITY INFLOWS (FROM APRIL 2000 TO DECEMBER 2009)

S. No.	RBI's - Regional Office ²	State covered	Amount of FDI Inflows		%age with FDI inflows
			Rupees in Crores	US\$ in million	
1	MUMBAI	MAHARASHTRA, DADRA & NAGAR HAVELI, DAMAN & DIU	168,442.62	37,803.12	35.89
2	NEW DELHI	DELHI, PART OF UP AND HARYANA	91,077.15	20,144.47	19.40
3	BANGALORE	KARNATAKA	29,789.25	6,736.95	6.35
4	AHMEDABAD	GUJARAT	27,927.48	6,328.95	5.95
5	CHENNAI	TAMIL NADU, PONDICHERRY	23,819.42	5,299.34	5.07
6	HYDERABAD	ANDHRA PRADESH	20,043.49	4,531.91	4.27
7	KOLKATA	WEST BENGAL, SIKKIM, ANDAMAN & NICOBAR ISLANDS	5,506.61	1,297.84	1.17
8	JAIPUR	RAJASTHAN	2,201.99	465.46	0.47
9	CHANDIGARH ¹	CHANDIGARH, PUNJAB, HARYANA, HIMACHAL PRADESH	1,987.79	434.22	0.42
10	PANAJI	GOA	1,844.88	399.48	0.39
11	KOCHI	KERALA, LAKSHADWEEP	1,396.41	310.48	0.30
12	BHOPAL	MADHYA PRADESH, CHATTISGARH	841.73	186.65	0.18
13	BHUBANESHWAR	ORISSA	794.60	171.00	0.17
14	GUWAHATI	ASSAM, ARUNACHAL PRADESH, MANIPUR, MEGHALAYA, MIZORAM, NAGALAND, TRIPURA	262.26	60.31	0.06
15	KANPUR	UTTAR PRADESH, UTTARANCHAL	220.70	47.52	0.05
16	PATNA	BIHAR, JHARKHAND	1.78	0.39	0.00
17	REGION NOT INDICATED ³		93,206.44	21,103.67	19.86

Source: www.dipp.nic.in/fdi.statistics/India

FIG.1.4



Note: Trend Lines are based on 1.5

FOREIGN INVESTMENT AND FOREIGN EXCHANGE RESERVES IN INDIA

There has been increase in foreign exchange reserves accumulation in India during previous decades on account of foreign investment inflows. During nineteen seventies, foreign exchange reserves increases amounted to US \$ 6084 million. External assistance, which contributed most to the capital inflows, was the major contributor to foreign exchange reserves. During nineteen eighties, there has been heavy deficit on the current account to the extent of US \$ 44140 million. Capital accounted totalled US \$ 39317 million only. Foreign investment amounted to US \$ 1396 million only. This was an improvement over the previous decades but there was decrease in foreign exchange reserves to the extent of US \$ 7916 million.

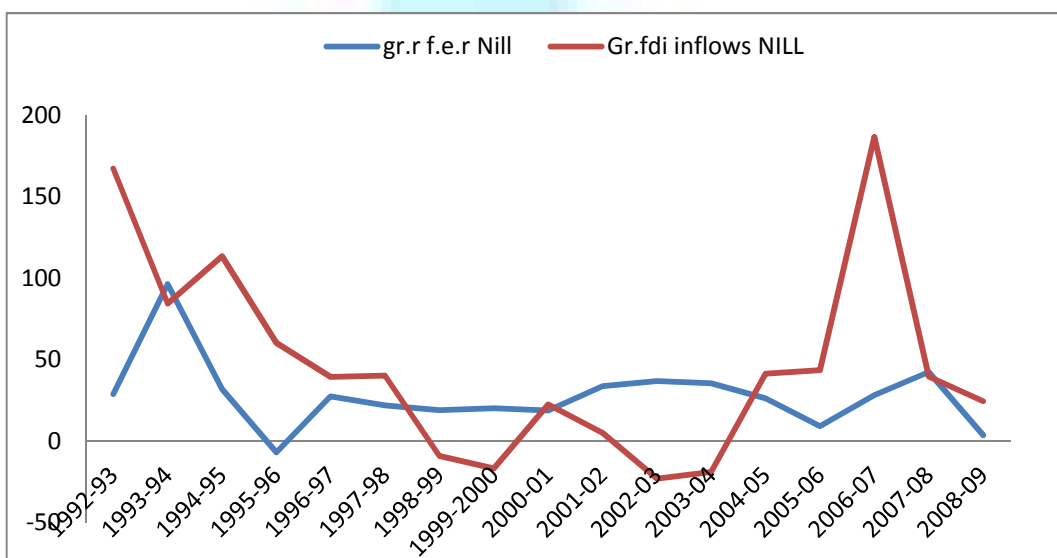
The post liberalization period resulted a large increase in foreign exchange reserves. The foreign exchange reserves has increased from 23850 crores in 1991-92 to 79781 in 1994-95, but it decrease in 1995-96 to 74384 crores. Despite the marked declaration in capital inflows during 1998-99, there was net increase in foreign exchange reserves to the extent of 138005 crores. The declaration in private capital inflows in 1998- 99 was partly offset by an inflow of US \$ 4.2 billion from Resurgent India Bonds for NRIs/OCBs. During 2000-01 the foreign exchange reserves increase up to 197204 crores. A large of this accumulation can be explained by funds raised under the MD scheme. The foreign exchange reserves have shown an upward trend from 2001-02 to 2008-09, which rises from 264036 crores to 1283865 crores.

TABLE 1.6 GROWTH RATES OF FDI AND FOREIGN EXCHANGE RESERVES

Year	Rs crores	Growth rate (%)	For. Ex. Reser.	Growth rate (%)
1991-92	409	-	23850	0
1992-93	1,094	167.47	30744	28.90566
1993-94	2,018	84.46	60420	96.52615
1994-95	4,312	113.68	79781	32.04403
1995-96	6,916	60.39	74384	-6.76477
1996-97	9,654	39.59	94932	27.62422
1997-98	13,548	40.34	115905	22.09266
1998-99	12,343	-8.89	138005	19.06734
1999-00	10,311	-16.64	165913	20.22246
2000-01	12,645	22.64	197204	18.85988
2001-02	19,361	5.11	264036	33.88978
2002-03	14,932	-22.86	361470	36.90179
2003-04	12,117	-18.85	490129	35.59327
2004-05	17,138	41.44	619116	26.31695
2005-06	24,613	43.61	676387	9.250447
2006-07*	20,630	186.96	868222	28.36172
2007-08*	98,664	39.69	1237965	42.58623
2008-09*	122,919	24.58	1283865	3.707698

Source: www.dipp.nic.in/fdi.statistics/India

FIG.1.5 TREND LINES ARE BASED ON CALCULATED GROWTH RATE OF TABLE 1.6



TRENDS IN FDI INFLOWS BY VARIOUS CHANNELS

The policy change in post reform period brought a major alteration in terms of actual inflows of FDI and through various channels. The total FDI inflows in absolute term has gone up from US \$ 130 million in 1991-92 to a staggering US \$ 3557 million in 1997-98, recording an annual average growth of 79 % during the period 1991-98.

During initial years of reform period, there used to be a large gap between FDI pledged during approval and actual FDI inflows realized in the country. That is percentage share of FDI inflows in FDI approvals, which averaged at 28.25 % during the period 1991-92 to 1997-98. The large difference between approvals and inflows during the early period 1991-92 to 1997-98 may be due to phased liberalization process of FDI adopted during 1991. and subsequently during 1997-2000. During the early period many sectors were kept outside the FDI on sectors available for FDI were tagged with FDI limit and other terms and conditions in the form of special case-by-case approval. If the FDI proposal was outside the automatic channel. Secondly during initial period, investors were cautious about continuity of the policy changes in future. These factors would have led to the large difference in FDI inflows and approvals, which is subsequently narrowed during the second period 1998-99 and 2002-03. Dual channels of FDI approvals, viz, RBI automatic route and govt. (FIPB/SIA) channels were opened to attract FDI into India. While RBI automatic route was opened for FDI in most preferred high priority sectors with an equity cap, govt. channel was opened to deal with proposals coming outside the purview of automatic channel. Third channel was through NRI channel basically entertained through RBI. During the post policy period 1991-92 to 1997-98, out of total FDI inflows of US \$ 10872 million, FDI inflows through RBI automatic channel were quite meagre at US \$ 806 million, comprising only 7.41 %. On the other hand, FDI inflows through FIPB/SIA were quite high at US \$ 7195 million, comprising 66.18 % of total FDI inflows during the period, FDI inflows through NRI route were US \$ 2375 million, with a percentage share of 21.85 % of total inflows during period. FDI through acquisition of shares was reported from 1996. Such FDI inflows rose from US \$ 11 million 1995-96 to US \$ 360 million between 1995-96 and 197-98.

The table shows that foreign direct investment inflows amounted to US \$ 15438 million from the liberalization period of 1991- 2000. From the period of 2000 to 2002 FDI inflows from FIPB route/ RBIs automatic route and acquisition route has increased from US \$ 2339 million to US \$ 3904 million, likewise other capital investment increased from US \$ 4029 to US \$ 6,130. The investment by foreign institutional investors (FII's) has decreased from US \$ 1874 to US \$ 1505 million, while as from 2002-2004 FDI from FIPB and acquisition has decreased from US \$ 2574 to US \$ 2197 million. Equity capital of unincorporated bodies has also decreased from US \$ 190 to US \$ 32 million, but other capital increased from US \$ 438 to US \$ 633. The total FDI inflow has decreased from US \$ 5053 to US \$ 4322 million. While percentage growth rate decreased from -18 to -14 %. The FII's has shown a tremendous increase from US \$ 377 to US \$ 10,918 million.

The FDI inflows from FIPB route/ RBI's route has increased from 2005-06 up to 2008-09 i.e. US \$ 5540 million to 27329 respectively. While as other capital investment has shown fluctuations. In case of percentage growth, FDI increased from US \$ 40 to US \$ 146 million, but decreased in subsequent years. The investment by foreign institutional investors (FII'S) shows a fluctuation from 2005 to 2008-09.

TABLE 1.7: FOREIGN INVESTMENT FLOWS BY DIFFERENT CATEGORIES (AMOUNT US \$ MILLION)

Financial year (April-March)	Equity		Reinvested Earnings +	Other capital +	FDI inflows		Investment by FII's Foreign institutional investors fund (net)
	FIPB route/RBIs Automatic route /Acquisition Route	Equity capital of unincorporated bodies #			Total FDI inflows	%age growth over previous year	
A.1991-2000 Aug.toMarch	15,483	-	-	-	15,483	-	-
(B) 2000-2009							
2000-01	2,339	61	1,350	279	4,029	-	1,847
2001-02	3,904	191	16,45	390	6,130	52	1,505
2002-03	2,574	190	1,833	438	5,035	-18	377
2003-04	2,197	32	1,460	633	4,322	-14	10,918
2004-05	3,250	528	1,904	369	6,051	40	8,686
2005-06	5,540	435	2,760	226	8,961	48	9,926
2006-07	15,585	896	5,828	517	22,826	146	3,225
2007-08	24,575	2,292	7,168	327	34,362	51	20,328
2008-09	27329	666	6,426	747	35,168	02	-15,017
2009-10	15,272	385	1,696	391	17,744	-	15,284
Total	102,565	5,676	32,070	4,317	144,628	-	57,059
Cumulative to A+B	118,048	5,676	32,072	4,317	160,111	-	

Source: www.dipp.nic.in//fdi.statistics/India

CONCLUSION

An attempt has been made in the present chapter to analyse the prevailing patterns of foreign direct investment inflows into the country during different periods. The changing pattern reflects the growing investor's confidence in the country.

There have been substantial increases in FDI inflows since 1991. Government of India has taken many initiatives to attract FDI inflows, to boost the Indian economy since economic liberalization. As a result, India has received FDI inflows from 1991 to 2008-09 was 409, 122,919 crores respectively.

The country-wise FDI inflows reveals that Mauritius is the top investing country in India, out of the FDI inflows. Mauritius share was 44% out of the total FDI inflows since 1991-2009 while as France share was only up to 1 % of the total FDI inflows. Considering the sectoral composition of FDI over the period of 1991-2006, shows that the largest recipient of such investment was the sector of electric equipment (including computer software and electronics). The share of this sector in cumulative FDI inflows over the period was 17.54%. But from the period 2006 to December 2009, the service sector enjoyed the highest share of 22% of FDI inflows as compared to other sectors of Indian economy. Regional distribution of FDI is probably one of the prominent indicators to gauge the local business investment climate with a strong implication for the state policy makers. The share of major FDI attracting regions in terms of percentage was about 76.63%, Mumbai tops the list with a share of 35.89 % of the total approved amount of FDI to India. However, the FDI inflows in Patna, Kanpur and Guwhati regions of the RBI were very less and both taken together are less than 1 % of the total. There have been substantial increases in foreign exchange reserves accumulation in India during previous decades on account of foreign investment inflows. There is a marked difference between the foreign direct capital approved and its actual inflows. An insight into the facts shows that post approval hassles, setting up of foreign investment promotion council in place of Indian investment centre, ambiguous agenda of the state governments on foreign investment, overestimating Indian market non-competitive Indian banks, political instability and lack of interaction with credit rating agencies are the main factors behind the wide gap between impressive foreign investment approvals and sluggish and actual foreign direct investment inflows.

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WOMEN EMPOWERMENT AND PREGNENCY COMPLICATIONS

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ABSTRACT

Empowerment is recognized both as an outcome by itself and as an intermediate step to long-term health status and disparity outcomes. Within the first pathway, a range of outcomes have been identified on multiple levels and domains: psychological, organizational, and community-levels; and within household/family, economic, political, programs and services (such as health, water systems, education), and legal spheres (WHO, 2006). Hence there are several studies on women’s empowerment, status of women or the health of the women. However, very few studies relate the empowerment of the women with their own health in such context. Some studies conducted in developing countries shows that women are facing different type of health problems especially reproductive health problems.

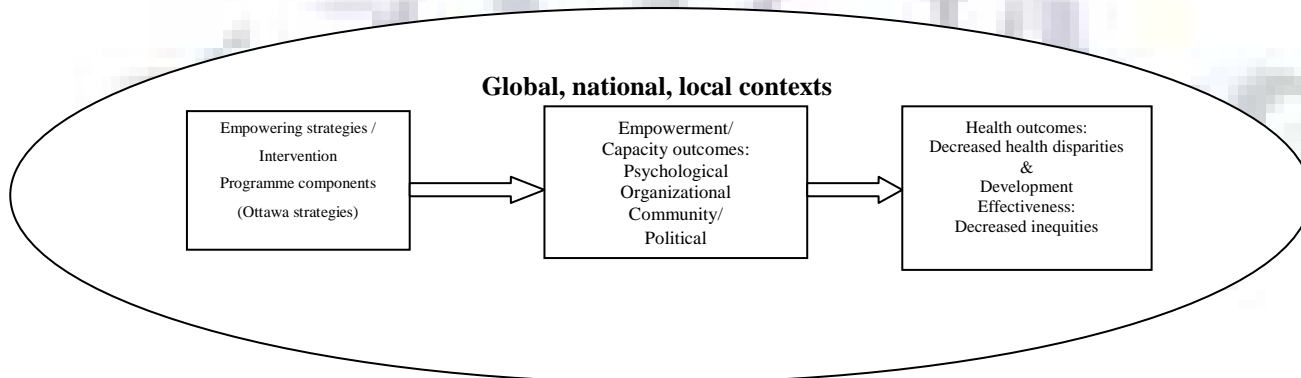
KEYWORDS

women empowerment, pregnancy complications.

INTRODUCTION

The empowerment and autonomy of women and improvement in their social, political, economic, and health status are recognized in the *International Conference on Population and Development in 1994*. It has recognized in this conference that discrimination based on gender starts at the earliest stage of life. The document assert that greater equality for girls in regard to health, nutrition and education is the first step in ensuring that women realize their full potential and become equal partner in development. The literature available on gender studies and research makes it clear that the terminologies of women’s status, women’s positions, women’s autonomy and women’s empowerment are very often used interchangeably. But Dixon and Mueller (1998) have tried to differentiate between women’s status, women’s autonomy and women’s empowerment. They define that “The status of women refers to the positions that women occupy in the family and in society relative to those of men and of women of other classes, other countries, other times. Female autonomy refers to an individual’s capacity to act independently of the authority of others. Autonomy implies freedom, such as the ability to leave the house without asking anyone’s permission or to make personal decisions regarding contraceptive use. Although household decision-making is often used as a measure of autonomy (for example, having the final say over how much of the family budget to spend on food), it is not necessarily a measure of power because such decisions may be delegated to women by other household members. Female empowerment refers to the capacity of individual women or of women as a group to resist the arbitrary imposition of controls on their behavior or the denial of their rights, to challenge the power of others if it is deemed illegitimate, and to resolve a situation in their favour”. Empowerment is a process, by which women gain greater control over material and intellectual resources, which increases their self reliance and enhance their rights. It also enable them to organize themselves to assert their autonomy to make decision and choices, and ultimately eliminate their own subordination in all the institutions and structures of society (Malhotra, 2002). Thus empowerment of women is essential for society and their household but it also essential for their own health. Traditionally, the health of women has been seen as synonymous with maternal or reproductive health. But this is limited concept of women's health. The current concept of women's health should be expanded to embrace the full spectrum of health experienced by women, and preventive and remedial approaches to the major conditions that afflict women (Women's Health in Today's Developing World, 2005). A woman's health is her total well-being, not determined solely by biological factors and reproduction, but also by effects of work load, nutrition, stress, war and migration, among others” (van 1991). World Health Organization 1948, health is defined as ‘a state of complete physical, mental, emotional, intellectual, environmental, spiritual health, and social well-being and not merely the absence of disease or infirmity’ (WHO, 2004). Research on the effectiveness of empowerment strategies has identified two major pathways (Figure 1): the processes by which it is generated and its effects in improving health and reducing health disparities. Empowerment is recognized both as an outcome by itself and as an intermediate step to long-term health status and disparity outcomes. Within the first pathway, a range of outcomes have been identified on multiple levels and domains: psychological, organizational, and community-levels; and within household/family, economic, political, programs and services (such as health, water systems, education), and legal spheres (WHO, 2006). Hence there are several studies on women’s empowerment, status of women or the health of the women. However, very few studies relate the empowerment of the women with their own health in such context. Some studies conducted in developing countries shows that women are facing different type of health problems especially reproductive health problems. In present study pregnancy complication has been selected as indicators of women health.

FIGURE 1: PATHWAYS TO HEALTH



Sources: WHO, 2006

REVIEW OF LITERATURE

Women’s empowerment has been conceptualized and defined in many ways in the literature, and different terms have been used, often interchangeably, including “autonomy”, “status”, and “agency”. Kabeer (2001), whose definition is widely accepted, defines empowerment as, “the expansion of people’s ability to make strategic life choices in a context where this ability was previously denied to them.” There are two central components of empowerment; agency and resources (Kabeer 2001; Malhotra et al. 2002). Alsop Ruth, Heinsohn Nina (2005), have laid emphasis on outcomes of empowerment. They said that

empowerment is defined as a person's capacity to make effective choices; that is, as the capacity to transform choices into desired actions and outcomes. So the body of researcher has captured this instrumental concept of women empowerment and they started to argue that women's empowerment is closely linked to positive outcomes for families and societies (Dixon-Mullar 1987; Kishor 2000; Woldemicael 2007; Yesudian 2009; Dyson and Moore 1983; Bloom, David and Gupta 200; Murthiand Dreze 1995; Jejeebhoy 1995; Bhatia and Cleland 1995; Schuler and Hashemi 1994; Eswaran 2002; Nirula and Lawoti 1998; Mason 1987; Basu and Koolwal 2005; Qureshi and Shaikh 2007; Matthews, Brookes, Stones, and Hossain 2005). But there are lots of controversies in present literatures. Empowerment factors such as education, exposure to media and standard of living showed positive relationship towards maternal health care utilization as well as full autonomy and decision makings such as staying with siblings or parents, self health care and buying important household items had significant impact on maternal health care utilization (Yesudian, 2004), but Govindaswami (1997) found that education is positively related to health care utilization but it is nonsignificant in southern states. likewise Jejeebhoy (2000) found that, in India, decision-making, mobility, and access to resources were more closely related to each other than to child-related decision making, freedom from physical threat from husbands, and control over resources, while Durrant and Sathar (2000), found that mothers' decision-making autonomy on child-related issues demonstrated a weak, statistically insignificant effect on child survival. This may be due to the use of different measures of empowerment that capture differing dimensions of the construct and contextual challenge of empowerment. Next issue of this study is that much work has been done on women's empowerment and health care utilization. They have found that there is close connection between women empowerment and health care utilizations (Yesudian, 2009; Qureshi and Shaikh 2007; Matthews, Brookes, Stones William and Hossain 2005; Bloom 2001;) Singh and Yadav (2000) have stated that literacy of women is the key to improve antenatal care (ANC) of pregnant women. They also mentioned that information, education and communication (IEC) activities be targeted to educate the mothers especially in rural areas. Another study by Bloom et.al (2001) as dimensions of women's autonomy and their relationship to maternal health care utilization in North Indian cities clearly indicated that the levels of ANC is higher among women who are younger, better educated and with have fewer children. A closer look on these studies would reveal the main purpose was of these studies is to find out indirect relationship between women empowerment and reduction of pregnancy complication for safe motherhood. One study by Mistry and Galal (2009) has focused on "Women's autonomy and pregnancy care in rural India: a contextual analysis". But women's autonomy is subset of women empowerment. Concept of women empowerment is more extended concept of women's empowerment.

OBJECTIVES OF THE STUDY

1. To identify the dimensions women empowerment across all states of India.
2. To identify the health status on women in all states of India.
3. To determine whether empowerment has positive relationship with pregnancy complication.

HYPOTHESIS OF THE STUDY

There is no significant relationship between women empowerment and reduction of pregnancy complications.

NEED OF THE STUDY

Basu and Koolwal (2005), have identified the role of women empowerment in women health outcomes in West Bengal. In this study they find that instrumental attribute of empowerment are always negative and insignificant, but we cannot generalize this result for others states, because empowerment has different meanings in different contexts. A behaviour that signifies empowerment in one setting may indicate other setup in another. For example, going to the market may signify empowerment in Bangladesh, but not in Bolivia (Narayan 2006). Hence any particular model of empowerment and demographics cannot generalize for any particular place, region, religion, states or country. It is necessary to identify the pathway for empowerment and women's health outcomes in particular context, particular place, and particular states and in particular nations. It means which indicator of empowerment is relevant for women's health in which states. As indicated by many studies, proper utilization of maternal care depends on the knowledge as well as on decision making power of women. Educated, employed women are more empowered and they are more concerned about their health. But no study has tried to identify the direct relationship between women's empowerment and pregnancy complications. Only one study by Mistry and Galal (2009) have focused on "Women's autonomy and pregnancy care in rural India: a contextual analysis". But women's autonomy is subset of women empowerment. Concept of women empowerment is more extended concept of women's empowerment. This study helps in filling the gap in the empirical literature, by measuring empowerment in terms of evidence, sources and setting of empowerment.

DATA

The National Family Health Surveys (NFHS) provides national and state level estimates of fertility, family planning, infant and child mortality, reproductive and child health, nutrition of women and children, the quality of health and family welfare services, and socioeconomic conditions. Present study is based on NFH-III 2005-06. The third National Family Health Survey (NFHS-3) was conducted in 2005-06. In third NFH 1, 24,385 ever and never married women were interviewed in age group of 15-49 and from all 29 states of India. NFHS-3 collected data on a large number of indicators of women's empowerment for both women and men.

METHODOLOGY AND VARIABLES

VARIABLES

Independent variable: Kishor's and Gupta (2004), conceptual framework, have lot of common thing with those proposed by Kabeer (1999). For example, Kabeer's conceptualization of empowerment in terms of agency, resources, and achievements, are similar to the concepts of sources and evidence of empowerment. Thus this study will use Kishor's and Gupta's framework, because it is the best facilitates the translation of 'empowerment' as a concept into meaningful quantitative measures available from of cross-sectional data. So, in present study independent variables related to women's empowerment has divided into three categories, Evidences, Sources and Setting of empowerment.

Evidences of Women Empowerment: Two sets of indicators of evidence of empowerment are available in NFHS-III. The first set purports to measure women's degree of control over their environment by measuring their participation in household decision-making and their freedom of movement. The second set addresses women's attitudes with regard to gender equality. This set includes women's justification for wife beating and their different reason for not having sex with the partner.

Sources of Women Empowerment: These indicators measure women's access to education, the media and meaningful employment.

Setting of Women Empowerment: These indicators focus on the circumstances of women's lives, which reflect the opportunities available to women. Hence in this category living slandered of women and type of residence has been taken in present study.

The dependent variables include: Reproductive health problem such as pregnancy complications such as during pregnancy daylight vision, night blindness, convulsions not from fever, leg, body or face swelling, excessive fatigue, during pregnancy: vaginal bleeding have been taken as dependent variables.

Statistical Tools: Due to the case of binary data binary logistic regression statistical technique has been used for fulfilling the specific objectives of the study. In order to empirically estimate the individual effects of household and respondent characteristics on women's food consumption and her health related outcomes logistic regression is used for all India data set. Odds ratios are used to interpret the effects of the explanatory variables for each of the outcome variables.

For analyzing the role of women empowerment in women health, present study has used the major dimension of women empowerment and women health for all selected states of India. To understand the table in a better way we divide the whole India in six regions like north (Delhi, Haryana, Himachal Pradesh, Jammu & Kashmir, Punjab, Rajasthan and Uttaranchal), Central (Chhattisgarh, Madhya Pradesh and Uttar Pradesh), East (Bihar, Jharkhand, Orissa and West Bengal), Northeast (Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim and Tripura), West (Goa, Gujarat and Maharashtra), South (Andhra

Pradesh, Karnataka, Kerala, Tamil Nadu). There are large numbers of indicators of women empowerment in NFHS-III data. Hence for easier, only dimension of empowerment has been taken.

Dimension of Evidence of Empowerment: In NFHS-III, there are number of variable of evidence of empowerment for selected states. But in present study only dimensions of evidence of empowerment has been taken. Such as women have power for refusing sex if her husband has STD or her husband have sex with other women or she feels tired or not in mood. Second dimension is women's decision making power for use of contraceptives or spend of money in households or decision for own health or large purchasing for households or daily needs purchasing for households. Third dimension is women's support for wife beating by partner if she burn foods or if she goes without telling him or if she neglects children or if she argue with him or if she refuse sex with him. Fourth dimension of evidence of empowerment is freedom of movement of women to go to visit relatives and friends or to go to the outside of the village and community or to go to the market or to go to the health facilities. Table 1.1 presents percentage these dimensions of evidence of empowerment for all 29 states of India. Table shows that women Sikkim have highest percentage in refusing for different reasons; hence these women have control on her own body, while women of Mizoram have highest percentage for freedom of movement. But For decision making women of all states have less for power and nearly more than fifty percent women supports for wife beating in all selected 29 states of India.

TABLE 1.1: DIMENSION OF EVIDENCE OF EMPOWERMENT

States	Different reason for refusing sex		Decision making power		Support for Wife Beating		Freedom of Movement	
	Yes	No	Yes	No	Yes	No	Yes	No
J & K	85.7	14.3	22.37	77.63	58.16	41.48	73.18	26.82
HP	93.19	6.81	37.44	62.56	20.27	79.73	84.18	14.46
Punjab	91.65	8.35	42.8	57.2	42.05	57.95	58.94	41.06
Uttaranchal	93.17	6.83	32.01	67.99	41.37	58.63	63.87	36.13
Haryana	90.04	9.06	39.69	60.31	41.8	58.2	57.13	42.87
Delhi	86.88	13.12	42.58	57.42	25.19	74.81	80.73	19.27
Rajasthan	95.86	4.14	33.27	66.73	49.19	50.81	56.51	43.49
UP	91.17	8.83	34.35	65.65	36.22	63.78	51.77	48.23
Bihar	94.19	5.81	31.94	68.06	45.18	54.82	51.08	48.92
Sikkim	98.35	1.65	40.07	59.93	59.93	40.07	88.97	11.03
Aru. P	88.47	11.53	48.96	51.04	61.27	38.73	74.94	25.06
Nagaland	91.84	8.16	38.75	61.25	70.54	29.46	66.68	33.32
Manipur	93.55	6.45	36.69	63.31	79.88	20.21	78.61	21.39
Mizoram	93.93	6.07	40.42	59.58	71.79	28.21	96.61	3.39
Tripura	74.54	25.46	33.91	66.09	45.33	54.67	65.25	34.75
Meghalaya	79.26	20.74	25.92	74.08	47.46	52.54	70.92	29.08
Assam	87.06	12.94	19.53	80.47	35.92	64.08	71.97	28.03
West Bengal	85.99	14.01	37.78	62.22	27.59	72.41	61.94	38.06
Jharkhand	94.96	5.04	26.92	73.08	40.54	59.46	57.6	42.4
Orissa	83.22	16.76	37.15	62.85	49.93	50.07	35.88	64.12
Chhattisgarh	95.72	4.28	33.43	66.57	24.47	75.53	53.61	46.39
MP	96.71	3.29	36.6	63.4	31.45	68.55	61.66	38.34
Gujarat	86.61	13.39	50.6	49.3	51.46	48.54	69.19	30.81
Maharashtra	80.67	19.33	43.7	56.3	39.51	60.49	74.46	25.54
AP	76.75	23.25	33.73	66.27	54.95	45.05	61.54	38.46
Karnataka	83.73	16.37	32.26	67.74	59.79	40.66	52.97	47.03
Goa	86.73	13.27	37.57	62.43	34.62	65.38	81.61	18.39
Kerala	80.86	19.14	35.86	64.14	56.79	43.21	64.89	35.11
Tamil Nadu	83.31	16.69	49.52	50.48	65.01	35.99	88.36	11.64
ALL	87.97	12.3	36.62	63.38	45.7	54.3	65.33	34.67

Dimension of Sources of Empowerment: Table 1.2 presents dimension of sources of empowerment such as women are educated or not, women's have exposure to media (reading news paper or listening radio or watching television), women's work type (paid or not paid). According to this table percentage of educated women is higher in Kerala and lowest in Rajasthan while media exposure is highest in Northeast (Manipur, Nagaland) and south (Tamil Nadu and Kerala). In Delhi, Kerala, Tamil Nadu, West Bengal, Assam more than ninety percent women are getting paid in Cash or kinds or both. But in Uttaranchal 60 percent women get nothing for their work, which reflects their low status to empowerment.

TABLE 1.2 DIMENSIONS OF SOURCES OF EMPOWERMENT

States	Education level		Media exposure		Type of work	
	Educated	Not Educated	Yes	No	Paid	Not Paid
J & K	59.88	40.12	87.87	12.13	67.59	32.41
HP	84.1	15.9	92.08	7.92	52.86	47.14
Punjab	71.6	28.4	90.87	9.13	88.04	11.96
Uttaranchal	67.92	32.08	81.25	18.75	39.51	60.49
Haryana	61.57	38.43	76.21	23.79	75.6	24.4
Delhi	74.1	25.9	95.19	4.81	96.42	3.58
Rajasthan	41.33	58.67	58.02	41.98	74.5	25.5
UP	51.86	48.14	76.18	23.82	81.85	18.15
Bihar	44.82	55.18	64.52	35.48	81.2	18.8
Sikkim	76.53	23.47	89.37	10.63	81.83	18.17
Aru. P	58.87	41.13	82.51	17.49	61.45	38.55
Nagaland	80.89	19.11	87.05	12.95	61.16	35.84
Manipur	79.88	20.12	98.87	1.13	87.28	12.71
Mizoram	91.11	5.89	96.19	3.81	65.44	34.56
Tripura	78.34	21.66	84.11	15.89	87.17	12.83
Meghalaya	74.59	25.41	82.22	17.78	63.64	36.36
Assam	71.91	28.09	82.11	17.89	90.19	9.81
West Bengal	69.04	30.96	85.52	14.48	90.61	9.39
Jharkhand	46.96	53.04	59.92	40.08	63.01	36.99
Orissa	63.46	36.54	79.61	20.39	86.12	13.88
Chhattisgarh	54.2	45.8	80.18	19.82	55.13	44.87
MP	60.61	39.39	75.4	24.6	73.92	26.08
Gujarat	67.25	32.75	81.01	18.99	66.63	33.37
Maharashtra	81.97	18.03	89.01	10.99	82.08	17.92
AP	65.81	34.19	88.51	11.49	90.06	9.94
Karnataka	65.81	34.19	83.17	16.83	76.22	23.78
Goa	86.97	13.03	94.98	5.02	87.52	12.48
Kerala	96.17	3.83	97.16	2.84	93.78	6.22
Tamil Nadu	80.01	19.99	96.34	3.66	92.3	7.7
ALL	68.08	31.92	83.58	16.42	77.55	22.45

Dimension of Setting of Empowerment: Table 1.3 shows percentage of dimension's setting of empowerment. There four dimension in this table. First related to women's age at first marriage, is it 18-30 or not. Because An early age at marriage can cut women's access to education and the time needed to develop and mature unhampered by the responsibilities of marriage and children. In addition, a very young bride tends to be among the youngest members of her husband's family and, by virtue of her age and relationship, is unlikely to be accorded much power or independence. It is, thus, usually assumed that low ages at marriage are negatively associated with women's empowerment. Percentage of such women, who get marry in particular this within age is highest in Kerala and percentage of such women not get marry within this year is highest in Mizoram. Second dimension is age gap with partner. A person's relative age is a resource which can affect the perception of strength when power and entitlements are negotiated within the cooperative conflict context of the family (Sen, 1990). In present study it can assume that women, whose age gap with partner is less than five year is more empowered compare to whose age gap is more than five year.

TABLE 1.3: DIMENSION OF SETTING OF EMPOWERMENT

States	Age at First Marriage		Age Gap	
	Yes (18-30)	No (less or more than 18-30)	Yes (5>)	No (5<)
J & K	62.6	37.4	36.5	63.5
HP	69.6	30.4	40.6	59.4
Punjab	66.9	33.1	40.6	59.4
Uttaranchal	65.2	34.8	35.8	64.2
Haryana	67.7	32.3	32.3	67.7
Delhi	64.1	35.9	33.8	66.2
Rajasthan	65.4	34.6	28	72
UP	70.8	29.2	36.3	63.7
Bihar	72.3	27.7	36.5	63.5
Sikkim	60.8	39.2	47.1	52.9
Aru. P	58.3	41.7	40.9	69.1
Nagaland	57.4	42.6	36.8	63.2
Manipur	52.4	47.6	45.7	54.3
Mizoram	46.3	53.7	41.2	58.8
Tripura	67.5	32.5	43.8	56.2
Meghalaya	59.6	40.4	40.4	59.6
Assam	72.5	27.5	33.1	66.9
West Bengal	69.7	30.3	31.1	68.9
Jharkhand	68.4	32.6	33	67
Orissa	78.4	21.6	31.6	68.4
Chhattisgarh	70.5	29.5	35.3	64.7
MP	75.7	24.3	31.4	68.6
Gujarat	64.3	35.7	39.7	60.3
Maharashtra	67.7	32.3	37.5	62.5
AP	69	31	31.5	68.5
Karnataka	63.7	36.3	34.5	65.5
Goa	59.5	40.5	42.6	57.4
Kerala	73.1	29.6	34.6	65.4
Tamil Nadu	74	26	34.5	65.5
ALL	66.5	33.5	36	64

Existence of Pregnancy Complication: Table 1.4 presents existence of percentage of pregnancy complications. Pregnancy complications are poor in India. Indian government has introduced a number of policies for safe motherhood but unfortunately a large percentage of women suffering from daylight vision, night blindness, convulsions not from fever, leg, body or face swelling, excessive fatigue, vaginal bleeding during pregnancy. Table 1.4 shows that in Bihar 32.95 percent women had suffered from these complications during her pregnancy and in Mizoram, Tripura, Uttar Pradesh, Jharkhand nearly one third women had suffered from pregnancy complications.

TABLE 1.4: EXISTENCE OF PREGNANCY COMPLICATION

States	Pregnancy complication	
	Yes	No
J & K	15.51	84.49
HP	12.16	87.84
Punjab	15.24	84.76
Uttaranchal	21.06	78.94
Haryana	11.09	88.91
Delhi	13.85	86.15
Rajasthan	18.61	81.39
UP	21.04	78.96
Bihar	32.19	67.81
Sikkim	16.15	83.85
Aru. P	25	75
Nagaland	17.88	82.12
Manipur	13.61	86.38
Mizoram	22.92	77.08
Tripura	24.01	75.99
Meghalaya	21.9	78.1
Assam	18.36	81.61
West Bengal	17.65	82.35
Jharkhand	28.67	71.33
Orissa	16.85	83.15
Chhattisgarh	17.02	82.98
MP	19.88	80.12
Gujarat	19.22	80.78
Maharashtra	11.34	88.66
AP	7.89	92.11
Karnataka	10.56	89.44
Goa	14.38	85.62
Kerala	18.18	81.82
Tamil Nadu	11.93	88.07
ALL	10.89	83.11

ODDS RATIO FOR ANY PREGNANCY COMPLICATION AND EVIDENCE OF EMPOWERMENT

Table 1.5 presents the odds ratio for any pregnancy complication on the basis of evidence of empowerment. Table clearly points out that in northern states like Jammu & Kashmir, Uttaranchal, Haryana, Delhi, Rajasthan source of empowerment are negatively associated with any pregnancy complications. In states like Punjab, Uttaranchal and Haryana women, who have decision making power are less likely to face any pregnancy complications than the women who have no decision making power. When we move through central region of India, we found that women who have decision making power, or not supports for wife beating or who have control on their body have less any type pregnancy complication than the other one. In Bihar who has not decision making power are two times less likely to face pregnancy complication. Almost same type of results we are getting for all states in India. In West Bengal women, have control on their body, are 76 percent less likely to face any pregnancy complication. Also in Nagaland women, have control on their body, are three times less likely to face any pregnancy complication. At national level women who have decision making power are about 37 percent more likely to face pregnancy complication as compared to those who have not. Also women who are exposed of media are 72 percent less likely to face pregnancy complication than the non exposed females in India.

Thus the table concludes that empowered women are less likely to face pregnancy complication in India and states.

TABLE 1.5: ODDS RATIO FOR PREGNANCY COMPLICATION AND EVIDENCE OF EMPOWERMENT

States	Odds ratio for Pregnancy complications and evidence of empowerment			
	Model 1	Model 2	Model 3	Model 4
J & K	1.411039	1.50003	1.290008	1.62928
HP	0.999037	1.07247	1.547756	0.983818
Punjab	1.342491	1.043969	1.813246	0.589737
Uttaranchal	1.354949	1.209844	2.039384	0.665248
Haryana	1.599468	1.178619	1.308321	0.889464
Delhi	0.685197	1.251546	1.791039	0.643494
Rajasthan	2.63996	0.953724	1.673949	0.772819
UP	1.66086	1.32745	1.717502	0.684244
Bihar	2.239896	1.439188	1.482782	0.918436
Sikkim	1.306482	1.533474	1.749468	0.842021
Aru. P	0.856482	1.026925	2.268214	2.358011
Nagaland	1.104136	1.212772	3.17966	1.140651
Manipur	0.719686	1.127551	2.797164	1.161008
Mizoram	1.004309	1.148714	2.831546	6.611413
Tripura	1.26328	1.120379	1.292038	1.009875
Meghalaya	0.895041	1.831284	2.46632	1.093583
Assam	1.208992	1.320457	1.208992	0.823952
West Bengal	1.105139	1.243206	1.765685	0.673581
Jharkhand	1.489109	1.444627	1.273532	0.659656
Orissa	1.473355	1.217327	1.919308	0.708563
Chhattisgarh	1.706132	0.851991	1.452637	0.62214
MP	1.35234	1.099879	1.635981	0.576695
Gujarat	0.914295	0.965573	1.643024	0.757033
Maharashtra	1.273434	1.005601	1.909595	0.596054
AP	1.33388	2.117896	1.158025	0.697389
Karnataka	1.298728	1.244376	1.223409	0.763898
Goa	1.374453	0.972209	2.406961	0.715732
Kerala	1.122417	1.040211	2.25963	1.161858
Tamil Nadu	0.943605	1.031604	1.540175	0.817783
ALL	1.374321	1.137258	1.66656	0.72556

ODDS RATIO FOR ANY PREGNANCY COMPLICATION AND SOURCE OF EMPOWERMENT

Table 1.6 presents the odds ratio for any pregnancy complication on the basis of Source of empowerment like education, type of earning and media exposure. Table clearly points out that in northern states like Jammu & Kashmir, Uttaranchal, Haryana, Delhi, Rajasthan source of empowerment are negatively associated with any pregnancy complications. In states like Punjab women, who are educated, are 69 percent less likely to face any pregnancy complications than the uneducated women. Also in Rajasthan and Punjab media exposure not reduces the pregnancy complications. When we move through central region of India, we found that women who are paid workers have high pregnancy complication than the non-paid workers. It may be due to the fact that society being patriarchal in nature, and wide spread poverty women have to look after their family responsibilities and other related issues other all related conditions including pregnancy. Same thing is also happening in case of Bihar. But in other eastern region like West Bengal, Jharkhand and Orissa pregnancy complication is negatively correlated with any pregnancy complications. Results show that women who are exposed to media are 67 percent less likely to face pregnancy complication in Jharkhand. But for southern region results are contradicting the fact that education level reduces the pregnancy complication. Results clearly indicating that in Karnataka and Kerala women are who are educated face two times more pregnancy complications as compared to uneducated. Northeast zone also indicates towards the negative association between pregnancy complications and education, media exposure and work type of the women. In northeast media exposure plays the significant role in reducing the pregnancy complications than the other sources of empowerment. Therefore from the above table we can summarize that media exposure is the most important factor in order to decline the level of pregnancy complications in India.

TABLE 1.6: ODDS RATIO FOR PREGNANCY COMPLICATION AND SOURCE OF EMPOWERMENT

States	Odds ratio for pregnancy complications and Source of empowerment		
	Model 1	Model 2	Model 3
J & K	0.640097	0.755169	0.644914
HP	2.342085	1.013787	0.922642
Punjab	0.696284	0.863829	1.451321
Uttaranchal	0.622522	0.917756	0.888241
Haryana	0.961586	0.940119	1.490448
Delhi	0.835173	0.408911	0.245838
Rajasthan	0.846871	0.900374	1.055151
UP	0.599448	1.308032	0.755724
Bihar	0.571469	1.189997	1.152242
Sikkim	1.164522	0.658447	0.540392
Aru. P	0.987147	1.161204	0.873811
Nagaland	0.744952	0.780767	0.958016
Manipur	0.9837	1.152417	0.932974
Mizoram	0.699777	1.037419	6.80527
Tripura	1.06546	0.798943	0.556688
Meghalaya	0.693103	0.637046	0.812548
Assam	0.539499	0.660311	0.785721
West Bengal	0.792139	0.869369	0.535542
Jharkhand	0.834779	0.771189	0.675208
Orissa	0.86895	0.794992	0.926947
Chhattisgarh	1.190806	0.777924	1.141644
MP	1.011465	0.747012	0.75628
Gujarat	1.16502	1.038001	0.538414
Maharashtra	1.280567	0.765124	0.809079
AP	1.031321	0.575032	0.837557
Karnataka	2.033141	0.825782	0.655129
Goa	0.911017	0.569462	0.847051
Kerala	2.771469	0.822086	0.934457
Tamil Nadu	1.469154	0.8986	1.137975
ALL	0.846327	0.762211	0.685812

ODDS RATIO FOR ANY PREGNANCY COMPLICATION AND SETTING OF EMPOWERMENT

Table 1.7 presents the odds ratio for any pregnancy complication on the basis of setting of empowerment in terms of wealth index and place of residence. Table points out that in northern region of India both wealth index and place of residence play important role in order to reducing the pregnancy complications. In Himachal Pradesh women and Punjab women, who are non poor, are 90 percent less likely to face pregnancy complication whereas in Haryana urban women are 94 percent less likely to have any pregnancy complication. When we see the results for central zone of India, we noticed that in Madhya Pradesh and Chhattisgarh urban women have about 95 percent less likely to face pregnancy complication. The main reason behind this result work status of urban women. In eastern region both wealth index and place of residence are inversely related to pregnancy complication. In eastern states like Bihar, West Bengal and Jharkhand women's economic status and urban place of residence help to reduce about 50 percent pregnancy complication. But in case of southern region wealth index is not significantly associated with the pregnancy complication. Also in northeast zone of India if women are living in urban region and also economically strong then they faces less pregnancy complication.

At national level women who are non poor have 67 percent and who are living in urban region have 86 percent less pregnancy complication. Thus the table concludes that both wealth index and place of residence play very important role to empower the women in India and states.

TABLE 1.7 ODDS RATIO FOR PREGNANCY COMPLICATIONS AND SETTING OF EMPOWERMENT

States	Odds ratio For Pregnancy Complication	
	Model 1	Model 2
J & K	0.752502	0.709712
HP	0.901854	1.088922
Punjab	0.905142	1.183471
Uttaranchal	0.757319	0.850496
Haryana	1.054104	0.944029
Delhi	0.552486	1.068074
Rajasthan	0.842493	1.108869
UP	0.62372	0.836851
Bihar	0.529709	0.809915
Sikkim	0.51141	0.802437
Aru. P	0.433402	1.646341
Nagaland	0.635241	0.91027
Manipur	0.788156	0.817676
Mizoram	0.418253	1.115066
Tripura	0.769532	0.985524
Meghalaya	0.374471	0.937683
Assam	0.496773	0.686912
West Bengal	0.571817	0.789941
Jharkhand	0.478084	0.712432
Orissa	0.696669	0.79766
Chhattisgarh	0.787657	0.967588
MP	0.649808	0.952394
Gujarat	0.603314	1.209022
Maharashtra	0.897665	1.208219
AP	0.626447	0.893411
Karnataka	1.38594	0.78963
Goa	1.124411	0.864053
Kerala	1.178897	0.854173
Tamil Nadu	0.978426	1.086047
ALL	0.669795	0.863191

CONCLUSION

This entire analysis show a mixed result as other literatures has found. Any particular model for determination of women's health cannot generalize. The main issue of behind this problem is lots of challenges for measuring empowerment and conceptualization of empowerment. Some states have empowered in context of some while some in others. Hence, we can follow only a most significant element of empowerment in determination on women health and reducing pregnancy complications for particular states of India. In north states education, women support for wife beating and wealth index has negative and significant relationship with pregnancy complications. In central states decision making power, exposure to media are highly significant. In east states all variable are important for reducing pregnancy complications while in south states freedom of movement, exposure to media and women's paid work is important components for reducing pregnancy complications. In these entire analysis wealth index is an important for determinants of women's health. For the policy implementation, suggestion of the study is follow up the relevant pathway for improving women health conditions through women empowerment for particular state. Such as if exposure to media of women is significant in east states then government of east states should focused on media exposure like radio television and news papers for improving women health. If freedom of movement is significant for north states then government of these states should focused on women freedom of movement for improvements in women health. Hence null hypothesis has been rejected and alternative hypothesis that there is significance relationship has been accepted.

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A CRITICAL ANALYSIS OF MGNREGS USING MARSHALLIAN FRAMEWORK

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ABSTRACT

The aim of this paper is to present a policy analysis of the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) using the principles laid out by Alfred Marshall in his work *Principles of Economics*. This analysis provides the policy makers and researchers of welfare economics with a different perspective and an alternate approach to social welfare and economic development. This existing MGNREGS scheme requires an annual outlay of more than Rs. 40,000 crore every year, which adds to the deficit of the central government as well as being inflationary in its outcome. The alternate approach not only ensures a self-sustaining model of development, but also eliminates the corruption issues.

KEYWORDS

MGNREGS, Employment Guarantee, Welfare, Marshall, economic development.

INTRODUCTION

 ational Rural Employment Guarantee Act 2005 was sanctioned on 5th of September 2005 by Honourable Shri Abdul Kalam, the President of India. With the aim of providing assured livelihood of at least 100 days for rural unemployed to one person in every household, the Act was a judicially enforceable obligation on the government. In this Act, along with the livelihood, additional targeted benefits are:

- to enable poor households in rural India to cross the poverty line,
- reduction in rural-urban migration,
- empowerment of women,
- asset creation in rural areas and,
- foster more equitable social order in rural India.

The other distinction of this Act is that it dispenses with the need of any identification of families living below poverty line, thus creating universal entitlement. NREGA was renamed to MGNREGS in 2009 in honour of the father of the nation, Mahatma Gandhi.

Intervention on such a massive scale has found support from certain sections of economists, e.g., like Amartya Sen (1996), who advocated removal of social deprivation to be an important goal in itself.

EARLY EVIDENCE OF FLAWS IN MGNREGS

Issues in the implementation of MGNREGS emerged in the initial phases itself. Bhatia and Dreze (2006) found that there were problems with access to benefits and the quantum of the benefits. The same problems were noticed with Employment Guarantee Scheme in Maharashtra which preceded MGNREGS (for example Bhende et. al., 1992). It has been observed that state apathy manifested in terms of lack of responsiveness of state policy to developmental needs and social needs along with lack of formal monitoring mechanism have been the other shortcomings of the programme (Drèze and Gazdar, 1996). These issues create a need for a critical analysis of the program to be taken up so that one can examine the features of the MGNREGS in minute detail. The same is being discussed in detail in the remaining part of the paper.

NEED FOR ANALYSIS OF MGNREGS PROGRAM

The current discussion, both among the policy makers and the national media, on MGNREGS is dominated by the extent of its implementation and lack of failures in the form of corruption. The major stakeholders in this ongoing discussion are economists, some belong to government and others belonging to the NGOs, the media which consistently exposes the lack of success in programs, and highlights the critical incidents like death of RTI activist, and researchers who have been studying the impact of the program or the extent to which the program has been activated at the grass root level. The elements in the current ongoing discussion can be narrowed down to the following elements:

- Entitlement of the less-privileged section population
- Credit-seeking by political parties
- Corruption and leakages from the system
- Lack of accountability
- Opaqueness of the system

What has been ignored in the current discourse is a complete analysis of the MGNREGS program as to whether this program really has the potential to achieve the economic development of the people below the poverty line or not. Also the question as to whether the policy makers have looked at alternate approaches to economic and social development or not, have not been covered in the policy analysis and the policy discussion. One alternate approach is to use the Marshallian principles to analyse MGNREGS. The elements of Marshallian framework are clearly laid out in the following section and the analysis using that framework is presented subsequently.

ECONOMIC DEVELOPMENT: MARSHALL'S SCHOOL OF THOUGHT

The essentials of framework are derived from Alfred Marshall's *Principles of Economics*. Marshall identified that all economic activities to be directed to creation of goods and services preferred or demanded by consumers, and this was the foundation of economic development of the industrialized countries, both in the western hemisphere and in the eastern part of the world. However as contrasted to welfare economics, the primary aim of Marshall's economics was to provide a way out of poverty and this was to be achieved only by industrial development. As indicated in his work (Marshall, 1920:3)

"The hope that poverty and ignorance may gradually be extinguished derives indeed much support from the steady progress of the working class during the ninetieth century. The steam engine has relieved them of much exhausting and degrading toil; wages have risen, education has been improved and become more general... A great part of the artisans have ceased to belong to the 'lower classes' in the sense in which the terms was originally used; and some of them already lead a more refined and noble life than did the majority of the upper classes even a century ago."

Alfred Marshall conceptualized economic welfare into two components – producer surplus and consumer surplus, both of which jointly lead to economic welfare and development. For Marshall the culmination of the economic activities was the development and prosperity of industrial districts – where there was high degree of vertical and horizontal integration. The successes of industrial clusters in states like Gujarat provide proof to the power of Marshallian model of sustainable development. From this discussion, the essential elements of the managerial framework which can be defined are as follows:

- i. Consumer Needs: Existence of economic activities to be framed in terms of fulfilling a customer need

- ii. Production Infrastructure: The means to carry out production of goods and services
- iii. Evaluation of economic welfare due to economic activities undertaken: Producer welfare and consumer welfare
- iv. Sustainability of the economic activity based on producer surplus

As can be seen, critical to this approach of economic development is the role of market in which the primary aim is the creation of productive assets – in terms of factories or plants etc., which would be engaged in a production process directed towards customers' demands. Creation of employment is not the primary objective or the aim of any economic activity, but is a derived outcome. The employment generated is an outcome of the labour required to carry out the following two processes:

- setting up of new factories and plants or equipments and
- the day – to- day operation of factories and plants

These two economic processes create employment which is both productive and sustainable. In his analysis, Marshall observed that these processes to be the reason for economic development in the industrial districts. This concept has been not only accepted, but implemented on a large scale in all industrialized countries of the west, but also countries like China, which few decades back were in a condition that was similar to India. Even the experience of states like Gujarat has shown the sustainability and the scalability of these principles in fostering economic development.

The above market based framework is well supported by Nobel Laureate Douglass North, who demonstrated that economic performance is determined largely by the extent of support to market mechanisms, and the role of institutions in encouraging and sustaining markets. In addition to the market mechanism, he points out the critical role of institutions that preserve the market from interference from the government. This has led to substantial increases in material development in certain societies. As he pointed out (North, 2005)

“The unprecedented economic development of the past several centuries with its consequences for material progress and life expectancy has, not surprisingly, provided a context and perspective to humans of continuous progress; and with good reason. The growth in the stock of knowledge has produced material improvements beyond the wildest dreams of our ancestors. The current definition of poverty in the United States (approximately \$18,000 a year for a family of four) would have exceeded (given appropriate deflators) the living standard of all but a minuscule fraction of humans several centuries ago.”

FRAMEWORK FOR ANALYSIS OF MGNREGS

The analysis is done using the elements identified in the earlier section.

CONSUMER NEEDS: EXISTENCE OF ECONOMIC ACTIVITIES TO BE FRAMED IN TERMS OF FULFILLING A CUSTOMER NEED

The activities being carried out in MGNREGS are rudimentary and do not involve much capital investment. This is due to the rule that 60% of the project outlay must be spent on manual labour. Therefore the implementations of the schemes involve basic activities like rural road building, digging of wells and ponds etc. This requires a project approval from the administration and not a market analysis as to the need and the suitability of the project in meeting the customer needs. Even if one looks at the idea of citizens as consumers of the assets created like roads etc., the very start of the project is generation of employment and not the appropriate identification and fulfilment of the customer demands, in terms of goods and services, of citizens in that area.

PRODUCTION INFRASTRUCTURE: MEANS TO CARRY OUT THE PRODUCTION PROCESS

The roads are not of the necessary standards as the rules stipulate the minimum expenditure to be on labour payment. Hence payment for materials has to be always less. One can look at the potential to create sustainable businesses using the amount of money being spent – however the current state of affairs leads to creation of roads which gets washed away in the first showers of the monsoons. And the story of having another expenditure on the same road length continues – keeping the bureaucrats and the contractors happy. The villagers get the job, working on the same road length year after year. The evidence is from the field reports from different villages in Jharkhand in the following section.

EVALUATION OF ECONOMIC ACTIVITIES UNDER MGNREGS

First the in-built accountability and transparency measures in MGNREGS are discussed, which is then followed by the analysis using the Marshallian framework.

ACCOUNTABILITY AND TRANSPARENCY IN MGNREGS

Measures to ensure accountability and transparency have been technically in-built in MGNREGS. Social audits, conduct of which has been mandated in MGNREGS itself have led to many instances where misappropriation has been unearthed (Mathur, 2008). As analyzed by Aiyar and Samji (2009), there are three features that, theoretically ought to, ensure accountability and transparency:

- i. Decentralised planning and implementation – where the Act stipulates that a minimum of 50% of the funds and the relevant works be executed by the Gram Panchayat.
- ii. Proactive Disclosure – according to which relevant departments of government are mandated to maintain and publicly display proper records related to MGNREGS.
- iii. Social Audits – where social audits, the process of cross – verification of government records with ground level realities is mandated to be carried out at least every six months.

However as reported by Khera (2008) and Aiyar and Samji (2009), the use of the transparency and accountability measures in MGNREGS has been rare, though these are theoretically powerful mechanisms (Ghosh, 2008a and 2008b). A case in point is, Andhra Pradesh where the government has proactively taken steps to open itself to the scrutiny by citizens and has initiated a systematic process of undertaking social audits for all MGNREGS works. Orissa has been another state where there have been reports of some impact (e.g., Baisakh, 2008).

The implementation of the huge program is dependent on the availability and competence of local administration. This is fraught with problems as in certain cases; Block Development Officers are absent either due to fear of Naxalites in some states or vacancies (Jenamani, 2010). In other cases, bribes direct the choice of the project (see Kumar, 2009).

The issue of social audit is also characterised with contradictions and implementation issues. As reported “Last year [referring to 2009], in a majority of 33,000 – odd villages, the social audit teams reportedly could not carry out their task properly due to lack of training” (Kiro, 2010). This implies that the critical task of auditing the work is left to untrained or semi-trained villagers who can easily be deceived or coerced. This concept of social audit by people untrained in auditing is another lacuna in the entire program of MGNREGS. Situations where people have job cards but no jobs are quite common in absence of integrated plan. The following is an extract from an article published (The Telegraph, 2008)

“When job cards were distributed among villagers of Chiharbona under the National Rural Employment Guarantee Act (MGNREGS) in 2006, migrant labourers had started dreaming of a dignified life. But, two years on, their hopes have nosedived. Reason: the tribal daily wagers of the hamlet never got a job against the card though it is mandatory under the act to provide 180 days of work against the card.”

Apart from non-payment due to no work, instances of delay in payment even when the work has been carried out have also been reported (Kiro, 2009). Rebuttal of the highly publicised achievements of MGNREGS by political leaders comes from another source - the incidents of death of RTI activists who wanted details about work carried out under MGNREGS. For example the killing of Niyamat Ansari in Latehar district of Jharkhand (Shrivastava, 2011) and of Subal Mahto (Gupta, 2011) are cases that highlight the significance of the problem at grass root level. Reports have also pin-pointed control of the program by contractors along with contractor-mafia nexus (Gupta, 2011). This validates other reports on similar lines, report indicated only 3.2% of rural households were provided with mandatory 100 days' employment in 2008-2009 (Paul, 2009). Reports of embezzlement of funds have been made in media (e.g., Times of India, 2009). In fact

MGNREGS has been termed by former finance minister Mr. Yashwant Sinha as "the most corrupt plan, which has given contractors, bureaucrats and politicians open access to funds meant for the needy." (The Telegraph, 2009).

The above analysis, as per the Marshallian framework, and media-reported facts give a picture that is contradictory to that portrayed by the government. This is due to the fact that in the absence of the consumers, the analysis of consumer welfare can not be done. One does not know whether the projects carried out under MGNREGS actually satisfy a real need of the rural citizens, or are carried out to meet the mandate of the MGNREGS program that a certain amount of budget must be spent. As we see the indicator of performance is expenditure of the funds, not creation of production assets or capital assets.

Even there we see there is a doubt about the money being actually spent and the money being shown as spent. The death of RTI activists hint at a huge divergence of the same. This is well in line with experience of earlier government schemes like Public Distribution System (PDS) where the history of pilferage and corruption is well known (e.g., see Mishra, 2011).

SUSTAINABILITY OF THE ECONOMIC ACTIVITY BASED ON PRODUCER SURPLUS

While Marshallian school of thought requires identification of responsibility in terms of not only execution of the projects, but also focuses on the sustainability in terms of return on investment, such measures are totally absent from the MGNREGS evaluation framework. The entire function of social audit is to ensure that the expenditures as shown in the books matches with that really carried out, not in terms of what has been the outcome of such expenditure. As Marshall pointed out, unfettered by government interference or support, businesses prove their viability in the market by producing goods and services that the required by the consumers –thus not only creating consumer surplus but also producer surplus. It is the producer surplus which is later used to not only maintain the infrastructure created, but also as an incentive for the producer to invest in other such development as long as the marginal return is positive.

CONCLUSION AND DISCUSSION

The above analysis finds serious flaws in the conceptualisation of MGNREGS as a way for economic development. The idea of generating employment as the objective of economic activity has led to a situation wherein every year funds would be needed to sustain the employment. This is due to the fact that no factories or plants are created under MGNREGS. Administrative officers can not be expected to take the role of entrepreneurs who would have the knowledge and competence to create businesses. This creates the tendency not to invest in long term infrastructure which can benefit the development of industry, and lead to a sustainable development model. Hence the MGNREGS program requires an annual infusion of funds to sustain it. This is a contravention of basic economic principles that all investments must lead to economic returns. In MGNREGS there are no provisions to evaluate returns on the investment made. In reality all the investment that is made is spent on the labour and the consumption of low-quality material. Examples of the same are *murrum* roads, which get washed away in the first showers of monsoons, only to be rebuilt using the MGNREGS funds the following year. The issue of *murrum* roads has been raised by non other than former finance minister Mr. Yashwant Sinha (The Telegraph, 2009)

"I was surprised to observe that substantial money has been earmarked under the scheme for just laying *murrum* soil on a road in my constituency."

This is a blatant waste of capital, but has not been analysed or criticised by mainstream media or economists.

Asset creation in absence of the basic plan – leads to creation of *murrum* roads that get washed away in the first monsoon showers. One of the stated aims is asset creation. The aim neither the act talks about the durability of the asset. This is also quite difficult to achieve given that another of the MGNREGS's requirements is that all projects should involve a 50% labour content. Hence it should not be any surprise to anyone that the projects are of such durability that most of them hardly last more than one monsoon.

A significant flaw in the design of the program is the indiscriminate entitlement to the benefits by a simple virtue of residence in village. There are certain additional flaws:

1. It ignores the economics of funds transfer from the urban areas of people who trade goods and services with the cities and towns
2. Definition of the villages – the entitlement to all villagers and all villages is flawed. This does not look at the economic status of the family or the economics of the village. Villages which are located near industrial districts and which are already pre-existing sources of employment are equated with villages in backward regions and where sources of livelihood are non-existent.

The funding of the MGNREGS, presently being carried out by deficit financing is bound to be inflationary. This would thus be contrary to the initial objectives – to help people to cross the poverty line. As the inflation keeps pushing the poverty line up, the minimum wage would need to be pushed up to match the inflation. This would require the budgetary outlay for MGNREGS to be increased which would be financed by another round of budget deficit. This would perpetuate the cycle once again by creating inflation. This is reflected in RBI's Governor's plea to government to put the fiscal situation under control (Goyal, 2011). The same has also been concluded by researchers (e.g., Habibullah, Cheah and Baharom, 2011) who have researched different developing countries in Asia. Therefore it is concluded that the current plan of action that is being followed under MGNREGS would not be able to fulfil the stated goal of economic welfare and social development of rural citizens of the country.

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A STUDY ON SMALL RUMINANTS AS A SOURCE OF INCOME AMONG THE FARMERS OF PALLIPATTI PANCHAYAT

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ABSTRACT

Indian rural areas in terms of topography, soil, rainfall, water, agro-climatic conditions, agricultural production and productivity. It is useful to broadly classify them into three types of regions drought prone, non-drought prone and mixed. Drought prone or semi-arid regions pose special problems due to their limited resource endowments and uncertain rainfall, low yield in crop production, low fodder base and hence ill-health and lower productivity of livestock and a low diversification of the economy strategies for rural development need to be tailored according to the needs of different regions. Irrigation has been a widely accepted strategy to convert drought prone areas into better endowed ones but obviously it cannot reach all drought prone areas or all villages and households in these areas. There is also the strategy of dry land development but concentrating on crop cultivation alone may not be enough to develop dry areas. In this connection the ten villages selected for the study was Elumathiyankadu, Makkalpatti, Uppupallam, Kaminaicanpatti, Kalandiyur, Nariyanur, Vedikaranur, Nagochipatti, Antikoundanur and Pallipatti respectively. The field investigation was carried out during 2011 and data were related to agricultural year 2010-2011. Similarly the goat rearing farmers also revealed that the sold their goats was repayment of debt and meet out agricultural expenses. Nearly 30 farmers sold their goats in the village itself. On an average each farmer spent ₹ 3240 towards the rearing of goats. Average income of each farmer per annum by way of selling goat was ₹ 5754. Therefore both goat and sheep was a source of income and employment to select farmers of Pallipatti panchayat.

KEYWORDS

Drought, Income, Goat Expenditure, Crop production, Agricultural, Households.

INTRODUCTION

There are wide differences in Indian rural areas in terms of topography, soil, rainfall, water, agro-climatic conditions, agricultural production and productivity. It is useful to broadly classify them into three types of regions drought prone, non-drought prone and mixed. Drought prone or semi-arid regions pose special problems due to their limited resource endowments and uncertain rainfall, low yield in crop production, low fodder base and hence ill-health and lower productivity of livestock and a low diversification of the economy strategies for rural development need to be tailored according to the needs of different regions. Irrigation has been a widely accepted strategy to convert drought prone areas into better endowed ones but obviously it cannot reach all drought prone areas or all villages and households in these areas. There is also the strategy of dry land development but concentrating on crop cultivation alone may not be enough to develop dry areas. That is where the role of animal husbandry becomes relevant particularly in diversifying the rural economy of drought prone areas and providing additional sources of income. There are of course complementarities between crop cultivation and animal husbandry. While the former provides feed to the latter, the latter provides manure, drought power and additional income through products like milk meat wool etc. The diversification of the rural economy of semi-arid areas need not be at the cost of crop husbandry. The complementarities can ensure that both crop and animal husbandry can prosper. Sheep is important livestock species in India. They contribute greatly to the agrarian economy especially in the arid/semi-arid and mountainous areas where crop and/or dairy farming are not economical. They play an important role in livelihood of a large percentage of small and marginal farmers and landless labourers engaged in sheep rearing. A number of rural-based industries use wool and sheep skins as raw materials. Sheep manure is an important source for soil fertility, especially in southern states. Sheep in India are mostly maintained on natural vegetation on common grazing lands, wastelands and uncultivated lands, stubbles of cultivated crops and top feeds (tree loppings). They are rarely kept on grain, cultivated fodder or crop residue. Sheep are mostly reared for wool and meat, sheep skins and manure constitute important sources of earning, the latter particularly in southern India. Milk from sheep is of limited importance and that to in very limited areas of Jammu and Kashmir, Rajasthan and Gujarat. Indian sheep are not regarded as dairy sheep. The productivity of Indian sheep is lower than those of agriculturally more advanced countries. Yet considering their nutritional and physical environment, their productivity cannot be considered as inefficient. The major reasons for low productivity are inadequate grazing resources, diseases causing high mortality and serious lack of organized effort for brings genetic improvement.

REVIEW OF LITERATURE

In the same state of Rajasthan economics of sheep rearing has been studied by **Ram and Vyas (1984)**, using a different methodology. Three districts – Jaisalmer, Jodhpur and Pali have been selected for the study on the basis of highest sheep population. It has been found that economies of scale do exist in sheep rearing. The net returns in small stock holdings with an average stock strength of around 40 could generate an annual income of ₹ 4 to 10 per head. Whereas in a unit larger by nearly 3 times that of small stock holdings could generate 3 to 4 times larger income per head. Government of India, (1987) It has been brought out in the report of the task force that in India sheep and goats rearing was taken up mainly in those areas where for ecological reasons crop production as well as other agricultural activities have become either difficult or impossible. It is said that about 15 million people in India are partially or fully dependent on income from small ruminant related economic activities, of which more than 1/3 are rural based either engaged in rearing or wool / hair production, weaving, spinning, tanning etc. Mukundan and Balakrishnan (1987) in a study on sheep and goats in four Southern States of India – Karnataka, Kerala, Tamil Nadu and Andhra Pradesh, it has been estimated that these states accounted for about 39 per cent of the total animals slaughtered in India during 1977-78. The density of sheep and goats in south India was about 28 sheep / km² and about 27 goats / km² against 13 sheep / km² and 22 goats / km² for the rest of the country. The study finds that small ruminant production is mainly in the hands of low-income, landless or small scale subsistence farmers who either possess no land or own holdings with low return.

Chauhan and Moorti (1990) have pointed out in their study on Economics of sheep farming in Himachal Pradesh that in India about 40 per cent of the rural population depended directly on animal husbandry particularly sheep rearing. They have also observed that sheep raising had always flourished in India, in areas with scanty and uncertain rainfall and inadequate irrigation. Rath (1992) It is more advantageous to keep goats and sheep as compared with other domestic ruminants like cattle and buffaloes. Particularly so to the poor and landless households with poor resource base. Households with very low level of inputs like capital and fodder can keep sheep and goats for subsistence. It is also easy to maintain sheep and goats and they are less harmful to environment and trees than cattle or buffaloes. It has been found that in the case of cattle, fodder requirement per animals is 2½ to 3 times more than required per sheep or goat. Unlike a cow, a few goats can be maintain more easily and can be disposed of at no great loss in years of drought.

Senthil Kumar and Thirunavukkarasu (2010) in their article "Economic Losses due to Sheep Pox in Sheep Farm in Tamil Nadu", examined the economic losses arising due to sheep pox and to analyze the factors influencing such losses at farm level. The data relating to the two-year period 2000-01 and 2001-02 were collected from the sample of 108 sheep farms randomly selected from 6 blocks in Dharmapuri district of Tamil Nadu. Average annual loss due to sheep pox was found to be ₹ 2098.17, ₹ 4662.18 and ₹ 5599.06 in small medium and large farms, respectively. The loss due to mortality of affected animals ranged from 40 to

60 per cent of total loss in different farm size categories with the highest per cent seen in small farms. The per cent loss in market value in next only to the mortality loss with 26 to 37 per cent share in total loss. The overall per animal economic loss due to sheep pox in ram ewe and lamb was `1048.81, `.744.26 and `.200.22 respectively. The loss due to the reduction in market value formed the greater proportion in survived rams with 64.71 per cent. A regression model was fitted using the possible predisposing factors to explain the variations in the sheep pox disease losses. The coefficient of multiple determination (R^2) in the model fitted was high (0.908) implying that the model was a good fit. The estimated regression coefficients of the variables, viz., number of days of illness, number of adults affected and flock size were found to be significant. The severe economic losses estimated to be arising out of sheep pox indicate that this disease remains a serious economic problem telling upon the profitability of shee farming. Realizing his enormous losses caused by the diseases, the sheep farmers should be made to focus more attention towards this disease through creation of adequate awareness among them through suitable extension programs for prevention and control of sheep pox.

OBJECTIVES

1. To examine cost and returns of goat and sheep rearing farmers in the select study area.
2. To examine the channels and cost of marketing of the select farmers.

SCOPE OF THE STUDY

Sheeps and Goats plays vital role in the livelihoods of farmers, especially farmers in drought prone areas. In comparison with larger ruminants, the small ruminant can stand higher degree of drought and can manage with the available feeds. These small ruminants are a source of employment and income to farmers during the off season. Therefore studies like this would through light on the farmers who are engaged in agriculture coupled with sheep and goat rearing. These studies would help the researcher, policy makers and governments in taking appropriate steps for their well being.

METHODOLOGY

For the present study, the data was obtained from primary as well as secondary source. The secondary data was collected for obtaining particulars related to the study area. The primary data was collected from the selected respondents who were engaged in goats and sheeps rearing. The goats and sheeps rearers were selected from all the ten villages of Pallipatti Panchayat. From each village ten farmers involved in sheep rearing and five farmers involved in goat rearing was selected randomly, which accounted to 150 farmers in total. A preliminary survey was undertaken with pre-tested interview schedule. The selected respondents were contacted in person and enquired the information required for the study. To instill confidence and to ensure their cooperation in getting the information the purpose of the study was explained to the respondents and also they were assured that the information collected would they kept confidential. The ten villages selected for the study was Elumathiyankadu, Makkalpatti, Uppupallam, Kaminaicanpatti, Kalandiyur, Nariyanur, Vedikaranur, Nagochipatti, Antikoundanur and Pallipatti respectively. The field investigation was carried out during 2011 and data were related to agricultural year 2010-2011.

TOOL OF ANALYSIS

Simple tabular analysis was done to work out percentage and average values were used to describe the socio-economic profile of the selected sample.

RESULTS AND DISCUSSIONS

Pallipatti Panchayat is situated in Mecheri Block of Mettur Taluk in Salem district. The total area under this panchayat was recorded as 1672.96 hectares, out of which 70.43 hectares was irrigated, 1308.07 hectares was under rainfed area and nearly 30.32 hectares were barren land. The area under other category like forests and small hills accounted for 264.14 hectares. The Pallipatti Panchayat was surrounded by Pottaneri Panchayat in South, Koonandiyur Panchayat in west, Mallikundam Panchayat in East and Dharmapuri district in North.

TABLE 1: CLASSIFICATION AREA UNDER PALLIPATTI PANCHAYAT

S.No	Particulars	Hectares	Percentage
1	Irrigated Area	70.43	4.21
2	Rainfed Area	1038.07	78.19
3	Barren land	30.32	1.82
4	Others	264.14	15.78
	Total	1672.96	100

TABLE 2 CLASSIFICATION AREA UNDER PALLIPATTI PANCHAYAT

S.No	Community	No. of People	Percentage
1	BC	1713	25.57
2	MBC	4598	68.64
3	SC	388	5.79
	Total	6699	100

TABLE 3 DIFFERENT TYPES OF HOUSES IN PALLIPATTI PANCHAYAT

S.No	Particulars	Number	Percentage
1	Concrete House	286	16.12
2	Tiled House	621	35.00
3	Thatched House	867	48.88
	Total	1774	100

Source: Primary Data

The total population was around 6699 people. The community-wise population indicates that majority of people belong to Most Backward Community i.e., 4598, followed by Backward Community 1713 and Scheduled Caste was 388. In Pallipatti Panchayat there were nearly 286 concrete houses, 621 tiled houses and 867 thatched houses respectively. Among the three types, thatched house was recorded to be the highest. Pallipatti panchayat provided different types infrastructure facilities like primary school, high school, ICDS Centre, over headover tank, openwell, public distribution system, post office, village administrative office, community centre and Dairy society. The major occupation of Pallipatti panchayat was goat and sheep rearing. Among the both sheep rearing was carried out by many people. A sheep and goat research station is situated at Mechari (Pottaneri). The major crops cultivated in this Panchayat were Ragi, Cholam, Tomato, Cumbu, Greengram, Blackgram, Chillies, Cotton and Vegetables. Majority of farmers was observed to be small farmers.

TABLE 4: MONTH-WISE AVAILABILITY OF DIFFERENT SOURCES OF FEEDS FOR SHEEP REARING FARMERS

S.No	Particulars	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	April
1.	Communal/Grazing	100	9	-	2	7	5	-	1	92	92	93	99
2.	Road side Grazing	2	1	5	5	77	73	66	60	1	1	1	1
3.	Grazing along River side	6	5	7	7	6	3	3	5	4	4	3	3
4.	Private Grazing Land	50	11	5	1	4	3	3	3	52	59	58	55
5.	Crop Residues	79	61	2	2	1	2	2	2	76	86	87	86
6.	Home	19	7	-	-	4	4	4	5	13	12	13	14
7.	Home left over foods and drinks	100	100	100	100	100	100	100	100	100	100	100	100
8.	Weeds	28	13	-	6	75	70	67	61	14	15	18	23

Source: Primary Data

The sheep rearing farmers of the study provided supplement feeds to their stocks other than grazing and it was examined in Table 5.17. The farmers provided oil cakes or meals to their flocks. It was reported that among 100 sheep rearing farmers nearly 37 of them gave supplements feeds to lambs, 50 farmers provided supplements to their lactating ewe and nearly 45 of the farmers provided oil cakes to their rams. Another supplement feed was food leftovers in their house and neighbours. In this case nearly 75 farmers to 89 farmers had fed their sheeps with the above mention supplement feed for their lambs, ewe, rams. In order to have healthy and sheeps with more weights the farmers provided certain home made brewages and it was observed that nearly 82 percent of the farmers provided these supplements to their sheep flocks. In order to make the sheep drink more water and make the water tastier the farmers used to mix salt in the drinking water of the sheeps and it was noted that among the 100 sheep rearing farmers nearly 79 per cent of the farmers provided salt to their sheep. Cultivated fodder leaves were also fed to the sheeps. Among the select farmers only 33 percent of them were in a position to give cultivated fodder leaves.

SUMMARY AND CONCLUSION

In India, there are about 120 million goats and 62 million sheep. In spite of heavy slaughter rate (27%) and in built prejudice and biases, both goat and sheep population in the country have been growing for the past few decades. Sheep and goat husbandry is an important subsidiary animal husbandry activity in the State. It is the primary source of income for majority of landless agricultural labourers and supplements the income of small and marginal farmers. It provides meat and milk for human consumption and wool and other products for human / industrial use. Moreover, it also earns the much needed foreign exchange through export of leather products. In addition, sheep and goat manure play an important role in enriching soil fertility. As per 17th Livestock Census, Tamil Nadu accounts for 55.93 lakhs sheep and 81.77 lakhs goats. Nearly 79 per cent of the select respondent was observed to be illiterate and maximum number of respondent in the community – wise classification falls in the MBC category. The house hold head and family members involved themselves in other jobs then agriculture. The farmers of this study area engaged in cultivation of various crops like cumbu, cholam, tomato, groundnut, cotton, horse gram, black gram, castor seeds, sesame, ragi, lentil and vegetables respectively. It was observed that maximum number of farmers getting agricultural income fell in the category of `20000 to `40000 and it was same for the secondary source of income of the household income. Nearly 65 farmers had 10 to 15 years of sheep rearing and 31 farmers 5 to 10 years experience in goat rearing. Among the 150 farmers nearly 134 of them revealed that the reason for goat and sheep rearing was for obtaining additional source of income.

The total population of sheep was 1929 among the select respondent, the sheep rearers adopted different sources of feeds like communal grazing, road side grazing, grazing along river side, private grasing land, crop residues, home left over foods and drinks and weeds respectively. Farmers also provide supplement feeds to their sheeps the major reason for selling their sheep was to pay back their debt and this was ranked first by 78 respondent. Nearly 76 sheep rearing farmers sold sheep at village itself. The farmers had incurred expenditure in purchase of various goods and the total cost of expenditure was ₹.3512. The income earned through ewe was more compared to that of Rams, male lamp and female lamp an average the select farmers were able to earn ₹.7119 per annum. The total population of goat among the select 50 respondent was 1055 and nearly 657 female goats was possessed by these farmers. Event he goat rearing farmers took their flocks to various sources like communal grazing land, road side grazing, grazing in riverside, private grazing land, crop residues, conserved feeds, home left over foods and drinks and feeds respectively. Other supplements fees were given to goats by all the 50 select farmers during the dry season. The goat rearing farmers also revealed that the sold their goats was repayment of debt and meet out agricultural expenses. Nearly 30 farmers sold their goats in the village itself. On an average each farmers spent `3240 towards the rearing of goats. Average income of each farmer per annum by way of selling goat was `5754. Therefore both goat and sheep was a source of income and employment to select farmers of Pallipatti panchayat.

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INSURANCE LEADERS AND ENTREPRENEURS ON EMOTIONAL MANAGEMENT AND PSYCHOLOGICAL EMPOWERMENT

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ABSTRACT

Emotional management and psychological empowerment are vital tactics influencing the behaviour and activity of the leaders of Insurance sector organizations. The present paper sheds light on the emotional competencies and cognitions of empowerment among the middle-line managers of one of the pervasive Indian corporate organization viz. Insurance. In this regard, male middle-line managers from the three departments (sales, operations, human resources) of private Insurance Companies were compared on their emotional intelligence and psychological empowerment and the differences between them were explored. For this purpose, Emotional Intelligence Test by Schutte et al. (1998), and Psychological Empowerment Scale by Spreitzer et. al (1995) were conducted on a sample of 150 male middle-line managers of the above said departments randomly selected from the private Insurance companies of the tri-city (Chandigarh, Panchkula, and Mohali) in India. The results revealed significant differences between the leaders of sales, operations, and HR departments of Insurance companies on their emotional intelligence and cognitions of empowerment namely self-determination, and impact. However, no significant differences were found among the managers from the three departments of Insurance companies on their cognitions of empowerment namely meaning to work, and self-efficacy. The findings points to the development and sustenance of cognitions of empowerment among the leaders of the Indian corporate organizations due to its imperative importance in recruiting, promoting and sustaining the talented human capital to meet the challenges of competition and uncertain economy in this era of globalization.

KEYWORDS

Emotional Management, Empowerment, Insurance, Sales, OPT (Operations), HR (Human Resource)

INTRODUCTION

In a competitive and turbulent environment in which organizations are anticipated to be faster, leaner and provide more qualitative services, empowering employees is considered to be a sine qua non work practice (Bowen & Lawer, 1995; Fulford & Enz, 1995). In recent years the concept of empowerment has emerged as a vital tactics influencing the behaviour and activity of corporate leaders as an individual level initiative. As organizations struggle to compete in an increasingly competitive external environment (Thomas & Velthouse, 1990) and are downsizing complete layers of management, they are expecting the remaining managers to perform the work of those who have been laid off (Brockner & Wiesenfeld, 1993). Particularly, in the insurance sector where employees and customers interact, the development of an empowered workforce is of utmost importance. Managers who come into contact with clients are responsible for clients' satisfaction and therefore are a crucial part of the entire organization's effort to win and retain the later. Organizations seeking to survive in such an environment have turned to empowerment as a means of getting employees to work to their full potential. Thus, it has become important for managers to take initiatives, to be autonomous, to experience satisfaction from their work and, thus they need to feel emotionally competent and psychologically empowered in their working environment.

Emotional Intelligence is the capacity to recognize own feelings and those of others, for motivating ourselves, and managing emotions well in ourselves, and in our relationships (Goleman, 2001). Emotional intelligence gives the ability to know what feels good, what feels bad, and to get from bad to good in an effective, healthy, and appropriate manner (Jensen, 1998). As theorized, a dynamic combination of emotional intelligence competencies informs cognition and guides leadership behaviour. More specifically, emotionally informed cognition drives decision-making processes and regulates a leader's deployment of power and authority. The resulting leadership behaviour, guided largely by an individual's emotional intelligence capacity, can have either a positive or negative effect on organizational climate (Goleman, 1996). A healthy and open organizational climate generates high levels of commitment to the mission of the organization as well as high levels of trust and collegiality (Hoy & Tarter, 1997; Goleman, Boyatzis, & McKee, 2002). Leaders approach their charge mindfully, identifying mistakes early and avoiding crises, resisting temptations to oversimplify, and exhibiting resiliency in the face of challenges (Langer, 1989; Weick & Sutcliffe, 2001; Hoy, 2003). The ability-based model of emotional intelligence as formulated by Mayer and Salovey (1997) proposes that emotion and cognition work together in adaptive ways in four related emotional abilities:

Perceiving Emotions - The ability to perceive emotions in oneself and others as well as in objects, art, stories, music, and other stimuli.

Facilitating Thought - The ability to generate, use, and feel emotion as necessary to communicate feelings or employ them in other cognitive processes.

Understanding Emotions - The ability to understand emotional information, to understand how emotions combine and progress through relationship transitions, and to appreciate such emotional meanings.

Managing Emotions - The ability to be open to feelings, and to modulate them in oneself and others so as to promote personal understanding and growth.

Psychological empowerment is concerned with a person's internal feelings of efficacy, personal value or worth, and the ability and freedom to make decisions affecting outcomes in his or her environment (Van Oudtshoorn & Thomas, 1995; Quinn & Spreitzer, 1997; Lashley, 1999). Modern empowerment theory believes that in essence empowerment is the process of releasing the knowledge, experience and motivity that employees themselves possess but don't make use of, and increasing employee's self-efficacy, thereby eliminating employee's sense of powerlessness (Conger & Kanungo, 1988). Meaning for work, self-efficacy, autonomy and control over outcomes at workplace empowers one internally towards the actions which helps to achieve a preferred task and employ effectiveness in a way which can inspire the workforce to bring more work motivation towards the commitment to their jobs.

Spreitzer (1995) defined empowerment as the intrinsic task motivation manifested in a set of four cognitions viz. meaning to work, self-efficacy, self-determination, and impact reflecting an individual's orientation to his or her work role. The above components constitutes a sense of Psychological empowerment which is concerned with a person's internal feelings of efficacy, personal value or worth, and the ability and freedom to make decisions affecting outcomes in his or her environment.

Meaning - Meaning serves as the "engine" of empowerment (i.e., the mechanism through which individuals get energized about work). It is the value of a work goal or purpose, judged in relation to an individual's own ideals or standards.

Competence/ Self-efficacy - Competence refers to self-efficacy specific to one's work, or a belief in one's capability to perform work activities with skill. It reflects individuals' beliefs that they have what it takes to do their particular job well.

Self-determination - Self-determination is a sense of choice in initiating, regulating one's actions and making decisions regarding how one's work is carried out. It reflects a sense of autonomy over the initiation and continuation of work behaviours and processes; making decisions about work methods, pace, and effort.

Impact - Impact is the degree to which one can influence strategic, administrative, or operating outcomes at work. Impact has been defined as the perception that one's behaviour has an effect on one's task environment and as the perception of environmental resistance to personal impact regardless of ability.

During the past half-century, various approaches have examined leadership skills and attributes, contingency leadership, participative leadership, transformational leadership, and the impact of leadership on organizational climate (Likert, 1961; McClelland, 1985; Fiedler, 1967; Blake & Mouton, 1985; Hershey & Blanchard, 1982; Bass, 1985; Bennis & Nanus, 1987; Hoy & Tarter, 1997). Yukl (1994) indicated that the Leaders who were high on *self-efficacy*, the more likely they were to initiate, engage in and persist with tasks that were difficult (i.e., *self-determination*), to attempt to influence others (i.e., impact), to set challenging goals, and have increased commitment from their subordinates. Simon (1997) asserted that the essential confront for all companies nowadays, is to have intrinsically motivated and empowered managers for the organizational goals. Pfeffer (1998) reported that the companies who had learn the tactics of how to hold and sustain their talent pool would be victorious in long term. Koberg et. al (1999) indicated that many factors influences cognitions of empowerment and classified them as individual (tenure, age, self-concept, locus of control, self-efficacy, self-esteem); group (leader approachability, group effectiveness, worth of group, mutual influence, trust); organizational (position in the hierarchy, type of organization, organizational climate). Hay/McBer Research and Innovation Group (1997) indicated that insurance sales agents who were very strong in *emotional competencies viz. self-confidence, initiative, empathy* sold policies with an average premium of \$ 114,000 as compared to those who were weak in those competencies sold policies worth \$ 54,000. For sales reps at a computer company those hired based on their emotional competence were 90% more likely to finish their training than those hired on other criteria. Chen, Jacobs and Spencer (1998) found that *emotional competencies* were 53 percent more frequent in human resource managers than other competencies, such as cognitive competencies, which only rated 27 percent. Seligman (2002) demonstrated that training in the skills and competencies of emotional intelligence will assist in developing one's self-awareness and emotional-awareness, leading to a change towards more adaptive attitudes and the augmentation of more positive perceptions of one's work. Zaccaro, Kemp, Bader (2003) reported key attributes of leaders as emotional intelligence; social intelligence; cognitive abilities. Significantly, Lee (2005) studied the emotional intelligence and psychological empowerment of school leaders (n=125) of a county public school system and reported that the administrative leaders embodies a good degree of empowerment with mean scores of 11.67, 13.23, 13.12, 10.71, and 9.62 on psychological empowerment and its four dimensions and emotional intelligence with mean score of 129.03 respectively.

To conclude, organizational research has established significant relationships between a leader's leadership behaviour and emotional competencies as well as leader's cognitions of empowerment and organizational climate (Goleman, et al, 2002; Cooper & Sawaf, 1996; Spreitzer, 1995; Conger & Kanungo, 1988; Lee & Koh, 2001; van Oudtshoorn & Thomas, 1995). As a result, important questions come to light viz. how leaders' from sales, operations, HR departments of private Insurance companies differ on the perceptions of their emotional competencies and cognitions of empowerment which affect their leadership behaviour in managing and retaining the talent pool to meet the global challenges of today and tomorrow. Thus it is imperative to explore the possible differences among the leaders from the above mentioned departments of Insurance sector with distinct job profiles in regard to their emotional management and psychological empowerment.

RESEARCH QUESTIONS

The following research question was addressed by the study:

How the leaders of sales, operations, and HR departments of private Insurance companies differ on their emotional intelligence; and cognitions of psychological empowerment namely meaning to work, self-efficacy, self-determination, and impact.

METHODOLOGY

Hypothesis: Leaders of sales, operations, and HR departments of private Insurance companies would differ on their emotional intelligence; and psychological empowerment in terms of meaning to work, self-efficacy, self-determination, impact as leaders.

Participants: The participants for the present research comprised of 150 middle-line managers i.e., (50 – Sales, 50 – Operations, 50 – HR departments) selected using purposive random sampling technique from the private Insurance companies viz. (ICICI Prudential Life Insurance, HDFC Standard Life Insurance, Birla Sunlife Life Insurance, Met Life Insurance, and AVIVA Life Insurance) of the tri-city of Chandigarh, Panchkula, and Mohali. The demographic variables that were controlled in the study are age of the managers (30-40) years, gender (males), marital status (married), average monthly income (40000INR) and work experience as team managers (varying from 8 to 10 years).

Measures: Schutte Self Report Emotional Intelligence Test by Schutte et. al. (1998), and Psychological empowerment scale by Spreitzer (1995) were administered to assess the emotional intelligence and psychological empowerment among leaders of sales, operations, and HR departments of Insurance companies. Schutte Self Report Emotional Intelligence Test by Schutte et. al. (1998) is a self-report 33-item instrument rated on a 5-point Likert-type with responses ranging from 1 (strongly disagree) to 5 (strongly agree). It assesses to what extent individuals perceive, understand, regulate, and harness emotions adaptively. The internal consistency reliability has a cronbach alpha of 0.90 to 0.87. Psychological empowerment scale by Spreitzer (1995) is a multidimensional scale which measures psychological empowerment according to four dimensions: meaning to work, self-efficacy, self-determination and impact. The 12 item scale consists of statements concerning the extent to which a person experiences different feelings when performing his or her job, each is measured on a 5-point likert scale with responses ranging from 1 (strongly disagree) to 5 (strongly agree). Composite reliabilities for each subscale ranges from 0.79 - 0.88. Factor loadings of the four factors ranges from 0.66 - 0.90. The reliability for overall empowerment was 0.72 for industrial sample and 0.62 for insurance sample. Validity of dimensions is around 0.80.

Procedure: Before administration of the tests, the permission to collect the data was requested from the Branch Heads of the respective Companies. After procuring the approval from the middle-line managers to participate in the study the confidentiality of their submissions was assured. The testing schedule was conducted personally in the group of 3-4 managers at a time and the respective tests described above were responded by them in two sessions. In the first session, demographic information schedule was conducted and nature and purpose of the research was explained to them. In the second session, emotional intelligence test and psychological empowerment scale were administered.

Statistical analysis: Keeping in view the hypotheses of the study descriptive statistics consisting of mean, standard deviation, and percentages were calculated. One-way ANOVA was computed to identify the significant differences between the managers of all three departments on their emotional intelligence and psychological empowerment. To further identify the significant mean differences in-between the managers of the three departments of private insurance, unplanned multiple comparisons were carried out using Bonferroni post-hoc test. The rationale behind choosing the unplanned or post-hoc comparisons design is that the differences among the means of three groups were explored after the data has been collected. SPSS system was used for data analyses.

RESULTS AND DISCUSSION

The results (Table-1), revealed significant differences between the leaders of sales, operations, and HR departments of private Insurance companies on their cognitions of empowerment namely self-determination ($F(df) = 143.4, p < 0.005$); and impact ($F(df) = 121.6, p < 0.005$) respectively. The mean scores and standard deviation values of sales, operations, and HR leaders on self-determination were ($M = 13.4, 10.8, 13.4; S.D = 0.86, 0.89, 0.86$), and impact were ($M = 6.2, 9.6, 6.2; S.D = 1.4, 0.85, 1.4$) respectively. However, no significant differences were found among them on emotional intelligence ($F(df) = 0.502, p > 0.005$); and cognitions of empowerment namely meaning to work ($F(df) = 0.035, p > 0.005$), and self-efficacy ($F(df) = 0.037, p > 0.005$). The mean scores and standard deviation values of sales, operations, and HR leaders on emotional intelligence ($M = 23.7, 24.2, 23.8; S.D = 1.55, 1.64, 1.68$); meaning to work were ($M = 13.4, 13.4, 12.3; S.D = 0.88, 0.86, 0.87$); and self-efficacy were ($M = 12.6, 12.5, 13.4; S.D = 0.85, 0.83, 0.86$) respectively. These results brings out the fact that the managers from all the three departments of private Insurance sector viz. sales, operations, and HR can manage their own and subordinates' emotions, highly value their work goal or purpose which is judged in relation to their own ideals or standards; and there is a goodness of fit between the requirements of their work roles, beliefs, mission of the organization and their individual values and behaviours. Additionally, these managers from the above mentioned departments have high beliefs in their own capabilities specific to their work to perform their work activities with skill and to do their particular job well.

TABLE-1: DIFFERENCES AMONG THE LEADERS OF DIFFERENT DEPARTMENTS OF PRIVATE INSURANCE SECTOR ON EMOTIONAL INTELLIGENCE AND COGNITIONS OF EMPOWERMENT

	Sales (N = 50)		Operations (N = 50)		HR (N = 50)		'F' value
	Mean	S.D	Mean	S.D	Mean	S.D	
Emotional Intelligence	23.7	1.55	24.2	1.64	23.8	1.68	0.502 p>0.0005
Meaning to Work	13.4	0.88	13.4	0.86	12.3	0.87	0.035 p>0.0005
Self-efficacy (Competence)	12.6	0.85	12.5	0.83	13.4	0.86	0.037 p<0.0005
Self-determination	13.4	0.86	10.8	0.89	13.4	0.86	143.4* p<0.0005
Impact	6.2	1.4	9.6	0.85	6.2	1.4	121.6* p>0.0005

* p < 0.005 level

To further identify the significant mean differences between the leaders of sales, operations, and HR departments of the Insurance companies on cognitions of empowerment namely self-determination and impact unplanned comparisons were carried out using Bonferroni post-hoc test as indicated in Table-2.

TABLE-2: POST-HOC COMPARISONS ON SELF-DETERMINATION AND IMPACT AMONG LEADERS OF DIFFERENT DEPARTMENTS OF PRIVATE INSURANCE SECTOR

Self-determination				Impact			
Managers		Mean Diff.	Sig.	Managers		Mean Diff.	Sig.
Sales	Operations	2.56*	.000	Sales	Operations	-3.4*	.000
	HR	0.00	1.000	HR	HR	0.00	1.000
Operations	Sales	-2.56*	.000	Operations	Sales	3.4*	.000
	HR	-2.56*	.000	HR	HR	3.4*	.000
HR	Sales	0.00	.000	HR	Sales	0.00*	1.000
	Operations	2.56*	.000	Operations	Operations	-3.4*	.000

* p < 0.05 level

Employing the Bonferroni post-hoc test, significant differences were found between the leaders of sales, operations, and HR departments of private Insurance companies on self-determination indicating that leaders from sales department were significantly higher (p < 0.005) than their operations department counterparts on self-determination which implies that majority of insurance managers have better autonomy over the initiation and continuation of work behaviour and processes; making decisions about work methods, pace, and effort; choice in initiating, regulating one's actions and making decisions regarding how their work is carried out than their operations' counterparts. However, no significant differences were found between the leaders of sales and HR departments of private Insurance companies on self-determination. Whereas, significant differences were found between leaders of operations and HR departments on self-determination indicating that leaders from HR sector were significantly higher (p < 0.005) than leaders from operations department on self-determination which suggests that HR leaders have better autonomy over the initiation and continuation of work behaviour and processes; making decisions about work methods, pace, and effort; choice in initiating, regulating one's actions and making decisions regarding how their work is carried out than their operations' counterparts than their operations department counterparts.

Similarly, significant differences were found between the leaders of sales and operations departments of private Insurance companies on impact indicating that leaders of operations department were significantly higher (p < 0.005) than leaders from sales departments on the degree of control they have over their organizations suggesting that leaders of operations department have good degree of control over strategic, administrative, and operating outcomes at work, perceive themselves as influencing the organizational outcomes in a positive way, and their work as making a difference in achieving the overall purpose of the work task when compared to their sales department counterparts. However, no significant differences were found between the leaders of sales and HR departments of private Insurance companies on impact. On the other hand, significant differences were found between leaders of operations and HR on impact indicating that leaders from operations department were significantly higher (p < 0.005) than their HR counterparts on impact implying that they have better degree of control over strategic, administrative, and operating outcomes at work, perceive themselves as influencing the organizational outcomes in a positive way, and their work as making a difference in achieving the overall purpose of the work task than their HR department counterparts.

These findings were also aligned and congruent with various researches and surveys done by organizational researchers and psychologists to assess the emotional competencies and psychological empowerment of different organizational leaders in relation to their work activities. Yukl (1994) indicated that the Leaders who were high on self-efficacy, the more likely they were to initiate, engage in and persist with tasks that were difficult (i.e., self-determination), to attempt to influence others (i.e., impact), to set challenging goals, and have increased commitment from their subordinates. Simon (1997) asserted that the essential confront for all companies nowadays, is to have intrinsically motivated and empowered managers for the organizational goals. Pfeffer (1998) reported that the companies who had learn the tactics of how to hold and sustain their talent pool would be victorious in long term. Koberg et. al (1999) indicated that many factors influences cognitions of empowerment and classified them as individual (tenure, age, self-concept, locus of control, self-efficacy, self-esteem); group (leader approachability, group effectiveness, worth of group, mutual influence, trust); organizational (position in the hierarchy, type of organization, organizational climate). Hay/McBer Research and Innovation Group (1997) indicated that insurance sales agents who were very strong in emotional competencies viz. self-confidence, initiative, empathy sold policies with an average premium of \$ 114,000 as compared to those who were weak in those competencies sold policies worth \$ 54,000. For sales reps at a computer company those hired based on their emotional competence were 90% more likely to finish their training than those hired on other criteria. Chen, Jacobs and Spencer (1998) found that emotional competencies were 53 percent more frequent in human resource managers than other competencies, such as cognitive competencies, which only rated 27 percent. Seligman (2002) demonstrated that training in the skills and competencies of emotional intelligence will assist in developing one's self-awareness and emotional-awareness, leading to a change towards more adaptive attitudes and the augmentation of more positive perceptions of one's work. Zaccaro, Kemp, Bader (2003) reported key attributes of leaders as emotional intelligence; social intelligence; cognitive abilities. Significantly, Lee (2005) studied the emotional intelligence and psychological empowerment of school leaders (n=125) of a county public school system and reported that the administrative leaders embodies a good degree of empowerment with mean scores of 11.67, 13.23, 13.12, 10.71, and 9.62 on psychological empowerment and its four dimensions and emotional intelligence with mean score of 129.03 respectively.

IMPLICATIONS

All the facts discussed so far provide evidence for the key role of emotional intelligence and psychological empowerment in facilitating leadership behaviour of the leaders of sales, operations, and HR departments of private Insurance companies. It also reveals important questions that guide more extensive research related to organizational leaders' emotional management and cognitions of empowerment and other variables presumed related, either directly or indirectly, to organizational effectiveness. These findings suggest need for a greater focus on the development and sustenance of intrinsic task motivation and empowerment among the leaders of Insurance sector organizations due to its imperative importance in sustaining and holding the talented human capital to meet the challenges of uncertain economy and competition in this era of globalization. The results of the present study have lot of implications for the corporate in the Indian market in the selection of the talent pool i.e., recruiting the effective managers, evaluating their effectiveness for the work roles assigned to them

according to their empowerment indicators as well as assessing their work-related task behaviours for promoting, and assigning them to particular projects or assignments.

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