

# INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE, ECONOMICS & MANAGEMENT

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**BANKING FOR THE POOR IN THE CONTEXT OF ISLAMIC FINANCE****DAVOOD MANZUR****ASST. PROFESSOR****ISLAMIC STUDIES & ECONOMICS FACULTY****IMAM SADIQ UNIVERSITY****TEHRAN****HOSSEIN MEISAMI****RESEARCH SCHOLAR****ISLAMIC STUDIES & ECONOMICS FACULTY****IMAM SADIQ UNIVERSITY AND THE MONETARY & BANKING RESEARCH INSTITUTE****TEHRAN****MEHDI ROAYAEI****STUDENT****ISLAMIC STUDIES & ECONOMICS FACULTY****IMAM SADIQ UNIVERSITY****TEHRAN****ABSTRACT**

*This paper tries to show that it is possible to use the micro finance, as an internationally accepted way for poverty eradication, in the context of Islamic banking and finance. It sheds lights on the meaning of the Islamic micro finance and the similarities and dissimilarities it has with that of conventional micro credit. The results of this theoretical research shows that the goals of micro-financing movement in the conventional financial system is in harmony with the goals of the Islamic finance system and hence Islamic micro finance institutes, if established and well managed, can strengthen the level of the Islamization of the banking system. Further research is needed about the conceptual analysis provided in this article and this will smoothen the way for establishment and expansion of Islamic micro finance institutes as complements of Islamic banks.*

**JEL CODES**

O12, O15, O50.

**KEYWORDS**

Islamic micro finance, conventional micro credit, Islamic banking system, Islam, financial system.

**1. INTRODUCTION**

One of the most important challenges that most of the current Islamic countries are facing is the problem of poverty and financial exclusion of the many people from the banking system. It means that although the banking system has grown drastically over time, but the access of the poor to the finance is not yet satisfactory at all. Consequently, the issue of financial inclusion has emerged as a policy concern, primarily to ensure provision of credit to small and medium enterprises that are not considered bankable in the conventional financial system. The emerging microfinance revolution, in the recent decades, with appropriate designed financial products and services enable the poor to expand and diversify their economic activities, increase their incomes and improve their social wellbeing (Bennett & Cuevas, 1996; Ledgerwood, 1999).

Paying attention to poverty reduction via microfinance initiatives is also of relevance to Islamic banks and financial institutions. These kinds of institutes are business entities established within the ambit of Shari'ah and in the context of Islamic economic worldview. Hence, they are expected to be guided by the Islamic economic objectives, among others, to ensure poverty alleviation and the fact that wealth is fairly circulated among as many hands as possible without causing any harm to those who acquired it lawfully (Ibn Ashur, 2006).

It seems more important if we note that Islamic banking industry is one of the fastest growing industries, having posted double-digit annual growth rates for almost 30 years. What started as a small rural banking experiment in some Islamic countries many years ago, has now reached a level where many mega-international banks worldwide are offering Islamic banking products. While the estimates about the exact magnitude of the Islamic banking market vary, one can safely assume that it presently exceeds 200 billion USD and is poised for further growth. However, with the passage of time, the orientation of Islamic banking and finance has somehow dominated by profit-maximization doctrine. As a result, most of the financial engineered instruments are designed favorably catering the needs of the well-off clients while the poor left unbankable due to the inherent impediments (Iqbal & Molyneux, 2011).

With such an impressive growth of Islamic banking over the last 30 years and the exclusion of the poor from Islamic banks services, it seems that it is time for the industry to be reoriented to emphasize on issues relating to social and economic goals of Islamic economics, rather than overemphasizing on just Fiqhi issues or making profits. Islamic banks should endeavor to be the pioneer in using community banking and microfinance programs to provide financial services to the poor.

To put it in nutshell, one could believe that Islamic banking is concerned with much more than just refraining from charging interest. It is a system that aims at making a positive contribution to the fulfillment of the socioeconomic objectives of Islamic society inscribed in Maqasid as Shari'ah (the objectives of Shari'ah). Considering this, it seems that microfinance, which is an internationally accepted strategy for poverty alleviation that has been used by many developing, and even developed, countries to help the poor, can be considered as another level of Islamic finance that will complete the shortcomings of current Islamic banks.

After providing the definition of Islamic micro finance, this paper tries to go over the experience of microfinance in some Islamic countries and to show that this poverty alleviation strategy has the potentials to be used within the context of Islamic economics and finance. However, this experience cannot be adopted in Islamic world exactly as it is practiced in non-Islamic countries. In other words, there should be some modifications in different aspects of microfinance to make it suitable for Islamic countries. In addition, this research, which has a theoretical conceptual nature, tries to shed lights on the principals of Islamic microfinance and the way they differ from the conventional ones.

## 2. LITERATURE REVIEW

The review of available literature shows that although there are several studies about Islamic micro finance in recent years (Toghiani, 2006; Kahf, 2004; Habib, 2007; Mannan, 2007), but usually these studies are concerned with elimination of interest by Islamic contracts such as "installment sale"; therefore, the concept of the using Islamic micro finance as a tool for poverty alleviation and emphasizing its differences with that of conventional one is not discussed enough. Here are some of these studies:

Arab Mazar and Motamed Farzin (2003) have put forward the new methods of micro-finance in enabling low-income group, especially women. While comparing the characteristics of micro-finance methods of Bank Keshavarzi, this study has analyzed these credits in the framework of four plans implemented in this bank. Motamed Farzin and Nematian (2004) have shown in their paper that although micro-finance is extended as a service by financial institutes, but also can provide gains for the institutes.

Hassanzadeh Et al (2006) have studied the effectiveness of micro-finance on alleviation of poverty and in-equality in different provinces of Iran by panel data method. The results which use interest-free loans as a substitute for total extended micro-finance variable, shows that micro-finance can only alleviate poverty if the lower income group is well distinguished, and the credit is spent for job creation.

After discussing economic, accounting and risk management challenges in his study, Habib (2007) shows that if micro finance institute is established by money Islamic and Qharz-al-hassan financing, it wouldn't face challenges facing traditional micro finance institutes (including credit risk, moral hazard, and economic viability).

Hassan and Ashraf (2010) presented a model in their study in which Zakat and Islamic are mentioned as sources for micro finance. After explaining the characteristics of Zakat and Islamic and presenting a model, they show that the application of their model will reduce the challenges faced by interest bearing micro finance institutes (including viability of the micro finance institute).

Many other writers such as Al-Harran (1999), Akhtar (1996, 1998), Dhumale and Sapcanin (1998), Ashkevary (1998), and others, believe in the great potential of Islamic banking to be involved in microfinance programs to cater for the needs of the poor who usually fall outside the formal banking sector.

## 3. DEFINITION OF MICROFINANCE AND ISLAMIC MICROFINANCE

Although there is not only one definition about the term micro finance and micro credit, but totally, Microfinance can be defined as provision of financial services such as deposits, loans, payment services, and so on to low-income people and to the underprivileged. In other words, microfinance is a financial activity that tries to provide financial services to those sections of the society such as artisans, farmers, and small proprietors and entrepreneurs. These people are generally left out by the traditional banks and other financial institutions as they are considered less credit worthy and risky. Financial institutions are also reluctant to advance small loans due to the high processing and monitoring cost involved (Kaleem and Ahmed, 2009, p. 3).

Microfinance has proved to be a useful and effective poverty eradication strategy in the international scene and has grown dramatically. As data shows, Since Professor Muhammad Yunus (from Grameen Bank) received the Nobel Peace Prize for his work in microfinance, the industry has been receiving much press, most of it positive. In means that, microfinance has developed rapidly, particularly in the last five years. For example, as one of the best known microfinance institutions (MFIs), the Grameen Bank in Bangladesh, saw growth in loans from \$229.14 million in 2001 to \$488.41 million in 2006, an increase of 113.15% (14.4% annually) (Grameen Bank, 2006). Despite this growth, most banks (including Islamic banks) in developed, developing, and especially, less developed countries still ignore poor clients because their lack of collateral makes them more risky, and the lenders fear the poor clients will feel little obligation to repay loans.

Most of the micro credit institutes function under the theory of group lending and peer pressure and many papers have shown that this characteristic have helped them most to be successful in reaching their goals. For example, Besley and Coate (1995) believe that group loans are a powerful device to yield higher repayment rates than individual loans. The self-selected group shares the common interest of gaining access to credit at low information cost and applying sanctions to those who do not comply with the rules.

Considering some questionable characteristics of the conventional micro finance institutes, specifically the interest-based financial activities, Islamic scholars and researchers have tried to define and emphasize Islamic microfinance. Going through the available literature on Islamic microfinance, one can clearly come to the point that most of the writers on the topic, have taken it for granted that Islamic microfinance is nothing more than the conventional microfinance less than interest (Imboden, 2005). Unlike previous literature that confines Islamic microfinance to the abolition of interest, in this paper, it is claimed that there are other areas and dimensions that are different between Islamic and conventional microfinance.

## 4- WORLDWIDE EXPERIENCE OF ISLAMIC MICRO FINANCE

Considering the fact that it is important to go briefly over the available Islamic micro finance institutes experience, in this part, some experiences are mentioned. This review tries to show that there is not only one best practice in Islamic micro finance and each country should pursue its own model.

### A. YEMEN

Banking products have been available in Yemen for many years, however, many people, and the poor in specific, shied away from banking credit, mainly due to religious beliefs. In reaction to this, the Hodeibah Microfinance program (HMFP) was established in 1997, Hodeibah is a port city, characterized by having an active economy based on trading, fishing, food production, small industries handcraft and transportation. The program was the first of its kind in Yemen. By June 2000, it had 1770 active clients, 23% of whom are women, and US \$ 350,000 in outstanding debts. The average disbursement size was US \$ 240 (Imboden, 2005, p. 24).

The clients went through a cycle of disbursement levels and each level had a wide scope, based on group approach, where group members are not confined to the same disbursement amounts or same activities. One of the main achievements of the program during its first phase was to develop a microfinance methodology closely tailored to local circumstances and based on Islamic banking principles. However, the program uses Murabaha as the tool which appears to be more expensive to the clients. There is limited application of Musharaka and Mudharaba in Yemen though it is preferred by the clients (Imboden, 2005, p. 26).

### B. SUDAN

Sudanese Islamic bank (SIB) established special micro-credit windows called "productive family branches" in the year 1992. These branches mostly adopted partnership financing, among other Islamic methods of finance. In the SIB experience, the user of funds does not have to contribute in cash to the proposed investment, rather, his share might be in kind (input), labor, or rent of machines or equipment. The SIB however, did not pursue the experiment to the end due to the central bank regulations on one hand and the change in the management of the SIB on the other hand (Kaleem and Ahmed, 2011, p. 17).

The experience of providing Islamic microfinance has been extended to other banks in Sudan, including Nile Bank, SSDB, ICDB, Agriculture Bank and Al-Baraka bank. Murabaha is the dominant contract used with few exceptions where benevolent loans were provided in addition to finance using Murabaha.

Sudan has faced many macroeconomic problems that have created a difficult business environment for small firms and micro enterprises. However, in a study conducted by Habib shows that these businesses have nevertheless played a major role in generating employment opportunities and increasing the family income of people of modest means. He evaluates the contribution of the informal sector, craft workshops and productive families, all of which have benefited from Islamic financing, especially since the 1990s. This has helped significantly with poverty alleviation, and there is much potential for this type of small and micro business support to be extended in the Sudan as well as elsewhere in Africa and the developing world more widely. Indeed, Habib suggests that the profit and loss sharing techniques used for Islamic financing can be extended to interest-free micro financing (Habib, 2002, p. 18).

### C. MALAYSIA

The Malaysians developed a system known as "Ar-Rahnu". The system was simply based on the way widely accepted notion: gold is women's best friend. Malaysians made use of the simple facts all agree on, gold adorns a woman's looks, it enhances status as it implies wealth, it is a saving mechanism as its price is stable and it normally appreciates, and it can serve as collateral whenever cash is needed. Micro financiers found out that Malaysians were reluctant to engage



in banking activities that are un-Islamic. Therefore, they devised a system whereby gold was used as collateral while the lender charges a fee for keeping the gold safe. Hence, the system was based on the following principles of Islamic microfinance; it is interest free, transparent and customer friendly; it follows clear record keeping of all transaction, and secures safekeeping. *Ar-Rahnu*, received wide acceptance in Malaysia by poor families and is considered a very useful tool in encouraging savings and investments (Ahmed, 2002, P. 29).

It is based on benevolent loan (*Qardhul Hasan*) an agreement between a lender and a borrower whereby the lender is forbidden to ask for extra payment but the borrower is encouraged to give a token of appreciation. *Ar-Rahnu* is seen as an economic tool to improve the socio-economic development of the lower and middle-income society, because of its flexibility and co-operative principles.

## 5- SIMILARITIES AND DISSIMILARITIES OF ISLAMIC AND CAPITALIST MICRO FINANCING

Having gone over the definition of the Islamic micro finance and reviewing some international experiences of it, in this part we try to make a theoretical comparison between the Islamic MFIs and conventional MFIs. Conventional MFIs follow the well-known example of the Grameen Bank of Bangladesh, which is considered a pioneer of microfinance. This model is interest-based model. The proposed and currently used models for Islamic MFIs are also based on Grameen model, but in these models interest is eliminated and Islamic instruments or modes of financing like *Mudārabah*, *Mushārahah*, *Bay Bithaman Ajil*, etc., are used. However, it seems that Islamic MFIs are different from conventional MFIs at least in the following areas:

### A. PROVISION OF FINANCE TO THE POOREST OF THE POOR

Although the microfinance movement is meant to help the poor out of poverty, still the poorest population is left out by conventional MFIs (Choudhury, 2002). However, this is not (or should not be) the case within Islamic MFIs. IMFIs can integrate the poverty eradication institutions of Islamic economic system like *Zakat*, *Qard-Alhasan* and other voluntary charities (*Sadaqat*) to provide the poorest people with financial services.

### B. USING ISLAMIC WAYS AND MEANS TO FINANCE ITSELF

Conventional MFIs usually get the funds from foreign donors. They also finance themselves from the savings of the clients and external funds (Habib, 2002, p. 12). Islamic MFIs, however, apart from these sources of funds, can get the funds from religious institutions such as *Waqf*, *Zakat*, *Anfal* etc., which are prevailing in most of the Islamic countries.

### C. USING ISLAMIC MUSHARAKAH AND TRADE-BASED WAYS TO FINANCE THE NEEDY

Conventional MFIs are interest-based while Islamic MFIs are interest free. Islamic MFIs operate through several Islamic modes of financing such as *Ijārah*, *Murābahah*, *Istisna*, *Mudārabah*, *Mushārahah*, *Bay Bithaman Ajil*, etc.

### D. AMOUNT AND DEVIATION OF THE FUNDS

It is a practice of conventional MFIs to deduct an amount from the loan before disbursement. This deduction is for different reasons such as group and emergency funds. However, the interest paid by a beneficiary is calculated on total amount. Under these conditions, the effective interest rate paid by beneficiary to the MFI increases. Furthermore, there is a risk that the funds, once transferred to the poor, might be diverted to non-productive uses. Under the IMFIs, there is no such deduction. Here, usually the total amount is used to purchase the good and that good is transferred directly to the beneficiary. By doing so, the risk that the funds will be used for non-productive uses is minimized (Habib, 2002).

### E. TARGET GROUP

While conventional MFIs mostly target women, Islamic MFIs are targeting family as whole. The objective of targeting women in conventional MFIs is to empower them. It is believed that women use funds more productively and this increases their incomes (Imboden, 2005). However, in Islam, family is the cornerstone of the social system. Family is not a casual or spontaneous organization of people, but it is a divinely ordained institution. Family and marriage are regarded as noble and sacred. As a result, the IMFIs should focus on the family as whole and not only women. Consequently, unlike conventional microfinance, in case of IMFIs, both recipient and spouse are responsible for the loan since IMFIs are targeting the family as a whole.

### F. INCENTIVES OF STAFF

In the case of conventional MFIs, usually, the main motives of employees are monetary, while the work incentives of employees of IMFIs are first of all, religious and after that monetary. It means that in IMFIs, the work is seen as a part of religious duty (i.e. to help those in need).

## 6- CONCLUSION

Poverty is a real problem in most of the Islamic world (specifically the OIC member countries). It necessitates finding ways and solutions to solve this problem. One of these solutions is microfinance, an internationally successful experience for poverty eradication which has the same goals as the Islamic finance system. However, this experience cannot be adopted in Islamic world exactly as it is practiced in non-Islamic countries. In other words, there should be some modifications in different aspects of microfinance to get suitable for Islamic countries. This theoretical article, has tried to briefly shed lights on the idea of considering micro finance in the context of the Islamic banking and finance system. It tried to provide a complete definition of Islamic micro finance and examine its differences from that of conventional microfinance. Understanding these differences will help policy makers in Islamic countries to be able to design the best microfinance models that is both Islamic and suitable for their needs. Future research can be based on this theoretical paper and try to use Islamic instruments and institutions to make conventional microfiche suitable for the need of different Islamic countries.

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# THE RELATIONSHIP OF INSURANCE SECTOR DEVELOPMENT AND ECONOMIC GROWTH IN ETHIOPIA: EMPIRICAL EVIDENCE

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## ABSTRACT

*This study examines empirically the relation between insurance and economic growth in Ethiopia using time-series data from 1981 to 2010. The study examines long-run historical trends in the data using econometric tests for co-integration and Granger causality. Granger causality tests find evidence that, though they have long term relations, the developments of insurance and economic growth in Ethiopia are not casually related during this period. Therefore, the study conclude that Insurance is not an important prerequisite for stimulating economic growth and as the same time economic growth do not bring insurance development. The researcher suggested that further study need to be conducted to identify the factor for this and argue that the results could have important policy implications for Ethiopian economies that are developing their insurance and legal infrastructures. The reason may be attributed to effectiveness and efficiency of insurance institution and /or government regulations.*

## KEYWORDS

Relationship of insurance sector development, economic growth, in Ethiopia, empirical evidence.

## 1. INTRODUCTION

This study examines the dynamic historical relation between insurance development and economic growth in Ethiopia using time-series data from 1981 to 2010.

One of the debates in growth theory is the extent to which Insurance development leads to economic growth. It is not implausible to posit a positive correlation between growth in the insurance and real sectors. However, the causal relationship is not clear. Which is the cause and which is the effect? Is insurance development the leading engine for economic development or does it simply follow growth from elsewhere? Or has no causal relationship between them?

For instance, Hansson and Jonung (1997), Wachtel and Rousseau (1995), Rousseau and Wachtel (1998), Ward and Zurbruegg (2000), amongst others, have pointed out that economic growth can be either supply-led as a result of development in financial intermediaries like insurance companies, or alternatively, economic growth can promote the public demand for financial services like insurance. In fact, the question of whether the financial services sector preceded or followed economic growth has for a long time been debated in the economic history literature (e.g., see Sandberg, 1978, 1979; Nygren, 1983; Hansson and Jonung, 1997; Schön, 1988, 1995; Pearson, 1992, 1993; Rousseau and Sylla, 2005).

Similarly, in the financial economics literature, there is no clear empirical evidence on the direction of the causal relation between the development of insurance markets and economic growth (e.g., see Outreville, 1990, p. 491 and Ward and Zurbruegg, 2000, p. 490).

Therefore, empirical studies need to be conducted to establish this causality. No time series study has been performed on Ethiopia. This study thus contributes to the literature by shedding light on the empirical linkage between insurance development and economic growth over the 30 years from 1981-2010 in Ethiopia.

The paper is organized as follows. Section I considers the theories and recent studies that provide for a link from insurance development to economic growth and arguments to the contrary. Section II contains a summary of the data used and the Insurance development and economic growth measuring variables. Section III describes the empirical methodology for conducting the tests. Section IV presents the results of these tests. Section V concludes.

## SECTION I: INSURANCE DEVELOPMENT AND ECONOMIC GROWTH

Insurances are important for growth. As economists since Goldsmith (1969), McKinnon (1973), and Shaw (1973) have shown, insurance development and economic growth are positively correlated across countries. Schumpeter ([1911], 1936) wrote that insurance market promote growth by identifying and redirecting funds toward innovative projects. "The essential function of credit . . . consists in enabling the entrepreneur to withdraw the producers' goods which he needs from their previous employments, by exercising a demand for them, and thereby to force the economic system into new channels" (Schumpeter, page 106). This "supply leading" argument says that insurance development is a determinant of Economic growth. This is accomplished by the mobilization of savings and efficient allocation of resources; mitigation of the problem of asymmetric information, and monitoring of firms; and management of risk and reduction of transaction costs, among others.

The opposing argument is that the causality runs the other way: economic growth creates a demand for insurance development. The creation of modern insurance institutions and services is then a response to the demand from investors and savers in the economy (See Dolar and Meh, 2002 for more discussion).

### THE INFLUENCE OF INSURANCE COMPANIES ON ECONOMIC GROWTH/SUPPLY LEADING

Ward and Zurbruegg (2000) and Kugler and Ofoghui (2005) report that in offering risk transfer, indemnification for unexpectedly large losses and financial intermediary services, insurance markets have had a significant productive impact within economies. For example, insurance can help to promote investment in productive assets by providing surety to investors and other contractual claimants (e.g., banks) that the value of the investment is protected against unanticipated severe losses (such as those arising from fire and flood damage). McMinn (1987) reports that insurance can provide an important post-loss financing function and mitigate agency problems, such as the underinvestment incentive, that can occur in (particularly highly levered) companies that suffer a large asset-loss. This leads to insurance having positive externalities in terms of employment creation, increased economic activity, and business innovation (technology) and risk-taking. Moreover, in efficient insurance markets, the setting of actuarially fair insurance prices will compensate for negative externalities such as the moral hazard problems arising from excessive risk-taking as a consequence of insurance (Rothschild and Stiglitz, 1976). Actuarial fair pricing should also help to facilitate the efficient accumulation of productive capital and provide a spur to economic growth (Ward and Zurbruegg, 2000). Additionally, Butler, Gardner and Gardner (1998) have shown that compensation insurance and sickness benefits has had significant moral hazard consequences as a result of increased absenteeism and produced reduced levels of productivity in the economy. Ward and Zurbruegg (2000) add that as major institutional investors, insurance companies not only help the efficient allocation of capital in an economy but also enhance returns on their investments through active monitoring of managerial activities and corporate governance. This reasoning leads us to **HYPOTHESIZE** that:

**H1: Other things being equal, the insurance market directly influences economic growth.**

### THE INFLUENCE OF ECONOMIC GROWTH ON INSURANCE MARKET/DEMAND FOLLOWING

As noted earlier in introduction, the direction of causality between insurance and economic growth can run both ways. That is, financial intermediation may not only facilitate economic growth by providing credit facilities, risk transfer, loss indemnification, and so on, but conversely, it could be the case that economic growth creates the demand for insurance – for example, supplying investment funds and protecting accumulated productive capital against unanticipated losses

(Fohlin, 2002). As Hansson and Jonung (1997) point out, both lines of reasoning are plausible theoretically and so empirical analysis is needed to resolve the issue with regard to insurance. Ward and Zurbrugg (2000) contend that the risk management and financial intermediary benefits of insurance, and their impact on economic growth could persist over time. On the other hand, Rousseau and Wachtel (1998) contend that in developed economies insurance intermediation may become a relatively less important influence on economic growth as insurance markets become more advanced. Wachtel and Rousseau (1995) and Rousseau and Sylla (2005) provide empirical support for this view from their historical analysis of financial systems and economic development in Anglo-American countries. In the debate concerning the causal linkage between insurance intermediation and economic growth, Kindleberger (1982) argues that in the nineteenth century the demand for insurance services emerged directly from the rapid economic growth. King and Levine (1993) also suggest that economic development (that may be prompted by public as well as private sector investment) could stimulate the demand for ancillary services such as insurance. Moreover, Gelderblom and Jonker (2004) observe that to facilitate economic growth the demand for consumer and commercial credit has to be met by a ready supply of funds (savings). In their capacity as financial intermediaries insurance companies can also play an important role in the accumulation and investment of capital in the economy (Ward and Zurbrugg, 2000). Therefore, it is plausible that the growth of insurance services was stimulated by economic growth. That is, the demand for insurance is income elastic. For instance, in Sweden using Swedish economic data from 1861 to 1910 Fisher and Thurman (1989) in fact find that the growth of the insurance sector was caused by, not the cause of, economic growth. However in Ethiopia there is no empirical evidence on this issue. So I thus present the **HYPOTHESES**:

**H2: Other things being equal, economic growth directly influences the insurance market.**

**H3: Other things being equal, the insurance market and economic growth has no causal relationship.**

## RECENT EMPIRICAL STUDIES

Both lines of causation seem plausible and an empirical analysis is needed to resolve the issue. In a study of 80 countries, King and Levine (1993) find a robust correlation between insurance development and economic growth. They conclude that predetermined values of insurance development are a good predictor of economic growth over the next ten to thirty years, affirming the supply leading argument. Goldsmith (1969) analyzed data from thirty-five countries over the period from 1860 to 1963 and found that insurance and economic development are positively correlated over periods as long as several decades. Insurance development is measured in his study by the insurance penetration. However, it is an open question whether insurance development leads to economic development or vice versa, because each has feedback effects on the other. In a later study Goldsmith (1985) shows that insurance development largely occurs during the early stages of economic development when countries have low levels of income. However, Besci and Wang (1997) point out that even though insurance development occurs early and may precede economic growth; it is unclear that it provides causality in an economic sense.

While studies have been done to examine causality, their estimation procedures do not explicitly confront the potential biases induced by simultaneity or omitted variables, including country-specific effects. These cross-country regression estimates have not exploited the time-series dimension of the data. Also, they do not control for the endogeneity of all the regressors. There are at least three reasons why the causality may vary for individual countries. First, insurance institutions may be more efficient in one country versus another, thus better able to promote real growth. Second, insurance sector policies and regulations also differ across countries. Third, postulated by Levine, Loayza and Beck (2000), is that the effectiveness of the government also plays an important role.

Numerous regression studies, such as the ones by Fernandez and Galetovic (1994), Graff (1999), Arestis and Demetriades (1996), conducted on a smaller subset of countries have also led to conflicting results on this causality, with some indicating reverse causality (demand following) and others resulting in insignificant parameters. It is generally thought that country specific studies need to be conducted to further resolve the issue. A study by De Gregorio and Guidotti (1995) notes that over time, the correlations between insurance development and economic growth are stronger in the early stages of development and are diminished or even eliminated for OECD countries. They also show that the effect of insurance development on growth becomes weaker as countries become more developed, perhaps because of problems with measuring insurance development or because insurance intermediaries actually have larger effects in less-developed countries than in more developed ones.

In a study of twelve countries, Arestis and Demetriades (1996) show that the direction of causality depends on the variable used and that each country exhibit different results. These results do not exhibit a pattern for developed or developing countries. This confirms the hypothesis that institutional considerations and policies of countries do play a role in the relationship between insurance and growth. They suggest that insurance markets differ across countries in their cost efficiency and the degree of competition, all of which might affect their roles in economic efficiency and growth.

**Zhi Zhuo (1998)** is focusing on China and conducts a cross-regional study for 1995 and a time series analysis for the period 1986 to 1995. In accordance with other findings both the cross-regional and the time series analysis show that GDP per capita and consumer price index are significantly correlated with insurance consumption. Further the children dependency ratio is important, whereas the education level is not causally related.

**Browne, Chung & Frees (2000)** apply a pooled cross-sectional panel model to motor vehicle and general liability insurance in the OECD over the 1986-1993 periods. They regress liability insurance consumption on a variety of factors, including income, wealth and the legal system. Income and the legal system are positively correlated to insurance consumption, while loss probability and wealth are negatively correlated with insurances consumption. Foreign firms in the market and risk aversion are positively connected to motor vehicle insurance consumption and hence contrary to general liability consumption. Browne et al (2000) argue that income is affecting insurance consumption. The correlation with risk aversion is statistically insignificant for motor vehicle insurance consumption and negatively connected in the cross-sectional model for general liability insurance consumption.

**Ward and Zurbrugg (2000)** analyse Granger causality between total real insurance premiums and real GDP for nine OECD countries over the 1961 to 1996 period. For two countries (Canada, Japan) the authors found the insurance market leading GDP and for Italy they found a bidirectional relationship. The results for the other countries (Austria, Switzerland, the U.K. and U.S) showed no connection. Results from the Error-Correction model depict similar results and adding Australia and France to the group of countries giving evidence for some kind of connection. In interpreting the findings, the authors refer to cultural predispositions towards uncertainty avoidance (Hofstede, 1995; Fukuyama, 1995) and resulting propensity for insurance and the effects of regulation. Furthermore they offer differing insurance density and its dynamic growth as another possible explanation.

**Webb, Grace & Skipper (2002)** use a Solow-Swan model and incorporate both the insurance and the banking sector, with the insurances divided in property/liability and life products. Their findings indicate that insurance intermediation is significant. When split into the three categories banking and life insurance sector remain significant for GDP growth, while property/liability insurances lose their importance. Furthermore results show that a combination of one insurance type and banking has the strongest impact on growth.

**Boon (2005)** investigates the growth supportive role of commercial banks, stock markets and the insurance sector. The author's findings show short and long run causality running from insurance to GDP, and a bidirectional relationship between capital formation and loans. GDP growth seems to enhance stock market capitalization in the short run and the market capitalization enters significantly when determining the capital formation in the long run. Total insurance funds affect GDP growth in the long and capital formation in the short and the long run

## CONSEQUENCES

Economists have examined various explanations for growth, including the role of financial intermediaries such as insurance. This emphasis has accompanied big strides in understanding insurance. In terms of policy, if insurance exert an economically large impact on growth, then this raises the degree of urgency attached to legal, regulatory, and policy reforms designed to promote insurance market development. Since even small differences in growth rates upheld over generations will cause appreciable differences in living standards, finding policies that matter becomes crucial. There has been a great deal of skepticism about the conclusions drawn from cross country regressions. The failure to account for time series properties, endogeneity and omitted variable bias were mentioned previously. In addition, Arestis and Demetriades (1997) discusses econometric problems due heterogeneity of the slope coefficients across countries. Cross country regressions refer only to the "average effect" of a variable. This presents a crucial limitation to causality tests as there exists significant differences in causality patterns across countries, which can be detected by time series methods.



This study therefore uses time series econometrics to study the relationship between insurance and growth. Using a single country eliminates cross country variations that bias the results. Whereas previous studies simply used level variables without testing, unit root tests will be performed for each variable to ensure stationarity to alleviate possible spurious regression. Time series studies have been conducted on US, UK and Japan, but none has been conducted on Ethiopia. Wachtel and Rosseau (1998) conducted their study on the US, UK, Netherlands, Japan using the insurance penetration as the measure of insurance development. This analysis is conducted on Ethiopia for the period 1981 to 2010 with the aim of establishing the long term causality relation between insurance development and economic growth. This study will be beneficial to the academic debate on the role of insurance development in overall economic growth. If evidence points to the supply leading hypothesis, establishing this linkage will be crucial to formulation of policies and the setting up of insurance institutions especially in developing countries. If empirical evidence supports the demand following hypothesis, then further research should be directed towards other factors which influence economic growth. If empirical evidence supports the no cause effect relationship hypothesis, then further research should be conducted to identify the reason why not cause effect.

## SECTION II: DESCRIPTION OF VARIABLES AND DATA

**Description of Variables:** As a standard, real GDP per capita is used to measure real growth rates (2000 is used as the base year). A limitation of studies on the insurance sector is that there is no direct measure of insurance development or the quality of services provided. Therefore the traditional measure of insurance development, insurance penetration is used.

Natural logarithm transformations have been applied on all variables prior to analysis; hence coefficients on the level variables reflect elasticity. The first difference of the natural logarithms approximate growth rates of the variables. This transformation is convenient since all variables in their levels were later found to be unit root processes.

**Description of Data:** The data contains 30 observations for insurance penetration and GDP per capita from 1991 to 2010. The data obtained from the IMF's International Financial Statistics, National Bank of Ethiopia and Ethiopia's CSA. As expected, there is a strong positive correlation (0.89) between GDP per capita and insurance penetration. For 1981-2010, insurance markets show a strong positive correlation with GDP in Ethiopia as shown in table 1.

TABLE:1 CORRELATIONS BETWEEN INSURANCE PREMIUM AND GDP PER CAPITA

		Insurance premium	GDP per capita
Insurance premium	Pearson Correlation	1	.890**
	Sig. (2-tailed)		.000
GDP per capita (constant 2000 US\$)	Pearson Correlation	.890**	1
	Sig. (2-tailed)	.000	

\*\* . Correlation is significant at the 0.01 level (2-tailed).

## SECTION III: METHODOLOGY

Nearly all empirical studies of the relationship between insurance development and economic growth are confined to cross country studies in a regression framework. This technique, as well as others, is valid only if the variables are stationary or co integrated. A time series is said to be stationary if all the moments of the series (mean, variance, etc.) are independent of time. Non stationary series have a variance which is asymptotically infinite. When a linear combination of individually non-stationary series is stationary, then these are said to be co-integrated. The extent by which they diverge from each other will have stationary characteristics and will reflect only the disequilibrium stochastic nature of the data.

If non-stationary and non co-integrated series are estimated using the ordinary regression framework, a spurious regression results. The spurious regression problem arises in the case where truly unrelated series are seen to be related because of the fact that they share a common time trend. To avoid this problem, we need to ensure that the time series used are stationary or co integrated. Hence, tests for unit root and co-integration are conducted before proceeding with the Granger-causality tests.

**Unit Root Tests:** When testing for unit roots, the Augmented Dickey Fuller (ADF) test and the Phillips-Perron test (PP) are used. The null hypothesis in this case is the presence of unit root. Failure to reject the null hypothesis leads to conducting the test on the difference of the series. Further differencing is conducted until stationarity is reached and the null hypothesis is rejected. As with the convention for annual time series, one lag lengths is used for the ADF test.

**Co-integration Tests:** If the variables are non-stationary, then the next step would be to determine if these variables are co-integrated. If a set of non-stationary variables are in fact co integrated, then their linear combination should be stationary. In a regression framework, the equilibrium error term  $\epsilon_t$  from the regression of the variables must be stationary. Thus, one can test the null hypothesis of non co-integration by performing the unit root tests on  $\epsilon_t$ . The Engle-Granger method of residuals-based testing is used.

**Vector Auto Regressions (VAR):** To test the null hypothesis that insurance development does not Granger cause economic growth, a VAR system is constructed. The vector autoregressive approach facilitates investigation of dynamic interactions among jointly endogenous variables in stationary multivariate systems without imposing *a priori* structural restrictions. A major advantage of this approach is that the investigator does not have to decide which variables are endogenous or exogenous. Moreover, problems associated with simultaneous equation models are avoided because VARs do not include current variables as regressors.

A VAR is a linear regression where:

$x_t = c + \pi_1 x_{t-1} + \pi_2 x_{t-2} + \dots + \pi_p x_{t-p} + \epsilon_t$   $t=1,2,\dots,p$   $i=1,2,\dots,m$  where  $c$  is a constant and  $x_t$  is a vector of  $1 \times m$  variables in the system.

A VAR is a system where each variable is regressed on a constant and its own  $p$  lags as well as  $p$  lags of each of the variables in the system. A variable  $x_{1t}$  is said to Granger cause another variable  $x_{2t}$  if any lagged values of  $x_{1t}$  are significant in the equation for  $x_{2t}$ . On the other hand, the null hypothesis cannot be rejected if all the lagged values of  $x_{1t}$  are jointly insignificant in the equation.

## SECTION IV: EMPIRICAL RESULTS

Unit root tests were performed on the variables for the period and all variables were found to have unit roots. Differencing the data to obtain the growth rates leads to rejection of the null for all variables at the 5% level. Therefore all variables at their levels are non-stationary (Table 2) but their growth rates are stationary (Table 3). The results of these tests are presented in Tables 2 and 3.

TABLE 2: AUGMENTED DICKEY-FULLER (ADF) AND PHILLIPS-PERRON (PP) STATISTICS  
GDP per capita and insurance development (in level)

1981-2010				
GDP per capita	ADF	p-value	PP	p-value
	1.934	0.9986	1.579	0.9978
Insurance penetration	1.437	0.9973	1.509	0.9976

5% critical Values: ADF= -2.989; PP= -2.989

10% critical Values: ADF= -2.625; PP= -2.625



TABLE 3: AUGMENTED DICKEY-FULLER (ADF) AND PHILLIPS-PERRON (PP) STATISTICS

Growth rate of variables (first difference)				
1981-2010				
GDP per capita	ADF	p-value	PP	p-value
	-3.861	0.0023	-3.811	0.0028
Insurance penetration	ADF	p-value	PP	p-value
	-4.789	0.0001	-4.766	0.0001

5% critical Values: ADF=-2.992; PP= -12.596

10% critical Values: ADF=-2.626; PP= -10.260

Unable to rejecting the unit root hypothesis for any of the **series in levels**, the study examine next the possibility that these variables are co-integrated or share a common stochastic trend. The Engle Granger method is used. The first step for using the Engle Granger method is co-integration test by using Augmented Dickey-Fuller (ADF) and Phillips-Perron (PP) tests. Table 4 gives the results for tests of co-integration.

TABLE 4: AUGMENTED DICKEY-FULLER (ADF) AND PHILLIPS-PERRON (PP) STATISTICS TESTS OF CO INTEGRATION

1981-2010				
co-integration of GDP and Insurance( $\epsilon t$ )	ADF	p-value	PP	p-value
	-3.871	0.0023	-3.822	0.0027

5% critical Values: ADF=-2.992; PP= -12.596

10% critical Values: ADF=-2.626; PP= -10.260

The null hypothesis of non co-integration cannot be rejected for the data. The linear combination of variables does not yield a stationary relationship. Since the variables in their levels are non-stationary and non-cointegrated, the VARs are then constructed using the growth rates (first differences) of the variables. Previous tests show that these time series are stationary (see Table 3 and graph 1).

Each of the equations in the VAR system contains the GDP per capita and insurance penetration. The nested likelihood method indicates that one lags should be included in the system.

$$\Delta \ln \text{GDP}_t = \alpha_1 + \beta_{11} \Delta \ln \text{GDP}_{t-1} + \gamma_{12} \Delta \text{INSPT}_{t-1} + \epsilon_t \quad (\text{eq.1})$$

$$\Delta \text{INSPT}_t = \alpha_2 + \beta_{21} \Delta \ln \text{GDP}_{t-1} + \gamma_{22} \Delta \text{INSPT}_{t-1} + \epsilon_t \quad (\text{eq.2})$$

If the lagged values of the independent variables are significant, then we say that these variables Granger cause the dependent variable. If only equation 1 is significant, we can infer that economic growth Granger causes insurance development. If all two equations are significant, then we can infer a bi-directional causality. However, if equation 1 is not significant and equations 2 are significant, we conclude that insurance development Granger causes economic growth. If both equations are insignificant economic growth and insurance development has not causal effect each other.

For the data and variables used for the 1981 to 2010 period, there is no indication that insurance development Granger causes economic growth. The measures of insurance development are not significant in the regressions for GDP per capita. Equation 1 has consistently low F values. The null hypothesis that insurance development has effect on economic growth thus can be rejected. In addition, at the 10% level, we can say that there is no reverse causality. Economic growth Granger does not causes insurance development. The R2 values for the entire system are also very low as shown in Table 5.

TABLE 5: RESULTS OF THE 2 EQUATION VECTOR AUTO REGRESSION

Cause	Effect	
	$\Delta \ln \text{GDP}$ Eq. 1	$\Delta \text{INSPT}$ Eq. 2
$\Delta \ln \text{GDP}_{t-1}$	0.3095621 (0.1817052)	.0225561 (.0777473)
$\Delta \text{INSPT}_{t-1}$	.3353575 (.4413624)	.0772047 (.1888483)
R2	0.1796	0.0601
F	0.95	0.16
p-value	.4	.85

All the variables are first differences (growth rates). Standard errors are in parenthesis. F values from the test of joint significance.

The result of the VARs for this period (1981-2010) has several limitations. First, all the regressions suffer from low power as indicated by the low R2. Second, there are also indications of multi-collinearity as evidenced by low F values and high t-statistics for some coefficients. Multi-collinearity occurs because these different variables are correlated.

A further analysis shows that the coefficients on the insurance turn out to be insignificant in almost all equations in the VAR. A two variable VAR is performed on GDP per capita and insurance penetration to determine the relationship of these two variables. The results are on Table 6.

TABLE 6: VAR RESULTS FOR GDP PER CAPITA AND INSURANCE PENETRATION (1981-2010)

Effect	Cause	Coefficient	Standard Errors	R <sup>2</sup>	X <sup>2</sup>	P-value
INS	GDPt-1	<b>0.0322045</b>	.5085031	.0601	2.2426	0.326
GDP	INSPT-1	<b>-.1264409</b>	.2029331	.1796	1.6101	0.447

Insignificant and positive coefficient for the measure of insurance development is obtained when GDP per capita taken solely as the measure of insurance intermediation. This is an indication that for this measure of insurance intermediation, insurance development indeed not causes economic growth. The second equation in the VAR system indicates reverse causality does not exist. Bi-directional causality can thus be ruled out for the insurance development and economic growth.

A similar study by **Ward and Zurbrugg (2000)** in nine OECD countries concludes that insurance development does not Granger causes economic growth in either direction for four countries (Austria, Switzerland, the U.K., and U.S.).

## SECTION V: CONCLUSION

The period 1981 to 2010 indicate that insurance development did not Granger cause economic growth in Ethiopia. Furthermore, there is no indication of reverse causality. Similarly bi-directional causality is not detected. Therefore, both the supply leading, demand following and bi-directional causality hypotheses are rejected. But "no Granger causality" hypothesis is not rejected.

In the earlier stage of development, VARs yield insignificant results. No clear causality can be detected in the system. Since the data were obtained from reconstructed estimates, measurement error possibly explains the inconclusiveness of the results. A VAR using this variable shows evidence of the rejection of supply leading and demand following hypotheses. Availability and completeness of data for the periods 1981-2010 limit the scope of the study. For example, other measures of insurance development could be used but data are not available for this time period.

Given the data available, the conclusion of no clear causality can also be explained by the scope and quality of insurance development available during this period. This corroborates the evidence (Arestis and Demetriades, 1996) that the causal link between insurance and economic growth is crucially determined by the nature and operation of insurance institutions and policies pursued in each country. A measure of the quality of insurance intermediation has not been proposed and will be a good area for research. Directions for future research include the differences between life insurance and other insurance market. This

can be conducted both on an international setting and within Ethiopia. In the design of government policies, it is imperative to ascertain whether one form of insurance intermediation is more effective than the other in promoting economic growth. There are at least three reasons why the causality may vary for individual countries. First, insurance institutions may be more efficient in one country versus another, thus better able to promote real growth. Second, insurance sector policies and regulations also differ across countries. Third, postulated by Levine, Loayza and Beck (2000), is that the effectiveness of the government also plays an important role.

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## ETHNIC CONSIDERATION IN POLITICAL COVERAGE BY NIGERIAN MEDIA

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## ABSTRACT

Two cardinal rules in journalism ethics are that, (1) journalists should be objective in their reportage, that is news reporting should be devoid of the journalist's biases, opinions and views; (2) journalists should not originate materials which encourage discrimination on grounds of race, colour, creed, gender or sexual orientation or use the media for axe-grinding or settling scores. It is often discovered that many journalists find it difficult abiding by these rules. Besides this, journalists are pressured by ownership factor, which appears in form of house style; editorial policy and primordial attachment to set aside ethical injunction by putting sentiment into consideration in their reportage. This is why this paper throws its search light on examining ethnic consideration in political reporting by Nigerian media. In a country of 250 ethnic groups, the paper found that journalists are at times propelled by ethnic affiliation and ownership factor in reporting politics. The paper also traced the historical background of incursion of ethnicity into Nigerian politics to the founding fathers of Nigerian independence, Dr Nnamdi Azikiwe, Chief Obafemi Awolowo and the Sardauna of Sokoto, Sir Ahmadu Bello. The paper says ethnicity found its way into Nigerian politics in 1934 when Dr Nnamdi Azikiwe and his Igbo supporters angrily left Nigerian Youth Movement and that ethnicity took root in the 1950s when each of the aforementioned nationalists and politicians formed political parties of ethnic (tribal) colouration. From then till 1983, political parties and elections were largely, ethnically based. Worse still, many of the politicians were also newspaper proprietors who turned their newspapers to megaphone of the political parties.

## KEYWORDS

Ethnic, Media, Nigeria, Political reporting, Objectivity, Political parties.

## OPERATIONALIZATION OF TERMS

We shall begin this paper by operationalizing the three key words in the title of the paper. The words are: ethnic, coverage and media.

**Ethnic:** This means connected with or relating to different racial or cultural groups of people. Ethnic group refers to a group of people who share the same culture and race including language, religion, history or custom (Akinbade, 2004). For example, Nigeria has more than 250 ethnic groups such as Yoruba, Ijaw, Ibo, Hausa, Urhobo, Fulani, Kanuri, Efik and Tiv. Many African countries are characterized by societies of considerable ethnic diversity. In other words, within the boundaries of the nation state and within the broader structure of 'national' identity, many people regard themselves as members of more specific groups which could be referred to as 'ethnic groups'. This form of affiliation is called 'ethnicity'. These groups are sometimes referred to as 'primordial groups' in the sense that loyalties to them often outweigh those to the nation state and its values and priorities. In the context of this paper, we shall adopt Geertz's view (1963) cited in Akinyele (2003) that ethnic consideration is a way in which people think of themselves and others, and make a sense of the world around them.

**Coverage:** coverage of something in the news media is reporting of it or paying attention to a given event.

**Media** is the plural of medium which means vehicles of transmitting messages to a large, heterogeneous and diversified audience through the use of newspaper, magazine, television, radio, book and lately the Internet.

## INTRODUCTION

Ethnic consideration in political coverage will therefore mean reporting political events from the perspective of ethnic affiliation. In other words, a Yoruba journalist will report issue from the perspective of a Yoruba person. Same goes for Hausa, Ibo, Tiv, Efik, Ibibio journalist. This is in line with Sanda's view of ethnicity as "the active sense of identification with some ethnic unit whether or not this group has an institutional structure of its own, or whether it has any real existence in the pre-colonial epoch (cited in Akinyele, 2003). But Mare (cited in Akinyele (2003:125) believes that ethnicity can be accepted and that it should neither be privileged nor denied, that is that it is possible for an individual to identify with his ethnic group while remaining objective in the dealings with members of other ethnic groups. In a simple term ethnic consideration in political coverage by the media can simply be translated to ethnic consideration in political reporting by the media. Going by the code of conduct of Nigerian journalists, putting ethnicity into consideration in political reporting is definitely unethical. But before making this submission, I will like to go into history to tell you the genesis of ethnicity in Nigeria.

## THEORETICAL FRAMEWORK

Social responsibility theory was used as the theoretical framework of this research. The social responsibility theory was one of the theories of press discussed by Siebert, Peterson and Schramm in their famous "Four Theories of the Press" in 1956. The central point of the theory is that absence of control of the press and its practitioners would make them irresponsible. The libertarian theory, which was one of the theories propounded by the scholars, was believed to have allowed unfettered freedom for media men. The social responsibility theory came on board to advocate that media practitioners themselves and proprietors should control the media to prevent irresponsible act, and thus help to bring them socially responsible. It, however, warns that government should not control the press.

In most of the developing countries in particular, when a punitive law is enacted, to curtail the press, it is always argued that it is to ensure social responsibility. One important code of conduct of journalism says, journalists should not originate materials which encourage discrimination on grounds of race, colour, creed, gender or sexual orientation or use the media for axe-grinding or settling scores. When a journalist writes or reports to promote tribal or ethnic sentiment, such a journalist has violated the ethics of his/her profession and should therefore be sanctioned. But the absence of sanction in ethics has made its violation the order of the day. This paper is of the view that ethnic consideration in political reporting is unethical.

## HISTORICAL BACKGROUND OF ETHNICITY IN NIGERIA

It is a common knowledge that many Nigerians blame Nigeria's political, economic and social development on ethnicity, religion and corruption. As far back as 1997, Eyo (cited in Akinyele: 124) has observed that Nigeria "rests precariously on the tripod of ethnicity, religious intolerance and greed for political power". This is perhaps why Nnoli describes ethnicity as "a socio-political phenomenon associated with interactions among members of a society, consisting of diverse ethnic groups, characterized by cultural and linguistic similarities, values and consciousness".

Ethnicity has its roots in the party formation of the early 1930s. One of such political parties was Nigerian Youth Movement which was established in 1934 and had branches in the West, East and Northern part of Nigeria. In 1941, the proprietors of *Daily Service*, Ernest Sessei Ikoli indicated interest to contest as the president of the party. Dr. Nnamdi Azikiwe did not support Ikoli, an Ijaw man who has contributed immensely to the growth of the party just because Ikoli's newspaper has been trying to overshadow *West African Pilot* of Zik. Rather than support Ikoli, Zik pitched his tent with Samuel Akinsanya, an Ijebu man. However, Chief Obafemi Awolowo and H. O. Davies supported Ikoli who eventually won the election. Zik attributed the defeat of Akinsanya to the fact that he



(zik) was not a Yoruba man. He therefore resigned his membership of the party along with his other Igbo followers (Akinyele: p. 126). The action of Zik and his followers, noted Dlakwa (cited in Akinyele), rather than concrete proof of victimization on ethnic grounds, has become the driving force of ethnic relations in the country.

Omu affirmed the situation when he said, "the feud between the *Pilot* and the *Daily Service* edited by Ernest Ikoli (1938 – 1944) and Akintola, S.L. contributed to the regionalisation of nationalism and crystallisation of inter-group tension and animosity which characterized political developments for a long time" (Omu 1978: 247).

Similarly, in 1948 in his acceptance speech as president of the Igbo state union, Zik was quoted as saying he believed that one day the Igbo will lead other ethnic groups in Africa. The speech, according to Coleman and others (cited in Akinyele, p. 127) broke the cordial relationship that hitherto existed between the cultural groups and forced many of them, like the Edo, Ijaw and others to form their own ethnic unions for self protection. Yoruba also formed Egbe Omo Oduduwa in the same year which later transmuted into Action Group, a political party led by Chief Obafemi Awolowo. The rivalry between Chief Awolowo and Zik ignited the suspicion that influenced the outcome of the 1952 election. Chief Obafemi Awolowo has been accused of formation ethnicity. This was attributed to the role played by Chief Obafemi Awolowo after 1952 election in which Dr. Nnamdi Azikiwe and his NCNC won in the South West. Reading the negative effect of this on the South West, in the night of the election, Yoruba members in NCNC were asked to cross carpet to Action Group. But a critical look at Chief Obafemi Awolowo's action clearly reveals his fear of domination and drum of ethnicity already being beaten by Dr. Nnamdi Azikiwe since 1934. Ethnic swagger was also used in the East that year against Dr. Eyo Ita who was removed from office. The major political parties, Northern Peoples Congress (NPC), Action Group (AG) and National Council of Nigeria and the Cameroons (NCNC) were ethnically based. The NPC for instance, was an offshoot of the Hausa/Fulani *Jamiyya Mutaren Arewa*, AG was *Egbe Omo Oduduwa* reincarnated while the NCNC which originally a national political party shrank into a committee for the management of the affairs of the Igbo people (ibid). Dlakwa again expresses his fear about the situation in the 1950s thus:

*By and large, the politics of Nigeria was regionally centred with the NPC in control of North, the AG in control of the West, and NCNC appeared to be the most nationalist in spread since it had a trickle influence in the west, while N.E.P.U was the most nationalistic in ideological inclination followed by the A.G. Ethnicity was, however, deeply rooted in both the A.G and the N.C.N.C. This had to do with the role played by Awolowo and Azikiwe in the two parties (Akinyele: 127).*

Again Fred Omu (p. 247 – 248) said of the newspapers of the period, "with the advent of responsible government in 1951 and the emergence of modern political parties as well as party controlled administrations, old antagonisms were intensified and the atmosphere of politics and the press seethed with bitter rivalry and enmity". He went further to say, "with few exceptions, the newspapers were owned or supported by the rival political parties (NCNC) and the Action Group (AG) and it is one of the ironies of Nigerian history that in a crucial decade in the nation's development, a period of which witnessed the taking of political and constitutional steps which led inexorably to independence, the newspapers were completely immersed in the vortex of partisan politics and were in no position to prepare the people for the challenges of independence and national unity".

This inclination according to Akinyele (p 128) was reflected in the voting of the Igbo and Yoruba during the various elections of 1956 and 1959. The Northern Peoples Congress was deeply rooted in ethnicity to the extent that North did not allow any of the political parties in the South to make in-road in the North. As a matter of fact, the AG's leader visit to Kano to campaign was marred by crisis which was later referred to Kano crisis. Whereas the NPC sought and got support in the premier of Western Region, Chief Samuel Ladoke Akintola while preparing for 1964 parliament election, Chief Akintola aligned with NPC after forming NNNDP.

The same pattern of voting was noticed in the 1979 and 1983 elections. The realization of enormity of ethnicity prompted General Aguiyi Ironsi who took over as head of state after January 15, 1966 military coup d'état to "proscribe the ethnic associations and impose a unitary government on the country". In fact, the promotion that was done in the army which favoured Igbo officers was believed to be ethnically motivated.

*The Drum* one of the publications of *Daily Times* in its February edition 1960, attributed Nigeria problem to ethnicity or tribalism in a headline captioned "Tribalism is Nigeria's deadliest enemy". According to the paper;

The Nigerian federation is today in very grave danger. For the sake of administrative convenience the country was divided into the three major regions- Northern, Eastern and Western. But the immediate danger far outweighs any administrative advantages. That danger is tribalism (Ethnicity). And what that danger can do – to the unity of the federation, to the spirit of oneness of its peoples, to their economic growth, to their sense of civic responsibility and to their tolerance of one another – was amply demonstrated by many unhappy incidents during the last general election.

Tribalism, as a political weapon, was thought up and employed by our own politicians. The Action Group, for instance, in spite of its attempts in recent years to become national rather than tribalistic, was founded as a tribal party. Its membership, during the first two or three years of its existence, was entirely made up of Yorubas. Its political scheme did not include the Ibos or the Hausas. In short, it ignored the non-Yorubas. The Action Group has today become national in outlook, but those who saw it as originally tribalistic have not been convinced that it has lost its capacity to harm non-Yorubas with its original tribal poison. The Ibos of Eastern Nigeria are about the most united of all Nigerians. And it was as a result of their sense of unity that they have come to see the NCNC as an Ibo affair rather than something national. That millions of the Ibos vote NCNC is not so much because they cherish its policies more than they do those of the Action Group. It is because they regard it – by reason of Dr. Azikiwe's leadership – as "our party".

And what of the Northern People's Congress? The NPC, which came into being as a political party on October 1, 1951, has, at no time, wanted anybody to believe that it has any interest outside the region of its origin. It is still determined to prove to the world that northerners can unite, irrespective of creed, tribe or rank, for any common cause, yet still maintain their traditional culture and sense of discipline. The party sees no reason to amend its battle cry of "One North, one people".

Tribalism leads to violence. In the last general election many campaigners had their heads bashed, not because they were campaigning on a political platform unacceptable to those who clouted them, but because they did not belong to the same tribe as their attackers. Nor is it only politics that tribalism shows up so glaringly. It is equally bad in our offices, in our factories and in other places where Nigerians work together in groups (Dyson, 1998: 191).

## ETHNIC AND OWNERSHIP CONSIDERATION IN POLITICAL COVERAGE

In Nigeria, newspaper ownership is closely tied to ethnicity and by extension in ethnic consideration in political reporting. Newspapers that were published before and after the formation of NUJ toed the line of their proprietors and remained partisan. One recalls here the role played by *The Record* (1891-1930) of Thomas Horatio Jackson, *Lagos Daily News* of Herbert Macaulay (both men founded the first Nigeria political party, Nigeria National Democratic Party (NNDP) and *Eko Akete* in 1923 during the campaign for the first election in Nigeria. The newspapers were partisan. The available newspapers took positions as pro-NNDP, anti-NNDP and a few were neutral. During political campaigns and even when the election had been conducted, the newspapers took side and beat the drum of division. Each newspaper stood on the side of its owner and served as the mouthpiece of owner's political party (Omu, 1978).

The *West African Pilot*, a newspaper established by Dr Nnamdi Azikiwe which had remained non-partisan in the crusade against colonial domination, soon became partisan during the regional election in the 1950s, the newspaper originally had a national scope. The *West African Pilot* was founded in 1937, leading to a chain of newspapers by Dr Nnamdi Azikiwe and helped to cover a wide segment of the country. The *West African Pilot* was the first mass circulated newspaper devoted to promoting serious broad-based anti-colonial mobilization in Nigeria. The paper later served as the mouthpiece of National Council for Nigeria and the Cameroons (NCNC), a political party led by Zik for two decades. The paper and its allies served the country for many years. The Nigerian press enjoyed a marriage of convenience with politics but this marriage of convenience broke down in 1951 when Nigeria was divided into three regions by Governor Macpherson. With the division of the country into regions and the consequent outmaneuvering of Dr Nnamdi Azikiwe and his party, NCNC in the Western Region, the "seed was sown for the sectional (in contrast to the national) use of the press in Nigeria" (Africa Leadership Forum, Dialogue 15, 1991). Thus with Zik as premier of Eastern region under an NCNC government in the 1950s, the *West African Pilot* shed its national toga and fully embraced the promotion of "Eastern" Nigeria interests. The divisive cry of "To Thy Tents, Oh, Israel", sounded in the division of Nigeria into three regions- North, East and West – in 1951, has continued to remain with the Nigerian press today. Ownership became and has continued to be a crucial factor in determining the nationalist orientation of newspapers (Africa Leadership Forum, Dialogue 15, 1991).

Dahl (1961) and Polsby (1963)), cited in Onoja (2005:82), the mass media are part of the machinery through which rival pressure and policy proposals are expressed, made known, brought to arbitration in a multiple contest that makes for shifting equilibrium of influence. Onoja (ibid) goes further when he cites Westergard (1977:38) who states that a critical look at the pluralistic views run counter to interpretation, which assigns a single set of interest in contemporary societies, despite ostensibly indefinite pull and push of societies. He states that the locus of power at any given time can only be established by referring to visible results of contest for influence in decision-making.

According to Maduka (1997:28), cited in Onoja (ibid), during election time, or run-up to election, this power of accumulation takes a fiercer form and new dimensions. A broadcaster was once hauled before a top Nigerian government functionary for allowing the opposition a hearing on the government-owned station even in normal times. He explained his actions based on the enabling laws setting up the station. But the officer asked the broadcaster: do you know that those laws are neocolonialists and therefore no longer tenable? In a similar circumstance, a government spokesman would not allow a station to apply established rules to a case, because, according to the senior official, it was an election year, and therefore, a war situation existed (Maduka, 1987:29). In the 1983 elections, *New Nigerian*, *Nigerian Tribune* and *Daily Sketch* threw caution to the wind with each of them trying to serve its master. In Nigeria, the role played by the mass media in the coverage of presidential elections in the second republic (1979-1983) has not been different. The mass media adopted a hegemonic political perspective, and confined itself to serving the interest of its owners and ethnic balancing.

Without consideration for the geographical spread of the five major political parties in the 1979 general elections (NPN, UPN, GNPP, NPP and PRP), newspapers owned by politicians believed that their masters must win the election. When the result of the presidential election was announced, *Nigerian Tribune* was the first to shout 'court' or 'electoral college' so as to resolve the issue of 2/3 of 19 states as was then made. Hear the paper:

Today, many news organisations end up endorsing a candidate or party in an election, with some maintaining a surreptitious bias in their selective reporting. Despite pre-election electoral endorsements, most of the news media rarely admit that they do so. Most of the media (particularly during political campaigns) pursue all these partisan activities (Rubin, 1983:48).

This linkage has assisted most media organs to enjoy patronage during campaigns, particularly if the endorsed candidate wins. Smith (1991:45), as cited by Onoja (ibid), points out that it is vain talk of a free press when the favour of power is essentially to the support of editors. It is the most solemn truth and it should be impressed on every mind that if liberty shall ever expire in our country, it will die of poisonous draught of poisonous patronage. The media thus have potentials to act as facilitating agents, to diffuse and magnify issues and events. Each message is designed for a particular purpose and audience. As Smith (1991) puts it, it must indeed be recognised that a journalist ceases to be a reporter for whom all is grist to the mill and becomes in good faith a judge of what is expedient. Information is not and cannot be entirely neutral.

Sobowale (1986:45) admits this when he says virtually all information published by the media is suspect. To him, "Choosing what events to cover on the lead, involves a lot of subjective decisions". He further pointed out that even those news sources that provide information to reporters do not do so out of genuine desire to make information available to the public. Sobowale (1986:48; 1994) concurs with this position when he said that owners' interest greatly affect reportage. He affirms: "when interests such as pecuniary benefits, group and religious interests are involved, ownership plays a leading role particularly its directionality". He further points out that government-owned press tends to give more favorable coverage than the privately-owned, if the image of the owner is affected; a case of who pays the piper dictates the tune. For instance, reportage of the presidential elections in the Third Republic was sharply divided along political party lines and the structure of ownership where personal interest was involved, the state of the stories easily betrays the prejudices of the affected media. On the protracted June 12 Presidential election that was annulled by the military government, the Northern part of the country was clearly in support of it, while their South West counterpart took the opposite axis. A few others whose interests were considered more paramount than political or regional allegiance charted a more middle of the road course. Ownership of the media thus confers control over the nature of the information disseminated. It is a common knowledge that when there is an issue that should be addressed nationally, a section of the country will tag the press, Lagos-Ibadan axis press just to give a dog a bad name.

There is common agreement by political scientists and historians that political parties in Nigeria are formed along ethnic lines. These parties championed parochial and ethnic interests at the expense of national unity and an stable government. From the NCNC, AG and NPC of the pre-colonial days and the first republic (1951-1966), through the NAP, NPN, UPN, NPP, GNPP, PRP, (1979-1983) of the second and third republics to the NRC and SDP (1991-1993) of the botched third republic, political party formation has been an ethnic affair.

According to Uzuegbunam (1997:39) "the first republic had the NCNC which began as a national party and ended as an Igbo party. Action group and the NPC were all regional, ethnic confraternities in political party garments". Regrettably, none of these parties could be said to qualify in real sense of a national political organization. Party formation in 1999 except for Alliance for Democracy (AD) appeared national in outlook.

Unfortunately the mass media have become inextricably entangled in this web of anomaly. Marcia Grant, in Edogbo (1994:33) did a comprehensive study of the relationship between the press and the political system in Nigeria during the first republic and found out, among other things, that the character of political reporting and commentary in the print media was entirely dependent on media ownership structure and the owner's relationship with the political system. As a result Grant concluded that most newspapers often spoke for one political party or one region against another, which meant that the press acted not as an impartial estate, but as mouthpiece of the political division in Nigeria.

In the same vein, Koromah et al (1999:97) as cited by Agba (2006) observe that "between 1979 and 1983, press partisanship was clearly manifested in political reporting in Nigeria. During the period the National Party of Nigeria (NPN) was in control of national government, the federal government owned media such as *New Nigerian*, *Daily Times*, NTA (television) and Radio Nigeria pulled along behind the NPN, acting as the organ of government propaganda." For instance, the Abiola media conglomerate- *National Concord*, *African Concord* and *Community Concord*- waged an all out media war with the Kaduna-based press on the June 12, 1993 annulment. Also Zik's *Pilot* was an unwavering supporter of pro-Igbo agitations, in the First Republic. The stand of these newspapers on the issue of representation in the central legislative council between 1949 and 1950 are reflective of the above. *The Pilot* opposed the demand of the north that the latter be allowed 50% representation in the central legislature. Though the *Daily Times* did not support partisanship, it however faulted when it praised the East for supporting the north' demand. Another issue, which showed press partisanship, was 1962 and 1963 censuses in Nigeria. The issue was controversial due to the relationship between census figure and the federal legislative seats that could be allocated to a region. Each region at a time accused the other of inflating census figures. Census figures from the north showed that the north had more people than the rest of the regions put together, a result that jolted the south. A pamphlet released by the federal ministry of information put Nigeria's population at 40 million, with 22 million people from the north and 10 million and 8 million from the East and West respectively.

When the result was declared the *West African Pilot* accused the North of mischief, saying that the North wanted to rule forever. The ensuing controversy caused a rift in the NPC/NCNC coalition, a weak point which was so much exploited by the *Daily Express*, the political weapon of the west, which had been laboring tirelessly to discredit the coalition. The *Daily Times* sat on the fence, even though it betrayed its support for the government. The paper once rejected a suggestion by Honorable Ibrahim Waziri, then Minister of Economic Development, that the 1963 census be repeated. The paper also commended the prime minister, Alhaji Tafa Balewa when the latter chided Waziri. Mordi (1994:341) notes that the "*Daily Times* defense of the figures was not based on conviction". "The paper", he says, "was afraid not to step on the toes of the federal government and the Northern Regional Government which favored the acceptance of the figures." Mordi further added that the *West African Pilot*, which supported the NCNC, had noted that census was the key to future political power and therefore wasted no time in rejecting the figures.

On the 1965 Western Regional parliamentary elections, reports had it that the rejection of Chief Akintola by the majority of the westerners did not deter the latter, but made him rig the elections with the support of the NPC, a party with which Akintola's NNPP formed the Nigeria National Alliance (NNA) in the 1964 election. Mordi (1994:416) observed that, "as in the AG crisis and the census controversy" the press took sides with the squabbling politicians instead of acting as national symbols and playing the role of the watchdog in the critical moments of Nigeria history, 1964 to 1966. The press mirrored and heightened issues of obstruction of political campaigns and harassment of political opponents and the disagreement between the president and the prime minister.



This situation makes the press to allow politicians to say what they like during campaigns. In fact, electoral dirtiness and insincerity are most pronounced in electioneering campaigns. Campaign periods are time when politicians, "fully with the sense of deceit, poise to use rhetoric, verbose speech and stylized blandishments to blindfold unspeakably gullible Nigerians".

Electioneering campaigns seem to portray a consortium of insincere political figures, whose failure to keep promises dampens the spirits of the electorate and the masses in future elections. Worse still, campaigners exploit the resultant political apathy of Nigerians. "These have been the basis for most of the cases of irregularities, election malpractices, misappropriation, mismanagement and insensitivity to the yearning of the masses..." (Uzuegbunam, 1997:49).

Media ownership and indeed newspaper ownership was for a long time concentrated in the south west of Nigeria. Lagos as the political capital and economic nerve centre of Nigeria played host to major newspaper, television and radio outlets. Even when the political capital was moved out of Lagos in the early part of 1990s, Lagos still remains home to major daily newspapers and magazines in Nigeria. Gambo (2006:159) attests to this when he said the region (south west) enjoys near monopoly of a vibrant press which is largely in the Lagos-Ibadan axis. According to him, these and many other factors, combine to make the region politically more vocal than the others.

Most state government today, owns one newspaper or the other. The Federal Government after its foray into *Morning Post* (1961-1966) *Daily Times* and *New Nigerian* (both now out of print) does not own a newspaper now. While not overlooking the dynamism in the Nigeria's press ownership particularly the privately owned newspaper, Egbon (Supra) notes that the privately owned newspapers constitute a kind of regular opposition to the ruling administration, and to a large degree help keep the government on its toes all the time. He says "these non-government newspapers are among the best in terms of professionalism and credibility in the country's democratic process". Yet, many still believe that the press (newspaper) dance to internal and external pressure particularly that of its owners which manifest itself in form of house style, censorship or direct intervention by the proprietor.

After all, politicians keep on establishing newspapers, radio and television stations even in the Fourth Republic (1999 till date). Among those newspapers are *The Nation* of Alhaji Ahmed Bola Tinubu, former governor of Lagos State and leader of Action Congress (a political party), *The Sun* was established by Chief Orji Uzor Kalu, former governor of Abia State and *Independent* which is being financed and controlled by Chief James Onanive Ibori, former governor of Delta State. Like their old counterparts such as *Nigerian Tribune*, *West African Pilot*, *Lagos Daily News*, *The Record*, *Morning Post*, *Sketch*, these new set of papers will in addition to profit making, act as the 'viewpapers' of their politician owners.

## CONCLUSION

Ethnic consideration in political report may not be easy to remove in Nigeria, because ethnicity has been seriously entrenched in our psyche and it dictates our views of politics and reporters. But it is against the principles of journalism. It is against this backdrop that this paper is supporting the view expressed by Farm House Dialogue on the media in democracy (Dialogue 45, March 15 – 17, 1991:6) that though economic gains might have motivated individuals who set out to publish newspapers or magazines, the pervasive impact of the mass media and their ability to influence the minds of others' special interest in their performance. Ownership of the media, the forum said, must be seen and accepted as a PUBLIC TRUST and must not be compared with the ownership of a car or of a house.

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## ECONOMICS OF PROMOTING HIGHER EDUCATION: A CASE OF ROLE OF PRIVATE UNIVERSITIES AND COLLEGES IN THE SULTANATE OF OMAN

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### ABSTRACT

*The Sultanate of Oman has seen a major overhaul of its traditional education system in the last decade. There is a systematic emergence of private colleges and universities in Oman, especially in Muscat. Oman's system of higher education currently includes 7 private universities and 22 colleges with an enrollment of some 40,000 students. Private colleges have entered into partnership arrangements with foreign universities to make quality international education available locally. This paper sheds light on the extent to which partnership arrangements with external university affiliations have been a catalyst to promote higher education and meet customer expectations. The Oman Accreditation Council (OAC) is rigorously conducting external reviews of private Higher Education Institutions (HEIs), in the Sultanate of Oman through a two stage process of institutional accreditation comprising Quality Audit and Standards Assessment. OAC's thrust has led to introduction of effective changes through total quality management (TQM). Oman's labour market is highly regulated and protected, thus ensuring bright future for students with international qualifications. However, a lot is still left to be desired from these tie-ups. It is in this context that the role of private universities in promoting higher education in Oman assumes greater significance.*

### JEL CODE

I21

### KEYWORDS

Foreign Direct Investment, Gulf-Cooperation Council, higher education, partnering, private colleges.

### INTRODUCTION

The higher education landscape in the Sultanate of Oman, a member nation of the Gulf Cooperation Council (GCC) is undergoing development and transformation at an astonishing rate. Economic growth and higher disposable incomes have increased the prospects for quality education in the country. In line with the increasingly free and booming private sector, higher education has been characterised over the last few decades by exponential growth in the number of institutions and a dependence on the private sector to provide education that meets the needs of the market.

Sultanate of Oman is a big country spreading over 309,500 sq km. Politically stable and economically vibrant, Oman has made rapid progress in human resource development. It has become to be known as a country of peace, harmony and prosperity with a huge young population in the age group for higher studies. Good governance in Oman has made it necessary for the country to move on the path of progress and economic growth and higher education is the crucial part of this process.

Education has always acquired the highest attention in Oman and policy makers have made it clear that there will be no let up in this sector. To further this cause the government has made an allocation of OMR 1.3 billion in the Annual Budget of 2012, i.e. 13 percent of the total expenditure. (Oman Budget 2012)<sup>1</sup> Since oil and gas may exhaust within a few years, enrichment of human capital is the best substitute to natural resources of the country. Omani authorities realize this and have therefore attached particular value to reform the entire educational setup at a higher level.

Oman has lot of potential for industrial growth and its economic growth can be seen all round now. The Government has ambitious plans to spend OMR 1.8 billion on social security that would help to generate additional 36 thousand jobs in the year 2012. There is need to provide basic education to all and higher education to youth. Traditionally Oman has depended on expatriate population for unskilled, skilled and various other professional jobs but, now, Omanisation has become one area of priority. Oman is moving towards large scale industrialization and heavy FDI (Foreign Direct Investment) projects have been undertaken by national and international businesses. The Omanisation process calls for replacing the expatriates with well qualified and well trained Omanis. This can be achieved only if Oman provides higher education to its youth.

To meet future demand universities in Oman have to live up to the expectations of providing higher education. There are many business houses that have invested in this sector – by way of establishing private colleges and universities. Though, running costs turn out to be high initially but still they produce good results in the long run. The demand for private universities in the market is increasing in the fields of management, commerce, international trade, applied sciences, technology, medicine, education, ocean engineering, solar power generation, service industry, tourism, architecture, petro engineering etc. Currently the private sector is active at the university and college level and has so far set up seven private universities and twenty two higher education colleges.<sup>2</sup>

Higher education is privatized in many countries. All over the world the concept of private universities is catching up. These private universities are providing good education. In coming months and years there will be many job opportunities coming up for many specialized areas of work and profession due to economic growth in Oman. This would put demands on human resources to provide good education and well trained Omanis man power.

As the Omani nation realizes the role of private universities in higher education as an important aspect of Oman's overall economic growth, it will take the nation on the path of progress and help it to achieve the vital progress that is the need of the hour.

### LITERATURE REVIEW

The literature review for this research paper is a description and critical analysis of what other authors have written" (Saunders, Lewis and Thornhill, Pg. 47)

Radical changes are being made in the economy of the Sultanate of Oman. There is a greater urgency for the country to diversify its sources of income and reduce the dependency on oil revenues. Currently 46 percent of Oman's GDP comes from oil revenues.<sup>3</sup> The government of Oman has identified investment in higher education as one of the segments to support its diversification drive. It will instill confidence and create opportunities of self-employment amongst the youth.

Until the mid 1990s, the government focused most of their attention and resources on handling the rising numbers at the primary and secondary levels. Universities in Gulf rarely date back to more than two decades. A salient feature of Oman's development policy is focusing on educating females. Strict local customs and orthodox social culture does not permit women to travel to other countries for higher education. Many students, who would normally have gone abroad to study either on scholarship or on their own funding, are staying back in Oman and seeking western - quality programmes locally.

<sup>1</sup> Oman Budget 2012 Commitment to the "Vision 2020" Oman Arab Bank (IMG)

<sup>2</sup> Ministry of Information, 2012

<sup>3</sup> Oman Budget 2012 Commitment to the "Vision 2020" Oman Arab Bank (IMG)

The most striking feature of the rapidly evolving Gulf higher education sector is its adoption of the American or British universities' model as the standard. Many British, American, German and Australian universities have set up their degree programmes in the Gulf. Currently, in Oman there is growing debate about the emerging role of universities in delivering professional and vocational education and the worthiness of utility of university research in all facets of business, society, invention and innovations (Hager and Hyland, 2003). Ministry of Higher Education's vision for 8<sup>th</sup> Five Year Plan (2011-2015) is to align high quality education with the job market. It emphasises strategic planning at both the institutional and system levels. Main concern is that the students of today are faced with growing uncertainty and complexity when it comes to adjustment problems related to finding jobs, changes in job and contract status, global labour mobility, adaptation to their new workplace (Ghoshal and Gratton 2002; Westwood 2000; Worrell et al 2000), greater need for self employment and broader family responsibilities (IPPR, 1998; Rajan et al. 1997).

In their research Gillad Rosen and Eran Razin (2007) concluded that the efforts of the local governments to attract colleges are influenced by location. This neither indicates a shift in policy motives nor a diminishing role of the government.

Harold Silver (1999) has reviewed and discussed the nature of gradual shift towards innovation that is largely directed by the higher education institutions. Most of the Gulf countries have a single system for all types of higher education. There is an urgent need to upgrade quality assurance as envisaged by Oman Accreditation Council.

Gareth Parry (2003) highlighted a distinctive feature of the use of English in higher education. It has an uncertain and ambiguous role of furthering education in colleges as providers of undergraduate courses. Private universities and their collaborative partners use English as a medium of higher education. Since English is not compulsorily taught as a language at the primary level in government schools in Oman, students are required to undertake foundation courses leading to IELTS (International English Language Testing System) qualification.

S.M. Al-Lamki (2002) surveyed the system of higher education in the Sultanate of Oman and examined the challenge of access, equity and privatization in light of the current predicament of a disparity between supply and demand for higher education in the Sultanate of Oman. Results indicated a lack of a consolidated system whereby a number of different ministries and government authorities are involved.

## AIMS AND OBJECTIVES

Many researches have been done on education but, only a few published researches deal with the role of private universities in promoting higher education. Development of skills is a source of employment generation and economic development. Therefore, I have chosen to write on the role of private universities and the role played by them in the development of higher education and their effect on economic development in Oman. This study will be novel and challenging, as it will deal with issues that have not been explored so far.

The research study seeks to achieve the following -

- (i) To find out the role of private universities and colleges in promoting higher education in Oman.
- (ii) To identify the specific focus areas that can be implemented by private higher education institutions in Oman.

## HISTORICAL PERSPECTIVE

Oman has strong geographical and historical ties with other countries in the Gulf region. Since it is a member state of GCC (Gulf-Cooperation Council) it links itself to other Arab states on a number of economic, political and educational cooperation agreements.

The different levels of cooperation provide the country with an avenue for evidence that cooperation also exists in the field of education. Regular exchanges occur in the field of experience and expertise in the development of human resources and conducting of research in the field of education. A particular mention should be made of the Arab League Educational, Cultural and Scientific Organisation (ALECSO), which prepared a vision for the future of education in the Arab world.

Higher education is considered as "one of the thrust areas of Arab co-operation in education" (UNDP and Arab Fund for Economic and Social Development, 2002 p58).

United Nations Development Programme (UNDP), inspired by "a vision for the future of education in the Arab world", suggests a number of policies for expanding and improving education in the region concerned, including the following (UNDP and Arab Fund for Economic and Social Development. 2002) :

- (i) Promoting the concept of self-education
- (ii) Diversifying educational system and continuous updating of syllabus
- (iii) Incorporating benefits from modern education technology and information and communication technologies (ICT)
- (iv) Continuous content evaluation of education
- (v) Teacher centred renewal
- (vi) Developing an innovative education administration capable of leading the process of renewal
- (vii) Effective participation of various societal groups in learning
- (viii) Developing policies and putting them into action.

Documents related to Oman's "Vision 2020", the long term plan drawn up in 1995 for sustainable development covering next 25 years contains specific policies concerning education inspired by the following statement of the Ministry of Education (Al Belushi, Al Adawi & Al Ketani 1999):

*"The challenges facing Oman, particularly the need of self-sufficiency and the need to diversify the economy and keep pace with technological change, require new educational goals to prepare Omanis for life and work in the new conditions created by the modern global economy. These will require a high degree of adaptability and a strong background in mathematics and science in order to independently apply rapidly changing technologies to Oman's needs. The proposed educational reforms are designed to achieve the knowledge and mental skills and attitudes that young Omanis will need to learn and adapt to the very different future most of them will face."*<sup>4</sup>

The above excerpt from the Vision 2020 document inspires following objectives –

- (i) Improvement in standards of education at all levels
- (ii) Focus on science based curriculum
- (iii) Improve teaching of English language in basic education
- (iv) Aligning teaching methodologies to the emerging trends in the field of education

## DEMAND FOR HIGHER EDUCATION

In Oman private higher education is formalized and regulated by a number of Royal Decrees and Ministerial Decisions i.e. Royal Decrees 41/99 and 42/99 which regulate the establishment of private Higher Education Institutions; and Ministerial Decision 36/99, an executive bylaw for implementing these two Royal Decrees. Similarly, Royal Decree 67/2000 is designed to further regulate private sector activities in Higher Education and to encourage effective and positive contributions.

As per the Ministry of Higher Education statistics, Oman's system of higher education currently includes seven private universities and twenty-two private colleges with an enrollment of some 40,000 students. In addition, His Majesty Sultan Qaboos bin Said, the Sultan of Oman has endowed a Royal grant of RO 17 million for Omani-owned private universities. So far, this grant has been awarded to Sohar University, Dhofar University, Nizwa University, Buraimi University,

<sup>4</sup> "Oman Vision 2020" document

and Sharqiyah University, for construction of facilities and for equipment directly related to improving the quality of education.<sup>5</sup> The following Tables I and II show the list of private universities and colleges in Sultanate of Oman -

TABLE I: LIST OF PRIVATE UNIVERSITIES IN OMAN

S No	Name	Website address
1	A'Sharqiya University	www.asu.edu.om
2	Dhofar University	www.du.edu.om
3	Sohar University	www.soharuni.edu.om
4	University of Buraimi	www.uob.edu.om
5	University of Nizwa	www.unizwa.edu.om
6	The German University of Technology	www.gutecg.edu.om
7	Arab Open University	www.aouoman.org
Source: Ministry of Higher Education, Sultanate of Oman		

TABLE II: LIST OF PRIVATE COLLEGES IN OMAN

S No	Name	Website address
1	Al-Buraimi University College	www.buc.edu.om
2	Al-Zahra College for Women	www.zahracol.edu.om
3	Bayan College	www.bayancollege.edu.om
4	Caledonian College of Engineering	www.cce.edu.om
5	ELS Language Centers	www.elsoman.com
6	International College of Engineering and Management	www.icemoman.com
7	Institute of Public Administration	http://www.ipa.gov.om/
8	International Maritime College Oman	www.imcoman.net
9	Majan University College	www.majancollege.edu.om
10	Mazoon College	www.mazooncollege.edu.om
11	Middle East College for Information Technology	www.mecit.edu.om
12	Modern College of Business and Science	www.mcbs.edu.om
13	Muscat College	www.mctcollege.com
14	Oman Dental College	www.omandentalcollege.org
15	Oman Medical College	www.ome.edu.om
16	Oman Tourism College	www.otc.edu.om
17	Polyglot Institute Oman	www.polyglot.org
18	Rusayl Institute	www.rioman.org
19	Sur University College	www.suc.edu.om
20	The Scientific College of Design	www.scd.edu.om
21	Waljat College of Applied Sciences	www.waljatcolleges.edu.om
22	Gulf College	www.gulfcollegeoman.com
Source: Ministry of Higher Education, Sultanate of Oman		

The Ministry of Higher Education, Sultanate of Oman is trying to enhance human capabilities by creating a strong synergy between education and the socio-economic system. Scholarship programmes for Omani students studying abroad are being expanded. Currently, the Ministry of Higher Education offers 60 full scholarships and 83 partial ones for study abroad in key fields such as engineering, medicine and technology. There are almost 200 scholarships being offered by other ministries, different private firms and friendly countries to Omani students.

## RESEARCH METHODOLOGY

For purpose of this study secondary data based on both quantitative and qualitative information are used in descriptive and explanatory research. The research includes three main sub-groups of secondary data i.e. documentary data, survey-based data and those compiled from multiple sources.

The sources accessed comprise various news magazines and articles, white papers on the subject available in the Ministry of Higher Education special reports, relevant books, journals and publications available in text or on the web in and outside Oman.

## PRIVATISATION AS THE SOLUTION

The emergence of the concept of private universities in Sultanate of Oman is a relatively recent market orientation phenomenon. This is evident as a shift in policy from traditional education system. Throughout its history, Oman has had a non-formal educational system. Modern educational system came into being only in 1970 under the wise guidance of H.M. Sultan Qaboos bin Said (Al-Belushi, Al-Adawi & Al-Ketani, 1999). In 1970 there were only three formal schools with an enrolment of 900 students in the whole country.<sup>6</sup>

Privatization of education is also viewed as a means of ensuring quality of instruction and the relevance to market needs that have been missing from public universities. Private institutions are becoming in tune with the needs of the private sector, thereby guaranteeing courses of study of international standard leading to employment.

The research conducted by reviewing the literature available has brought to notice a few things that are very important to note. Pedagogy and education should be a part of university curriculum. The role played by private universities and colleges assumes significance due to the following reasons -

- To bridge the employment gap between expatriates and local Omani nationals, the government has embarked upon increasing Omanisation – the percentage of Omanis in the labour force. This would help to increase productivity and contribution to GDP.
- Dependence of oil revenues cannot continue forever. Oman has to diversify its sources of income and develop its human skills so that citizens can play a greater role in the nation building.
- Private universities can help to enhance human capabilities that in turn can lay the foundation for Oman's international competitiveness.
- Educated citizens can take part in the democratic process and uphold the cultural heritage while simultaneously equipped with science and technology.
- Petroleum Development Oman (PDO) is the largest producer of oil and gas in Oman. It is undertaking huge investments onshore and offshore in drilling and oil exploration. To complement the large scale investments private universities can help to educate and train required manpower.

<sup>5</sup> <http://mohe.gov.om>

<sup>6</sup> [http://en.wikipedia.org/wiki/Education\\_in\\_Oman](http://en.wikipedia.org/wiki/Education_in_Oman)



- (vi) Oman is an attractive destination for Foreign Direct Investment (FDI). Foreign Direct Investment inflows into the Sultanate almost doubled to around RO 800 million in the year 2011, up from RO 413 million in 2010<sup>7</sup> Private universities can provide higher education to meet the demands of employment in this sector.
- (vii) The contribution of tourism to GDP could rise up to 13 percent by 2020. To meet the demands of this sector private universities and colleges can provide education to youth.
- (viii) Increase in oil prices have indirectly led to more consumerism in Oman. Higher disposable incomes have led to increase in consumer spending. To handle such large scale consumerism –managerial skills, accountancy, understanding of economies and economies of scale, international trade, various industries is required. This can be done only if higher education is provided to the youth.
- (ix) Sohar is the focus of Oman's industrial growth. Diversified projects worth more than \$12 billion are in different stages of development. Aromatics complex, poly propylene plant, methanol and fertilizer projects, aluminum smelters, steel plants, refinery – all these projects are here to stay. At present the professionals to work in these projects are mainly expatriates. If right step is taken now to train and educate Omani youth for higher studies it will be the right thing to do for future and Oman's economic growth. Private universities can play a very important role to produce professionals for future.
- (x) Oman's International Container Terminal and other port development projects will very soon see Oman as hub of shipping industry. There is need to provide education for nautical studies which can be done by private universities and colleges.
- (xi) Oman has a very big coast line and in near future the off shore rigs and oil well explorations will become a reality. Now is the time to provide higher education in ocean engineering.
- (xii) The industrial and economic growth will put pressures on power generation capacity and this would be one more area where related engineering subjects can be taught. Harnessing solar and wind energy will be one more area of interest for studies due to untapped resources.
- (xiii) Oman is a big country and its mineral resources are yet to be tapped. There is need for carrying out geological surveys to find out resources of minerals. Mining engineering is yet another area which can be included in university curriculum for further needs.

## RECOMMENDATIONS

- (a) The government should promote the setting up of private universities in such a way that all international tie-ups are linked and customized to Oman's labour market conditions.
- (b) Oman Accreditation Council (OAC) should be more proactive in auditing the quality of the courses taught and their usefulness to the stakeholders.
- (c) Private colleges should invite academic faculty from other countries so that they can share their expertise to improve the skills of Omani youth.
- (d) The number of scholarships for deserving students should be increased to encourage the students to work hard.
- (e) The private universities should work out new international affiliations and acquire International accreditation of Education particularly from USA/Europe for specific fields of study.

## CONCLUSION

Private universities can be conveniently established to provide special courses for higher education. There are several other areas where attention can be paid to create higher education courses and curriculum, syllabi...etc. Though, initial cost of setting up private universities and colleges can be high but in the long run it would help in generating well educated youth. This youth would become human resource asset of future and will contribute towards economic growth of Oman. The private universities can make a very big contribution. These centers of education can make big contribution, therefore, there is need to establish private universities.

In developed countries knowledge economies have focused on higher education. Higher education leads to development of skills which play a great role in the developments of the GDP of any country. The availability of educational infrastructure like colleges, teachers and availability of internationally recognized courses play an important role in attracting students and gives some peace of mind to those who are interested in pursuing their studies in the country.

When we take a glance at the development of education in the Sultanate of Oman, it is clear that throughout its 32 years of educational progress, the country has undoubtedly achieved 'the march of knowledge'. To harvest the fruits further, the Sultanate needs to attract investments in private universities to promote higher education. This will be helpful in converting the country's economy into knowledge economy.

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**ANALYSIS OF CHRONIC AND TRANSIENT POVERTY IN RURAL OROMIYA - ETHIOPIA**

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**ABSTRACT**

*This study is based on secondary data from Household Income, Consumption and expenditure Survey and Welfare Monitoring Survey 2004/5 collected by Central Statistical Authority. The study has tried to examine the extent and severity of poverty of households in rural Oromiya. It further looks through the determinants of poverty. Using the Foster, Greer and Thorbecke (FGT) poverty indices, the descriptive analysis of poverty indices revealed that 38.84% of the sampled households in the region are poor. A measured household poverty is decomposed in to transient and chronic poverty and majority of the poor are chronically poor. The Logit model is used to investigate the determinants of poverty. From the estimation result educational attainment of the head, household size, location of residence in the region, are found to be the key determinants of poverty in the region. The results show that chronically poor is not the same as transient poverty. For the chronically poor who lack economic assets, priority should be given to reduction of consumption fluctuations and building up assets through a combination of protective and promotional programmes. On the other hand, the transient poor are most likely to benefit from combination of prevention, protection, and promotion which would give them a more secure base to diversify their activity into higher-return, higher risk activities. Therefore ex post measures to alleviate those already in poverty should identify chronic and transient poor in undertaking poverty reduction strategies.*

**KEYWORDS**

Chronic Poor, Oromiya, poverty, rural, transient poor.

**INTRODUCTION**

The most important goal for development efforts is to reduce poverty. Over time economists are also vexed with the high incidence of poverty in developing countries. Particularly today poverty in Africa is the primary development challenge facing the continent. Poverty in this continent is pervasive, intensive, chronic, gender-biased and largely a rural phenomenon (Simon Maxwell, 2001 P143–149). Poverty in Africa has been described as mostly a rural phenomenon not only because the majority of the population live in rural areas but also because of the distribution of economic activity between rural and urban areas. In Africa rural-urban differentials in incidence of poverty are large and persistent regardless of the overall level of incidence rates. The problem of poverty and how to reduce it remains the most pressing dilemma in the international development debate. Although poverty reduction has become a central global agenda, there is still an ongoing debate on the policies that would help to attain the objective (Cashin et al, 2001). As a result Poverty reduction became a subject that has attracted serious international discussions for more than 20 years. This is evidenced by the attention poverty is receiving in the international development debate. For example in the year 2000, leaders from 189 countries endorsed a set of Millennium Development Goals (MDGs) to be achieved by 2015, one of which was to 'halve' the number of people living in absolute income poverty relative to the 1990 levels (Simon Maxwell, 2001 P143–149).

Over the past decade Ethiopia has made significant strides in improving the living standards of its citizens. Household survey evidence suggests that between 1999/00 and 2004/05, real total consumption per capita grew by 19 percent (15 percent with respect to 1995/96). This has resulted in significant reductions in poverty: the headcount fell by 12.4 percentage points between 1999/00 and 2004/05, and by 18.5 percentage points since the mid-1990s (MOFED, 2009 P18–19). Despite this progress population has grown with the result that the number of poor people in Ethiopia increased from 25.6 million in 1995/96 to 27.5 million in 2004/05 (MOFED, 2009 P18–19). As a result poverty remains a significant challenge facing the nation.

Poverty alleviation will remain a crucial part of the overall development agenda in Ethiopia in the years to come. The Ethiopian government has been constantly pursuing development efforts addressing mainly rural poverty. Moreover, the government introduced Agricultural Development Led Industrialization (ADLI) as its major policy program to achieve higher growth and reduce both rural and urban poverty. This strategy is upheld with an emphasis on agriculture as the generator of primary surplus, taking advantage of backward and forward linkages, to fuel the transition of a more modern economy. The approach remains basically sound; it places an appropriate emphasis on raising the incomes of the rural population, who constitute 83% of the population, and over 90% of the poor, and who are almost exclusively engaged in agriculture. However, the full potential of agricultural growth has not yet been realized, and intensification of the strategy seems to be required. More broadly, the overall growth performance has not yielded the hoped-for poverty-reduction results as yet.

**REVIEW OF LITERATURE**

There are different approaches to the measurement of welfare. An important distinction is between the 'welfarist' and 'non-welfarist' approach. One of the differences between these approaches is based on the importance attached to the individual's own judgment about his or her well-being (Ravallion: 2001 p 12). The welfarist approach bases an assessment of well-being solely on individual utility levels (assessed by the individuals themselves). Therefore, as to the welfarist approach the value attached to commodities by the consumer himself and the subsequent preference ordering is sufficient for assessing a person's well being. However, the non-welfarist approach pays little regard to the information on utilities. This approach attempts to assess the well being of an individual based on certain elementary achievements such as being adequately nourished, clothed and sheltered.

Is poverty simply about the level of income obtained by households or individuals? Is it about lack of access to social services? Or is it more correctly understood as the inability to participate in society, economically, socially, culturally or politically? The answer is that the term has been used in all these ways. There is no single, universally accepted standard definition of poverty. Modern definitions of poverty have moved away from conceptions based on a lack of physical necessities towards a more social and relative understanding. The European Union's working definition of poverty is:

*'Persons, families and groups of persons whose resources (material, cultural and social) are so limited as to exclude them from the minimum acceptable way of life in the Member State to which they belong'.*

This is now the most commonly used definition of poverty. It recognizes that poverty is not just about income but about the effective exclusion of people living in poverty from ordinary living patterns, customs and activities. Most commonly used terms to describe poverty are: Income or consumption poverty; Human (under)development; Social exclusion; Ill-being (Lack of) capability and functioning Vulnerability; Livelihood unsustainability and Lack of basic needs

In poverty analysis, the most important issue that has to be addressed first is to determine whether the individual is poor or not. For this purpose, poverty line plays an important role in categorizing the population into poor and non-poor. The argument is that there is a minimum level of consumption of goods i.e. food, cloth, shelter, etc. below which it is difficult to sustain life. So in order to define the poverty line, the level and types of goods must be precisely identified. However, the debate is how to exactly arrive at these levels and types of goods for any given individual/household.

Once the poverty line is determined, it means that one is able to define poverty. It is a measure that separates the poor from the non poor. For any household, a poverty line is the command over resources that this household needs to have a certain welfare level that is chosen to be the poverty threshold (Hagenaars:

1986 P6). The following are some of the welfare concepts used in all poverty line definitions. Following the different definitions, three alternative approaches (Ravallion, 1992 P 10) spotted in building poverty line: absolute, relative, and subjective poverty lines.

Researches on factors that affect incidence of rural poverty in Ethiopia have indicated that entitlement failures are key in explaining low consumption levels. Bogale et al. (2005 P8) found that cultivated land per adult equivalent, geographical location, education and oxen ownership to be important determinants of rural poverty. Others emphasize the important role of non-economic forms of capital, such as social and human capital as well as entitlement rules, such as access rights to productive resources, political voice, inheritance rules and access to community support in determining household poverty.

Devereux and Sharp (2006 P4) question the validity of some of the above findings on the basis of the methodological foundations of the data up on which poverty trends and determinants are derived and the conceptual understanding of poverty itself. Moreover, they argue that the use of uniform national poverty line used to define the poor and the non-poor may camouflage the significant regional variations one can observe within the nation

While, on an aggregate scale, poverty seems to persist at debilitating levels, this does not say much about the location specific extent and determinants of poverty. based on a household survey conducted in three districts in eastern Ethiopia in the period of 2003/2004 Bogale and Korf (2009 P 13) found that poverty is location-specific: Access to irrigated land (not land per se) and non-farm income are strongly correlated with lower probabilities of being poor; and involvement in networks is a strong predictor of the probability of being poor.

## NEED/IMPORTANCE OF THE STUDY

Identifying who is poor, who is not, and the characteristics of those who are, is essential for designing poverty alleviation policies. In this regard, the study looked into poverty and examined the household's characteristics, which are likely to be associated with poverty. The main distinguishing feature of this paper is its geographical area of focus. So it has a vital role for poverty reduction strategies if one is to combat poverty. Through identifying some of the key micro level binding constraints to poverty reduction, the study provides a critical insight for policy makers to trace out the relative contribution of different influences on poverty and to trace out major causes of transient and chronic poverty among the referred populations and their inter-linkages. The study also forwards the probable solution to overcome these problems in designing effective poverty reduction strategies

## STATEMENT OF THE PROBLEM

Before the development community can become more successful in designing and implementing poverty-alleviation strategies, within the context of growth, it is important to understand better the conditions under which some households remain permanently (chronically) poor and how others move in and out of poverty. An emerging consensus is that poor households are likely to suffer not only from low income and consumption on average but also from fluctuations of their welfare. Poverty as a vulnerability concept is now seen as a dynamic process which allows for putting in place proper proactive policy interventions to address poverty.

The Ethiopian government has been constantly pursuing development efforts addressing mainly rural poverty. In Ethiopia although the poverty alleviation funds have risen year after year there are evidences that poverty has not been reduced as targeted, like 20 years ago the country is in need of food aid; still a majority of the population hover around the poverty line; there are large entries into poverty compared to those who exit. Many rural Ethiopians cycle around the poverty line, moving in and out of poverty and food insecurity during the course of a year. With so many households cycling around the cusp of severe poverty, a shock is often all it takes to push them into poverty. Thus households, while not currently poor are continually at risk of becoming so. This requires not only a deep look at the factors responsible for poverty but also the defenselessness of the poor and vulnerability to poverty. So the current study is initiated to fill this gap.

## OBJECTIVES

The general objective of the study is to analyze poverty and its determinants in rural Oromiya. The specific objectives of the study include:

1. To measure the level of poverty, its depth and severity on rural households
2. To quantify chronic and transient poverty
3. To identify the major determinants of poverty

## HYPOTHESIS

- Characteristics of households in chronic and transient poverty are the same
- Determinant of chronic and transient poverty are different
- Level of Poverty in Rural Oromiya is above the national average for rural Ethiopia.

## RESEARCH METHODOLOGY

This study is based on the 2004/05 Household Income, Consumption and expenditure Survey (HICES) and Welfare Monitoring Survey (WMS) that were conducted by Central Statistical Authority (CSA).

Poverty status is one of the most important measures of household welfare. According to the consumption-based measure of poverty, a household is considered poor if its current per capita consumption falls below a certain threshold, which is referred to as the poverty line. With the increased awareness and availability of data, various measures of poverty have been developed overtime, among which the Foster, Greer and Thorbecke (1984), FGT, class of poverty indices is the most commonly applied. Given a vector of suitable measures of well-being,  $c$  The FGT poverty index ( $P_\alpha$ ) can be expressed as:

$$P_\alpha = \frac{1}{n} \sum_{i=1}^q \left[ \frac{z - c_i}{z} \right]^\alpha \quad \text{if } c_i \leq z \quad \text{-----(1)}$$

0 otherwise

Where  $z$  is the poverty line,  $q$  is the number of the poor in the sample below the poverty line),  $c_i$  is consumption,  $n$  number of people in the sample,  $\alpha$  is the poverty aversion parameter ( $\alpha \geq 0$ ). The parameter  $\alpha$  represents the weight attached to a gain by the poorest. The commonly used values of  $\alpha$  are 0, 1, and 2. When we set  $\alpha$  equal to 0, then (1) is reduced to the headcount ratio, which measures the incidence of poverty, when we set  $\alpha$  equal to 1, we obtain P1 or the poverty deficit. P1 takes into account how far the poor, on average, are below the poverty line. Setting  $\alpha$  equal to 2 gives the severity of poverty or FGT (2) index. This poverty index will be used in this study since it gives greater emphasis to the poorest of the poor, as it is more sensitive to redistribution and variability among the poor. The three indices reflect different characteristics of poverty, and can explain poverty from different profiles

At the family/household level, poverty is measured according to the following expression:

$$P(c_h) = \left[ \frac{z - c_h}{z} \right]^\alpha \quad \text{if } c_h \leq z \quad \text{-----(2)}$$

0 otherwise

Here  $z$  is the poverty line. In this study the national poverty line of the country will be used for analysis. Consumption to measure poverty will be used, for consumption is generally regarded as the best indicator of welfare in rural Ethiopia, because most people in the rural areas consume from their produce and do

not earn regular off-farm income (Fredu 2008 P10). Going by the permanent income hypothesis, welfare indicators based on consumption are preferred over those based on income.

Chronic poverty for the FGT class of measures can be written as:

$$CH_h = \begin{cases} \left[ \frac{z - E(c_h)}{z} \right]^\alpha & \text{if } E(c) \leq z \\ 0 & \text{if } E(c) > z \end{cases} \quad (3)$$

Where  $E(C_h)$  is each household's expected consumption or the estimated/predicted value of a regression model of the relationship between a household's consumption level and its characteristics.  $T_h$  is Transient poverty

To investigate the determinants of poverty, the measure of poverty are regressed on the same set of household characteristics. The model of poverty is:

$$p_h = X_h \delta + \mu_h \quad (4)$$

=0 otherwise

Where  $P_h$  the observed poverty is measured in terms of household consumption,  $\delta$  is a Kx1 vector of unknown parameters,  $X_h$  is 1xK vector of explanatory variables, and  $\mu_h$  are models residuals.

## RESULT AND DISCUSSION

In search of the conditions of poverty, the related determinant factors in rural Oromiya the data is analyzed by both descriptive statistics and econometric analysis techniques. The descriptive methods are employed to explain the level and extent of poverty among the different demographic and socio economic variables in the study area. The econometric analyses enlighten the determining factors for poverty and vulnerability hence give empirical evidences for the basic research questions of this thesis.

**TABLE 1: POVERTY INDICES FOR RURAL OROMIYA**

Poverty index	Proportion	SE
Head count ratio (P0)	0.3884	0.0101
Poverty gap (P1)	0.0936	0.0031
Poverty severity (P2)	0.0322	0.0014

Source: Author's computation based on CSA data

As one can see from table 1 the head count ratio of 38.84 percent of the households are poor. This is an evidence for high incidence of poverty in Oromiya where more than 90% of populations live in rural area. As a result, 38.84% of the rural population in the region live below meeting basic consumption requirement or cannot afford to buy a basic basket of goods and essential non-food items. Poverty levels in Oromiya is a little bit below the national rural average head count ratio (39.3). Oromiya is the largest region and this figure is high as it contributes to the lion's share of national poverty incidence. The poverty gap which is the percentage of the poverty line needed to bring the entire population who are below the poverty line at least to the poverty line is found to be 9.3 percent and it is slightly greater than the national average of (8.5 percent) in rural area of the country. Similarly the poverty severity index 0.032 is also a lit bit more than that of the national average for rural area (0.027). Poverty gap and poverty severity for rural Oromiya are relatively larger than the national average for rural area while poverty measured in terms of headcount is found to be low. So spatial comparison of poverty only based on headcount ratio might be misleading.

No study of poverty is complete without some discussion of the robustness of the findings.

When comparing poverty measures over time or group, using stochastic dominance technique can help in establishing the robustness of poverty comparison using summary measures. To that end, Figure 1, 2 and 3 present the stochastic dominance analysis for the poverty comparisons between FHHs and MHHs.

**FIGURE 1: COMPARISON OF POVERTY INCIDENCE BETWEEN MHHs AND FHHs**

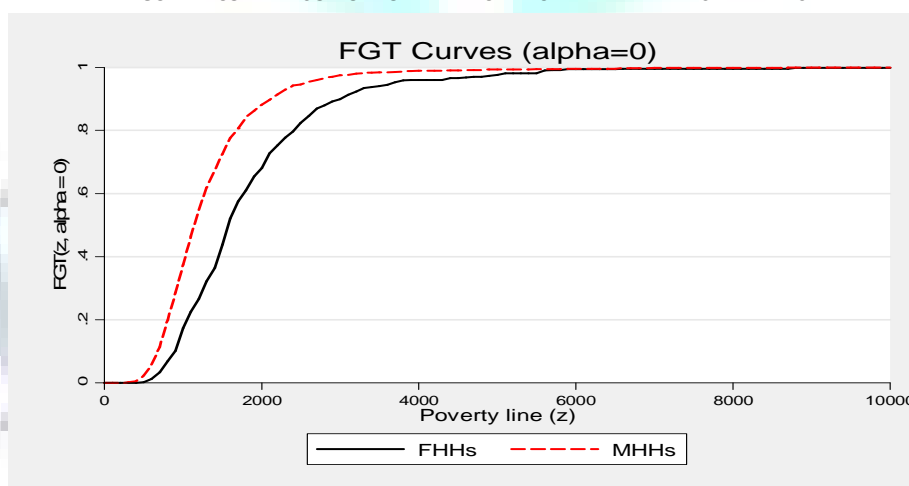


FIGURE 2: COMPARISON OF POVERTY GAP BETWEEN MHHs AND FHHs

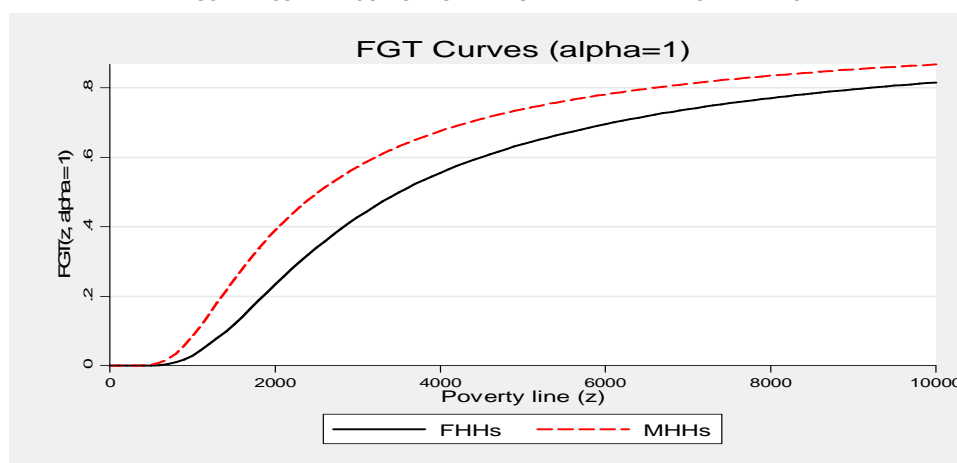
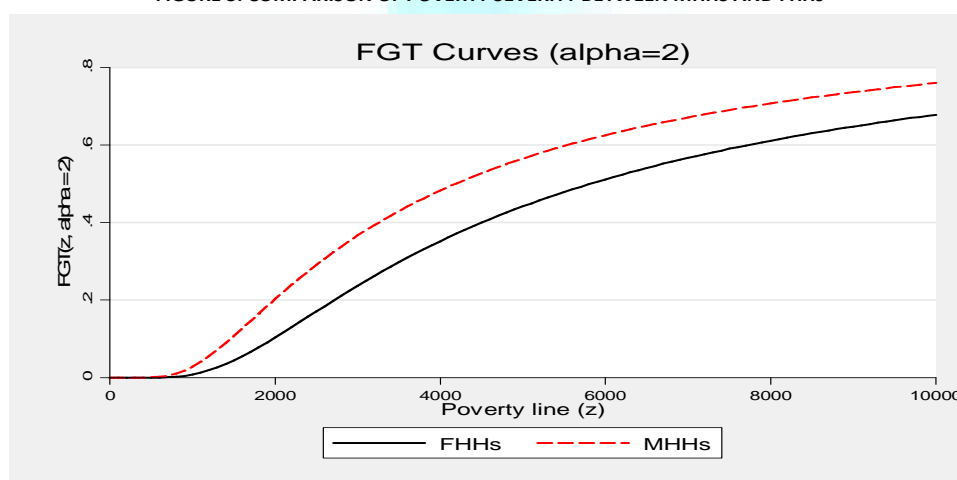


FIGURE 3: COMPARISON OF POVERTY SEVERITY BETWEEN MHHs AND FHHs



Source: Author's computation based on CSA data

As it is shown in figures 1, 2 and 3 the incidence, depth and severity of poverty are drawn across multiples of poverty lines for both MHHs and FHHs in one graph to conduct stochastic dominance analysis. And at all levels of these poverty lines, the incidence, depth and severity of poverty indices of FHHs are below than that of MHHs verifying that consumption poverty is consistently higher for MHHs than FHHs. It is to be noted that the stochastic dominance analysis reveals the same result as the statistical test. Therefore, given these results one can conclude that MHHs experience more poverty than their male counterparts in rural Oromiya.

## DETERMINANTS OF POVERTY

The head count ratio indicates that 903 sampled households (37%) out of the total 2325 sampled rural households are poor in the study area. These huge numbers of the people could not get the daily minimum and recommended calories requirement (2200 kcal per capita per day) for. It means that they could not produce enough or they don't have other means to cope with shortage in agricultural production to satisfy their daily minimum requirement. Finding the factors that contribute to poverty goes beyond the descriptive analysis and requires employing econometric analysis. Multivariate econometric analysis helps us to identify factors influencing the extent of poverty. As it was discussed in the methodology part of this paper, a logit model is estimated to identify the major determinants of poverty of households. The variables described in the descriptive analysis are used as explanatory variables in logit model. Using the household poverty as a dependent variable whereby a value of 1 is given to households being poor and 0 otherwise, and using the identified explanatory variables the model was estimated by following the maximum Likelihood estimation procedure. The measurement of goodness of-fit of the model shows that the model fit the data well.

From table 2 the coefficients for age of the household head and its square have negative sign and are insignificant. This shows that the age of household head does not affect the probability of the household to be poor. According to the estimation result, the probability of being poor is on average lower for female headed households relative to the categorical variable (male headed households) and it is statistically significant at one percent. This result supports the result the results obtained from the descriptive statistics and stochastic dominance tests. Therefore, given these results one can conclude that MHHs experience more poverty than their female counterparts in rural Oromiya. Among the important demographic variables, the household size as explained by the number of people in the various disaggregated age groups appears to have positive coefficient and is significant at one percent so as family size increases the likely of the household increases. And the square of household size has negative coefficient and significant at one percent. This shows increment of household size after a certain level negatively affects the household probability to be poor.

Compared to the base category 'illiterate head of household', the rest of dummies on education are found to affect poverty negatively. The relevant coefficients are also statistically significant except for household head with primary education. Compared to the base category household head's with some primary education does not affect the likelihood of the household to be poor. This basically conforms the finding from the descriptive analysis and stochastic dominance test. Other studies also confirm that literacy and education attainment decrease poverty). Educated household heads process and use information. For example, literate farmers may seek information on prices more than the illiterates ones and consequently sell their produce at reasonable prices.



TABLE 2: LOGISTIC ESTIMATION FOR DETERMINANTS OF POVERTY

Probability to be poor	Coefficients	Dy/dx	Robust std.err	Z	P> z
<b>Household's demographic characteristics</b>					
HAGE	-.0099029	.0094424	.0244558	-0.40	0.686
HAGE2	-.0001514	-.0001804	.0002678	-0.57	0.572
HSEXD2+	-.5106444	-.1588526	.1458189	-3.50	0.000*
HHSIZE	1.123248	.2714095	.1037795	10.82	0.000*
HHSIZE2	-.0594622	-.0139609	.0070626	-8.42	0.000*
ELDER	.0145863	.000423	.1559988	0.09	0.926
JUNIOR	.0533406	.0087295	.0364791	1.46	0.144
<b>Household head education</b>					
HEDUCD2+	-.1300478	-.0393922	.1205151	-1.08	0.281
HEDUCD3+	-1.693651	-.2724893	.792517	-2.14	0.033**
HEDUCD4+	-1.774519	-.2843686	.7212301	-2.46	0.014**
<b>Dummies of locations</b>					
East Wellega+	-.1938862	-.0256389	.2465245	-0.79	0.432
Jima+	.3165178	.3165178	.2449795	1.29	0.196
Illubabor+	-.7796619	-.1570294	.2368667	-3.29	0.001*
West Shoa+	-.1120969	-.0378335	.2487109	-0.45	0.652
North Shewa+	-.801179	-.1591363	.2650205	-3.02	0.003*
East Shewa+	-.4426765	-.1085596	.2387456	-1.85	0.064
Arsai+	-.2739024	-.072009	.2290077	-1.20	0.232
WestHararghe +	-1.468656	-.2646211	.2622871	-5.60	0.000*
East Hararghe+	-.6081749	-.129523	.238812	-2.55	0.011**
Bale+	-.157131	-.0437	.2589328	-0.61	0.544
Borena+	.5052189	.1324224	.2418823	2.09	0.037**
SouthWestShewa+	-.4602491	-.068732	.2724599	-1.69	0.091***
Guji+	-1.046033	-.1644369	.2612879	-4.00	0.000*
Constant	-3.501861	-	.5465865	-6.41	0.000*

Source: Author's computation based on CSA data

\* Significant at the 1% level; \*\*Significant at the 5% level; \*\*\*Significant at the 10% level

Log pseudolikelihood = -1237.7353

Number of obs = 2322

Wald chi2(23) = 404.85

Prob &gt; chi2 = 0.0000 Pseudo

R2 = 0.2016

Moreover, education may enable households to be more aware to factors that may reduce unexpected household welfare loss. Therefore, ceteris paribus, household head education is expected to reduce poverty. As to the location variable, compared to the categorical zone, west wollega, households living in rural area of Borena zone have higher likely hood to be poor.

## FINDINGS

This study has sought to assess the extent of poverty as well as vulnerability to poverty in the region. In addition some of the key determinants of poverty are identified. Descriptive analyses, poverty measurement using FGT poverty indices and multivariate analysis have been employed for the study. In light of the evidences that are obtained the following are the findings of the study. The descriptive analysis of the data set indicates that among the 2325 sampled rural households in Oromiya region 903 (38.84%) households were found to be poor while 1422 (61.16%) of households were food to be non poor. Thus (38.84%) of the sampled households could not get the minimum and above recommended calorie level, i.e., 2200 kcal per adult per day through income generated from their major activity of subsistence agriculture. The profile of the rural households in Oromiya region was found to be more overwhelming. Illiteracy is more pervasive and accounts 70 percent of the sampled household heads. Even in the literate sub group majority of them attended education up to primary level. Only insignificant number of the household heads in the region was found to have secondary and higher level of education.

## RECOMMENDATION

To address the issue of illiteracy investment in human capital has paramount significance in poverty alleviation in rural Oromiya. Particular emphasis also should be given to adult education since majority of the adults are illiterate. Larger family size and male headed households have higher probability to be poor. Accordingly, current government policy to increasing awareness among rural women in using family planning to reduce fertility should be encouraged. Households who rely on subsistant agriculture are more vulnerable than households with in modern agriculture, which calls attention to the need for more protection of the agricultural community. Since agricultural income is the main source to feed rural households, mechanisms that increase productivity by increasing labor and land productivity through the provision of modern agricultural inputs(high variety seeds and fertilizers), crop insurance and micro credit. Development of small-scale irrigation should be given a priority because rural households follow subsistence agricultural activity that solely depends on rain. Therefore poverty reduction strategies should place ahead the importance of social protection and promotion programmes for ensuring inclusiveness in the development process so that growth becomes more pro-poor. A sizeable portion of households that are now non-poor are certainly vulnerable to falling into poverty in future. This has policy implications that ex ante measures should be enhanced to prevent as many households as possible from becoming poor and therefore such results should be taken into account, particularly when policy makers design social policy in addition to ex post measures to alleviate those already in poverty.

## CONCLUSION

Most of the findings in the descriptive analysis are consistence with the result obtained from multivariate model. The estimation of the model for determinants of poverty shows that larger household sizes significantly increase the probability of the household to be poor. Similarly the probability of being poor is on average higher for male headed households relative to the male headed households. On the other hand literate household head has negative effect on poverty. In general, households with large family size and illiterate are more likely to be poor than those with smaller family size and educated household heads. The percentage of households with illiterate heads is higher among poor households than among non poor households. Poor households achieved lower average grade level than those who are non poor. Except the mean household age, the mean values of household size, adult equivalent household size and real consumption were found to be higher for non poor households than poor households.

**SCOPE FOR FUTURE RESEARCH**

More intensive researches on the area should be undertaken specially in the area of agricultural productivity, food security, shocks, and uncertainties that rural households face, poverty status between MHHs and FHHs. and similar issues that contributes for the prevention rural households from poverty.

**ACKNOWLEDGMENTS**

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**TOWARDS A NEW MODEL FOR POVERTY REDUCTION IN NIGERIA****DR. AHMAD SANUSI****LECTURER****DEPARTMENT OF PUBLIC ADMINISTRATION****USMANU DAN FODIO UNIVERSITY****SOKOTO****DR. AHMAD MARTADHA MOHAMED****ASSOCIATE PROFESSOR****COLLEGE OF LAW****GOVERNMENT AND INTERNATIONAL STUDIES****UNIVERSITI UTARA MALAYSIA****SINTOK****ABUBAKAR SAMBO JUNAIDU****RESEARCH SCHOLAR****GRADUATE SCHOOL OF MANAGEMENT****UNIVERSITI PUTRA MALAYSIA****MALAYSIA****ABSTRACT**

*One of the major impediments to sustainable community development in Nigeria is the issue of poverty which has eaten deeply into the fabrics of Nigerian societies. Previous governments and non-governmental organisations within and outside the country have adopted different poverty reduction strategies but still their dream is yet to become a reality. Also, huge financial and technical assistance were given to agencies in charge of poverty reduction but all ended in fiasco without any fruitful outcome. The main objective of this paper is to critically examine how different poverty reduction strategies adopted in Nigeria impacted either positively or negatively on sustainable community development. Secondary source of data was used to get the much needed information in this critical appraisal. Finally, despite government bulk financial allocations to poverty reduction it is obvious that nearly all the strategies adopted failed at the stage of implementation. The paper recommended for adoption of community-based poverty reduction and green economy strategies so as bring poverty level to its lowest ebb.*

**KEYWORDS**

Poverty, Community Development, Strategies and Policies.

**1. INTRODUCTION**

Poverty has also been defined as the inability to attain a minimum standard of living (World Development Report, 1990). Ravallion and Bidani (1994) refer to poverty as a lack of command over basic consumption needs, that is, a situation of inadequate level of consumption; giving rise to insufficient food, clothing and shelter. Nigeria is the most populous country in Africa with over 150 Million people consisting of about 521 ethnic nationalities spread across its shores. It is the sixth largest exporter of crude oil and one of the twentieth poverty stricken nations in the world. More than sixty percent of its population lived in rural areas without the basic necessities of life (Abdullahi, 2010). Tokumbo (2007) argues that poverty is multidimensional characterized by lack of purchasing power, exposure to the risk malnutrition, high mortality rate, low life expectancy, insufficient access to social and economic services and few opportunities for income generation. Amotayo (1999) asserted that poverty is beyond lack of means or income deprivation. It is also the denial of freedoms and opportunities to command the necessary "entitlements" and capabilities to be able to lead a long creative and healthy life, to acquire knowledge and to be able to have freedom, dignity and self-respect. This conceptualization also forms the basis for the human poverty index induced by the United Nations Development Programme.

Thus the poor are those who are unable to obtain an adequate income, find a stable job, own property or maintain healthy conditions. They also lack an adequate level of education and cannot satisfy their basic needs (Sancho, 1999). Again the poor are often illiterate, and have a very short life span. (World Bank 1995) They have no or limited access to basic necessities of life such as food, clothing and decent shelter. They are unable to meet social and economic obligations. They lack skills and gainful employments have few if any economic assets and some times lack of self esteem (Olayemi, 20002). Poverty has also been conceptualized in both the relative and absolute sense. This is generally based on whether relative or absolute standards are adopted in determining the minimum income required to meet basic life's necessities. However, the relative conceptualization of poverty is largely income based on ultimately so. What is most important to deduce from these definition is that poverty must be conceived defined and measured in absolute quantitative ways that are relevant and valid for analysis and policy making in that given time and space.

In Nigeria, the prevalence of both relative and absolute poverty is duly recognized and even mentioned in various National Development Plans of 1975 and 1980. However, concern for poverty scourge received a further boost during the 1975 annual conference of the Nigerian Economic Society (NES) and during the 1997 annual conference of the same NES. The 1976 NES Conference was devoted entirely sensitizing the nation to the poverty menace viewed that poverty existed when incomes or disposable resources were inadequate to support a minimum standard of decent living. While the 1997 Annual Conference was devoted to impact of structural Adjustment Programme (SAP) on poverty in Nigeria and different method of alleviating poverty in Nigeria (Tokumbo 2003).

**2. LITERATURE REVIEW**

For Aigbokhan (2000) poverty is as a result of economic depression of this country. He argued that with the severe economic shocks that weakened the Nigerian economy during the early 1980s came real and perceived increases in the level of poverty in the country. Among the factors contributing to the shocks was the fluctuation of oil price, which is the country's main export and rises in real international interest rates that major underlying reason however was domestic policy mistakes. Economic reforms were introduced by the govt. of Nigeria by mid 1986 in a structural adjustment programme that include exchange rate devaluation, trade and financial reforms and budgets and monetary contraction, which further increased poverty level in Nigeria. The United Nations (2012) revealed that the causes of poverty in third world countries had variously been traced to among other factors like corruption, bad governance, debt overhang, unemployment, low productivity, burgeoning population growth, globalisation, unfocused government policies and lack of effective skills training.

Obayunwana (2005) believed that poverty is the product of greed on the part of some members of the society exercised to the detriment of others. He maintained that excessive greed on the part of a handful exercised to the detriment of the vast majority over an extended period of time explains the pervasive degrading conditions under which the vast majority of Nigerian people barely survived. Government is therefore the "missing link" between the anti poverty efforts and poverty reduction (Brown, 1999). In alleviating poverty Dudley (1975) sees poverty largely in the light of the need for personal growth in Nigeria, to him, the basic which any society should provide to its members, should include such things like food, clothing, shelter, education health, work and mobility. Dudley further provided some basic indicators of the state basic services especially in relation to the poor in Nigeria. Most of the discussion was at a national aggregate level other than showing the general adverse situation in the rural and urban areas, inequality potable water supply good nutrition and the host of others.

Steward (2008) opined that there is substantial under reporting in basic indicators especially in child-mortality, disease and morbidity. She also states that there is positive urban basic in government. Expenditure for basic services significantly inadequate income to meet basic food needs let alone basic services. Ogwumike (1991) and Odubogun (1999) studies termed poverty in Nigeria to be the inability of a house hold to provide sufficient income to satisfy its need for food, shelter, education clothing and transportation. Minimum standards for food are based on nutritional requirement in terms of salaries and protein consumption habit and customs are also allowed for in the selection of the food items to give the required national stock.

According to Ogwumike (2006) evidences in Nigeria showed that the number of those in poverty has continued to increase. For instance in 1980 the number had increased from 27% to 46%. In 1985, it then decline slightly to 42% in 1992 and witnessed a sharp increase to 67% in 1996. However, by 1999 when the civilian Government took over the mantle of leadership estimates had it that more than 70% of Nigerians lived in poverty. He further argued that, that was why the then government declared in November 1999, that N470 billion budgets for the year 2000 were to relieve poverty in the country.

In another related examination to show the trend of poverty in Nigeria Aigbokhan (2002:5) using the head-count index found that an increasing number of Nigerians were living in absolute poverty over the study period; 38% 1985, 43% in 1998 and 47% in 1999. Poverty is higher in rural areas than in urban areas. Thus the corresponding numbers are 32% 35% and 37% in urban areas, and 41% 49% and 51% in rural areas respectively. He further argued that the regional distribution of poverty is profiled at two major levels that are state and regional levels. Poverty tends to be lower in the Southern zone than in the Northern zone of the country but recent statistics showed that the reverse is the case. The incidence of poverty actually improved in the north particularly in the rural areas. Even so, the incidence of poverty is not uniform within the zones. The Prevailing development pattern whereby development projects leads to concentrate in urban communities to the neglect of the rural communities. The urban poor typically have wider opportunities both for skill acquisition and for income generation than their rural counterparts.

### 3. POVERTY REDUCTION PROGRAMMES IN NIGERIA: AN OVERVIEW

It is now widely recognized that poverty is a worldwide problem that affects billions of people across the world. In fact of the nearly six billion people on earth. 1.3 Billion make less than \$370 a year (i.e. about \$1 a day or about N250 a day) (CBN, 2003) most of the poor live in the developing world of Asia, Africa and Latin America. In Africa, over 200 million are within the poverty bracket (HDR, 2003).

Based on the above indices, it could be argued that poverty is mostly found in the developing world and this could be linked to heir status or position in the international division of labour. To say this is to believe that the conspiracy theories are not good ways to explaining events. For the maintenance of this circle the capitalist, through their agents, formulate policies that are amplified to be meant for the poor, while in reality they are formulated to enrich the very few and continue to nurture the majority into the poverty web. To strengthen the poor to accept these policies, they pump in money in form of aid and assistance to implement the policies and programmes of which poverty alleviation is inclusive.

Even though there was sufficiency in terms of food production as early as 1960 yet the country's per-capital income and social service are inadequate and that resulted to the severity of poverty of the vast majority of Nigerians (CBN 1998). However, the emergence of the oil boom, from the 1970s seems to have affected economic and social organizations, huge amounts of revenue were generated from the sales of oil at the international market. Its impact was felt in the areas of infrastructural development; improved social services increase in real wages and take home packages (Bandera, 1960). The non agricultural sector, thus, received considerable attention as a result of the boom. Consequently, the agricultural sector was adversely affected by neglect to the extent that its contribution to Gross Domestic product (GDP) decline sharply from 60 percent to 31 percent (CBN 1998). Because of this decline, farm workers began to migrate to cities in search of jobs and ever since Nigeria become a net importer of food.

This situation was further compounded when oil prices began to fall in 1982 poverty increased sharply between 1980 and 1986 average per capital income dropped from US \$370 to US \$260 (CBN 1998, 2003). This resulted in three major policy changes: The devaluation of the exchange rate, abolition of import licenses and the dissolution of the Agricultural Marketing Boards.

These changes in policy, however, benefited only a few individuals and groups, while the generality of the people continue to suffer from poverty, indeed, adverse effects were felt in the rise in prices of consume goods, poor employment generation as well as in the area of infrastructural development. Ever since then too, poverty has engaged the attention of successive administrations in Nigeria who have employed various poverty alleviation strategies to address poverty and unemployment. A brief examination of these programmes is as follows:

#### 3.1 NATIONAL DIRECTORATE OF EMPLOYMENT (NDE)

The National Directorate of Employment (NDE) was created in November 1986 to cushion specifically the effect of unemployment in the country following the global economic recession. The goals of the agency were the creation of employment through self-reliant strategy. The Directorate gave loans, trained unemployed and assisted small-scale- entrepreneurs in various ways. The directorate also articulated policies aimed at developing work programme with labour intensive potentials.

Ogwumike (1998) observed that poverty manifest itself in form of unemployment and underemployment, and therefore, the National Directorate of Employment programmes could be said to have poverty alleviation focus. He further demonstrated that the Directorate has four main programmes that not only created jobs, but also enhances productivity and income earning potentials of the youth and other beneficiaries. These programmes include: The Vocational Skills Development programmes (VSD), The Special Public Works Programme (SPW), The Small Scale Enterprises Programme (SSE), and the Agricultural Employment Programme (AEP).

Available data has shown that the directorate has achieved remarkable success in respect of the various programme nationwide some of which include the training of over seven hundred and sixty, seven hundred and eighty-three (776, 753) person (including the disabled) in the National open Apprenticeship scheme, one hundred and six, eight hundred and fifty four (106, 854) persons benefited from he resettlement scheme, the skill acquisition scheme had engaged fifteen thousand, three hundred and seventeen (15, 317) unemployment youths, the special public words programme has created jobs for over one hundred and fifty four thousand, nine hundred and ten (154, 910) persons (see Central Bank Annual reports, 1992, 1996, 1998, 2000).

Despite the above achievements, the directorate failed to realize its major objective of combating the menace of unemployment due to inadequate quality staff and food management of resources. Lack of commitment and inadequate funding from the stakeholders, among others, has also made it impossible or the directorate to cop with the demand of the beneficiaries.

#### 3.2 DIRECTORATE OF FOODS, ROADS AND RURAL INFRASTRUCTURE (DFRRI)

The Directorate was established in 1986 with the aim of not only opening the rural areas, but also of improving the conditions of the poor. Rural areas therefore became the target of the directorate. It was meant to provide feeder roads, rural electrification, and potable water with toilet facilities for the rural dwellers. The programme which reportedly cost over N1.9 billion from 1986 to 1993 completed over two hundred and seventy eight, five hundred and twenty six kilometers (278-526) km of roads while about five thousand rural communities benefited from rural electrification programme (see CBN Annual reports 1992-1993).

The directorate similarly provided infrastructural facilities for the growth of agro-allied small scale enterprises in some rural areas. It has also contributed to the development and growth of agricultural production in rural areas (DFRRI 1997). However, it is noticeable that the directorate could not sustain the tempo with



which it started. Towards 1993 it was faced with so many constraints which include poor coordination due to variations in terms of needs and interest of various states and local government areas, rising cost of programme funding an inability of funding to keep with cost increase inefficiency of implementing agencies and limited organizational and other capacities for development activities at the grassroots level (CBN 1998).

### 3.3 BETTER LIFE PROGRAMMES (BLP) AND FAMILY SUPPORT PROGRAMME (FSP)

To complement DFFRI and NDE in curbing the menace of poverty particularly in relation to women to folk who lack the required educational skills, capital technology and managerial know-how to improve their productivity and income. Better life for rural women (BLP) and the family support programme (FSP) were essentially introduced to serve as poverty alleviation strategies that would stimulate economic activities and raise the level of productivity and economic power of the women the goals of the BLP include harnessing the potentials of the rural women in order to boost their economic activities and improving their income (CBN 1998) under the Family support Programme, soft-loans are provided to the rural populace for the establishment of cottage development projects in the areas of farming processing machine and tools fabrication in all parts of the country. In addition the two programmes organized cooperative societies for women to increase their access to credit, enhance their productivity and income earning opportunities. (Ogwumike, 1991)

Similarly, Community Based Organizations (CBO's) have also complemented the efforts of these programmes through the establishment of self-help projects. Regrettably the programmes were faced with series of problems which included hijacking of the programme by self seeking individuals likewise resources meant for the programme were also used for personal enrichment rather than the set objective.

### 3.4 PEOPLES AND COMMUNITY BANKS

Government, in its bid to fight poverty deem it necessary to create banks that would have a direct bearing to the generality of the citizens, in ways that would provide support services that are not provided by the conventional banks. For instance, the peoples Bank has established to provide access to credit for the poor who hitherto, were unable to obtain loans from the conventional banks engage in trading activities. The bank gives out loans to petty traders, food sellers and tailors, weavers, electricians and cobblers etc. indeed the target of the bank is the rural poor who constitute the largest segment of Nigerian population and as well provide over 70% of the revenue to both agricultural and non-agricultural sectors of the economy( Ogwumike, 2006).

On the other hand, community Banks were established to address needs that are peculiar to a particular community. The banks provide credit and saving needs to small-scale producers who the conventional banks often neglect. The banks over the years, provides and promotes the activities of the rural poor particularly in areas such as Agriculture, commerce, arts crafts, agro and mineral based cottage and small scale industries, vocational and trade skills, transportation and other rural economic activities (CBN 1998). But in practical terms the essence of establishing such gigantic projects was defeated because the money meant for alleviating poverty was rechanneled towards primitive accumulation by privilege few.

### 3.5 THE NATIONAL ECONOMIC EMPOWERMENT AND DEVELOPMENT STRATEGY (NEEDS)

This is a medium term plan for economic recovery, growth and development conceptualized by federal government in 2003 and it was launched in 2004. It was established in order to address some problems bordering on poverty, unemployment and general insecurity of life and property among others (IMF, 2007). It is an integrated and coordinated development approach anchored on empowering people and improving social delivery, enhance efficient and effectiveness of government as well as fostering public-private partnership for rapid growth and development of the nation. In order to achieve even development in our communities' states and local governments were encourage establishing complimentary organizations at their level. With these developments, State Economic Empowerment and Development Strategy (SEEDS) and Local Economic Empowerment and Development Strategy (LEEDS) were established in subsequent years. These initiatives failed to deliver the much needed dividend of democracy as most of the chief executives diverted the funds to other sectors where they will personally gain at the detriment of rural poor (Abdullahi, 2010).

## 4. NEW MODEL FOR POVERTY REDUCTION IN NIGERIA

FIGURE 1: MODEL FOR POVERTY REDUCTION



In the quest for reducing the poverty, the above model should serves as the cyclical path in which each and every group in the community became a stakeholder. The process start with the large army of unemployed youth and other vulnerable groups that were identified by the community leaders via the support of the traditional rulers, who in turn deal directly with the government and its representatives. This is so because in the previous programmes the target beneficiaries are completely neglected in favour of privileged members of the society. World Bank (2012) stated that poverty reduction strategies failed to achieved the desired result because the real beneficiaries are not properly identified and the funds set aside for that purpose were mismanage by agencies saddled with the responsibility of curbing penury and poverty especially in third world countries.

## 5. WAY FORWARD

On the way forward, adoption of green economy as workable solution in other countries with similar economic, social and political peculiarities with Nigeria seems to be a panacea to higher profile poverty in both urban and rural settings. United Nations Environment Programme (UNEP) defines a green economy as one that results in improved human well-being and social equity, while significantly reducing environmental risks and ecological scarcities. India's National Rural Employment Guarantee Act 2006, a social protection and livelihood security scheme for the rural poor has invested heavily in the preservation and restoration of natural capital. It takes the form of a public work programme, guaranteeing at least 100 days of paid work per year to every household that wants to volunteer an adult member. Investment in 2010 amounted to over USD 8 billion, creating 3 billion workdays and benefitting 59 million households. Of these investments, 84 per cent was invested into water conservation, irrigation and land development, creating long-term livelihood opportunities for farmers (UNEP, 2012).

## 6. CONCLUSION

Despite concerted efforts made by the government, international donor and non governmental organizations no any tangible achievements can be seen in this direction. Poverty in our communities seems to have been more compounded as a result of frequent reversal of government policies and programmes. It is glaring to note that the above mentioned poverty alleviation strategies failed at the level of implementation due to selfish interest of those were assigned to spearhead such organizations. The propose model will serve as panacea toward sustainable poverty reduction in third world countries.

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# PERCEIVED EASE OF ACCESS/USE, PERCEIVED USEFULNESS, PERCEIVED RISK OF USAGE AND PERCEIVED COST OF USAGE OF MOBILE BANKING SERVICES AND THEIR EFFECT ON CUSTOMER COMMITMENT FROM SELECTED COMMERCIAL BANKS IN RWANDA

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## ABSTRACT

*M-banking is a fully automatic service for traditional banking customer's products based on information technology platforms. M-banking services provide customer access to accounts, the ability to move their money between different accounts or making payments via e-channels. Banking in several developing countries has transcended from a traditional brick-and mortar model of customers queuing for services in the banks to modern day banking where banks can be reached at any point for their services. This can be attributed to the tremendous growth in mobile penetration in many countries across the globe including Rwanda. This study was conducted with the aim of identifying the customer's perception towards perceived ease of access/use, perceived risk, perceived cost, and perceived usefulness to the usage of mobile banking and its influence on customer commitment to the various banks under study in the Rwandan banking industry. Data for this study was collected using a self structured questionnaire. Out of 350 questionnaires that were distributed, 305 were retrieved indicating (87%) return success rate. In the survey, all factors under study – perceived ease of access/use, perceived risk, perceived cost, and perceived usefulness were seen to have an influence on the commitment of the customers towards the various banks under study-(Agaseke, BK, BPR).*

## KEYWORDS

Mobile banking, quality of service delivery, perceived cost, perceived ease of access/use, perceived risk.

## INTRODUCTION

The terms Mobile Phone banking and mobile banking (M-Banking) are used interchangeably. The term M-Banking is used to denote the access to banking services and facilities offered by financial institutions such as account-based savings, payment transactions and other products by use of an electronic mobile device. Mobile banking has yielded a multiple effect on the number of solutions available to clients. This is in addition to more efficient transactional environment and the high substitution of banking points (Njenga, 2012).

Mobile Banking is a financial transaction conducted by logging on to a Bank's website using a cell phone, such as viewing account balances, making transfers between accounts, or paying bills, performing balance checks, account transactions, payments etc. via a mobile device such as a mobile phone. In recent time mobile banking is most often performed via SMS or the Mobile Internet but can also use special programs called clients downloaded to the mobile device. The spread of mobile phones across the developed and the developing world is one of the most remarkable technology stories of the past decade. Propelled by prepay cards and inexpensive handsets, hundreds of millions of first-time telephone owners have made voice calls and text messages part of their daily lives. However, many of these same new mobile users live in informal and/or cash economies, without access to financial services that others take for granted. Indeed, across the developing world, there are probably more people with mobile handsets than with bank accounts (Donner, 2008).

Many companies in the financial services sector have been quick to implement Internet capabilities, and electronic service is becoming a viable option for interaction between financial service providers and their customers. Technology, in particular, has been increasingly employed in service organizations to enhance customer service quality and delivery, reduce costs, and standardize core service offerings, thus enabling Mobile banking service customers to manage their accounts with ease.

## MOBILE BANKING SERVICES

Banks offering mobile access are mostly supporting some or all of the following services:

### A. ACCOUNT INFORMATION

- Mini-statements and checking of account history
- Alerts on account activity or passing of set thresholds
- Monitoring of term deposits
- Access to loan statements
- Access to card statements
- Mutual funds / equity statements
- Insurance policy management
- Pension plan management

### B. PAYMENTS & TRANSFERS

- Domestic and international fund transfers
- Micro-payment handling
- Mobile recharging
- Commercial payment processing
- Bill payment processing

**C. INVESTMENTS**

- Portfolio management services
- Real-time stock quotes
- Personalized alerts and notifications on security prices

**D. SUPPORT**

- Status of requests for credit, including mortgage approval, and insurance coverage
- Check (cheque) book and card requests
- Exchange of data messages and email, including complaint submission and tracking

**E. CONTENT SERVICES**

- General information such as weather updates, news
- Loyalty-related offers
- Location-based services

One way to classify these services depending on the originator of a service session is the 'Push/Pull' nature. 'Push' is when the bank sends out information based upon an agreed set of rules, for example your banks sends out an alert when your account balance goes below a threshold level. 'Pull' is when the customer explicitly requests a service or information from the bank, so a request for your last five transactions statement is a Pull based offering.

Rwanda has a successfully growing economy as its telecommunication industry has advanced tremendously in the recent years. Rwanda's mobile technology, which had started to grow strongly over the last few years, is gearing up for further growth. The mobile population has been increasing remarkably with three mobile companies operating in Rwanda. People belonging to all income groups are using this technology as a result of foreign investment in Rwanda and reduced telecommunication rates. The most common services offered by Banks in Rwanda to their customers today include: Account alerts, security alerts and reminders, Account balances, updates and history, Customer service via mobile, Branch or ATM location information, Bill pay(i.e. electric bill), deliver online payments by secure agents and mobile client applications, Funds transfers, Transaction verification, Mortgage alerts (Saleem & Rashid, 2011). The present study aims at examining the impact of perceived usefulness, perceived ease of use, perceived cost, perceived risk of mobile banking services and their influence on customer commitment to the various banks under study.

**STATEMENT OF THE PROBLEM**

The perception of customers on the quality of service delivery is an important aspect that needs to be examined for those clients who have moved to use mobile banking. Mobile banking has proven popular with customers since its inception. However, BPR has not carried out any analysis to evaluate the effects that mobile banking services has on the commitment of the customers to the bank. This research is therefore geared towards analyzing and finding out the perception of the clients view on the quality of service, evaluated through perceived usefulness, perceived ease of access/use, perceived cost, and perceived risk, as revealed and portrayed by mobile banking and the effect it has towards the commitment of the customers to the bank.

**NULL HYPOTHESIS**

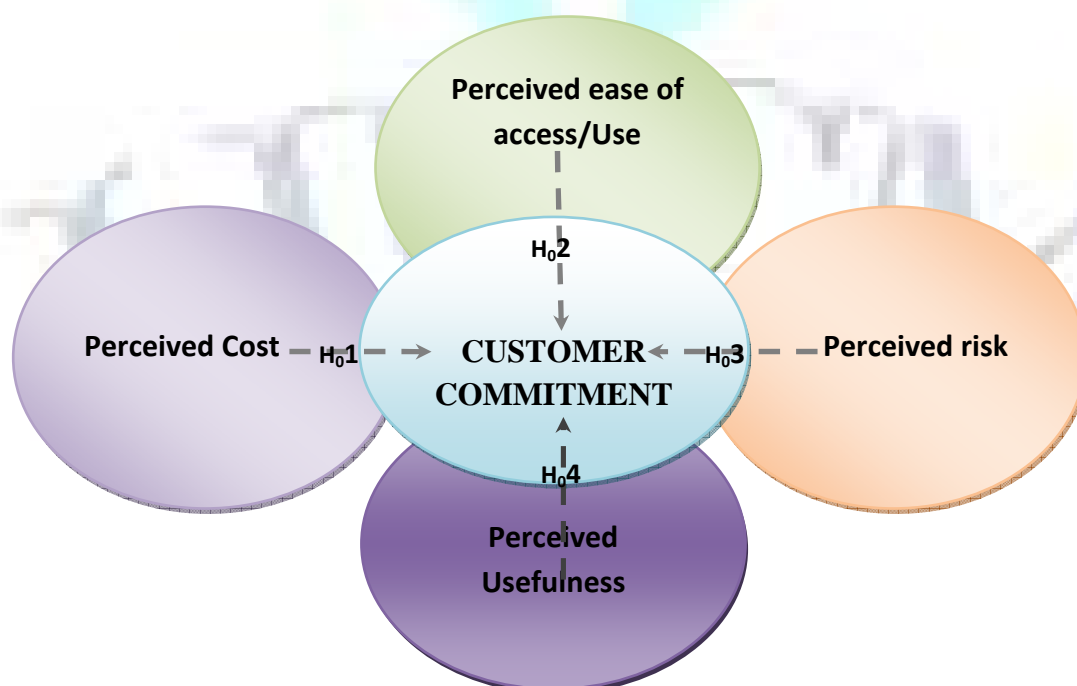
There is little doubt that hypotheses are important and indispensable tools of scientific research (Kerlinger & Lee, 1985). Based on the literature review and the conceptual framework under this study the following hypotheses were developed for statistical analysis.

- H<sub>01</sub>: Perceived cost has no influence on customer commitment  
 H<sub>02</sub>: Perceived ease of access/use has no influence on customer commitment  
 H<sub>03</sub>: Perceived risk has no influence on customer commitment  
 H<sub>04</sub>: Perceived usefulness has no influence on customer commitment  
 H<sub>05</sub> There is no significant relationship between independent and dependent variables

**CONCEPTUAL FRAMEWORK**

The conceptual framework presented in figure 1 summarizes the relationship between dependent and independent variables that are used as the fundamental basis for the study. Using the Technology Acceptance Model, Pikkareinen et al (2004) opined that perceived usefulness and perceived ease of use among other factors significantly affects the use of e-banking, other factors being: Perceived cost, and perceived risk (Odumeru, 2007).

**FIGURE 1: CONCEPTUAL FRAMEWORK ON INDEPENDENT AND DEPENDENT VARIABLES**





## THEORETICAL AND RELATED LITERATURE REVIEW

Banking industry is driven by the technological innovation, market uncertainty and competition. There has been a rapid shift from traditional banking to electronic banking. Competitive banks make significant investments in adopting new technology to align business strategies, enable innovative functional operations and provide extended customer services (Saleem & Rashid, 2011).

Mobile banking services can be described as the newest services in electronic banking. They are performed using mobile phones or other mobile devices. Mobile banking services are provided through a convention of connection to these services. Access to the database is made through a password and a customer code. Customers can check their balance and make adjustments between accounts. The potential for providing mobile banking services may be far greater than services thru typical desktop access, as there are several times more mobile phone users than online pc users. There are two main types of technology available for use in mobile banking: WAP (wireless application protocol) and WIG (wireless internet gateway). The first one is an application environment and set of communication protocols for wireless.

Devices built to enable manufacturer, vendor and platform independent access to the internet and advanced telephony services. The other one (WIG) is a sms-based service in which a menu of banking services options is downloaded from the bank to the phone. This enables the user to browse to all bank services options and through their accounts and to conduct specific tasks (Daniela, Simona, & Drago, 2010). The main problems in developing mobile banking as highlighted by Daniela, Simona, & Drago, (2010) include: Internet connectivity costs, Difficult user interface, Lack of awareness amongst customers, Limitation in functionality of mobile devices, Accessibility issues, Security concerns, Organizational changes, Small number of choices, and technology overload.

### PERCEIVED EASE OF ACCESS/USE AND PERCEIVED USEFULNESS

Numerous researchers have investigated perceived usefulness and perceived ease of use as a valid construct to measure customer commitment level (Saleem & Rashid, 2011). Given the expansion of the use of mobile banking services, customers inevitably will have to receive their financial transactions information through the mobile services networks. Thus, providing simple and easy instructions, comprehensive menus, and ease of use the mobile banking services influence the users' behavioral intentions. There are many studies that confirm the effect of variable "ease of access/use" on variable "perception of the usefulness". Perceived usefulness and perceived ease of use are the two components of Technology Acceptance Model (TAM). Many authors used the TAM and various extended versions of TAM to research consumer acceptance of mobile banking applications (Chung & Kwon, 2009; Gu, Lee, & Suh, 2009; Kleijnen, Wetzels, & Ruyter, 2004; Luarn & Lin, 2005; Yu & Fang, 2009).

Perceived usefulness is the extent to which a person believes that using a particular system will enhance his or her performance, while perceived ease of use is the extent to which a person believes that using a particular system will be free of effort". Perceived usefulness and perceived ease of use is significant factors affecting acceptance of an information system or new technologies. Prior research has empirically found positive relationship between perceived ease of use and perceived usefulness as critical factors on the use of e-banking (Safeena, Hundewale, & Kamani, 2011). Rogers (1962) affirmed perceived ease of use is the term that represents the degree to which an innovation is perceived not to be difficult to understand, learn or operate. He further stated that perceived ease of use is the degree to which consumers perceive a new product or service as better than its substitutes (Rogers, 1983). Similarly, Zeithaml et al. (2002) stated that the degree to which an innovation is easy to understand or use could be considered as perceived ease of use.

According to Mathieson (1991), the perceived ease of use is the consumer's perception that banking on the internet will involve a minimum of effort. Similarly, Consult (2002) noted that perceived ease of use refers to the ability of consumers to experiment with a new innovation and evaluate its benefits easily. He also affirmed that the drivers of growth in electronic banking are determined by the perceived ease of use which is a combination of convenience provided to those with easy internet access, the availability of secure, high standard electronic banking functionality, and the necessity of banking services.

Prior studies have also shown that while the direct effects of perceived ease of use remain important over time, the indirect effect of perceived ease of use becomes stronger; there is also a significant influence of perceived ease of use, and perceived usefulness on the intention to use Internet banking (Venkatesh & Morris, 2000; Riyadh, Shahriar, & Islam, 2008). A system which is easier to use will facilitate more system use and task accomplishment than systems that are hard to use (Venkatesh & Morris, 2000).

In their research Chavidi and Mulabagula (2004), found that ease of access/use to relevant information or service is the most important feature in mobile banking. Perceived ease of use may contribute towards performance, and therefore, near-term perceived usefulness and the lack of it can cause frustration, and therefore, impair the commitment of a customer to either the service or the bank. Mobile services in particular that are easy to use will be less threatening to individuals, in that, they might find them less complex or tedious to use. For example, there is evidence in the media that using certain services on a mobile device can be quite tedious, especially when browsing Internet-like interfaces on mobile devices (Rao & Troshani, 2007). Based these findings there is a need for the banks to minimize complicated procedures and need to enhance ease of use to attract more consumers. Ease of use is enhanced by the use of simple technology and applications that are easy to operate; such that little technical knowledge is required in using the system.

### PERCEIVED RISK

Perceived risk is the consumer's subjective expectation of suffering a loss in pursuit of a desired outcome' (Wang et al., 2003). Perceived risk is multi-dimensional in nature and captures performance, physical, financial, psychological, social loss and time (Greatest and Mitchell, 1994). Risk barrier is the degree of potential risks an innovation may entail. Gerrard et al. found that risk is the main factor that explains why consumers do not use mobile banking. In their research on the resistance to mobile banking adoption in Egypt: a cultural perspective, Elbadrawy and Abdel, (2011), note that the first type of risk is physical risk: harm to person or property that may be inherent in the innovation. The second type of risk is economic risk, the higher the cost of an innovation, as with capital goods, the higher the perceived economic risk. The third type of risk is due to performance uncertainty and is known as functional risk. The customer worries that the mobile banking may not have been fully tested and that therefore it is possible that it may not function properly or reliably. The fourth type of risk is social risk. Customers do resist the usage of mobile banking because they feel that they will face social ostracism or peer ridicule when they adopt it.

### PERCEIVED COST

Kohli (2004) asserted that the mobile banking service gives customers the convenience of account access information and real-time transaction capabilities, he further consents that mobile banking does not only improve one's access to financial transactions but also reducing one's transaction costs. Mobile banking as indicated by Pai, Ghosh, and Benoy, (2011) it serves as a cost-efficient mechanism, with the cost of transaction on a mobile estimated to be one-tenth of the transaction cost of a bank branch and one-sixth the cost of a transaction through an ATM. Due to these advantages over conventional forms of banking, mobile banking has significant potential and is likely to witness strong growth.

Anyasi & Otubu, (2007) argues that financial institutions, which have had difficulty providing profitable services through traditional channels to poor clients, see m-banking/m- payments as a form of "branches banking", which lowers the costs of serving low-income customers. The same concept is conceived by Njenga, (2012) in his research on mobile phone banking: Usage experiences in Kenya, where he alludes that m-banking reduces the cost of basic banking services to customers with over 60 percent from what it would cost through traditional channels. The electronically managed transactions result in huge cost savings, the benefits of which are transferred to the users.

## RESEARCH METHODOLOGY

The research employed and utilized descriptive and correctional research design. The choice of these designs was informed by the ability of descriptive method to profile respondents categorically (Greener, 2008) and the correlation was to examine the relationship between variables (Wallace and Wray, 2006). Primary data was used for the research. The research employed a self structured questionnaire that covered all the variables under study. The questionnaire was specifically designed to accomplish the objectives of the study. The questionnaire consisted of three sections, and employed the Likert scale of four points: Strongly Agree, Agree, Disagree, and Strongly Disagree. The first section collected information such as age, gender, level of education, and the number of years that the respondent has been using mobile banking. The second section covered issues to deal with the quality service offered via mobile banking. The section had ten questions that covered the independent variables – perceived ease use/access and usefulness, perceived cost and perceived cost. The third section evaluated the respondent's response towards their commitment to the bank based on the services received from the mobile banking services from the

respective banks. The questionnaire was administered using a convenience sample method to the customers belonging to three banks in Kigali city. Of the 350 questionnaires distributed for this study, 305 of them were retrieved/useable from the respective banks, giving a response rate of 87 per cent, which was considered satisfactory for subsequent analysis. The sample size decisions were primarily based on cost considerations.

TABLE 1.1: DISTRIBUTION OF RETRIEVED QUESTIONNAIRES FROM THE RESPECTIVE BANKS UNDER STUDY

Name of Bank	Frequency of retrieved questionnaire	Percent
Agaseke	80	26.2
Bank of Kigali	100	32.8
Banque Populaire du Rwanda	125	41.0
Total	305	100.0

Primary data was used for the research. This was collected through a self-constructed questionnaire. The questionnaire was constructed on a likert-scale. The face, content, and construct validity (Greener, 2008) were established through experts' intervention from the field of management. The respondents' participation was solicited through a consent letter and the data gather are for academic purpose only.

## DATA ANALYSIS, INTERPRETATIONS AND DISCUSSIONS

The data was analyzed by using the Statistical Package for Social Sciences (SPSS 17 version). Hypothesis testing was performed on the basis of regression analyses. Similarly, correlation analysis is performed to check the intensity of association between the variables of the study.

The profile of the respondents was analyzed through descriptive statistics as presented in Table 1.1 and it indicates that a total of 155 male representing (52.5%) and 150 female, representing (46.0%) of the total 274 respondents used in the study.

TABLE 1.2: DISTRIBUTION OF THE RESPONDENTS BY DEMOGRAPHIC FACTORS

Demographic Variables	Categories	Frequency	Percentage
<b>Gender</b>	Male	155	50.8%
	Female	150	49.2%
<b>Age</b>	Below 35 years old	150	49.2%
	36 -50 years	120	39.3%
	51 and above	35	11.5%
<b>Educational Level</b>	Diploma / Certificate	125	41.0%
	Bachelors	85	27.9%
	Masters	80	26.2%
	PhD	15	4.9%
<b>How long the customer has used Mobile banking services</b>	below 1 years	110	36.1%
	1 -2 years	13	4.2%
	3 - 4 years	182	59.6%

Table 1.2 further indicates that out of the 274 respondents, 125 represented (41.0%) has a certificate or Diploma, 85 respondents (27.9%) has Bachelors Degree, 80 respondents (26.2%) with Masters Degree, 15 respondents (4.9%) have a PhD. Table 1.2 also indicates the duration in which the respondents have been using mobile banking services. 110 respondents representing 36.1% indicated that they have been using the Mobile banking services for less than one year, 13 respondents representing 4.2% have been using the service for between one and two years, and 182 respondents representing 59.6% indicated to have been using the service between three and four years.

TABLE 1.3: SUMMARY OF THE RESPONDENT'S PERCEPTION ON THE PERCEIVED EASE OF ACCESS/USE, PERCEIVED COST, PERCEIVED RISK, PERCEIVED USEFULNESS OF MOBILE BANKING SERVICES TO CUSTOMER COMMITMENT

Variables	N	Min	Max	Mean	Std. Dev
<i>Perceived Ease of Access/Use</i>	305	1.00	4.00	3.2568	.66884
<i>Perceived cost</i>	305	1.00	4.00	3.3770	.54234
<i>Perceived risk,</i>	305	1.00	4.00	3.4623	.46952
<i>Perceived usefulness</i>	305	1.00	4.00	3.4426	.46695

From table 1.3 all the variables had a mean greater than 3.00. This is a clear indication that all these variables have a positive influence on the respondent's perception of usage.

TABLE 1.4: SUMMARY OF THE CORRELATION MATRIX BETWEEN CUSTOMER COMMITMENT AND PERCEIVED EASE OF ACCESS/USE, PERCEIVED COST, PERCEIVED RISK, PERCEIVED USEFULNESS

Variables	Significant Level	Pearson Correlation Coefficient
<i>Perceived Ease of Access/Use</i>	0.000	0.889**
<i>Perceived cost</i>	0.000	0.905**
<i>Perceived risk</i>	0.000	0.883**
<i>Perceived usefulness</i>	0.000	0.875**

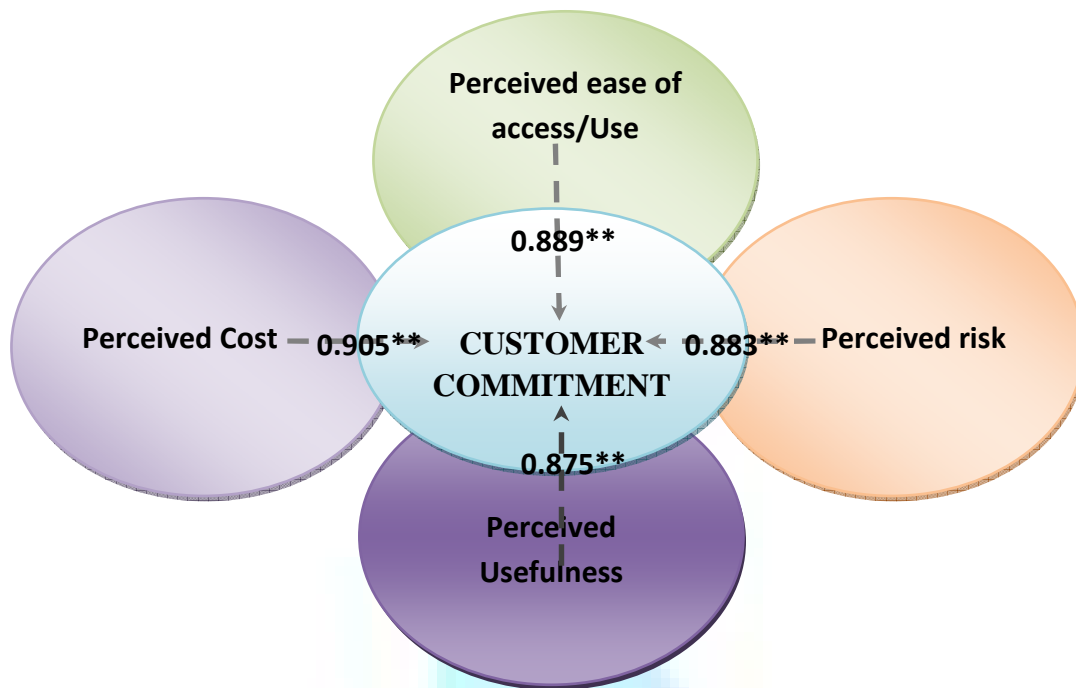


TABLE 1.5: SUMMARY OF THE OUTPUT OF THE HYPOTHESIS

Null Hypothesis	Correlation Coefficient	p-value	Accept/Reject Null Hypothesis
H <sub>0</sub> 1: Perceived cost has no influence on customer commitment	0.889**	0.000	Reject
H <sub>0</sub> 2: Perceived ease of access/use has no influence on customer commitment	0.905**	0.000	Reject
H <sub>0</sub> 3: Perceived risk has no influence on customer commitment	0.883**	0.000	Reject
H <sub>0</sub> 4: Perceived usefulness has no influence on customer commitment	0.875**	0.000	Reject
H <sub>0</sub> 5: There is no significant relationship between independent and dependent variables	0.911**	0.000	Reject

The entire null hypotheses are dropped and the alternative hypothesis upheld since for all the p-values are less than 0.05.

### ECONOMETRIC MODEL/ MULTIPLE REGRESSION ANALYSIS

An econometric model is developed for the study in order to testify the relationship between the dependent and independent variables and to test the hypotheses relevant for the study. The regression is a statistical relationship between two or more variables. When there are two or more independent variables, the analysis that describes such relationship is multiple regression. This analysis is adopted where there is one dependent variable that is presumed to be in relation with the function of two or more independent variables. In multiple regression, a linear composite of explanatory variable is formed, in such a way that it has maximum correlation with an active criterion variable. The main objective of using this technique is to predict the variability of the dependent variable, based on its co-variance with all the independent variables.

The result of the independent variables -Perceived cost (PC), Perceived Risk (PR), perceived ease of use/access (PEU/A), Perceived Usefulness (PU), were used to predict the dependent variable -customer commitment (CC). Customer commitment as a function of quality mobile banking services was depicted in the form of the following equation.

$$CC = \alpha_0 + \beta_1(PC) + \beta_2(PR) + \beta_3(PEU/A) + \beta_4(PU) + \epsilon$$

where:  $\alpha_0$ -intercept, Customer Commitment-CC, Perceived cost Factor-PC, Perceived Risk Factor-PR, perceived ease of use/access factor-PEU/A, Perceived Usefulness factor-PU, and  $\epsilon$ -coefficient of error term.

The customer commitment to the bank due to the quality of mobile banking services was studied by selecting four independent factors. The results were subjected to multiple regression analysis as shown in table 1.6.

TABLE 1.6: REGRESSION CO-EFFICIENT

Coefficients		Unstandardized Coefficients		Standardized Coefficients	Sig.
Model		B	Std. Error	Beta	
1	(Constant)	.159	.101		1.574
	Perceived ease of access/use	.344	.046	.306	7.549
	Perceived Risk	.308	.025	.390	12.300
	Perceived Cost	.307	.043	.316	7.199
	Perceived Usefulness	.003	.021	.003	.165

Table 1.6 indicates the standardized co-efficient that explain the factors that influence customer commitment. The beta value (.306) with a sig .000 for perceived ease of access/use, the beta value (.390) with the sig .000 for perceived risk, the beta value (.316) with a sig .000 for perceived cost shows perceived ease of access/use, perceived risk, and perceived cost positively influence the customers commitment to the bank, since the p-value 0.000 is less than 0.05. The beta (.033) with a sig .869 show that there is insignificant relationship between perceived usefulness and customer commitment because the p-value.869 is greater than 0.05. The results of model fit are presented in table 1.7. The factors included in the multiple regression model are capable of explaining 90% Variation in the overall customer commitment.

TABLE 1.7: MODEL FIT

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.950 <sup>a</sup>	.903	.901	.16574
a. Predictors: (Constant), Perceived Usefulness, Perceived Cost, Perceived Risk, Perceived ease of access				
b. Dependent Variable: Customer Commitment				

The adjusted R-square in table 1.7 highlights that the dependent variable customer commitment is influenced by 90% by the independent variable i.e. Perceived Usefulness, Perceived Cost, Perceived Risk, and Perceived ease of access and this is statistically significant at 1% level and 5% level respectively. It explains that Perceived Usefulness, Perceived Cost, Perceived Risk, and Perceived ease of access are liable for the commitment of the customer to the bank. The above mentioned model has also significant, as examined with the aid of ANOVA, as indicated in table 1.8.

TABLE 1.8: ANOVA

ANOVA <sup>a</sup>					
Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	75.008	4	18.752	682.661	.000 <sup>b</sup>
Residual	8.103	295	.027		
Total	83.111	299			
a. Dependent Variable: Commitment					

b. Predictors: (Constant), Perceived Usefulness, Perceived cost, Perceived Risk, Perceived ease of access/use

## CONCLUSION

Based on the findings, of this research, it can be concluded that: perceived ease of access/use, Perceived Usefulness, Perceived cost, and Perceived Risk on the mobile banking services, have an influence on the commitment of the customers to the bank.

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**LOST IN TRANSLATION: A CLOSER LOOK AT THE SWEDISH ORGANIC CERTIFICATION AGENCY – KRAV****KHAN RIFAT SALAM****LECTURER****DEPARTMENT OF BUSINESS ADMINISTRATION****IBAIS UNIVERSITY****DHAKA****MAHZABIN CHOWDHURY****LECTURER****DEPARTMENT OF BUSINESS ADMINISTRATION****IBAIS UNIVERSITY****DHAKA****ABSTRACT**

*This paper takes in the view points of the Swedish Organic Certification Agency 'KRAV' in light of their poor performance in the 2010 World Wildlife Foundation's (WWF) report on global organic certification agencies. Despite having a superior set of certification policies KRAV received unfavorable reviews due to the lack of standard documentations in English. The article finds that KRAV does have strict and defined certifications standards some of which are unique in the industry. The lessons from this incident may be thought provoking for similar and other firms that wish to expand beyond their comfort zone and gain global recognition.*

**JEL CODE**

M100, M190

**KEYWORDS**

Fishing Industry, Importance of Standard Documentation, KRAV, Organic Certification.

**BACKGROUND**

On the eve of the 2012 UEFA Champions League Final, Jupp Heynckes, the manager of Bayern Munich, called Chelsea forward Didier Drogba a 'Schauspieler' – the German word for an actor or a performer. The media decided to use 'actor' as the translation for Mr. Heynckes's remarks. In the soccer world, 'actor' is not a complement - If anything, it signifies cheating. While this could well have turned into an ugly battle of words, thanks to Didier Drogba that it didn't. Mr. Drogba, in a later press event, assured the media that he believes that the Munich manager thinks of him as a great performer in the field and not an actor. Lost in Translation.....almost.

In this age of globalization and instant communication, can a similar case happen to a business entity where it fails to make its desired impact due to lack of .....translations? As it appears, yes it can. Look no further than the 2010 Seafood sustainability certification report (published in December, 2009) from the World Wildlife Foundation (WWF). On that report, the Swedish organic certification agency KRAV scored a meager 54 on a 100 point scale and came in 4<sup>th</sup> among the 7 agencies evaluated. On top of that, WWF noted that if it (WWF) had employed stricter quantitative evaluation techniques, the scores for KRAV would have been even worse (WWF, 2010).

**WHAT ABOUT THE SWEDISH ENVIRONMENTALISM?**

It is common knowledge that Sweden along with the other Scandinavian countries have been known to be more environment-conscious or environmental awareness rich areas when compared to other areas across the world (Porter & van der Linde, 1995; Lynes&Andrachuck, 2008; Palmer *et al*, 1999). Typically the Swedish consumers as well as business entities are known to be more environment conscious as well (Porter & van der Linde, 1995). In addition, Lynes&Andrachuck (2008) find that people from Scandinavia are not only conscious and aware of the environmental issues but also very proactive towards protecting and preserving the environment. Therefore, it can only be assumed that as the largest organic certification agency from Sweden, KRAV would rank among the best in the globe.

So, such an evaluation, especially coming from a worldwide reputed organization as the WWF, should raise some eyebrows concerning the certification programs of KRAV. However, in a statement issued on the 24<sup>th</sup> January 2010, KRAV assured that their certification is top notch and their poor performance in the WWF report was due to, you guessed it, lack of translated documents. KRAV argued that while such a report from WWF is greatly appreciated, it did not reflect the true nature and performance of KRAV and its certification programs.

Now, with the widespread reputation of Sweden as an extremely environment conscious society, it does not bode well for the most respected Swedish certification agency to receive such low rating and less than favorable evaluation. It was time for action.

**KRAV'S POINT OF VIEW**

"It is true that during that time, we did not have our standard evaluation details available in English on our webpage and most of our official documents were only in Swedish" – exclaims Lars Hällbom, the Standards Director of KRAV, in an interview with the authors from his Uppsala office. "We did have the general outline or summary of our certification requirements and processes available in print and online, but as the (WWF) report would suggest, that wasn't enough", he continues.

KRAV also mentions that many of the core criteria of their seafood certifications were not even included in the ranking process. "We are the only organization that takes the entire fishing process into account to certify a seafood product. The KRAV certification of a product begins at the producer's office and ends at the supermarket".

Such words are not empty as the KRAV certification document for sustainable seafood (available in only Swedish prior to 2010) obtained from KRAV's official webpage outlines not only the size, weight, fishing quantity of a given fish species, but also provides strict guidelines regarding the optimal emissions from the fishing boats, environmental training of the crew members, and the use of eco- friendly engine fluids even paints in the boat (KRAV, 2010a). In short, the organization's certification process evaluates the entire fishing operation of the concerned firm before a certificate is issued.

While KRAV certifies all sorts of food items for consumption in the Swedish market, it puts extra emphasis on its fishing certification program. "We do believe that we have to do all in our power to protect the environment and protecting our oceans definitely should be the top priority" exclaims Mr. Hällbom.

## UPON FURTHER REVIEW

Academic scholars (King, 1995; Sharma, 2000; Newton, 2002; Vasilev, 2011) have emphasized the importance of preserving the natural environment and ranked protecting the marine life as the top priority. Bavaria (1994, p.40) calls fishing industry a prominent natural resource-dependent industry and puts maximum emphasis in its protection. Vasilev (2011) goes a little further and brands the fishing industry as premium polluters because the fishing companies usually go beyond just air and water pollution by overfishing and thus making the entire ecosystem vulnerable.

KRAV acknowledges all these scholarly elements of the debate and points out that they were the only organic certification agency (during the preparation and publication of the 2010 WWF report) to accommodate all the above mentioned aspects. Official KRAV documents from 2010 shows that, in order to become a KRAV certified fishery, a firm had to –

- Comply with a clear and strict emissions standard for its fishing fleet.
- Comply with a well-defined list of authorized paint and other chemical materials to be used on the fishing fleet.
- Have trained and KRAV certified crew members on board its fleet.
- Catch only a predefined amount of a certain species of fish and/or seafood. It must be noted that KRAV only certified capturing of eight (8) different species of seafood/fish in 2010. The size of the seafood/fish, fishing period, and fishing zones were predefined by KRAV.
- Comply with the KRAV approved means of storage of seafood/fish for both onboard and onshore storage facilities. This particular restriction was aimed at reducing the emission of harmful gases resulting from conventional refrigeration.
- Adopt KRAV approved packaging methods to ensure sustainability.
- Ensure the energy (electricity) used during the storage, packaging, and other stages comes from a renewable source.
- Accommodate KRAV inspectors at any time at any of its certified facilities (such as fishing boat, storage, or packaging) for standard inspections.

The three other organizations that scored better than KRAV on the WWF report were Marine Stewardship Council (MSC), Friend of The Sea, and Naturland. A thorough inspection of the WWF report reveals that KRAV scored really low points on stakeholder issues and working conditions when compared to these three organizations. When encountered about these issues, Mr. Hållbom's response was that both of these issues are of high importance to KRAV and form an integral part of the basic documents of any certifications. However, for this report, KRAV provided WWF with the specific fishing related sustainability certification documents and these two issues were not elaborated in the English document. The Swedish version of the document deals with all of these aspects in great detail. Therefore, Mr. Hållbom feels that this assessment by the WWF is unfair to KRAV.

In all fairness to KRAV, the Swedish version of the 2010 document (KRAV, 2010b) does contain some of the strictest fishing related environmental regulations even in today's standards. For example, the regulations regarding approved paint and chemicals for the fishing fleet has not yet been included in any other certification body's standard documents. To strengthen this point further, Naturland's certification document from 2012 (Naturland, 2012) seems compatible with the above mentioned standards of KRAV. However, the details regarding limiting pollution by the fishing vessels (such as use of various chemicals on board) are extremely limited and fall short of KRAV's 2010 standards. Many such instances can be cited to illustrate the point that KRAV applies some of the best industry practices when it comes to organic certification of seafood/fish products and deserves better than 'Average' or 'Above Average' as deemed by the WWF report. While KRAV never claimed to be the best organic certification body in the world, it declines to accept that it is the 4<sup>th</sup> best among such organizations.

## LOST IN TRANSLATION AND THEN

Bruckmeier & Neuman (2005) asserts that the Swedish fisheries are not ecologically, socially, and economically sustainable and there is a movement towards making them so. KRAV is at the forefront of this movement by providing the Swedish population with the environmental awareness and by implementing ever so strict ecological or organic certification standards for the fisheries.

KRAV may have scored unsatisfactorily in a global assessment report by the WWF, but it firmly believes that it was done in by its lack of English standard documents. In other words, KRAV got lost in translation!

Since the publication of that WWF report, KRAV has made sure that all its documents are available online as well as in print in both Swedish and in English. The KRAV webpage ([www.krav.se](http://www.krav.se)) today contains detailed standard policies, definitions, rules and regulations, and even public awareness materials regarding organic lifestyle in both the languages. In the words of Mr. Hållbom, "The next WWF report would definitely see KRAV among the top two, I promise you!"

## FINAL WORDS

The phrase 'lost in translation' used above, may be appropriate to describe the KRAV fiasco simply for the reason that despite having the strictest standards regarding seafood certification among the seven agencies evaluated, KRAV was ranked as only the fourth best organic seafood certifying body. This statement can be supported with the fact that while certifying organic seafood, even today, KRAV remains the only certification agency (among the 7 inspected by the WWF) to monitor not only the fish stock and the fishing process but also the CO<sub>2</sub> and other emissions and fuel and other chemical usage by the fishing vessels in use. So, the core message is that even if an organization has the best industry practice, it may very well be insufficient to succeed beyond the organization's comfort zone if not communicated properly and effectively.

While the setting of this article is organic certification agencies, from a management perspective, this issue is relevant for almost all the business organizations that want to explore beyond their native boundaries. However, this lesson would be particularly useful for documentation intensive organizations such as law firms, banking and financial institutions, certification bodies, insurance companies.

KRAV's actions following the publication of the WWF report may be seen as a 'Proactive Management' (Griffin, 2012) decision but in all fairness KRAV only certified products in the Swedish market and therefore did not feel a true need to have the standards documents in English. The WWF report served as a reminder and enabled KRAV to take the steps necessary to establish itself on the global stage and reiterating the age-old adage - "Better late than never".

## ACKNOWLEDGEMENT

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**STOCK MARKET, INFLATION, AND ECONOMIC GROWTH IN NIGERIA (1990-2010)****ADEGBITE, TAJUDEEN ADEJARE****LECTURER****DEPARTMENT OF MANAGEMENT AND ACCOUNTING****LADOKE AKINTOLA UNIVERSITY OF TECHNOLOGY****OGBOMOSO****ABSTRACT**

*This paper presents the findings of an empirical study on the effect of stock market, inflation, exchange rate and economy growth in Nigeria. Secondary data were obtained from central bank of Nigeria statistical bulletin covering the period of 1990 to 2010. In concluding the analysis, multiple regressions were employed to analyze all explanatory variables. It was revealed that all explanatory variables are significantly impacted on Nigeria economy during the period under review with the adjusted  $R^2$  of 79.8%. Following the outcome of this study, it is therefore concluded that the inflation erodes real stock returns due to imbalance tax treatment of inventory and depreciation resulting to a fall in real after-tax profit. In addition, the failure of share prices to rise during substantial inflation was because of the nominal capital gains from tax laws particularly, historic depreciation cost. The correlation between inflation and stock market returns is not a causal one; rather, it is a spurious relationship of dual effect. It is recommended that Nigerian stock exchange should provide machinery through stocks and shares for mobilizing private and public saving and making these available for productive investment in other to encouraging the growth and development for the capital market activities.*

**KEYWORDS**

Stock market; Exchange rate; Inflation; economic growth; Development.

**BACKGROUND OF THE STUDY**

The Nigerian economy has over the years been subjected to series of social, political and economic policies and reforms. In the pre – 1970 era, the economy was basically agrarian and food security was largely achieved with the various regional governments then. The need to encourage private capital in development was realized long enough, with the establishment of the Nigerian Stock Exchange (NSE).

NSE started in 1961 as a result of the a recommendation of Barback committee announcement in 1958 to consider the ways and means of fostering the development of a Nigeria capital market. The Lagos exchange was registered on march 1<sup>st</sup>, 1958, incorporated on 5<sup>th</sup> June, 1981.it was transformed to industrial enterprises panel in 1976 and supported by the view of the committee on the Nigerian finance system.

The Nigerian stock market played an indispensable role in Nigeria's economy by providing funds for the investors without inconveniencing the companies. Today, the activities and performance of capital market in Nigeria have much wider implication and this arises partly because of the growing influence of ideas and structure associated with the concept of democracy.

The Stock market institution is critical to the economic growth of any nation. The stock market is a network of specialized financial institutions, series of mechanisms, processes and infrastructure that, in various ways, facilitate the bringing together of suppliers and users of medium to long-term capital for investment in socio-economic developmental projects (Al-Faki, 2006). The capital market is subdivided into the primary and the secondary market. The primary market or the new issues market provides the avenue through which government and corporate bodies raise fresh funds through the issuance of securities which is subscribed to by the public or a selected group of investors. The secondary market provides an avenue for sale and purchase of existing securities. Sule and Momoh (2009) found that the secondary market activities have impacted more on Nigeria per capital income by tending to grow stock market earnings through wealth than the primary market. Aremu et al. (2011) and Donwa and Odia (2011) argued that the capital market has been identified as an institution which contributes to the socio-economic growth and development of emerging and developed economies. This is made possible by the intermediary role played by the capital market in mobilizing funds from surplus units to deficits units to be invested into projects with positive net present value (NPV) which may enhance economic growth of the nation.

Economic development is regarded as the major goal of national policy in any economy, while capital accumulation or formation is also seen as a potent factor in the process of economic development. It is regarded as the core process by which all other aspect of growth is made possible and feasible. However, the rate of economic development is always limited by shortage of productive factor and if any scarce factor associated with development should be singled out (Oke and Adeusi 2012).They brought out that a major engine of economic growth and development of a nation is its capital. It impacts positively on the economy by providing financial resources through its intermediation process for the financing of long term projects. The projects could be promoted by government or private sector institutions. They are usually in such areas as infrastructure, agriculture, solid minerals, manufacturing, banking and other financial services and other real sector areas. Hence without an efficient capital market, the economy may be starved of the required long-term fund for sustainable growth.

**STATEMENT OF THE PROBLEM**

There is abundant evidence that most Nigerian businesses lack long-term capital. The business sector has depended mainly on short-term financing such as overdrafts to finance even long-term capital. Based on the maturity matching concept, such financing is risky. All such firms need to raise an appropriate mix of short – and long – term capital.

Most recent literatures on the Nigeria capital market have recognized the tremendous performance the market has recorded in recent times. But the performance of the capital Market especially The Nigerian Stock Market was overcast in 2009 by the global financial and economic crisis with the exorbitant lending rate mounting pressure on the stock market as a result of massive borrowed fund in the market. The rush by stock investors to liquidate their investment to repay their loans in order to avoid the excessive lending rate caused the Nigerian Stock Market to crash. However, Sere-Ejembi (2008) argued that it was not the global financial crisis and the speculative subprime mortgage bubbles and bust alone that was responsible for the crash of the stock market, other contributory factors lent support. Some of these included: margin lending by the Deposit Money Banks (DMBs), stock price appreciation that had no correlation with the fundamentals in the quoting companies and local investors' opting to invest in foreign capital markets to take advantage of the low stock prices.

However, the vital role of the capital market in economic growth and development has not been empirically investigated thereby creating a research gap in this area. As a result, it is necessary to evaluate the Nigerian capital market as a tool for Economic Development.

**OBJECTIVES OF THE STUDY**

The main purpose of this study is to examine the activities and performance of Nigerian capital market. The specific objectives of the study are as follows:

- (i) To determine the effect of Inflation on Gross Domestic Product, Share Index, Market Turnover, Transaction, Exchange and Market Capitalization
- (ii) To evaluate the effect of Stock Market on an economy
- (iii) To investigate the performance of the stock market in relation to the economic growth in Nigeria;
- (iv) To examine the operations of the Nigerian stock market;



**REVIEW OF LITERATURE****STOCK MARKET IN NIGERIA**

Stock Market is a financial market that provides facilities for mobilizing and dealings in medium and long term funds. The players on the capital market are the operators who act as intermediaries between the providers of the funds and the fund users. They include, Securities Exchanges, Brokers/Dealers, Issuing Houses, Registrars and Investment Advisors.

The capital market is a place (not physically limited) where people go and buy Securities such as shares, debentures and bonds. These Securities are interests in the issuing authority or company, which give certain intangible rights to the purchaser in relation to dividend, interest payment and/or management of the company. The purchaser in reaching his purchase decision usually relies on information about the company supplied by the directors of the company and verified by professionals such as auditors, reporting accountants, registrars, the issuing house, stockbroker, trustee and solicitors, both to the company and to the offer. According to Al-Faki (2006), the capital market is a network of specialized financial institutions, series of mechanisms, processes and infrastructure that, in various ways, facilitate the bringing together of suppliers and users of medium to long term capital for investment in socio-economic developmental projects". The capital market is divided into the primary and the secondary market. The primary market or the new issues market provides the avenue through which government and corporate bodies raise fresh funds through the issuance of securities which is subscribed to by the general public or a selected group of investors.

According to Oke and Adeusi (2012), the capital market has been identified as an institution that contributes to the socio-economic growth and development of emerging and developed countries (economies). This is made possible through its vital role in intermediation process in those economies. They reported that Osaze (2000) sees the capital market as the driver of any economy to growth and development because it is essential for the long term growth capital formation. Ewah et al; (2009) appraised the impact of the capital market efficiency on economic growth of Nigeria using time series data from 1963 to 2004. They found that the capital market in Nigeria has the potential of growth inducing but it has not contributed meaningfully to the economic growth of Nigeria because of low market capitalization, low absorptive capitalization, illiquidity, misappropriation of funds among others. Harris (1997) did not find hard evidence that stock market activity affects the level of economic growth. The central task of the capital market is the mobilization of funds in the hands of individuals who save pool and channel such funds into productive uses (Alile, 1986).

Donwa and Odia (2011) analyzed the impact of the Nigerian capital market (market capitalization, total new issue, volume of transaction and total listed equities and government stock) on her socio-economic development (proxy by the gross domestic product-GDP) from 1981 to 2008. Using the ordinary least square, it was found that the capital markets indices have not impacted significantly on the GDP.

The Nigeria capital market provides the necessary lubricant that keeps turning the wheel of the economy. It is not only providing the funds to projects of best returns to fund owners. This allocation function is critical in determining the overall growth of the economy. The functioning of the capital market affects liquidity, acquisition of information about firms, risk diversification, savings mobilization and corporate control (Anyanwu, 1998). Therefore, by altering the quality of these services, the functioning of stock markets can alter the rate or pace of economic growth. Okereke-Onyuike (2000) posits that the cheap source of funds from the capital remain a critical element in the sustainable development of the economy. She enumerated the advantages of capital market financing to include no short repayment period as funds are held for medium and long term period or in perpetuity, funds to state and local government without pressures and ample time to repay loans.

The capital market has opened the floodgate to relatively inexpensive fund surpassing the possibility of self-financing available to indigenous enterprises. Such funds are usually used for expansion of existing businesses or to cushion the effect of inflation so that businesses may continue as going concerns. It also affords indigenous enterprises and entrepreneurs the opportunity to be introduced into the economy in general through entry into the securities market.

This enables shares that have been privately held to be offered to the general market or international market for inflow of foreign investment. The entering of an indigenous company into the capital market enhance its prestige and reputation, especially its products and credit worthiness in the eyes of the public as conferred upon it by the new status. (Bayero, 1996).

**THE EFFECT OF STOCK MARKET ON NIGERIA ECONOMY**

The roles of the capital market in the development of the economy according to Aremu et al (2011) include provision of opportunities for companies to borrow funds needed for long-term investment purposes, provision of avenue for the marketing of shares and other securities in order to raise fresh funds for expansion of operations leading to increase in output/production, provision of a means of allocating the nations real and financial resources between various industries and companies.

Through the capital formation and allocation mechanism the capital market ensures an efficient and effective distribution of the scarce resources for the optimal benefit to the economy, reduction in the over reliance of the corporate sector on short term financing for long term projects and also provision of opportunities for government to finance projects aimed at providing essential amenities for local investors. They said further that capital market can aid the government in its privatization programme by offering her shares in the public enterprises to members of the public through the stock exchange. Capital market offers access to a variety of financial instruments that enable economic agents to pool, price and exchange risk. It encourages savings in financial form.

The capital market also encourages the inflow of foreign capital when foreign companies or investors invest in domestic securities, provides needed seed money for creative capital development and acts as a reliable medium for broadening the ownership base of family-owned and dominated firms.

In addition, the development of the capital market, and apparently the stock market, provides opportunities for greater funds mobilization, improved efficiency in resource allocation and provision of relevant information for appraisal. (Inanga and Emenuga, 1997).

**STOCK MARKET, ECONOMIC GROWTH, EXCHANGE RATE, AND DEVELOPMENT**

Development of a country's stock markets is related closely to its overall development. Functional financial systems provide good and easily accessible information which according to the World bank (2010) lower capital market transaction costs improving resource allocation and economic growth. According to Anyanwuocha (2008), economic growth is the process by which national income or output is increased. An economy is said to be growing if there is a sustained increase in the actual output of goods and services per head. The rate of economic growth therefore measures increase in real national income, during a given period of time, usually a year. The higher level of economic growth, domestic stock markets tend to become more active and efficient relative to domestic financial institutions. Increased economic growth would in the long run lead to economic development. Although economic growth does not by itself guarantee economic development, it makes economic development possible. Economic growth enables improvements or positive changes to take place in various areas of economic activity due to the increased production of goods and services.

Growth in financial market is attributed to openness of the economy with the implementation of some macroeconomic policies, good legal system and shareholders protection. Integration of modern technology into capital market activities has resulted in cross-border capital flows and the migration of stock exchange activities to international exchanges. Evidences in capital market literature (Osaze, 2007; Ako, 1999; and Oludoyi, 1999, Nwidiobie 2011) reveal that many firms in emerging markets now cross-list on international exchanges to provide them with lower cost of capital and more liquidity in traded shares. The ease with which capital is raised in a capital market measured partly by its liquidity improves the allocation of capital and enhance prospect of long term economic growth. Capital market offers access to a variety of financial instruments that enable economic agents to pool, price and exchange risk. It encourages savings in financial form. This is very essential for government and other institutions in need of longterm funds and for suppliers of long-term funds (Nwankwo, 1991). Based on the relevance of market in accelerating economic growth and development, government of most nations tends to have keen interest in the performance of its capital market. According to Anyanwuocha (2008), Economic growth enables improvements or positive changes to take place in various areas of economic activity due to the increased production of goods and services. Economic growth will inevitably lead to economic development provided the following conditions are fulfilled.

- Increased production of goods and services is not frustrated by rapid increase in population size.

- There is an equitable distribution of the goods and services among individuals and areas.
- The increasing level of production does not lead to mass unemployment as a result of using just a few labour-saving devices.

## RESEARCH METHODOLOGY

### RESEARCH DESIGN

This study was designed to examine the role of stock market in the economic growth and development of Nigeria. The research designs adopted in this study are historical and ex-post facto research design. While the former was used to study and appraise the chronological level of liquidity on the capital market, that is the Nigerian Stock Exchange, the latter was used to establish a cause and effect relationship among the variables that correlates. Multiple regression analysis method was used to analyze the data that was collected from Central Bank of Nigeria Statistical Bulletin for the relevant years covering 1990 to 2010.

### METHOD OF DATA COLLECTION

Secondary data was used in this study. The relevant data used were sourced from the publications of the Nigerian Stock Exchange and Central Bank of Nigeria. Some of the publications include; the Nigerian Stock Exchange Fact book, CBN's Statistical Reports, CBN's Annual Reports and Statement of Accounts for the years under review. The variables for which data were sourced include: market capitalisation, All-Share index, market volume and market turnover, and Gross Domestic Product for the period 1990 to 2010.

### SAMPLE SIZE

The duration of my research was basically from 1990-2010 which is in the range of 21yrs. This duration was used because it is detailed enough to give a good result and analysis.

### DATA ANALYSIS TECHNIQUES

The analysis was carried out in two forms and they are regression analysis and correlation. Regression analysis includes many techniques for modeling and analyzing several variables, when the focus is on the relationship between a dependent variable and one or more independent variables.

Regression models in the following variables:

The unknown parameters denoted as  $\alpha$ : this may be a scalar or a vector.

The independent variable M

The dependent variable P

In various fields of application, different terminologies are used in place of dependent and independent variables

A regression model relates P to a function of M and  $\alpha$

$P = U(M_1, M_2, M_3, M_4, \dots, M_n, \alpha)$

Where  $M_1 - M_n$  are the independent variables.

### MODEL SPECIFICATION

#### MODEL A

The effect of the performance of the capital market in relation to the economic growth in Nigeria

$$GDP = a_0 + a_1 MCAP + a_2 SHI + a_3 MVOL + a_4 MTURN + a_5 MT(URN + \mu_1) \quad (1)$$

$$LOGGDP = a_0 + a_1 LOGMCAP + a_2 LOGSHI + a_3 LOGMVOL + a_4 LOGMTURN + a_5 LOGINFL + \mu_3 \quad (2)$$

Where LOGGDP	-	log of Gross Domestic Product
LOGMCAP	-	log of Market Capitalization
logSHI	-	log of Share Index
LOGMVOL	-	log of Market Volume
LOGMTURN	-	log of Market Turnover
LOGINFL	-	log of Inflation
$a_0, a_1, a_2, a_3, a_4$ and $a_5$	-	Constants
$\mu(1-3)$	-	Stochastic variables

The Effect of Inflation on Gross Domestic Product, Share Index, Market Turnover, Transaction, Exchange and Market Capitalization

#### MODEL B

$$FL = a_0 + a_1 GDP + a_2 SHI + a_3 MTURN + a_4 TRANS + a_5 EX + a_6 MCAP + \mu_2 \quad (3)$$

FL	-	Inflation
GDP	-	Gross Domestic Product
SHI	-	Share Index
MTURN	-	Market Turnover
TRANS	-	Transaction
EX	-	Exchange
MCAP	-	Market Capitalization

## PRESENTATION AND ANALYSIS OF DATA

This chapter will be used in analyzing and presentation of data collected from different reliable source like CBN Statistics Bulletin 1999, 2005. Nigeria Bureau of Statistics. This was done so as to determine the effect of capital market on Nigeria economy from the period of 1990 to 2010.

According to the research question, to what extent does the performance of the capital market in relation to the economic growth in Nigeria and after getting the results or answers to these questions.

The following tables below are actually gotten from different sources but they are answers to these research questions.

## RESULT PRESENTATION AND DISCUSSION

The estimated model used observations for the periods 1990 - 2010 (21 years).

TABLE 1

GDP	Coefficient	Std. Err.	t-statistics	P> t	[95%Conf. interval]	R <sup>2</sup> = 0.9952
MCAP	.0258243	.005847	4.42	0.142	-.0484694 .1001181	AdjR <sup>2</sup> = 0.9762
SHI	-4.524102	1.743343	-2.60	0.234	-26.67538 17.62717	Prob > F = 0.1033
MVOL	.4487256	.5619801	0.80	0.571	-6.691908 7.58936	Root MSE = 12183
MTURN	-.0045933	.002817	-1.63	0.350	-.0403873 .0312006	F(4,1) = 52.27
_CONS	590979.2	46672.15	12.66	0.050	-2046.692 1184005	

The above table is represented by regression plots below:

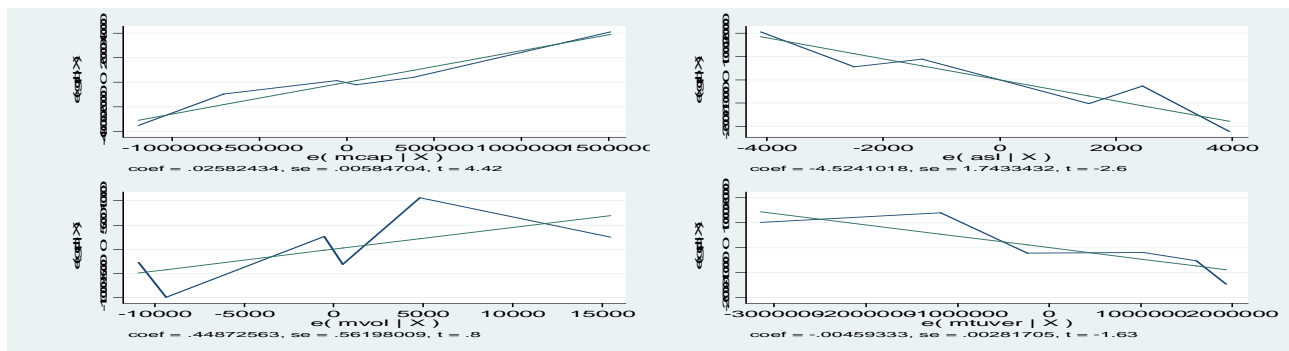


Table 1 shows the effect of the performance of the capital market in relation to the economic growth in Nigeria. A 1% increase in the level of gross domestic products (GDP) increases MCAP by 2.5 percent. This suggests a positive relationship between the GDP and MCAP. The result is also significant. The relationship between GDP and share index (SHI) is negative suggesting that if GDP increases, share index reduces. The relationship between GDP and market turnover (MTURN) is also negative, this means that as GDP increases, MTURN increases. But 1% increases in GDP brings out 1.7% increases in market volume (MVOL). The coefficient of determination gives 0.9952 or 99.5% meaning that the regression model is approximately 92% significant i.e the variations in the dependent variable i.e Gross Domestic Product (GDP) is 92% attributable to the changes in the independent variable i.e market capitalization, Share Index, market volume and market turnover. This result is also supported by the high value of the adjusted  $R^2$ , which is to the tune of 97.62%. The F and probability statistics also confirmed the significance of this model.

This signifies that the overall regression or relationship between the Gross Domestic Product, market capitalization, Share Index, market volume and market turnover is significant. So, the changes in the Gross Domestic Product can be attributed to changes in the explanatory variables. i.e market capitalization, All-Share Index, market volume and market turnover.

TABLE 2

LOGGDP	Coefficient	Std. Err.	t-statistics	P> t	[95% Conf. Interval]	$R^2 = 0.9994$
LOGMCAP	.3718511	.0313928	11.85	0.054	-.0270324 .7707345	AdjR <sup>2</sup> = 0.9969
LOGSHI	-.3667158	.0400198	-9.16	0.069	-.8752157 .1417842	Prob > F = 0.0372
LOGMVOL	-.110267	.0352789	-3.13	0.197	-.5585273 .3379933	Root MSE = .0066
LOGMTURN	.013455	.0102729	1.31	0.415	-.1170747 .1439848	F( 4, 1) = 406.91
CONSTANT	12.35863	.2280694	54.19	0.012	9.460731 15.25652	

The above table is represented by regression plots below:

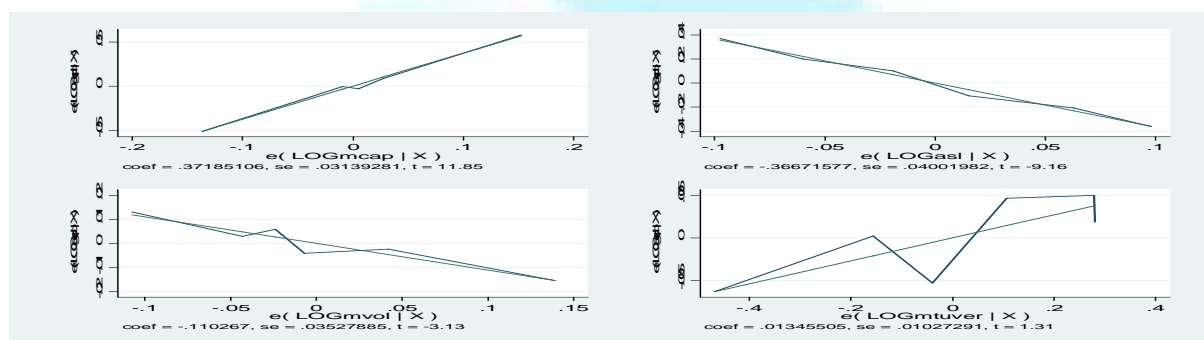


Table 2 shows the performance of the capital market in relation to the economy growth in the long run by finding the log of GDP compared with logarithms of on the independent variables. A 1% increases in the log of GDP increases the market capital by 0.37 percent. This suggests a positive relationship between the market capitalisation and economy growth in Nigeria in the long run. The result is also significant. The relationship between log of GDP and log of share index is also negative suggesting that if GDP increases in the long run, share index reduces. The relationship between log of GDP and log of market volume is also negative.

Given the adjusted  $R^2$  significant 99%, it connotes the independence variables incorporated into this model have been able to determine variation of gross domestic product (GDP) to 99%. The F and probability statistics also confirmed the significance of this model.

**The Effect Of Inflation On** Gross Domestic Product, Share Index, Market Turnover, Transaction, Exchange And Market Capitalization.

TABLE 3

INFL	Coefficient	Std. Err.	t-statistics	P> t	[95%Conf.Interval]	$R^2 = 0.8342$
GDP	-5.40e-07	6.48e-07	-0.83	0.419	-1.93e-06 8.50e-07	AdjR <sup>2</sup> = 0.7989
SHI	-.0000296	.0000855	-0.35	0.734	-.0002131 .0001538	Prob>F= 0.0375
MCAP	.0017211	.0027455	0.63	0.541	-.0041674 .0076095	Root MSE = 19.065
TRASC	3.46e-06	.0000224	0.15	0.880	-.0000447 .0000516	F(6,14)= 1.17
MTURN	-2.822213	2.644081	-1.07	0.304	-8.493202 2.848776	
EXCHANGE	.0534938	.2128051	0.25	0.805	-.4029279 .5099154	
_CONS	37.1222	7.786076	4.77	0.000	20.42273 53.82167	

The above table is represented by regression plots below:

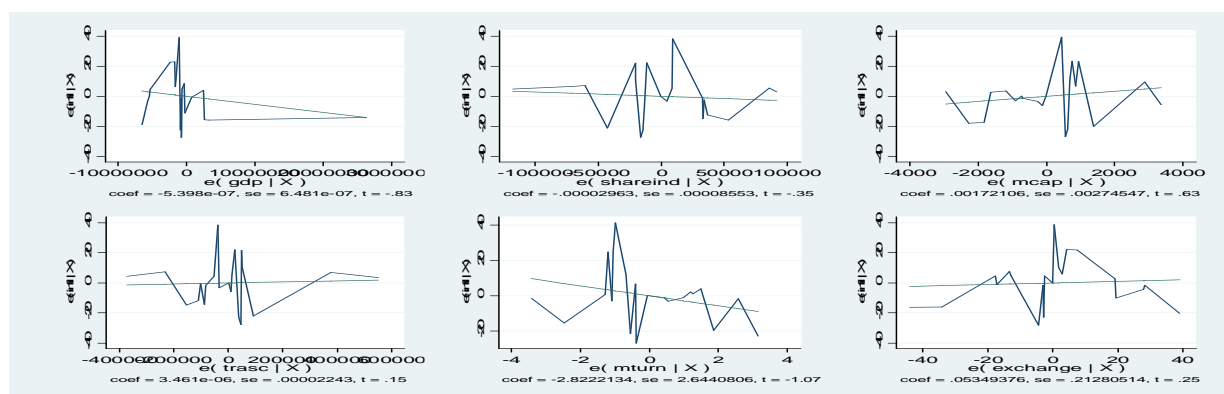


Table 3 shows the effect of inflation on gross domestic product, share index, market turnover, transaction, exchange and market capitalization. A 1% increase in INFL reduces the level of gross domestic products (GDP) by 5.40 percent. This suggests a negative relationship between the Inflation and economy growth in Nigeria. The result is also significant. The relationship between INFL and share index (SHAREIND) is also negative suggesting that if inflation increases, the share index reduces. The relationship between INFL and market turnover (MTURN) is also negative, this means that as INFL increases, MTURN reduces. But 1% increase in INFL brings out 1.7% increases in market capitalization (MCAP). The relationship between INFL and Transaction (TRASC) is positive. This connotes that as INFL increases by one percent, the TRASC also increases by 3.46%. In addition, the relationship between INFL and Exchange is also positive. Given the adjusted  $R^2$  significant 79.8%, it connotes the independent variables incorporated into this model have been able to determine variation of Inflation (INFL) to 4.89%. The F and probability statistics also confirmed the significance of this model.

## SUMMARY AND CONCLUSIONS

This study has reviewed the Effects of capital market on Nigeria economy. The links between capital market and economy growth have been assessed. Capital market has a positive impact on growth after a considerable lag. All the variables are statistically significant. The outcome showed that new shares, market capitalization, Share Index and the market turnover increased steadily throughout the period considered except in few cases where a fall was witnessed. New securities issued on the Exchange increased remarkably throughout the years reviewed. The tremendous increase in new securities issued in 2005 was attributed to banking sector reform which necessitated the massive public offer by Nigerian banks during the year. The study also reviewed that there is a negative relationship between inflation and capital market returns as against economic theory suggestion that equities are a good hedge against inflation. The findings of this study brought out that capital market returns may provide an effective hedge against inflation in Nigeria. This is explained by the significant and positive relationship between inflation and stock prices. The Nigerian stock market has tremendous influence on the growth rate of the economy and the performance in terms of capital mobilization accessibility to savers and users of funds with the aim of mobilization and allocation of productive resources to aid national economic development.

## POLICY RECOMMENDATIONS

Based on the findings made in the course of this study, the following recommendations are hereby suggested

- Nigerian stock exchange should provide machinery through stocks and shares for mobilizing private and public saving and making these available for productive investment in order to encourage the growth and development for the capital market activities.
- Therefore to complement the role of the capital market in capital formation, the government should supervise the capital market to ensure orderly, fair and equitable dealings in shares and stocks, and to forestall illegal deals by privilege insiders at the expense of innocent and often uninformed investors.
- The government should provide avenue for Nigerian capital market to undergo considerable transformation to make the market more investor friendly and technology driven, especially in the area of delivery of, settlement and custodian services.

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# DETERMINANTS OF CUSTOMER SATISFACTION OF TRADITIONAL AND MODERN FORMATS IN FOOD AND GROCERY: THE CASE OF INDIAN RETAIL

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## ABSTRACT

*Organised retail sector in India, though still at a nascent stage, has been growing at a rapid pace in the past few years. Food and grocery is the second-largest segment of India's retail industry and there is enormous potential for new entrants in this segment, particularly in untapped markets like rural and semi-rural areas. The present paper aims at studying the determinants of customer satisfaction in Food and Grocery in two metropolitan cities of Mumbai and Delhi by surveying customers of traditional stores versus new modern formats. It also attempts to identify the reorientation needed by the traditional retail outlets to retain their place and consolidate their survival and growth which can take place despite the establishing of the modern retail formats. The paper uses factor analysis and multiple regression analysis and comes out with major drivers of traditional formats and modern formats based on the customer responses. This study is expected to contribute to the existing body of knowledge on retail patronage in food and grocery segment.*

## KEYWORDS

customer satisfaction, Indian retailing.

## 1. INTRODUCTION

India like Britain is a nation of shopkeepers. With over 12 million retail outlets, India has one of the highest densities of retail outlets in the world with one retail outlet for ~90 persons. (Pankaj Gupta, 2006). Retail in India has been characterized by the presence of small shops, local neighborhood stores also called kirana shops, stalls, street vendors and hawkers. These stores stocked grocery products, households products, staple items like rice, wheat, sanitary products, cold drinks, soaps etc all in space of as little as 300 sq.feet or less. Till the mid 1990s retailing was a low cost structure, mostly owner-operated, had negligible real estate and labour costs and little or no taxes to pay. Consumer familiarity that ran from generation to generation was one big advantage for the traditional retailing sector. However in the past decade India has witnessed a retail boom. With the entry of modern retailers over the last few years, the share of organized retail has been growing rapidly to reach 5% of the total market (FICCI-Ernst & Young, 2007). Further, emerging markets such as India and China are the final frontier for retail taking the focus away from saturated Western markets. The Indian retail market was estimated at \$350 billion of which organized retail was estimated at only \$8 billion. In other words organized retail accounted for a mere 3.5% in 2005. In 2008, the share of organized retail was 7.5 per cent or US\$ 30 billion of the total retail market which was estimated to be around \$400 billion. India's overall retail sector is expected to rise to US\$ 833 billion by 2013 and to US\$ 1.3 trillion by 2018, at a compound annual growth rate (CAGR) of 10 per cent.

### 1.1 FOOD AND GROCERY

Food and grocery is the second-largest segment of the retail industry and the potential for new entrants in this segment is enormous, particularly in untapped markets like rural and semi-rural areas. Growing at the rate of 30%, the Indian food retail is going to be the major driving force for the retail industry. It is currently estimated at US\$152 billion and it accounts for over half the total retail market in India and is growing at 3.5% to 4% annually (FICCI-Ernst&Young, 2007). The organized segment of the market, however represents just around 1% of the total market; i.e the lowest penetration level amongst all major categories in the retail sector. In light of low share of modern retail in large consumption baskets and the growing consumer acceptance of organized retail, retailers are working quickly to establish their presence and grab market share. The most promising space is believed to be the food and grocery, as this is the least penetrated.

### 1.2 NEED FOR RESEARCH

Given the changing retail scenario in India, it becomes imperative to understand the consumer behavior in the plethora of choices available. The scope of the research is to gain an understanding in the changing and evolving mindset of the consumer when it comes to his shopping behavior. The research is focused on the food and grocery segment given that this segment is the second largest segment. Today the consumer can walk through air-conditioned aisles and take his time to select the best brands at the cheapest prices. But these are many consumers who prefer the old traditional stores due to the trust factor. Many consumers also believe that food should be as fresh as possible and hence they prefer the hand-carts for fruits and vegetables. It is the aim of the present research to study the determinants of customer satisfaction in Food and Grocery in the context of traditional stores vs new modern formats. Further the objective of this study is to identify, at a macro level, the drivers of customer satisfaction in food and grocery for both traditional formats and modern formats in the context of the evolving retail industry in India.

### 1.3 BENEFIT OF THE STUDY

This study is expected to contribute to the existing body of knowledge on retail patronage in food and grocery segment. Findings from the study will also be helpful to retailers of traditional formats and modern formats to identify the hierarchy of attributes that drive consumers towards a particular format. There is an economic basis for the existence of different retail formats in the market and an understanding of this phenomenon can help retail managers and owners of traditional formats in identifying the important attributes for their format and consequently differentiate themselves to a large enough customer segment thereby remaining viable.

## 2. LITERATURE REVIEW

Economic development is frequently characterized by greater use of large, multi-line food retail outlets including supermarkets and hypermarkets (Veeck and Veeck, 2000).

Four types of analysis are found in the literature.

### 2.1 SATISFACTION AND STORE IMAGE IN THE FOOD AND GROCERY RETAIL ENVIRONMENT

Carpenter and Fairhurst (2005) showed that utilitarian shopping benefits and hedonic shopping benefits had a positive impact on satisfaction. Eroglu et al. (2005) looked at the relationship between perceived retail crowding, shopping value and satisfaction and found that perceived retail crowding had a negative

effect on shopping value and, in turn, satisfaction. If the shopping experience provides qualities that are valued by the customer, satisfaction with the store is likely to result.

The importance of studying the image is based on the assumption that the store possessing the most congruent attributes with the image desired by consumer will have better chance of being selected and patronized (Martineau, 1958, Doyle and Fenwick, 1974-1975, Amirani and Gates, 1993). Therefore, the store image can be used as a "marketing tool" (Engel et al., 1995), or as a "competition tool" providing useful indications to managers about the most and the least appellative attributes to consumers, and therefore, the insights for the marketing mix conception.

Tigert and Arnold (1981) reported how, in 14 different retail food store studies, respondents were asked to "please tell me all things considered, the single most important reason you shop at the store where you shop most often". The important store characteristics were found to be locational convenience, low prices, assortment/variety, courteous helpful staff, high quality merchandise, quality of fresh food, fast checkout/fast service, cleanliness, and shopping environment. Locational convenience and low prices were clearly more important attributes than the other attributes.

## 2.2 NUTRITIONAL CONSCIOUSNESS DUE TO SPREAD OF SUPERMARKETS

A second strand of literature examines nutritional impacts of the spread of supermarkets. Lau & Lee (1988) discovered from other developed Asian regions that consumers prefer to shop daily for fresh food at open markets, given the convenient access to modern supermarkets.

## 2.3 PROFILE OF CONSUMERS SHOPPING AT SUPERMARKETS

A third strand of the literature examines the profile of consumers shopping at supermarkets. The 'classic' hypothesis on this was in Arieh Goldman (1974) which argued that modern retail's structure would be amenable mainly or only to rich consumers in developing countries who could drive to stores, buy big units, store the products, and afford infrequent large shopping bills. But this early work did not use consumer or retail surveys, just anecdotal evidence. Carlson, Kinsey and Nadav (2002) use cluster analysis to group consumers based on where they obtained their food and found that half were "Home Cookers"-purchasing 93 percent of their food from grocery stores. Neven et al. (2006) discusses the rise of supermarkets in urban Kenya, spreading well beyond the richer consumers to derive more than a third of their sales and half of their customers from low income and poor consumers. Store choice has also been found dependent on socio-economic background of consumers, their personality and past purchase experience (Dodge and Summer, 1969). Lumpkin et al. (1985) found that as compared to young shoppers, elderly shoppers were less price-conscious and proximity of residence to store was not an important factor for them. They considered shopping as recreational activity and thus chose a store that is perceived to be high on "entertainment" value.

## 2.4 ASSORTMENT PATTERNS IN RETAIL STORES

A fourth strand of the literature examines the assortment available in retail stores. (Erica Van Herpen and Pieters, 2002) summarised that product variety influences a customer's perception of a store. In turn, (Hoch et al., 1999) stated that perceptions concerning product variety influence both satisfaction and store choice. (Lumpkin and McConkey, 1984) inferred that the availability of a wide variety of products is ranked higher as a store patronage attribute among department and discount store shoppers than specialty store shoppers), indicating expectations surrounding product assortment vary by store type. (Paulins and Geistfeld 2003) found that when a store had an appealing merchandise selection, it became a key reason why that store was considered desirable.

Not many Indian research works were come across by the researcher with a focus on identifying and analyzing consumer's buying behavior keeping the objective of contrasting their preferences to buy from traditional versus modern retail formats. Despite the growth of new product categories and new industry players, few studies have investigated customer satisfaction within the retail food industry. Yet, satisfaction is increasingly more important given the highly competitive environment in food retailing. Carpenter and Moore (2005) acknowledge that the changing competitive landscape conventional food stores to modern formats by examining satisfaction levels with each store format, and investigating the relationship between satisfaction and store attributes, such as product assortment, store service, offers and discounts etc.

## 3. THEORETICAL FRAMEWORK

Within the grocery industry makes it critical for retailers to better understand grocery customers. As such, the purpose of this research is to compare and contrast customer perceptions of the overall purpose of this paper is to study and understand the effect of modern retail formats on traditional retail formats in India. It is a known fact that organized retailing is making a strong impact in many parts of India's growing economy. With rapid change and expansion in the retail environment, it has become all the more necessary to identify the different parameters that drive overall satisfaction for modern retail formats and traditional retail formats.

### 3.1 PRIMARY OBJECTIVES

The following are the objectives of this paper:

1. To study the satisfaction levels of shoppers among traditional formats and modern formats and identify the key drivers of satisfaction among the two formats.

To study the consumer's satisfaction levels with various attributes like location, convenient store timings, promotions and discounts, ambience, freshness of products stocked etc. for both traditional and modern formats.

2. To understand the shopper needs better and delve deeper into inner needs – to go beyond functional needs and arrive at a hierarchy of needs so that retailers can focus on the right mix which would result in higher chances of being patronized.
3. To identify the reorientation needed by the traditional retail outlets to retain their place and consolidate their survival and growth which can take place despite the establishing of the modern retail formats.

### 3.2 HYPOTHESES

The following are the hypotheses that are proposed in this paper:

Hypothesis 1: There is a relationship between types of food items purchased and choice of formats.

1a. H1: Consumers prefer to purchase processed foods from modern formats.

1 b. H1: Consumers prefer to purchase fresh produce from traditional formats.

Hypothesis 2: Store satisfaction is stronger for modern formats than traditional formats.

Hypothesis 3: Satisfaction levels vary for the different attributes in traditional formats and modern formats.

Hypothesis 4: Performance of the two formats on the drivers of satisfaction are different

Hypothesis 5 : Modern formats are highly recommended by consumers

## 4. RESEARCH METHODOLOGY

### 4.1 QUESTIONNAIRE DEVELOPMENT AND INSTRUMENT

Questionnaire's content and structure are critical factors for the success of any research. Considerable time was spent in preparing an effective questionnaire. Required amount of thought was given on the questionnaire design process, like the contents of the questionnaire (what would be asked), types of questions asked, including wording and measurement scales (how would it be asked) as well as the structure of the questionnaire (sequencing of questions).

An important issue of the questionnaire is the order of the questions. As a general rule, simple questions that are easily answered should appear first (Converse and Presser, 1986).

### 4.2 PRETESTING

The main objectives of the pilot survey was to test whether the survey questions were fully understood by the respondents and to examine the effectiveness of the questionnaire in terms of structure, presentation etc. Usually the sample size depends on the complexity of the issues being studied and the size of the full survey. Hence a total of 15 pilot interviews were conducted among the target respondents. All aspects of the questionnaire including question content, wording, sequence, form and layout, question difficulty, and instructions were tested.

#### 4.3 POPULATION AND SAMPLE

The scope of the study was to understand the consumer buying behavior in organized retail. Further the study attempted to analyze the shifting of purchases from the local grocery stores to organized retail formats. Also, the study made an effort to focus on the composition of the purchase basket of buyers at organized retail.

The target population is defined as follows:

**Elements:** Male or female who are responsible for most of the shopping or equal amount of shopping related to food and grocery at both modern and traditional formats.

Individuals below 25 years of age are mostly pursuing their studies and are not involved in the purchase behavior of food and grocery. Further the research focused on both males and females. While traditionally females were involved in the purchase of household items and fruits and vegetables, with the advent of modern retail male members in the household are also exercising their choice. Dholakia (1999) inferred in a study that males appear to be responsible for about 45 per cent of household grocery shopping, either as the primary or as a joint shopper.

Age groups were identified as follows in the questionnaire – 25 to 34 years, 35 to 44 years and 45 years and above. No quotas have been set for each of the age group. The sample constituted males and females in the proportion of 56% to 44% (Mumbai population estimate). No other variables were used for target audience selection.

Extent: Currently organized retailing is focused in metropolitan cities and is expected to extend to Tier II cities. Mumbai with 28 malls is second in India as compared to Delhi NCR (60 malls) in the number of malls. Hence the scope of the study included consumers from Mumbai. A small sample was also taken from Delhi to see if the trends were very different or similar to the ones exhibited by the Mumbai centre.

**Sample Size :** At the questionnaire design stage itself it was decided to use various multivariate analyses like multiple regression, factor analysis and cluster analysis which require large sample size. Hence a minimum sample size of 385 respondents from Mumbai was proposed. The researcher collected 400 responses from Mumbai. The sample size proposed for Delhi was 70. The researcher collected responses from 72 consumers in Delhi.

#### 4.3 DATA COLLECTION PROCEDURES

The method used for the data collection was a face-to-face interview, using a structured questionnaire, with closed-ended questions, conducted at the residence of the respondents and directed to the person responsible for shopping in the household. The sample was probabilistic where area sampling was used.

The sample was drawn from Mumbai and it represented consumers with different economical, social and geographical characteristics. A total of 450 questionnaires were sent in Mumbai of which 400 questionnaires were completed and validated (response rate of 90%). A total of 100 questionnaires were sent to Delhi of which 72 questionnaires were completed and validated (response rate of 72%). This survey was done with the help of volunteer students in Mumbai and professors and volunteer students in Delhi.

#### 4.4 DATA ANALYSIS

The questionnaires were thoroughly checked and edited. The data were entered in Statistical Package for Social Sciences Version 14. Various statistical tools and techniques were used to analyze the data.

### 5. RESULTS

The first part of the questionnaire consisted of certain demographic information like age of the consumer, gender, monthly household income and number of family members.

- As per the requirement for the survey, the minimum age for the consumers was 25 years. For Mumbai, majority of the sample (71%) consisted of people belonging to the age group 25 years to 34 years. Close to 20% of the sample belonged to the age group 35 years to 44 years and the remaining 10% of the sample belonged to the age group of above 45 years.
- In Delhi almost 90% of the sample belonged to the age group of 25 to 34 years while 10% belonged to the age group of 35 to 44 years and just 1% belonged to the age group of 45 years and above. Further analysis of the data has been done at an aggregate level for Delhi since the sample size for individual age groups was quite small.
- The monthly household income for Mumbai was distributed across the range starting from Rs 10,000 up to greater than Rs 1, 00,000. The maximum proportion of consumers was from the income group Rs 25,000 to Rs 50,000 (28%). A similar trend was observed in the Delhi sample with responses being distributed across the income range. The proportion of consumers was maximum for the income group Rs 10,000 to Rs 25,000.
- One third of the Mumbai sample consisted of 4-member households. Around one fourth of the sample has three members in their family and another one fourth had 5 to 6 members in their household.
- 35% of the Delhi sample had 5 to 6 members in their household and 13% had more than 6 members in their household. Compared to Mumbai, the Delhi sample had more number of family members.

#### 5.1 SHOPPING HABITS AND PREFERENCES

**Hypothesis 1 : There is a relationship between types of food items purchased and choice of formats.**

1a. H1: Consumers prefer to purchase processed foods from modern formats.

1b. H1: Consumers prefer to purchase fresh produce from traditional formats.

A Chi square test was conducted to check for significant difference among various categories of items when it came to preference among traditional formats only, or modern formats only or both being equally preferred. The Chi Square Goodness of Fit Test reveals a p value of 0.000 for almost all the categories. Since the p value 0.000 was less than level of significance (0.05) the null hypothesis of responses being equally distributed among the three options i.e only traditional formats being preferred, only modern formats being preferred, both are preferred was rejected.

- People clearly preferred traditional formats over modern formats for perishable items like fruits, vegetables, milk and fresh milk products. These categories were also bought more often. The convenience factor, proximity to home and ease of making purchases as and when required are possible factors for preference of traditional formats over modern formats. People also preferred traditional formats for staple foods like rice, wheat, pulses to some extent. However almost one third of the respondents preferred modern formats for staple foods. Modern formats like Big Bazaar and D Mart advertise the huge discounts for staple foods like rice, wheat and sugar atleast once a week in the newspaper and through hoardings. It looks like the huge discounts on 10 kg wheat, 5 kg rice etc has acted as a pull factor.
- Pre-processed foods, packaged goods and frozen food were preferred in modern formats. Modern formats have better cold storage and better range and variety of toiletries, cosmetics, fruit juices etc. In modern formats there are aisles for specific product categories and this makes it easier for consumers to have access to a variety of brands.
- People preferred to buy snacks, sweets and savories from both modern formats and traditional formats.

**Inference: There was a relationship between types of food items purchased and choice of formats**



TABLE I : PREFERENCE OF PURCHASE OF VARIOUS ITEMS

Item (Percentage of responses)	Traditional Only	Modern Only	Both are preferred
Staple foods (rice, wheat, pulses etc)	45	29	26
Fruits	70	13	17
Vegetables	76	10	14
Milk	81	9	10
Fresh milk products (paneer, curd)	59	23	18
Other milk products	36	37	27
Heat and serve/ready to eat food	19	57	24
Frozen vegetarian food (e.g Frozen Peas)	18	58	26
Eggs	75	8	17
Food fresh non vegetarian	59	27	15
Frozen non vegetarian	26	54	20
Health drinks, tea, coffee, squashes etc	26	42	32
Item (Percentage of responses)	Traditional Only	Modern Only	Both are preferred
Fruit drinks, soft drinks, other packaged drinks	22	44	34
Snacks, savories, sweet and confectionary	38	28	34
Other packaged food like sauces, cereals	18	51	31
Toiletries and cosmetics	14	54	32
Homecare and cleaning	15	53	32
Organic food	19	53	29

**Hypothesis 2: Store satisfaction is stronger for modern formats than traditional formats.**

A 5 point satisfaction scale was used to determine consumers' overall satisfaction with both traditional formats and modern formats.

1 = Very satisfied, 2 = Somewhat satisfied, 3 = Neither satisfied nor dissatisfied, 4 = Somewhat dissatisfied and 5 = Very dissatisfied

A parametric test was conducted since the satisfaction scale was a 5 point scale and was considered to be an interval scale. The two-related samples test concerns those situations in which persons, objects, or events are closely matched or the phenomena are measured twice.

The Paired sample t test reveals a p value of 0.193 for Mumbai and 0.387 for Delhi. Since the p value 0.193 and 0.387 are greater than level of significance (0.05) the null hypothesis of overall satisfaction being the same for traditional formats and modern formats is retained.

**Inference: The hypothesis that store satisfaction was stronger for modern formats than traditional formats was not proved. The mean satisfaction with both the formats was in the range of 1.83 to 1.98 which indicated high satisfaction level.**

**Hypothesis 3: Satisfaction levels vary for the different attributes in traditional formats and modern formats.**

Consumers were given a list of 20 attributes that related to different aspects of a retail format and were asked to indicate their satisfaction level on a 5 point scale (1= highly satisfied....5=highly dissatisfied). Here the objective was to identify which attributes were consumers most satisfied with and least satisfied with if any.

**Inference for traditional Formats**

- Consumers were highly satisfied with the location of traditional formats as well as the convenient store timings. Most neighborhood retail stores are open till 11 pm. Further traditional formats offer free home delivery and take order over the phone. This is the reason why people prefer to purchase items that get over or are required as and when needed from traditional formats.
- The next set of attributes that consumers were moderately satisfied with were the long relationship that they had with the traditional formats, quick billing, freshness of products stocked, availability of credit and error free sales and transaction.
- Traditional formats had a lower score (neither satisfied nor dissatisfied) on parameters like ambience, loyalty program membership, attractive discounts and promotions, acceptance of all modes of payment and availability of international products. These attributes are differentiators for modern formats. Further the low satisfaction with the parameter attractive discounts and promotions reemphasizes the fact the people prefer modern formats for staple items like rice, wheat etc where there are huge discounts offered by Big Bazaar, Star Bazaar etc.
- The median rank for the parameter availability of international products was 4 indicating that 50% of the consumers are highly dissatisfied with traditional formats.

**Inference for Modern Formats**

- Consumers were highly satisfied with the ambience, acceptance of all modes of payment, availability of international products and wide variety of brands.
- For traditional formats, a high satisfaction was observed for four attributes (Mean satisfaction rating of 1) while for modern formats consumers are highly satisfied with 8 attributes (mean satisfaction rating of 1).
- Traditional formats had got a higher rating for quick billing as compared to modern formats indicating that despite a number of counters for billing, consumers still view the billing process as slow in modern formats. This could be a deterrent when consumers have a few items to purchase.
- Consumers were moderately satisfied with courteous and well trained staff and convenient store timings. Most of the modern formats are now open from 10.00 am to 10.00 pm. Hence convenient store timings are no longer a differentiator for traditional formats.
- Proximity to residence was a parameter which consumers have a neutral response.
- Free home delivery, availability of credit and order taken over phone were parameters that have got lower satisfaction ratings.
- The parameter order is taken over phone had a median ranking of 4 indicating 50% of the consumers are highly dissatisfied with this parameter. Thus traditional formats are able to differentiate themselves on the free home delivery, credit and ease of taking order over the phone. Traditional formats continue to be extremely convenient and hassle free for consumers.

**Inference**

Satisfaction levels varied for the different attributes in traditional formats and modern formats. Consumers were highly satisfied with the attributes proximity to residence, convenient store timings; order is taken over phone and free home delivery for traditional formats. Modern formats scored highly on ambience, all modes of payment are accepted, assortment of the products and the attractive discounts and promotions.

**5.2 MULTIVARIATE ANALYSIS**

Was there a better way to look at the above data apart from the traditional mean score method? The traditional mean scores indicated the satisfaction level of individual attributes, however a question in mind was when a consumer shopped for food and grocery did he look at individual parameters or did a bundle of parameters govern his overall satisfaction with the two formats?

In order to answer this question a factor analysis was conducted to see if there were any underlying groupings in the minds of the consumers, when they shopped at the two formats.

In the present research, consumers were asked to evaluate traditional formats and modern formats on a series of items on a 5 point satisfaction scale. Factor analysis was conducted to analyze the item evaluations to determine factors underlying satisfaction with the two formats.

The factor analysis was conducted for traditional formats and modern formats.

The factor analysis was performed on the explanatory variables with the primary goal of data reduction. The principal components method, using varimax rotation, reduced the 20 explanatory variables to three factors having eigen values greater than 1. For the purpose of interpretation, each factor was composed

of variables that loaded 0.4 or higher on that factor. In three instances where variables loaded 0.4 or above on two factors, the variable was assigned to the factor where it had the highest loading. The two variables long association with the store and quick billing had low component loadings and loaded onto more than one factor and hence were removed from the factor analysis. The Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy is an index used to examine the appropriateness of factor analysis. High values (between 0.5 and 1) indicate factor analysis is appropriate. Values below 0.5 imply that factor analysis may not be appropriate. The Bartlett's test of sphericity is a test statistic used to examine the hypothesis that the variables are uncorrelated in the population. For the present research the KMO measure was greater than 0.5 while the Bartlett's test indicated that the variables have a significant correlation between themselves and hence they could be grouped (p value was 0.00 which is less than level of significance 0.05).

TABLE II – ROTATED COMPONENT MATRIX

	Rotated Component Matrix	Factor 1	Factor 2	Factor 3
<b>Enhanced shopping experience</b>	Availability of International products	0.80		
	Availability of variety of brands and products	0.78		
	Availability of products in pack sizes that you need	0.69		
	Ambience	0.67		
	Freshness of products stocked	0.65		
	Attractive discounts, promotions and schemes	0.63	0.37	
	All modes of payment accepted-like cash, credit card, Sodexo coupons etc.	0.58	0.45	
	Brand Image	0.53	0.49	
<b>Smooth transaction and interaction</b>	Availability of credit		0.72	
	Promptness of handling customer complaints		0.65	
	Loyalty program membership	0.41	0.61	
	Hassle free exchange policy		0.59	
	Courteous and well trained staff	0.33	0.56	
	Error-free sales transactions and records		0.56	0.30
<b>Ease of access</b>	Proximity to residence			0.83
	Convenient store timings			0.77
	Order is taken over phone			0.67
	Free home delivery		0.35	0.61

Three factors were extracted for both traditional formats and modern formats which accounted for 54 per cent of the original variance. They were

**Factor 1 :** In the rotated factor matrix, Factor 1 had high coefficients for the following variables - Availability of international products, availability of variety of brands and products, availability of products in pack sizes that you need, ambience, freshness of products stocked, attractive discounts, promotions and schemes, all modes of payment accepted-like cash, credit card, sodexo coupons etc., and brand image. Therefore this factor was labeled as **Enhanced shopping experience**.

**Factor 2:** In the rotated factor matrix, factor 2 had high coefficients for the following variables - Availability of credit, Promptness of handling customer complaints, Loyalty program membership, Hassle free exchange policy, Courteous and well trained staff, Error-free sales transactions and records. Therefore this factor was labeled as **Smooth transaction and interaction**.

**Factor 3:** In the rotated factor matrix, factor 3 had high coefficients for the following variables Proximity to residence, convenient store timings, order is taken over phone, free home delivery. Therefore this factor was labeled as **Ease of access**.

We could summarize the data by stating that consumers sought three major kinds of benefits from traditional formats and modern formats regarding purchase of food, grocery and household items: Enhanced shopping experience, smooth transaction and interaction and ease of access.

The relationship between the overall satisfaction with the formats and consumers' perceptions regarding the format on various dimensions (factors) was again measured using a Multiple Regression model. The overall satisfaction scores were the dependent variable. Furthermore, the overall satisfaction question may be asked before or after the satisfaction with individual attributes. It was decided to use the first approach that is the overall satisfaction was asked before satisfaction with individual parameters. This is because customers after answering the overall satisfaction question firstly, have the ability to interpret the meaning of the question and give the judgment naturally. The three factors were the independent variables. The factor scores of each of the dimensions were used as inputs. The result of the Multiple Regression analysis is given in Table III and Table V that follow.

TABLE III – MULTIPLE REGRESSION FOR TRADITIONAL FORMATS

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.463(a)	.215	.206	.70632

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.911	.041		46.074	.000
Enhanced shopping exp	.222	.041	.280	5.343	.000
Smooth transaction and interaction	.235	.041	.298	5.683	.000
Ease of access	.174	.042	.218	4.155	.000

a Dependent Variable: Overall sat-Traditional

It was inferred that all three factors were significant predictors of overall satisfaction with traditional formats. Enhanced shopping experience and smooth transaction and interaction were slightly more important than ease of access. Earlier it was inferred that when it came to traditional formats consumers were highly satisfied with the location of traditional formats as well as the convenient store timings. They were moderately satisfied with freshness of products stocked, availability of credit and error free sales and transaction. Consumers were dissatisfied with parameters like ambience, loyalty program membership, attractive discounts and promotions, acceptance of all modes of payment and availability of international products.

The mean score for the individual parameters as well as the analysis of the multiple regression have been juxtaposed together in table IV attached below.

It may be noted that the importance of attributes have been termed as high and low based on the Beta values from the regression output. The satisfaction scores have been tabulated as high, moderate and low based on the following criteria.

Satisfaction in the range of 1 to 2 = High Satisfaction

Satisfaction in the range of 2 to 3 = Moderate satisfaction

Satisfaction >3 = Low satisfaction.

TABLE IV – IMPORTANCE VS SATISFACTION OF VARIOUS ATTRIBUTES FOR TRADITIONAL FORMATS

	Traditional Formats	Order of Importance (From Factor and Multiple Regression)	Satisfaction (From Mean satisfaction score)
<b>Enhanced shopping experience</b>	Availability of International products	High	3.5 (Low)
	Availability of variety of brands and products	High	2.8 (Moderate)
	Availability of products in pack sizes that you need	High	2.5 (Moderate)
	Ambience	High	2.9 (Moderate)
	Freshness of products stocked	High	2.2 (Moderate)
	Attractive discounts, promotions and schemes	High	3.2 (Low)
	All modes of payment accepted-like cash, credit card, Sodexo coupons etc.	High	3.3 (Low)
	Brand Image	High	2.7 (Moderate)
<b>Smooth transaction and interaction</b>	Availability of credit	High	2.3 (Moderate)
	Promptness of handling customer complaints	High	2.6 (Moderate)
	Loyalty program membership	High	3.2 (Low)
	Hassle free exchange policy	High	2.3 (Moderate)
	Courteous and well trained staff	High	2.6 (Moderate)
	Error-free sales transactions and records	High	2.3 (Moderate)
<b>Ease of access</b>	Proximity to residence	Low	1.5 (High)
	Convenient store timings	Low	1.6 (High)
	Order is taken over phone	Low	1.8 (High)
	Free home delivery	Low	1.8 (High)

**Factor 2** - Smooth transaction and interaction is the most important dimension to consumers. On these parameters traditional formats fare quite well with which most consumers are happy with parameters like availability of credit, error-free sales and transaction, hassle-free exchange etc. These stand out as the strengths of traditional formats. Personalized interaction is where traditional formats score. Loyalty program membership is the only attribute where traditional formats fare poorly.

**Factor 1** –Enhanced shopping experience is the next most important dimension to consumers. Within this factor we find that consumers are quite dissatisfied with traditional formats when it comes to availability of international products, various discounts and schemes available, the ambience and non acceptance of modes of payment like credit card and Sodexo coupons.

**Factor 3** – Ease of access is the least important dimension and this is where consumers are most satisfied with traditional formats. Traditional formats offer free home delivery and consumers can place the order over the phone based on their requirement. Also the stores are close to the residence and are open till late hours. However since this dimension is the least important to consumers, traditional formats should bear in mind that they need to work on providing more range of products and also better transaction and interaction to have an edge over modern formats.

TABLE V – MULTIPLE REGRESSION FOR MODERN FORMATS

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.341(a)	.116	.107	.74965

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.835	.044		41.390	.000
Enhanced shopping exp	.233	.044	.296	5.287	.000
Smooth transaction and interaction	.090	.044	.113	2.020	.044
Ease of access	.100	.045	.126	2.252	.025

While the R square value for modern formats was lesser than the R square value for traditional formats, it was still significant. Like in the case of traditional formats, it was inferred that all three factors were significant predictors of overall satisfaction with modern formats. However the factor enhanced shopping experience was a major driver of overall satisfaction given its high Beta value and high t statistic. Ease of access and smooth transaction and interaction were the next significant predictors. In other words when it came to modern formats consumers were looking at enhanced shopping experience like ambience, international products, offers and discounts etc.

TABLE VI - IMPORTANCE VS SATISFACTION OF VARIOUS ATTRIBUTES FOR MODERN FORMATS

		Order of Importance (From Factor and Multiple Regression)	Satisfaction (From Mean satisfaction score)
<b>Enhanced Shopping experience</b>	Availability of International products	High	1.58 (High)
	Availability of variety of brands and products	High	1.64 (High)
	Ambience	High	1.41 (High)
	Availability of products in pack sizes that you need	High	1.87 (High)
	All modes of payment accepted-like cash, credit card, Sodexo coupons etc.	High	1.58 (High)
	Attractive discounts, promotions and schemes	High	1.7 (High)
	Freshness of products stocked	High	1.95 (High)
	Brand Image	High	1.9 (High)
<b>Smooth transaction and interaction</b>	Promptness of handling customer complaints.	Moderate	2.52 (Moderate)
	Free home delivery	Moderate	3.19 (Low)
	Hassle free exchange policy	Moderate	2.8 (Moderate)
	Quick Billing	Moderate	2.72 (Moderate)
	Availability of credit	Moderate	3.27 (Low)
	Courteous and well trained staff	Moderate	2.12 (Moderate)
	Loyalty program membership	Moderate	2.36 (Moderate)
	Error-free sales transactions and records	Moderate	2.37 (Moderate)
<b>Ease of access</b>	Proximity to residence	Moderate	2.72 (Moderate)
	Convenient store timings	Moderate	2.31 (Moderate)
	Order is taken over phone	Moderate	3.68 (Low)

Enhanced shopping experience is the most important dimension for consumers while shopping at modern formats. Consumers are highly satisfied with the ambience of modern formats. All other parameters in this factor score quite high on the satisfaction aspect. Clearly modern formats have distinguished themselves on the shopping experience platform for something as mundane as food and grocery and consumers are quite satisfied.

The second important parameter is smooth transaction and interaction. While consumers are quite happy with the physical aspects of the modern formats, transaction aspects score slightly poorly. Modern formats score poorly on 5 attributes out of eight in this dimension. Consumers are quite dissatisfied with the unavailability of credit and lack of free home delivery. Further consumers find the exchange policy cumbersome and handling of customer complaints is an area of dissonance. Quick billing is also found to be a source of dissatisfaction. Modern formats may not be able to do anything about availability of credit and free home delivery, however they should try to improve the billing process and train the staff to handle customer complaints better.

#### Hypothesis 5

**Consumers are in favor of recommending modern formats.**

H0: Consumers are indifferent to recommending modern formats to family and friends. In other words the mean rating for Recommendation is 3 on a 5 point scale.

H1: Consumers are in favor of recommending modern formats to family and friends. In other words the mean rating for recommending modern formats is less than 3 (1 = Definitely recommend...5 = definitely not recommend)

**TABLE VI: ONE SAMPLE T TEST**

TABLE VI: ONE-SAMPLE T-TEST						
	N	Mean	Std. Deviation	Std. Error Mean		
Recommend modern	467	1.7901	.86594	.04007		
	Test Value = 3					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Recommend modern	-30.193	466	.000	-1.20985	-1.2886	-1.1311

Since the p value was 0.00 was less than the significance value of 0.05, we reject the null hypothesis and infer that consumers are in favor of recommending modern formats.

## 6. CONCLUSION

In the past few years, India's retail journey seemed poised for huge growth given the entry of several new players. Retail in India emerged as one of the most dynamic and fast paced industries according to the FICCI-Ernst and Young 2007 report (Winning with Intelligent Supply Chains). However the global meltdown had an impact on the Indian market. As per the Cartesian Economic Meltdown Survey 2008, almost all key industries in India have been negatively impacted by the slowdown and retail is no exception. Organized retail penetration, which was expected to touch 16 percent by 2012 from the current 5 percent, is likely to trace to 10.4 percent only (Businessworld-The Marketing Whitebook-2010-2011 pg283, Source: KPMG Analysis and Retailers Association of India). The retail sector is still registering decent growth, but heavy investments made during the boom period may make it difficult for retailers to show profits.

### 6.1 MAIN FINDING

There was a relationship between types of food items purchased and choice of formats whereby consumers preferred to purchase processed foods from modern formats and fresh produce from traditional formats. The street vendor and neighborhood store benefit from Indian's habit of buying fresh food often and hence convenient location becomes an important parameter for consumers. The main attributes that scored poorly for modern formats were proximity to residence (modern formats were not close to their residence), hassle-free exchange policy and freshness of products stocked. On the other hand proximity to residence was found to be a parameter where traditional formats scored very highly. Thus the traditional formats will retain their hold in India even as organized retail evolves. Both are expected to grow alongside, as has happened in China.

A factor analysis and multiple regression indicated that the major driver for traditional formats are enhanced shopping experience and smooth transaction and interaction. Ease of access was a significant driver but scored lower. Traditional formats scored on location, free home delivery and offering credit. These formats have long maintained accounts for households, waiving payments till the end of the month and sending goods to the door, at just a phoned in request. Modern formats have recognized this strength of traditional formats and have made payment options like acceptance of all major credit cards and Sodexo coupons a convenient alternative. Further, modern formats offer great in store experience, with a variety of brands, access to international brands and ambience. Traditional formats need to work on enhancing the shopping experience by offering international products if it is possible, otherwise it is best that they compete with modern formats on the dimension of smooth transaction and interaction.

For modern formats, enhanced shopping experience was the major driver of customer satisfaction. Modern formats are already delivering on this dimension. However Modern formats need to work on improving in-store service. Consumers were dissatisfied with the exchange policy as well as the slow billing. The transaction process was found to be tedious at modern formats as compared with traditional formats. If modern formats can improve on the factor smooth transaction and interaction then it will lead to substantial conversions.

### 6.2 LIMITATION

The present research was a general study on understanding consumer behavior among modern formats and traditional formats in food and grocery. Specifically the study focused on the drivers of satisfaction for the two formats and patronage behavior for the two formats. It also focused on understanding the hierarchy of shopper needs and arriving at inner needs. However the study did not focus on different type of formats within modern formats for example – discount stores, hypermarkets and supermarkets separately. Also the research was restricted to the two metropolitan cities of Mumbai and Delhi. The impact of modern formats on traditional formats was not studied for other metros specifically South India namely Bangalore, Chennai and Hyderabad. Hence the results may vary if one were to compare modern formats across 4 or 5 major cities.

### 6.3 SCOPE FOR FUTURE RESEARCH

As for future research, there is need to study the development of modern formats in more detail. A lot of research has been carried out in the modern retail sector in Asia, such as in Thailand (Feeny et al. 1996), Hong Kong (Kawahara & Speece 1994), Vietnam (Venard 1996).

The present study was limited to Mumbai and Delhi. Further since the sample size for Delhi was only 72, the Delhi findings are exploratory in nature. Studying the impact of modern retail on traditional retail and understanding the shopper needs for food and grocery in Tier II main cities like Surat, Kanpur, Indore, Jabalpur, Nagpur, Pune, Kozikode etc. should be pursued. Further it would be interesting to study the rural market and understand how retailers can aim their offerings to the rural market. It would be interesting to study in detail the way neighbourhood stores and local grocery stores are adapting themselves to the influx of modern retail giants like Big Bazaar, Reliance Fresh, etc.

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## THE IMPACT OF SOCIAL NETWORKING TO FACILITATE THE EFFECTIVENESS OF GREEN MARKETING: AN EMPIRICAL STUDY

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### ABSTRACT

*Green marketing refers to the process of selling products or services based on their environmental benefits such as the contribution to reducing environmental pollution and prevention of degradation. Such products are manufactured, packaged and marketed in an environmental friendly manner and process. While the process of environmental friendly production and packaging has received wider attention, techniques of marketing and distributing products in an environmental friendly manner needs better attention. One such technique is NETWORK MARKETING – using social networks for marketing products and services which can conserve and protect the environment. Since social networks are used for marketing, the obvious impact and strong message of conservation cannot be lost sight of! A combination of appropriate marketing tools along with products and packaging can have a multiplier and accelerating effect in the conservation efforts! Present paper aims to establish the linkage between Environmental Conservation and Network marketing techniques. Different suggestions have been drawn out for consideration and implementation by green product marketing companies. It has been established through the present research that social networks and network marketing techniques can have a profound influence in Green marketing efforts! They are as it were made for each other!*

### KEYWORDS

social networking, green marketing.

### INTRODUCTION

 Green marketing has emerged as one of the most important marketing techniques in the present global business environment. As the globalization process continues its giant strides across the world, this has also brought attention of manufacturers and marketers to some problems associated with it. One of these problems is environmental concerns that impact all living beings. Consumers now have worries about the future environment of the world and as a result of this mostly prefer environment friendly products. In recognition of these concerns of consumers, companies have started to make their marketing strategies more appealing by offering environment-friendly products and promotions. These marketing strategies, named as Green Marketing, have caused companies to adopt green policies in their pricing, promotion, product features and distribution activities. Social networking and Network marketing has become an important tool with its inherent appeal to promote green product and position it effectively through Green marketing efforts.

### GREEN MARKETING

Green marketing (also known as: environmental marketing, ecological marketing, eco-marketing.) refers to the process of selling products and services based on their environmental and broad social benefits. Such a product or service may be environmental friendly in itself or produced and/or packaged in an environmental friendly way. The obvious assumption of green marketing is that potential consumers will view a product or service's "greenness" as a benefit and base their buying decision accordingly. While green marketing is growing greatly as increasing numbers of consumers are willing to back their environmental consciousnesses with their money, it can be dangerous. The public tends to be skeptical of green claims to begin with and companies can seriously damage their brands and their sales if a green claim is discovered to be false or contradicted by a company's other products or practices. Presenting a product or service as green when it's not- is called *green-washing*. Green marketing can be a very powerful marketing strategy though, when it's done right.

For green marketing to be effective, you have to do three things; be genuine, educate your customers, and give them the opportunity to participate.

1. **Being genuine** means that you are actually doing what you claim to be doing in your green marketing campaign and the rest of your business policies are consistent with whatever you are doing that's environmental friendly. Both these conditions have to be met for your business to establish the kind of environmental credentials that will allow a green marketing campaign to succeed.
2. **Educating your customers** isn't just a matter of letting people know you're doing whatever you're doing to protect the environment, but also a matter of letting them know why it matters. Otherwise, for a significant portion of your target market, it's a case of "So what?" and your green marketing campaign goes nowhere.
3. **Giving your customers an opportunity to participate** means personalizing the benefits of your environmental friendly actions, normally through letting the customer take part in positive environmental action.

### NETWORK MARKETING

It is a tool of direct marketing where the customers and consumers have the opportunity to participate in the process of exchange and your success in adopting network marketing will depend on the ways in which you can show them doing a beneficial act for the welfare of society while obviously buying, using and promoting your product usage for their immediate contacts and associates. Since network marketing implies using social networking it can be a powerful tool if used appropriately for promoting green marketing!

Marketing is a social activity. People are at the core of all marketing activities. The concept of marketing has evolved over several decades with the development of human civilization. Network marketing is part of what is often referred to as the direct sales industry. Both network marketing and direct sales are often referred to as industries but they're really a method of distribution where instead of selling a product through a retail store, products are retailed or sold by independent business owners called distributors. Social networking and network of people are used to distribute and promote a product. The process involves direct one to one communication with people and needs good skills of presentation and the audience in most cases will be educated and informed.

Since the people are at the center of the activities, it is a powerful tool to convey powerful and convincing social messages for societal benefits. So, it is one of the most appropriate marketing tools for social change and socially relevant messages. I would like to propose Network marketing as a relevant tool (though still in the nascent stages) for appropriate development for Green Marketing which needs one to one convincing of people and involvement of a network of people. Once we successfully create a network through social linkages it can become so powerful and self propagating with a multiplier effect in growth of social awareness and participation.

**OBJECTIVES OF THE STUDY AND RESEARCH METHODOLOGY**

The present research paper has been taken up with the objectives

1. Assess the impact of social network in promoting the green products.
2. Investigate the relationship between consumer attitude towards the social network and its impact on purchase of green products.

The following hypotheses were assumed for the study

**Hypothesis 1:** There is no significant relationship between consumer's attitude towards social network and their attitude on green products.

**Hypothesis 2:** The mean of different factor of social network for promoting green product and environment does not differ significantly across customers of different demography

To assess the impact of social network on purchase pattern of green product, a structured questionnaire was designed covering different aspect on social network and its relationship with purchase of green products. Questionnaire was sent online to almost 5000 respondents through e-mail. A total 363 response were received and taken for the study. The collected information was systematically arranged, tabulated and appropriate analysis was carried out. To test the hypothesis, factor analysis, Mean, standard deviation, ANOVA and  $\chi^2$  tests were applied.

**ANALYSIS AND DISCUSSION****TABLE 1: DEMOGRAPHIC CHARACTERISTICS OF THE RESPONDENTS**

Characteristics	Group Category of respondents	No.of Respondents	%
	Total Number of Respondents	363	100
Age	Upto 20 Years	13	3.6
	20-30 Years	115	31.7
	30-40 Years	122	33.6
	40 to 50 Years	84	23.1
	50-60 Years	20	5.5
	Above 60 Years	9	2.5
Gender	Male	227	62.5
	Female	136	37.5
Education Qualification	High School	7	1.9
	Intermediate	81	22.3
	Graduate	149	41.0
	Post Graduate	126	34.7
Fathers Qualification	Matric and below	11	7.8
	Graduate and Below	78	55.3
	Post Graduate	34	24.1
	Professional Qualification	13	9.2
	Othres	5	3.5
Level of Income	Upto Rs10000 PM	19	5.2
	Rs.10000 to Rs20000PM	95	26.2
	Rs20000 to Rs30 000 PM	130	35.8
	Rs30000 to Rs40000PM	86	23.7
	Above Rs40000PM	33	9.1
Profession	Student	2	.6
	service	180	49.6
	Business	81	22.3
	Professional	93	25.6
	Others	7	1.9

Demographic information presented in the table below reveals that the sample is dominated by young people in the age group of 30-40 years predominantly male section of the population. Over 75% of the population of respondents are educated up to graduate and post graduate levels. The income profile reveals that most of the respondents belong to the middle income group with monthly earnings of Rs.20,000 – 40,000 per month. The sample is dominated by service class people (approximately 50%).

**TABLE 2 IMPACT OF POLLUTION ON HUMAN LIVES**

Impact of pollution	Responses		Percent of Cases
	N	Percent	
Global warming	180	18.8%	49.6%
Unknown diseases and disorders	202	21.2%	55.6%
Imbalance in the ecosystem	35	3.7%	9.6%
Mass destruction of flora and fauna	64	6.7%	17.6%
Threat to human existence	161	16.9%	44.4%
Change in weather and rain pattern	143	15.0%	39.4%
Melting of glaciers and raise in sea level	50	5.2%	13.8%
Frequent natural calamities	120	12.6%	33.1%
Total	955	100.0%	263.1%

Many a scientific research on the environmental issues has enlightened the devastating impact of pollution levels causing mass extinction of various species to an imbalance in the ecosystem and to a great degree causing cascading destructive effects globally. It is significant to understand from the empirical study on the subject, which depicts that there is a clear-cut uneven understanding about the impact among the respondents. This may lead to the incomplete understanding of the importance of environmental protection by using environment friendly products depending on their awareness and perception related to the contribution of a particular pollutant causing environmental degradation and harm to individuals. It is worthwhile to know that about nearly 19% of the sample find Global warming, 21% unknown diseases as the results of pollution and environmental degradation. The survey results clearly indicate that about 17% of the population believe that there is a threat to human existence due to environmental degradation and 15% believe that the change in weather patterns and rain is due to environmental impact due to pollution, followed by frequent natural calamities being the cause to the extent of 12.6%. Melting of glaciers and

rise in sea level (which is a derived impact of global warming) are caused by pollution and a similar response is observed in the case of "Imbalance in the Ecosystem" caused by pollution followed by "Mass destruction of flora and fauna".

**TABLE 3: CONSUMER SENSITIVITY TO SOCIAL MARKETING TO PROMOTE GREEN PRODUCTS**

	Responses		Percent of Cases
	N	Percent	
I am a highly social person and spend substantial time in socializing everyday.	3	0.8%	0.9%
I understand that social contacts and are essential to be successful in my profession	131	35.1%	37.5%
I use my social network and contacts to promote my business.	71	19.0%	20.3%
Social networks are very effective in spreading information and I use it to access and to send information.	51	13.7%	14.6%
I remain up to date by the help of social networks.	97	26.0%	27.8%
I socialize myself to overcome boredom.	19	5.1%	5.4%
I am always in search of new relationships through social networking	1	0.3%	0.3%
Total	373	100.0%	106.9%

As the marketing power of social media grows, it no longer makes sense to treat it as an experiment. Social networking can be used to keep in touch with friends, make new contacts and find people with similar interests and ideas. This depends upon Consumer Sensitivity to Social networks for Marketing and promoting products. The survey reveals that consumers are more sensitive towards the statement like, "I understand that social contacts are essential to be successful in my profession" and "I remain up to date by the help of social networks" as it was preferred by 35.1% and 26.0% respondents in the sample. There is a good response to the statement "I use social networks and contacts to promote my products" and is a clear indication that social networks and network marketing techniques can be useful in creating a better awareness among the various segments of population (Please see Table 3) below.

**TABLE 4: EFFECT OF SOCIAL NETWORK IN PROMOTING GREEN PRODUCTS**

Response category	Frequency	Percent	Valid Percent	Cumulative Percent
Yes	345	95.0	95.0	95.0
No	13	3.6	3.6	98.6
Can't Say	5	1.4	1.4	100.0
Total	363	100.0	100.0	

Promotion is an act of advertising a good or service with the short/long term goal of increasing sales. Many companies use different techniques to promote their products through a vast array of communication media. In the present age, where there is an array of alternatives, it is important to identify one communication medium that is better suited to what type of product you are promoting. With this in mind an attempt was made to assess the Effect of Social Networks in Promoting Green Products. Analysis indicates that almost all (95%) respondent are of the opinion that social network has a great impact in promoting green products (see Table 4 below)

**TABLE 5: CONSUMER'S PREFERRED PROCESS OF SOCIALIZATION**

Process of socialization	Responses		Percent of Cases
	N	Percent	
I make friends with my colleagues and spend time with them after office hours also.	236	29.6%	67.4%
Active participation in social events like marriages and other ceremonies	70	8.8%	20.0%
I have joined club(s)	131	16.4%	37.4%
I visit friends regularly	226	28.3%	64.6%
Through social networking web sites	135	16.9%	38.6%
Total	798	100.0%	228.0%

Socialization refers to the lifelong process of inheriting and disseminating norms, customs and ideologies, providing an individual with the skills and habits necessary for participating within his or her own society. Socialization is thus 'the means by which social and cultural continuity are attained'. It is seen in the study that majority of the respondents 'make friends with their colleagues and spend time with them after office hours also as part of socialization. As was indicated by 29.6% respondents in the sample. 'visiting friends regularly' as a process of socialisation was indicated by 28.3% respondents. It is seen that socialization through social networking web sites was indicated by 16.9% respondents in the sample.

**TABLE 6: IMPACT OF SOCIAL NETWORK ON USES PATTERN OF GREEN PRODUCT: A DESCRIPTIVE STATISTICS**

	N	Minimum	Maximum	Mean	Std. Deviation
Use of green products	363	3.00	5.00	4.6309	.61862
Educating people about environmental conservation	363	3.00	5.00	4.6804	.57798
Less use of non biodegradable products	363	2.00	5.00	4.2149	.70366
More use of recycled products	363	3.00	5.00	4.2727	.61294
Generating less waste materials	357	3.00	5.00	4.2297	.66020
Banning of plastic carry bags	363	3.00	5.00	4.2672	.57834
Using only energy efficient appliances and machines	363	3.00	5.00	4.5372	.64424
Valid N (list wise)	357				

Social network has great potential to influence customers for adapting uses pattern of green products and building awareness towards Green products. A descriptive study was carried out by assessing the mean and standard deviation of different factors like 'Use of green products', 'Educating people about environmental conservation', 'Less use of non biodegradable products', 'More use of recycled products', 'Generating less waste materials', 'Banning of plastic carry bags', 'Using only energy efficient appliances and machines'. It is seen that Educating people about environmental conservation has scored highest mean of 4.6804. It was followed by Use of green products through social network that scored mean of 4.6309. Higher Std. Deviation of .70366 of factors like 'Less use of non biodegradable products' indicates that customer response toward these issue are heterogeneous. So, it is clear from the findings that Consumer awareness, education and use of green products can be enhanced through Social networks. Impact of Social networks in green marketing is further analyzed through factor analysis and the conclusions thereof can be seen in the following analysis.



TABLE 7: IMPACT OF MEDIA ON SOCIAL AWARENESS OF GREEN PRODUCTS

	Responses		Percent of Cases
	N	Percent	
News Paper and Magazine	312	27.1%	86.0%
Television and Radio	271	23.5%	74.7%
Celphone Commercial Message	20	1.7%	5.5%
Street Shows	22	1.9%	6.1%
Hoarding and Banners	35	3.0%	9.6%
Internet	213	18.5%	58.7%
Frieds and Relatives	219	19.0%	60.3%
Peer and Colleagues	61	5.3%	16.8%
Total	1153	100.0%	317.6%

The survey results indicate (See Table 7 below) that the consumers are aware of Network marketing techniques through the media – predominantly through Print and TV/Radio. It is relevant to note that Peers, relatives, Friends and colleagues form useful network of social contact through which consumers become aware of various products and services. This information gives an idea for product manufacturers and marketers as to how to select appropriate media to promote their products and services

## FACTOR ANALYSIS

Understanding consumer attitude towards Social network and its different levels of impact on uses of Green product has been of major interest for government and society. The attitudes of customer are affected by exogenous factors such as Economic conditions, Government policies and Market interface among major players like Consumer, Manufacturer and Government. The present empirical study indicates that consumers' perceptions are based on their own personal attributes such as age and education, as well as marketing mix strategies opted by the government as well as manufacturing agencies engaged in promoting green product. Exogenous factors such as social network also impact both consumer purchase decisions and manufacturer decisions. These components are viewed together since they are highly interdependent and together represent forces that influence how the consumer will react to the offerings in the market. Keeping these into consideration, an attempt was made to identify factors influencing purchase in favor of Green products.

For this respondents were asked to rate their views (through a questionnaire) on the following statements such as –[Marketing of green products through Social network can reach audience and spread exponentially within a short period of time, Network marketing can help achieving substantial audience reach as marketers get access to diverse audiences through social contacts, Marketing of green product through social network is community driven and provides the best opportunity for green product users with non-stop access to any kind of information from multiple domains. Network marketing is most helpful in rapid diffusion, can significantly boost the speed of the adoption of the marketed product or service, The ease of use and usefulness of green product as demonstrated by network marketing are strong determinants of user acceptance, adoption, and usage behavior. The information sharing is beneficial to all members of the community in better decision making including the purchase decision. Due to the spread of e-social networking being a part of so many networks has become very easy. The visitors and user of such e-social networking is growing exponentially every day. Social networks are very efficient in educating and promoting products, Social networks grab more members and expand their network influence that makes people connect together and participate in community. Every individual draws benefit from being a part of that social network community. Recycling and its uses and usefulness can be promoted effectively through network marketing. Network marketing is most helpful in addressing Environmental issues and promoting usefulness of green products. Network marketing helps marketers for Rapid diffusion of green product to audience and its reach to masses. The usefulness of green products and perceived ease of use are likely to affect users' self-disclosure intentions in network marketing. External influence such as peer pressure is important external determinants that should be accounted on participation in social network. The usefulness of green product promotion through social network will help the user in performing his or her task. In my social networks the trust level is very high., In social networks people are very influencing and significantly affect other's decision, Through social networks information related to green products moves very rapidly and influences the prospective buyers. Nowadays we can find many sub communities of people who share commonalities between social networks. The personal involvement and entertainment aspect of social network has an important role in the usage of various environment friendly products. One of the strong motivational characteristic of social network is community driven Social network allows their member to ask any question and to receive answer from other members spontaneously. 'I would like to use green products only if they are suggested by my peers of my network', Network marketing enhances the value for money for most of the green products available today. Current or potential users of social network believe that perceived playfulness by social network will bring him/her a sense of enjoyment and pleasure. Playfulness through social network is intrinsically enjoyable or interesting].

Respondents were asked to rate the various statements on a scale of 1 to 5 in order of their preference. The exploratory factor analysis was used in order to identify the various motivational factors influencing customer in favor of social network and its application in promoting uses of green product. Principal Component analysis was employed for extracting factors and orthogonal rotation with Varimax was applied. As latent root criterion was used for extraction of factors, only the factors having latent roots or Eigen values greater than one were considered significant; all other factors with latent roots less than one were considered insignificant and disregarded. The extracted factors along with their Eigen values are shown in Table 8. The factors have been given appropriate names on the basis of variables represented in each case. The names of the factors, the statements, the labels and factor loading have been summarized in Table 8. The KMO measure of sampling adequacy for the items was 0.650 (that is, > 0.5), indicating sufficient inter-correlations of the factors. Bartlett's Test of Sphericity, which was found to be significant (Chi-square = 8557.252, < 0.005, (Ref Table 9). Thus, the sample size of 363 was adequate and satisfactory in this study. The cronbach alpha for each factor was 0.903. Cronbach alpha for all the factors were greater than 0.6 which means that the scale scores for each of the dimensions were reasonably reliable (Hair et al., 1998). There are eight factors each having Eigen value exceeding one for motivational factors. Eigen values for eight factors are 8.729, 3.058, 2.533, 1.864, 1.767, 1.452, 1.232, 1.086, respectively. The index for the present solution accounts for of the total variations for the motivational factors. It is a pretty good extraction because we are able to economize on the number of choice factors (from 28 to 8 underlying factors), we lost 22.422% of information content for choice of variables. The percentages of variance explained by factors one to eight are 31.176%, 10.922%, 9.047%, 6.658%, 6.309%, 5.187%, 4.400%, 3.879%, respectively. Large communalities indicate that a large number of variance has been accounted for by the factor solutions. Varimax rotated factor analysis results for motivational factors are shown in table which indicates that after 8 factors are extracted and retained the communality is .706, for variable1, .804 for variable 2, .706 for variable 3 and so on. It means that approximately 70.6% of the variance of variable1 is being captured by extracted factors together. The proportion of the variance in any one of the original variable which is being captured by the extracted factors is known as communality (Nargundkar, 2002).

TABLE 8: PRINCIPAL COMPONENT ANALYSIS WITH ROTATED COMPONENT AND ASSOCIATE VARIABLE

	Component							Playfulness	Communality
	Product reach	Product diffusion	Suitability of social media	Visible product	Community and social influence	Peer pressure	Pleasant process		
Marketing of green products through Social network can reach audience and spread exponentially within a short period of time	.749								.706
Network marketing can help achieving substantial audience, reaching as marketers get access to diverse audiences through social contacts	.749								.804
Marketing of green product through social network is community driven and provides the best opportunity for green product users with non-stop access to any kind of information from multiple domains.	.716								.706
Network marketing is most helpful in rapid diffusion can significantly boost the speed of the adoption of the marketed product or service	.624								.609
The ease of use and usefulness of green product as demonstrated by network marketing are strong determinants of user acceptance, adoption, and usage behavior	.524						.515		.784
The information sharing is beneficial to all members of the community in better decision making including the purchase decision		.860							.828
Due to the spread of e-social networking being a part of so many networks has become very easy		.766							.771
The visitors and user of such e-social networking is growing exponentially everyday		.594					.466		.765
Social networks are very efficient in educating and promoting products	.535	.577							.752
Social network grab more members and expand their network influence that makes people connect together and participate in community		.551							.832
Every individual draws benefit from being a part of that social network community		.486		.410		.421			.720
Recycling and its uses and usefulness can be promoted effectively through network marketing			.875						.875
Network marketing are most helpful in addressing Environmental issues and promoting usefulness of green products			.860						.609
Network marketing helps marketers for Rapid diffusion of green product to audience and its reaches to masses	.444		.564						.804
The usefulness of green products and perceived ease of use are likely to affect users' self-disclosure intentions in network marketing				.876					.873
External influence such as peer pressure is important external determinants that should be accounted on participation in social network				.722					.713
The usefulness of green product through social network will help the user in performing his or her task	-.419			.610					.799

In my social networks the trust level is very high.					.846				.820
In social networks people are very influencing and significantly affect other's decision					.724				.752
Through social networks information related to green products moves very rapidly and influences the perspective buyers					.498				.724
Nowadays we can find many sub communities of people who share commonalities between social network						.753			.844
The personal involvement and entertainment aspect of social network exhibits an important role in the usage of various environment friendly products						.724			.738
One of the strong motivational characters of social network is community driven	.475		.412			.585			.811
Social network allows their member to ask any question and to receive answer from other members spontaneously		.411				.425			.786
I would like to use green products only if they are suggested by my peers of my network							.830		.813
Network marketing enhances the value for money for most of the green products available today.		.482					.677		.786
Current or potential users of social network believe that perceived playfulness by social network will bring him/her a sense of enjoyment and pleasure.								.868	.818
Playfulness through social network is intrinsically enjoyable or interesting.								.840	.786
<i>Eigen Values</i>	8.729	3.058	2.533	1.864	1.767	1.452	1.232	1.086	
% of Variation	31.176	10.922	9.047	6.658	6.309	5.187	4.400	3.879	
Cumulative % of Variation	31.176	42.098	51.145	57.803	64.112	69.299	73.699	77.578	

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

A Rotation converged in 12 iterations.

TABLE 9: FACTOR NAMES, PRINCIPAL COMPONENTS AND ASSOCIATED VARIABLES

Factor	Name of dimension	Statement	Factor Loading
F1	<b>Product reach and accessibility</b>	Marketing of green products through Social network can reach audience and spread exponentially within a short period of time	.749
		Network marketing can help achieving substantial audience, reaching as marketers get access to diverse audiences through social contacts	.749
		Marketing of green product through social network is community driven and provides the best opportunity for green product users with non-stop access to any kind of information from multiple domains.	.716
		Network marketing is most helpful in rapid diffusion can significantly boost the speed of the adoption of the marketed product or service	.624
		The ease of use and usefulness of green product as demonstrated by network marketing are strong determinants of user acceptance, adoption, and usage behavior	.524
		Social networks are very efficient in educating and promoting products	.535
F2	<b>Product diffusion</b>	The information sharing is beneficial to all members of the community in better decision making including the purchase decision	.860
		Due to the spread of e-social networking being a part of so many networks has become very easy	.766
		The visitors and user of such e-social networking is growing exponentially everyday	.594
		Social networks are very efficient in educating and promoting products	.577
		Social network grab more members and expand their network influence that makes people connect together and participate in community	.551
F3	<b>Suitability &amp; appropriateness social medium to promote Green marketing</b>	Recycling and its uses and usefulness can be promoted effectively through network marketing	.875
		Network marketing are most helpful in addressing Environmental issues and promoting usefulness of green products	.860
		Network marketing helps marketers for Rapid diffusion of green product to audience and its reaches to masses	.564
F4	<b>Product demonstration and visibility</b>	The usefulness of green products and perceived ease of use are likely to affect users' self-disclosure intentions in network marketing	.876
		External influence such as peer pressure is important external determinants that should be accounted on participation in social network	.722
		The usefulness of green product through social network will help the user in performing his or her task	.610
F5	<b>Social influence, trust &amp; common interest of Community networks</b>	In my social networks the trust level is very high.	.846
		In social networks people are very influencing and significantly affect other's decision	.724
		Nowadays we can find many sub communities of people who share commonalities between social network	.753
		The personal involvement and entertainment aspect of social network exhibits an important role in the usage of various environment friendly products	.724
		One of the strong motivational characters of social network is community driven	.585
F6	<b>Peer pressure</b>	I would like to use green products only if they are suggested by my peers of my network	.830
		Network marketing enhances the value for money for most of the green products available today.	.677
F7	<b>Pleasant nature of the process of Network marketing</b>	Current or potential users of social network believe that perceived playfulness by social network will bring him/her a sense of enjoyment and pleasure.	.868
		Playfulness through social network is intrinsically enjoyable or interesting.	.840



TABLE – 10: DESCRIPTIVE STATISTICS

	N	Mean	Std. Deviation
Marketing of green products through Social network can reach audience and spread exponentially within a short period of time	363	4.4435	.68849
Network marketing is most helpful in rapid diffusion can significantly boost the speed of the adoption of the marketed product or service	363	4.4959	.67869
Network marketing can help achieving substantial audience, reaching as marketers get access to diverse audiences through social contacts	363	4.3939	.75923
Current or potential users of social network believe that perceived playfulness by social network will bring him/her a sense of enjoyment and pleasure.	363	3.3499	.56257
The personal involvement and entertainment aspect of social network exhibits an important role in the usage of various environment friendly products	363	3.7466	.64944
Playfulness through social network is intrinsically enjoyable or interesting.	363	3.2562	.54411
One of the strong motivational characters of social network is community driven	363	4.0579	.59414
Social network allows their member to ask any question and to receive answer from other members spontaneously	363	4.0854	.71363
Marketing of green product through social network is community driven and provides the best opportunity for green product users with non-stop access to any kind of	363	4.2672	.61984
Nowadays we can find many sub communities of people who share commonalities between social network	363	3.7410	.62996
External influence such as peer pressure is important external determinants that should be accounted on participation in social network	363	3.9201	.60084
Social network grab more members and expand their network influence that makes people connect together and participate in community	363	4.0744	.66272
The usefulness of green products and perceived ease of use are likely to affect users' self-disclosure intentions in network marketing	363	3.8540	.68782
The ease of use and usefulness of green product as demonstrated by network marketing are strong determinants of user acceptance, adoption, and usage behavior	363	4.2039	.64138
The usefulness of green product through social network will help the user in performing his or her task	363	3.7961	.85546
Network marketing helps marketers for Rapid diffusion of green product to audience and its reaches to masses	363	4.6006	.60632
Network marketing are most helpful in addressing Environmental issues and promoting usefulness of green products	363	4.5482	.62610
Recycling and its uses and usefulness can be promoted effectively through network marketing	363	4.4573	.67326
I would like to use green products only if they are suggested by my peers of my network	363	3.7824	.76492
Network marketing enhances the value for money for most of the green products available today.	363	3.9752	.52763
In my social networks the trust level is very high.	363	4.1818	.56608
In social networks people are very influencing and significantly affect other's decision	363	4.1625	.57434
Through social networks information related to green products moves very rapidly and influences the perspective buyers	363	4.4298	.63715
Social networks are very efficient in educating and promoting products	363	4.5592	.68018
Every individual draws benefit from being a part of that social network community	363	4.0358	.60049
The information sharing is beneficial to all members of the community in better decision making including the purchase decision	363	4.1488	.57086
Due to the spread of e-social networking being a part of so many networks has become very easy	363	4.0193	.56818
The visitors and user of such e-social networking is growing exponentially everyday	363	4.0937	.63249
Valid N (listwise)	363		

## CONCLUSIONS AND RECOMMENDATIONS

1. The data analysis as presented in the previous pages would sufficiently indicate that Social net working and Network Marketing techniques have a good impact in promoting 'Green Products'. Please refer **Table 10** of the descriptive statistics – the mean values 4.435, 4.4959, 4.3939, 4.6006, 4.5482, 4.5592 of factors like – Marketing of green products through social network can reach audience and spread exponentially within a short period of time, Net work marketing is most helpful in rapid diffusion and can significantly boost the speed of adoption of the marketed product or service, Network marketing can help achieving substantial audience reach as marketers get access to diverse audiences through social contacts, Network marketing helps marketers for Rapid diffusion of green product to audience and its reaches to masses, Network marketing are most helpful in addressing Environmental issues and promoting usefulness of green products, Social networks are very efficient in educating and promoting products. **The above mean values clearly indicate that Network marketing techniques have a strong impact on promoting Green products**
2. **The consumer attitude to social network is positive and would help purchase and promote Green products**, as indicated by Consumer perceptions of the usefulness of Networks through the mean values of 4.0579, 4.0854, 4.2039, 4.4573, 4.1818, 4.1625, 4.4298, 4.1488 (**PI refer Table 10**) in responses to statements like - One of the strong motivational characters of social network is community driven Social network, allows their member to ask any question and to receive answer from other members spontaneously, Marketing of green product through social network is community driven and provides the best opportunity for green product users with non-stop access to any kind of product or promotion, The ease of use and usefulness of green product as demonstrated by network marketing are strong determinants of user acceptance, adoption, and usage behavior, Recycling and its uses and usefulness can be promoted effectively through network marketing, In my social networks the trust level is very high, In social networks people are very influencing and significantly affect other's decision, Through social networks information related to green products moves very rapidly and influences the perspective buyers, The information sharing is beneficial to all members of the community in better decision making including the purchase decision.

It can be easily seen from the above that the main Objectives of the research have been achieved through positive confirmation that Network marketing has a good impact in promoting the use of Green products and from the attitude of the consumers it is clear that social networks have a great impact in purchasing and promoting of Green products.

The following hypotheses were tested:

**Hypothesis 1:** There is no significant relationship between consumer's attitude towards social network and their attitude on green products- **Rejected**

From the analysis under the heading of Impact of Social Network on usage Pattern of Green Product (Pl ref. **Table 6**) in the foregoing pages, it is clear that H1 is not accepted (it is rejected) as there is a clear linkage between Consumer attitude towards social network and attitude towards green products as both complement each other very well. So, it is clear from the findings that Consumer awareness, education and use of green products can be enhanced through Social networks.

**Hypothesis 2:** The mean of different factors of social network for promoting green product and environment does not differ significantly across customers of different demography- **accepted:** (From **Table 6** the values are in the skewed range 4.2149 - 4.6804)

Network marketing and communications is a fast growing and emerging field of study. Marketers can make good use of this medium in reaching the product to customers and promoting their products and services. India is emerging as one of the few countries in the world, with a better than global average rate of growth in the economy. Further studies on different categories of products and services and research to improve and popularize present techniques can be undertaken. The researcher hopes that the present research work would form the basis for further interesting studies in this exciting field- doubly so, with Green Marketing and Network techniques taking a centre stage!

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**PROBLEMS FACED BY THE WOMEN ENTREPRENEURS IN THENI DISTRICT-AN OVER VIEW**

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**ABSTRACT**

*Women owned businesses are highly increasing in the economies of almost all countries. The biggest problem or difficulty of a woman entrepreneur is that she is a woman. With joint families breaking up, many women simply don't have the support of elders. Women have been confronted by such dilemmas ever since they started leaving home for the workplace. On the other hand, the attitude of society towards her and the constraints under which she has to work are not very conducive. They still suffer from male reservations. These attitudes of reservation create difficulties and problems at all levels, i.e., family support, training, banking, licensing and marketing. Women in rural areas have to suffer still further. They have to face not only resistance or reservation from men but also from elderly women who are rooted in the attitude of inequality. Though the central government and state governments have launched many entrepreneurial development programmes especially for women, there is no remarkable achievement in rural areas. Therefore, an attempt has been made to identify the problems faced by women Entrepreneurs and to take suitable remedial measures to overcome their problems.*

**KEYWORDS**

women entrepreneurs, theni district.

**INTRODUCTION**

**W**omen owned businesses are highly increasing in the economies of almost all countries. The biggest problem or difficulty of a woman entrepreneur is that she is a woman. With joint families breaking up, many women simply don't have the support of elders. Women have been confronted by such dilemmas ever since they started leaving home for the workplace. On the other hand, the attitude of society towards her and the constraints under which she has to work are not very conducive. They still suffer from male reservations. These attitudes of reservation create difficulties and problems at all levels, i.e., family support, training, banking, licensing and marketing. Women in rural areas have to suffer still further. They have to face not only resistance or reservation from men but also from elderly women who are rooted in the attitude of inequality. Though the central government and state governments have launched many entrepreneurial development programmes especially for women, there is no remarkable achievement in rural areas. Therefore, an attempt has been made to identify the problems faced by women Entrepreneurs and to take suitable remedial measures to overcome their problems.

**OBJECTIVE OF THE STUDY**

The objective of the study is to highlight the problems faced by the women Entrepreneurs in Theni District.

**METHODOLOGY**

The study is mainly based on primary data collected from women entrepreneurs in Theni District through an Interview schedule. It is an empirical study based on survey method. The required secondary data were collected from the Government agencies, books, magazines, journals, bulletins and periodicals.

**AREA OF STUDY**

The study is conducted in Theni District. Theni Town, the District Head quarter is known for its cotton trade and hence known as the second Manchester of south India, next only to Coimbatore. The district has a population of 10,49,323. The sex rate is 964 female per 1000 males.

**PERIOD OF THE STUDY**

The present study covers a period of six months from January 2012 to June 2012.

**SAMPLING DESIGN**

Theni has around 3419 registered small scale Industrial units as on 31.03.2005 of which there were 342 small scale units run by women. According to the field staff of the DIC 37 units were defunct and hence there were 305 working unit run by the women in the sample district. Five women entrepreneurs were reluctant to part with information about their units. The remaining 300 units were selected for the study.

**DECISION BEHAVIOR OF ENTREPRENEURS**

The entrepreneurs generally wish to run their business for quite a long period and they always aim at their goals. The goal of every businessman is to earn more profit and thereby expand his business. During the course of business they face many problems. The problems faced by the entrepreneurs were identified and categorized into vital variables. These problems were studied through an opinion survey in the study area.

The respondents were asked to rank the problems encountered by them according to the order of merit. The order of merit assigned by the respondents was converted into scores by using Garrett's ranking techniques. Garrett suggested this method for converting the ranks into scores when a number of items ranked differed from respondent to respondent. The percent position for each rank was found using the following formula.

$$\text{Per cent position} = \frac{100(R_{ij} - 0.5)}{N_j}$$

Where,

$R_{ij}$  = Rank given to  $i^{\text{th}}$  factor by  $j^{\text{th}}$  individual.

$N_j$  = number of factors ranked by  $j^{\text{th}}$  individual.

**FINDINGS & SUGGESTIONS****MARKETING PROBLEMS**

Marketing is a serious problem encountered by women entrepreneurs. Market competition has become very intense due to the introduction of a wide variety of products posing a serious threat to the survival of women entrepreneurs. Location disadvantage because of their rural background, they do not have access to get enough orders and market exposure. They do not know how to market their produce. Establishing shops and showrooms is costly. Due to the prevailing social environment, they are unable to move as freely and quickly as male individual to distant places to mobilize either resources or markets. Hence they are forced not to increase the production on large scale.

The factors affecting marketing and the mean scores are depicted in Table 1

**TABLE 1: FACTORS AFFECTING MARKETING AND MEAN SCORES**

Sl.No.	Factor	Garrett's Mean Score	Rank
1.	Competition from Small Unit	54.26	II
2.	Competition from Large Unit	56.00	I
3.	Slackness of demand	48.75	IV
4.	Middleman & Tax Problem	51.45	III

Source: Computed data.

The competition prevailing in the market may be managed by conducting frequent surveys and analyses. The latest sales promotion techniques and programmes will lead to expected sales of products. The Government can also take necessary steps to sell at least some of the products through fair price shops.

**FINANCIAL PROBLEMS**

Although the problem of finance is a common phenomenon it is acute in the case of women entrepreneurs because getting assistance from financial agencies is a lengthy process. The ignorance of banking procedure and the lack of experience in formulating bankable projects are also the constraints of women entrepreneurs. Very few women have property in their names. Banks take a conservative attitude while providing finance to women entrepreneurs since they fear that women are likely to leave their business at any time due to personal reasons like marriage.

The factors affecting finance and the mean scores are presented in Table 2

**TABLE 2: FACTOR AFFECTING FINANCE AND MEAN SCORE**

Sl.No.	Factor	Garrett's mean score	Rank
1.	Too Many Formalities	53.63	III
2.	Shortage of working capital	50.08	V
3.	Shortage of fixed capital	65.15	I
4.	High rate of Interest	56.78	II
5.	Red tape in government agencies	48.70	VII
6.	Meager Assistance from government agencies	51.18	IV
7.	Lack of subsidiary	49.93	VI

Source: Computed data.

The rate of interest on loans for working capital, fixed capital, seed capital and the like provided by financial institution must be reduced. The securities offered to such loans may be on the basis of fluctuating characters so that before completion of one loan another loan may be availed of if needed. The authorities may take necessary steps to reduce the period of processing of loans.

**RAW MATERIAL PROBLEM**

The quality of the finished products depends upon the quality of the raw materials and the process involved in production. Raw material is very often considered a limiting factor. Raw material problem may be due to non-availability, shortage, poor quality, and high cost.

The factors affecting the raw materials and the mean scores are shown in Table3

**TABLE 3: FACTORS AFFECTING RAW MATERIAL AND MEAN SCORE**

Sl.No.	Factor	Garrett's mean score	Rank
1.	Scarcity of material	52.54	III
2.	High cost of material	62.08	I
3.	Low quality of material	57.16	II
4.	Transport cost of material	50.52	IV
5.	Inadequate storage facility	40.61	V

Source: Computed data.

The Government can grant subsidy on the raw materials used by women entrepreneurs. Fair price shops could be organized by the Government to supply at a reasonable price quality raw materials needed by these women entrepreneurs. Thereby the presence of middlemen can be avoided. This will also pave the way for avoiding the difficulties faced by the entrepreneurs regarding storage of raw materials.

**LABOUR PROBLEMS**

The process of conversion of raw materials into finished products is carried out with the help of hired workers. All the respondents engaged two or more hired workers to run their business operations. In the study area they faced a few problems associated with human labour. These are the non-availability of skilled labour, unionization; turn over, absenteeism, lack of specialisation and high wages.

The factors affecting labour and the mean scores are given in the Table 4.

**TABLE 4: FACTORS AFFECTING LABOUR AND MEAN SCORE**

Sl.No.	Factor	Garrett's mean score	Rank
1.	Non-availability of skilled labour	51.84	IV
2.	Unionization	48.68	V
3.	Indiscipline	63.34	II
4.	Absenteeism	56.91	III
5.	Lack of Specialisation	42.33	VI
6.	High wages	67.68	I

Source: Computed data.

The Government can fix the wages or salary of employees. It can also impart entrepreneurship training at various levels (even at the school/college levels) by including it in the curriculum.

**POWER SUPPLY**

Without power, production is not possible. Uninterrupted power supply alone can ensure the smooth flow of production. The causes of power supply problems in the study area were identified as high cost, uncertainty and scarcity of power supply.

The causes of power supply problem and the mean scores are depicted in Table 5

**TABLE 5: CAUSES OF POWER SUPPLY PROBLEM AND MEAN SCORE**

Sl.No.	Cause	Garrett mean Score	Rank
1.	High Cost of Power Supply	65.52	I
2.	Uncertainty Power Supply	56.78	II
3.	Scarcity Power Supply	46.65	III

Source: Computed data.



Subsidy can be granted on electricity consumption by these women entrepreneurs at least in the initial period of production. The Government can also take steps to see that these entrepreneurs power without any disturbance.

**OTHER SUGGESTIONS**

In order to motivate the women to participate in organising the Government may periodically select successful business ventures and successful women entrepreneurs in every district and honour them with awards.

Business training can be imparted to women entrepreneurs frequently by the Government with the assistance of non-governments and organizations.

A "Government-Entrepreneurs Association" may be formed to offer counselling and to provide consultancy services to solve the problems faced by women entrepreneurs.

**CONCLUSION**

The present study has been undertaken mainly to help the women entrepreneurs to take their policy decisions for the well being of their business. This study has brought to light certain problems faced by the women entrepreneurial respondents in Theni District. The suggestions presented in this study based on the experience of the researcher will help in solving many problems presently faced by women entrepreneurs.

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# AN ANALYTICAL STUDY ON PROFITABILITY AND CONSISTENCY OF INFORMATION TECHNOLOGY SECTOR IN INDIA

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## ABSTRACT

Information technology is one of the most promising, growing and developed industries in India. The size of this sector has increased at a tremendous rate of 35% per year during the last 10 years. The contribution of this sector to the Gross Domestic Product is about 8.5%, quite similar to that in United States today. It has created brand value in world as well. But from the point of view of profitability & consistency these are not as good as it is overall industrial sector. They differ from one firm to other. Under the study we have taken the five major players working in the IT sector in India. For the research purpose, there are various ratios which are calculated & further taken into consideration for the different tests. In the study secondary data are used which are collected from internet of all the firms for five financial years from 2008 to 2012. The main objective of study is to analyze the performance of each firm according to their profitability & consistency under the study & give them various ranks according to their performance. The study results confirm that the variables such Gross Profit Margin, Net profit Margin and operating Expenses Ratio, play an important role for measurement of the profitability and consistency of the firm. Thus, it is useful for the measurement of overall performance of various firms under Information Technology industry in India.

## KEYWORDS

Performance Analysis, Profitability, Consistency, Information Technology Sector.

## 1. INTRODUCTION

Information technology (IT) sector in India has played an important role in putting India on the global map. IT industry in India has been one of the most significant growth contributors in the Indian economy. The industry has played a significant role in transforming India's image from a slow moving bureaucratic economy to a land of innovative entrepreneurs and a global player in providing world class technology solutions and business services. The industry has helped India transform from a rural and agriculture-based economy to a knowledge based economy. Information Technology has made possible information access at Gigabyte speeds. It has made tremendous impact on the lives of millions of people who are poor, marginalized and living in rural and far flung topographies. Internet has made revolutionary changes with possibilities of e-government measures like e-health, e-education, e-agriculture, etc. Today, whether its filing Income Tax returns or applying for passports online or railway e-ticketing, it just need few clicks of the mouse. India's IT potential is on a steady march towards global competitiveness, improving defense capabilities and meeting up energy and environmental challenges amongst others. Today information technology sector plays a vital role in the economic growth and development in terms of employment creation, export promotion, revenue generation and improving standards of living. As per NASSCOM the estimated revenue of information technology sector (excluding hardware) are US \$ 87.6 billion in the financial year 2011-12; and the industry is expected to grow by 19% during current financial year 2012-13. Information technology sector has led to employment opportunities, both direct and indirect, of nearly 2.8 million and around 8.9 million respectively. This growth is expected to increase more than 14 million (direct and indirect) by 2015 and to around 30 million by 2030. The market size of the industry is expected to rise to US \$ 225 billion by 2020 considering India's competitive position, growing demand for exports, Government policy support, and increasing global footprint. Information technology sector has also led India's economic growth and the contribution of this sector in the national GDP has risen from 1.2% in 1997-98 to an estimated 7.5% in 2011-12.

## 2. OBJECTIVES

- (i) To estimate the performance of the firms according to their profitability.
- (ii) To estimate the performance of the firms according to their consistency.
- (iii) To provide ranks to the sample firms as per their overall performance.

## 3. HYPOTHESIS AND RESEARCH METHODOLOGY

### 3.1 Hypothesis 1

- H<sub>0</sub>: There is no significant difference between Gross Profit Margin Ratios of the firms.  
H<sub>1</sub>: There is a significant difference between Gross Profit Margin Ratio of the firms.

### 3.2 Hypothesis 2

- H<sub>0</sub>: There is no significant difference between Net Profit Margin Ratios of the firms.  
H<sub>1</sub>: There is a significant difference between Net Profit Margin Ratios of the firms.

### 3.3 Hypothesis 3

- H<sub>0</sub>: There is no significant difference between Operating Expenses Ratio of Firms.  
H<sub>1</sub>: There is a significant difference between operating ratio of firms.

## 4. RESEARCH METHODOLOGY

### 4.1 Type of Research

Type of research used here is an Analytical Research, the researcher have used the facts already available and have analyze them to make a critical evaluation of the material.

**4.2 Sample Design**

Sampling design: The sampling used here is convenient sampling.

**4.3 Sample Size**

In the study, data collected from five information technology firms consisting five years period from 2008 to 2012.

**4.4 Variables of Study**

Dependent variables: Profitability and Consistency. Independent variables: Gross Profit Margin, Net Profit Margin, Operating Expenses Ratio.

**4.5 Method of Data Collection**

The data used to calculate the ratios are derived from Balance Sheet and Profit and Loss Account of sample firms from the reputed web sites with the help of internet.

**4.6 Method of Analysis of Data**

Here data is preliminarily analyzed using a test called one-way ANOVA. ANOVA means analysis of variance. On the basis of ANOVA performed on each of the ratios some points are allocated to firms and on the basis of that conclusion is derived.

**5. ANALYSIS AND INTERPRETATION****5.1 Gross Profit Margin Ratio**

Table (1) represents the Gross Profit Margin of sample firms. Further ANOVA output form excel spreadsheet is represented in table (2) & (3) from this results following interpretation had been drawn.

**TABLE 1: GROSS PROFIT MARGIN RATIO OF SAMPLE FIRMS**

Year	TCS Ltd	Infosys Ltd	Wipro Ltd	HCL-Tech Ltd	Tech-Mahindra Ltd
2008	24.64	28.23	18.63	21.86	21.24
2009	25.01	30.66	19.64	24.33	26.22
2010	26.89	31.00	21.47	22.43	21.49
2011	28.12	30.23	19.62	19.13	16.36
2012	27.52	29.65	17.29	24.21	13.65

Sources: Collected and Calculated by Author

**TABLE 2: SUMMARY OUTPUT OF ANOVAS RESULTS GROSS PROFIT MARGIN RATIO**

Groups	Count	Sum	Average	Variance
TCS Ltd	5	132.18	26.436	2.36903
Infosys Ltd	5	149.77	29.954	1.18333
Wipro Ltd	5	96.65	19.33	2.35285
HCL-Tech Ltd	5	111.96	22.392	4.49652
Tech-Mahindra Ltd	5	98.96	19.792	23.95047

Sources: Collected and Calculated by Author

**TABLE 3: ANOVAS RESULTS GROSS PROFIT MARGIN RATIO**

Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	413.037	4	103.2592	15.0295	7.99E-06	2.866081
Within Groups	137.4088	20	6.87044			
Total	550.4458	24				

Sources: Collected and Calculated by Author

**TABLE 4: RANKING OF COMPANIES BASED ON GROSS PROFIT MARGIN ANALYSIS**

Groups	Profitability	Consistency
TCS Ltd	2	3
Infosys Ltd	1	1
Wipro Ltd	5	2
HCL-Tech Ltd	3	4
Tech-Mahindra Ltd	4	5

Sources: Collected and Calculated by Author

**5.1.1 Interpretation**

The test gives F-ratio value which is greater than the critical value for given degree of freedom as per table (3). So the difference between Gross Profit Margin of sample firms is not because of sampling error or any other reason. This difference can be considered as a significant difference. So we can rank the firms for its profitability and consistency. We can allocate points to it ranging from 1-4 as per the performance indicated by Average and Variance, given in the Summary section. They are shown in the table (4).

**5.2 Net Profit Margin**

Table (5) represents the Net Profit Margin of sample firms. Further ANOVA output form excel spreadsheet is represented in table (6) & (7) from this results following interpretation had been drawn.

**TABLE 5: NET PROFIT MARGIN RATIO OF SAMPLE FIRMS**

Year	TCS Ltd	Infosys Ltd	Wipro Ltd	HCL-Tech Ltd	Tech-Mahindra Ltd
2008	24.11	27.37	17.19	16.68	9.01
2009	20.74	27.52	13.53	20.63	22.54
2010	24.13	26.36	20.97	20.18	16.43
2011	25.44	24.31	17.96	17.22	13.95
2012	26.15	25.66	14.39	21.18	8.75

Sources: Collected and Calculated by Author

TABLE 6: SUMMARY OUTPUT OF ANOVAS RESULTS NET PROFIT MARGIN RATIO

Groups	Count	Sum	Average	Variance
TCS Ltd	5	120.57	24.114	4.32193
Infosys Ltd	5	131.22	26.244	1.74773
Wipro Ltd	5	84.04	16.808	8.84682
HCL-Tech Ltd	5	95.89	19.178	4.29852
Tech-Mahindra Ltd	5	70.68	14.136	32.80228

*Sources: Collected and Calculated by Author*

TABLE 7: ANOVAS RESULTS NET PROFIT MARGIN RATIO

Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	505.5875	4	126.3969	12.14951	3.59E-05	2.866081
Within Groups	208.0691	20	10.40346			
Total	713.6566	24				

*Sources: Collected and Calculated by Author*

TABLE 8: RANKING OF COMPANIES BASED ON NET PROFIT MARGIN ANALYSIS

Groups	Profitability	Consistency
TCS Ltd	2	3
Infosys Ltd	1	1
Wipro Ltd	4	4
HCL-Tech Ltd	3	2
Tech-Mahindra Ltd	5	5

*Sources: Collected and Calculated by Author***5.2.1 Interpretation**

The test gives F-ratio value which is greater than the critical value for given degree of freedom as per table (7). So the difference between Net Profit Margin of sample firms is not because of sampling error or any other reason. This difference can be considered as a significant difference. So we can rank the firms for its profitability and consistency. We can allocate points to it ranging from 1-4 as per the performance indicated by Average and Variance, given in the Summary section. They are shown in table (8).

**5.3 Operating Expenses Ratio**

Table (9) represents the Operating Expenses Ratio of sample firms. Further ANOVA output from excel spreadsheet is represented in table (10) & (11) from this results following interpretation drawn.

TABLE 9: OPERATING EXPENSE RATIO OF SAMPLE FIRMS

Year	TCS Ltd	Infosys Ltd	Wipro Ltd	HCL-Tech Ltd	Tech-Mahindra Ltd
2008	27.11	31.72	21.24	26.58	23.28
2009	26.87	34.09	22.12	29.72	28.69
2010	28.93	34.82	24	27.83	24.38
2011	29.96	33.14	21.9	23.42	19.14
2012	29.3	32.19	19.63	28.18	16.52

*Sources: Collected and Calculated by Author*

TABLE 10: SUMMARY OUTPUT OF ANOVAS RESULTS OPERATING EXPENSE RATIO

Groups	Count	Sum	Average	Variance
TCS Ltd	5	142.17	28.434	1.88093
Infosys Ltd	5	165.96	33.192	1.65757
Wipro Ltd	5	108.89	21.778	2.49312
HCL-Tech Ltd	5	135.73	27.146	5.59148
Tech-Mahindra Ltd	5	112.01	22.402	22.36522

*Sources: Collected and Calculated by Author*

TABLE 11: ANOVAS RESULTS OPERATING EXPENSE RATIO

Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	439.9528	4	109.9882	16.18029	4.64E-06	2.866081
Within Groups	135.9533	20	6.797664			
Total	575.9061	24				

*Sources: Collected and Calculated by Author*

TABLE 12: RANKING OF COMPANIES BASED ON OPERATING EXPENSE RATIO ANALYSIS

Groups	Profitability	Consistency
TCS Ltd	2	2
Infosys Ltd	1	1
Wipro Ltd	5	3
HCL-Tech Ltd	3	4
Tech-Mahindra Ltd	4	5

*Sources: Collected and Calculated by Author***5.3.1 Interpretation**

The test gives F-ratio value which is greater than the critical value for given degree of freedom as per table (11). So the difference between Operating Expenses Ratio of sample firms is not because of sampling error or any other reason. This difference can be considered as a significant difference. So we can rank the firms for its profitability and consistency. We can allocate points to it ranging from 1-4 as per the performance indicated by Average and Variance, given in the Summary section. They are shown in table (12).



## 6. FINAL ANALYSIS

In detailed analysis of each ratio, we have seen interpretation of the test performed on the ratio values of different firms. On the basis of that we can conclude which ratios can help ranking the firms on the basis of their performance. The ratios which are considered for ranking are: Gross profit margin, Net profit margin and Operating expenses ratio.

On the basis of overall performance on ratios which are considered for ranking the following result and interpretation can be seen. We can decide the profitability and consistency of the firms and rank them for that.

### 6.1 Profitability

Table (13) shows points that the sample firms have got for their performance on each of the ratios. The average of all values for each company shows the performance of the company for profitability. We can compare firms on the basis of their average values as per table (14). The higher the average value, the higher the profitability of that company. According to this we get following result for profitability as per table (15).

**TABLE 13: SUMMARY OF RANKINGS BASED ON PROFITABILITY**

Measures	TCS Ltd	Infosys Ltd	Wipro Ltd	HCL-Tech Ltd	Tech-Mahindra Ltd
Gross Profit Margin	2	1	5	3	4
Net Profit Margin	2	1	4	3	5
Operating Expenses Ratio	2	1	5	3	4

*Sources: Collected and Calculated by Author*

**TABLE 14: SUMMARY OF RANKING BASED ON PROFITABILITY OF SAMPLE FIRMS**

Groups	Count	Sum	Average	Variance
TCS Ltd	3	6	2	0
Infosys Ltd	3	3	1	0
Wipro Ltd	3	14	4.666667	0.333333
HCL-Tech Ltd	3	9	3	0
Tech-Mahindra Ltd	3	13	4.333333	0.333333

*Sources: Collected and Calculated by Author*

**TABLE 15: RANKING OF SAMPLE COMPANIES BASED ON THEIR PROFITABILITY**

S. No.	FIRMS	Rank
1	TCS Ltd	4
2	Infosys Ltd	5
3	Wipro Ltd	1
4	HCL-Tech Ltd	3
5	Tech-Mahindra Ltd	2

*Sources: Collected and Calculated by Author*

### 6.2 Consistency

The table (16) shows points that the sample firms have got for their performance on each of the ratios. The average of all values for each company shows the performance of the company for profitability. We can compare firms on the basis of their average values as per table (17). The higher the average value, the higher the consistency of that company. According to this we get result for consistency as per table (18).

**TABLE 16: SUMMARY OF RANKINGS BASED ON CONSISTENCY**

Measures	TCS Ltd	Infosys Ltd	Wipro Ltd	HCL-Tech Ltd	Tech-Mahindra Ltd
Gross Profit Margin	3	1	2	4	5
Net Profit Margin	3	1	4	2	5
Operating Expenses Ratio	2	1	3	4	5

*Sources: Collected and Calculated by Author*

**TABLE 17: SUMMARY OF RANKING BASED ON CONSISTENCY OF SAMPLE FIRMS**

Groups	Count	Sum	Average	Variance
TCS Ltd	3	8	2.666667	0.333333
Infosys Ltd	3	3	1	0
Wipro Ltd	3	9	3	1
HCL-Tech Ltd	3	10	3.333333	1.333333
Tech-Mahindra Ltd	3	15	5	0

*Sources: Collected and Calculated by Author*

**TABLE 18: RANKING OF SAMPLE COMPANIES BASED ON THEIR CONSISTENCY**

S. No.	FIRMS	Rank
1	TCS Ltd	4
2	Infosys Ltd	5
3	Wipro Ltd	3
4	HCL-Tech Ltd	2
5	Tech-Mahindra Ltd	1

*Sources: Collected and Calculated by Author*

## 7. LIMITATIONS, FINDINGS & CONCLUSION

### 7.1 Limitations

The study involves only five years of comparison. So it can only predict the profitable trend for these years, not more than that. The value of ratios depends on the definition of ratio and can vary slightly according to its definition in case of different firms. The study involves only major players of information Technology sector in India, not all the firms.

**7.2 Findings**

Average of Infosys Ltd was the highest among all the firms showing the highest profitability which was followed by Tata Consultancy Services Ltd, HCL-Technology Ltd and then Tech- Mahindra Ltd. The lowest average Gross Profit was of Wipro Ltd. The huge gap between average Net Profit & Gross Profit in case of Wipro Ltd can visible showing the big burden of operating expenses in the company. The lowest operating ratio is in Wipro Ltd showing good control of management over the cost. From the analysis and its interpretation we can find out which ratios are more important and which are less important in this particular case. Gross Profit Margin, Net profit margin and Operating expenses ratio are more useful in allocating points to the firms for their performance. Return on total assets, return on net assets, return on equity and Dividend pay-out ratio are less important in this case so we can't use them for allocating points to the firms as their performance is almost similar on these criteria.

**7.3 Conclusion**

The major players of information technology sector shows upwards trend in case of profitability. We can study the performance and rank the firms for its profitability; Wipro Ltd secured the first rank & Tech- Mahindra, HCL-Technology Ltd, Tata Consultancy Services Ltd and Infosys followed by rest of firms. We can study the performance and rank the firms for its consistency; Tech-Mahindra Ltd secured the first rank & HCL-Technology Ltd, Wipro Ltd, Tata Consultancy Ltd and then Infosys Ltd followed by rest of firms.

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**WHAT HAS BEEN SOWN HAS NOT BEEN HARVESTED: THE CURIOUS CASE OF FARM SUBSIDIES IN INDIA****B. SWAMINATHAN****RESEARCH SCHOLAR****DEPARTMENT OF AGRICULTURAL ECONOMICS****TAMIL NADU AGRICULTURAL UNIVERSITY****COIMBATORE****M. CHINNADURAI****PROFESSOR & HEAD****DEPARTMENT OF AGRICULTURAL ECONOMICS****TAMIL NADU AGRICULTURAL UNIVERSITY****COIMBATORE****K. C. SIVA BALAN****RESEARCH SCHOLAR****DEPARTMENT OF AGRICULTURAL EXTENSION****TAMIL NADU AGRICULTURAL UNIVERSITY****COIMBATORE****ABSTRACT**

*Subsidies play a vital role in the economy of a country as they ensure equitable utilization of the resources for the people. Subsidies are a part of a comprehensive plan towards the essential goal: feeding more people. At the same time subsidies are not without consequences as they have reported to have led to the deterioration of resources which otherwise would not have been so had the farmers made to use the resources without subsidies. This paper tries to bring out the importance to agricultural subsidies by the world nations and India in particular over the years. Apart from showing whether subsidies have resulted in the deterioration or over exploitation of resources, the paper also lists out the cross border effects of subsidies. It also shows that the subsidies have led the governments to compromise on the need of public investments. The paper recommends that there is an urgent need to put into effect an expenditure switch from subsidies to investment to lift Indian agriculture from its current stagnation. The most alarming aspect of the surging subsidies is not the size, but the manner and purpose of spending on them. Subsidies provided in India suffer from both inclusion error (wrong kind of people benefiting) and exclusion error (deserving people left out of subsidies). It recommends that three Ts are important to make subsidies efficient: transparent, targeted and temporary. It also recommends that subsidies need to be differential for rain-fed and perennially-irrigated farms. The amount of subsidy must also be inversely proportional to increase in the size of land holding.*

**KEYWORDS**

Farm subsidies, farmers.

**INTRODUCTION**

 subsidies play a vital role in the economy of a country. A country has various resources which are to be gainfully deployed for the benefit of the population of the whole country<sup>1</sup>. Subsidies are provided to ensure equitable utilization of the resources for the people. The benefits given by government to the members of the farming community directly or indirectly usually in the form of a cash payment or tax reduction or price support are commonly construed as agricultural subsidy or farm subsidy.

There are two kinds of farm subsidies: investment subsidies and input subsidies. Investment subsidies are necessary for increasing the nation's capacity to improve production and a farm's capacity of increasing productivity. It can be possible through measures like installing drip irrigation, making water storage tanks and buying farm implements. Nearly 60 per cent of Indian farms are rain-fed and more than 75 per cent farmers are small and marginal<sup>3</sup>. Under these conditions input subsidies for fertilizers and power would certainly be of help.

At the same time subsidies are not without consequences. It has been felt many times before and has been studied in the recent times that subsidies are not only serving the purpose for which they have been intended but also leading to the deterioration of resources which otherwise would not have been so had the farmers made to use the resources without subsidies.

**QUANTUM OF AGRICULTURAL SUBSIDIES IN INDIA AND THE WORLD**

After the Great depression in the 1930s subsidies were introduced in the developed countries only as a 'temporary palliative'<sup>2</sup>. But the trend of subsidies continues to run still today (table 1). A comparison of India with other developed countries as in table.1 shows that it is not far behind in awarding farm subsidies. The Common Agricultural Policy (CAP) cost almost \$ 102 billion last year for EU, around 50 per cent of the whole EU budget. The total spending for 2014-20 is to increase further, to over \$550 billion<sup>5</sup>. The world nations irrespective of development status continue to give importance to agricultural subsidies over the years.

**TABLE 1: AGRICULTURAL SUBSIDIES IN INDIA AND ABROAD OVER THE YEARS**

Sl. No.	Country/ Group	2010- Subsidy bill (\$ billions)
1	India	30.0
2	USA	35.0
3	China	147.0
4	Japan	45.0
5	OECD countries	227.0
6	European Union	101.4
7	Russia	16.0
8	Brazil	7.0

Source: <http://www.economist.com/node/21530130>

**STATUS OF SUBSIDY IN INDIA****TABLE 2: AGRICULTURAL SUBSIDIES IN INDIA OVER THE QUINQUENNIALS (RS. CRORES)**

Year	Fertilizer	Electricity	Irrigation	Others	Total
1990-91	4562	2400	5872	1235	14069
1995-96	6735	1977	7931	1034	17677
2000-01	13800	6449	13681	854	34784
2005-06	18299	14674	10987	1337	45297
2010-11	54976	7500	13826	1894	78916

Source: Central Statistical Organization, New Delhi

As table 1 show, agricultural subsidies have been on a rising trend over the years, but it is not the agricultural sector alone that is getting subsidized (table 3). In fact agriculture is getting largely subsidized only for the farm inputs (table 2) which is required for the improvement of agricultural prospects of yield and income which in turn transgressing all sectors, cascade their impacts in the overall development of the nation.

**TABLE 3: TYPE OF SUBSIDIES IN INDIA AND THEIR ALLOCATED PERCENTAGES IN 2010<sup>7</sup>**

Sl.No.	Type of subsidies	In percentage share
	<b>Economic Subsidies</b>	
1	Agriculture and Co-operation	16.4
2	Irrigation and flood control	10.8
3	Power and energy	7.6
4	Industry	11.5
5	Transport	7.3
6	Communication and others	2.4
	<b>Social Subsidies</b>	
7	Education	22.0
8	Health	9.0
9	Water supply and sanitation	5.0
10	Rural housing and others	8.0

Table 2 shows that input subsidies have the lion's share from 88 percent in the beginning of 1990s to 98 per cent in the recent years. This comes at the cost of investment subsidies for the development of drip irrigation or any water harvesting methods or encouraging better marketing aspects or developing storage units or for farmers' education. This stands at a stark contrast to the developed countries where direct payments have averaged around \$5 billion every year since 2005; crop insurance subsidies have crossed \$35 billion since 1995<sup>8</sup>. Subsidies, from straight subsidies to grants, "market support mechanisms", "export enhancement programs" or specific tax regime for farmers show that in the US and Europe, farmers survive because they get direct income support and not because what they earn from the farm gate prices.<sup>9</sup>

**IMPACT OF SUBSIDIES ON RESOURCES**

The Economic Outlook for 2012-13 points out that, subsidies are progressively losing their relevance and are becoming an unbearable fiscal burden. Farm subsidy itself forms 1 % of the total GDP but the role of subsidies in contribution to productivity enhancement is fast disappearing. This could be seen especially in the case of fertilizer subsidy.

It has become a pan India phenomenon of fertilizers being indiscriminately used than the recommended dosage levels<sup>10</sup> leading to escalations not only in the cultivation costs but also in the subsidy bill. Degradation of land<sup>11</sup> and deterioration of water resources have been reported as a result of non-judicious fertilizer applications along with decreasing productivity levels of land.<sup>12</sup> Subsidies on canal water have led to disproportionate usage leading to water scarcity in general and water deficit stress for crops.<sup>11</sup> As agriculture accounts for over 25 per cent of electricity consumption, power subsidies to the farmers have reported<sup>11</sup> to be resulting in inefficiencies in power utilization and huge transmission losses. It can be ascertained<sup>11</sup> that this overutilization has in turn led to soil degradation, soil nutrient imbalance, environmental degradation, and groundwater depletion. The effectiveness of inputs has decreased over the years with the depletion set in water and land.

**CROSS-BORDER EFFECTS OF SUBSIDIES**

Impacts of subsidies have become an international phenomenon in the era of globalization as steep input subsidies make the final produce cheap, regardless of efficiency in farming and productivity. For example, Thailand has now emerged as the biggest exporter of rice, but it produces only 2.8 tonnes per hectare (as compared to India's 3 tonnes per ha), thereby productivity is not the only criterion for profitable exports. At the same time USA which produces 7 tonnes of rice per hectare continues to indulge in subsidies as while the output of American rice is worth \$ 1.2 billion, there is a \$ 1.4 billion subsidy. Consider cotton. The United States spends some \$2.5 billion a year and the European Union about \$700 million in subsidies to cotton farmers. The historically low cotton prices are wreaking havoc for domestic producers in poor countries to such an extent that cotton subsidies in Mississippi drive cotton farmers in West Africa out of business<sup>1</sup>. In cotton alone, the 20,000 cotton farmers in America receive an annual subsidy packet of Rs 45.40 lakh crore. Both the EU and the United States maintain programs to *directly subsidize* exports of farm products. The EU spends about \$3.3 billion per year doing this. That gives EU goods an artificial advantage in international markets and works against the interests of producers in poor countries. As a result 70 percent of both world exports and imports are exchanged among developed countries. Developing countries do only have a smaller share of world agricultural trade.

**SUBSIDIES AND PUBLIC GOOD INVESTMENTS: AT CROSS-ROADS**

The subsidies for agriculture add up to almost 2% of GDP<sup>11</sup> in India and the value added in agriculture is now a shade less than 14% of GDP, subsidy accounts for some 14% of the value of agricultural output. This huge subsidy bill comes at the expense of investment. Public investment in agriculture has been low and dwindling for a long time (World Development Report, 2008). Rural people are forced to taste the back-burner when it comes to development which further leads to yawning gaps in terms of income and standard of living between the rural people and their urban counterparts. Thus it could be seen that agricultural subsidies compromise the need of government spending on improving rural infrastructure which further results in flawed economy. According to Dr Ashok Gulati, the returns were only 53 paise for every rupee spent on subsidizing fertilizers<sup>4</sup> He claimed, that returns in the farm-related sector were highest on roads - Rs 3.17 for every rupee spent. This was presumably because produce could be more speedily dispatched to markets and did not perish.

**FARMERS AT THE RECEIVING END**

The biggest problem in agricultural subsidy is that it has failed to distinguish between the needy and non-needy. Even in the US, Though subsidies have tripled between 1995 and 2009, the richest 10 per cent of the farm families pocketed 74 per cent of the entire subsidy.<sup>12</sup> In India only 30 per cent goes to small, medium and marginal farmers. On an average, the wealthiest 10 per cent farmers of the world received a total payment of \$4,45,127 in the past 15 years. Small farmers received an average of \$8,862 per recipient in the same period.<sup>12</sup>



Moreover, subsidies distort trade by increasing net exports of input intensive commodities while decreasing net exports of commodities which require relatively fewer inputs. This is the main reason for increased fertilizer prices over the years.<sup>12</sup> If this is the soft part of keeping the farmer unconnected from the market for his produce, the hard, infrastructure part comprises missing rural roads and rural power. Without a good, motorable road network, no organized procurement of farm produce can take place. Yet farm subsidies in rich countries depress market prices for farm products and induce poor countries in Africa and elsewhere to import food that local farmers could otherwise produce more efficiently. Farmers in poor countries are rightly concerned about the effects of the subsidies. Moreover, Indian governments still continue subsidies by a production-driven system but not by a market-driven approach. The subsidies are available for current production and not addition for productive capacity. As a result farmers face the brunt when it comes to selling. Plus, it has to be taken into account that food subsidy was 31,328 in 2007-08 and 60,573 in 2011-12. Supplying food grains at low prices mainly to urban residents meant low prices to farmers.

## CONCLUSION

Subsidies must be a part of a comprehensive plan towards the essential goal: feeding more people. But there is widespread evidence that the more affluent farmers are able to garner a disproportionately large part of the subsidies. Hence the subsidy incidence is inequitable. At the same time, the stagnation of agriculture has led to a spillover in the area of unemployment. Indian agricultural subsidies, though at historic high levels, are low when compared to European or US levels. However, there is an urgent need to put into effect an expenditure switch from subsidies to investment to lift Indian agriculture from its current stagnation. The most alarming aspect of the surging subsidies is not the size, but the manner and purpose of spending on them. Subsidies provided in India suffer from both inclusion error (wrong kind of people benefiting) and exclusion error (deserving people left out of subsidies). Efficient subsidies must be transparent, targeted and in many cases temporary. These three Ts are missing from most subsidies in India.

Subsidies could be delivered through "debit input cards" that the farmer can use to buy whatever input he chooses. The cost of the input, whether it is power, seeds or fertilizers, should be refunded by the government to the seller. Farmers will become proficient managers as they exercise their choices judiciously to optimize inputs. Power subsidy cannot be reviewed in isolation. Controls, barriers and commodity export restrictions are a form of taxes on farmers. Thus subsidies could function as a vehicle for increasing income of the producers but instead they have proved to be an inefficient and inequitable instrument.

The true problem with subsidies is to have a cost-effective system. Subsidies must help produce what is needed. Therefore there is a need for "smart subsidies". Subsidies need to be differential for rain-fed and perennially-irrigated farms. The amount of subsidy must also be inversely proportional to increase in the size of land holding. This will ensure that the least common denominator, that is, marginal and small farmers, is satisfied. Thus subsidies when inappropriate retard the farmers, when misappropriate kill the farmers and when disproportionate kill farmers, farming and farming system as a whole.

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**ANALYSIS OF VARIOUS POULTRY SOCIETIES IN VARIOUS DISTRICTS OF JAMMU & KASHMIR STATE**

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**ABSTRACT**

*Poultry business has been done from ages. The old perspective suggests an unorganized market of poultry business. But now due to multiple and revolutionary changes in other related business practices poultry business is also moving towards new business dimensions and shifting from unorganized policy to an organized policy. Now a day's along with private business owners, Govt. also has initiated to support the poultry business. The Govt. and other supporting agencies have been preparing a detailed plan for providing financial and other supporting assistance to people engaged in poultry business. Present study seeks to analyze the business of various poultry societies in various districts of Jammu and Kashmir State. The study also analyzes the membership pattern and rearing capacity maintained by the poultry societies in Jammu and Kashmir State. The study further seeks to analyze district wise project cost of poultry societies being sanctioned by Govt. of Jammu and Kashmir.*

**KEYWORDS**

Poultry Societies, Unorganized Market, Poultry processing sectors, Financial assistance etc

**INTRODUCTION**

Poultry business has been emerging with a large pace from the last few years. It is that type of business today which is being done by large, medium as well as small firms. Due to complexity of business environment, it is becoming difficult for firms to maintain their business in long run. So firms always try to enter into new areas and dimensions of business so that they could earn huge profits in short period. Poultry business has got much popularity now a day as many firms have started this business. Poultry business involves a lot of issues that must be addressed before starting this business. Mismanagement could result into huge losses for firms and other societies running poultry business. Selection of particular and feasible stock is one of the most important factors. It depends on the objectives of poultry keeping whether firm is buying stock for meat production or egg production. Second most important issue is housing. Poultry housing should provide optimum conditions for growth and egg production by protecting the flock from wind, rain and temperature extremes. Another aspect in poultry business is marketing. Marketing for poultry is one of the biggest challenges as there is no open market for its advertisement.

The Indian poultry industry is also among one of the fastest growing segments of agricultural sector today. India is now fifth largest egg producer and eighteenth largest producer of broilers with a rising rate of 8 to 10% per Annum. The poultry sector in India has gone a paradigm shift in structure and operations. A significant feature of India's poultry industry has been its transformation from a mere backyard activity into a major commercial activity in just four decades. This transformation has involved sizeable investments in breeding, hatching, rearing and processing. The industry has also grown largely due to initiative efforts of private enterprises, minimal govt. interventions, considerable indigenous poultry genetic capabilities and support from poultry processing sectors.

**OBJECTIVES**

1. To access the nature of various poultry societies in various districts of Jammu and Kashmir State.
2. To determine the membership status and pattern of poultry societies.
3. To analyze the capacity managed by different poultry societies.
4. To access poultry related project costs in various districts of Jammu and Kashmir State.
5. To recommend various strategies that could help poultry societies to improve their business practices in all possible dimensions.

**MATERIAL AND METHOD**

Present study has been worked out with the help of secondary data. The secondary data has been collected from the offices of Registrar and Deputy Registrars. The district level data has been collected from district Officers who manage poultry projects. The data and information so collected has been analyzed statistically to access the nature of business of various poultry societies in various districts of Jammu and Kashmir State.

**RESULT AND DISCUSSION**

Poultry business is getting pace day by day throughout the world. India also has witnessed a recent development in poultry business and today we can say poultry business is a billion dollar club business. Jammu and Kashmir State has a great potential for this type of business. Government of Jammu and Kashmir has sanctioned multiple projects and societies dealing with poultry. The district wise analysis of various poultry societies in Jammu and Kashmir State is given as follows:

**1. SRINAGAR DISTRICT**

The values for district Srinagar has been tabulated in table 1. The analysis of values reveals that Srinagar district has a total of 07 poultry business societies with a total membership of 452. The analysis further reveals that the total rearing capacity of all the poultry societies in Srinagar district is 84000 with a project cost of Rs 352.55 lakhs.

**2. PULWAMA DISTRICT**

The collected values for district Pulwama have been tabulated in table 1. The analysis of values reveals that district Pulwama has the highest number of poultry societies i.e. 17 with a total membership of 171. The analysis also shows that the total rearing capacity of poultry societies in Pulwama district is 130000 with a project cost of 529.33 lakhs.

**3. ANANTNAG DISTRICT**

The analysis of table values for Anantnag district reveals that there are only 06 poultry societies with a membership of only 69 persons. The analysis also shows that all the poultry societies in Anantnag district have a rearing capacity of 30000 incurring a project cost of Rs 122.32 lakhs.

**4. BUDGAM DISTRICT**

The analysis of values for this district shows that there are only 06 poultry societies with a membership of 86 persons. Further all poultry societies in Budgam district have a rearing capacity of 50000 with a total project of 206.53 lakhs.

**5. BARAMULLA DISTRICT**

The results for Baramulla district show that there are only 15 poultry societies with 159 members only. The rearing capacity of all poultry societies in Baramulla district has been estimated at 105000 with a total project cost of 432.60 lakhs.

**6. JAMMU DISTRICT**

Collected table 1 values for Jammu district reveals that there are very less number of poultry societies i.e. 3 only. This shows that poultry segment in Jammu district is very weak and needs much consideration. All the 03 poultry societies have a membership of 38 persons only. The rearing capacity has been estimated at 45000 with a total project cost of 370.99 lakhs.

**7. KUPWARA DISTRICT**

The analysis for Kupwara district revealed that this district has minimum number of poultry societies as compared to all other district under consideration. This district has only 02 poultry societies with a membership of 21 only. The rearing capacity has been estimated at 10000 with a total project cost of 44.64 lakhs.

**TABLE 1: DISTRICT WISE POULTRY SOCIETIES**

S. NO.	DISTRICT	TOTAL POULTRY COOPERATIVE SOCIETIES	TOTAL MEMBERSHIP	TOTAL REARING CAPACITY	TOTAL PROJECT COST (LAKHS)
1	SRINAGAR	07	452	84000	352.55
2	PULWAMA	17	171	130000	529.33
3	ANANTNAG	06	69	30000	122.32
4	BUDGAM	06	86	50000	206.53
5	BARAMULLA	15	159	105000	432.60
6	JAMMU	03	38	45000	370.99
7	KUPWARA	02	21	10000	44.64

**CONCLUSION**

The present assessment of various poultry societies in various districts of Jammu and Kashmir State showed a different volume of business in terms of its ownership, rearing capacity and total project cost sanctioned by Govt. There are districts where number of poultry societies is large in number and on the other hand there are districts who witness small number of poultry societies. The analysis of a total of seven districts revealed that district Pulwama and district Baramulla have highest number of poultry societies with highest rearing capacity and project cost. Moreover remaining five districts namely Srinagar, Anantnag, Budgam, Jammu and Kupwara have less number of poultry societies with less rearing capacity and project cost.

**RECOMMENDATIONS**

1. The Govt. and other agencies should provide financial assistance to people who are in poultry business.
2. There is also a need to provide special incentives to people who want to join poultry business.
3. Special training programs must be implemented so that people in this business can learn new and modern practices of managing poultry.
4. Govt. also must arrange special discounts in poultry feed to reduce the project cost so that this business could also be started by weaker section societies.
5. There is need to develop a feasible structure which could enhance the organized market for poultry.
6. A proper location analysis is also necessary which could grab multiple customers and at odd times.
7. A proper logistics system should also be maintained so that movement of poultry could be easily maintained in the business markets.
8. Special advertising campaigns and other promotional tools must be implemented to make common people aware about the benefits of having poultry.
9. A proper arrangement about health of poultry is very necessary which includes time to time check up, availability of medicines etc.
10. Keeping in view the long run business, the owners must manage demand and supply and should provide discounts in nonpeak hours.

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**SHG – BANK LINKAGE PROGRAMME IN ANDHRA PRADESH: A SWOT ANALYSIS**

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**ABSTRACT**

*Self Help Group – Bank Linkage Programme (SBLP) is the largest Microfinance programme in the world. Since the launch of the Pilot Project in 1992 by NABARD and MYRADA, more than 103 million poor households have been covered under this programme by linking 8 lakh SHGs with banks under the provision of MF Services. Andhra Pradesh has always been in the forefront of the programme and its share peaked during 2003-04 at 64.95 per cent. The share is gradually coming down as other states are picking up. Even today, Andhra Pradesh has been maintaining its dominant position in SHG share and credit disbursement. Andhra Pradesh has innovated the NABARD's programme by making it Women Centric with high success rate in terms of loan disbursements and repayment. More than 10 million households have come under the umbrella of the programme with SERP being the monitoring agency. Considering the high success ratio, field study has been carried out across 4 districts of Andhra Pradesh viz: Vizianagaram, Guntur, Mahboobnagar and Anantapur. 936 beneficiaries of the programme with more than 5 years of SBLP membership have been interviewed through a Structured Schedule to measure the Programme's impact on a 5 Point Likert Scale on Before and After Scenario. The sample has further been segmented into Rural and Urban. The results have been analysed and the SWOT Analysis of the Programme is arrived at.*

**KEYWORDS**

MF, NABARD, SBLP, SERP, SHG, SWOT.

**INTRODUCTION**

elf Help Group Bank Linkage Programme (SBLP) in India is the largest Microfinance Programme in the world. Two decades have elapsed since the Pilot project by NABARD and MYRADA in 1992 by linking 500 SHGs. In the first decade, the progress has been impressive covering 0.5 million households. In the second decade, the programme made rapid strides by covering over 8 million households. The state of Andhra Pradesh has always been a active participant in the Programme and has been maintaining its dominant status in implementation of the programme. SBLP was launched with an aim of empowerment and upliftment of the poor and was not gender centric. As the results were not on expected lines, Andhra Pradesh innovated and made the programme women centric and with good results. With the success of the women centric programme in Andhra Pradesh, other states are emulating the Andhra Pradesh women centric Model. More than ten million poor women households (SERP 2010) are covered under the programme in Andhra Pradesh. SBLP has been recognized as decentralized, cost effective and fastest growing MF initiative in the world enabling over 103 million poor households (NABARD 2012) access to a variety of sustainable financial services from the banking system. More than 8 million SHGs have become the banks customers. The bank linkage has enabled the SHG members to pool their savings or thrift and access to credit. This financial discipline and access provided the poor a platform to launch livelihood initiatives and also facilitate empowerment process.

Through SBLP, the poor are given microcredit at lower rates of interest initially. For these people to be eligible for micro credit, they have to form groups of homogenous nature. Prior to applying for loan, they have to show a sort of financial discipline in the form of savings and maintaining internal loans and maintaining A/Cs. The group should be adequately old enough for it to be judged. The bank initially sanctions an amount equivalent to four times the groups savings corpus which is to equally distributed among the beneficiaries. All the beneficiaries have to repay the loan within a stipulated time. Once the first tranche of loan is repaid, a second tranche of bigger loan will be sanctioned and the same cycle continues. This process of the programme will result in economic, social and behavioural impact at the individual level, household level and community levels. With micro savings and micro credit being the main aspects of SBLP, the economic impact is a more visible feature of the programme. (APMAS 2012)

**ROLE OF NABARD IN SBLP**

NABARD was established in 1982. It was given the task of supervising rural credit institutions, framing appropriate policy for rural credit and provision of technical assistance backed by liquidity support to banks. NABARD in association with MYRADA conducted a series of research studies independently in Southern India.

In the year 1992, National Bank for Agriculture and Rural Development (NABARD) initiated a pilot study by linking 255 SHGs to banks, in this pilot study, NABARD tried to facilitate the flow of bank credit to the SHGs. The results of this funding to the SHGs were observed and found to be successful with near full repayment of the loan taken. Following the success of the pilot study by NABARD, Reserve Bank of India (RBI) in the year 1994 has set up a working group of NGOs & SHGs. The objectives of this working group are to study the SBLP and suggest any improvements that can be incorporated in SBLP. This group came out with wide ranging recommendations on SBLP and stated that SBLP is a potential innovation in the area of banking with the poor. SBLP was formally launched in 1992.

**GROWTH IN SBLP**

Since its humble origins two decades ago, the SBLP has grown manifold. Since the launch of SBLP, the southern states of Andhra Pradesh, Tamil Nadu, Kerala and Karnataka have shown interest in SBLP and thus maintaining their early start advantage. In 2012, these states hold 57% of the Bank Linked SHGs.

The SBLP growth in India and Andhra Pradesh, the share of Andhra Pradesh in the programme with respect to all India figures is presented in Table-1



TABLE-1: SHG-BANK LINKAGE PROGRAMME – SHARE OF ANDHRA PRADESH

Year	All India Level		Andhra Pradesh		Share of Andhra Pradesh %	
	No. of SHGs credit linked In lacs	Credit Flow (Rs In crores)	No. of SHGs credit linked	Credit Flow	No. of SHGs credit linked	Credit Flow
2001-02	2.3	545.46	1.2	267.09	49.09	48.97
2002-03	2.6	1022.34	1.7	454.13	64.65	44.42
2003-04	3.6	1855.31	2.3	752.99	63.95	40.59
2004-05	7.9	2924.20	2.6	1017.71	32.76	34.80
2005-06	9.6	4499.01	2.9	1599.43	30.51	35.56
2006-07	11.2	6570.39	3.6	2775.45	32.49	42.24
2007-08	12.3	8849.26	4.2	5573.34	33.82	62.98
2008-09	16.9	12689.22	5.0	6767.40	29.60	53.33
2009-10	15.87	14453.36	5.6	6706.64	35.4	46.42
2010-11	11.96	14547.73	3.7	6209.18	30.3	42.75
2011-2012	11.9	16534.76	3.8	8171.14	33.3	56.54

Source: NABARD Reports accessed on dt. 31.12.2012

Analysis of Table-1 indicates that in terms of SHGs linked to banks, the all India SBLP share of Andhra Pradesh has peaked in the year 2003-04 with a share of 64.65 per cent. This share is gradually tapering down as other states are picking up the SBLP implementation. The SBLP share has come down to 29.60 per cent for the year 2008-09. In terms of credit flow also, the share of Andhra Pradesh is high with a peak of 62.98 per cent in 2007-08 and 53.33 per cent in 2008-09. In 2011-12 SHG share of AP is 33.3 and credit flow has been recorded at 56.5 percent.

### OBJECTIVES OF THE STUDY

1. To study the growth and development of the SBLP in Andhra Pradesh.
2. To carry out SWOT analysis of SBLP in Andhra Pradesh.

### METHODOLOGY

A multi stage random sampling technique has been used and a sample size of 936 SBLP members were selected. Four regions were identified and one district from each region is selected for the study on the basis of HDI, HPI, GDI and GEM. Vizianagaram, Guntur, Mahboobnagar and Anantapur are the sample districts. Proportionate sampling is used for selection of SHG members from each district. Four mandals were selected from each district and four villages and one town from each Mandal were selected for the study. As part of the study economic social and behavioural factors were identified to analyse the overall impact of the Programme on individuals and their households. A structured schedule is used to collect information and informal discussions also been held with the members, animators, group leaders and banking personnel. The present paper tries to present a SWOT analysis of the programme.

### SBLP IN ANDHRA PRADESH

A unique feature of Andhra Pradesh is the involvement of participatory institutions. The state is well-known for its strong emphasis on rural development, community empowerment and support for women's groups. These include Self-Help Groups, Water User Associations, Watershed Committees, School Education Committees, Mothers' Committees, Rytu Mitra Groups, Vana Samrakshana Samitis (VSS, Joint Forest Management). Andhra Pradesh has also launched many innovative poverty alleviation strategies in the 1980s by concentrating more on welfare schemes.

An important aspect of all these innovative poverty alleviation strategies is the focus on women empowerment (social and economic) through Self-Help Groups. The government of Andhra Pradesh is implementing a state wide rural poverty eradication programme based on social mobilization and empowerment of rural poor women. This programme is popularly known as 'Velugu' or Indira Kranthi Pathakam (IKP) which aims at enhancing assets, capabilities and the ability of the poor to deal with shocks and risks.

This programme has contributed to the improvement in women's empowerment at the household and community level. There are already seven lakh SHGs in the State. The government has also introduced a programme called INDIRAMMA (Integrated Novel Development in Rural Areas and Model Municipal Areas) in 2006 for the development of model villages and towns on saturation basis to provide basic infrastructure along with welfare measures in an integrated and focused manner and to be serviced over a period of three years. Pensions, housing and land distribution are some of the important measures undertaken by the government to help the poor. Unlike most other parts of the country where NGOs have played a major role in organising women around savings and credit, in Andhra Pradesh the state machinery got actively involved. The polity not only gave the mandate to this movement, it also got the bureaucracy involved in the effort in an active manner and gave it the necessary freedom. As the resources at the command of the state, including both financial and non-financial resources, is very high, this could give a major impetus to the movement.

TABLE- 2: SBLP GROUND LEVEL CREDIT IN AP

Period	No. Of Groups Financed	Bank Loan (Rs. Crores)	Refinance of NABARD (Rs Crores)	Average Per Group Finance (in Rs)
1992-93	35	0.09	0.09	25085
1993-94	102	0.16	0.16	16171
1994-95	105	0.31	0.31	29723
1995-96	147	0.44	0.44	29932
1996-97	434	1.40	1.40	32488
1997-98	1322	3.18	3.16	24054
1998-99	6579	12.75	12.72	19380
1999-2000	29242	54.95	54.89	18791
2000-01	84939	143.17	143.12	16856
2001-02	117352	267.09	1977.72	22760
2002-03	165429	454.13	270.94	27452
2003-04	231336	752.99	310.39	32550
2004-05	261254	1017.71	391.94	38955
2005-06	294341	1599.43	475.97	54339
2006-07	359276	2775.45	696.11	72251
2007-08	415206	5573.34	1342.30	134231
2008-09	500536	6767.40	1685.23	135203
2009-10	413625	6501.35	NA	157180

Source: Banking with the Poor – SBLP in AP – NABARD PP 34

Analysis of Table 2 indicates that there has been steady growth since the launch of the programme in 1992-93 and a four fold growth for the years 1998-99, 1999-2000 and 2000-01. A marginal dip is observed for the year 2009-10.

**TABLE- 3: STATUS OF SBLP IN INDIA AND ANDHRA PRADESH AS ON 31, MARCH, 2012**

Particulars	India	Andhra Pradesh
No. of SHGs -lakhs	79.60	14.48
Amt. of savings -Rs. in lakhs	6551.41	1255.29
Avg. savings per SHG	8,914	8,914
No. of SHGs having loan O/s (lakhs)	43.54	14.71
Bank loan outstanding Rs. in lakhs	36340.00	11739.54
Recovery : > 80% (86/165)	52.12	NA
% of NPA of O/S bank loans to SHGs	2.94	0.5

Source: NABARD Reports accessed on dt.5.1.2013

Analysis of Table 3 indicates that the NPAs for the programme is on very minimal scale. This also proves that the poor are bankable with better repayment rate than the well off. It is evident that Andhra Pradesh is maintaining a lion's share in the programme.

SBLP is a group based programme. Group dynamics either sustains or pulls the programme either up or down. An assessment just cannot be done based on the sustainability of the programme. In spite of the success of SBLP, there were many problems being faced by the beneficiaries. Based on the problems mentioned by the beneficiaries and observing the ground realities, SWOT analysis is applied and this helped in assessing the sustainability and continuity of the programme. In this regard, the SWOT analysis of SBLP is presented below.

In this context SWOT Analysis bringing the Strengths, Weaknesses, Opportunities and Threats would be suitable in order to suggest the sustainability on the basis of this analysis. SWOT analysis is a strategic planning method used to evaluate the Strengths, Weaknesses, Opportunities, and Threats of a programme or a project or a business venture. It involves specifying the objectives of the programme and identify the internal and external factors which are favourable and unfavourable to achieve success of the SBLP Programme. Albert Humphrey of Stanford Research Institute (now SRI International) has pioneered this between 1960s and 1970s.

Analysing the SWOT of SBLP allows us to judge the objectives set forth for this programme. From the brief definition and analysis of SBLP, the following were identified post survey in the select districts of Andhra Pradesh. Microcredit is being offered by various organisations like MFI, SHPI, SBLP etc. The SWOT analysis of the SBLP programme can be compared with other programmes of MFI etc. as the clientele for all are the downtrodden people.

#### STRENGTHS

The strengths of SBLP is that the lenders are nationalised or government banks wherein the pressure to repay the loan on time is virtually NIL. The main pressure of the SBLP clientele is the Peer pressure rather than Lender pressure. The interest rates are nominal with monthly repayment unlike MFIs where the interest rates are high with weekly repayments.

- 1) Regular savings and thrift enables the women to cut the unnecessary expenditure. This habit to save graduates in building of assets with help from peers, banks etc.
- 2) Changes in meeting schedule from monthly to fortnightly or weekly is another strength which enables the beneficiaries to discuss their problems and also help to strengthen their relationship.
- 3) Through the SBLP, they are in a position to operate a bank account, which was a remote possibility earlier. This helps them to acquire knowledge of banking procedures and making them familiar to banks which leads to financial inclusion.
- 4) Exposing the women to manage their SHGs through decision making, is helping them to take decisions at home also. This ensures the women to be a better decision makers.
- 5) The very formation of a SHG of homogenous women bypasses the caste, creed and class of people. This is the biggest advantage of SBLP which in the long run, makes the country a casteless one.
- 6) The credit being made available to women is helping them to become entrepreneurs and involve in decision making outside family and business activities.
- 7) The micro financing done both for consumption and business investment increases the nutritional level of the participants, and thereby contribute to increase in health and productivity, income and have better standard of living.
- 8) The hurdle of collateral is overcome by group approach and mutual peer beneficiaries guarantee.
- 9) As SBLP is free from targets and hence pressure from bank officials is nil, the need for promotional agencies to identify beneficiaries for micro finance is overcome.
- 10) Banks notion that the poor are not bankable is overcome with repayment of more than 95 per cent.
- 11) Financial services horizon is widening with new beneficiaries being injected every year.
- 12) SHG beneficiaries are of late being recognised by the community and they are brought to be a part of the polity and overall administration leading to social and political inclusion.
- 13) The SHG women have disproved that the poor are not bankable. In fact they have grown to bank their savings with banks. On the bank side the SHGs help in externalization of the operational costs such as resource mobilization, credit management, recovery performance which may encourage the banks to expand their operations and keep the formal credit available to the hitherto neglected sector.
- 14) The concept of social collateral and the social capital of being a SHG beneficiary is an added advantage. The group guarantor policy for both loans, recovery and credit management helps in coalescing the bond of the beneficiaries. This will in due course of time helps in improving and bringing social, cultural and political changes.
- 15) The foremost strength of SHGs is that it addresses the gender imbalances, combat unjust social relationship and therefore any attempt to address and eliminate the unjust relationship between caste and class can be done through SHGs.

#### WEAKNESSES

Weaknesses of SBLP are the excess governmental interventions in banks functioning on interest rates, repayment schedule, disbursement of loans thus wholly negating the economic reforms. The promised government subsidy is not reaching the banks thus forcing the banks to collect the same from the beneficiaries. The government intervention in MFIs is not there till recently and the latest GO on MF has virtually sounded the death knell on MFIs.

1. In spite of more than two decades of its initiation in various parts of the country, the SHGs have not grown out of the cottage or small scale industry pattern.
2. Loan is being used for consumption purpose, which may contribute to improving the nutritional status but cannot immediately result in income generation activities.
3. This large force is being treated as a readymade vote bank by the politicians and is also used for achieving political objectives.
4. The SHGs neither have any accountability nor audit. This gives chance to mischief mongers in taking advantage of the gullible in almost all aspects.
5. Mandatory savings concept is sometimes forcing the beneficiaries to sacrifice a basic necessity at a cost to the family.
6. Sticking to repayment schedule and peer pressure is forcing the needy women to approach MFIs or money lenders to repay the monthly instalment.
7. SBLP is not reaching the targeted families i.e BPL families. In some cases, these SHGs have been usurped by APL and educated families, thus defeating the very concept of SBLP and the dream of poverty alleviation being nullified.

**OPPORTUNITIES**

The opportunities for SBLP are the government and private sector encouragement on marketing the manufactured or designed products. As the SBLP is government and bank subsidised schemes, the encouragement from these stakeholders is high.

1. SHG women are being offered to participate in seminars, conferences, and important events. Participation in these events helps them in improving their organizational ability.
2. The SHGs through their group performance are expected to avail credit for initiating micro enterprises. This is to enable the women to come out of the loop of agricultural labourers or housekeepers. This initiation of microenterprises also helps in mainstreaming women's work and turn them into micro entrepreneurs.
3. The group activities enable the beneficiaries to earn income even during the off season in agriculture. This increase in income facilitates the women to improve the consumption and investment pattern of the household, improve the educational levels of their children, modernizing the kitchen activities, save time and invest it in productive activities.
4. The concept of mandatory saving is aimed in increasing in investment and productive activities, which in turn helps in bringing out an increase in income, employment and resultant increase in demand. Hence the Keynesian theory of increasing the effective demand to take care of the problem of unemployment would be realized in the long run. The increase in income among the rural and urban households may facilitate urban markets to expand and resource flows from urban to rural and vice versa.
5. The rural poor have no economic buffer to withstand unexpected expenditure, be it festival or funeral expenditure. The family pressure to such expenditures is better managed by the SHGs either with interest free loan or loan with interest or gift from the beneficiaries of the SHGs.

**THREATS**

The main threat to SBLP is the laxity cropping up among the beneficiaries. Secondly, the loan component being disbursed even after third or fourth tranche is negligible when compared with present market rates. This insufficient loan disbursement is virtually negating the whole concept of SBLP whose main focus is upliftment and reducing the role of money lenders.

1. The banks lending scheme to extend credit to individuals considering the group as an entity is a risk reducing, comfortable (from bank point of view) mechanism.
2. Sustenance of this growth may emerge as a parallel to informal institutions next to moneylender. This growth if unmanaged may grow to gigantic proportions.
3. Such growth if encouraged at one time or the other, the SHGs may feel to handle their deposits on their own without depositing with banks. This may dismantle the relationship between banks and poor. The cycle may reappear and the poor may suffer again with lack of access to credit. Such withdrawal of formal sector in the present policy environment may be conducive for the government but in the long run the external finance capital may flow in due to privatisation and emerge as competitive financier replacing the formal sector on the one hand subsequently the SHGs and its associated micro finance on the other.
4. The state regulations to control such growth of external sector would be absent and again the poor would be in the clutches of the informal sector of other kind. Hence SHG formation, regular saving, depositing the balance with bank after internal lending, approaching the bank for micro credit to initiate micro enterprises regular repayment to go for subsequent loan for expansion etc would be sustainable.
5. SHGs growth should not give up the basic principle and objectives for which they were introduced so that long run stability and growth and sustainability would be ensured.
6. Lack of accountability, mushrooming of growth of NGOs, increasingly everyone taking up the SHG principle, continuous support from abroad but without any commitment on accountability may give way for petty capitalists in the form of NGOs to grow and ultimate exploitation as done by land lords may repeat the history and make the poor ever sufferers.

**CONCLUSION**

At individual level, regular savings habits, investments in income generating activities to repay the loans through peer effect has become the strength of the programme. Attending mixed group meetings whether within their habitat or outside etc. will improve the individual communication abilities by observation, confident decision making, bring out hidden leadership qualities etc. SHGs have become financial, social and political platforms for all. The bank's fear on NPAs, bankability etc. have been negated by these poor and illiterate people through their sustained efforts in repayment and improved savings habits. Exposure to outside world have brought the hidden qualities of questioning about their rights, their needs, fighting injustice, fighting against unequal treatment etc. Multiple borrowings by single individuals through membership in different groups are leading to the marginal failure of the programme. Greed or evasion or avoidance is another weakness. After 5 years in SBLP, members or groups are expected to take up small or petty businesses thus improving their economic status. This leads to acquiring productive assets through income generation. Nearly 50 per cent of the SHGs are more than 5 years old and technically suitable to set up or start micro enterprises. These SHGs can use the services of credit linkages from banks.

SBLP in Andhra Pradesh is one of the most populous Poverty Alleviation Programmes and has been particularly successful among woman. It also led to Women Empowerment. The programme strengths reflected in positive socio economic impact. The weaknesses in the programme has led NABARD to re-launch SBLP-2 in a more focused way. The identified opportunities has led to the launch of Post- Office SHG Linkage so as to reach every remote area where banks cannot be established. The main threat to the programme is its complete politicisation and people joining the programme with the offered freebies in mind rather than the motivation for self improvement.

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**A STUDY OF ISSUES AND CHALLENGES WITH REFERENCE TO THE WOMEN EMPOWERMENT IN INDIA****DR. MARUTHI RAM.R.****PROFESSOR****DAYANANDA SAGAR ACADEMY OF TECHNOLOGY & MANAGEMENT****BENGALURU****MANJUNATHA.N.****SR.LECTURER****NAGARJUNA COLLEGE OF ENGINEERING & TECHNOLOGY****BENGALURU****ASRA AHMED****SR.LECTURER****DAYANANDA SAGAR COLLEGE OF MANAGEMENT & INFORMATION TECHNOLOGY****BENGALURU****PARVATHY.L****SR. LECTURER****DAYANANDA SAGAR COLLEGE OF MANAGEMENT & INFORMATION TECHNOLOGY****BENGALURU****ABSTRACT**

*During the Vedic age, more than 3,000 years ago, women were assigned a high place in society. They shared an equal standing with their men folk and enjoyed a kind of liberty that actually had societal sanctions. The ancient Hindu philosophical concept of 'shakti', the feminine principle of energy, was also a product of this age. Marriage was an established Institution in the Vedic Age. It was regarded as a social & religious duty-, it was not taken as a contract. The husband-wife stood on equal footing and prayed for long lasting love and friendship. There is no mention of Purdah system. However, the society is changing a lot these days in terms of acceptance of the many roles of women as professionals, as bread-earners in families and as independent thinking individuals. Women have proved themselves as equals in many professions as well as proved themselves even better suited than men. On the other hand, female foeticide, dowry deaths and domestic abuse provide a macabre background of primitive barbarism. In the typical Indian Society, you find that there are still expectations and assumptions about women that are not so much relevant to their current status, but a clear hangover from our suppressive past. This may be more obvious with traditional women or women in rural societies, but it is extremely prevalent in urban ones as well.*

**JEL CODE**

A13

**KEYWORDS**

Modern woman, Vedic woman, Women Empowerment, Woman Evolution.

**1.0 INTRODUCTION**

**D**uring the Vedic age, more than 3,000 years ago, women were assigned a high place in society. They shared an equal standing with their men folk and enjoyed a kind of liberty that actually had societal sanctions. The ancient Hindu philosophical concept of 'shakti', the feminine principle of energy, was also a product of this age. The status of women in any civilization shows the stage of evolution at which, the civilization has arrived. The term 'status' includes not only personal and proprietary rights but also duties, liabilities and disabilities. In the case of a Indian woman, it means her personal rights, proprietary rights, her duties, liabilities and disabilities vis-a-vis the society and her family members.

However, the society is changing a lot these days in terms of acceptance of the many roles of women as professionals, as bread-earners in families and as independent thinking individuals. Women have proved themselves as equals in many professions as well as proved themselves even better suited than men in others. The situation for the changing role of women is improving fast.

On the other hand, female foeticide, dowry deaths and domestic abuse provide a macabre background of primitive barbarism. In the typical Indian Society, you find that there are still expectations and assumptions about women that are not so much relevant to their current status, but a clear hangover from our suppressive past. This may be more obvious with traditional women or women in rural societies, but it is extremely prevalent in urban ones as well.

**2.0 CURRENT SCENARIO**

Of late there has been an increasing consciousness regarding the status of women which is amply reflected in global debates over the issue of women empowerment: the unequivocal nucleus for all forums seeking to lift the traditional veil and impart a more meaningful existence to woman : the inseparable companion, the ever caring mother, the doting wife, who has since times immemorial been relegated to the background.

Empowerment of women is essentially the process of upliftment of economic, social and political status of women, the traditionally underprivileged ones, in the society. It is the process of guarding them against all forms of violence. Kofi Annan takes violence against women as the most shameful of human rights violation. Women empowerment involves the building up of a society, a political environment, wherein women can breathe without the fear of oppression, exploitation, apprehension, discrimination and the general feeling of persecution which goes with being a woman in a traditionally male dominated structure. Deepa Narayan in her edited book 'Measuring Empowerment' (www.oup.com) takes " Empowerment as the expansion of assets and capabilities of poor people to participate in, negotiate with, influence control and hold accountable institutions that affect their lives "

Gender inequalities in economic life also become a causal factor in the chronic poverty of all household members, not just of women, in poor households and the intergenerational reproduction of poverty. Norms about child marriage of girls, gender biases against girls education, women's limited mobility, women's lack of control over fertility decisions, gender gaps in wages and employment, all contribute to difficulties of escaping poverty inter-generationally through vicious cycles between poverty and gender inequalities.



### 3.0 WOMEN EMPOWERMENT IN THE POLITICAL AND LEGAL SYSTEM

The Constitution of India is based on the principles of equality. It prohibits discrimination on the basis of religion, race, caste, sex and place of birth. It envisages political equality for men and women but no concrete step was taken by the government before 1993. The committee on the Status of women in India (1974) observed that the rights guaranteed by the Constitution have helped to build an illusion of equality and power which is frequently used as an argument to resist protective and accelerative measures to enable women to achieve their just and equal position in the society. It was only in 1994 that the government of India acknowledged the recommendations of the committee for the status of women report (1974), noting the low participation of women in politics, eyeing the effective implementation of developmental and poverty alleviation schemes from the grass root level and also drawing inspiration from the experience of Karnataka (which provided reservation for women in the three tier Panchayat Raj system in 1983) brought 73rd Constitutional Amendment act in the year 1999 introducing not less than 33 per cent reservation for women in the panchayat Raj institutions in rural areas. Undoubtedly it is a landmark legislative step in the direction of empowerment of women. With the passing of 73rd and 74th Constitutional Amendment Indian federal system has become a three tier federal structure: the union government at the apex and local self-governments — Nagar nigam (urban) and panchayats (rural) at the lowest strata with the States crucially placed at the middle. It is acknowledged that the local self-government is an effective method of governing as well as designing and implementing the developmental schemes at the grass root level. We are here concerned with local self-government in the rural areas popularly known as Panchayat Raj institutions and these effectively come under the control of state governments. In the rural areas too a three tier structure has been adopted.

1. Gram panchayat consisting of a village or a group of villages having a population of not less than 5000 and not more than 7000 or the geographical distance of an area within a radius of five kilometers from the centre.
2. Block (Taluk) panchayat for every block.
3. Zillah panchayat for every district.

With the 73rd Amendment the reservation system has been put into practice. It provides for one third of total Constituencies to be reserved for women. Because of the adoption of the policy of rotation, reserved constituencies differ each election which implies that a constituency which is a reserve constituency this year may very well be a general constituency in the next term. The elected representatives continue to hold office for a period of five years.

With the introduction of reservation or quota system in the Panchayat Raj institutions a great beginning has been made in the direction of legislative empowerment of women and it is hoped that along with women's empowerment through collective voicing and participation in the development stream, it should go a long way in the real empowerment of women. But the critical question is as to how far this step has been really effective in involving women in the decision making process and raising the issues related with women community and getting them integrated with the mainstream of decision making?

### 4.0 WOMEN'S ECONOMIC EMPOWERMENT

There is disagreement among scholars on the role of economic resources (particularly, material assets) in empowering of women. Some view economic resources as a source of power, and therefore advocate for measures that could affect the distribution of assets within the family, community and/or society at large, with the aim to improving women's social status and their capability to generate wealth. Some others see material assets only as an empowering condition. The latter approach does not call for a redistribution of assets but rather stresses the importance of access to resources. Both approaches make a valuable contribution to the understanding of empowerment, albeit from different perspectives. In the market economy, the tangible assets represent one of the key sources of power and are an important determinant of future returns (for example, income). They ensure the access of an asset owner to other societal resources, such as high quality education, decent work, access to mass media, funds for establishing organizations and financing public campaigns and, in the long run, impact on political processes by shaping public opinion. The ownership of tangible assets allows for mobilization of additional financial resources (if necessary) in capital markets, both inside and outside the country of residence, for starting up businesses and/or expanding existing businesses.

Persistent gender-specific economic differentials, including in the entrepreneurial process, in all Member States, imply that there are some basic factors, which in and of themselves or through their interplay, are responsible for consistent reproduction of these gender-specific patterns. According to the findings of the report prepared at the request of the United Kingdom Small Business Service "Women's Business Ownership: Recent Research and Policy Developments", "the entrepreneurial process is affected by *human, social, physical, organizational and technological capital* possessed by business owners and available to them via their *personal backgrounds and experiences, contacts, relationships and networks*". Gender differentials in entrepreneurship can therefore be seen to arise from women's disadvantages "in their access to various entrepreneurial capital (and cannot be attributed exclusively to the constraints in their access to financial resources - this author's comment), given their personal background and employment experiences and the socio-economic and cultural context in which their businesses operate".

The fact that gender-specific economic differentials persist, even in the countries with no explicit discrimination in women's access to financial resources (in the USA, for example), suggests that these differentials may be an outcome of the complex interplay between, on the one hand, gender-specific differentials in all or some of the components constituting entrepreneurial capital, and, on the other hand, socio-economic and cultural factors. In short, women's entrepreneurship reflects their societal position. In addressing gender-specific economic differentials it may therefore be useful to identify which of the components constituting *entrepreneurial capital*, have had the most profound impact on the performance and outcome of women's entrepreneurship, and which of the external socio-economic and cultural factors are enabling and/or constraining women's economic participation.

Some recent studies on entrepreneurship in Europe highlighted important aspects which play a role in gender differences in entrepreneurial activities and outcomes. These include the following:

- Women experience difficulties in accessing funds not because of discrimination but mainly because of the lack of personal assets. No direct discrimination of women in access to bank loans was found.
- Continuing gender pay gaps, occupational segregation and unequal employment opportunities restrict the financial resources available to women for initiating own-businesses.
- Under-capitalization of women-owned businesses at the start-up stage constrains their future growth and development.
- There is limited use of venture and equity capital within women-owned enterprises.
- There are gender differences in use of finance. Female-owned businesses tend to operate in sectors that require less finance and are usually less developed and smaller in size than those owned by men.
- These aspects are attributed to structural dissimilarities (business size, age and sector) between enterprises owned by women and men, supply-side discrimination, and demand-side risk and debt aversion.
- Much higher exit rate of women-owned enterprises compared with men-owned enterprises.
- Significant work-life balance challenges experienced by women business-owners have a negative impact on their businesses. In order to accommodate both domestic responsibilities and waged work, more women than men tend to start their businesses within their homes rather than establish separate premises. This could undermine the legitimacy of women-owned businesses in the eyes of, for example, creditors.
- Childcare responsibilities may also impinge on women-owned businesses. Many self-employed women with children tend to organize their work around childcare responsibilities. This limits the time and effort invested in business and may undermine the credibility and viability of their businesses.
- The presence of dependent children acts as a constraint on women's entrepreneurial activities and the development of their businesses, as unnecessary financial risk are avoided. Women with family responsibilities have a propensity to avoid extending commitments and using family finances.
- As women do not constitute a homogenous group, their experience of gender-related constraints varies significantly. Differences across, as well as within, countries in entrepreneurial activities of women evidence the importance of their cultural and socio-economic backgrounds.
- Women are less inclined to use ICT in their businesses than men. Apart from the economic considerations, women's lack of computer skills and their low awareness of potential benefits such technologies could bring to their businesses are important factors contributing to the gender digital divide in the area of entrepreneurship.

## 5.0 WOMEN EMPOWERMENT IN RURAL INDIA

Rural women still remain a disadvantaged segment of Indian society. Statistics show that whereas 86.1 per cent females are engaged in agriculture, the figure of males is 74 per cent. But there are hardly any special programmes for enhancing women's agricultural skills. While 7.1 per cent rural females are engaged in manufacturing, the percentage for rural males is 7 i.e. less than that of females. But most of the training programmes have hardly any female participation. While rural males have opportunities in construction, trade, transport, storage, and services, these are mostly denied to rural females. Obviously, opportunities must be created to enable them to acquire the skills necessary for entering these newly emerging occupations.

In the field of primary education, the system calls for much overhaul since centralized curricula, heavy text-books, centralized teacher-recruitment, orthodox pedagogy, unsuitable school-timings and vacations, rigid and distrustful supervision and administration, have been the main hurdles in its reaching the rural masses. Besides, the primary system is traditionally connected with secondary general education. Productive skills and the cultural contexts of education are ignored. The solution now perceived by India's educational thinkers and planners is liberation of the education system through a movement for adult literacy and non-formal alternatives for meeting the urgent as well as long-term needs of the rural and tribal people, especially women. Science and technology components are visualized as essential educational elements for future-oriented education. Life-long learning through alternatives in education, especially continuing education for diverse needs and groups, is, therefore, the main concern of Indian reformers. The Institute's project on empowerment of rural women through innovative strategies for life-long learning is in response to this concern, which it fully shares.

The Institute emphasizes that rural women's mindset of 'dependency' must be changed so that they become conscious of their abilities to change themselves, their families, and their community. Their empowerment would lie in becoming creative, self-dependent, individuals. Some of the action-research projects of the Institute have provided insights into the methodology of enabling the oppressed to reflect upon their predicaments so as to find ways of learning new skills and approaches to become effective partners in development, to become "subjects" of transformation through arousal of self-esteem. The Institute's projects, which witnessed such change, are:

- (a) Non-formal primary education for rural girls.
- (b) Science and technology for rural women.
- (c) Promoting health, family welfare, and community development with focus on women and girls.
- (d) Training of rural women as Animators for women's empowerment and community development.

These projects, conducted since 1979, have covered over 200 villages in Pune District, in typical agro-climatic areas viz. (i) tribal, (ii) hilly with heavy rainfall, (iii) drought-prone, (iv) rain-fed, and (v) irrigated. The project at Shivapur started in 1994-95 is located in a rain-fed area. This sample was selected as nearly 80% of the rural area in India is rain-fed and more or less shares the special characteristics, which obtain in this sample-area.

The modalities of conducting these projects have been a mix of ethnological Research-techniques, perceptions of Paulo Freire on 'education as cultural action for freedom, and Gandhian principles of constructive action for the regeneration of rural India. The role of researchers and their field-level colleagues is that of stimulators of community development.

This process begins through informal meetings and discussion of local problems as posed by the people. The programmes begin when the community helps prepare the outline and selects animators for the project. The animators are the link between the Institute and the community. As the programmes evolve, there is continuous informal evaluation of the outcomes. Successful practices emerging from action-research are sought to be institutionalized in the life of the community. In this project for empowerment of women, men have been purposely involved so as to help free and frank appraisal of women's situation and the way programmes may be organized without conflict in the family and the community.

Through this process, the community is provided an opportunity for 'self learning.'

Once it gets used to such a self-learning process, it gains sufficient self-confidence to decide its objectives and achieve them. Action-research takes the form of community-education for enabling the people to acquire skills to 'make' development in response to their pressing concerns. Involvement of women in this process of community-education on an equal footing with men helps overcome the constraints in their usual relationship of 'subjects' and 'objects'.

The Institute characterizes this process as non-formal education for development, fashioned in collaboration with the learning-groups and their community.

## 6.0 WOMEN EMPOWERMENT INDIA - A MYTH OR REALITY

The Government of India had ushered in the new millennium by declaring the year 2001 as 'Women's Empowerment Year' to focus on a vision 'where women are equal partners like men'. The most common explanation of 'women's empowerment' is the ability to exercise full control over one's actions. The last decades have witnessed some basic changes in the status and role of women in our society. There has been shift in policy approaches from the concept of 'welfare' in the seventies to 'development' in the eighties and now to 'empowerment' in the nineties. This process has been further accelerated with some sections of women becoming increasingly self-conscious of their discrimination in several areas of family and public life. They are also in a position to mobilize themselves on issues that can affect their overall position.

The latest news items regarding violence committed against women reveal that women's position has worsened. Tulsidas' verse from Ramayana 'Dhol, janwar, shudra, pashu, nari ye sub nindan ke adhikari' highlights the discrimination and deep-rooted gender bias which still exists in all sectors on the basis of caste, community, religious affiliation and class. The Constitution of India grants equality to women in various fields of life. Yet a large number of women are either ill equipped or not in a position to propel themselves out of their traditionally unsatisfactory socio-economic conditions. They are poor, uneducated and insufficiently trained. They are often absorbed in the struggle to sustain the family physically and emotionally and as a rule are discouraged from taking interest in affairs outside home. Oppression and atrocities on women are still rampant. Patriarchy continues to be embedded in the social system in many parts of India, denying a majority of women the choice to decide on how they live. The over-riding importance of community in a patriarchal sense ensures that women rarely have an independent say in community issues. Female infanticide continues to be common. Statistics show that there is still a very high preference for a male child in states like UP, MP, Punjab etc. The male to female ratio is very high in these states. Domestic violence is also widespread and is also associated with dowry. Leaving a meager number of urban and sub-urban women, Indian women are still crying for social justice.

A review of government's various programmes for women empowerment such as Swashakti, Swayamsidha, Stree Shakti, Balika samrudhi yojana and another two thousand projects reveal that little has been done or achieved through these programmes. The discrepancy in the ideology and practice of the empowerment policy of women in India constitutes its continued social, economic and social backwardness. Women make up 52% of our country's population. Hence there can be no progress unless their needs and interests are fully met. Empowerment would not hold any meaning unless they are made strong, alert and aware of their equal status in the society. Policies should be framed to bring them into the mainstream of society. It is important to educate the women. The need of the hour is to improve female literacy as education holds the key to development.

Empowerment would become more relevant if women are educated, better informed and can take rational decisions. It is also necessary to sensitize the other sex towards women. It is important to usher in changes in societal attitudes and perceptions with regard to the role of women in different spheres of life. Adjustments have to be made in traditional gender specific performance of tasks. A woman needs to be physically healthy so that she is able to take challenges of equality. But it is sadly lacking in a majority of women especially in the rural areas. They have unequal access to basic health resources and lack adequate counseling. The result is an increasing risk of unwanted and early pregnancies, HIV infection and other sexually transmitted diseases. The greatest challenge is to recognize the obstacles that stand in the way of their right to good health. To be useful to the family, community and the society, women must be provided with health care facilities.

Most of the women work in agricultural sector either as workers, in household farms or as waged workers. Yet it is precisely livelihood in agriculture that has tended to become more volatile and insecure in recent years and women cultivators have therefore been negatively affected. The government's policies for alleviating poverty have failed to produce any desirable results, as women do not receive appropriate wages for their labour. There is also significant amount of unpaid or non-marketed labor within the household. The increase in gender disparity in wages in the urban areas is also quite marked as it results from the

employment of women in different and lower paying activities. They are exploited at various levels. They should be provided with proper wages and work at par with men so that their status can be elevated in society.

In recent years there have been explicit moves to increase women's political participation. The Women's reservation policy bill is however a very sad story as it is repeatedly being scuttled in parliament. In the Panchayati Raj system, however, women have been given representation as a sign of political empowerment. There are many elected women representatives at the village council level. However their power is restricted, as it the men who wield all the authority. Their decisions are often over-ruled by the government machinery. It is crucial to train and give real power to these women leaders so that they can catalyst change in their villages regarding women. All this shows that the process of gender equality and women's empowerment still has a long way to go and may even have become more difficult in the recent years.

The main reason for the contradiction is that, targeted schemes tend to have only limited impact when the basic thrust of development is not reaching an average woman, making her life more fragile and vulnerable. To make a positive change basic infrastructure should be provided in every village and city. To begin with, providing safe drinking water supply and better sanitation not only directly improved the lives and health of women but also reduces their workload in terms of provisioning and ensuring such facilities. An access to affordable cooking fuel reduces the need to travel long distances in search of fuel wood. Improved transport connecting villages with each other and with towns can also directly improve living conditions as well as unpaid labour time spent in transporting household items. It can also lead to access to a wider range of goods and services plus a better access to health facilities. Expenditure on food subsidy and better provisions for public distribution services directly affects the lives of women and girl children in terms of adequate nutrition. The patterns of resource mobilization by government also have significant effects on women that are usually not recognized. When taxes are regressive and fall disproportionately on items of mass consumption, once again these tend to affect women more. This is not only because the consumption of such items may be curtailed but also because the provisioning of such items is frequently considered to be the responsibility of the women of the household. Also credit policies reduce the flow of credit to small-scale enterprises thus reducing the employment opportunities for women. There is a need to have women-friendly economic policies that can enhance their social and economic position and make them self-reliant.

There is no doubt about the fact that development of women has always been the central focus of planning since Independence. Empowerment is a major step in this direction but it has to be seen in a relational context. A clear vision is needed to remove the obstacles to the path of women's emancipation both from the government and women themselves. Efforts should be directed towards all round development of each and every section of Indian women by giving them their due share.

## 7.0 CONCLUSION

While introspecting about the issues and challenges on women empowerment it is observed that as per the history the Vedic period women used to enjoy the freedom and independence. Later due to the expansion of society and the societal complications the women folk of this great country have lost the privileges and almost became a slave to the men folk. The education and poverty have added to the above scenario. The gender inequality has been observed as the major stumbling block for the women of this country to progress and succeed.

Off late in the post independent era it is observed that there has been a movement to fight for the rights of women folk of this country. In this direction even the constitution, judiciary and entire legal system is up against the suppression of women. There are rules to protect the interest of women like sharing of property rights, contest elections, entrepreneurship, sexual harassment etc. It is observed that the post independent era has seen the urban women enjoy more independence and empowerment than the rural women. As the rural mass has outnumbered the urban population it is time to re-engineer our thought process in the positive direction.

In the backdrop of the above scenario the researchers would like to emphasize that the women empowerment should not be a myth, rather it should be a reality. The suppression of women in any part of the universe indicates the backwardness of the uncivilized part and low level of the very culture. There are many NGOs and the social groups who have been fighting for the women empowerment. There has been a movement to educate the rural sector women folk as well through the government sponsored programmes.

However the authors feel that we have a long way to go in the very journey to realize the real women empowerment in the great country. In spite of the education and improved civilization the women reservation bill has gone through all the opposition and criticism. The country since the Vedic period has been singing the rhymes "Yatra Naaryastu Pujanthe Ramanthe Tatra devataha" means "All the angels will be very happy where the women are worshiped". This is true because the women do a lot of sacrifice as a societal obligation. She deserves all the respect and encouragement.

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**INFLUENTIAL FACTORS OF CEMENT CONSUMPTION IN INDIA FOR 2011-12****ANJAN REDDY VISHWAMPATLA**

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**ABSTRACT**

Indian cement industry is the second largest in the world. The Indian cement industry witnessed an unprecedented growth as a sequel to the liberalization policies the Government initiated with partial decontrol in 1982 culminating in total decontrol in 1989. The demand for cement mainly depends on the level of development and the rate of growth of the economy. The industry had achieved World Class Energy Efficiency rating. This research intends to highlight the cement consumption in India. The growth of the industry for the year 2011-2012 is described with certain influential factors for cement consumption. This study analyzes the effects of various factors such as economy, government initiatives, price escalation etc on cement consumption in India. Based on these factors, qualitative analysis is performed by collecting secondary data.

**KEYWORDS**

Cement industry, India, Influential factors.

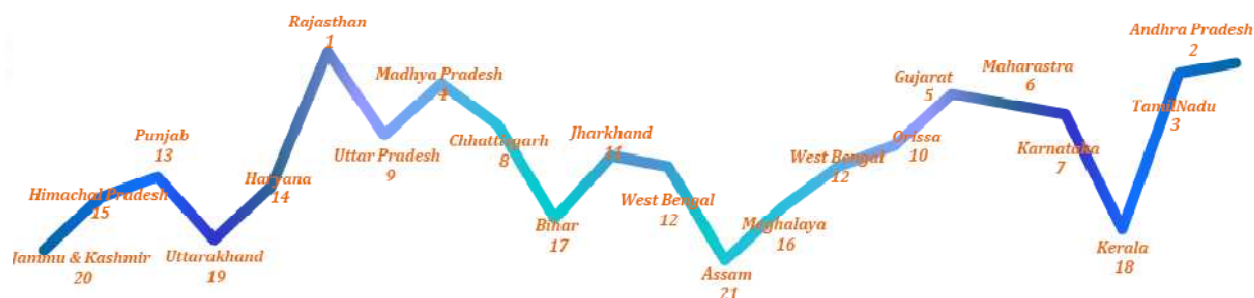
**INTRODUCTION**

Our country is the second major cement producing country following the China; we have 137 large and 365 mini cement plants. Leading players in the industry are Ultra tech Cement, Gujarat Ambuja Cement Limited, JK Cements, ACC Cement, Madras Cements and Jaypee Cement etc. Cement is an adhesive that holds the concrete together and is therefore vital for meeting economy's needs of Housing & accommodation and necessary infrastructure such as roads & bridges, schools, hospitals etc. Hence, the cement is one of the fundamental elements for setting up strong and healthy infrastructure of the country and plays an important role in economic development and welfare of the nation. Based on the composition and percentage of clinker used, different types of cements are made, they are —Ordinary Portland Cement (OPC), Portland Pozzolona Cement (PPC), Portland Blast Furnace Slag Cement (PBFSC), Portland Slag Cement (PSC) white cement and specialized cement—are produced for various end-uses.

Cement industry is being segmented regionally i.e. Northern, Central, Western, Southern and Eastern. Cement, being a bulk item transporting it over long distances can prove to be uneconomical as it attracts very high amount of freight. Thus, it has resulted in cement being largely a regional play with the industry divided into five main regions. As it is a freight intensive industry, the segment is completely domestic driven and exports account for very negligible percentage of the total cement off take.

Southern region in the country is the biggest contributor in cement production and it has a largest pie in capacity with 92.11MT. India has total capacity of 226.90 MT as on March – 2010 comprised of Northern Region 48.27 MT, Central Region 26.01 MT, Eastern Region 31.89 MT, Western Region 28.62 MT and as mentioned earlier Southern Region 92.11 MT. Rajasthan, Andhra Pradesh, Tamil Nadu, Madhya Pradesh and Gujarat are the prominent cement industry contributor states. The southern region generally has an excess capacity trend in the past owing to profuse availability of limestone, the western and northern regions are generally has more demand than availability.

The Indian cement industry is highly fragmented with the top few accounting for more than 50% of the industry capacity. The rest is distributed among the large number of small players. The cement industry in India has come forward as the second largest in the world, showing a total capacity of around 230 MT (including mini plants). However, on account of low per capita consumption of cement in the country (156 kgs /year as compared to world average of 260 kgs) there is still a huge potential for growth of the industry.

**ALL INDIA REGIONS RANKING**

Source: CMA

Cement demand growth has lagged GDP growth in past two years due to slowdown in real estate sector and lack of order inflows from infrastructure sector. Lower-than-expected demand coupled with incremental supplies has also resulted in declining capacity utilizations for the companies. Sector has also witnessed continued cost pressures in terms of higher power, fuel and freight costs. However it is expected that Interest rates will soften in the coming months leading to higher demand from Housing Sector. (Anil Kumar Pillai, 2012)

Cement sales are generally high during summer and low during rainy season, as most of the construction work materializes during summer. The industry is also picking up very well as government have taken several steps for infrastructure development, boom in real estate markets in both rural and urban areas and growth of other subsidiary areas. (Joyce, 1998)



**Few of the major features of the Indian Cement industry are:**

- It involves high capital costs and long gestation periods.
- Supply of coal power and access to limestone, which are controlled by the government acts as a significant barrier. To tide over the power crisis, manufacturers have gone in for captive power plants but volatility of coal prices continues to pose a challenge.
- Additional capacities introduced in the recent past has further intensified supplies and demand not picking up as expected, the degree of competition has increased.
- Sales volume is dependent primarily on the dealer network as availability and reach are considered to be the main factors.
- The analysis for the cement consumption in India is done considering some factors that enhance the consumption of cement. (Mr. N. Venkataramana, 2012)

**The influential factors considered in this study are:**

- 1) ECONOMY
- 2) GOVERNMENT DECISIONS ON INFRASTRUCTURE
- 3) PRICE ESCALATION

**REVIEW OF LITERATURE**

Referring to cement business, Francois (2007) observes that the name of the game was not differentiation and value proposition but protecting market share without triggering a price war that no one could afford. This reflects the degree of rivalry that is evident in Global Cement Industry. Levitt (1980) suggests that there is no such thing as a commodity and that all goods and services are differentiable. Creating differentiation is possible either in cement or in the services rendered during the supply of cement. Francois (2007) stresses that we no longer need to think of cement as a commodity – we can protect prices without compromising sales volumes. (Anil Kumar Pillai, 2012)

In a typical firm, if achieving sales target and cost control are given undue importance then long term marketing activities are neglected. Levitt (1983) is of the view that “There need be no such thing as a commodity.” Levitt (1980) lists and explains the range of possibilities that the product could take and its characteristics. According to him a product could range from Generic, Expected, Augmented to Potential Product. The fundamental, rudimentary, substantive thing is referred to as generic product; Customers minimal purchase conditions like Delivery, Terms, Support efforts, New ideas as the expected product; the augmented product as being the one that may be augmented by things the customer has never thought about; potential product as the one which might be done to attract and hold customers, budget and imagination limiting the possibilities (Levitt 1980). (Jacques, 2007)

Kevin et al. (1998) has categorized and explained brand differences into the following three types (i) Brand Performance associations depicts ways in which product or service attempts to meet customer functional needs (ii) Brand Imagery associations indicates reliability, durability and serviceability of the brands depicting who uses the brand and under what circumstances (iii) Consumer Insight associations which signifies that if a brand can show consumers it has insights into their problems can then make the case that it is the solution. (David 1987)

Garvin (1987) has identified eight critical dimensions of quality that can serve as a framework for strategic analysis – Performance, features, Reliability, Conformance, Durability, Serviceability, Aesthetics, and Perceived Quality. Quality thus is not confined to performance of cement where surpassing the required parameters of cement is taken as an indicator. Mason and Bequette (1998) states that Perceptions about how products perform on salient attributes is more vital to consumers’ purchase behavior than actual product attribute performance. Therefore evaluation of quality of cement on the basis of only test results without taking into account the perception of customers may not be effective. (David 1987)

(Sharma, 1995) Have used Cobb- Douglas production function to study productive efficiency (or Economic efficiency), which combines both technical and allocate efficiencies for the cement industry in India. (Majumdar, 1995) Evaluated relative performance difference between the government owned, joint sector and private sectors of Indian industry. (Kaur, 1998) compared TFPI of 15 public and 15 private enterprises from diverse sectors, viz., aluminum, steel, fertilizers, engineering, drugs and chemicals and consumer goods. (Levitt, 1980)

**OBJECTIVES**

The main objectives of the study are:

- ➔ To identify the influential factors of cement consumption in India
- ➔ To evaluate the effects of the factors on cement consumption

**SIGNIFICANCE OF THE STUDY**

With stout demand and tolerable supply, cement industry is growing exceptionally fast and it has a bright future ahead. The demand/sales of cement depends upon many factors such as its price, substitute goods, growth of the economy, growth of subsidiaries industries, infrastructure, licensing policy, so on and so forth. All these factors have augmented the demand for cement over the years. Thus forecasting sales/demand/production of cement has become a challenging task. The study is intended to determine the effect of some of these influential factors such as economy, price escalation on cement consumption in India for 2011-2012. (Mr. N. Venkataramana, 2012)

**STATEMENT OF THE PROBLEM**

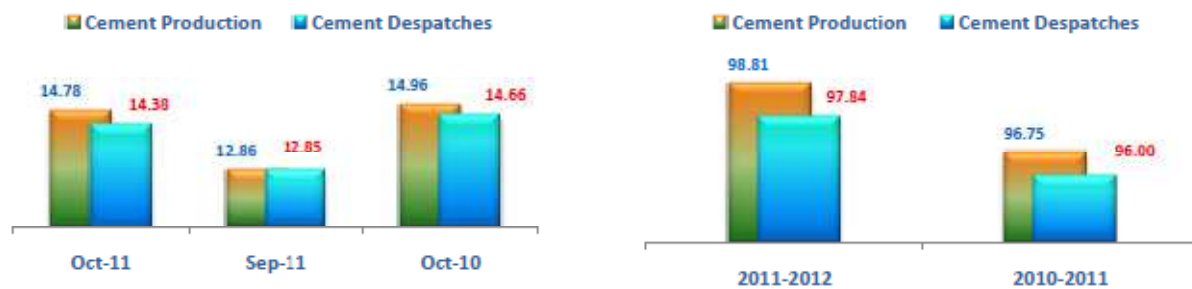
The major challenge faced by the Indian Cement industry are higher raw material prices especially the price of coal, gypsum and fly-ash. Whenever there is lackluster demand capacity utilization in the Indian Cement industry goes down impacting profitability of the firms. Certain problems are identified in the cement industry such as shortage of capital, power shortage, installation of captive power plants, location problems, shortage of coal, defective method of transport and technological obsolescence. (Mr. N. Venkataramana, 2012)

**RESEARCH METHODOLOGY**

There are two types of data analysis were considered, mainly qualitative and quantitative analysis. As we have to discuss the influential factors for cement consumption, we will analyze the data through qualitative analysis. Hence, secondary data have been used to conduct this study. We intend to highlight and determine some of the influential factors related to the cement industry in India which are mentioned below:

**1) ECONOMY**

The demand for cement mainly depends on the level of development and the rate of growth of the Economy. There are no close substitutes for cement and hence the demand for cement is price inelastic. During the October – 2011 14.78 MT were produced and 14.38MT was consumed. For the FY 2011 – 12 (Apr - Oct), MT 97.84 was consumed from the 98.91 MT produced. During the first half of the year, there was marginally poor off take in cement demand due to passive construction activity, which lead to excess supply, thus putting downward pressure on realizations. This has been coupled with rise in input costs, especially prices of coal and petroleum products. As a result, both the top line and bottom line have been affected. This demand supply mismatch scenario is expected to prevail (Levitt, 1980) for some time. Good agricultural income will support demand.



## 2) GOVERNMENT DECISIONS ON INFRASTRUCTURE

Growth in domestic cement demand is likely to remain strong, with the resumption in the housing markets, regular government spending on the rural sector and infrastructure accomplished by rise in the number of infrastructure projects implemented by the private sector. A large number of overseas players are also expected to enter the industry in the coming years as 100 per cent FDI is permitted in the cement industry. Our country is the second major cement producing country following the China having a total capacity of around 230 MT (including mini plants). However, on account of low per capita consumption of cement in the country (156 kgs/year as compared to world average of 260 kgs) there is an enormous potential for growth of the industry. (Joyce, 1998)

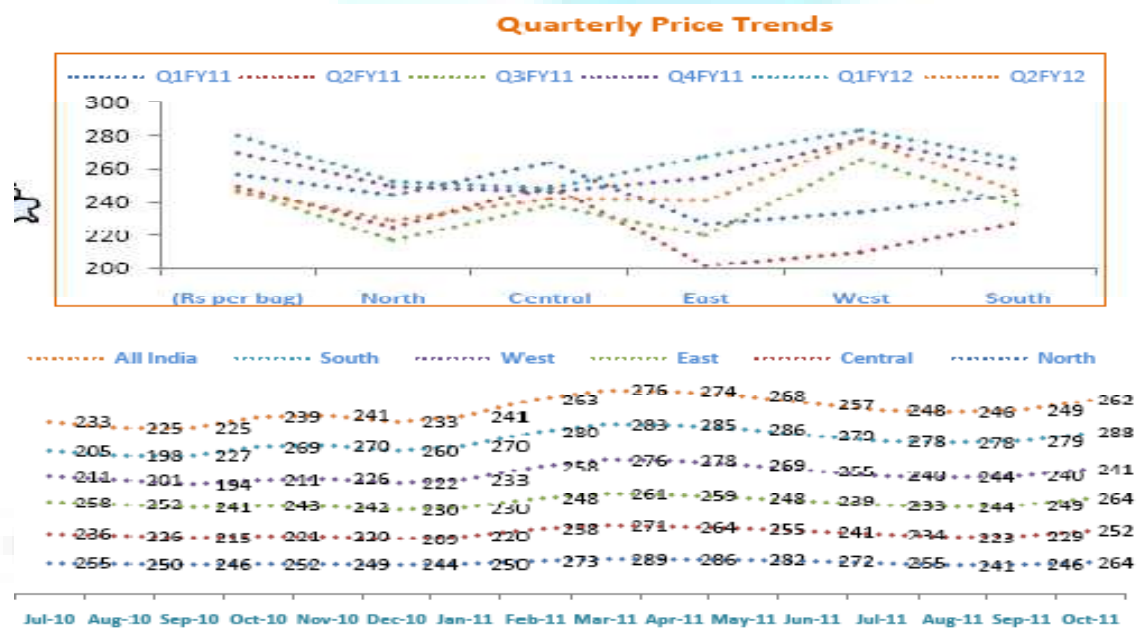
With a goal of speed up and sustaining growth in the cement industry the government has taken a range of steps in the Union budget 2011-12. The infrastructure sector has received a momentum in the form of improved funds and tax related incentives offered to magnetize investors for tapping the infrastructure opportunities across the country. Introduction of tax free bonds, formation of infrastructure debt funds and formulating a comprehensive policy for developing public private partnership projects (PPPs) are some of the steps that will provide required stimulus for growth of the cement industry in India. (Reddy, 2012)

The Indian cement industry is highly fragmented with the top few accounting for more than 50% of the industry capacity. The rest is distributed among the large number of small players.

## 3) PRICE ESCALATION/ INFLATION

The demand for cement heavily depends on the level of development and the rate of growth of the economy. There are no actual substitutes for cement. The demand for cement is, therefore, **price inelastic**. This implies that price cutting does not help in boosting the demand in an oversupply condition. At the same time if supply falls short of demand, the prices can increase substantially without hurting the demand. This makes the industry conducive for growing monopolies. Since the government directs a main portion of the cost of production, through administered prices of fuel and power and through taxes, there is **very little scope for cost cutting**. The companies can therefore either raise prices or volumes in order to increase their profits. In a competitive market scenario, it is difficult for a single manufacturer to control prices. The companies can increase their volumes or market share through product differentiation or through acquisitions. There is **limited scope of product differentiation** given the nature of the product. One of the key factors that seem to have a major say on stock price movements of cement companies are cement prices. (Vora, 2011)

Raw materials like limestone and gypsum costs are usually lower than freight and power costs in the cement industry. Excise duties imposed by the government and labor wages are among the other chief cost components involved in the manufacturing of cement. (Vora, 2011)



## RUPEE FLUCTUATION

For manufacture of 100 tonnes of cement about 25 tonnes of coal is required. Coal which is normally imported from other countries due to its high calorific value is dependent on rupee depreciation.

Coal prices procured from government through relevant agencies are volatile.

## INDUSTRY FACTORS

The factors that could trigger cement sales are infrastructure demand especially for government projects, higher housing demand in rural and semi urban areas. Higher realization and rising dispatches are considered to be conducive for higher profits for the cement industry.

## INVESTMENT FACTORS

The following factors are of particular importance in shaping the size of the firm's investment in receivables:

1. The terms of credit granted to customers deemed creditworthy.
2. The policies and practices of the firm in determining which customers are to be granted credit.
3. The paying practices of credit customers.

4. The vigor of the sellers' collection policies and practice.
5. The volume of credit sales.

In order to optimize investment in receivables effective credit granting and collection policies have to be formulated. A number of other factors which are considered in formulating a credit policy are:

1. The need to create demand for inventory that may otherwise become obsolete, e.g., fashion goods.
2. Provision for extended credit periods to help out valuable customers over short-term liquidity risks.
3. General credit terms may be given as part of a promotional campaign relating to now or existing products.
4. More generous credit terms may be given during off-season so as to generate more consistent sales.
5. Competitive pressures may force a firm to revise its policies.
6. By offering price cut in the form of a discount may reduce competitors' reactions due to their not recognizing or not recognizing straightaway what has happened.

## RESULTS AND DISCUSSION

Lower demand from housing sector in view of higher Interest rates and weakening of government finances may adversely impact infrastructure spending in 2012 as well for Indian cement industry. However it is expected that interest rate trend may soften in coming months leading to pick up in demand from housing sector from second half of 2012-13. Industry may also experience pressure on margins in short to medium term due to rising power and fuel and logistic costs. (Tedd, 1983)

## FINDINGS

Demand for Cement in India is likely to see a recovery process and will touch levels of 6-8 percent growth in 2012. The increase in growth will be triggered by the government's drive to revive economic activity by initiating investment in infrastructure projects. A correction is foreseen in interest rates and improved regulation as regards land acquisition and environmental clearance leading to revival of several on-hold projects. Cement prices are likely to maintain an upward curve due to increasing production and ownership costs.

Despite a strong GDP growth forecast of 8-9% in next 3-4 years, Industry is likely to see pressures on prices due to higher demand supply gap and increased cost of inputs, fuel, and logistics. (Anil Kumar Pillai, 2012)

To devise effective Marketing promotions, it is necessary to understand customer perceptions especially those of Engineers who are considered to be the major influencers in cement buying behavior.

Understanding of consumer behavior in cement purchase, defined needs, support expected by them to make good concrete and purchase convenience helps in offering differentiated product.

Cement companies have reported an impressive growth in sales in October despite two consequent price hikes. This has happened mainly on the back of fresh demand from real estate companies and restocking by big dealers. Brand Premium is almost non-existent in the industry. (Reddy, 2012)

## PROBLEMS OF CEMENT INDUSTRY

The main impediments to the growth of cement industry in India may be broadly listed as follows:

1. **Shortage of capital**-- The cement industry is capital-intensive in nature. On account of its record on declining profitability, it is unable to raise the required finance from the capital market.
2. **Power shortage**-- Power is an important infrastructure, which the cement industry needs. The cement industry is being adversely affected with the State Electricity Boards (SEBs), raising costs year after year accompanied by diminishing quality of power supplied, in terms of frequent voltage fluctuations, power cuts and interruptions.
3. **By installing captive power plants**-- The Indian cement Industry is today supplementing grid power supply as a result, capacity has crossed 700MW.
4. **Location problems**-- Cement industries are mainly situated in Western and Southern regions producing about 71 per cent of the total output, while the Northern and Eastern regions account for 29 per cent of the total output. The Southern and Western regions consume only 57 per cent of their total output, while the Northern and Eastern regions consume 43 per cent of their total production. There is excess production in the Southern and Western regions while there is excess demand from Northern and Eastern regions. These factors lead to heavy transport cost.
5. **Shortage of coal**-- Coal shortage affects production of cement industry resulting in idle capacity and under utilization of Capacity. Coal requirement by the industry today, stands at 13 MT, which is just 6 per cent of the total coal produced in India. As a Result, industry sources say that cement manufacturers are left at the mercy of traders in coal, who charge exorbitant prices. By 2010 AD, the need for coal will go up to 25 MT per annum. The availability and movement of coal has been a perennial problem of the cement industry. Ninety per cent of the coal deposits occur in the four states of Bihar, Orissa, West Bengal and Madhya Pradesh. Barring Madhya Pradesh, none of the other states have any limestone deposits and hence coal has to be hauled over very long distances.
6. **Defective method of transport**-- Methods of cement bagging and its transportation in India is primitive which make marketing inefficient and uneconomical. Hardly any quantity of cement at present is handled in bulk. Negligible share in World Trade: India's share in world trade is negligible. Currently, India export only about 3.5 lakh tones in a year.
7. **Technological obsolescence**-- The industry is in need of change in the production process. There is a need for conversion from wet process to dry process.

## RECOMMENDATIONS

In our country, cement industry's adequate concern is not shown for proper management of working capital. In order to make industry conscious about the need of better management, Cement Manufacturers Association should create awareness by arranging seminars and workshops in which top management and senior officers from the finance and marketing departments of the industry should be invited. There is an urgent need of cash budgeting by all cement companies. This requires proper estimation of cash and credit sales, production planning, purchase planning for inputs, financing plan and capital budget. This also requires estimation of profits and cost of production properly, which is rarely done at present and if done it is far off from the mark. Therefore, there is need of accurate forecasting by using modern statistical techniques.

## CONCLUSION

Growth in domestic cement demand is likely to remain strong, with the resumption in the housing markets, regular government spending on the rural sector and infrastructure accomplished by rise in the number of infrastructure projects implemented by the private sector. Furthermore, it is expected that the industry players will continue to increase their annual cement output in coming years and India's cement production will grow at a compound annual growth rate (CAGR) of around 12 per cent during 2011-12 - 2013-14 to reach 303 Million Metric Tons, according to Indian Cement Industry Forecast to 2012. Cement Manufacturing Association (CMA) is targeting to achieve 550 MT capacities by 2020.

In view of the fact that the industry operates on fixed cost, higher the capacity sold, the wider the cost distributed on the same base. But there have been instances wherein despite a healthy capacity utilization, margins have fallen due to lower realizations.

The sector is energy intensive in nature as power is an important cost factor, about 30% of total expenses are being spent on power and energy needs of the plant. Hence, many large companies resort to captive power plants in order to reduce the power costs, as this source is economical and results in continual supply of power. Therefore, higher the captive power consumption of the company, the better it is for the company. The cement industry is likely to maintain its

growth momentum and continue growing at around 8% to 9% in the medium to long term in line with the development of the economy (GDP). Government initiatives in the infrastructure sector and the housing sector are likely to be the main growth drivers.

The success of a firm in the Indian Cement industry is dependant on the degree of integration between various functions of Marketing – Distribution, Pricing, Segmentation, Differentiation and Integrated Communication Program.

### SCOPE FOR FURTHER RESEARCH

A detailed study on customer's perceptions of cement would help in formulation of effective Marketing strategy for a cement company. Understanding of the consumer behavior, segmentation on the basis of appropriate criteria helps in positioning of cement brands. Any marketing activity with customer at the center would contribute to the firm's profitability. Research on various marketing efforts to enhance branding of commodities like cement would help companies in the industry. Further work needs to be done on the identification of right kind of Marketing Communication for the target segment.

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**WOMEN IN HANDLOOM INDUSTRY: PROBLEMS AND PROSPECTS****S.VIDHYANATHAN****RESEARCH SCHOLAR****CENTRE FOR ADULT AND CONTINUING EDUCATION****PONDICHERRY UNIVERSITY****PUDUCHERRY****DR. K. DEVAN****HEAD****CENTRE FOR ADULT AND CONTINUING EDUCATION****PONDICHERRY UNIVERSITY****PUDUCHERRY****ABSTRACT**

Recent days, women's empowerment has become a growing concern both at the national and international levels on the subjugated, the disadvantaged and status of women in the society. In India, this concern i.e. women's empowerment has to be focused mainly in non formal sectors, where the women's work force is predominant. One among them is handloom sector. It is one of the largest economic activities, after agriculture, providing direct and indirect employment as well as being predominately a non-farm activity. It has passed on from generations to generations. With the wake of industrialization, our country's own Power loom and Khadi movement totally deteriorated the overall status of handlooms and its weavers. Mainly it burdens the life of women, a major work force in the handloom sector, compared to men. As Jawaharlal Nehru rightly remarked that "the greatest revolution in a country is the one that affect the status and living condition of its women (Sen Gupta, 1974)". Nearly 78% of handloom workers are women, of which the state of Sikkim records the lowest in number, whereas the state of Assam records the highest. Commonly illiteracy and poverty are the two major factors that doubt the elevation and livelihood of these women workers. Thus, the handloom women workers should get benefit from the current scenario; need to move up the economic status in the sector from primary levels. In a whole the purpose of this paper is to familiarize with the current status and livelihood problems of unorganized women handloom workers and also to propose the importance of social protection and security.

**KEYWORDS**

Skill Development, Livelihood Problems, Handloom Industry, Women weavers, Social Protection.

**INTRODUCTION**

Handloom sector, predominately a rural occupation, is one of the largest generators, next to agriculture in India. Nearly 23.77 Lakh handlooms provide direct and indirect employment to 43.32 lakh weavers and allied workers, of which 36.33 lakh workers stay in rural areas and 6.98 workers stay in urban areas and 38.47 lakh adult persons are engaged in weaving and allied activities in the country, out of which, 77.90% are women. 10.13% are scheduled tribes, 18.12% belongs to scheduled castes, and 45.18% OBC and 26.57% are from other castes (Handloom Census 2010).

Handloom weaving is one of the skilled professions with craftsmanship that done with utter brilliance and is passed on generations, but the followers of this tradition i.e. handloom weaving have always been the victims of a staunch hierarchical system. Being at the bottom of the system they fall prey to the extreme forms of exploitation and harassment. The British invasion and their free trade policies were further pushed them to the lowest strata of society. It was expected in independent India that the art of hand loom weaving would get redecoration and there would be a development in the status of handloom weavers. In the contrary, the socio economic conditions of handloom workers declined as it was before.

In the current scenario, the handloom workers were the poorest of lot, least respected, socially and economically deprived, living in debts and almost living like an island in the Indian society. Besides, in large parts of India, handloom weaving lost its fame and prosperity. Basically handloom weaving is men's domain but at this juncture we must acknowledge women's significant role in the handloom sector as per the handloom census 2010. Women handloom workers are one of its biggest asserts. They are the pillars and foundations of weaving community. It is splendid to utter that an ancient tradition affords large employment opportunity to women, but they are the victims of subjugation in the family as well as society. Women workers in the handloom sector are mostly illiterate and semi-literate due to low economic conditions. This resultant may brings out livelihood insecurity and social insecurity. Mainly, the women workers, who are from handloom weaving family not permitted to go and learn beyond the weaving activity and their life, identity belongings etc. come from her handloom weaving only. All these consequences doubt handloom women worker's social security, social protection and future aspirations.

**WOMEN WORKERS IN THE HANDLOOM SECTOR**

Mention may be made that the emergence of industrialization with the wake of industrial revolution in England had an impact in India's handloom sector. It brought out many transformations in the handlooms and it directly affects the empowerment of weaving community. Karl Marx (1853) rightly observes that: It was the British intruder who broke up the Indian handloom weaving and destroyed the spinning wheel. England began with driving the Indian cottons from the European market; it then introduced twist into Hindustan and in the end inundated the very mother country of cotton with cottons".

In fact, this transformation results that the burden is mainly on women weavers and their economy has been in turmoil. They have been subject to domestic violence and victims of violence in many places. Whenever the handloom is in crisis women have been at the receiving end of discrimination of all types, even though they have been the principal stabilization force through years of crisis and problems for the handloom sector. On the other side, transient handloom sector provides largest employment opportunity to women, who occupies a unique position and they are the torch bearers of this age old tradition. Moreover in large parts of India, women's participation as allied workers in the handloom sector is an unutterable achievement, but there is no recognition given to women's work. Third handloom census, 2010 reports that 3,846,835 women workers are the active adult workers in the sector. 1,468,453 women workers belong to Assam, 202,742 women workers are from Manipur, 169,139 workers are TamilNadu workers; Andhra Pradesh has 156,569 adult female workers, and Tripura records 130,169 women workers, etc. 1,210,851 women from India are doing weaving as their full time profession and for 992,171 women workers it is a part time profession. Exactly 77.94% of women handloom workers are engaging as weavers and allied workers, but this major work force has been subjected to subjugation in the name of globalization, industrialization and economic reforms (Table 2.1 shows the number of adult handloom workers in India and table 2.2 shows the number of women engaged in weaving activity by nature of engagement)

**TABLE 2.1: NUMBER OF ADULT HANDLOOM WORKERS IN INDIA**

States	Total Adult Workers		
	Male	Female	Total
Andhra Pradesh	149,896	156,569	306,465
Arunachal Pradesh	291	29,275	29,566
Assam	15,411	1,468,453	1,483,864
Bihar	14,997	22,728	37,725
Chhattisgarh	2,673	2,218	4,891
Delhi	1,541	976	2,517
Gujarat	4,443	5,053	9,496
Haryana	6,239	1,625	7,864
Himachal Pradesh	2,424	5,306	7,730
Jammu & Kashmir	5,776	14,973	20,749
Jharkhand	10,360	8,081	18,441
Karnataka	35,377	41,472	76,849
Kerala	3,732	10,786	14,518
Madhya Pradesh	5,985	7,196	13,181
Maharashtra	1,850	1,483	3,333
Manipur	1,577	202,742	204,319
Meghalaya	97	12,828	12,925
Mizoram	1,935	39,254	41,189
Nagaland	7,881	57,422	65,303
Orissa	51,154	52,004	103,158
Puducherry	1,122	1,584	2,706
Punjab	1,551	967	2,518
Rajasthan	5,745	24,357	30,102
Sikkim	16	535	551
Tamil Nadu	149,373	169,139	318,512
Tripura	1,573	130,169	131,742
Uttar Pradesh	109,340	107,675	217,015
Uttarakhand	6,415	8,185	14,600
West Bengal	249,699	415,307	665,006
All India	848,473	2,998,362	3,846,835

Source: Third National Handloom Census, 2010

**TABLE 2.2: NUMBER OF WOMEN ENGAGED IN WEAVING ACTIVITY BY NATURE OF ENGAGEMENT (2009-2010)**

States	Number of Women Engaged in Weaving activity		
	Full-Time	Part-Time	Total
Andhra Pradesh	46,384	6376	52,760
Arunachal Pradesh	9363	16,290	25,662
Assam	6,86,457	702196	1,388,653
Bihar	1783	690	2472
Chhattisgarh	212	6	218
Delhi	115	17	132
Gujarat	726	244	970
Haryana	27	0	27
Himachal Pradesh	848	3724	4572
Jammu & Kashmir	319	1807	2126
Jharkhand	1807	148	1955
Karnataka	8303	480	8783
Kerala	7749	71	7820
Madhya Pradesh	1593	241	1834
Maharashtra	250	8	258
Manipur	1,69,310	29,801	1,99,111
Meghalaya	7015	5519	12,534
Mizoram	6095	32,418	38,513
Nagaland	21,351	23,171	44,522
Orissa	5930	1626	7556
Puducherry	791	103	894
Punjab	289	53	342
Rajasthan	3533	829	4362
Sikkim	264	263	527
Tamil Nadu	77,477	14,539	92,016
Tripura	6489	1,22,302	1,28,791
Uttar Pradesh	21,720	3689	25,409
Uttarakhand	1185	916	2101
West Bengal	1,23,482	24,635	1,48,117
All India	1,210,851	9,92,171	2,203,032

Source: Third National Handloom Census, 2010

**SKILL DEVELOPMENT AND WOMEN HANDLOOM WORKERS**

In 1987, the government of India initiated Decentralized Training Programme (DTP) to upgrade the skills of skilled and semi-skilled handloom workers in weaving, dyeing and design technology to enhance their productivity, design technology and the marketability of their products. This scheme modified later in 1995 and 2000. Now in the eleventh five year plan (2007-2012), the ministry of textiles subsumed this scheme in the new scheme Integrated Handloom Development Scheme. This scheme implemented through Weaving Service Centers (WSC) in collaboration with concerned state governments. The weavers and Allied workers are the target beneficiaries of this program. During the period from 1998-99 to 2002-03, a total of 10525 Weavers, designers and dyers had been imparted training in the 15 selected states, out of these, 72.80% were trained in weaving; 9.03% in designers; and 18.18% in dyeing.

Decentralized Training Programme (DTP) had a good impact among women weavers and allied workers. They had a good participation rate, though they faced problems in commuting to distant training venues. In comparison to other states of India, weaving occupation is primarily an occupation for women in the north eastern states. So the female trainees were more than the male trainees in these states. In Manipur and Sikkim, all the trainees were women; the other states where women outnumber men were Uttar Pradesh, Himachal Pradesh and Maharashtra. In the rest of the states, women had a good participation except in Bihar (18%), Orissa (19%) and Andhra Pradesh (19.34%). The details of trained weavers are shown in Table 3.1.

**TABLE 3.1: NUMBER OF TRAINED WOMEN IN INDIA (Percentage)**

States	Male (%)	Female (%)
Assam	0.44	99.56
Tripura	33.69	66.31
Manipur	0.00	100.00
Meghalaya	1.33	98.67
Sikkim	0.00	100.00
Tamil Nadu	65.87	34.13
Andhra Pradesh	80.62	19.38
Karnataka	65.71	34.29
West Bengal	67.88	32.12
Orissa	81	19.00
Bihar	82	18.00
Uttar Pradesh	28.93	71.07
Himachal Pradesh	34.8	65.20
Maharashtra	22.54	77.46
Rajasthan	59.20	40.8
<b>Total</b>	<b>45.34</b>	<b>54.66</b>

Source: Evaluation Study of Decentralized Training Programme for Handloom Weavers, 2010. Programme Evaluation Organization, Planning Commission, Government of India. New Delhi.

**CONDITIONS AND PROBLEMS OF HANDLOOM WOMEN WORKERS**

Women, a major work force used to prefer weaving as their profession which they may think safe and secure though it is a back breaking and poverty alleviated profession. They work 12 hours a day, 30 days in a month, 12 months in a year, respite rituals, festivals and meals time. They have no entertainment like others such as cinema, picnic, chat – chatting, spending time with children etc, where as the only entertaining music program in their life time is their handloom's glaringly monotonous sound. The most important thing in their life is to see their sons to come up in the life with decent salary or a profession other than weaving. In the case of female child, the marriage is the one and only solution to their up gradation, but that too with other than weavers. Another important aspect of their life is to visit sacred places such as Kasi, Rameshwaram, Gaya and Tripathi, etc, a typical rural women's ambition sometimes never been fulfilled in their life time. Though the women handloom workers from all the states of India seem to have difference in dressing, mode of life, social traditions, food habits and child rearing practices, they are similar in attitudes and orientation towards handloom weaving. They love it because it is their tradition. They work ship their looms as if they were their gods.

Major physiological problem for handloom women workers are menstruation. During that period in the name of traditions and culture, they are not permitted to work. Weaving for more than 12 hours in a day, they underwent gynecological problems too. The constant debts of the families, illness and other factors such as globalization, power looms and industrialization retained them at the low level of subsistence. Their low wages went to pay debts and forever they remained in poverty and deprivation. They toiled very hard, but the returns were very few and far between. In most of the weaving families in south India, the men turned to alcohol, neglecting work, indulging in child abuse and the women gradually took over the burden of whole family. As a result, the women suffered with socio-psychological problems such as mental disorder, anger and rage over frustrations etc, Route to economic empowerment in trade also been neglected to women handloom workers, that has been informed by Centre for handloom information and policy on 28<sup>th</sup> April, 2006 in Hyderabad, where CHIP organized a state level workshop to discuss about gender and trade policy, it observed that women are excluded in the national foreign trade policy, value addition roles and also this negligence reduces their role to routine tasks and increases imbalance between men and women relationships.

**SUGGESTIONS FOR THE SOCIAL AND ECONOMIC EMPOWERMENT OF WOMEN HANDLOOM WORKERS**

1. In large parts of remote villages and semi-urban areas in India, the women weavers are quite dissatisfied with being the members of co-operative societies, in order to protect these women weavers, self-help groups could be given rights to establish weavers co-operative societies exclusively for women.
2. Women handloom weavers and allied workers should have specific growth and development programmes and allocations in the national budget.
3. Literacy programmes should be provided to improve the standard of living and escapes from the clutches of master weavers and shed workers.
4. As a result of restless weaving activities, large numbers of women are suffering from gynecological problems. In order to lessen the women casualties, free medical camps and mobile health centers be established in the handloom clusters in all parts of India, in particular government should concentrate the handlooms in hamlets and remote villages.
5. Like Ashram schools for scheduled tribes, Bridge schools for school dropouts have to be established in handloom clusters and villages.
6. Handloom women workers should be brought under the national employment guarantee scheme
7. Minimum wages act has to be amended to enable women to get proper and appropriate wages for their work, while being dynamic to the inflationary trends.
8. Pilgrimage to sacred places such as Manasarovar, Vaishnavi Devi Temple, Rameshwaram and Kasi, to be arranged In order to reduce the expenditure of poor women weavers.
9. Handloom households with problems of hunger should be provided with specific ration cards.
10. Women handloom workers should be given priority to participate in entrepreneurship.
11. Government of India should take necessary steps to frequent supply of raw materials to empower them economically.
12. Skill Development Programmes should be implemented in remote corners of India in order to make easy commutation for the women who are coming from very far.

**CONCLUSION**

Nearly 2.57 lakh handloom workers (Including women) preferred alternative livelihood and it may be doubled or thrice in the future, unless it is protected and nursed by the government of India. This decline exhibits the social and economic insecurity in handloom weaving though the skill development programmes are initiated by the government of India. Even the wards of weavers are not interested to choose weaving as their profession because of its losing fame and prosperity. Even Jawaharlal Nehru, the first prime minister of India wanted the weavers to shift from handloom weaving to mechanization. He says "I feel handloom weavers can't survive if they don't change according to the changes in the industrialization". In specific, this change does not improve the structural position of women, except a shift in their skills and increasing burden on their physique. It would lead to deskilling of women and their social position. Only long term vision, strong policies and schemes can protect this age old custodians, in particular, the frequent supply of raw materials will exempted this art and its barriers from the list of endangered traditional arts.

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**NON-FARM SECTOR LOANS BY DINDIGUL CENTRAL COOPERATIVE BANK IN TAMIL NADU**

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**ABSTRACT**

Considering the increased pressure on land, there exists limited scope for increasing employment in agriculture so that employment in the non farm sector becomes an important option. In India, economic opportunities in the non farm sector have also increased. Providing loans and advances to this sector leads to make great impact in the economic status of the rural people. In this paper an attempt is made to analyse the loans and overdue position of the Dindigul District Central Cooperative Bank.

**KEYWORDS**

non-farm sector loans, cooperative banks.

**INTRODUCTION**

There is a notion that different income groups in the rural area undertake different types of non-farm activities. It is often found that low investment activities of rural industries such as food-preparation, and food-processing, weaving, pottery and many other types of small and simple industrial activities employing unskilled wage labour typically account for a greater share of income for the rural poor (Islam). Non-farm sector includes all economic activities in rural areas except agriculture, livestock, fishing and hunting (Feder and Lanjouw). The rural non-farm sector comprises activities as diverse as government, commerce, manufacturing services (Adams).

In absolute terms it is found that employment has been going up in both farm as well as non-farm activities. However, the growth is faster in the non-farm activities. As the agricultural sector is incapable of creating additional opportunities of gainful employment in the wake of increasing population, the impetus for achieving sustained development in rural areas has to pivot around expanding the base of non-farm sector. The contribution of agricultural sector for rural employment has reduced. Non-farm sector (NFS) plays an important role in reducing the widespread rural poverty through generation of employment and income, and creation of effective demand for goods and services. The role becomes important as it can provide diverse employment opportunities to the rural people and in the process transform the rural economy in the desired direction of inclusive growth.

The cooperative banking sector in Tamil Nadu is poised for a tremendous growth with the implementation of revival package. Co-operative banks, with a good share of business in the banking sector, are largely serving the rural and agrarian masses, require dynamic banking professionals to take them forward in the modern banking environment. In Tamil Nadu, twenty three District Central Cooperative Banks are functioning with a network of 735 branches, and 4540 Primary Agriculture Cooperative Societies and other affiliates. Various initiatives are being taken to modernize, computerize and to make the co-operative banks competitive to face the challenges in the changing environment.

**DINDIGUL DISTRICT CENTRAL COOPERATIVE BANK**

After bifurcation from the Madurai Central Cooperative Bank, the Dindigul District Central Cooperative Bank (DDCCB) was formed and it started its functions from 01-06-1991. Its area of operation consists of seven taluks and fourteen blocks. It has twenty nine branches and 627 societies attached to this bank. The DCCB is lending for both farm sector and NFS in Dindigul district. On the basis of number of NFS loans sanctioned as on 31 March 2010, it occupies the second position in Tamil Nadu. The DCCB is tapping the required finance from the members, higher financing institutions and individuals, in order to fulfill the credit needs of the affiliated societies.

The District Central Cooperative Bank secures its working funds from share capital, reserve, deposits (fixed, savings and current accounts) from public and loans from the state cooperative bank (or) other joint stock banks (Sundaram, K.P.M). Sometimes the primary societies deposit their surplus funds with CCBs to which they are associated. The CCB gets refinance from NABARD which also forms part of the workings funds. The optimum size of the working funds and the bank efficiency in strategically applying the funds would have long term effect on the volume of business.

**TABLE 1: COMPOSITION OF WORKING FUNDS**

Year	S. Capital and Res. & Sur.	Deposits	Borrowings	Working Funds	Trend (per cent)
2000-01	2543 (9.40)	21754 (80.43)	2749 (10.17)	27046 (100)	
2001-02	3230 (10.78)	22646 (75.62)	4073 (13.60)	29949 (100)	10.73
2002-03	4673 (13.35)	24882 (71.09)	5448 (15.56)	35003 (100)	29.42
2003-04	4673 (13.35)	24882 (71.09)	5448 (15.56)	35003 (100)	29.42
2004-05	5867 (15.95)	23883 (64.95)	7023 (19.10)	36773 (100)	35.96
2005-06	9582 (21.19)	23068 (51.01)	12569 (27.80)	45219 (100)	67.19
2006-07	9582 (21.19)	23068 (51.01)	12569 (27.80)	45219 (100)	67.19
2007-08	11002 (24.72)	24510 (55.06)	9002 (20.22)	44514 (100)	64.59
2008-09	11002 (24.72)	24510 (55.06)	9002 (20.22)	44514 (100)	64.59
2009-10	11002 (24.72)	24510 (55.06)	9002 (20.22)	44514 (100)	64.59
Average (per cent)	17.94	63.04	19.02	(100)	-

Source: Compiled from Annual Reports

The average membership of the DCCB between 2000-01 and 2009-10 was 623 and it was 3.87% of the state's average. The average membership of all the CCBs in Tamil Nadu was 16119. The average paid up capital of DCCB was Rs.1609.9 lakhs (2.15% of states total paid up capital). The CAGR of all the CCBs in Tamil Nadu was 25.25% but the same for the DCCB was 7.71% only.

The average amount of reserve fund held by all banks was Rs.132701 lakhs and the same for the DCCB Rs.5705.7 lakhs. The DCCB held 4.30% of the total reserve fund of all banks. The DCCB's compound annual growth rate was 23.29% and it was more than the CAGR of Tamil Nadu.

The average of deposits held by all the CCBs in Tamil Nadu was Rs.786766 lakhs and the same for the DCCB was Rs.23771 lakhs. The DCCB held 3.02% of the total deposit by all the CCBs in Tamil Nadu. The CAGR of the DCCB was 1.33%. It was less than the CAGR of all banks in Tamil Nadu i.e. 6.71%.

**TABLE 2: BORROWINGS (NON-FARM) FROM NABARD** Rs. in lakhs

Year	Short-term	Medium-Term	Total	Trend
2000-01	117	64	181	
2001-02	674	169	843	466
2002-03	1270	1835	3105	1715
2003-04	1270	1835	3105	1715
2004-05	1633	1143	2776	1534
2005-06	2551	358	2909	1607
2006-07	2521	358	2879	1591
2007-08	178	943	1121	619
2008-09	178	943	1121	619
2009-10	178	943	1121	619
Mean	1057	859	1916	
CAGR	4.77	34.84	22.46	

Source: Compiled from Annual Report

The CCBs are availing short-term and medium-term borrowing from the NABARD and the State Cooperative Banks. The DCCB's average amount of short term borrowings from the NABARD and the SCB was 2.8% of all the CCBs in Tamil Nadu. Though the CAGR of short-term borrowings was negative in all the CCBs, the DCCB's CAGR was 4.77%. The total of all CCBs' medium-term borrowings was increased from Rs.6628 lakhs in 2000-01 to Rs.34396 in 2003-04 and then reduced to Rs.9341 lakhs at the end of the study period. The average amount of borrowings by all the CCBs during 2000-01 to 2009-10 was Rs.184500 lakhs. The proportion of the DCCB was 4.64%. The CAGR of the DCCB was highest (34.84%) among all the CCBs in Tamil Nadu.

**TABLE 3: LOANS AND ADVANCES (NON-FARM)** Rs. in lakhs

Year	Short-term	Medium-term	Total	Trend
2000-01	2103	6641	8744	
2001-02	14394	3782	18176	208
2002-03	19671	2834	22505	257
2003-04	19671	2834	22505	257
2004-05	7089	3006	10095	115
2005-06	6025	3293	9318	107
2006-07	6025	3293	9318	107
2007-08	23277	1096	24373	279
2008-09	23277	1096	24373	279
2009-10	23277	1096	24373	279
Mean	14481	2897	17378	
CAGR	30.62	-18.14	12.06	

Source: Annual Reports

The average amount of short-term NFS loan sanctioned by the DCCB was Rs.14481 lakhs. The CAGR of short-term loans was 30.62% and it was higher than the state's CAGR of 11.49. The medium-term NFS loan given by the DCCB was reduced from Rs.6641 lakhs in 2000-01 to Rs.1096 lakhs in 2009-10. The state's CAGR was 5.52 but it was being negative in the DCCB (-18.14).

**TABLE 4: LOANS OUTSTANDING (NON-FARM)** Rs. in lakhs

Year	Short-term	Medium-term	Total	Trend
2000-01	2492	4517	7009	
2001-02	7742	5450	13192	186
2002-03	11386	6537	17923	252
2003-04	11386	6537	17923	252
2004-05	8053	6328	14381	203
2005-06	3627	6227	9854	139
2006-07	3627	6227	9854	139
2007-08	15341	5297	20638	291
2008-09	15341	5297	20638	291
2009-10	15341	5297	20638	291
Mean	9434	5771	15205	
CAGR	22.37	1.79	12.75	

Source: Annual Reports

The average amount of short-term loan outstanding in the DCCB was 9434 lakhs and it was Rs.267517 lakhs in all the CCBs in Tamil Nadu. The DCCB held 3.53% of total loan outstanding of all the CCBs. The CAGR of the DCCB was 22.37% which was higher than the state's CAGR of 14.28%. The average amount of medium-term loan outstanding was Rs.5771 lakhs, which was the highest in the state. The CAGR of the DCCB (1.79%) was very low when compared with the state's CAGR (11.57%).

**TABLE 5: LOANS OVERDUE (NON-FARM)** Rs. in lakhs

Year	Short-term	Medium-term	Total	Trend
2000-01	0	608	608	
2001-02	95	715	810	133
2002-03	392	1092	1484	244
2003-04	392	1092	1484	244
2004-05	214	1465	1679	276
2005-06	143	1769	1912	314
2006-07	143	1769	1912	314
2007-08	8	1853	1861	306
2008-09	8	1853	1861	306
2009-10	8	1853	1861	306
Mean	140	1407	1747	
CAGR		13.18	13.24	

Source: Annual Reports

Though there was no short-term overdue in the DCCB during 2000-01, it was Rs.8 lakhs during the end of 2009-10. The highest overdue was during 2002-03 and 2003-04. The DCCB held 1.11% of total short-term overdue held by all CCBs in Tamil Nadu. The medium-term overdue of NFS loans in the DCCB increased from Rs.608 lakhs in 2000-01 to Rs. 1853 lakhs in 2009-10. The average amount of overdue held by the DCCB was Rs.1407 lakhs. The CAGR of DCCB's overdue was 13.18% and it was higher than the state's CAGR.

## CONCLUSION

Some of the customers who repay their due promptly, the DCCB may consider giving concession like reducing charges, raising credit limits, reschedule the period of repayment, reducing the rate of interest etc. with a view to promote financial discipline among other customers. Similarly the bank must not lend to previous defaulters and such incidents must be made known to the public. The DCCB can concentrate the NFS on par with farm sector. The DCCB should diversify their loan portfolio to reduce the possibility of covariant risk. The recovery and thus profitability can be increased to a large extent. The DCCB's NFS finance is playing an important role in the development of rural areas of Dindigul district.

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**DEVELOPMENT OF WEAKER SECTION OF SOCIETY: A ROLE OF STATE FINANCIAL CORPORATIONS****DR. SUSHIL KUMAR****ASST. PROFESSOR****JCD INSTITUTE OF BUSINESS MANAGEMENT****SIRSA****MAHAVIR SINGH****ASST. PROFESSOR****DRONACHARYA INSTITUTE OF MANAGEMENT & TECHNOLOGY****KURUKSHETRA****ABSTRACT**

*The state Financial Corporation's (SFCs) are state level financial institutions playing an important role in the development of small and medium enterprises, in their respective states in tandem with the national priorities. The main objectives of SFC's are to catalyze investment, generate employment and to broaden the ownership base of industries. The financial assistance includes term loan, direct subscription to equity capital. A state financial corporation operates a number of schemes of refinance and equity type assistance on behalf of IDBI, SIDBI, Besides they also have schemes for artisans and special target groups such as SC/ST, women, Ex- service men, physically handicapped etc. in tandem with the changing environment. The Present paper is based on role of Sate financial corporations in economically weaker section of the society.*

**KEYWORDS**

state financial corporations, weaker section.

**1. INTRODUCTION**

Haryana Financial Corporation is one of the most important financial institution in the State of Haryana. HFC came into existence on 1st April 1967 as State Financial Corporation. HFC is set up by the State Government of Haryana under the State Financial Corporation's Act, 1951. HFC is an autonomous body and it has been established to help the Industrialists to establish their industries in the State of Haryana. HFC meets the credits needs of small, medium scale industrial units and weaker section of society by advancing term loans. Punjab Financial Corporation a premier leading institution of Punjab is a body incorporated under the State Financial Corporations Act 1951. The Corporation came into existence on 1st February, 1953. The Corporation has played significant role in bringing about decentralized economic development, development of backward regions and also reduction in regional imbalances in the State. Under various schemes of the SFCs for weaker sections of societies, artisans, village and cottage industries, SC/ST and physically handicapped persons can avail loans for equipments, working capital as also working sheds. Proprietor, family partnership courts employing not more than four persons in space under 300 sq. feet with power load up to 1 K.W. may also avail loans in residential area for selected activities. The promoter's contribution in various schemes range from nil to 10 percent, only with a processing fee up to 0.5% of the total loan. The present paper is based on the study of role state financial corporations in development of economically weaker section of society in the state of Haryana and Punjab.

**2. REVIEW OF LITERATURE**

State Financial Corporations are an important area of finance and research in the past as well as in the present. Empirical studies have been conducted covering the performance evaluation and role of financial institutions and development banks. Important findings of some of the studies conducted in the past having bearing on the discussion of the performance appraisal and role of the financial corporations under study have been reported below

Jain (1956) in his study looked at the total performance of various institutional financing agencies, using secondary data only. The study reveals that the assistance to small scale industrial sector has been grossly inadequate. Secondly, the agencies have developed a preference of investing their funds in the medium and large scale units and the bigger ones among the small scale units.

Agarwal, B.R. (1966) in his study on "Industrial Finance in Rajasthan" examined the role of Rajasthan Financial Corporation in extending financial assistance to the industries in the state. He pointed out that the rejection rate of loan application was very high because of procedural difficulties, and instance on 50 per cent of security margins.

Bansal (1985) in his doctoral thesis discussed the role played by PSIDC, HSIDC, HFC and PFC in the development of large and medium scale industry in the state of Punjab and Haryana. The study compared the financial procedures, policies and operations of HFC, PFC, HSIDC and PSIDC. It has been concluded that the said development banks have contributed only a small portion towards capital employed in large and medium scale industries in Punjab and Haryana.

Rao (1985) et al. examines the recovery performance of the SFC's. They have found that the bulk of funds of SFC's are blocked in over dues and the large portion of over dues is older than five years or more. They have made efforts to find out the factors responsible for defaults and pointed out that effective follow-up and supervision of assisted units would need to be strengthened by SFCs.

Somayajules (1985) evaluated the performance of Andhra Pradesh State Financial Corporation (APSFC) during the period 1962-82 in terms of trends in sanctions and disbursement to different industrial activities, to different size of industries i.e. large, medium, small to different regions i.e. backward and non-backward. The analysis revealed that the APSFC's lending during the period increased by 247 times. Nearly 50 percent of the industries obtained financial assistance. There was a higher growth rate in sanctions but growth rate in disbursement was very poor. He suggested amendments in the lending policies of the Corporation so that the industries assisted by the Corporation operating at 60 percent capacity utilization might operate at full capacity for increasing the employment potentials.

Chandra (1996) et al. Punjab in their research paper entitled, "Role of Punjab Financial Corporation in Financing the Industries in Punjab", analyzed the role of PFC in financial industries in Punjab. The study shows that PFC specifically caters to the needs of tiny and small units, where the mortality rate is very high and while guarantee the loans balanced regional growth. But the internal controls system of PFC is very weak resulting in red-tapism and bureaucracy.

Kamble (1997) outlines the conception of the Karnataka State Financial Corporation (KSFC) and analyses the role-played by KSFC in industrial development of backward areas and SSI sector in Karnataka. It is concluded that KSFC registered phenomenal progress in terms of sanctions from 1985-96, however sanction to less developed regions are lower as compared to more developed regions. Since SSI units have the potential to play a vital role in providing employment and preventing migration of people from rural to urban areas. Hence KSFC should focus more attention on increasing the sanctions to SSI sector in backward areas.

Singh (2000) in his study entitled "The role of Financial Institutions in the Industrial Development of Punjab" observed that from amongst the 18 SFCs in the country Tamil Nadu state Financial Corporation (T.N. SFC) with sanctions of 92.41 percent to S.S.I sector and Himachal Pradesh state Financial Corporation (HPSFC) with 59.6 percent of sanctions to SSI sector were at the top and bottom of the group respectively. During the years 1980 to 1984, Punjab Financial Corporation sanctioned 80 percent of its loans to the SSI sector, thus playing an important role of the industrialization of Punjab.



### 3. RESEARCH METHODOLOGY

#### 3.1 OBJECTIVES OF THE STUDY

The main objective of the study is evaluation of the performances of HFC and PFC in terms of loan sanctioned among economically weaker section of society in Haryana and Punjab.

#### 3.2 SCOPE OF THE STUDY

At present there are 18 SFCs operating in India. Out of 18 SFCs, Haryana and Punjab Financial Corporations have been selected for study. The present research has been carried out by studying the working results of these two SFCs over a period of 10 years (2000-01 to 2009-10). A time frame of ten years considered adequate to throw light on the comparative performance of these corporations. Further, due to liberalization and financial sector reforms introduced in the country during the last decade of the millennium, many dynamic changes have occurred. Therefore the study has also reflected the impact of these changes on the working of these Corporations.

#### 3.3 COLLECTION OF DATA

The study under consideration is based on secondary data. The main sources of the secondary data are published annual reports, journals, Newspapers, SFC's Act, 1951 and other printed literature of these institutions. Further data from annual reports of SIDBI and IDBI, has been also collected to enrich the study.

#### 3.4 STATISTICAL ANALYSIS

The collected data has been analyzed in the form of simple statistical tables. Uses of sample techniques like percentages and correlation-analysis have been used. More advance statistical technique such as t-test has also been used to enrich the results.

### 4. RESULTS AND DISCUSSIONS

#### 4.1 ASSISTANCE SANCTIONED TO ECONOMICALLY WEAKER SECTION BY HFC

The economic development of a region cannot be possible without improving the economic condition of the majority of its population. The institutional development banking infrastructure setup in the country had contemplated a very important role for HFC in the empowerment of economically weaker sections of the State of Haryana. The performance of HFC towards the weaker sections is not sufficient.

The total assistance of loans sanctioned vis-à-vis loans sanctioned to economically weaker sections by HFC has been depicted in Table No. 4.1 It may be observed, that sanctions to weaker sections (entrepreneur who avail loans up to Rs. 5.00 lacs have been presumed as economically weak) by HFC declined from Rs. 1.57 crores in 2000-01 to Rupees .06 crores in 2009-10, thus showing a negative growth of 2516 percent. The share of sanctions to weaker sections out of total sections also increased from 1.20 percent in 2000-01 to 8.03 percent in 2003-04, thereafter it has start declined trend. The role of sanctions to weaker sections out of total sanctions ranged between 0.26 to 8.03 percent. However, the average sanction to economically weaker sections out of total sanctions was 1.93 percent.

**TABLE – 4.1: ASSISTANCE SANCTIONED TO ECONOMICALLY WEAKER SECTIONS BY HFC (Rs. in Crores)**

Year	Total Sanctions (1)	Sanctions up to Rs. 5.00 lacs (2)	(2) as Percentage of (1)
2000-01	130.37	1.57	1.20
2001-02	137.72	1.96	1.42
2002-03	90.66	4.13	4.56
2003-04	34.88	2.8	8.03
2004-05	51.7	2.24	4.33
2005-06	78.18	1.87	2.39
2006-07	170.67	.91	0.53
2007-08	59.17	.49	0.83
2008-09	64.57	.17	0.26
2009-10	23.48	.06	0.26
Cumulative during the period	841.4	16.2	1.93

Coefficient of correlation between (1) and (2) = 0.8

T-value (significant at 5 percent level) = 0.22

Source: Annual Reports of HFC

#### 4.2 ASSISTANCE SANCTIONED TO ECONOMICALLY WEAKER SECTION BY PFC

The economic development of a region cannot be possible without improving the economic condition of the majority of its population. The institutional development banking infrastructure setup in the country had contemplated a very important role for PFC in the empowerment of economically weaker sections of the State of Punjab. The performance of PFC towards the weaker sections is not adequate.

The total assistance of loans sanctioned vis-à-vis loans sanctioned to economically weaker sections by PFC has been shown in Table No. 4.2 .

**TABLE – 4.2: ASSISTANCE SANCTIONED TO ECONOMICALLY WEAKER SECTIONS BY PFC (Rs. in Crores)**

Year	Total Sanctions (1)	Sanctions up to Rs. 5.00 lacs (2)	(2) as Percentage of (1)
2000-01	41.5	.58	1.20
2001-02	74.7	.72	1.42
2002-03	22.27	40.04	179.79
2003-04	-	-	-
2004-05	-	-	-
2005-06	2.76	-	-
2006-07	-	-	-
2007-08	-	-	-
2008-09	-	-	-
2009-10	-	-	-
Cumulative during the period	141.23	41.34	29.27

Source: Annual Reports of PFC

It may be observed, that sanctions to weaker sections (entrepreneur who avail loans up to Rs. 5.00 lacs have been presumed as economically weak) by PFC declined from Rs. .58 crores in 2000-01 to Rupees .0 crores in 2009-10, thus showing a negative growth. The share of sanctions to weaker sections out of total sections also increased from 1.20 percent in 2000-01 to 179.79 percent in 2003-04, thereafter it has start declined trend. The percentage of sanction to weaker section during the period is 29.27 percent of the total sanction which is adequate.

## 5. CONCLUSIONS

The efforts of the Corporation in various spheres to fulfill social obligations of the State are creditable, however the Corporation should have done more to improve the lot of economically weaker sections of the society. Haryana Financial Corporation is pioneer in the development weaker sections of the State. The Corporation has sanctioned only 1.93 percent of its funds to the economically weaker sections of the State, which is inadequate. PFC has also helped the social duties of the State by earmarking around 29.27 percent of its resources for the economically weaker sections of the society. Thus, the Corporation has done its bit for improving the lot of people in the society but it is felt that still more efforts are required in this regard.

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**AN EMPIRICAL STUDY ON CONSUMER BUYING BEHAVIOR WITH RESPECT TO CONSUMER DURABLES**

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**ABSTRACT**

*The Consumer Durables industry has been witnessing significant growth in recent years, helped by several drivers such as the emerging retail boom, real estate and housing demand, greater disposable income and an overall increase in the level of affluence of a significant section of the population. The industry is represented by major international and local players such as BPL, Videocon, Voltas, Blue Star, MIRC Electronics, Titan, Whirlpool, etc. The research paper surveyed 300 customers from Surat, Vadodra, Ahmedabad and Rajkot and difference in buying behavior in context of education, Income, Occupation, and Employment was statistically tested. ANOVAs and descriptive analysis was used to find the influence of various factors like durability, price, promotional schemes, technology and service on income, occupation and employment status of consumers with respect to consumer durables.*

**KEYWORDS**

Consumer durables, Disposable income, Reference groups, buying behavior.

**INTRODUCTION**

The Consumer Durables industry consists of durable goods and appliances for domestic use such as televisions, refrigerators, air conditioners and washing machines. Instruments such as cell phones and kitchen appliances like microwave ovens were also included in this category. Reference groups influence consumer behavior in two ways: They set levels of aspiration for the individual, i.e. they offer clues as to what lifestyle should be led. They define items appropriate for a member of the group to lead that lifestyle. The research paper therefore is an attempt to study the influence of reference group on consumer buying behavior. The research paper studies the same taking into consideration the various factors influencing buying behavior like price, durability, promotion scheme etc. The paper also tries to understand the differentials in these papers in terms of various demographic profiles of customer like education, occupation, qualification etc.

**LITERATURE REVIEW**

In September 2007, According to Cygnus estimate, the total consumer durables market accounted for INR270 billion (considering all segments and sub-segments as discussed in the report) in 2006-07. Multinational companies particularly LG and Samsung have churned out significant market share due to their superior product offerings at best prices. However, few Indian companies are also trying hard to be in the competition and earn a respectable share in the consumer durables market.

This study conducted by Academy of Marketing Science Review (Paleen Kaur and Raghbir Singh) in 2006, Research on family decision making has been largely confined to spouses, who have been considered as the relevant decision making unit in a family. However, the role of third party influences, such as children, on decision making strategies and negotiations is essential to taking a broader view of the relevant unit of analysis. Contemporary researchers express that children constitute a major consumer market, with direct purchasing power for snacks and sweets, and indirect purchase influence while shopping for big-ticket items (Halan, 2002; Singh, 1998). Indian children have recently attracted considerable attention from marketers because the market for children's products offers tremendous potential (pegged at Rs. 5000 crore/\$1110mn) and is rapidly growing. According to available industry data, the chocolate and confectionary market is estimated at Rs. 1300 crore/\$290mn, the apparel market at Rs. 480 crore/\$110mn and kids footwear at Rs. 1000 crore/\$220mn (Bhushan, 2002). In addition to this, 54% of India is estimated to be under the age of 25 (Bansal, 2004).

The nature of joint decisions in couple decision making units and family decision making units is seen to be different (Filiatrault and Ritchie, 1980). The Indian families have become more modern in SRO, such that the decision making has become more egalitarian (Chadha, 1995; Dhobal, 1999). Compared to this, the West is experiencing an increase in the number of single parent or female-headed households (Ahuja and Stinson, 1993; Mangleburg et al., 1999). Such a shift in family composition and structure has a bearing on the strength in the role that children are expected to play as buyers in the family.

**NEED OF THE STUDY**

In India consumer durables is in growth stage and needs to be explored to strengthen marketing activity or brand image of electronics consumer Durables Company. For achieving marketing goals, one should have the clear understanding of perceptions and preferences of consumers in their purchase decision for consumer durables and, influence of reference group and social class also.

**OBJECTIVES OF THE STUDY**

The research was aimed at studying the purchase pattern of consumers for consumer durables.

- To analyze the role of demographic factors on buying behavior with respect to consumer durables
- To analyze the consumer's perception about the brand of product they purchase
- To analyze the influence of social class on consumers' lifestyle characteristics and buying behavior.
- To study the factors affecting purchase of consumer durables.

**HYPOTHESES**

H<sub>1</sub>: Consumer's Income influences the brand he purchases

H<sub>2</sub>: Durability/Price/Promotional schemes/Technology, Service influences the purchasing behavior in consumer durables with respect to different Income classes

H<sub>3</sub>: Durability/Price/Promotional schemes/Technology, Service influences the purchasing behavior in consumer durables with respect to different levels of education

H<sub>4</sub>: Durability/Price/Promotional schemes/Technology, Service influences the purchasing behavior in consumer durables with respect to different employment classes

## RESEARCH METHODOLOGY

Research Design	Descriptive
Source Of Data	Primary: Questionnaire, Personal Interviews Secondary: Internet, websites, Organizational reports, Case studies, Business magazines, Books, Journals.
Sample Size	300 consumers
Sampling Frame	Serviceperson, Businessman, Household people, Students
Sampling Technique	Convenience sampling
Statistical Techniques	ANOVA
Scope of the study	Ahmedabad, Vadodara, Rajkot, Surat

## RESULTS AND DISCUSSION

H<sub>1</sub>: Consumer's Income influences the brand he purchases

TABLE 1

Variable	No of Samples	Overall Mean	Television	Refrigerator	Washing Machine	Laptop	Mobile	A.C.
Income								
Less than 1.5 Lacs	39	2.64	F=1.400	F=3.517	F=3.266	F=2.086	F=8.277	F=5.289
1.5-3 Lacs	76	2.59	0.034	0.008	0.012	0.033	0.000	0.000
3-5 Lacs	91	2.63						
5-8 Lacs	54	2.65						
More than 8 Lacs	40	2.13						
Total	300	2.56						

The ANOVA test was conducted to find out the differences in Brand preference of consumers on the basis of different Income groups. The results showed that consumers of five different groups during their purchasing encounters were found to be different. The mean analysis showed that consumers with 5-8 Lacs (2.65) have direct impact on Brand Preference. Then it was followed by the consumers with income Less than Rs 1.5 Lacs (2.64), between 3-5 Lacs (2.63), between 1.5 to 3 Lacs (2.59), and more than 8 Lacs income (2.13).

The difference was found among brand preferences for TV (F = 1.400, p = 0.034) Refrigerator (F = 3.517, p = 0.008), Washing Machine (F = 3.266, p = 0.012), Laptop (F=2.086, p=0.033) Mobile (F = 8.277, p = 0.000) and Ac (F = 5.289, p = 0.000) which are significant at 0.05 level. So for that null hypothesis of equal means is rejected and alternative hypothesis is accepted. So, higher the Income of consumers leads to higher differences among Brand preferences in consumer durables.

## INCOME WISE

H<sub>2</sub>: Durability/Price/Promotional schemes/Technology, Service influences the purchasing behavior in consumer durables with respect to different Income classes

TABLE 2

Variable	No of Samples	Overall Mean	Durability	Price	Schemes	Technology	Service
Income							
Less than 1.5 Lacs	39	3.39	F=1.185	F=3.210	F=5.481	F=6.143	F=2.422
1.5-3 Lacs	76	3.41	.117	.013	.018	0.00	.048
3-5 Lacs	91	3.47					
5-8 Lacs	54	3.64					
More than 8 Lacs	40	3.72					
Total	300	3.51					

The ANOVA test was conducted to find out difference in the preferences towards various features of consumer durable products on the basis of different Income groups. The results showed that consumers of five different groups during their purchasing encounters were found to be different. The mean analysis showed that consumers with income less than Rs 1.5 Lacs (3.39) have direct impact on various features of consumer durable products. Then it was followed by the consumers with income between Rs 1.5 and 3 Lacs (3.41), 3-5 Lacs (3.47), 5-8 Lacs (2.64) and more than 8 Lacs income (3.72).

The Difference was found towards various features of consumer durable products like Price (F = 3.210, p = .013), Schemes (F = 1.481, p = 0.018), Technology (F = 6.143 p = 0.00), Service (F = 2.422 p = 0.048) which are significant at 0.05 level. So for that null hypothesis of equal means is rejected and alternative hypothesis is accepted. We can say that different Income groups give different Priorities to Price in the consumer durables whose income is Less than 1.5 Lacs give more importance to price in compare to income groups of more than 8 lacs. We can say that different Income groups give different Priorities to Schemes in the consumer durables People whose income is less they give the most preference to various Schemes compare to High Income groups. Technology has a Significant at 0.05 levels. So here Technology influences the purchasing behavior in consumer durables with respect to income (different socio-economic class). We can say that different Income groups give different Priorities to Technology in the consumer durables Services have a Significant at 0.05 levels. So here Services influences the purchasing behavior in consumer durables with respect to income (different socio-economic class). Durability (F = 1.185, p = 0.017), which are not significant at 0.05 level. So for that null hypothesis of equal means is accepted and alternative hypothesis is rejected. So here Durability does not influence the purchasing behavior in consumer durables with respect to income (different socio-economic class).

## EDUCATION WISE

H<sub>3</sub>: Durability/Price/Promotional schemes/Technology, Service influences the purchasing behavior in consumer durables with respect to different levels of education

TABLE 3

Variable	No of Samples	Overall Mean	Durability	Price	Schemes	Technology	Service
Education							
Post Graduate & Above	102	3.43	F=.697	F=1.060	F=1.017	F=1.109	F=1.223
Graduate	175	3.67	.554	.366	.035	.006	.002
10 + 2	19	3.76					
10 <sup>th</sup> or below	4	3.66					
Total	300	3.51					

## EDUCATION WISE

The ANOVA test was conducted to find out difference in the preferences towards various features of consumer durable products on the basis of different Education groups. The results showed that consumers of five different groups during their purchasing encounters were found to be different. The mean analysis showed that consumers with Education Post Graduate & Above (3.43) have direct impact on various features of consumer durable products. Then it was followed by the consumers who are Graduate (3.67), 10<sup>th</sup> or below (3.66), and 10 + 2 (3.76).



The Difference was found towards various features of consumer durable products like Schemes ( $F = 1.017$ ,  $p = 0.035$ ), Technology ( $F = 1.109$ ,  $p = 0.006$ ), and Services ( $F = 1.223$ ,  $p = 0.002$ ) which are significant at 0.05 level. So for that null hypothesis of equal means is rejected and alternative hypothesis is accepted. So here Durability does not influence the purchasing behavior in consumer durables with respect to Education (different socio-economic class). So here Price does not influence the purchasing behavior in consumer durables with respect to Education (different socio-economic class). We can say that different Education groups give different Priorities to Schemes in the consumer durables. Technology has a Significant at 0.05 levels. So here Technology influences the purchasing behavior in consumer durables with respect to education (different socio-economic class). We can say that different Education groups give different Priorities to Services in the consumer durables.

Other features like Durability ( $F = 0.697$ ,  $p = 0.554$ ) and Price ( $F = 1.060$ ,  $p = 0.366$ ) which are not significant at 0.05 Level so for that null hypothesis of equal means is accepted and alternative hypothesis is rejected. Hence there is no impact of Education group on Features like Durability and Price.

#### EMPLOYMENT WISE

H<sub>4</sub>: Durability/Price/Promotional schemes/Technology, Service influences the purchasing behavior in consumer durables with respect to different employment classes

TABLE 3

Variable	No of	Overall	Durability	Price	Schemes	Technology	Service
Employment	Samples	Mean					
Salaried	120	3.48	0.001	F=1.685	F=2.648	F=4.187	F=2.559
Businessman	83	3.83					
Retired	1	3.00		0.153	0.034	0.003	0.039
Housewife	25	3.58					
Student	71	3.16					
Total	300	3.51					

#### EMPLOYMENT WISE

The ANOVA test was conducted to find out difference in the preferences towards various features of consumer durable products on the basis of different Employment groups. The results showed that consumers of five different groups during their purchasing encounters were found to be different.

The mean analysis showed that consumers with Employment Status Retired (3.00) have direct impact on various features of consumer durable products. Then it was followed by the consumers who are Student (3.16), Salaried (3.48), housewife (3.56), and businessman (3.88).

The Difference was found towards various features of consumer durable products like Durability ( $F = 5.111$ ,  $p = 0.001$ ), Schemes ( $F = 2.648$ ,  $p = 0.034$ ), Technology ( $F = 4.187$ ,  $p = 0.003$ ), and Service ( $F = 2.559$ ,  $p = 0.039$ ) which are significant at 0.05 level. So for that null hypothesis of equal means is rejected and alternative hypothesis is accepted.

Other feature like Price ( $F = 1.685$ ,  $p = 0.153$ ) which are not significant at 0.05 Level so for that null hypothesis of equal means is accepted and alternative hypothesis is rejected. Hence there is no impact of Education group on Feature like Price.

#### CONCLUSION

Income influences the purchasing decision of any consumer when they want to purchase any brand of consumer durables. Income dose not influence on durability feature in consumer durables, every consumer gives Preference to durability when they want to buy any consumer durable. Income influence on Price, Schemes, Technology and Services in consumer durables, every consumer give different reference to the above features with respect their income groups.

Consumer durable companies have an option to determine which income groups they want to target with respect to Price, Schemes, Technology and Services so by that way they can attract more Consumers towards him. Durability and Price does not influence the purchasing behavior in consumer durables with respect to Education. Schemes, Technology and Services influence the purchasing behavior in consumer durables with respect to Education.

Majority of the respondents (152) consider head of the family has the most effective reference group in CTV/LCD/PLASMA (consumer durables). Majority of the respondents (199) consider family members have the most effective reference group in Refrigerator (consumer durables). Majority of the respondents (192) consider of the family Members has the most effective reference group in washing Machine (consumer durables). Majority of the respondents (152) consider of the Friends/Relatives has the most effective reference group in laptop/Desktop Computer (consumer durables). Majority of the respondents (163) consider of the Friends/Relatives has the most effective reference group in mobile (consumer durables). Majority of the respondents (142) consider of the Head of Family has the most effective reference group in mobile (consumer durables)

#### LIMITATIONS AND FUTURE SCOPE OF RESEARCH

The sample size for the survey of customers was limited to 300 respondents, which might not be representative of all customers of Gujarat state. Research also depends on surveyors' bias & his/her ability to analyze the data & draw conclusion. Future research may be carried on taking some more variables and other consumer durables sector could be carried.

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## A STUDY ON THE GROWTH OF SCHEDULED COMMERCIAL BANKS IN INDIA

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### ABSTRACT

Global economy was growing steadily since 2002 and everything was fine till the beginning of Sep 2008. The economic meltdown started with the bankruptcy of Lehman Brothers in Sept. 2008 and the recession had impacted all the sectors and on the backdrop of recessionary trends in European and other developed countries, the under developed and developing countries had also experienced the pinch. The global financial crisis that emanated from the subprime crisis in the US is however, the deepest in the history since the great Depression in 1930s and it has trangled the global economic growth. It has badly eroded the investor's confidence and has posed a serious threat to the global financial stability. The direct and indirect effect of global slowdown had its impact on India too in the form of reduced money flow and reduced trade. Akin to other emerging economies in Asia, Indian financial sector too has shown remarkable resilience in situation of global financial turmoil because of the healthy, prudent and sound practices of bank capitalization and timely intervention of Reserve Bank of India. This paper aims to study the trends in growth and development of scheduled commercial banks in India in pre and post crisis period.

### KEYWORDS

capitalisation, economic growth, financial stability, global crisis.

### INTRODUCTION

The crucial role of the financial system is to allocate capital investment towards the most productive applications. The energetic growth and technological advance of the western economies suggest that our financial system has performed this task well over long periods. However, the global financial crisis and the following recession blemish this record. Indian banking is a success story in midst of the financially triggered global crisis of 2008, thanks to the regulatory environment in place and the structural banking drivers. The global financial crisis, which left the banking sector of most developed and even developing countries weakened, had relatively limited impact on the Indian banking sector. While the Indian banking system largely withstood the pressures of the crisis, it was not expected to remain insulated from the slowdown of the Indian economy, which followed the crisis.

### OBJECTIVES

1. To study the trends in the growth of different variables in the banking system during the pre and post crisis period
2. To study the trends in the growth of different variables of profitability, efficiency and financial stability of different groups of banks during the pre and post crisis period.
3. To study the impact of these variables on the different groups of banks.
4. To analyse how far Indian banks are affected by the crisis.

### METHODOLOGY

For the purpose of the study, secondary data were used. It has been collected from bank records, published financial reports, journals, magazines and websites. The study covers a period from 2003 to 2011.

Sample size includes five groups of banks put together 83 Scheduled commercial banks having 26 public sector banks(PSBs)14old private sector banks(OPVTBS))7 new private sector banks(NPVTBs),and36foreign banks(FBs) which may be considered adequate to represent banking industry in India.

The study is made under two heads; In the first section a general analysis of different variables on the banking sector as a whole has been made.(2003-2011). Moreover, analysis of these variables during the pre and post crisis period has also been made. (2007-2011).In the second section a comparative analysis of various bank groups with respect to different variables has been made. (2007-2011)

### SECTION I- TABLE1- SHOWS COMMERCIAL BANKS AT A GLANCE

The number of commercial banks in India has decreased to 167 in 2011 from 293 in 2003. The decline in the number is due to the merger and acquisition taking place in the banking industry at present. At the same time population served by bank office has reduced to 13000 from 16000in 2003 which is the result of the rapid branch expansion policy of commercial banks.

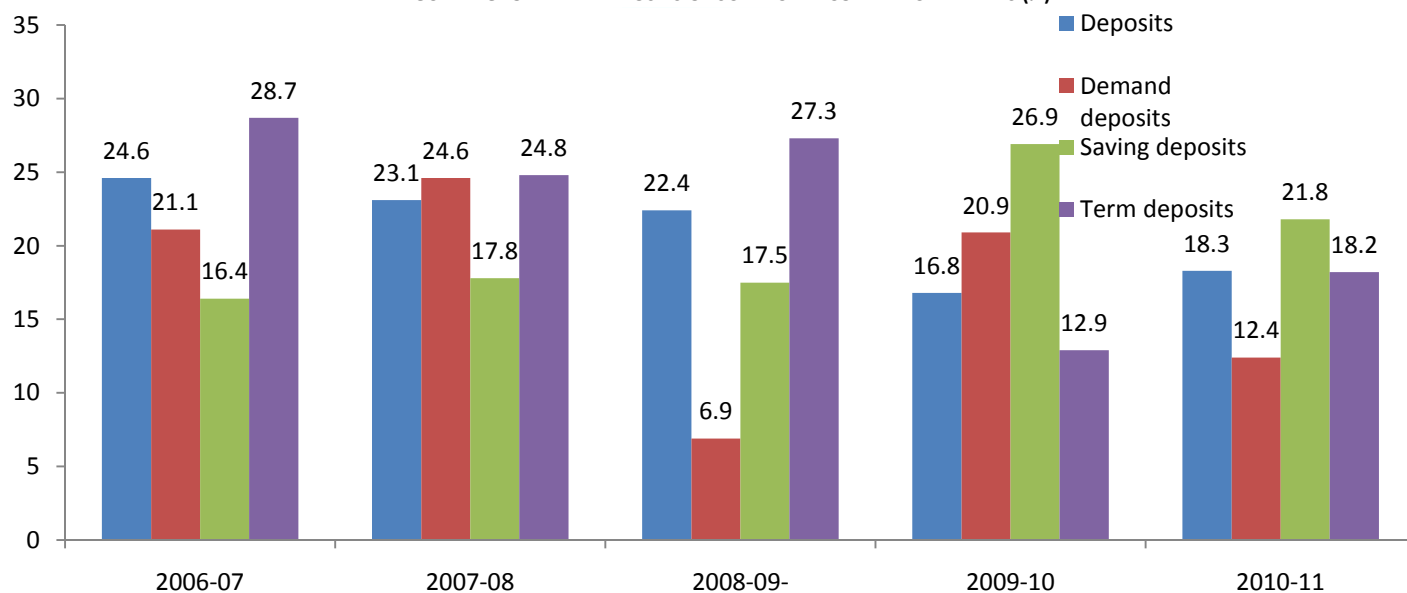
**TABLE 1: SCHEDULED COMMERCIAL BANKS IN INDIA AT A GLANCE**

Indicators	March 2003	March 2004	March 2005	March 2006	March 2007	March 2008	March 2009	March 2010	March 2011
No. of commercial banks	293	291	288	222	182	173	170	167	167
Population per office(in thousands)	16	16	16	16	15	15	15	14	13
Aggregate deposits of Scbs in India Rs. crores	1311761	1504416	1700198	2109049	2611934	3196940	3834110	4492826	5207969
a. Demand deposits	187837	225022	248028	364640	429731	524310	523085	645610	641705
b. Time deposits	1123924	1279394	1452171	1744409	2182203	2672630	3311025	3847216	4566264
Bank credit of Scbs in India (Rs.Crores)	746432	840785	1100428	1507077	1931190	2361913	2775549	3244788	3942082
Credit Deposit Ratio (%)	56.9	55.9	62.6	70.1	73.5	74.6	73.8	73.7	76.5
Investment Deposit Ratio(%)	41.3	45.0	47.3	40.0	35.3	35.5	35.7	36.4	34.1

Source- Report on trends and progress of banking in India (2006-11)

**AGGREGATE DEPOSITS AND CREDIT OF SCHEDULED COMMERCIAL BANKS IN INDIA**

The Aggregate deposits of scheduled commercial banks has increased to INR 52, 07,969 crores in 2011 from INR 1311761 crores in 2003. The growth of demand deposits has increased to INR 6,41,705 crores in 2011 from INR 187837 crores. In 2003 (242% growth). On the other hand time deposits has increased to INR 45,66,264 crores in 2011 from INR 11,23,924 crores in 2003 (306% growth). Figure 1 shows the growth rate of deposits of scheduled commercial banks from 2006-07 to 2010-11. The growth rate of deposits of scheduled commercial banks registered a decelerated growth for the 3 consecutive years since 2006-07. One of the factors responsible for decline in the deposit growth was the prevalence of lower interest rates. But 2010-11 registered a higher growth in deposits. This was mainly because of the accelerated deposit mobilisation of new private sector banks in 2010-11 over the previous year. Shift of funds to term deposits is due to higher interest rates offered by banks on such deposits.

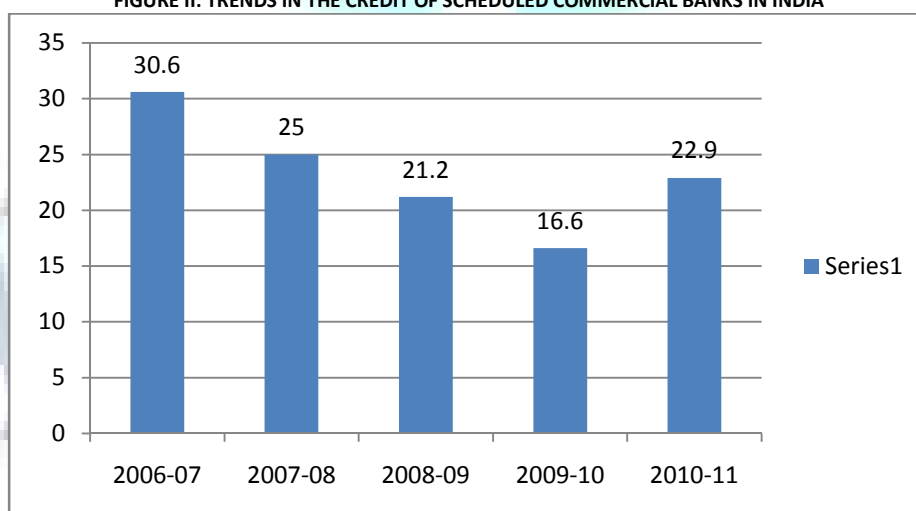
**FIGURE I: GROWTH IN DEPOSITS OF SCHEDULED COMMERCIAL BANKS (%)**

Composition of deposits

Source: Report on trends and progress of banking in India 2006-11

**BANK CREDIT**

As deposits are the most important source of funds for banks, a slowdown in the growth of deposits was expected to translate itself into a slowdown in bank credit. Figure II shows the trends in credit of commercial banks in India. The growth rate of loans and advances of SCBs, which was as high as 30.6 per cent as at end-March 2007 has been witnessing a slowdown since then. In continuation of the trend, the growth rate of aggregate loans and advances of SCBs decelerated to 21.2 per cent as at end-March 2009 from 25.0 per cent in the previous year and, reaching a low of 16.6 per cent in 2009-10. Apart from cyclical factors which lead to slowdown in growth after a period of high credit growth, the deceleration was accentuated due to the overall slowdown in the economy in the aftermath of global financial turmoil. But the loans and advances of the banking sector recorded higher growth of 22.9 per cent in 2010-11 from 16.6 in the previous year. While the economic recovery from the recent financial turmoil increased the demand for credit; from the supply side, higher growth in deposits as well as growth in capital facilitated higher credit growth. In 2010-11, new private sector banks recorded significantly higher growth in term loans as compared with the previous year, on the back of corresponding high growth in term deposits mobilisation.

**FIGURE II: TRENDS IN THE CREDIT OF SCHEDULED COMMERCIAL BANKS IN INDIA**

Source- Report on trends and progress of banking in India 2007-11

**CREDIT DEPOSIT RATIO**

The incremental credit-deposit (C-D) ratio and investment-deposit (I-D) ratio of SCBs mirrored the banks' behaviour in respect of investments and credit. During the high credit growth phase (2002-03 to 2006-07) the two series drifted away from each other as C-D ratio rose sharply and as a consequence the I-D ratio declined, reflecting banks preference for lending over investment. Subsequently, however, as the cyclical factors lead to cooling off of the credit growth rate, the trend in incremental C-D ratio and I-D ratio reversed. Thus the C-D ratio, which was 73.5 per cent as at end March 2007 declined marginally to 73.6 per cent as at end March 2010, while the I-D ratio increased marginally from 35.5 per cent to 36.4 per cent in the same period. (Table-I)

Table II: shows the financial performance of scheduled commercial banks during the period 2007-2011.

TABLE II: FINANCIAL PERFORMANCE OF SCHEDULED COMMERCIAL BANKS

Item/Year	2006-07	Variation (%)	2007-08	Variation (%)	2008-09	Variation (%)	2009-10	Variation (%)	2010-11	Variation (%)
Interest income	230675	24.96	308482	33.2	388816	25.9	415179	7.0	491667	18.42
Other income	43041	21.7	60391	40.3	75021	24.6	79268	4.4	79564	0.37
Total income	274716	24.5	368813	34.3	463837	25.7	494447	6.63	571231	15.53
Interest expended	142420	32.9	208001	46	263221	26.5	272084	3.4	298891	9.85
Operating expenses	66319	12.03	77283	16.5	89268	15.5	100028	11.4	123129	23.09
Net Interest income	89255	19.28	100481	12.57	125596	24.7	143095	14.7	192776	34.72
Provisions & contingencies	34775	16.65	40864	17.5	58578	43.3	65226	12.3	78878	20.93
Operating profit	65997	21.18	83590	26.7	111349	33.2	122335	10.4	149210	21.97
Net profit	31203	26.93	42726	36.9	52771	23.5	57109	8.3	70331	23.15

Source- statistical tables relating to banks in India-2007-11(Annual publication of RBI)

#### INCOME

The income of the bank consists of interest income and non interest income. Interest income is income from advances and investments and other income includes income earned in the form of commission, exchange and brokerage and income from profit on sale of investments etc.

Similar to the slowdown in the balance sheets of SCBs, there were signs of a considerable slowdown in the income of SCBs till 2009-10. The growth rate of income decelerated to 6.63 in 2009-10 from 24.4 in 2006-07. The slowdown in total income emanated from both interest and non-interest incomes of SCBs. The growth rate of interest income decelerated to 7% in 2009-10 from 33.2 in 2007-08 reflecting the lower lending rates. The share of non-interest income in total income was increasing during the period 2002-2004 but declined in the subsequent period i.e. 2005-07. But during 2007-09 this share is again witnessing rise, with a corresponding decline in share of interest income. The non-interest income witnessed acceleration at a higher pace as compared to growth rate of both interest and total income up to 07-08. But 2008-09 recorded deceleration which was sharper than the deceleration of the other two series. But 2010-11 recorded increase in both total income as well as interest income owing to the prevailing higher interest rate environment.

#### EXPENDITURE

The components of expenditure include interest expended on deposits and borrowings, operating expenses and provisions and contingencies. Expenditure of SCBs decelerated to 6.39 per cent as at end March 2010 as compared with 33.9 per cent in 2007-08. Among the major components of expenditure of SCBs, growth rate of interest expended decelerated sharply to 3.4 per cent as compared with 46.0 per cent growth 2007-08. Non interest or operating expenses also decelerated to 11.4 percent in 2009-10 while provisioning increased sharply to 43.3 in 2008-09 from 17.5 in the previous year. The rate of provisions and contingencies witnessed higher growth in 2009-10 and 2010-11 as compared with the previous year, mainly on account of increase in gross non-performing assets (GNPAs) (in absolute terms).

#### NET INTEREST MARGIN

Net interest income is the difference between the interest income and interest expenses (spread). While maintaining profitability is a *sine qua non* for the financial soundness of the banking sector, efficient financial intermediation is important from the point of view of economic growth. NIM indicates the margin taken by the banking sector while doing banking business. While a higher NIM contributes to profitability, it also implies higher cost of financial intermediation in the economy, which is considered as a sign of inefficiency. Thus, there is a need to bring down NIM to improve the efficiency of financial intermediation along with increasing the noninterest income to maintain profitability. NIM of SCBs decreased from 19.28 in 2007 to 14.7 during the crisis year. But, it rose sharply in 2010-11 to 34.72 due to higher growth of credit and higher interest rate environment. The Net Profit of the banking system increased during 2006-08. But it fell down to 8.3% in 2009-10. However it recovered its position during 2010-11 by raising the ratio to 23.15 which shows the increasing efficiency of banks.

## SECTION II- A COMPARATIVE ANALYSIS OF SOME IMPORTANT INDICATORS OF PROFITABILITY AND FINANCIAL SOUNDNESS OF FIVE GROUPS OF BANKS FROM 2006-07 TO 2010-11 IS MADE IN THIS SECTION

#### COMPOSITION OF DEPOSITS

The first important parameter of profitability is deposit mix comprising of Demand & saving deposits (CASA) and term deposits. According to a study of CRISIL growth of term deposits is due to the sensitivities of interest rates while other deposits such as demand and saving deposits shows no sensitivities to interest rate movements. The share of CASA deposits in the total deposits has got a great role in reducing the cost of funds of a bank. The bank wise analysis shows foreign banks has the highest share of less expensive CASA in total deposit throughout the study period followed by new private sector banks.

TABLE-III: TRENDS IN CASA GROWTH OF BANKS (In Percentage)

Group of banks	2007	2008	2009	2010	2011
PSBs	37.80	35.82	32.66	37.90	34.14
OPVTBs	28.74	28.49	26.18	28.34	27.97
NPVTBs	30.20	34.24	35.17	43.12	42.54
FBs	45.1	44.7	41.7	43.86	45.0
All SCBs	36.6	35.7	33.2	35.37	35.41

Source- Report on trends and progress of banking in India (2007-11)

#### CREDIT DEPOSIT RATIO

CD Ratio shows the risk appetite of the banks. Resources for bank lending come from deposits, borrowings, and capital. Idle funds do not contribute to profitability of banks and so lending is important. But meticulous planning is necessary for balanced CD ratio. The higher the CD ratio the better is the potential for yield on advances. Among the bank groups new generation private sector banks recorded the highest credit-deposit ratio followed by foreign banks in 2010-11. Since the size of business of PSBs is high, the CD ratio of SCBs is close to PSBs. The new generation banks have the highest lending appetite to raise the CD ratio to 82.98% against the industry level of 76.54.

TABLE IV: TRENDS IN THE CD RATIO OF BANKS (in Percentage)

Group of banks	2006-07	2007-08	2008-09	2009-10	2010-11
SCBs	73.46	74.61	73.86	73.83	76.54
PSBs	72.22	73.25	72.61	74.21	75.59
OPVTBs	67.20	67.43	64.49	67.02	69.90
NPVTBs	77.80	79.83	83.19	80.68	82.98
FBs	83.78	84.29	77.27	72.29	81.24

Source- Report on trends and progress of banking in India (2007-11)



**NET INTEREST MARGIN (NIM)**

NIM is considered as another important parameter of profitability.. Bank group wise analysis reveals that NIM of all groups of banks have been increased during 2006-09. But during the crisis year there was a fall in the ratio among all groups except new generation private sector banks. During 2010-11 it has improved to 4.16 percent recording a rise of 126 basis points (2006-11) whereas all other groups have shown a marginal improvement. In a highly competitive environment, protecting NIM is a formidable challenge. It may require the balancing of risk in overall exposure in canvassing business by way of advances, investment and maintenance of quality assets.

**TABLE –V: TRENDS IN NET INTEREST MARGIN OF BANKS (in Percentage)**

Group of banks	2006-07	2007-08	2008-09	2009-10	2010-11
SCBs	3.20	3.00	3.40	3.29	3.69
PSBs	3.10	2.70	3.07	2.99	3.52
OPVTBs	3.20	2.90	3.34	3.10	3.48
NPVTBs	2.90	3.20	3.77	3.99	4.16
FBs	4.70	4.80	6.10	5.47	5.00

Source- Report on trends and progress of banking in India 2007-11

**RETURN ON ASSETS**

Return on assets (RoA) is an indicator of efficiency with which banks deploy their assets. The return on assets (ROA) is defined as net profits as percentage of average total assets. The higher the ratio, the better the profitability. Basel II norms had prescribed that ROA should be more than 1%.

**TABLE –VI- TRENDS IN THE RETURN ON ASSETS OF BANKS (In Percentage)**

Group of banks	2006-07	2007-08	2008-09	2009-10	2010-11
SCBs	1.05	1.12	1.13	1.05	1.10
PSBs	0.92	1.00	1.02	0.97	0.96
OPVTBs	0.78	1.14	1.15	0.95	1.12
NPVTBs	1.09	1.13	1.12	1.26	1.74
FBs	2.28	2.09	1.99	1.26	1.74

Source- Report on trends and progress of banking in India (2007-11)

Table-VI- reflects the movement of ROA of different group of banks during 2007-11. ROA increased among all groups of banks during the period 2005-06 to 2008-09. The increase is more pronounced in case of old private sector banks. ROA posted a fall in 2009-10 among all groups except new private sector banks which reflects the significant slowdown in profits of banks in 2009-10. During 2010-11 ROA of new generation private sector banks increased substantially by 65 bps and 34 bps (2006-11) for old private sector banks. Such a hefty rise in ROA indicates that the strategic initiatives for better quality of assets, yields and earnings were more effective in these banks as compared to other banks. The targeting of high end customers, aggressive marketing, improving the responsiveness etc could have put these banks ahead in profitability.

**CAPITAL TO RISK WEIGHTED ASSETS RATIO (CRAR)**

A sound and efficient banking system is sine qua non for maintaining financial stability. Therefore, considerable emphasis has been placed on strengthening the capital requirements. Commercial banks in India have started implementing Basel -II norms with effect from March 2008. Capital adequacy and asset quality are the defined indicators of financial soundness. Higher the capital adequacy ratio, the greater the capacity of the bank to absorb the unexpected losses because it provides a cushion for potential losses.

**TABLE –VII: CAPITAL ADEQUACY RATIO OF BANKS (In Percentage)**

Group of banks	2006-07	2007-08	2008-09	2009-10	2010-11
SCBs	12.3	13.0	13.2	13.6	13.0
PSBs	12.4	12.5	12.3	12.1	11.8
OPVTBs	12.1	14.1	14.3	13.8	13.3
NPVTBs	12.0	14.4	15.1	17.3	15.5
FBs	12.4	13.1	15.1	18.1	17.7

Source- Report on trends and progress of banking in India (2007-11)

The Capital to Risk-weighted Assets Ratio (CRAR) of SCBs of Indian banks under Basel I had been on a steady rise since 2006 to 2008. It improved further to 13.2 percent during the crisis year 2008-09 from 13.0 per cent at end-March 2008. At end-March 2009 the aftermath of the crisis, initiatives have been taken to strengthen the prudential regulatory framework across countries under the enhanced Basel II. It can be seen from the table that the CRAR of all groups of banks under Basel I and II remained well above the required stipulated norm during the study period. Among the bank groups, foreign banks registered the highest CRAR, followed by private sector banks and PSBs during and after the crisis. Indian banking system withstood the pressures of the global financial crisis and a factor that facilitated the normal functioning of the banking system even in the face of one of the largest global financial crisis was its robust capital adequacy. This implies that, in the short to medium term, SCBs are not constrained by capital in extending credit.

**NON PERFORMING ASSETS**

The measure of non performing asset (NPA) explains the efficiency in allocation of resources made by banks to productive sectors. The problem of NPA arises either due to bad management by banks or due to change in business cycle. Lower the ratio reflects higher the efficiency of productive assets, hence profitability.

**TABLE –VIII: TRENDS IN THE GROSS NPAs OF BANKS (in Percentage)**

Group of banks	2006-07	2007-08	2008-09	2009-10	2010-11
SCBs	1.5	1.3	2.25	2.39	2.25
PSBs	1.6	1.3	1.97	2.19	2.23
OPVTBs	1.8	1.3	2.36	2.32	1.97
NPVTBs	1.1	1.4	3.05	2.87	2.33
FBs	0.80	0.8	3.80	3.61	2.54

Source- Report on trends and progress of banking in India (2007-11)

The gross NPA has reduced among all groups of banks except new private sector banks during 2006-07 to 2007-08. During the crisis year the asset quality of public sector banks improved better than private and foreign banks. This is evident in the reduced gross and net NPA ratio of public sector banks. But 2009-11 improvement in asset quality can be seen in both private sector banks and foreign banks. Public sector banks, however, witnessed deterioration in asset quality. This was mainly due to deterioration in asset quality of the SBI group. Among the bank groups, SBI group reported the highest GNPA. The decline in the gross and net NPA in 2009-11 has been brought out by taking numerous measures such as cleaning balance sheet, compromise settlement, corporate debt restructuring, setting up special debt recovery tribunals (DRTs) and enforcement of security interest for realization of dues without the involvement of judiciary, i.e. SARFAESI Act, 2002.

Table IX –shows the trends in net NPA of banks. The Net NPA of all banks reduced except new generation banks and foreign banks during 2006-08. But during and after the crisis year PSBs have the highest net NPA of 1.09 percent whereas The private banks and foreign banks are able to contain at half percent.

TABLE IX: TRENDS IN NET NPAS OF BANKS (In Percentage)

Group of banks	2006-07	2007-08	2008-09	2009-10	2010-11
SCBs	1.02	1.00	1.05	1.12	0.97
PSBs	1.06	0.90	0.94	1.10	1.09
OPVTBs	0.96	0.66	0.90	0.82	0.53
NPVTBs	0.97	1.21	1.40	1.09	0.56
FBs	0.73	0.77	1.81	1.82	0.67

Source- Report on trends and progress of banking in India (2007-11)

Levels of net NPA is a function of overall asset quality. It is necessary for banks to build up an ability to absorb the provisions without unduly reducing the profit.

## FINDINGS AND SUGGESTIONS

- The growth in deposits and credit of scheduled commercial banks declined for two years since 2008. Due to the higher interest rate environment and aggressive deposit mobilization by the new private sector banks, 2010-11 recorded higher growth in deposits especially term deposits.
- A rise in the percentage of current and saving deposits (CASA) in 2009-10 was an important development with regard to bank deposits. But in 2010-11, the percentage has declined. Banks should focus on mobilizing low cost CASA deposits to cut their cost of funds. Moreover, banks should take advantage of the present market conditions in which due to depressed capital markets, investors are shying away from mutual funds and looking at banks for safe keeping of their savings.
- The profitability indicators i.e. RoA and net interest margin showed a declining trend in 2009-10. The year 2010-11 witnessed a better RoA and NIM. In India, during the last one decade, NIM was in the range 2.5 per cent to 3.1 per cent. The NIM, which witnessed a declining trend during the period 2004 to 2010, improved during 2010-11. The NIM of the Indian banking sector continues to be higher than some of the emerging market economies of the world. The decomposition of NIM into NIM from core banking business, (i.e., calculated as the difference between interest income from loans and advances minus interest expenses on deposits as a per cent of average total assets), and NIM from others (i.e., mainly the difference between all other interest income and interest expenses) showed that NIM from core banking business witnessed substantial increase during the last one decade. In contrast, NIM from others witnessed a decline. The increase in the NIM from core banking business indicates that the cost of financial intermediation increased in the economy during the last one decade. Thus, there is a need to bring down NIM from core banking business to bring the overall NIM down. Thus, it may be important for the Indian banking sector to improve 'other income' along with a reduction in NIM from core banking business to maintain profitability and to improve efficiency of financial intermediation.
- The CRAR of scheduled commercial banks remained well above the required under Basel I and Basel II. Even with the proposed Basel III framework, which will become operational from January 1, 2013 in a phased manner, Indian banks will not have any problem in adjusting to the new capital rules both in terms of quantum and quality.
- A challenging task in the midst of regular policy rate hikes is the management of the quality of assets. Though the GNPA ratio witnessed improvement in 2010-11 over the previous year, certain concerns with regard to asset quality of the banking sector continued to loom large. Banks should emphasize on quality of assets rather than on volume of business. The comparatively less served segments of the economy should be carefully granted loans and advances. Banks should follow in a more rigorous manner the Know Your Customer (KYC) guidelines.

## CONCLUSION

Indian banking sector policy with regard to financial liberalization and innovation has always been calibrated, cautious, and yet consistent. The fact that the Indian banking system was not adversely affected during the recent crisis is a proof of the success of this policy.

The Indian banking sector, which is the edifice of the Indian financial sector, though weathered the worst consequences of the global financial turmoil to a large extent, had to traverse through a challenging macro economic environment during the post crisis period. Followed by the financial turmoil, the global financial sector was generally turbulent mainly because of the European sovereign debt crisis, and sluggish growth recovery in the Euro zone as also in the US. In contrast, the banking sectors in the emerging market economies displayed better performance. Despite the fragility of the global macro financial environment, the macro economic fundamentals for India have remained robust. Stress tests suggest that the banking sector remains fairly well capitalized and resilient to asset quality shocks and other plausible adverse changes in macroeconomic scenario. The banking sector needs to focus on growth through inclusion, innovation and diversification while complying with domestic regulations and internalizing international best practices.

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## ROLE OF GRAM SACHIV IN RURAL DEVELOPMENT - A CASE STUDY OF KURUKSHETRA DISTRICT

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### ABSTRACT

*The most crucial challenge on the eve of India's Independence was to formulate an effective development strategy which was powerful enough to banish poverty and transform the economy. India lives in her villages. The first five-year plan launched on April 1, 1951 emphasised the need for modernizing the rural India. Rural development is considered as a process, which aims at raising agricultural and rural productivity, and community solidarity. The rural development strategy along these lines required the launching of rural reconstruction programmes on ambitious scale to cover all country.*

### KEYWORDS

gram sachiv, kurukshetra.

### INTRODUCTION

Rural development is concerned with total development of rural area as a whole. It was evolved as an instrument of economic development and social justice. The policies and programme for rural development is a strategy for the improvement in socio-economic and political life of the rural people in India after attaining independence in a country like ours, where about 75 per cent population resides in the villages, and the task of rural development acquires a special significance because national development is inconceivable and impossible without it. Therefore rural development is advocated as a basic strategy for economic implementation of public policy and programme, which would provide for the general welfare of rural people in a democratic society like ours.

There is no single definition of rural development and different scholars and agencies have expressed their view differently on the definition and nature of rural development. According to World Bank Paper, "rural development is a strategy to improve the economic and social life of a specific group of people, the rural poor including small and marginal farmers, tenants and landless."

United Nation Research Institute for Social Development offered framework emphasizing balanced development of social and economic sector through what is describe as authentic participation of people and an orientation of production towards basic needs.

Jhon Harris has defined that rural development as a distinct approach to interventions by the state in the economic of under-developed countries and one which is at once broader and more specific than agricultural development.

### REVIEW OF LITERATURE

Quite a few research studies have been reported on these personnel. We briefly review some of them as a preamble for the present research.

1. Kar (1972) reports two studies in Maharashtra one on the personal background of VLWs for success on the job as perceived by BDOs, and another on the relationship of certain personal factors to the success of VLWs. The first study revealed that the BDOs thought the VLWs who were of 21 to 30 years of age, educated up to matriculation, belonged to agricultural department and who had the ability to speak the villager's language would be successful on the job. However His Second Study reported that VLWs who were effective on their job belonged to 37 to 40 years of age, had high school education, were married and had rural background and aptitude for social work.
2. Gupta (1965) listed some of critical requirement in terms of personal and professional qualities to function as a VLW, In the former category, he had listed such qualities as helpful, resourceful, dutiful, methodical etc. and in later category, he placed the knowledge of agriculture plant protection, use of fertilizer, improved seed etc.
3. Singh and Patel (1980) explored the concept of Gram Sevak as perceived by farmers. To the farmers the Gram Sevak was known as a promoter of family planning, small savings and considered more useful and competent to help them in agricultural matters.
4. Sarkar and Patnaik (1969) reported the importance of job factors for VLWs according to them, placed the maximum importance on job factors as opportunity for promotion, salary according to work done etc.
5. Kista Reddy (1991) explored in his study conducted in Panchayat Samiti of Ramayampet and Kama Reddy that the village development in the age group of 36-53 years most of VDOs or Gram Sevaks are matriculates and very few of them are graduates. Their pay scales are very low as compared to their work load. The area of operation given to them is very vast and wide. The VDOs are over burdened with multifarious activities. As they are over burdened with very heavy work load. They are not able to do justice both to agriculture programme in particular and other multipurpose work in general. The promotional avenues for VDO or Gram Sevak are very limited and the glaring example is that some of the VDOs who are recruited at the time of inauguration of Community Development Programme are still continuing as also lack housing facilities. There is political interference in their day to day work. The lack administrative powers and therefore are not so influential in the development field.
6. R.L. Sah (1963) revealed in his article "Popular participation and rural development" about the role of VLW. He found that mostly VLWs do not relies the real problem of farmers and solution therefore. They only perform formalities in visiting field. Some V.L.W. remarked that B.D.O. or higher authorities learn that VLW does not care to achieve the target fixed by higher authorities. But in defense of that VLWs admitted no one want to be insulted at staff meetings by achieving low targets. There is no award for merit by only punishment for slackness thus achievement of targets seemed to be main focus of VLW. Evolution of VLW is done for all the activities that are entrusted to him and these are linked with suitable reward and punishment. The male VLW find it difficult to convince their female because later's conservative outlook towards outsider. The appointment of female agriculture in large proportions could help the agriculture extension activity. They would also helpful in family planning.
7. Mishra (1999) reported in his case study of VLWs in Medak district of the State of Andhra Pradesh. The Medak is one of 23 districts of Andhra Pradesh comprising 1,067 villages grouped in 45 mandals. The total number of the posts of VLWs is 160. The finding of the study about the villager's perception of VLWs, their awareness and linkage official and non official and process of appointment and training and their service condition. Mishra found that 60 VLWs showed awareness about their duties and functions. Even they express their view to educate the people and create awakening and awareness among the rural people. They knew that they had to explain modern method of agriculture and rural development for all round progress of villagers. Thirty-seven VLW were appointed by District Selection Committee headed by district collected five were appointed by S. Public Service Commission.

For training a network of extension training center was established to train GSs in agriculture and allied Science. Training of VLWs incorporated a component of pre service training of two year, in service training of 4-6 weeks and specialised training in crop production fruit growing etc.

The job of the VLWs were transferable and their incentive, structure were inferior to their counterpart working in health, live stock, police and government department. 24 were transferred every three years, VLWs felt that frequent transfer had a negative effect on their working 27 showed were dissatisfied with their job 33 VLWs were satisfied with their job. 34 were dissatisfied with salary and service condition most of VLWs complained about the overload of work existing in form of multi-pronged directives and accountability.

## HYPOTHESES

The hypotheses for the present study are as under :

1. It seems that Gram Sachivs do not perform their duties and responsibilities impartially. Because they remain under the domination of Sarpanch.
2. Gram Sachivs are not fully satisfied and they do not have job satisfaction due to their heavy work load, political interference in executing their work, their transfer, avenue of promotion and other issue related to job aspect.
3. It seems that most of Gram Sachiv are not fully trained or show expertise to implement the development programmes of rural development. Even in some cases they have not proper knowledge and understanding or rural development aspects.
4. The Gram Sachiv may not have better support because of their indifferent attitude towards people and their involvement in petty political at villages level.

## OBJECTIVES OF STUDY

The main objectives of this study are as follows:

1. To discuss the rural development administration in brief.
2. To study the role of Gram Sachiv in socio-economic condition of village.
3. To assess the relationship between Gram Sachiv and non-officials.
4. To analyse the perception of villagers about Gram Sachiv.

## RESEARCH METHODOLOGY

The present study was conducted in purposely selected district of Kurukshetra of Haryana State. All the Gram Sachivs working in all five block of Kurukshetra district were selected for study. On the other hand five gram panchayats, one each from each selected block were selected. Moreover, about 10 villagers per village were also selected randomly. For the purpose of study both primary and secondary data were collected. For primary data, well structured interview schedule were administered to the selected Gram Sachiv and villagers. The secondary data were collected from published books, journals, news papers and documents etc.

## ROLE OF GRAM SACHIV'S IN RURAL DEVELOPMENT

### (I) EXPLAINING OF SCHEMES OF VILLAGERS

The Central government and state government has taken various steps for the development of rural area which include the implementation of various centrally sponsored schemes like SGSY, SGRY, IAS etc. There are different welfare schemes for old aged, widows, girl child and handicapped persons, Kanyadan scheme for ST girls, Sarkar Aap Ke Dwar etc. The GSs explain these schemes to the villagers. The respondents (GSs) were asked as to whether they explain these welfare schemes to the villagers? Their responses are given in Table 1.

**TABLE 1: VARIOUS GOVERNMENT SCHEMES ARE EXPLAINED TO PEOPLE**

Responses	Number	Per cent
Explained	25	100
Non explained	0	0
Schemes	0	0
Total	25	100

Source: Survey Data

All the Gram Sachive admitted that they explained various schemes of rural development to the villagers. Every gram panchayat makes annual plan for the development of area under its jurisdiction. The responses of GSs are given in Table 2 regarding preparation of plan.

**TABLE 2: PREPARATION OF PLANS FOR VILLAGE PANCHAYAT BY GRAM SACHIV**

Responses	Number	Per cent
Prepare Plan	25	100
Non Prepare Plan	0	0
Total	25	100

All the GSs admitted that they prepare annual plan for village panchayat with the co-operation of Sarpanch/Panchayat.

### (II) BUDGET MAKING

It Means Allocation of Money for the future work to be executed by the village panchayat for the welfare of villagers. The views of GSs in this regard are given in Table 3.

**TABLE 3: MAKING OF BUDGET OF VILLAGE BY GRAM SACHIV**

Responses	Number	Per cent
Yes	24	96
No	1	4
Total	25	100

The data in the above shows that all the GSs except one told that they make budget for village development. It is made with the help of Sarpanch and other panchayat members. It shows that GSs play major role in budget making.

**TABLE 4: RESPONSES OF GSS REGARDING THEIR INVOLVEMENT IN RURAL DEVELOPMENT PROGRAMMES**

Responses	Number	Per cent
Yes	24	96
No	1	4
Total	25	100

The data in the above table reveals that 24 (96 per cent) GSs admitted that they are involvement in rural development programmes. And remaining 4 per cent admitted that they have no involvement in these programmes of rural development.

### (III) SELECTION OF BENEFICIARIES

Under different schemes of rural development, the GSs and gram panchayat identify the beneficiaries. The GSs help the gram panchayat in selecting the actual beneficiaries under various schemes of rural development. The responses of GSs on this question are presented in Table 5.



TABLE 5: SELECTING BENEFICIARIES OF VARIOUS SCHEMES OF RURAL DEVELOPMENT

Identification of beneficiaries	Number	Per cent
Poverty	19	76
Card System	2	8
Sources of Income	4	16
Total	25	100

Source: Author's Survey.

The data in the above table shows that 19 (76 per cent) of the GSs admitted that they help Gram Panchayat in selecting beneficiaries on the basis of poverty. 2 (8 per cent) GSs told that select beneficiaries on card system and remaining 4 (16 per cent) GSs are of the view that they select beneficiaries on the basis of sources of income.

#### EVALUATION OF SCHEMES

Evaluation of schemes helps in finding out the usefulness of the implemented schemes/programmes. The GSs evaluate different schemes being implemented at village level and send reports to the higher authorities. The views of respondents regarding evolution of various schemes are given below:

TABLE 6: RESPONSES OF GSS REGARDING THE EVALUATION OF VARIOUS SCHEMES OR RURAL DEVELOPMENT

Responses	Number	%
Yes	23	92
No	2	8
Total	25	100

The data in the above table shows that an overwhelming majority i.e. 23 (92 cent) of the GSs evaluate the schemes of rural development and 2 (8 per cent) do not evaluate these schemes. Thus the evaluation of schemes is done by the GSs.

To infer we may say that Gram Sachivs pay an important role in rural development schemes/programmes.

#### CONCLUSIONS AND SUGGESTIONS

India lives in her village. The most crucial challenge on the eve of India's independence was to formulate an effective development strategy which was powerful enough to banish poverty and transform the economy. Thus, rural development is an integral part of entire development process and growth strategy. The first five year plan launched on April 1, 1951 emphasized the need for modernizing the rural India. Rural development is considered as a process which aims at raising agricultural and rural productivity, and community solidarity. Rural development is an old theme, but has been evolving new contents and fresh concerns are earlier definitions of rural development assumed the village to be a homogeneous entity but this myth was exposed under the impact of first set of programmes undertaken for rural development.

It has been observed that sufficient powers have not been given to Gram Sachivs for taking immediate decision, therefore, it is suggested that sufficient power should be given to Gram Sachiv but they should be made accountable to Gram Panchayat and Gram Sabha. Majority of Gram Sachivs complained that was political and bureaucratic intervention in their day to day functioning, so it is suggested that political interference should be stopped for their fair and better functioning.

As some of the Gram Sachivs reported that attitude of the villagers was not favorable to them, so it is suggested that villagers should also be cooperative, helpful and friendly to Gram Sachivs. This will create better environment for implementation of rural development programmes.

As many as 96 per cent of the Gram Sachivs stated that they did not have adequate funds and grants for implementation of rural development programmes. It is suggested that sufficient funds/grants should be provided to panchayats. It has been reported that few Gram Sachivs are biased in their working. It is a wrong practice on the part of the Gram Sachivs. It is suggested that the GSs should be motivated not be biased and act as a neutral persons.

As 32 per of Gram Sachivs neither visit the village regularly nor attend the meeting of Panchayat/ Gram Sabha as mentioned by villagers. This is a bad practice. So it is suggested that Gram Sachivs should regularly visit to the villages and they should have a time schedule of their visits. They should attend that meetings of Gram Sabhas and prepare a list of demands with the help of people.

All the selected Gram Sachivs admitted that government have provided them training. But some of Gram Sachivs are not satisfied with the training imparted to them. They were of the view that training imparted to them is not practical. Hence, need based training should be provided to them. This will be helpful in bringing efficiency in their job performance.

It was found that 24 per cent of Gram Sachivs are not satisfied with the method of their recruitment. It is suggested that better qualified Gram Sachivs having minimum graduation qualification may be directly may be directly recruited, this will be in the interest of villagers and the role of Gram Sachiv will be improved.

Last but not the least it is suggested that a mini Secretariat should be provided at the circle level consisting of at least atleast ten villages. This will be an effective link between block and village functionaries.

If the suggestions are put into practice, we may hope for better rural development administration at village level.

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## AGMARK CERTIFICATION AND CONSUMERS' PERCEPTION- A STUDY WITH REFERENCE TO MADURAI DISTRICT OF TAMILNADU

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### ABSTRACT

*In today's commercial sprawling market in India for consumer products it has become a difficult task for the consumer to choose a quality product. In view of the vastness and complications involved in the selling and buying of packed items, the need necessarily arose for a controlling agency to guarantee the quality for the consumer. Such specification has been laid out with regard to industrial products under Indian Standard institution, popularly known as I.S.I. Mark. This paper identify and analyse the level of awareness of consumer about the Quality, adulteration and Agmark in study area.*

### KEYWORDS

AGMARK certification, Madurai district.

### INTRODUCTION

The economic development of any nation is basically dependent upon sufficient agricultural production and its proper distribution. For, agriculture satisfies the demand for foodstuffs on the one side and the necessary raw material for industrial production on the other. On account of the peculiar features of agricultural production, however, there arise a few problems such as insufficiency of production compared to demand, seasonal production, and reduction in quantity and quality, and the like of produce due to natural causes, which render the agricultural operations speculative in character.

In the context of present day modern living, public health has assumed greater importance than any other subject. With the migration of rural population to urban areas in search of employment, academic and health facilities the cities have become more congested and consequently the demand for food items has increased alarmingly. In order to save their precious time in the mornings, people prepare to buy 'ready to serve' food items.

With the development in food processing and packaging practices, the responsibilities of quality testing and certifying mechanism have become onerous. In an environment where the goods are of a perishable nature and purchasing power is strictly limited, quality assurance becomes critical.

In today's commercial sprawling market in India for consumer products it has become a difficult task for the consumer to choose a quality product. In view of the vastness and complications involved in the selling and buying of packed items, the need necessarily arose for a controlling agency to guarantee the quality for the consumer. Such specification has been laid out with regard to industrial products under Indian Standard institution, popularly known as I.S.I. Mark.

With regard to consumables grown by way of cultivation like Rice, pulses, Oilseeds, Oils and products like Honey, Ghee, Butter etc., and Government has thought it fit to give certain specifications which are standardized for different products under the style of Agricultural Grading and Marking Act as Agmark. It is significant to note that manufacturers and traders only voluntarily adopt Agmark and the Government enforces no compulsion. It may be due to paucity of laboratory facilities, stringent financial conditions that has not made the Government to make the introduction of "Agmark" compulsory.

When most of the products are adulterated and mixed with spurious ingredients it is very much important that the Government should encourage and bring in more manufacturers, traders into the fold of "Agmark" grading. It is only in the interests of consumers that they should seek and go in for "Agmark" products by which they are guaranteed of the quality not by the person who produces it, but by the Government who tested the product and affixes its seal of quality, Purity and Standard.

Agmark laboratories have been opened in important cities of Tamilnadu for the above Purpose from the year 1954. The numbers of Agmark Laboratories have steadily increased to 44 in the year March 2005 and Tamil Nadu leads all other States in the country in having such a large number of states owned Agmark Laboratories.

### RAMPANT ADULTERATION

Another ground on which the business community is criticized is adulteration of goods. The trader resorts to many methods for this purpose. He adds some other cheap material to the goods merely to increase the bulk of the latter. The clay pellets are added to black-gram and small pieces are added to rice. Indian trade has achieved an unenviable reputation in adulteration of goods. The ingenuity in this field has reached high levels of sophistication and the search for additives that look like the original material has become a special art.

### ILL- EFFECTS OF ADULTERATION

Adulteration of food items caused health problems. Some chemicals even caused abortion and cancer.

The Cause of cancer is always multifactorial. While it is not possible to identify the exact infectious diseases, on analysis and study of patients with cancer retrospectively or prospectively leads to some information why some persons get cancer while others escape from this dreadful diseases, which has tendency to kill the patient. This is not the situation in the case of infectious diseases like Malaria, Typhoid, Tuberculosis and the like. If the Mosquito bites a normal person the mosquito transmits the Malarial Parasite to the human body and person gets Malaria. Similarly other diseases have a definite cause and effect relationship that can be explained fully, but in cancer this cannot be explained fully but at the same time when groups of patients suffering from particular cancer are analyzed. Scientists have injected these substances into animals under conditions similar to human life and produced cancer in the animals. And therefore not only casual relationship but also experimental evidence has been established to prove that certain substances and chemicals can be called "Carcinogens" (substances producing cancer). If these substances are adulterated in food then one can imagine the fate of innocent victims of cancer.

The layman can never imagine that he is purchasing for himself with a substance, which will produce cancer with him when he is going to the market to purchase his regular food articles. The aim is to introduce to the public what are these substances and how they are adulterated to cheat the public and gain profit knowingly or unknowingly that they are also stimulating factors which might produce cancer.

### LITERATURE REVIEW

It is a matter of concern to note that so far no research study has been carried out on this topic. In that sense this is the pioneer attempt made by the researcher. In this context, it is relevant to recall the different notions held by various authors in their respective papers and theses.

The general problems of the Indian consumers are adulteration, artificial scarcity, malpractices in distribution, sudden scarcity for commodities etc. It is the right of the consumer to have the details of the content of the product, quantity, quality, date of manufacturing, expiry date, maximum retail price, direction for use, complete address of the manufacturer etc. "getting standards and unadulterated products at the right time for reasonable price is the right for the public"<sup>23</sup>

The Honorable Justice Mr. P.B. Mukharji Chairman, Study Group prepared a report for the study group of the Calcutta seminar about the Social Responsibilities of Business.

He insisted that compulsory quality control is a necessity. But more essential are the methods of enforcing such quality control. There is hardly any legal method in India for enforcing quality control or punishing breaches in this respect, except in obvious cases of adulteration and spurious product. The I.S.I. standards or quality certificate by Government agencies like Agmark have their value, but they have not yet made any decisive impression on the improvement of quality or standards; first because they do not apply to many essential goods and articles of necessity and secondly because they have not had the backing of the public, of products and of consumers in general.

## PROBLEM STATEMENT

Agmark grading is voluntary in nature. Hence the benefits of the scheme will reach the end consumers of the scheme will reach the end consumers only, when there is effective convergence of Agmark packers (Traders who are in Agmark grading) and the common consumers. Active participation of both the packers and consumers only paves the way for successful implementation of Agmark grading scheme. In this paper tries to examine the problems in enforcing grading scheme and to know to what extent the consumers and traders are benefited.

## OBJECTIVES

The following are the specific objectives of the present study: -

1. To identify and analyse the level of awareness of consumer about the Quality, adulteration and Agmark
2. To offer suitable suggestions on the basis of the study.

## HYPOTHESES

1. There is no significant difference in perception scores among different groups of members based on the age.
2. There is no significant difference in perception scores among different groups of members based on the Gender.
3. There is no significant difference in the perception scores among different groups of consumers based on the marital status".
4. There is no significant difference in perception scores among different group of members based on the education.
5. There is no significant difference in perception scores among different groups of consumers based on the occupational pattern.
6. There is no significant difference in perception scores among different groups of consumers based on the income level.

## RESEARCH METHODOLOGY

The present study is based on primary. The main source of primary data was the consumers and a schedule was designed and administered. The schedule has been used for collecting information relating to awareness of Agmark, quality of products, good packaging, ill effects of adulterations, and degree of preference in buying Agmark products.

### SAMPLING DESIGN

Those who are regular customers of self-service provisional stores, departmental and retail grocery stores particularly in East Masi Street (near yanaikal), which forms the main backbone of Madurai city for retail business, have been chosen. It is a place full of burble and activity and swarms with a multitude of eager consumers who come to buy vegetable oil, ghee and all flour identify. The research scholar took pains to randomly select 300 respondents from these groups of consumers representing a cross section of the literate people of the temple city.

### TOOLS OF ANALYSIS

In order to analyse the perception of respondents towards Agmark they were asked to respond 15 statements in using Likert's five point-scale starting from "Strongly Agree" (5) to "Strongly Disagree" (1). Arithmetic Mean, Standard Deviation and Coefficient of Variation have been calculated to find which category has high perception.

The perception scores were classified into three groups:

- (i) High perception: Scores above (Arithmetic Mean + Standard Deviation).
- (ii) Moderate perception: Scores ranging from (Arithmetic Mean – Standard Deviation) to (Arithmetic Mean + Standard Deviation); and
- (iii) Low perception: Scores less than (Arithmetic Mean – Standard Deviation).

In order to test the significant difference in the performance scores of different groups, based on age, gender, marital status, literacy level, occupation pattern and level of income, the Kruskal-Wallis Test has been used.

$$H = \frac{12}{N(N+1)} \left( \frac{R_1^2}{n_1} + \frac{R_2^2}{n_2} + \dots + \frac{R_k^2}{n_k} \right) - 3(N+1)$$

Where

$n_1, n_2, \dots, n_k$  are the number in each of  $k$  samples

$N = n_1 + n_2 + \dots + n_k$  and  $R_1, R_2, \dots, R_k$  are rank sums of each sample.

In the present study, six personal factors are the basis for assessing the relationship with the consumer's attitude regarding the consumption of quality goods, knowledge in ill-effects of adulterated goods, understanding the various provisions in the Agmark produce grading and marking scheme.

## RESULTS AND DISCUSSION

The perception of the sample consumers about the quality and Agmark is ascertained through their income, education, degree of importance given to quality, knowing of Agmark as a synonym for quality and purity, the price of the Agmark product, the level of importance given to Agmark rather than Brand image. The availability of Agmark even in rural areas is studied.

### PERCEPTION ON AGMARK WITH QUALITY

Table 1 highlights five statements for studying the relationship of quality with Agmark. For this an interview schedule was prepared and opinion gathered from 300 consumers. The scores of the consumer on the statements are depicted in the Table 1

TABLE 1: PERCEPTION OF CONSUMERS ON QUALITY OF AGRICULTURAL PRODUCT

Sl. No.	Statements	S.A.	A	N O	D.A.	S.D.A	Total Scores
1.	Buy only quality product	580	376	30	144	8	1138
2.	Agmark is synonym for purity and quality	325	632	174	38	0	1169
3.	Price for a Agmark product is reasonable	215	472	309	72	0	1068
4.	Preference is given to Agmark than Brand	415	544	39	136	0	1134
5.	Agmark products are available in all areas	300	400	222	132	0	1054

Note: S.A- Strongly Agree, A – Agree, N.O. No Opinion, D.A. – Disagree, S.D.A. Strongly Disagree.

Source: Primary data.

Table 1 Shows that Agmark is synonym for purity and quality, is the most important factor that helps to determine the quality of Agricultural product. The least one is the Agmark product is available in extension areas.

**PERCEPTION ON ADULTERATION**

Table 2 shows the perception of consumers on Agmark and Adulteration. In this chapter the perception of the sample consumers regarding the uses of Agmark and the ill effects of Adulteration is measured with the help of five statements, which are depicted in the following table.

**TABLE 2: PERCEPTION OF CONSUMERS ON ADULTERATION**

Sl. No.	Statements	S.A.	A	N O	D.A.	S.D.A.	Total Scores
1.	Consumption of Adulterated foods leads to health disorders	450	664	105	12	3	1234
2.	Adulteration cannot be found manually	260	552	261	46	0	1119
3.	Adulteration is more in Non-Packed products	395	632	81	56	8	1172
4.	All Agricultural Products should be compulsorily graded to prevent adulteration	310	456	168	136	0	1070
5.	Inspection done by officials to check adulteration is satisfactory.	155	460	360	68	0	1043

Source: Primary data.

It is clear from the table 2 that "A consumption of adulterated foods leads to health disorders" occupies the first place scoring the intensity value of 1234 followed by 'Adulteration is more in Non-Agmark products'. Adulteration cannot be found manually is placed in third position. "All Agricultural Products should be compulsorily graded to prevent adulteration", "Inspection done by officials is satisfied" are placed fourth and fifth respectively.

**PERCEPTION ON AWARENESS**

There are a number of provisions incorporated in the Agricultural produce grading and Marking Act to help the consumers to get a quality and unadulterated food product. If the consumer buys any substandard food products under Agmark seal some remedies are also provided in this act. The survey was conducted from the 300 sample consumers about the awareness of the scheme and its various provisions. For this purpose five statements have been presented in an interview schedule and their opinions have been elicited

**TABLE 3: PERCEPTION OF CONSUMERS ABOUT THE AWARENESS OF THE SCHEME**

Sl. No.	Statements	S.A.	A	N O	D.A.	S.D.A.	Total Scores
1.	Agmark is a third party guarantee given by Government of India	530	436	138	66	6	1176
2.	Agmark is as popular as ISI & ISO	560	468	102	68	3	1201
3.	Agmark products is self-explanatory	5	124	120	350	53	652
4.	Awareness about different grade specifications	45	252	207	278	20	802
5.	When I buy Agmark I Come to the consumer protection act	375	480	129	98	13	1095

Source: Primary data.

It is clear from the above Table that Agmark is as popular as ISI & ISO occupies the first place scoring the intensity value of 1201 followed by Agmark is a third party guarantee given by government of India. The least intensity score is given to Agmark is self-explanatory.

**TABLE 4: DETAILS OF PERCEPTION SCORES OF RESPONDENTS FOR VARIOUS CATEGORIES**

Sl.No.	Various Categories	Minimum	Maximum	Mean	Std. Deviation	C.V.
1.	Quality	11.00	24.00	18.5433	3.03074	16.34
2.	Adulteration	13.00	24.00	18.7933	2.50564	13.33
3.	Awareness	5.00	22.00	16.4200	2.62805	16.01
4.	Overall	35.00	67.00	53.7567	6.82099	12.69

Source: Primary data.

It is evident from Table 4 that the perception of the sample consumers about Adulteration and its ill effects occupied the first place (mean 18.79 and standard deviation 250) followed by quality. The perception of consumers about the awareness of the scheme occupies the third place. This clearly shows that the consumers are fully conscious of the good and the bad things about the products that they purchase. It will be in the interests of society if the government takes concrete efforts to popularize the Agmark approved goods.

**EXTENT OF PERCEPTION OF VARIOUS CATEGORIES TOWARDS AGMARK**

The overview of the respondents' perception scores of impact is depicted in Table

**TABLE 5: OVERVIEW OF RESPONDENT'S PERCEPTION SCORES FOR DIFFERENT CATEGORIES**

Sl.No.	Various Category	Low	Medium	High
1.	Quality	44	214	42
2.	Adulteration	56	154	90
3.	Awareness	38	214	48
4.	Overall	58	215	27

Source: Primary data.

It is clear from the above Table that the perception of a majority of sample consumers regarding quality, Adulteration, and the scheme falls under the medium category. With regard to overall impact 215 consumers fall in the medium perception category 27 consumers fall in the high perception category and 58 fall in the low perception category.

**RANKING OF VARIOUS KINDS OF IMPACT**

The sample consumers were categorized into three ranks that is to say 1, 2 and 3. The ranking was done on the basis of scores of end respondent for each impact. Altogether there are three categories of impact and hence there are three ranks. The number of respondents for each impact with ranks 1, 2 and 3 are arranged in rows and the D value is applied by using the Kalmogorov – Smirnov one sample Test. The Distribution of sample consumers based on the ranks of each category of impact is shown in Table 6

**TABLE 6: DISTRIBUTION OF MEMBERS BASED ON RANKS OF VARIOUS CATEGORIES**

Sl.No.	Category of Impact	Ranks			D Value	Result
		1	2	3		
1.	Quality	159	100	41	3.116	***
2.	Percentage	53.0%	33.3%	13.7%		
3.	Adulteration	160	114	26	4.154	***
4.	Percentage	53.3%	38.0%	8.7%		
5.	Awareness	44	65	191	2.532	***
6.	Percentage	14.7%	21.7%	63.7%		

\*\*\* Significance at 1 per cent level.

Source: Primary data.



From Table 6 it may be observed that most of the consumers gave the first rank for the adulteration and second rank for quality and the third rank for Awareness of the scheme. The result of the kolmogorov – Smirnov test also shows that there is a significant difference in ranking of all categories of impact among the members. Hence it is concluded that the three categories of impact are equally important

#### RELATIONSHIP BETWEEN PERSONAL FACTORS AND AGMARK

In order to explore the relationship between personal variables and the perception of Agmark the Kruskal Wallis one-way ANOVA was used.

#### GENDER AND IMPACT PERCEPTION SCORE

To test the null hypothesis that there is no significant difference in the perception scores of impact among different groups of members classified according to sex, the Kruskal Wallis Test has been applied. The result of the test is depicted in Table 7

**TABLE 7: RELATIONSHIP BETWEEN GENDER AND PERCEPTION SCORE – KRUSKAL WALLIS TEST**

Sl.No.	Category of Agmark	H value	Result
1.	Quality	6.959	***
2.	Adulteration	1.494	NS
3.	Awareness	.144	NS
4.	Overall	7.003	**

Degrees of freedom: 1 \*\* Significant at 5 per cent level. \*\*\* Significant at 1 per cent level.

Source: Primary data.

It could be observed from the above Table that there is significant difference in the perception scores of the sample members in respect of quality category of Agmark. It indicates that gender influences the quality category of Agmark. In respect of adulteration category and awareness category there is no significant relationship between the perception scores of impact. It is also observed that as the calculated value of the chi-square for overall scores is more than the table value of 3.84 at the 5per cent level, the null hypothesis is rejected. Hence it is concluded that significant difference exists in the perception scores among the groups according to gender. It means that gender influences the overall perception scores of members.

#### RELATIONSHIP BETWEEN AGE AND PERCEPTION SCORES OF AGMARK

In order to test whether there is any relationship between age and the perception scores of Agmark the following null hypothesis has been framed.

“There is no significant difference in perception scores among different groups of members based on the age”. The results of the Kruskal - Wallis test are depicted in Table 8

**TABLE 8: RELATIONSHIP BETWEEN AGE AND PERCEPTION SCORES - KRUSKAL WALLIS TEST**

Sl.No.	Category of Agmark	H Value	Result
1.	Quality	16.162	NS
2.	Adulteration	16.005	NS
3.	Awareness	28.884	***
4.	Overall	18.972	**

Degrees of freedom 4. \*\* Significant at 5 per cent level \*\*\* Significant at 1 per cent level. NS – Not Significant.

Source: Primary data.

It could be inferred from Table 4.16 that there is no significant difference in the perception scores of all categories of Agmark except the awareness of the scheme. It also shows that there is a significant difference in the perception scores of the overall impact among the groups of members according to their age. It indicates that the age is related with the overall scores due to the influence on the perception on awareness of the scheme.

#### RELATIONSHIP BETWEEN MARITAL STATUS AND PERCEPTION OF AGMARK

In order to test whether there is any relationship between marital status and perception scores of Agmark the following null hypothesis has been framed

“There is no significant difference in the perception scores among different groups of consumers based on the marital status”

To test the null hypothesis the Kruskal Wallis Test has been applied. The result of the Test is depicted is Table 9.

**TABLE 9: RELATIONSHIP BETWEEN MARITAL STATUS AND PERCEPTION SCORE –KRUSKAL WALLIS TEST**

Sl.No.	Category of Agmark	“H” Value	Result
1.	Quality	0.873	NS
2.	Adulteration	2.076	NS
3.	Awareness	.000	NS
4.	Overall	0.001	NS

Degrees of Freedom: NS – Not significant.

Source: Primary data.

It could be inferred from Table 9 that there is no significant difference in the perception scores of all categories with marital status. So marriage has no effect on their buying attitude.

#### RELATIONSHIP BETWEEN EDUCATION AND PERCEPTION SCORE

In order to test whether there is any relationship between education and perception scores of Agmark the following null hypothesis has been framed

“There is no significant difference in perception scores among different group of members based on the education”

The results of the Kruskal Wallis Test are depicted in the following table.

**TABLE 10: RELATIONSHIP BETWEEN EDUCATION AND PERCEPTION SCORE - KRUSKAL WALLIS TEST**

Sl.No.	Category of Agmark	“H” Value	Result
1.	Quality	34.014	***
2.	Adulteration	29.238	**
3.	Awareness	13.667	***
4.	Overall	34.334	***

Degrees of Freedom: 4 \*\*\* Significant at 1 per cent level. NS – Not Significant

Source: Primary data.

It could be observed from Table 10 that there is a significant difference in the perception scores of the sample consumers in respect of quality, adulteration and the awareness of the scheme. It is also observed that as the calculated value of the chi-square for overall scores is more than the Table value of 13.3 at the 1 percent level, the null hypothesis is rejected. Hence it is concluded that significant difference exists in the perception scores among the groups according to the education. It means that education influences the overall perception scores of consumers.

#### RELATIONSHIP BETWEEN OCCUPATIONAL PATTERN AND PERCEPTION SCORES OF IMPACT

In order to test whether there is any relationship between the occupational pattern and the perception scores of impact the following null hypothesis has been framed.

“There is no significant difference in perception scores among different groups of consumers based on the occupational pattern.”

The result of the Kruskal-wallis Test is recorded in Table 11.

**TABLE 11: RELATIONSHIP BETWEEN OCCUPATIONAL STATUS AND PERCEPTION SCORE - KRUSKAL WALLIS TEST**

Sl.No.	Category of Agmark	"H" Value	Result
1.	Quality	18.287	NS
2.	Adulteration	1.005	NS
3.	Awareness	.028	NS
4.	Overall	5.834	NS

Degrees of Freedom: 2 NS – Not significant.

Source: Primary data.

It could be inferred from Table 11 that there is a significant difference in the perception scores of all categories of impact. It also shows that there is significant difference in the perception scores of the overall impact among the groups of consumers according to their occupational pattern. It indicates that the working people are buying Agmark product and fully aware of the ill effects of Adulteration.

#### RELATIONSHIP BETWEEN THE LEVEL OF INCOME AND PERCEPTION SCORE

In order to test whether there is any relationship between the level of income and the perception scores of impact, the following null hypothesis has been framed.

To test the null hypothesis that there is no significant difference in the perception scores of impact among different groups of sample consumers classified according to their level of Income, the Kruskal-wallis Test has been applied. The result of the Test is depicted in Table 12

**TABLE 12: RELATIONSHIP BETWEEN LEVEL OF INCOME AND PERCEPTION SCORE – KRUSKAL WALLIS TEST**

Sl.No.	Category of Agmark	"H" Value	Result
1.	Quality	27.219	***
2.	Adulteration	21.798	**
3.	Awareness	14.525	***
4.	Overall	21.399	***

Degrees of Freedom: 3 \*\*\*Significant at 1 per cent level \*\*Significant at 5 per cent level.

Source: Primary data.

It could be observed from Table 12 that there is a significant difference in the perception scores of the sample consumers in respect of all categories. It indicates that income influences the purchasing of quality and standard products. It is also observed that as the calculated value of the chi-square for overall scores is more than the table value of 11.3 at the 1 per cent level, the null hypothesis is rejected. Hence it is concluded that there is a significant difference exist in the perception score among the consumers according to their income. It means that income influences the overall perception scores of consumers.

#### FINDINGS

1. The study has Shows that Agmark is synonym for purity and quality, is the most important factor that helps to determine the quality of Agricultural product.
2. It is clear from the study "A consumption of adulterated foods leads to health disorders" occupies the first place scoring the intensity value of 1234 followed by "Adulteration is more in Non-Agmark products".
3. Study exhibits that the "Agmark is as popular as ISI and ISO" occupies the first place scoring the intensity value of 1201 followed by "Agmark is a third party guarantee given by government of India". The least intensity score is given to "Agmark is self-explanatory".
4. The perception of the sample consumers about Adulteration and its ill effects occupied the first place followed by quality.
5. The perception of a majority of sample consumers regarding quality, Adulteration, and the scheme falls under the medium category. With regard to overall impact 215 consumers fall in the medium perception category 27 consumers fall in the high perception category and 58 fall in the low perception category.
6. The result of the kolmogorov – Smirnov test shows that there is a significant difference in ranking of all categories of impact among the members.
7. It is concluded from the study that significant difference exists in the perception scores among the groups according to gender.
8. Age is related with the overall scores due to the influence on the perception on awareness of the scheme.
9. There is no significant difference in the perception scores of all categories with marital status.
10. It is concluded that significant difference exists in the perception scores among the groups according to the education.
11. The study indicates that the working people are buying Agmark product and fully aware of the ill effects of Adulteration.
12. It means that income influences the overall perception scores of consumers.

#### RECOMMENDATIONS

1. For developing health consciousness and awareness about grading agricultural based food products, a study should be included as a curriculum from the school level onwards. It would pave the way for a healthy and strong future generation.
2. Publicity and propaganda work should be geared up through the various multimedia like newspaper, magazines and television about the benefits of Agmark grading and the availability of Agmark certified food products. Both central and state governments should promote this awareness campaign effectively and jointly.
3. Both the central and state governments should announce tax concession either partly or fully for the traders who are actively participating in Agmark grading and quality control.

#### CONCLUSION

In the changing scenario of world food economy, value addition to food as well as agricultural commodities, the significance of grading gains importance among the consumers, worldwide. This environment envisages a study of the efficacy of the Agricultural produce grading as well as marking with Agmark certification. As grading aims at uplifting the economic condition of the farmer or producer as well as the consumer welfare, the present study has been undertaken. The study starts with highlighting the act namely Agricultural Produce Grading and Marking act, 1937, due to its uniqueness in maintaining quality conscious both for producer as well as consumer and ends with pros and cons of the schemes.

The findings of the study provide scintillating effects to the minds of the consumers who are quality conscious and contribute remarkably to the existing body of knowledge in the area of grading aspects of the agricultural produce, which are mainly used in day-to-day life activity like cooking.

#### SCOPE FOR FURTHER RESEARCH

1. A study of impact of agricultural produce grading in the manufacture of value based or value added agricultural products.
2. A problem in grading and marking of commercial grading in regulated market.

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## PERFORMANCE AND PROSPECTS OF HOPCOMS IN KARNATAKA – A DIRECT LINK BETWEEN FARMERS AND CONSUMERS

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### ABSTRACT

*Horticulture provides excellent opportunities in raising the income of the farmers even in the dry tracts. A significant shift towards horticulture is evident in the state with an increase in area and production. Horticulture provides higher unit productivity and offers great scope for value addition and this sector is taking inroads throughout the length and breadth of the state. Horticulture products have good potential for generating employment in cultivation and in processing, marketing and distributing. They are frequently produced on small farmers thus providing an important source of additional income for poor farmers in developing countries. Horticulture has been acknowledged and identified as one of the growth engines by the government of India and many states in India. It contributes to economic security of the farmer and the country, generates employment for rural masses and conserves natural resources*

### KEYWORDS

HOPCOMS, farmer & consumers.

### INTRODUCTION

Karnataka is predominantly an Agricultural state with 33% of the total Gross Domestic product (GDP) derived from agriculture and 66% of the work force is dependent on agriculture. As such, if the state has to prosper and progress economically, it is possible only through agriculture.

In Karnataka varieties of horticultural crops are grown. Almost every major cereal, pulse, oilseed, fruit, vegetables, flower, spices and plantation crops finds ideal home in the state, thanks to the moderate climatic conditions, and the absence of the rigorous summer and winter. Specially there are number of varieties of horticultural crops ranging from the temperate zone pears, plum, peach, strawberry; the sub-tropical or humid zone fruits like the mangosteen, litchi, rambutan, and the tropical mango, banana, grapes, citrus, guava, sapota, jack, pomegranate, cashewnut and annonas. Among fruits; cabbage, cauliflower, carrot, beetroot, turmeric, lettuce among temperate vegetables, brinjal, bhendi, tomato, Onion among tropical crops: tea, coffee, cocoa, rubber cinchona, eucalyptus, coconut and arecanut among plantation crops, pepper, clove, nutmeg. Cinnamon, cardamom, ginger, turmeric, coriander and a host of spices; jasmine, rose, chrysanthemum and array of flowers ornamental foliage crops and a number of medicinal and aromatic plants. These lend the state a unique status in the field of horticulture. The department of horticulture acts as the facilitator for creation of infrastructure for marketing of fruits & vegetables in the state. The Department of Agricultural Marketing is facilitating the marketing of horticultural produces in the state the Department of Agricultural Marketing recently moved the idea of establishing "Raithra Santhe" where in the producers can bring their fruits and vegetables to the market and sell them directly to the consumers. The Department of Agricultural marketing is also handles the notified fruits and vegetables in the state through APMC'S.

### OBJECTIVE OF THE STUDY

- 1 To study the existing structural network and administrative pattern of HOPCOMS in Karnataka.
- 2 To study the means and methods of procurement and distribution of Fruits and Vegetables by HOPCOMS in Karnataka.
- 3 To study the facilitative link provided by HOPCOMS to Farmers and Consumers in Karnataka.

### METHODOLOGY

The study is based on secondary data. The secondary data has been collected from HOPCOMS and National Horticulture Board Bangalore. The collected data has been analyzed by adopting compound growth rate model and simple tabulation. The secondary data has covered the period from 1999-2000 to 2009-10.

### HORTICULTURE SCENARIO IN KARNATAKA

Karnataka state is situated between 11031' and 18048' North Latitudes and 74012' and 78040' and 78040 East longitudes, and lies in the West-Central part of the Peninsular India. It's from North to south is 700 Kms. And from East to West is 400Kms. Karnataka State covers an area of 191791 sq Kms., occupying 7.75 per cent of the total geographical area of the Country. As per the 2001 Census, the population of the state is 53 Millions. Karnataka has been the First State in the Country, to set-up a separate department for the horticulture, in the year 1965.

Karnataka is the Fourth largest producer of Horticulture Crops in India, the geographical area of Karnataka is 190.50 lakh ha, of which an area of 126.021 lakh ha, comes under the cultivatable area, constituting 66.15 per cent of the geographical area for the year 2009-2010. Out of the total cultivatable area, 18.99 lakh ha, are covered under horticulture, as per the "Horticulture Crops Statistics Karnataka State at A Glance 2009/10". Horticulture in the state, accounts about 15.07 per cent of the total cultivatable area. Out of the 18.99 lakh ha., of the total horticultural cropped area 8.05 lakh ha., (42.39%) come under Plantation crops; 4.37 lakh ha., (23.01%) under Vegetables; 3.60 Lakh ha., (18.96%) under Fruits; 2.66 Lakh ha., (14.01%) under Spices and 0.31 Lakh ha., (1.64%) under (Commercial flowers, including the area under Medicinal and Aromatic Plants. Accordingly, the total horticultural production in the State during the year (2009-2010) reference figures at 147.80 Lakh tones. Going in detail the production figures stand at 59.63 Lakh tones (40.34 per cent) with respect to Fruits Crops. 70.63 Lakh tones (47.79 per cent) Vegetables Crops; The Area under Horticulture crops is 206.62 Lakh hectares and production of 2146.14 Lakh tones under Horticulture crops in India. Karnataka has occupied 4<sup>th</sup> place in respect to the total area with 17.13 Lakh hectares contributing 8.29 per cent of area to the total area and 7<sup>th</sup> place in respect of total production with 149.68 Lakh tones contributing 6.97 per cent production at all India. Karnataka has occupied 7<sup>th</sup> place regarding in Fruits Crops with an area of 3.15 Lakh ha hectares, and production of 52.70 lakh tones, 6<sup>th</sup> place regarding Vegetables Crops with 4.48 Lakh hectares, of area and 77.25 Lakh tones of production.

### HOPCOMS IN KARNATAKA: AN OVERVIEW

Development of Horticulture is being varied out on scientific basis since early decades of the present century. The Mysore State Government gave enough impetus by establishing the Department of Government gardens in 1856, later in 1961 it was upgraded as the full fledged Department of Horticulture. Mysore



Horticulture Society located at Lalbagh in Bangalore was founded by G H Krumbiegal, the Director of Horticulture. But virtually it was a rebirth of a society called Mysore Agri-Horticulture Society, Bangalore, which was founded in 1836 by William Munro. The Government of Mysore had taken over the responsibility of conducting the horticultural shows after the society become defunct probably from 1874. After retirement of John Cameron in 1907, G H Krumbiegal was appointed as superintendent of Government gardens in the year 1908. It was Krumbiegal who thought of forming an association of horticulturists. Hence Krumbiegal named the society as the "Mysore Horticultural Society" and got it registered with the Registrar of Societies under Societies Registration Act of India -1904.

The word 'Horticulture' could be symbolized with the letter H which has four limbs. Here the concept "people participation, through NGOs" is made use of. The first limb of "H" is designated as the KSDH and the remaining three limbs of "H" are designated for the three NGOs. The Mysore Horticulture Society (MHS). The Bangalore Nurserymen co-operative Society (BNCS) and Horticultural producers co-operative marketing Society (HOPCOMS). The First two limbs –the Department of Horticulture and the MHS already existed. Founded the remaining two limbs the BNCS and the HOPCOMS in 1958. The Horticulture Producers' Co-operative Marketing and Processing Society Ltd. Popularly called as HOPCOMS was established in with the principal objective of establishing a proper system for the marketing of fruits and vegetables, to benefit both the Producers the consumers. Prior to the establishment of HOPCOMS, no proper system of marketing of horticulture produce was in existence. Farmers were in the clutches of the middlemen and the whole system was benefited the middlemen neither the farmers nor the consumers.

Horticulture Development in the Mysore state was started by establishing. The first Horticulture farm was started at Maddur in 1942, to demonstrate the cultivation of Horticulture crops and production of vegetable seeds and planting material for the farmers. Marketing of highly perishable commodities like fruits and vegetables has always caught with problems. Farmers often have little bargaining power, middlemen collect commissions from producers, and there was a frequent delay in payments, and produce sold on the basis of volume, with prices being determined to the advantage of retailers and not the farmers. In order to tackle these issues the Horticulture Producers' Co-operative Marketing and Processing Society Ltd. (HOPCOMS) was founded in 1959 under a name of Grape Growers Marketing and Processing Society, under the guidance of Dr. M.H. Mari Gowda, the then Director of the Department of Horticulture under the Indian Co-Operative Society Act. The members comprise farmers, state financial organizations and the Karnataka State Government. It is managed by official's appointment by the state, drawn from the Department of Horticulture and the department of Co-operation. As of 2010 there are 22 HOPCOMS in the state, each working independently with in demarcated districts of operation. It had jurisdiction over Bangalore, Kolar, Mysore, Tumkur, Mandya and Mangalore districts. Since grape was a seasonal fruit, the society started handling all types of fruits and vegetables from 1965. Due to this change in operations, the name of the society was changed into Horticulture Producers Co-operative Marketing and Processing Society Ltd. From 10<sup>th</sup> Sep 1959 its registered office is located at Lalbagh, Bangalore. Later, Govt. has declared the HOPCOMS as the unit of Horticulture department in January 2009.

#### COMPOSITION OF HOPCOMS BOARD

The Board of HOPCOMS consists of 20 members. In which 11 members are elected from among the producers, and the rest are the Govt. nominees. The President and Vice President are elected among producers only. The Managing Director of HOPCOMS is from of the Horticulture Department on a lent service (Deputation).

The HOPCOMS has 16,221 growers as members, with a share capital of Rs. 265.01 lakhs (As on 31.03.2010) and at present HOPCOMS have 916 staff members under different work.

#### AIMS AND OBJECTIVES OF HOPCOMS

The main objective of HOPCOMS is to promote and encourage the development of horticultural produces with following support.

- By training & providing technical advice literature on horticultural crop.
- By providing inputs implements plants and grafts etc.,
- Providing marketing facilities and organize the proper studies to members of HOPCOMS.
- Supply of Horticultural products to all major Factories, Hostels, Hospitals, Clubs, and Social functions etc.,
- Providing internal commodities exchange facilities to co-operative societies & Branches.

#### TURN-OVER OF HOPCOMS

At present, HOPCOMS is handling about 90-100 M T of fruits and vegetables every day, Nearly 200 farmers are bringing their produces directly to HOPCOMS every day. Soon after produces arrived at HOPCOMS, it is graded, weighed and cash payment up to 5,000/- is made immediately to the procures. Above 5,000/- to 10,000/- payment will be made by Cheques. Out of total procured quantity, about 80 per cent is distributed & disposed of through outlets, 15 per cent to institutions and the rest 5 per cent to Government Hostels. The retail outlets are being managed by the salesman who is the employees of HOPCOMS. As incentives, they are allowed to absorb drriage and damage to the extent of 3.7 per cent of the value of the produce besides wages. Every day the salesman will remit the sales proceeds of the previous day and collect the materials required for the day's sales from the Central procurement center. The supplies to retail outlets are being made through the 30 own and through hired vehicles.

#### AREA OF OPERATION

At present Bangalore HOPCOMS operating in Bangalore urban, Bangalore Rural, Kolar, Chikkabalapura, Channapatana & Ramanagara Districts.

#### HOW PRICES ARE FIXED AT HOPCOMS

The APMC markets play a major role in setting market trends and prices. The prices at which HOPCOMS buys the produce from the farmers is based on the rates and prices released APMC. The HOPCOMS employee's collects the maximum, minimum and model prices for the various commodities sold at previous day in the APMC markets published in the newspaper.

Based on the rates released by APMC, HOPCOMS fixes the procurement and sale price for different Fruits and Vegetables brought for sale by its member. The prices produce are vary from day to day and from hour, to hour in private markets such as

- 1) Singshandra market for Fruits
- 2) K R Market for Vegetables
- 3) Yashavanthpura market for Food grains.

Clarity is person the whole mechanism of price fixation for various Fruits and Vegetables at HOPCOMS.

#### INFRASTRUCTURAL FACILITIES AVAILABLE AT HOPCOMS

The HOPCOMS is having the following infrastructural facilities for marketing of Fruits and Vegetables.

Particulars	No's	Particulars	No's
Retail outlets	295	Chemical & fertilizers	10
Cold storages	01	Vehicles	28
Processing units	01	Walk –N-Cooler	02
Grading unit	01	Procurement Center	07
Godowns	16		

Source: A Brief note on HOPCOMS, Lalbagh, Bangalore.

**DISTRIBUTION OUTLETS OF HOPCOMS**

HOPCOMS distributing various Fruits and Vegetables products through following points.

Particulars	Distribution Outlets No's
Retail outlets	295
Hospitals	14
Factories	21
Hostels, Clubs, Institutions etc.,	22

Source: A Brief note on HOPCOMS, Lalbagh, Bangalore.

HOPCOMS undertake supply of Fruits and Vegetables to directly to marriages and other function on demand.

**PROCUREMENT & PAYMENT PROCESS AT HOPCOMS**

HOPCOMS enroll farmers as its members issues purchase indent to those members specifying the quantity of Vegetables to bring to the procurement center at Bangalore or other districts center. Producer will be verified weighed and issued a receipt and the same presented to the payment officer who in turn issue a cash voucher which will be encased immediately at the bank located at the centers its of same day.

**OTHER ACTIVITIES OF HOPCOMS**

The society has set up a unit for preparing fresh fruits drinks out of fruits like Bangalore Blue grapes, mango, oranges etc. It is selling the same to the general public at a reasonable price of Rs.5/- per 200 ml bottles through its retail outlets, and through dispensers located at impotent places. The HOPCOMS help its member farmers by supplying Fertilizers, plant protection chemicals, garden implements, seed etc, through its own center located at procurement centers.

**DAMAGES AND WASTAGE OF FRUITS AND VEGETABLES AT HOPCOMS**

Fruits and Vegetables being highly perishable products losses due to driage and wastages is obvious. Driage and wastage at HOPCOMS is around 4-5 per cent of the total procurement of the produce. However, Driage and wastage has been reduced from 4.32 per cent of the total procurement to 1.85 per cent present.

**FACILITIES EXTENDED BY HOPCOMS TO FARMERS**

HOPCOMS is offering multifarious facilities to the farmers.

- 1 HOPCOMS purchase the Horticulture produces directly from farmers at remunerative prices.
- 2 Provide transport facilities from collection centers to HOPCOMS procurement
- 3 Correct weighment & immediate cash payment.
- 4 Arrange for essential input supply Fertilizers, plant protection chemicals, garden implements, seed etc, at reasonable prices.
- 5 Arrange subsidized supply of plastic crates to its farmer members for handling fruits and vegetables.
- 6 Supply of seeds under subsidized rates.
- 7 Conducting farmers tours and technical guidance.
- 8 Conducting training on production and processing of horticultural crops.
- 9 Providing Accommodation for night stay at Guest House.
- 10 Providing Canteen and banking facilities.
- 11 Guaranteeing minimum support price during distress sales under Govt schemes.
- 12 Extending (financial) Assistance for preliminary processing activities.

**FACILITIES EXTENDED TO CONSUMERS**

1. Supply of fresh and quality fruits and vegetables at reasonable price.
2. Ensure correct weighment.
3. Established Retail outlets in extensions.
4. Providing mobile sales.
5. Supplying fruits and vegetables to marriages and social functions in spot with free transportation.
6. Offering bulk supply of fruits and vegetables to institution, Organization, Hostels, Hospitals & factories etc at competitive price.
7. Offering fresh grape, orange, mango fruits drinks at reasonable prices in 200ml battles.
8. Conducting seasonal fruits Meals, fares and festivals of grapes, mango, and fruits fare at discount rates at cities to promote fruits sales ensuring better returns to farmers and fresh and quality products at reasonable prices to consumers.

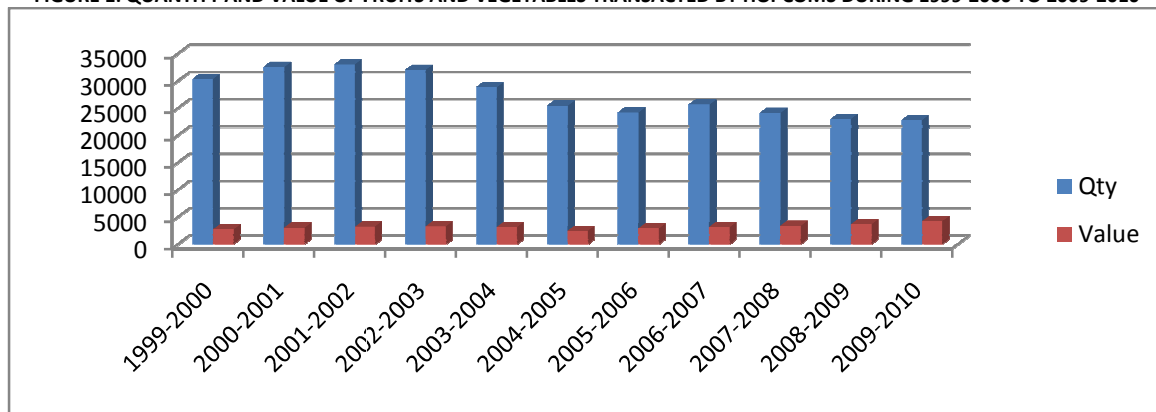
**TABLE 1: QUANTITY AND VALUE OF FRUITS AND VEGETABLES TRANSACTED BY HOPCOMS DURING 1999-2000 TO 2009-2010**

(Qty: in Metric Tones, Value: Rs. in Lakhs)

Years	Fruits		Vegetables		All Products		Total
	Qty	Value	Qty	Value	Qty	Value	
1999-2000	15921	1795	14444	1011	30365	2806	3754
2000-2001	15732	1962	16872	1122	32605	3083	4204
2001-2002	16384	2041	16659	1244	33043	3284	4517
2002-2003	16099	2131	15964	1179	32063	3311	4523
2003-2004	14648	1959	14198	1242	28845	3200	4368
2004-2005	12565	1681	12903	1103	25468	2484	3834
2005-2006	11095	1572	13137	1343	24232	2915	4068
2006-2007	10910	1719	14802	1468	25713	3187	4613
2007-2008	9869	1757	14274	1659	24144	3416	9462
2008-2009	10100	2099	12906	1592	23012	3691	5648
2009-2010	10243	2523	12547	1768	22790	4291	6550
% of CAGR	-5.78	0.79	-2.22	5.20	-3.90	2.51	5.75

Sources: Department of Horticulture, Bangalore

FIGURE 1: QUANTITY AND VALUE OF FRUITS AND VEGETABLES TRANSACTED BY HOPCOMS DURING 1999-2000 TO 2009-2010



Sources: Department of Horticulture, Bangalore

The above table and figure shows that quantity & value of Fruits and Vegetables transacted by HOPCOMS during 1999-2000 to 2009-2010. The table clearly indicates that there was a decline in quantity of Fruits handled (with -5.78 percent) and the value is in positive growth of 0.79 percent in value similarly the vegetables growth was negative with -2.22 percent in quantity but registered the positive growth rate of 5.20 percent in value. However, the total quantity and value handled in the HOPCOMS has been registered the same trend. The total quantity registered the negative growth with -3.90 per cent, where as the value with positive growth rate of 2.51 per cent. The table also revealed that the total turnover of HOPCOMS has been registered the significant positive growth rate with 5.75 percent turnover the period of 11 years.

### CONCLUSION

Through HOPCOMS, the government has invested large amount of resources in marketing of horticultural produce in the city of Bangalore and in several other cities of Karnataka. While the proportion of total produce that HOPCOMS picks up is small compared to the total amount used in Bangalore city, HOPCOMS sets a good example, both in terms of the prices that it offers farmers, as well as the quality and prices that it offers to customers. Even though it deals with only a small part of the total horticultural produce in the city of Bangalore, HOPCOMS sets the prices in the market. Both farmers and customers have come to accept the price set by HOPCOMS as fair.

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## HEALTH IMPACT OF IRON ORE MINES: A COMPARATIVE STUDY ON MINING AND NON-MINING INHABITANTS OF KEONJHAR DISTRICT OF ODISHA

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### ABSTRACT

Minerals resources of a country play an important role in the growth of industrial sector as they constitute an important source of raw materials for most of the basic industries necessitating their exploration from earth. They represent the wealth of a region where they exist. The mines act 1952 defines a mine as "any excavation where any operation for the purpose of searching or obtaining minerals has been or being carried on". Thus mining is essentially a destructive development activity where ecology suffers at the cost of economy. The extraction and processing of ores and minerals lead to widespread environmental pollution. As a result people in that area have to suffer many environmental and occupational health hazards. Endowed with vast mineral deposits, Odisha occupies a prominent place in the minerals map of the country both in term of deposits and production and Keonjhar District is considered to be the mining belt of Odisha. Mineral exploitation cannot be done away with as they are the basic raw materials for development. An attempt has been made in present study to examine the impact of mining activities on the health status of the people through a comparative study of mining and non mining areas based on the primary survey data that was carried out in 2001-12 and contribution of mining to the difference with some policy recommendation to the mining authorities and mining companies to control environmental pollution and mitigate its ill effect on health of people.

**JEL CODE**  
Q59

### KEYWORDS

environmental pollution, health hazards, mining.

### INTRODUCTION

Mineral resources development is an essential condition for successful economic development of an economy (Bogdetsky V, Ibraev K., Abdyrakhmanova J, 2005; Ofosu-Mensah E.A, 2011). It generates employment opportunities to the people, income to state exchequer and foreign exchange to the mineral producing country (Akabzaa T and Darimani A, 2001; Bogdetsky V, Ibraev K., Abdyrakhmanova J, 2005; Ofosu-Mensah E.A, 2011). Thus mining contribute significantly to the development of the mining region and the entire nation (Ofosu-Mensah E.A, 2011). Odisha is a very rich mineral bearing state of India. Odisha is the leading producer of chromites, graphite, bauxite, manganese ore, iron ore, sillimanite, quartzite, pyroxenite and dolomite. The mining and quarrying sector has been contributing about 7 percent towards Odisha real GSDP at 2004-05 prices (Economic survey of Odisha, 2011-12). This is also a source of revenue to the state exchequer in terms of royalty collected from the lease holders. State government earns Rs 1029 million in 2010-11 as royalty collection in minerals (Indian Bureau of mines). In terms of value of output of minerals, Odisha ranks highest enjoying 11.89 percentage share of total value of mineral output in India in 2010-11 (Economic Survey of Odisha, 2011-12).

Odisha is having a lion share of 37 percent of all India iron ore production and value of iron ore in 2010-11 (Indian mineral yearbook, 2011). There has been an increase in production of iron ore in Odisha from 77.2 million Metric Tons (MT) in 2008-09 to 81.14 million Metric Tons 2010-11. Not only from production front but also from trade area iron ore is the most important mineral in the export basket of all minerals in Odisha. In 2010-11 its share in total exports of minerals stood at 24.1 million tones which is 97.3 percent. Iron ore mine is the largest employment provider in mining sector in Odisha in 2010-11. 20,071 workers are engaged in the iron ore mine which is 38.7 percent of total employment in mining sector (Economic Survey of Odisha, 2011-12).

Iron ore extraction is mostly confined to Keonjhar district which is considered to be the mining belt of Odisha accounts for 63.8 percent of total extraction. It is having second highest extraction rate of 1.62 percent after chromites having the highest extraction rate of 2.59 percent (Economic survey of Odisha, 2011-12). Apart from direct employment benefits from mining activity, there has been also a realization of benefits in form of a number of indirect employment opportunities like running workshop cum garage, shops, provision of stores and other allied activities; area infrastructural development. A study in Keonjhar districts of Odisha reveals that household closer to mines report higher income from wage employment and better access to infrastructure (Pattanayak S K et al, 2010). This shows that mining gives a lot of economic benefits to the people, state and country. Mining cannot be done without degrading land and without disturbing the existing environment. Degradation of environment has not left the lives of people untouched. Damage to river, field, well, flora and fauna in one way or other has badly affected the people themselves. Thus what price the people has to pay to realize this benefit from mining.

### REVIEW OF LITERATURE

There are studies which corroborates the argument that mining is important as an economic activity and provide a major edifice upon which the overall development of any economy endowed with rich natural resources rests (Ejdemo and Soderholm, 2011; Ye, 2008; Brunnschweiler, 2006; mcmohan and remy, 2001; Stilwell et al, 2000; Clements et al., 1996). In spite of economic and other benefits that accrue due to mining there is almost a unanimous agreement that this activity is beset with a number of problems. The impacts of mining are felt at every stage of the mining cycle from exploration to mine disclosure. It is one such activity that has highly adverse consequences not only on natural ecosystem but also on the local communities dependent on them (Vaghlikar N et al, 2003). The villages closest to mines appear to bear a greater environmental cost (Pattanayak S K et al, 2010). The adverse impact of mine on environment can be seen in form of pollution of air, water, land and noise. Mining activity result in land degradation and as a consequence there was change in land use pattern with increase in wasteland and decrease in land for agriculture and forest (Chauhan S S, 2010; Panwar S et al, 2011). Huge overburdens generated from mines are found to be the major source of landscape change of mine area (report by Environment & Development Team, Vasundhara, 2008). Major mining activities contribute directly or indirectly to air pollution (Kumar et al, 1994; CMRI, 1998). Some activities (i.e. drilling, blasting, cutting, loading-unloading of materials, overburden etc.) in mines area created some fine particles which can suspended in air and results in air pollution. Mine water pump out during drainage operation, spent water from handling plants, effluents from beneficiation plants and wash off from waste tailing dumps create both surface and ground water pollution (Patnaik and Ray, 1988). Effluents from mines which results in the deterioration in the quality of ground water causes water hardness (Malm O, 1990; Donkor A. K., 2006; Suresh S et al, 2007; Ezeaku P I, 2012). Thus the increasing distance from the pollutant source (mining areas) is one of the main factor for decrease in pollution level in water bodies (Delgado J, 2009). Noise is almost ubiquitous in mining areas. It is generated by drilling, blasting, cutting, materials handling, ventilation, crushing, conveying and ore processing. The impact of high-pitched and other noises is known to include damage to the auditory system, cracks in buildings, stress and discomfort (Akabzaa T and Darimani A, 2001).

Further a study Noronha and Nair (2005) shows that though mining region has a lower Quality Of Life relative to the non-mining villages but people in the mining region reported lower satisfaction levels only in the environmental domain. This finding was evidenced by a study which shows villages closer to mines have poorer health, education and production assets (Pattanayak S K et al, 2010).



Mining has been most hazardous of occupation and hazards of working in mines vary greatly on such factors as the type of mineral being mined, related geological formation, mining techniques employed and general health of workers (Cho K.S and Lee S.H, 1978). The mining effect on health of residents in the communities is related to distance from the mines. That is, proximity to mine site is very crucial in determining the prevalence of mining related diseases such as malaria, respiratory infections and skin diseases (Yeboah J Y, 2008). Incidence of illness, expenditures on illness, and total cost of illness are all higher in mining region and negatively correlated with distance to mines. Households who live closer to mines do report significantly more days that household members are too ill to work (Pattanayak S K et al, 2010). Moreover, prolonged inhalation of dust from mining operations is another concern, due to potential lung damage and respiratory disease (Coggon & Taylor, 1998). A positive correlation has been established between dust concentrations with tuberculosis infection (Mohapatra H et al, 2010). HIV, tuberculosis, and silicosis have a multiplicative interaction. As miners continue to age and work for longer periods, the burden of silicosis and its associated diseases will continue to rise (Nelson G et al, 2010). Cancer rates are also significantly higher in mining areas than non mining (Hendryx M et al, 2011). Water rich in manganese may cause excessive manganese intake and can increase bacterial growth in water which may result in Manganism among miners as proved in a study in Keonjhar District of Odisha (Goswami S et al, 2009). The miners in iron ore had an increased risk for respiratory symptoms including recurrent wheeze, longstanding cough and for physician-diagnosed chronic bronchitis (Hedlund U et al, 2004). Excess mortality from lung cancer has been observed among iron-ore miners indicates a real occupational hazard (Boyd J. T et al, 1970; Kinlen L. J and. Willows A. N, 1988, Isco J, 1994).

### IMPORTANCE OF STUDY

The comparative advantage of Odisha in terms of rich mineral resources has helped the state to attract investment by many mining companies. The mining districts have contributed immensely to the financial stability of the state. Now Question arises as to what extent mining sector has contributed to the overall economic development of the state. How mining districts have fared in terms of human development indicators. Has the benefit of mining trickle down to the people in the mining districts? Table 1 show that the mining districts lag behind the non mining districts in respect of literacy, education, gender disparity, health and human development.

**TABLE 1: HUMAN DEVELOPMENT IN MINING VIS-À-VIS NON-MINING DISTRICTS OF ODISHA**

	Literacy rate (%)	Education index	Education deprivation index	Average gender disparity	Health index	HDI
Mining districts	55.56	.67	81.13	0.72	0.45	0.56
non-mining districts	65.29	0.74	NA	0.55	0.51	0.59
Odisha	63.61	0.72	74.05	0.49	0.47	0.58

Source: Odisha Human Development Report, 2004.

Hence there is an increasing disparity between mining and non mining districts by means of percolation of development. Keonjhar district which contributes a sizeable percentage of iron ore produced in Odisha has had fortune of imparting a string of benefits to its people –thanks to mining. Mining cannot be done without degrading land and without disturbing the existing environment. Degradation of environment has not left the lives of people untouched. Damage to river, field, well, flora and fauna in one way or other has badly affected the people themselves (Monjezi M. et al, 2008; Ezeaku P I, 2012). Moreover dust and other forms of pollution deter the environment which ultimately leads to deterioration of health of people. Thus mining is bound to have significant impact on the environment and health status of the people and Keonjhar district which is the hub of iron ore mining is not an exception. Odisha continues to be one of the industrially backward states despite its vast mineral resources. Though the district under study is rich in mineral and forest resources there is no major large scale industry in the district except Kalinga iron works of Barbil, ferromanganese plant of Joda and sponge iron plant at Palaspanga. The Keonjhar district is considered as a relatively backward district among 30 district of the state occupying 24<sup>th</sup> position in the Human Development Index. The per capita income in the district is just above the state average. Human Development Index (HDI) along with the income takes into account education and health aspect of the people. Keonjhar district though enjoy a high per capita income but is ranked 24th among the thirty districts in Odisha according to HDI (Odisha human development report, 2004).

Global Iron-ore demand is set to double to around 3.5-billion tons a year by 2030, with recent investigations by Data Analysts Raw Materials Group (RMG) in 2012. The National Steel Policy 2005 has envisaged the target of steel production at 180 million tons by 2019-2020 which will be requiring approx 500 million tons of iron ore against current production levels of 220 million tons a year. Thus the present level of Iron-ore reserves in India is unlikely to be sufficient to meet projected demand by 2019/20 (Indian Bureau of Mines report, vision 2020 on Iron and steel). With high –grade Iron ores reserves under the threat of depletion, it is obligatory on the part of mining industry to consider exploitation and utilization of low grade Iron ores. This will result in more exploration.

### STATEMENT OF PROBLEM

The optimistic demand for iron ore in future will necessitates vigorous exploration of iron ore to meet export and domestic needs. As evidenced from the literature the result of this activity will lead to environmental degradation which definitely will have an impact on the health of people living in and nearby area. Thus the issue that cries for attention is the price that these people have to pay for the benefits of mining. This raises a question whether economic benefit generated from mining in the district is higher than the external cost the people have to pay for it?

### OBJECTIVE OF STUDY

An attempt has been made in present study to check the impact of mining activities on the health status of the people through a comparative study of mining and non mining areas based on the primary survey data that was carried out in 20011-12 in Siljora, a mining village and Gobindpur non- mining village.

### METHODOLOGY

Regarding methodology, a simple random sampling method has been used to collect information with the help of Schedule questionnaire. 5% of the total households is selected.

### SAMPLE HOUSEHOLD ANALYSIS

Siljora has been selected as a mining area for case study where Mangilal Rungta Iron and Manganese mine is operating. It is one of the major potential areas for exploitation of iron and manganese ore occurring in the mining lease over 715.639 hectare in Keonjhar district of Odisha. The area is held under mining lease since 1946. It is one of the oldest mine in Barbil area. Siljora is having a population of 1824.

Gobindpur is selected as non mining area for the case study. Here more than 60% of the total households are engaged in agricultural activities. The village is having a population of 1645 and about 500 acre of cultivable land where people are growing paddy, vegetable and wheat. Thus the comparative study of economic and health status in both the villages are analyzed below.

Environmental problems due to mining are more common in open cast mine compared to underground working. An opencast mine cause most of the environmental damages and attracts public agitation to mining activity.

TABLE 2: AWARENESS OF THE PEOPLE IN MINING REGARDING CONTROL MEASURE TAKEN BY MINING COMPANIES FOR POLLUTION CONTROL IN MINING AREAS

Control measures	No. of responses	%
1.sprinkling of water to control dust pollution	30	100
2.maintenance of machinery to control noise pollution	12	40
3.treatment of rejects to control water pollution	10	33.33
4.1)afforestation to control soil pollution	21	70
2)land management to control soil pollution	8	26.67

Figures in bracket are percentage

Source: primary data

Opinions elicited from sample households in the mining areas to gauge their awareness levels regarding the steps taken by mining companies to control pollution are shown in table 2.It appears that people are aware of measures taken by mining companies to mitigate dust,noise,water pollution and soil degradation.

TABLE 3: DISTRIBUTION OF POPULATION AS PER TYPE OF DISEASE SUFFERED

Type of disease	Adult		children	population	Adult		children	population
	Male	female			male	female		
	MINING AREA				NON- MINING AREA			
waterborne disease*	22(17.32)	17(18.88)	34(25.37)	76(21.65)	10(14.28)	11(19.29)	16(18.6)	37(17.37)
Acute respiratory infection(ARI)	26(20.47)	12(13.33)	4(2.98)	42(11.96)	5(7.14)	2(3.5)	3(3.48)	10(4.69)
typhoid	18(14.17)	8(8.88)	27(20.14)	53(15.09)	12(17.14)	6(10.52)	16(18.6)	34(15.96)
tuberculosis	7(5.51)	3(3.33)	1(.74)	11(3.07)	1(1.42 )	-	-	1(0.4)
jaundice	3(2.36)	2(2.22)	3(3.13)	8(2.27)	4(5.71)	2(3.5)	8(9.30)	14(6.57)
malaria	23(14.96)	24(26.67)	25(18.65)	72(20.51)	18(25.71)	14(24.56)	26(30.23)	58(27.23)
Cough & cold	32(25.19)	24(26.67)	40(29.85)	96(27.35)	20(28.57)	22(38.59)	25(29.04)	72(33.8)
total	127(100)	90(100)	134(100)	351(100)	70(100)	57(100)	86(100)	213(100)

\*Waterborne disease consist loose stool, cholera and diarrhea

Figures in bracket are percentage

Source: primary data

The distribution of population as per type of diseases suffered among adults and children is shown in table 3.Table reveals that cough and cold, malaria, jaundice, typhoid are the disease which people in both the areas suffers but people in mining areas are more prone to disease like Tuberculosis,ARI,waterborne disease. It may be because of poor quality of water in mine area as a result of which people in mine area are more victim to many water borne disease. A marked difference has been found in case of ARI and TB where a higher percentage of people Vis a Vis non mining people has been found. Here working in mine and living nearby could be one of the main reasons for such result.

TABLE 4: AVERAGE FREQUENCY OF THE OCCURRENCE OF DIFFERENT TYPE OF DISEASE

disease	Average frequency of the occurrence	
	MINING AREA	NON MINING AREA
waterborne disease	8	4
Acute respiratory infection(ARI)	7.5	2
typhoid	3	2
tuberculosis	1	-
Cough & cold	7	8
jaundice	2	3
malaria	6	5

Source: primary data

Comparison of the average frequencies of occurrence of the disease in mining and non mining strata shows that frequencies are higher in the former than in the latter. This is shown in table 4.disease wise it is observed that in case of water borne disease and ARI frequency of occurrence gap is more relative to other disease.

## SUMMARY AND POLICY IMPLICATION

### MAIN FINDING

Most of the people in mining are aware that mining activities are creating a lot of environmental pollution and measures are also being taken by mining company to mitigate its ill effects. Mining has negative impact on health of people living in mining area as it is seen that frequency of sickness is higher in mining than non mining area. Even a marked difference has been found in case of ARI (Acute respiratory infection) and TB where a higher percentage of mining people vis a vis non mining people has been found. Both the disease is the result of mining activity as both are mainly because of dust inhalation.

### POLICY IMPLICATIONS

The negative impact of mining on health, land, water, air, plants and animals can be reduced by careful planning and implementation of mining activities. Provision of medical facilities to the people in the mining areas especially to those who have no employment link with mining companies should be the responsibility of government. Medicines that is necessary in case of environment related diseases need to be made available at these mining peripheral areas on a priority basis.

Awareness campaign of the dangers to the health posed by mining activities can be effectively carried out through educational programmes. Abatement measures to control environmental pollution are a must in order to reduce the likelihood of sickness. A major issue regarding hazardous waste is dumping which pose a threat to environment. Biological reclamation of overburden dumps and wastelands is also desirable. Department of forest, government of Odisha, has initiated afforestation on these dumps. Alternatively government can solicit and entrust the help of mining companies to take care of the abandoned pits and mines.

Of all environmental hazards in the mining area, dust is the most prevalent. Restriction of trucks/dumpers speed and overloading, and regular road cleaning are essential in order to control dust pollution from transportation, together with regular water spraying on roads. The welfare measures for the benefit of the mine worker and their dependents initiated by the office of the assistant welfare commissioner need to be overhauled. The problem can be sorted out by having an industry specific wage limit rather than a general one.

A holistic plan for environmental protection to decline all types of pollution and create a amiable atmosphere for the growth of the flora, fauna and the micro organism is an urgent need. Formation of village level committees, blending outside expertise grass root political leadership can go a long way in excising an effective check on environmental degradation.

## CONCLUDING OBSERVATIONS

Though mining might have brought a lot of economic benefits to the people in the region and as a consequence, the economic status of the people may have enhanced. But a better economic status does not end up in a better health status for the people. The study shows that those not benefitting from mining activity in the mining area are in worse position as they are affected from the adverse environmental consequences of mining. Even those who are reaping the benefit from mining industry have to pay dearly in terms of adverse effect on their health. The negative impact of mining on health and environment can be reduced by careful planning and implementation of best management practices in mining which could results in profitability besides brining in social and environmental credibility. It is important that local community health should be taken into account while planning and investing in economic development.

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**IMPACT OF GLOBALIZATION AND LIBERALIZATION ON SCs AND STs IN INDIA- A BIRD VIEW**

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**ABSTRACT**

*Present study was based on the secondary sources and explores information on the status of SCs and STs by impact of globalization and liberalization. Globalization may be defined as a process by which international interactions have increasingly greater importance on decision making at all levels: local, regional, national, and international. It is also a powerful driving force in today's processes of economic, social and environmental change in the world. In spite of constitutional safeguard and state intervention in favor of Scheduled castes and Scheduled tribes, their socio-economic condition is deteriorating and the main objective of social and economic equality remain mirage for them. Most of SC and ST population who resides in rural areas are engaged in Unorganized sector as landless laborers become more vulnerable, because of positive discrimination policy could not help them much and the new economic reforms have little or nothing favorable for them in the agenda. The country needs economic liberalization but not at the cost of the fiscal deregulation and concepts of a welfare state. It is desirable that in restructuring of country the equality concern of SCs and STs should be given priority so that they could empower themselves to take benefit of reforms. Strong intervention of the state is essential to protect the weak and disadvantaged sections and to provide level playing ground and an adequate safety net to those who are directly and indirectly affected by new reforms of Liberalization Privatization and Globalization. Therefore the prerequisite to reforms could be distributive justice and the effective implementation in rural India.*

**KEYWORDS**

Scheduled castes, Scheduled tribes, Dalits, Globalization Liberalization Privatization, Socio-economic.

**INTRODUCTION**

At the first time the suffering of these people agonized by the great soul of Lord Gautam Buddha. He introduced the concept of 'equality' to the society. This was the first opportunity imparted to these people to prosper and live in dignity. In the 19<sup>th</sup> century the social reformers especially Mahatma Jyotiba Phule, Chhatrapati, Shahu Maharaja and Dr. Babasaheb Ambedkar started many movements to impart them human rights. After independence, the Constitution of India piloted by Dr. Babasaheb Ambedkar prescribed certain protection and safeguards for the SCs and STs to promoting their educational, economic and political interests. It is observed that the Government programmes - especially those concerning SC and ST welfare are never taken seriously, and there are no effective monitoring system to pinpoint the failures of the plan objectives. There are diversion of resources and lack of utility of the schemes. Therefore, the condition of these communities is remained very miserable. Most of the SC and ST communities are still striving to fulfill their basic needs of food, clothing and shelter. Besides these, today they require better opportunities to live in dignity and self-respect. Hence, ample opportunities should be made available to them, which would ensure them a secured and dignified life in this 21st century which is practicing new reforms like Globalization Privatization and Liberalization. This paper puts a light on the title called impact of globalization and liberalization on SCs and STs.

**MEANING OF GLOBALIZATION AND LIBERALIZATION**

In a general sense, **Globalization** is the increasing worldwide integration of economic, cultural, political, religious, and social systems. Economic globalization is the process by which the whole world becomes a single market. This means that goods and services, capital, and labour are traded on a worldwide basis, and information and the results of research flow readily between countries. According to economists, there are a lot of global events connected with globalization and integration like Improvement of International Trade, Technological Progress, Increasing Influence of Multinational Companies, Power of the WTO, IMF, and WB, Greater Mobility of Human Resources across Countries, Greater Outsourcing of Business Processes to Other Countries and Civil Society refers to NGOs (nongovernment organizations). Globalization however the word is understood implies the weakening of state sovereignty and state structures.

**Liberalization** refers to laws or rules being liberalized, or relaxed, by a government. Economic liberalization is generally thought of as a beneficial and desirable process for emerging and developing countries. The underlying goal is to have unrestricted capital flowing into, and out of the country to boost growth and efficiencies within the home country. The effects of liberalization should interest investors as it can provide new opportunities for diversification and profit.

**AN OVERVIEW OF SCHEDULED CASTES AND SCHEDULED TRIBES**

The 'Sudras' were classified as inferior and the last varna to other three varnas, in ancient social system in India. Along with this several social, economic and political restrictions were imposed on them. They were treated as untouchable castes. These untouchables or castes were officially defined as depressed castes in 1932 and they were systematically listed in the 1931-Census of India. The Simon Commission in 1935 first coined the term 'Scheduled Castes'. All the untouchable castes, which were listed in 1931-Census of India, came to be known as the 'Scheduled Castes' (SCs) through the Government of India Act of 1935. The Scheduled Castes are defined under article 366 (244) of the Constitution of India as, "the Scheduled Castes means such Castes, Races, Tribes or parts of, or groups within such Castes, races or tribes, deemed under article 341 to be Scheduled Castes for this Constitution." Thus the Scheduled Castes are those castes which are listed as Scheduled Castes in the Constitution of India. The Scheduled Castes constitute a significant demographic strength in India. In the year 1935, the Scheduled Castes were estimated as about 5 Crores, According to the 2001 Census, the Scheduled Caste population in India is 166,635,700 persons, constituting 16.2 percent of the country's total population. Being rural people, four fifth (79.8 percent) of them live in rural areas and rest one-fifth (20.2 percent) live in urban areas. The highest percentage of Scheduled Caste population to the total Scheduled Caste population of the country live in Uttar Pradesh (21.1 percent) followed by West Bengal (11.1 percent) and Bihar (7.8 percent), Andhra Pradesh (7.4 percent) and Tamil Nadu (7.1.percent). In fact, more than 57 percent of total Scheduled Castes population inhabit in these five States.



**IMPACT OF GLOBALIZATION AND LIBERALIZATION ON SCs AND STs**

The international capitalist economy is undergoing a process of fundamental transformation in the organizations of production accompanied with institutional arrangements necessary for such transformation. Neo-liberalism, the structural adjustment policy of the World Bank and the International Monetary Fund and the WTO followed by the new GATT agreement constitute the institutional framework for transnational capitalism. This transformation since lasted two decades is known as a process of Globalization. Two more processes, namely, Privatization and liberalization accompany it. With the globalization and economic reforms there is a sea change in the debate on SC/STs rights. Globalization eased the marginalization of SCs and STs from socio, economic and cultural fields at the same time consolidating the opportunities in the hands of privileged. Under globalization caste conflicts and atrocities against SC and STs are migrated from individual ethical space to social and economic space. Globalization opened new opportunities for the upper caste cluster. The changed scenario helped them to sustain their hegemony over the economy as well as over the social life in rural India with the coupling of upward linkages made available to them under globalization with already existing inward linkages within the systems.

Even after sixty years of independence, the reservation status of SCs in all Government branches has been unsatisfactory. The rate of disparity in the implementation has been high. In the phase of globalization, the government policy is discouraging the reservation policy. This situation has created various social and economic problems in the contemporary period. In a way, the social justice for the SCs has been denied even in the contemporary period. In spite of Constitutional provision, the reservation policy has been neglected. This must be taken as violation of Constitution. There must be significant representation of SCs in the decision-making posts, which could help further, for the development of SCs, as a whole. Similar kind of trend could be found among Scheduled Tribes (STs).

Owing to the democratic process since independence, increasing means of communication and the spread of education, there is increasing awareness among all the sections of society and the Scheduled Castes are not exceptions to it. The Constitution has released the forces of liberalism. Because these forces, an era of politicization has started in all walks of life and traditional gap between politics and society has come to an end. Now politics has become a new instrument for achieving socio-economic development. Socio-economic development of the Scheduled Castes would be the precondition for their integration in the mainstream of society, which the constitution has visualized. Much has been done by way of constitutional provisions, administrative efforts and proper response from a larger section of the upper castes. However, whatever is done is not enough to match the rising expectations of the weaker sections including then Scheduled Castes. Still they are unorganized and constitute the larger chunk of the population. On the other hand, the organized sections even in Scheduled Castes have grabbed the benefits of socio-economic development. If we want to analyze this reality, the study should be interdisciplinary and based on variables -caste, class, religion, region, ideology, gender, identity etc. Because the problem of the Scheduled Castes is interdisciplinary, having many dimensions, and complex, it is also dynamic in nature.

Liberalization is an intrinsic aspect of globalization. "The essence of liberalization is that economic management should be left to the market. The prices determined by the interaction of demand and supply forces, whether they be for commodities, labour power, capital, land, or foreign exchange, should be flexible in either direction and should be capable of clearing the market. The resulting allocation of resources, commodities, labour power, foreign currency etc., would be optimal and efficient, while any deviation from it would entail avoidable social costs. In order to ensure that markets are allowed to undertake their jobs, all controls and regulations, as also measures that constitute barriers to entry, should be done away with. It follows from this that the state should take a back seat in economic matters. The liberalization is followed by privatization. Globalization does not occur in a vacuum however. Its corrosive effect on democratic governance is being hastened by a cognate ideology of privatization that is prevalent both in the international scene and within the countries whose economies are being globalized. Privatization is an ideology that shapes democracy by attacking public power, by arguing that markets can do everything government once did better than government and with more freedom for citizens. Privatization within nation states open the way for a deregulation of markets and in turn eases the globalization of the economy. It softens up citizen to accept the decline of political institutions and tries to persuade them that they will be better off that way and more 'free'. As an ideology, it insists that government is about illegitimate public power and calls for the substitution of private power, which is simply assumed, without any argument, to be legitimate.

**FOLLOWING POINTS MAY BE CONSIDERED FOR THE DEVELOPMENT OF SCHEDULED CASTES/SCHEDULE TRIBE IN AN ERA OF GLOBALIZATION AND LIBERALIZATION****1. NEED OF POLITICAL EDUCATION**

We have accepted a democratic form of government in an un-democratic society. It is, therefore, necessary to give political education to the people about the need and genesis of welfare policies for the weaker sections. Political education means education about nature, working and the functions of a political system in which you live. This was the duty of the elites and the leaders in the political process. Unfortunately both have miserably failed in their tasks. As a result of it, there is a lack of understanding about the problems of weaker sections which results in social tensions.

**2. LACK OF POLITICAL WILL**

There is a lack of political will regarding the development of Scheduled Castes. There is increasing populism to fetch the votes of Scheduled Castes and very few sincere efforts for their development. Many a time the political process has divided the Scheduled Castes. It is observed that the welfare schemes remain on paper but because of the policies there is a backlash among the upper castes.

**3. FAILURE OF ADMINISTRATIVE MACHINERY**

A news item in Hindu (9 APR 2007) regarding the failure of administrative machinery in implementing the policies for the Scheduled Castes would throw light on its apathy and indifference. "Budgetary allocation and expenditure for Dalit welfare had fallen, and dedicated funds had been diverted to other departments, Mr. Venkatesh pointed out that Water resource, Food, Civil supplies and Consumer Affairs, Forests, Public Works, Rural Development and Panchayat Raj and Fisheries Departments did not have any specific programmes for Dalit welfare. The committee, he said, was aghast that the Public Works Department did not have any scheme for the Dalits and diverted more than Rs. 200 crore for roads, arguing that it would improve the living condition of Dalits as they also use the roads." In Maharashtra, it is experienced that twenty percent budgetary provision in Panchayati Raj bodies is not spent and the amount is transferred to the main budget to other items. There are five development corporations for the welfare of the Scheduled Castes and the Other Backward Classes. But for a long time their evaluation has not been made. The amounts declared, amount sanctioned and the actual amount spent is different. The last one being very meager. Three points emerge from such a situation. Number one, the policy provisions by the political process create unrest among the upper castes, as there is no adequate political education. Secondly, despite constitutional and legal provisions the Scheduled Castes remain deprived of their adequate due in nation's development. And lastly, the injustice on the part of the Scheduled Castes continues in different forms, which leads to increase social tensions and social disintegration.

**4. CHALLENGE OF GLOBALISATION**

In fact it is a high time that the leaders in the political process and academicians give a serious thought to the consequences of Liberalisation, Privatisation and particularly Globalisation. On the lines of the Scheduled Castes. In globalization the old concepts like nationalism, sovereignty are gradually waning and there is an erosion of a nation-state. Samuel Huntington argues that now the culture would be an important variable in international politics and not the concepts like nationalism or sovereignty. There is increasing international interdependence on the one hand causing internationalism. On the other hand, the narrow and parochial loyalties are playing significant role. How to reconcile this contradiction? Here we need long term well as short-term policies and avoid adhocism, opportunism and populism. As we have seen above globalization needs quality and the quality assumes acquiring various skills necessary for individual and social development. Because of changing nature of economy and social conditions now there are new needs, which have arisen in society, now new sections have come up in society and they have non-traditional needs. They include the needs of senior citizens, the employed married couples in metropolitan cities, and the demand for crèche is on increase. Multiplexes, food malls, shopping malls, etc have changed the life style of the middle class. In this way new needs can be found out and an attempt can be made to give response to these demands by way of providing service to them. The 21st century is a century of multi- skills and a person having more than one skill will have definitely a bright future.

**5. DEMAND FOR CHANGE IN THE EDUCATION SYSTEM**

Dr. Ambedkar gave a message-“educates, agitates and organizes.” But what kind of education? Present education is fast becoming irrelevant to the changing needs. It is to be understood that the present education system is the product of the colonial rule and the post-independence period governments have done very little to change the same. In addition to increasing educational opportunities, our demand should be to make the education system more meaningful and more relevant to the changing needs in society. It may be remembered in a way, that present unemployment is mostly false one. It is unemployment of the unskilled people. Therefore an attempt is to be made to improve the quality of the people. It could be achieved by way of acquiring knowledge, skills and attitudes in the changing context.

**6. MODEL OF NEO-BUDDHISTS FOR DEVELOPMENT**

Neo-Buddhists can be a good model for other Scheduled Castes for their development. During last sixty years the neo-Buddhists have done a remarkable progress. In all walks of life. It was found in 1971 census that their literacy has become equal to that of the Brahmins and all other castes and Scheduled Castes lag behind them. The neo-Buddhists have modernized themselves, removed superstitions among themselves and entered various professions and occupations. They speak for all weaker sections. They assert for removal of injustice, equal opportunity, organize them and have a clear perception of development. Now there are many more doctors, engineers, pleaders, professors, technicians, artists in films and on the stage, administrative officers. They have surpassed the dominant Maratha caste in many respects. They have ably utilized the policy of reservation in particular and policy of protective discrimination in general. They have made use of the Constitution and the political process in an efficient manner. There would be surprising if any other community has made such a remarkable development in such short period in the history of the world. Progress made by the neo-Buddhists is more because of the strong will for development created by their leader Dr Ambedkar. The spirit among the neo-Buddhists consists of removal of inferiority complex, willingness for hard work, sense of responsibility etc. This spirit is lacking in other Scheduled Castes. They may not follow the neo-Buddhists in totality. However the inspiration from them would be very useful for their development. The other Scheduled Castes should follow this model.

**7. RESERVATION POLICY**

The policy of reservation should be viewed as a part of the total policy for the development. Efforts should be made to observe that it is carried out sincerely and honestly. However it would be well to remind us that the reservation would not be enough for the development.

**8. HELP FROM LIBERAL HINDUS**

An effort should be made to seek the help from the liberal Hindus. Contrary to general belief, there is a strong element of liberalism among the Hindus. Dr. Ambedkar made its use wisely in the fight against untouchability. There should be fighting against the conservative elements and not all the Hindus. It should not be treated as a cold war between Scheduled Castes and the Hindus.

**9. CASTES AND CLASS**

In post-independence period, every caste is now roughly divided into three classes. The elites, middle class and the masses. They have different attitudes. What are necessary are the efforts for the development of the masses in Scheduled Castes. They badly need that it. Globalization has posed a challenge to all and more to the Scheduled Castes. Unless such efforts are done the values in the constitution would not be materialized.

**EXPLAINING CAVEATS - SCs/STs, GLOBALIZATION AND ECONOMISM**

This paper claims at the outset that four caveats have to be underlined to discern the relationship between SCs/STs and globalization.

1. It's in the binary analysis that the argument that so far the state has not done anything for dalits versus globalization would do the required; Caste Capitalism versus Casteless Capitalism; Openness versus Closeness; American Companies versus Indian Companies; American Democracy versus Indian Democracy; Availability of Goods versus Scarcity of Goods; Restricted Consumptions versus Liberated Consumptions and so on. The severest deficit of issues like exploitation and presence and role of structure in relational manner like inter linkages of various exploitative structures and their working in concert. The issues picked up by them are important but solutions end up as mere appendages in form of reaction to the existing theories and practice. And this does not lead to transgression of other theories/realities' and complete analysis. This analysis begins and ends with reaction in place of transcendence.
2. The second caveat is rejection of 'referential' treatment of SCs discourse. Referential treatment entails that there has been an arrival of arguments in defense of globalization and it is referred as 'globalization for SCs' without exhibiting tenets of SCs discourse and evaluation from its perspective. Actually evaluation of globalization has been done thoroughly from neoliberal perspective under the influence of binary analysis and there is a complete absence of analysis from the perspective of SCs discourse. The defenders never take pain to arrive at the argument from within SCs discourse rather impose it from outside and term it as great emancipator.
3. The third caveat is rejection of 'preferential' treatment to 'sovereignty' over democratic rights. The sovereignty of the nation state and democratic rights though linked, occupies a different sphere altogether. As far as the 'external' aspect is concerned, both 'sovereignty' aspect and democratic rights share the common podium because without sovereignty of the nation states, democratic rights would not exist. And it is also possible that in the 'presence' of sovereign nation state, democratic rights may not be functional. Moreover, without sovereignty certain classes and castes would benefit because globalization needs alliance of dominant social forces in each country. The analysis of globalization is vital and becomes complete only when it takes both factors into awareness: 'sovereignty' to discern the nation state and 'democratic rights' to explore the sovereignty of deprived sections in various aspects.
4. The fourth and last is straight away rejection to coalescing modernity with globalization. Modernity is the enabling factor for billions of people who have been deprived and subjugated in the name of orthodoxy, superstition and heavenly orders. Globalization is a distinct phenomenon. The buzzword in globalization is 'integration' not 'inquiry.' Modernity enables the people to question whereas globalization focuses on acceptance of 'integration.' At best, globalization can be described as a process of modernization. The process of modernization that is globalization also cannot be termed modernity. The difference between two is that one can be modernized without being modern.

**WELFARE AND EMPOWERMENT OF SCs AND STs IN THIS GLOBALIZED AND LIBERALIZED WORLD SOME POINTS DISCUSSED AS FOLLOWS IN UNDER TWELFTH FIVE YEAR PLAN (2012-17)**

- To review the progress of the implementation of the existing legislations related to the SCs, STs and mechanisms for their enforcement and suggest corrective measures.
- To review the existing approach, strategies and priorities, the on-going programme and their implementation for the welfare, development and empowerment of SCs, STs and suggest rationalization/ minimization of the on-going related programmes and effective inter-sectoral convergence and harmonization of schemes with the other similar social groups.
- To identify neglected areas and groups, gaps, weaknesses and bottlenecks in the implementation of schemes and take note of the persisting and emerging problems/ situations related to welfare, protection, development and empowerment of SCs, STs and other groups in the changing scenario and suggest necessary interventions.
- To assess the impact of the on-going economic reforms and progressive globalization/liberalization of economy on the socio-economic conditions of the SCs, STs and suggest effective strategies to cope up with the situation.
- To assess/evaluate the efficacy, strengthening and expanding the NGOs network, PRIs /Local Self Government and suggest specific measures for their effective involvement in the planning process to reaching the most needy on priority basis to SCs, STs.
- To undertake special issues pertinent to the sector, which needs study so that a suitable policy framework may be formulated by the working group.

**CONCLUSION**

Globalization has primarily been defended by the integrators who either fathom the emancipatory virtues out of it or expect its 'would be' fruitions. The fruitions get explication through economic integration especially in the realm of political and social integration. Dalits are not worried about globalization per se but share therein. They are afraid that in the name of unity for the struggle against globalization, their own struggle could be asked to be suspended. Ambedkar's basic faith was in representative political bodies. "To empower both the SC/STs and non-SC/STs economically he proposed that the state should be given political power for the regulation and control of both key industries and agriculture. To this end he proposed the economic powers should be incorporated into the body of the constitution itself." Concerning economic rights and its vitality, Ambedkar appositely calls attention: "What we must do is not be content with mere political democracy. We must make our political democracy, a social democracy as well. Political democracy cannot last unless there lies at the base of it a social democracy... We must begin by acknowledging the fact that there is complete absence of two things in Indian society. One of these is equalities. On the social plane, we have in India a society based on the principle of graded inequality, which means elevation for some and degradation for others. On the economic plane, we have a society in which there are some who have immense wealth as against many who live in abject poverty". And the second aspect is to investment in the realms of education, health, house, water, and so on. Both constitute empowerment and envisage the subjugation free world thereby nonnegotiable variables. The fundamental aspect of democratic rights has to ensure the availability of these as non-negotiable resources. The functionality of globalization contravenes the democratic rights. The democratic rights not only ensure the SC/STs partaking in decision making process but also the exhibition of acme sensibility, intervention and initiation by the Legislative and Legislatures.

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## TO STUDY THE RELATIONSHIP BETWEEN STRESS-WORK LIFE BALANCE AND WORK ALIENATION AMONG WOMEN EMPLOYEES OF KERALA STATE GOVERNMENT IN TRIVANDRUM DISTRICT

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### ABSTRACT

*Bureaucracy has always had an eminent and special place in the Indian society. They are the ones who have kept the wheels of government machinery moving, acted as agents for fulfilling the policy of party in power and provided stability to the administration though the governments may be changing. Today we can see a lot of women working in different government departments who are well qualified and are performing well in spite of their busy life schedule. In this light, in the present study an effort is made to identify the causes and impact of stress on the work-life balance and whether the feeling of being alienated is felt by the women employees of Kerala State Government in Trivandrum district. The sample for the study consisted of Women employees working in ten different directorates of Kerala State Government in Trivandrum district. The result of the correlation analysis shows that the variables personal factors, occupational factors and the family related factors have a significant positive correlation with work life balance. The result shows that married women employees have relatively low degree of work life balance as compared with unmarried ones. They tend to have a high degree of stress and based on this study it was found that married employees with low work life balance tend to become alienated from their work too. The implications of the findings of the study are also discussed.*

### KEYWORDS

Work life balance, Work Alienation, Stress, Family and Occupational.

### INTRODUCTION

The world of work and business has undergone a paradigm shift in the recent past. While IT revolution, globalization, liberalization, free trade etc. are seen at the macro level, moving towards urbanization, demand for technical education, increased number of women in higher education and employment etc. are the typical features at the national level. One of the major consequences of these changes is an increased concern for the boundary between employee work and non-work lives (Hochschild, 1997). Due to the fact that more women are joining the workforce dual career couples are becoming increasingly common (Moorhead, Steele, Alexander, Stephen and Duffin 1997). In addition, today's workforce is a mosaic of different genders, ages, races, ethnic groups, religions marked by varied lifestyles (Esty, Griffin & Schoor Hirsch, 1995). Remarkable demographic and social changes mean a host of new challenges for today's workers as they struggle to cope with the often competing pressures of work demands and personal responsibilities. Bureaucracy has always had an eminent and special place in the Indian society. They are the ones who have kept the wheels of government machinery moving, acted as agents for fulfilling the policy of party in power and provided stability to the administration though the governments may be changing. Bureaucracy to a large extent has also contributed to the impressive progress the country has made since Independence in the establishment of heavy industries, development of infrastructure, expansion of education and health services, implementation of schemes for rural development, increased agricultural production and irrigation facilities, and so on. However, in recent years, image of the government organizations and its employees has undergone change, and in the process some organizations are being labeled as ineffective and indifferent. Some are often criticized as being inefficient, achieving low performance standards, being too impersonal and dehumanizing in dealing with individuals. As a result majority of women employees in government organizations are under severe psychological strain causing growing feeling of 'alienation' among them. As a result of these the traditional model explaining the coordination between work and family satisfaction is no longer valid for the modern work force. Balancing work and family satisfaction roles has become an issue of concern not only for women, but also their spouses and families, organizations as well as the State (Rajadhyaksha, 2004). The issue of work life balance is of a major concern for Indian organizations as the percentage of women of employees is steadily on the increase. Women today do not have any reservations in joining organizations that were hitherto male dominated. Dynamics of work life balance for women in nontraditional sectors are different hence it is the need of the hour to analyze it.

### REVIEW OF LITERATURE

A survey of literature have repeatedly shown that the stress and work life balance among women and employees serving in service organizations are relatively high and is contingent upon the social support system available to them both at the home and at the work place. Prevailing organizational culture, reward systems were found to moderate the work life balance and stress profile of the employees especially in the government and service sector. Lori and Bradley (2000) Mohan and Chauhan (1999) Kim and Kim et.al (2007). A survey conducted by Padma (2008), on working women in different professions at Hyderabad city revealed that majority of women are working 40-45 hours per week and 53% of the respondents report that they are struggling to achieve work-life balance. Despite accumulating evidence that work and family satisfaction life are interrelated, the available research literature, in the Indian context, is limited. Even, in the area of work-life balance and locus of control, only a few studies have explored the interaction between these variables. The present study aims at investigating women employees serving in the government sector and to analyze how they perceive their occupation and how their perceptions affect work-life balance and whether they are affected by stress and work alienation.

1. **WORK-LIFE BALANCE:** Work-life balance refers to the simultaneous pursuing of the roles in work and life without any conflict or imbalance (Fisher – McAuley et.al. 2003). Work-life balance is a concept including proper prioritizing between "work" (career and ambition) and "lifestyle" (Health, pleasure, leisure, family and spiritual development/meditation). Related, though broader, terms include "lifestyle calm balance" and "life style choices".
2. **STRESS:** The term stress is typically been used to refer both to the adjective demands placed on an organism and to the organisms internal biological and psychological responses to such demands (Hans Selye, 1956, 1976a). Stress is basically an adaptive response to a situation that is perceived as challenging or threatening to the person's well-being. It is person's reaction to a situation, not the situation itself. Moreover, we experience stress when we believe that something will interfere with our need fulfillment.
3. **WORK ALIENATION:** Alienation is a socio-psychological condition of an individual, which involves his estrangement from certain aspects of his social existence. Work alienation is degree to which an individual identifies psychologically with a specific type of work; it reflects a situation in which an individual cares little about work, approaches work with little energy, and works primarily for extrinsic rewards. This condition may be expressed by passive withdrawal, turnover, absenteeism or active attacks and disruption of work routines. (Clark, 1959:851)
3. **OCCUPATIONAL:** A generalized expectancy about control of reinforcements or rewards at work (Spector P.E. 1988)
4. **PERSONAL FACTORS:** Personal factors represent people's evaluation of their lives and include happiness, pleasant emotions, life satisfaction and a relative absence of unpleasant moods and emotions (Diener & Diener, 2000).
5. **FAMILY FACTORS:** Life satisfaction is an overall assessment feelings and attitudes about one's life at a particular point in time ranging from negative to positive. It is one of three major indicators of well-being. Life satisfaction, positive affect and negative affect. (Diener, 1984)



## NEED AND IMPORTANCE OF THE STUDY

The issue of work life balance and work alienation is of a major concern for Indian organizations as the percentage of women of employees is steadily on the increase. Women today do not have any reservations in joining organizations that were hitherto male dominated. A feeling of being alienated from is seen nowadays mainly in the case of women employees. So it is the need of the hour to study the relationship between alienation and work life balance.

## STATEMENT OF THE PROBLEM

To study the relationship between stress-work life balance and work alienation among women employees of Kerala state government in Trivandrum district.

## OBJECTIVES

The concept of work life balance has evolved as a result of changing work environment and work culture. Women in the modern days are entering into newer professions that call for the ability to balance between work and life. Hence in the present study an attempt is made to examine the relationship between work life balance, stress and whether work alienation is felt by the women employees. Keeping this in view the specific aim or objectives of this study can be stated as:

1. To understand the concepts of Work-life balance, stress and work alienation among the employees.
2. To study the influences of the various variables that affects work life balance.
3. To analyze whether work life balance, stress and work alienation are interrelated.

## HYPOTHESES

1. There is no relationship between the work-life balance, perceived stress, psychological well-being, family satisfaction and work alienation.
2. There will be no difference in the work life balance of the employees irrespective of their marital status

## RESEARCH METHODOLOGY

On the basis of convenience sampling technique 10 directorates of Kerala state government departments were selected and from these 30 women employees were selected.

The selected departments are Agriculture department, Animal husbandry, Archaeology Department, Civil Supplies, Dairy Development, Fisheries Department, Industrial Training, Kerala Police, Social Welfare, and State Central Library

## SAMPLE

The sample consisted of 30 women employees of which -15 married and 15 unmarried. With the help of a questionnaire responses were collected and using SPSS (12.0 version) analysis had been done.

## RESULTS AND DISCUSSION

In the present study an attempt is made to examine the correlation between work life balances with its different variables and also to analyze its relationship with stress and work alienation felt by the women employees. **Work-life balance** is a concept including proper prioritizing between "work" (career and ambition) and "lifestyle" (Health, pleasure, leisure, family and spiritual development/meditation). Related, though broader, terms include "lifestyle calm balance" and "life style choices". Several factors affect WLB, they are grouped under personal, family and occupational related factors. 'Stress' word has been borrowed from physics and mechanics where it means the physical pressure exerted upon, and between parts of body, when deformation occurs as result it is called strain. Stress is any change in your normal routine or health. Stress occurs when bad things happen, as well happy things. Getting a raise or a promotion is stress, just as getting fired from job is stress. Stress is basically an adaptive to respond to a situation that is perceived as challenging or threatening to the person's well-being. It is person's reaction to a situation, not the situation itself. Moreover, we experience stress when we believe that something will interfere with our need fulfillment. Coming to the work alienation is degree to which an individual identifies psychologically with a specific type of work; it reflects a situation in which an individual cares little about work, approaches work with little energy, and works primarily for extrinsic rewards. Likewise if a person is feeling powerlessness, meaninglessness, normlessness, socially isolated and self-estranged then he will be alienated from his job so this type of attitude will affect his work life balance.

## FINDINGS

The primary objective of this study was to compare the psychological profile of Kerala State Government women employees. The psychological profile constituted measuring the work-life balance, personal factors, family related factors, occupational related factors, stress, and work alienation. Among these variables work-life balance, stress and work alienation was treated as dependent variable and personal factors, family related factors, occupational related factors constituted the independent variables of the study. Usually the main variables taken for a study of work-life balance are hobbies/interests, religion/spiritual/philosophical concerns, friends and colleagues, community activity, self-care/sports/exercise. In the case of stress also stress due to personal, family and occupational are analyzed. Here I have grouped all the above mentioned variables under personal factors, family related factors, occupational related factors. The data was collected from a total of 30 (15 married and 15 unmarried) of Kerala State Government women employees. The responses were scored using the standard procedure and discussed.

One of the objectives of the study is to analyze the relationship among the variables of the study. Table 1 depicts the correlation among the different variables of the study.

The results of the correlation analysis show a significant positive correlation between work life balance and personal. A negative correlation was observed between work life balance and stress and also with work alienation. Earlier research by Bruke and Greenglass, (1987); Eckenrode and Gore, (1990); Greenhaus and Beutell, (1985) have also observed the negative correlation between Occupational related factors and stress implying that individuals with low degree of work life balance tend to experience higher degree of stress.

In summary, the above results it is clear that higher the degree of personal factors higher will be the work-life balance. Higher degree of family life satisfaction leads to higher degree of work-life balance. As there is a lower degree of stress higher will be the work-life balance. The obtained correlation in the negative direction between work-life balance and stress is in accordance with the theoretical views. If higher degree of work life balance is there lower will be the work alienation level.

The second hypothesis was Work life balance of the employees will be the same irrespective of their marital status. Using one way ANOVA this was analyzed and it can be seen that the null hypothesis is rejected, the work life balance of the women employees is not the same based on their marital status. Unmarried women are having or they are maintaining a very good work life balance. Table 2 depicts the Anova results. The results of the correlation analysis show that the variables personal factors, occupational factors and the family related factors have a significant positive correlation with work life balance. However a negative correlation was observed between work life balance and stress. The result shows that married women employees have relatively low degree of work life balance as compared with unmarried ones. They tend to have a high degree of stress and based on this study it was found that married employees with low work life balance tend to become alienated from their work too. Unmarried women on the other hand have a high degree of work life balance. The parental status of the employees also has an effect on the study; the employees who have children tend to have low degree of work life balance.

**RECOMMENDATIONS/SUGGESTIONS**

1. Recruitment and placement of women employees require providing sufficient job knowledge and training.
2. Induction training could provide more confidence and skills to perform functions to the degree to which their male counterparts are performing.
3. Training in gender sensitization to both male and female employees is the need of the hour as the job requirement and training being the same for both the gender the discrepancy observed while assigning the job could be more objective without gender discrimination.
4. Performance linked incentives
5. Improving quality of work life.
6. Interpersonal relationship needs to be enhanced.
7. To enhance the degree of work-life balance among women employees a healthy environment should be created in the workplace.

**SUMMARY AND CONCLUSIONS**

The women employees of Kerala state government were studied to analyze their degree of work-life-balance, personal factors, occupational factors, family related factors, stress and work alienation. From the findings of the study it is evident that a lower degree of stress has led to a higher degree of work-life balance. Likewise it is evident that a lower degree of work alienation has led to a higher degree of work-life balance. Higher degree of psychological well-being, occupational satisfaction level and family satisfaction accounts for the higher degree of work-life balance. With the help of this study a small attempt is done to analyze the relationship between work life balance, stress and work alienation.

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## APPENDICES

TABLE NO. 1: SHOWING THE CORRELATION AMONG THE VARIABLES

		Personal	Occupational	Family	Total Stress	Work Alienation	Work Life Balance
Personal	Pearson Correlation	1	.464**	.464**	-.036	-.055	.117
	Sig. (2-tailed)		.010	.010	.850	.775	.539
	N	30	30	30	30	30	30
Occupational	Pearson Correlation	.464**	1	.464**	-.036	-.055	.117
	Sig. (2-tailed)	.010		.010	.850	.775	.539
	N	30	30	30	30	30	30
Family	Pearson Correlation	.464**	.464**	1	-.036	-.055	.117
	Sig. (2-tailed)	.010	.010		.850	.775	.539
	N	30	30	30	30	30	30
Total Stress	Pearson Correlation	-.036	-.036	-.036	1	.522**	-.455*
	Sig. (2-tailed)	.850	.850	.850		.003	.012
	N	30	30	30	30	30	30
Work Alienation	Pearson Correlation	-.055	-.055	-.055	.522**	1	-.802**
	Sig. (2-tailed)	.775	.775	.775	.003		.000
	N	30	30	30	30	30	30
Work Life Balance	Pearson Correlation	.117	.117	.117	-.455*	-.802**	1
	Sig. (2-tailed)	.539	.539	.539	.012	.000	
	N	30	30	30	30	30	30
**. Correlation is significant at the 0.01 level (2-tailed).							
*. Correlation is significant at the 0.05 level (2-tailed).							

TABLE NO. 2: SHOWING THE RESULT OF ONE-WAY ANOVA

Work Life Balance					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	2.362	1	2.362	16.800	.000
Within Groups	3.938	28	.141		
Total	6.300	29			

TABLE NO 3: DESCRIPTIVE STATISTICS

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Marital Status	30	1	2	1.50	.509
Health	30	6.00	13.00	7.833	2.43655
Personal	30	7.00	30.00	13.0667	5.26071
Occupational	30	10.00	25.00	17.0667	5.25371
Family	30	14.00	31.00	20.0667	3.25371
Total Stress	30	111.00	211.00	145.5667	23.50401
Work Alienation	30	121.00	210.00	143.6000	24.49827
Work Life Balance	30	55.00	87.00	66.3000	8.46609
Valid N (list wise)	30				

**DALITS AND DISTRIBUTION OF LAND IN ANDHRA PRADESH**

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**ABSTRACT**

*Indian society is highly stratified with many glaring inequalities among the different social groups. The caste system is one such example which segregated the Dalits and other weaker sections from the rest to an extent that they were denied even the basic human needs and necessities. Interestingly, the absence of freedom of occupation and the stigma of implicit restriction destroyed the economy of the Dalits. As a result, Dalits remained socially outcastes, economically dependent, politically powerless and culturally backward. In order to have a clear understanding on the Dalits cause, this paper bestows a critical view on the access to land for Dalits with special reference to Andhra Pradesh during post independence period. And this paper gives the brief information about Dr. B. R. Ambedkar views on distribution of land. And also it explains about Dalits Dependency on Agriculture and Occupational Distribution & Size of land holdings among Different Social Groups, finally this paper summarizes with the overall findings with help of these situations can be viewed in different field based studies in Andhra Pradesh.*

**KEYWORDS**

Dalits, Land Distribution, Agriculture, Economy, Occupational distribution.

**INTRODUCTION**

At Independence, Indian society was characterized by a number of socio-economic disparities. Since, various development programs of central and state governments have succeeded to some extent in minimizing the disparities in country. Much, however, remains to be achieved. Effective implementation of radical land reform is said to be the surest way of eliminating hunger and destitution, and in creating a society. The socio-economic transformation of Indian society through radical implementation of land reform is believed to be the real solution to the fundamental problems and tensions in the country, such as the Naxalite problem and the massacre of members of the Scheduled Castes in various parts of the country.

Daniel Thorner, a noted economic historian, once remarked that the Indian agrarian structure is unique in its ownership patterns and land use, blending some features of the pre-British economic order and the modern Western concept of private property. There was large-scale alienation of land during the between 1910 and 1940, resulting in a large number of cultivators became tenants-at-will, share-croppers, and landless labourers. The agrarian structure in AP is also marked by imbalances. This is reflected in excess ownership, on the one hand, and very limited ownership, of operational holdings, on the other.

Agriculture is playing a vital role in the process of economic development of a country particularly in the initial stages of development. Development of agriculture sector essentially in the initial stages of depends on the land tenure system irrigation and other inputs like fertility of land and technology. Land being a critical factor of production in all the stages of the economy, it also plays a diabolical role in the life of rural people. Land is not a prime source of income but also a symbol of social status in rural India. Around 85% of the rural population of India, directly or indirectly, depends on the land and its produce. By and large, the size of income in rural are continues to be closely related to the amount of land system of land distribution and that of power. Land plays a key role in the achievement of power and dominance in the rural India,<sup>1</sup> but the land distribution pattern in agriculture continues to be skewed. Skewed distribution of land, especially in India, is an important element because of its association with the caste system. Large landowners belong to the upper castes; the cultivators belong to the middle castes whereas the agricultural workers mostly belong to the weaker sections such as Schedule Caste and Schedule Tribes.<sup>2</sup> The agricultural land distribution pattern, till date, has been skewed at all India level as well as the state of Andhra Pradesh.

**AMBEDKAR VIEWS ON DISTRIBUTION OF LAND**

Dr. Ambedkar did not agree to a widely prevalent view that the law of inheritance was the chief cause of subdivision of land. He attributed it mainly to an enormous pressure of population on land. He held that "when farming (was) the only occupation, to get a small piece of land (was) better than to have none." Dr. Ambedkar thus went to the root of the problem. He argued: "(Thus) the grievance (of small holdings) lies in the circumstances which put a premium on these small pieces of land. The premium is no doubt, due to large population depending solely on agriculture to eke out its living. ....It is not therefore the law of inheritance that is evil, but it is the high pressure (of population) on land which brings it into operation. People cultivate the small piece not because their standard of living is low... but because it is the only profitable thing for them to do at present. If they had something more profitable to do they would never prefer the small piece."

This does not however mean that Dr. Ambedkar was opposed to enlargement and consolidation of holdings. He was only striving to show that due to lack of alternative means of subsistence, agriculture was overcrowded which made sustenance of enlarged and consolidated holdings at a particular size impossible<sup>3</sup> As Ambedkar argued redistribution of land would "eliminate the possibility of more powerful having the power to impose arbitrary restricts on the less powerful by the withdrawing from the control he has over the economic life of the people". Political democracy can't survive with out achieving economic equality through land reforms.<sup>4</sup>

**LAND DISTRIBUTION PATTERN IN ANDHRA PRADESH**

Land is treated as life for peasants and, he is ready to leave the life and he won't accept to leave the land. Land is not only a prime source of income but also a symbol of social status in rural Andhra Pradesh. There is hunger for land in rural areas. Let us examine the changes in the land distribution pattern in the post-Independence period. The Table 1.1 represents the changing land distribution pattern during 1970-71 to 2000-01 with respect to operational holdings and operated area at Andhra Pradesh state level. It could be seen from Table 1.1 that the marginal holdings constitute 46.6% of total operational holdings but control only 9.3% of total operated area in 1976-77. Small holdings constitute 20.3% of total holdings but control 12.8% of total operated area. Marginal and small together constitute nearly 67% of total holdings but control only 22% of operated area in 1976-77, on other hand, medium and large holding together constitute about 15% of total operational holdings but control more than 56% percent of total operated area during the same period. This indicates that the distribution of land was skewed in 1976-77. By 2000-01 there was tremendous increase in the number of marginal holdings their percentage share in total holdings increased to about 61% but are operated under their control, increased to only 21.6% of total operated area. On the other hand the number of medium and large holdings declined to 5.7% of total operational holdings but controlled nearly 28% of total area. If we take large holdings along their share is only 0.6% of total land holdings but control nearly 8% of total operated area in 2000-01. This clearly indicates that although the number of medium and holdings declined the area under their control has not declined proportionately. On the other hand number of marginal holdings increased from 46.6 % to 60.9% but the operated area under their control was only 21% of total operated area in 2000-01. This implies that in the post independence period inequalities in the distribution of land has increased despite land reform. The increase in the marginal holdings may be attributed to population explosion and also to redistribution of small pieces of



surplus land and west land to the weaker sections. But medium and large farmers could retain large size of holdings as lands were not properly implemented. More than this during the post independence period land has passed from renter class to owner cultivated classes, but not to the landless poor. Some of the villages also identified the same changes in rural Andhra Pradesh<sup>5</sup>. Landless also increased significantly after the independence. It has increased from 7% in 1971-72 to 11.9% in 1982 and concentration ratio increased from 0.73 to 0.74 during the same period. However proportion of landless households remained same at 11.9% during 1982 to 1992 and concentration rate declined from 0.74 to 0.72 proportion of semi-land less households increased from 38.7% in 1971-72 to 45.8 in 1992<sup>6</sup>.

Land reforms in India as well as in Andhra Pradesh abolished all forms of intermediaries in terms of land holdings viz, *jamindari*, *inamdari*, *jagirdari* and land lord system. But it could not help the Dalits to access land to their proportion in population. As on September 30, 1996 and area of about 5.90 lakh acres was distributed among 5.21 lakh beneficiaries. Out of which 41.51% of SCs, 17.7% of STs, 32.9% of BCs and OCs are 8.01 percent. Around 32 thousand tenants with 2.02 lakh were protected in *Telangana* Region of Andhra Pradesh alone. About 1.9 lakh acres acquired under the *Bhoodan* movement, out of which 1.0 lakhs acres were distributed to the landless poor. Total 4,42,750 declarations were filed, out of which surplus land was detected in only 64,911 cases, covering an area of 16.63 lakh acres. Based on appeals, revisions, major sons, share etc., the net surplus land was reduced to about 8.21 lakh acres. Out of this surplus land, position of only 5.91 lakh acres was taken over by the government, leaving a balance of 2.29 lakh acres yet to be taken over.<sup>7</sup> It is estimated that all affords taken together including *Bhoodan* and distribution of Government waste land accounted for less than 10% of the cultivated land<sup>8</sup>. It may not be possible that all rural poor can be accommodated but there is scope for utilizing the waste land for providing the access to the poor and also eliminating the biases against the poor in land relations. The desire to possess land is strong among the poor as ownership of land denotes once social status. The small magnitude of the declared surplus was due mainly to the poor legislation with large number of loopholes. Thus, the opportunity for more equitable distribution of land was missed. However, abolition of intermediaries and imposition of land ceiling on land holding had over time, contributed to the growth of capitalist farming and arrested concentration of land ownership<sup>9</sup>. Although intermediate land tenure system could effectively remove through *Jamindari* abolition, equity in the agrarian structure could not be brought. Therefore above mentioned information of land distribution was stated so early during the ex prim minister late *Indhira Gandhi*. But since 1976 onwards it was implemented in Andhra Pradesh. The following table reveals that the year wise information of assigned land in Andhra Pradesh.

**TABLE 1.1: OPERATIONAL HOLDINGS AND OPERATED AREA BY DIFFERENT SIZE GROUPS IN ANDHRA PRADESH STATE LEVEL, 1976-77 TO 1995-96**  
(Nos in Lakhs, Area in Lakh Hect)

Size group	1976-77		1980-81		1986-87		1990-91		1995-96		2000-2001	
	Nos	Area	Nos	Area	Nos	Area	Nos	Area	Nos	Area	Nos	Area
Marginal	28.69 (46.6)	13.36 (9.3)	38.04 (51.6)	18.86 (13.1)	44.6 (54.1)	20.54 (14.5)	52.11 (56.1)	23.69 (16.4)	63.0 (59.4)	29.04 (20.2)	70.2 (60.9)	31.0 (21.6)
Small	12.52 (20.3)	1836 (12.8)	15.91 (21.6)	24.12 (16.8)	17.14 (20.8)	24.54 (17.3)	19.72 (21.2)	28.26 (19.5)	22.62 (21.3)	32.29 (22.5)	25.2 (21.8)	35.6 (24.7)
Semi-medium	10.72 (17.4)	29.93 (20.8)	11.74 (16.0)	32.61 (22.7)	12.54 (15.2)	33.91 (23.9)	13.45 (14.5)	36.4 (25.2)	13.95 (13.1)	37.36 (26.01)	14.2 (12.3)	37.9 (26.4)
Medium	7.53 (12.2)	46.47 (32.3)	6.46 (8.8)	39.79 (27.8)	6.57 (7.98)	38.65 (27.2)	6.44 (6.93)	13.77 (26.1)	5.63 (5.3)	32.31 (22.5)	5.0 (4.4)	28.5 (19.9)
Large	2.09 (3.4)	35.68 (24.8)	1.55 (2.10)	27.95 (19.5)	1.46 (1.77)	23.94 (16.9)	1.18 (1.27)	18.48 (12.8)	0.83 (0.8)	12.73 (8.85)	0.7 (0.6)	10.8 (7.5)
All	61.55 (100)	143.8 (100)	73.7 (100)	143.33 (100)	82.3 (100)	141.5 (100)	92.9 (100)	44.6 (100)	106.3 (100)	143.7 (100)	115.3 (100)	143.9 (100)

Source: Report on agricultural census of Andhra Pradesh 2001, Directorate Economics and Statistics and Government of Andhra Pradesh.

According to the Acts of government there are classifications mentioned above that marginal farmers is from "0" acres to 2.5 acres, small farmers is from 2.5 acres to 5 acres, semi-marginal is from 5 acres to 10 acres, medium farmers is from 10 acres to 20 acres and large farmers is from 20 acres and above.

### DALITS DEPENDENCY ON AGRICULTURE

Dalits comprise Schedule Castes and Scheduled Tribes' population. AS per 2001 census Scheduled Castes constitute 16.2% of the total population and Scheduled Tribes constitute 6.6% of the total population at Andhra Pradesh state level. 17.18 % of SC population and 7.51% of ST population live in urban areas as against 27.3% of General population that is more than 83% of SC population and about 92.5 % of ST population live in Rural areas as against 72 % of General population. 25.89% SC population and 13.66% of ST population are literate as against 44% of General population that is more than 74% of SC population and about 86.4% ST population are illiterate as against 56% of General population. The work participation rate of SCs, defined as the percentage of SC population participating work of total SC population is 51.08% and that of ST is 54.03% as against 45% among general population in 2001. This may happen due to the high participation rate among SC (46.7%) and ST (50.6%) women. It is also to be noted that as for 2001 census 85% of SC main workers and 83% of ST main workers depend on primary sector only, 68% of General workers depend upon primary sector. More than 72% SC main worker and 44% of ST main workers were reported as agricultural laborer as against only 41% among General workers. After the independence of 61 years also most of the Dalits remained land less and agricultural labourers and they totally depend upon their labour work. In view of heavy dependency of SC and STs on agricultural, now let us examine the land holding patterns and occupational distribution among different social groups in Andhra Pradesh State level.

**TABLE 1.2: PERCENTAGE DISTRIBUTION OF OPERATIONAL HOLDING AND OPERATED AREA OF DIFFERENT SOCIAL GROUPS IN ANDHRA PRADESH**

Category	1976-77		1980-81		1986-87		1990-91		1995-96		2000-01	
	Nos	Area	Nos	Area	Nos	Area	Nos	Area	Nos	Area	Nos	Area
SC	13.4	6.9	12.6	6.9	12.2	6.8	12.73	7.48	12.12	7.42	11.85	7.86
ST	6.3	6.2	6.4	6.3	6.4	6.7	6.88	7.23	7.11	7.56	7.47	8.23
Others	80.0	86.9	81.0	86.8	81.4	86.5	80.38	85.29	80.77	85.02	80.66	83.91
Total	100	100	100	100	100	100	100	100	100	100	100	100

Source: Report on SC/ST land holdings 1980-81 to 2000-2001. Directorate of Economics and Statistics, Government of Andhra Pradesh.

Table 1.2 represents the operational holdings and area operated by different social groups since 1976-77 to 2000-01 at Andhra Pradesh state level. It could be seen from the Table 1.2 that in 1976-77 SC house holds constituted about 13.4% of total holdings but control only 6.9% of the area, while others constitute about 80.3% of total holding but controlled 87% of total operated area. By 2000-01 the percent of SC holdings declined to about 11.85% and their controlling area share slightly increased to 7.87%. Why the percentage of others holdings retain same i.e. 80.7% and their operated area share slightly declined to 84% percent of total operated area. In 1976-77 ST operational holdings constitute 6.3% of total holdings and controlled 6.2% of total operated area. By 2000-01 their holdings increased to more than 7% and their share in area also increased to 8.23% scheduled tribes average holdings which are more than the Scheduled Castes average land holdings (Table:1.5). The position of ST households in terms of operational holdings is better than SC households at Andhra Pradesh state level as well as all India level.

It could be seen from the Table 1.3 that most of the SC farmers are marginal and small. In 1976-77 marginal and small holdings of SC constituted 83% (controlled nearly 46% of total operated area of SCs) of total holdings and their percentage tremendously increased to about 91.5% (controlled nearly 66% of total operated

area of SCs) in 2000-01 on the other hand medium and large holding declined from 4.7% (controlled nearly 29% of total operated area of SCs) to 14% (controlled nearly 12 percent of total operated area of SCs) during the same period their average size of holding also significantly decreased from 1.19 hectares to 0.83 hectares during the same period (Table.1.4). Due to lack of irrigation facilities high cost of cultivation high cost of mechanization, this vulnerable section were losing control on their lands. Most of the SCs and STs are selling their land to other caste people and becoming agricultural labourers for their livelihood<sup>10</sup>.

**TABLE 1.3: PERCENTAGE DISTRIBUTION OF OPERATIONAL HOLDINGS AND AREA OPERATED BY SCHEDULED CASTES IN ANDHRA PRADESH**

Size group	1976-77		1980-81		1986-87		1990-91		1995-96		2000-2001	
	Nos	Area	Nos	Area	Nos	Area	Nos	Area	Nos	Area	Nos	Area
Marginal	64.8	22.3	67.7	27.6	70.1	30.4	70.67	31.98	73.46	37.15	75.88	36.4
Small	19.0	23.1	18.9	26.2	18.0	56.4	18.43	28.28	17.75	29.74	17.63	29.56
Semi- medium	11.5	26.0	10.2	25.2	9.1	24.5	8.70	24.40	7.39	22.51	6.95	21.27
Medium	4.1	21.5	2.9	15.2	2.5	14.6	2.03	12.38	1.32	8.82	1.39	9.36
Large	0.6	7.1	0.3	5.5	0.3	4.1	0.17	2.96	0.08	1.78	0.15	3.36
All	100	100	100	100	100	100	100	100	100	100	100	100

Source: Report on SC/ST land holdings, Directorate of Economics and Statistics, Govt. of AP.

**TABLE 1.4: AVERAGE SIZE OF THE HOLDINGS OPERATED BY SCHEDULED CASTES (In Hectares)**

Size group	1976-77	1980-81	1986-87	1990-91	1995-96	2000-01
Marginal	0.41	0.43	0.41	0.41	0.42	0.41
Small	1.45	1.46	1.40	1.40	1.39	1.39
Semi- medium	2.69	2.62	2.56	2.56	2.53	2.54
Medium	6.21	5.66	5.59	5.58	5.53	5.58
Large	14.65	16.48	14.41	16.00	19.00	19.00
All	1.19	1.06	0.95	0.91	0.83	0.83

Source: Report on SC/ST land holdings, Directorate of Economics and Statistics, Govt. of AP

**TABLE 1.5: AVERAGE SIZE OF THE HOLDINGS OPERATED BY SCHEDULED TRIBES (In Hectares)**

Size group	1976-77	1980-81	1986-87	1990-91	1995-96	2000-01
Marginal	0.52	0.51	0.49	0.49	0.50	0.48
Small	1.47	1.42	1.44	1.43	1.41	1.41
Semi- medium	2.62	2.65	2.62	2.66	2.63	2.64
Medium	5.82	5.77	5.70	5.65	5.53	5.57
Large	15.62	14.49	14.47	13.72	15.67	11.0
All	2.33	1.91	1.80	1.64	1.44	1.37

Source: Report on SC/ST land holdings, Directorate of Economics and Statistics, Govt. of AP

## OCCUPATIONAL DISTRIBUTION AMONG DIFFERENT SOCIAL GROUPS

The changes in the occupational distribution during 1971-91 in Andhra Pradesh different social groups could be seen from the Table 1.6. It is evident from the table that during 1971-81 there was an increase in the percentage of SC workers as cultivators from 14.66% to 17.41% while percentage of SC agricultural labourers declined from 73.04% to 68.24%. In case of general workers the percentage of cultivators declined from 34.43% to 32.72%. The percentage of agricultural labourers also declined from 38.24% to 36.78% during the same period. Regarding the non-farming workers it increased from 12.2% to 14.35% in case of SC workers while it increased from 27.3% to 30.49% in case of general workers. Thus there is same marginal imprudent in the SC workers as cultivators and also non-farming workers this indicates some upward mobility SC workers also. This may be attributed to distribution of wasteland surplus land under 20 points program in 1970s<sup>11</sup>. But during 1981-91 the percentage of SC cultivators declined from 17.4% to 12.77%, while there was an inclination in the percentage of SC agricultural labourers from 68.24% to 72.05%. In the case of workers of general population also the percentage of cultivators declined from 32.73% to 27.44% while the percentage of agricultural labour increased 36.78 to 40.78%. Percentage of non-forming workers increased from 30.49% to 31.69% indicating occupational shift. In case of STs, there was significance increase of cultivators from 37.05% to 43.21% while the percentage of agricultural labourer declined from 50.40% to 43.72% during 1971-1981. By 1981-91 the percentage of cultivators slightly declined from 43.21% to 41.19% while the percentage of agricultural labourer increased from 43.72 % to 46.52%. Anyhow during 1971 to 81 their share in non-farming workers increased from 12.55% to 13.07% and again it declined to 12.29% in 1991. This shows that in Andhra Pradesh agricultural workers are slowly shifting to non-forming activities.

**TABLE 1.6: OCCUPATIONAL DISTRIBUTIONS AT ANDHRA PRADESH STATE LEVEL**

Category	Percentages in total main workers of SCs			Percentage in total main workers of STs			Percentage in total main workers general population		
	1971	1981	1991	1971	1981	1991	1971	1981	1991
Cultivators	14.66	17.41	12.77	37.05	43.21	41.19	32.45	32.73	27.44
Agricultural Labourers	73.06	68.24	72.05	50.40	43.72	46.52	38.24	36.78	40.87
Non-farming workers	12.3	14.35	15.81	12.55	13.07	12.29	29.31	30.49	31.69

Source: Statistical abstract of Andhra Pradesh, 1971, 1981, 1991.

## LAND DISTRIBUTION IN DALITS FROM 1969 TO 2008

Even as Andhra Pradesh, along West Bengal, Jammu and Kashmir, is one of the few states to have substantially redistributed the government held land and despite giving the stipulated percentages for SC/ST. The above information reveals that most of the land continues to be in the hands of upper caste neither the constitutional provisions nor the resultant land reform measures endured any appreciable percentage of Dalits getting land.

TABLE 1.7: DISTRICT WISE PERCENTAGE SHARE OF DIFFERENT SOCIAL GROUPS IN POPULATION, LAND HOLDING AND AREA IN 1991

District	1991								
	SC			ST			OTHERS		
	% in population	% in land holdings	% in area	% in population	% in land holding	% in area	% in population	% in land holdings	% in area
Srikakulam	9.34	5.69	3.02	5.78	5.87	5.70	84.88	88.48	91.29
Vijayanagaram	10.44	5.66	3.17	9.01	8.69	10.15	80.55	85.65	86.68
Vishaka patnam	7.82	2.32	1.38	14.27	20.40	37.74	77.91	77.28	60.88
East Godavari	18.19	9.85	4.77	3.88	5.06	11.92	77.93	85.09	83.31
West Godavari	17.89	8.91	5.64	2.41	2.97	4.15	79.7	88.12	90.21
Krishna	16.58	10.68	5.24	2.48	1.33	1.02	80.94	87.99	93.75
Guntur	13.96	7.66	4.10	4.42	2.20	2.01	81.62	90.14	93.89
Prakasham	20.03	12.84	7.51	3.58	1.82	1.03	76.39	85.34	91.46
Nellore	21.85	19.86	10.71	8.96	4.94	2.27	69.20	75.19	87.02
Chitturu	18.38	13.90	8.46	3.22	2.39	1.83	78.40	83.71	89.71
Kadapa	14.90	19.82	5.77	2.09	1.65	1.55	83.01	88.53	92.68
Ananthapur	14.19	11.30	6.28	3.49	3.65	2.62	82.32	85.05	91.10
Kurnool	17.43	13.12	7.27	1.90	1.27	0.93	80.67	85.60	91.80
Mahabhubnagar	17.63	16.19	9.88	7.39	7.97	6.69	74.98	75.85	83.42
Rangareddy	17.22	18.18	11.31	4.29	6.84	5.88	78.49	78.16	83.50
Hyderabad	8.86	5.59	4.24	0.92	0.28	0.00	90.22	94.13	95.76
Medak	17.87	17.96	11.66	4.19	4.44	4.57	77.94	77.60	83.77
Nizamabad	15.12	15.31	10.61	5.92	6.54	5.89	78.96	78.16	83.50
Adilabad	18.53	16.69	13.00	17.04	21.25	24.26	64.43	62.06	62.74
Karimnagar	18.57	16.64	9.30	2.73	2.47	2.16	78.70	80.90	88.54
Warangal	17.19	12.58	6.65	13.67	15.20	14.17	69.14	72.22	79.19
Kammam	16.25	9.45	5.06	25.23	32.27	31.35	58.52	58.18	63.59
Nalgonda	17.68	12.89	6.83	9.66	9.85	7.80	72.66	77.26	85.37
AP	15.93	12.12	7.42	6.31	7.11	7.56	77.76	80.77	85.02

Source: various issues of report on agricultural census of Andhra Pradesh and various issues of SC/ST land holdings.

TABLE 1.8: DISTRICT WISE PERCENTAGE SHARE OF DIFFERENT SOCIAL GROUPS IN POPULATION, LAND HOLDING AND AREA IN 2001

District	2001								
	SC			ST			OTHERS		
	% in population	% in land holdings	% in area	% in population	% in land holding	% in area	% in population	% in land holdings	% in area
Srikakulam	9.05	5.77	3.88	5.96	5.70	6.08	84.99	88.52	90.04
Vijayanagaram	10.58	5.44	3.55	5.66	8.43	10.32	79.87	76.12	86.12
Vishakapatnam	7.60	2.72	1.99	14.55	19.96	39.59	77.85	77.32	58.42
East Godavari	17.99	9.85	4.77	3.91	5.63	14.34	78.10	84.52	80.89
West Godavari	19.17	9.20	6.11	2.54	3.57	5.34	78.29	87.23	88.55
Krishna	17.83	10.69	6.11	2.57	2.86	2.27	79.60	86.46	91.62
Guntur	18.32	7.63	4.68	4.66	2.71	2.65	77.02	89.66	92.67
Prakasham	21.29	11.65	7.52	3.86	2.03	1.51	74.84	86.32	90.98
Nellore	22.00	20.14	11.39	9.08	4.96	2.51	68.92	74.89	86.10
Chitturu	18.75	13.65	8.58	3.42	2.88	2.30	77.83	83.44	89.12
Kadapa	15.74	9.45	6.02	2.36	2.30	1.69	81.90	88.25	92.29
Ananthapur	14.14	10.89	7.05	3.49	4.23	3.38	82.36	84.80	89.57
Kurnool	17.81	12.72	8.00	1.97	1.86	1.50	80.22	85.42	90.50
Mahabhubnagar	17.10	14.64	9.67	7.93	8.53	7.34	74.97	76.83	82.99
Rangareddy	14.83	17.27	11.70	4.09	7.90	6.97	81.09	74.83	81.33
Hyderabad	8.02	-	-	0.90	-	-	91.07	-	-
Medak	17.58	17.30	11.33	5.04	4.94	4.98	77.38	77.76	83.69
Nizamabad	14.84	15.13	10.75	7.07	7.53	6.99	78.09	77.34	82.25
Adilabad	18.54	15.85	12.58	16.74	20.60	24.66	64.72	63.55	62.76
Karimnagar	18.62	16.15	9.94	2.60	2.88	2.58	78.78	80.97	87.48
Warangal	16.99	12.54	8.30	14.10	14.77	13.74	68.91	72.69	77.96
Kammam	16.66	10.38	6.11	26.47	32.04	31.93	56.99	57.58	61.97
Nalgonda	17.73	12.93	7.64	10.55	10.28	8.34	71.72	76.80	84.02
AP	16.19	11.86	7.87	6.59	7.48	8.24	77.22	80.66	83.89

Source: various issues of report on agricultural census of Andhra Pradesh and various issues of SC/ST land holdings.

An analysis of Tables 1.7 and 1.8 proves this fact. On one hand the population share of Dalits in total population has been increasing, whereas their share in land ownership has been deteriorating over the years. It can be seen from the Tables 1.7 and 1.8 that SCs percentage in total populations increased from 15.93% in 1991 to 16.7% in 2001, but they share in total holdings declined from 12.2% to 11.86% and their share in total area also retain same during the same period. In case of STs their share in total holdings and area has significantly increased. But the Most of the ST land is rocky and unfertile. In case of non-SC/STs population share in total population slightly declined from 77.76% in 1991 to 77.22% in 2001, but still they are holding 80.66% share in total holdings and 83.89% share in total area. It indicates that the share in total holdings and area has not increased proportionately to their population despite AP Government distribution of Government and surplus land.

TABLE 1.9: LAND DISTRIBUTED BY GOVT. ANDHRA PRADESH TO LANDLESS POOR FROM 01-11-1969 TO 25-01-2005

District	SC		ST		Other		BCs		Total	
	Nos	Extent	Nos	Extent	Nos	extent	Nos	extent	Nos	extent
Srikakulam	19325	15689.47	25124	21159.34	25297	20791.95	19158	15279.06	89104	72919.82
Vijayanagaram	19412	22978.45	24757	30515.67	24601	30178.68	19083	22076.29	87853	105698.1
Vishaka patnam	24323	34653.76	34838	55183.01	33253	47561.08	24319	33958.21	116733	171356.1
East Godavari	15450	12431.01	20686	20301.43	20379	16608.17	13805	11235.02	70320	60575.63
West Godavari	15662	19886.79	18764	24857.27	19944	26738.82	13357	17241.58	67727	88724.46
Krishna	19489	19912.87	23720	24439.97	25728	27276.8	18206	19189.13	87143	90818.77
Guntur	21228	21236.68	26405	20400.2	28572	22292.9	19011	14877.45	95216	78807.23
Prakasham	17460	25857.59	21247	31498	22856	33859.97	16461	24966.44	78024	116182
Nellore	64745	100337.7	74291	117921.8	78907	126735.1	57595	89756.18	275538	434750.7
Chitturu	29322	53215.5	34355	63017.83	39298	72575.26	26778	49131.8	129753	23794.4
Kadapa	46055	71292.81	55930	87136.31	60967	40730.52	41321	64778.45	204273	263938.1
Ananthapur	63244	86642.64	79014	109261.1	84796	117026.7	57128	78670.91	284128	391601.3
Kurnool	53870	137311.6	67187	171846.9	72703	185741.5	50826	129325.1	24456	624225.1
Mahabhubnagar	19763	48877.4	27147	69515.06	25671	65115.43	18201	452237.8	90782	228731.7
Rangareddy	35036	25681.07	40989	30264.85	43651	32280.19	30919	22973.79	150595	111199.9
Hyderabad	33195	37488.65	41671	49006.16	44000	49575.14	30854	35196.95	149720	171266.9
Medak	28791	59223.28	41794	79377.57	38124	67749.72	25379	53585.7	134088	172136.3
Nizamabad	39155	39212.27	49275	49368.25	25173	52296.69	35998	35935.51	176601	176812.7
Adilabad	29529	48206.07	35889	59630.66	28124	63361.07	27611	45120.01	131153	216317.8
Karimnagar	16530	15747.46	20701	19758.12	22122	21052.7	15205	14727.78	74558	71486.06
Warangal	38962	37896.33	44291	44484.18	45539	45397.14	34497	34010.37	163289	161788
Kammam	36472	54494.53	44697	67895.47	48584	73564.51	34023	50460.81	163776	2464153
Nalgonda					-					
AP	687018 (22.41)	988474 (22.50)	852972 (27.83)	1246839 (28.38)	895289 (29.71)	1250659 (28.46)	629735 (20.55)	907720.3 (20.66)	3065014 (100.0)	4393692 (100)

Source: Srinivasulu and Others, Land Reforms in Andhra Pradesh (Telugu), Telugu Academy, Hyderabad, 2001, p: 99.

TABLE 1.10: DISTRICT WISE AND CATEGORY WISE ASSIGNMENT OF GOVERNMENT LAND TO DALITS DURING 2005-08 (Area In Acres)

District	Total allotted land	Total beneficiaries	Social group wise			
			SC	ST	BC	Others
Srikakulam	31161.04	313754563	13286	10488	9	3029
Vijayanagaram	19786.75	17005	3367	4800	8364	0
Vishaka patnam	73884.24	41727	2015	30631	6361	11
East Godavari	13243.08	8154	1672	4197	1546	4
West Godavari	20292.19	18900	6040	1103	8493	0
Krishna	20983.09	21231	7772	863	8842	179
Guntur	17821.25	15328	6253	2346	3728	338
Prakasham	32258.34	20211	8841	1142	5423	216
Nellore	45236.6	35416	13669	5418	10581	995
Chitturu	31252.62	23499	8542	1877	7325	629
Kadapa	13653	18609	6714	1324	5139	535
Ananthapur	42766.92	16726	3670	2001	7442	403
Kurnool	20988.94	11016	3802	821	4956	465
Khammam	18955.01	12322	2228	7648	1611	132
Warangal	14515.6	14546	5347	4302	4576	28
Karimnagar	15885.76	17124	8035	1816	6483	93
Adilabad	38740.48	15924	3159	8110	4090	97
Medak	40957.55	37577	13445	3029	17656	1424
Mahabubnagar	21982.51	14789	4994	1854	6962	105
Nizamabad	19533.13	15352	7929	3175	7133	335
Nalgonda	24830.43	22456	9750	4971	8579	132
Rangareddy	7080.66	4436	1501	983	1590	83
Total	603809.19	433723	126719	109906	147902	6213

Source: News paper report on distribution of Land 2005 -2008

From Table 1.9 and 1.10 the following can be observed from 1969 to 2005 Andhra Pradesh Government distributed 9,88,474 (22.50) acres (all types of land) to about 6,87,018 (22.41) land less Dalits in the 2005-08 Andhra Pradesh Government distributed 6,03,809.19 acres to about 4,33,723 beneficiaries of all social groups. In that proportion 1,26,719 beneficiaries belongs to Scheduled Caste. Despite government's distribution of land to Dalits, the average size of land holding of Dalits, number of land holders and the area under SC ownership as not increased as for Directorate of Economics and Statistics report.

TABLE 1.11: SURPLUS LAND COVERED BY COURT LITIGATION

Name of the court	No. of cases pending	Extent involved
L.R.T (RDO's)	654	Ac.55,318.0 Cts.
L.R.A.T	552	Ac.34,389.2 Cts.
High Court	1163	Ac.43,629.5 Cts.
Supreme Court of India	389	Ac.14,113.5 Cts.
Total	2758	Ac.1,47,450.3 Cts.

Source: Commissioner of Land Administration, Andhra Pradesh.

Above Table 1.11 Shows that even today 4.47 lakh acres of surplus land is pending in the court litigation with 2758 pending cases in various Courts. This shows that even in the redistribution there is a continuing bias against the SC/ST Sections of society. From the above data, more number of cases were pending at High



Court Level and less at the level of Supreme Court. Large extent of land i.e., 55,318 acres is under L.R.T(RDO) court litigation with 654 pending cases. In Supreme Court the land under area under litigation is 14,113 acres with 389 pending cases.

These situations can be viewed in different field based studies in Andhra Pradesh. Uma Ramaswamy<sup>12</sup> study of Andhra Pradesh, The total agricultural workers among the scheduled castes registered a slight dip between 1961 (72.3%) to 1991(69.0%). To support the micro level studies based on Andhra Pradesh are used here, because the percentages of agricultural labourers are highest at 68.24% next Bihar. In this state, agricultural labourers have doubled in almost all the districts among scheduled castes during 1981 to 1991 except Hyderabad (41.13%) in 1981 to (0.46%) in 1991, the percentage of cultivators increase in almost all districts since 1981 except East Godavari, West Godavari, Hyderabad and Nellore.

The traditional status of the Scheduled Castes as agricultural labourers remains by and large unchanged. For example in the state of Andhra Pradesh particularly noteworthy in this regard are the two institutions of *palerulu* and *vatana* which tie the labourers to the landlord in complex ways reflected in terms of much large numbers of scheduled caste as agricultural labourers employed as cowboys permanent farm servants and attached labourers. This situation existed till early 80s. They are changing their position as *palerulu* and *vatana* and becoming daily wage agricultural labourers. This is reflected in one of the study "scheduled caste as agricultural labourers" made by Nancharaiiah. G<sup>13</sup>. He selected a single delta village "Kancha koderu" which is in the Krishna district of the state Andhra Pradesh.

The various village surveys conducted in post independence years all over Andhra indicate that a significant section of land lords from the *Kamma*, *Reddies* and *Kapu* castes emerged as the dominant peasantry in Andhra. A village study conducted in Adilabad District observed land transfers during 1960-61 to 1990-91<sup>14</sup>. It revealed that *Kapus* were the land owning community with high average land holdings, compared to other castes peasants. During the study period the *Kapus* made huge land gains their average land holding increased from 12.22 acres to 22.22 acres. It was also found that relative share of scheduled castes in total land was very meager and it further declined. They lost their control over their land completely and joined the pool of the land less agricultural labour. Another village study made in Guntur district conducted that during 1960-61 to 1966-67, 65% of land has been transferred from dominant non-cultivating communities (*Brahmans* and *Vaishya*) to dominant cultivating communities (*Kamma*). On the other hand the Dalit could not make any significant gains. It also observed that in 1997, 32.2% of Dalit population were operating 27% of total land and 65.5% of non-Dalits were operating 71.3% total land. And 75.4% of Dalits were recorded as agricultural labourers and landless<sup>15</sup>. Another village study made in Prakasam district, during 1989-90 to 1998-99 concluded that during the study period the land has been transferred from non-cultivating communities (*Komati* caste) to cultivating communities (*Kamma*, *Yadava* and *Chakali* castes). It also observed in 1998-99 that 17% of BC households controlling 14.29% of total land and the remaining 85.70% of land by 56.57% OC households. Whereas 26.31% of SC households were not controlling even a single cent of land all these were land less labourers<sup>16</sup>. An *Agraharam* village study conducted in Krishna district found that schedule caste which constitutes about 30% of total population held around 12% of the land. The percent of landless among them was 76%<sup>17</sup>. Village survey in Chittoor district has been observed that the *Harijans* who constitute around 23% of the population, did not own any land<sup>18</sup>.

The reasons for this anomaly are not difficult to ascertain. Quite often assignments were only given on paper and physical possession has been a distant dream. Even when physical possession was obtained the lands distributed were mostly degraded lands. As government did have any comprehensive plan for development of lands distributed to the poor, supporting them with subsidies and incentives the beneficiaries often they had to alienate the land to pay of the debts incurred in attempting to develop the lands assigned to them.

Other instrument of land reforms policies too failed to entitle Dalits with any significant share of land. The enactment of Hyderabad tendency and agricultural lands acts brought in its wake protection to nearly six lakh tenets that held over 75 lakh acres of land, constituting 33% of the total cultivated area. This no doubt, was a progressive act of legislation by the state. The AP tenancy Act of 1956 produced a mixed result, in the sense that while it protected those tenants against illegal eviction, it drove most of the tendency underground. Besides it did not prove any way advantageous to Dalits, as very few Dalits were tenants. Insisted the exploitation of the Dalits agricultural labourers can be said to have increased a hundred fold as the new tenants proved to be as exploitative as the earlier Jagirdars and Zamindars.

The AP land reforms (Ceiling on Agricultural Holdings) Act was passed in 1973, but provisions of the act has been observed more in breach, subverting the same by way of filling wrongful and fraudulent declarations, suppressing the land holdings and by way of benami transactions etc. Earlier we analyzed the implementation of the Act while official records shows that 46.25% assignees were Dalits ground realities are otherwise. Even a casual perusal of the relevant records reveals that a very high percent of assignments are benami assignments.

Lack of political will, apathetic attitude of bureaucracy and absence of up-to-land records are some of the major factors mentioned by the planning commission task force for the poor implementation of land reforms. The following categories of lands are still available for assignments: 1. Government land 2. Bhoodan lands 3. Ceiling surplus lands 4. Endowment lands 5. Wakf land 6. Inam land 7. Canal embankments 8. Joint farming society lands 9. Sada Bainama lands etc. There is unanimity of opinion regarding how dismal has been the implementation of each every provision of the land reform policy. Even the flawed implementation has gone in favor of the dominant classes. Thus when it comes to Dalits community the failure of land reform policy is even more glaring.

In the distant past the Dalits were forbidden to possess land on account of religiously sanctioned and socially enforced caste prescriptions. In the feudal times Dalits did not and could not have a place in the scheme of things set up by the rural for a smoother and more profitable collection of taxes. In the struggles waged by the communist against exploiting Zamindars too Dalits could not gain access to land to the extent equity called for the land reforms policies to fulfill the promise the state had made to the Dalit land less agricultural labourers. The nexus between feudal economy, caste hegemony and a bureaucracy stepped in vested interest continue to deny Dalits their rightful share of land. 89% of Dalits still remain land less or own small holdings of less than an acre.

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