

INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE, ECONOMICS & MANAGEMENT

I
J
R
C
M



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

Indexed & Listed at:

Ulrich's Periodicals Directory ©, ProQuest, U.S.A., Cabell's Directories of Publishing Opportunities, U.S.A., Google Scholar,

Indian Citation Index (ICI), J-Gate, India [link of the same is duly available at Inflibnet of University Grants Commission (U.G.C.)],

Index Copernicus Publishers Panel, Poland with IC Value of 5.09 (2012) & number of libraries all around the world.

Circulated all over the world & Google has verified that scholars of more than 6575 Cities in 197 countries/territories are visiting our journal on regular basis.

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

<http://ijrcm.org.in/>

CONTENTS

Sr. No.	TITLE & NAME OF THE AUTHOR (S)	Page No.
1.	<p style="text-align: center;">ANALYSIS OF LEVELS AND PATTERN OF CONSUMPTION EXPENDITURE OF MARGINAL AND SMALL FARMERS IN RURAL PUNJAB-INTER DISTRICT ANALYSIS</p> <p style="text-align: center;"><i>SUKHVIR KAUR & GIAN SINGH</i></p>	1
2.	<p style="text-align: center;">EFFECT OF PREFERENTIAL PUBLIC PROCUREMENT SCHEMES ON PERFORMANCE OF MICRO, SMALL AND MEDIUM-SIZED CONSTRUCTION FIRMS IN MIGORI COUNTY, KENYA</p> <p style="text-align: center;"><i>KISAKA MOSES WABUTO, Dr. MANIAGI MUSIEGA, Dr. WILLIS OTUYA & KIONGERA NJEHU FREDRICK</i></p>	7
3.	<p style="text-align: center;">STUDY THE IMPACT OF BUDGETARY CONTROLS ON THE PERFORMANCE OF AN ORGANIZATION</p> <p style="text-align: center;"><i>HIMANI</i></p>	12
	REQUEST FOR FEEDBACK & DISCLAIMER	17

FOUNDER PATRON**Late Sh. RAM BHAJAN AGGARWAL**

Former State Minister for Home & Tourism, Government of Haryana

Former Vice-President, Dadri Education Society, Charkhi Dadri

Former President, Chinar Syntex Ltd. (Textile Mills), Bhiwani

CO-ORDINATOR**Dr. BHAVET**

Former Faculty, Shree Ram Institute of Engineering & Technology, Urjani

ADVISOR**Prof. S. L. MAHANDRU**

Principal (Retd.), Maharaja Agrasen College, Jagadhri

EDITOR**Dr. NAWAB ALI KHAN**

Professor & Dean, Faculty of Commerce, Aligarh Muslim University, Aligarh, U.P.

CO-EDITOR**Dr. G. BRINDHA**

Professor & Head, Dr.M.G.R. Educational & Research Institute (Deemed to be University), Chennai

EDITORIAL ADVISORY BOARD**Dr. TEGUH WIDODO**

Dean, Faculty of Applied Science, Telkom University, Bandung Technoplex, Jl. Telekomunikasi, Indonesia

Dr. M. S. SENAM RAJU

Professor, School of Management Studies, I.G.N.O.U., New Delhi

Dr. JOSÉ G. VARGAS-HERNÁNDEZ

Research Professor, University Center for Economic & Managerial Sciences, University of Guadalajara, Guadalajara, Mexico

Dr. CHRISTIAN EHIOBUCHÉ

Professor of Global Business/Management, Larry L Luing School of Business, Berkeley College, USA

Dr. SIKANDER KUMAR

Vice Chancellor, Himachal Pradesh University, Shimla, Himachal Pradesh

Dr. BOYINA RUPINI

Director, School of ITS, Indira Gandhi National Open University, New Delhi

Dr. MIKE AMUHAYA IRAVO

Principal, Jomo Kenyatta University of Agriculture & Tech., Westlands Campus, Nairobi-Kenya

Dr. SANJIV MITTAL

Professor & Dean, University School of Management Studies, GGS Indraprastha University, Delhi

Dr. D. S. CHAUBEY

Professor & Dean (Research & Studies), Uttaranchal University, Dehradun

Dr. A SAJEEVAN RAO

Professor & Director, Accurate Institute of Advanced Management, Greater Noida

Dr. NEPOMUCENO TIU

Chief Librarian & Professor, Lyceum of the Philippines University, Laguna, Philippines

Dr. RAJENDER GUPTA

Convener, Board of Studies in Economics, University of Jammu, Jammu

Dr. KAUP MOHAMED

Dean & Managing Director, London American City College/ICBEST, United Arab Emirates

Dr. DHANANJOY RAKSHIT

Dean, Faculty Council of PG Studies in Commerce and Professor & Head, Department of Commerce, Sidho-Kanho-Birsha University, Purulia

Dr. SHIB SHANKAR ROY

Professor, Department of Marketing, University of Rajshahi, Rajshahi, Bangladesh

Dr. S. P. TIWARI

Head, Department of Economics & Rural Development, Dr. Ram Manohar Lohia Avadh University, Faizabad

Dr. SRINIVAS MADISHETTI

Professor, School of Business, Mzumbe University, Tanzania

Dr. ABHAY BANSAL

Head, Department of Information Technology, Amity School of Engg. & Tech., Amity University, Noida

Dr. ARAMIDE OLUFEMI KUNLE

Dean, Department of General Studies, The Polytechnic, Ibadan, Nigeria

Dr. ANIL CHANDHOK

Professor, University School of Business, Chandigarh University, Gharuan

RODRECK CHIRAU

Associate Professor, Botho University, Francistown, Botswana

Dr. OKAN VELI ŞAFAKLI

Professor & Dean, European University of Lefke, Lefke, Cyprus

PARVEEN KHURANA

Associate Professor, Mukand Lal National College, Yamuna Nagar

Dr. KEVIN LOW LOCK TENG

Associate Professor, Deputy Dean, Universiti Tunku Abdul Rahman, Kampar, Perak, Malaysia

Dr. BORIS MILOVIC

Associate Professor, Faculty of Sport, Union Nikola Tesla University, Belgrade, Serbia

SHASHI KHURANA

Associate Professor, S. M. S. Khalsa Lubana Girls College, Barara, Ambala

Dr. IQBAL THONSE HAWALDAR

Associate Professor, College of Business Administration, Kingdom University, Bahrain

Dr. DEEPANJANA VARSHNEY

Associate Professor, Department of Business Administration, King Abdulaziz University, Saudi Arabia

Dr. MOHENDER KUMAR GUPTA

Associate Professor, Government College, Hodal

Dr. BIEMBA MALITI

Associate Professor, School of Business, The Copperbelt University, Main Campus, Zambia

Dr. ALEXANDER MOSESOV

Associate Professor, Kazakh-British Technical University (KBTU), Almaty, Kazakhstan

Dr. VIVEK CHAWLA

Associate Professor, Kurukshetra University, Kurukshetra

Dr. FERIT ÖLÇER

Professor & Head of Division of Management & Organization, Department of Business Administration, Faculty of Economics & Business Administration Sciences, Mustafa Kemal University, Turkey

Dr. ASHOK KUMAR CHAUHAN

Reader, Department of Economics, Kurukshetra University, Kurukshetra

Dr. RAJESH MODI

Faculty, Yanbu Industrial College, Kingdom of Saudi Arabia

YU-BING WANG

Faculty, department of Marketing, Feng Chia University, Taichung, Taiwan

Dr. SAMBHAVNA

Faculty, I.I.T.M., Delhi

Dr. KIARASH JAHANPOUR

Dean of Technology Management Faculty, Farabi Institute of Higher Education, Karaj, Alborz, I.R. Iran

Dr. TITUS AMODU UMORU

Professor, Kwara State University, Kwara State, Nigeria

Dr. SHIVAKUMAR DEENE

Faculty, Dept. of Commerce, School of Business Studies, Central University of Karnataka, Gulbarga

Dr. BHAVET

Former Faculty, Shree Ram Institute of Engineering & Technology, Urjani

Dr. THAMPOE MANAGALESWARAN

Faculty, Vavuniya Campus, University of Jaffna, Sri Lanka

Dr. VIKAS CHOUDHARY

Faculty, N.I.T. (University), Kurukshetra

SURAJ GAUDEL

BBA Program Coordinator, LA GRANDEE International College, Simalchaur - 8, Pokhara, Nepal

Dr. DILIP KUMAR JHA

Faculty, Department of Economics, Guru Ghasidas Vishwavidyalaya, Bilaspur

FORMER TECHNICAL ADVISOR

AMITA

FINANCIAL ADVISORS

DICKEN GOYAL

Advocate & Tax Adviser, Panchkula

NEENA

Investment Consultant, Chambaghat, Solan, Himachal Pradesh

LEGAL ADVISORS

JITENDER S. CHAHAL

Advocate, Punjab & Haryana High Court, Chandigarh U.T.

CHANDER BHUSHAN SHARMA

Advocate & Consultant, District Courts, Yamunanagar at Jagadhri

SUPERINTENDENT

SURENDER KUMAR POONIA

CALL FOR MANUSCRIPTS

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

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

GUIDELINES FOR SUBMISSION OF MANUSCRIPT

1. **COVERING LETTER FOR SUBMISSION:**

DATED: _____

THE EDITOR

IJRCM

Subject: SUBMISSION OF MANUSCRIPT IN THE AREA OF _____.

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

DEAR SIR/MADAM

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

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

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

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

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

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

NOTES:

- a) The whole manuscript has to be in **ONE MS WORD FILE** only, which will start from the covering letter, inside the manuscript. ***pdf. version is liable to be rejected without any consideration.***
 - b) The sender is required to mention the following in the **SUBJECT COLUMN of the mail:**
New Manuscript for Review in the area of (e.g. Finance/Marketing/HRM/General Mgt./Engineering/Economics/Computer/IT/ Education/Psychology/Law/Math/other, please specify)
 - c) There is no need to give any text in the body of the mail, except the cases where the author wishes to give any **specific message** w.r.t. to the manuscript.
 - d) The total size of the file containing the manuscript is expected to be below **1000 KB**.
 - e) Only the **Abstract will not be considered for review** and the author is required to submit the **complete manuscript** in the first instance.
 - f) **The journal gives acknowledgement w.r.t. the receipt of every email within twenty-four hours** and in case of non-receipt of acknowledgment from the journal, w.r.t. the submission of the manuscript, within two days of its submission, the corresponding author is required to demand for the same by sending a separate mail to the journal.
 - g) The author (s) name or details should not appear anywhere on the body of the manuscript, except on the covering letter and the cover page of the manuscript, in the manner as mentioned in the guidelines.
2. **MANUSCRIPT TITLE:** The title of the paper should be typed in **bold letters, centered and fully capitalised**.
 3. **AUTHOR NAME (S) & AFFILIATIONS:** Author (s) name, designation, affiliation (s), address, mobile/landline number (s), and email/alternate email address should be given underneath the title.
 4. **ACKNOWLEDGMENTS:** Acknowledgements can be given to reviewers, guides, funding institutions, etc., if any.
 5. **ABSTRACT:** Abstract should be in **fully Italic printing**, ranging between **150 to 300 words**. The abstract must be informative and elucidating the background, aims, methods, results & conclusion in a **SINGLE PARA. Abbreviations must be mentioned in full.**
 6. **KEYWORDS:** Abstract must be followed by a list of keywords, subject to the maximum of **five**. These should be arranged in alphabetic order separated by commas and full stop at the end. All words of the keywords, including the first one should be in small letters, except special words e.g. name of the Countries, abbreviations etc.
 7. **JEL CODE:** Provide the appropriate Journal of Economic Literature Classification System code (s). JEL codes are available at www.aea-web.org/econlit/jelCodes.php. However, mentioning of JEL Code is not mandatory.
 8. **MANUSCRIPT:** Manuscript must be in **BRITISH ENGLISH** prepared on a standard A4 size **PORTRAIT SETTING PAPER. It should be free from any errors i.e. grammatical, spelling or punctuation. It must be thoroughly edited at your end.**
 9. **HEADINGS:** All the headings must be bold-faced, aligned left and fully capitalised. Leave a blank line before each heading.
 10. **SUB-HEADINGS:** All the sub-headings must be bold-faced, aligned left and fully capitalised.
 11. **MAIN TEXT:**

THE MAIN TEXT SHOULD FOLLOW THE FOLLOWING SEQUENCE:**INTRODUCTION****REVIEW OF LITERATURE****NEED/IMPORTANCE OF THE STUDY****STATEMENT OF THE PROBLEM****OBJECTIVES****HYPOTHESIS (ES)****RESEARCH METHODOLOGY****RESULTS & DISCUSSION****FINDINGS****RECOMMENDATIONS/SUGGESTIONS****CONCLUSIONS****LIMITATIONS****SCOPE FOR FURTHER RESEARCH****REFERENCES****APPENDIX/ANNEXURE****The manuscript should preferably be in 2000 to 5000 WORDS, But the limits can vary depending on the nature of the manuscript.**

12. **FIGURES & TABLES:** These should be simple, crystal **CLEAR, centered, separately numbered** & self-explained, and the **titles must be above the table/figure. Sources of data should be mentioned below the table/figure.** *It should be ensured that the tables/figures are referred to from the main text.*
13. **EQUATIONS/FORMULAE:** These should be consecutively numbered in parenthesis, left aligned with equation/formulae number placed at the right. The equation editor provided with standard versions of Microsoft Word may be utilised. If any other equation editor is utilised, author must confirm that these equations may be viewed and edited in versions of Microsoft Office that does not have the editor.
14. **ACRONYMS:** These should not be used in the abstract. The use of acronyms is elsewhere is acceptable. Acronyms should be defined on its first use in each section e.g. Reserve Bank of India (RBI). Acronyms should be redefined on first use in subsequent sections.
15. **REFERENCES:** The list of all references should be alphabetically arranged. **The author (s) should mention only the actually utilised references in the preparation of manuscript** and they may follow Harvard Style of Referencing. **Also check to ensure that everything that you are including in the reference section is duly cited in the paper.** The author (s) are supposed to follow the references as per the following:
- All works cited in the text (including sources for tables and figures) should be listed alphabetically.
 - Use (ed.) for one editor, and (ed.s) for multiple editors.
 - When listing two or more works by one author, use --- (20xx), such as after Kohl (1997), use --- (2001), etc., in chronologically ascending order.
 - Indicate (opening and closing) page numbers for articles in journals and for chapters in books.
 - The title of books and journals should be in italic printing. Double quotation marks are used for titles of journal articles, book chapters, dissertations, reports, working papers, unpublished material, etc.
 - For titles in a language other than English, provide an English translation in parenthesis.
 - **Headers, footers, endnotes and footnotes should not be used in the document.** However, **you can mention short notes to elucidate some specific point**, which may be placed in number orders before the references.

PLEASE USE THE FOLLOWING FOR STYLE AND PUNCTUATION IN REFERENCES:

BOOKS

- Bowersox, Donald J., Closs, David J., (1996), "Logistical Management." Tata McGraw, Hill, New Delhi.
- Hunker, H.L. and A.J. Wright (1963), "Factors of Industrial Location in Ohio" Ohio State University, Nigeria.

CONTRIBUTIONS TO BOOKS

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

JOURNAL AND OTHER ARTICLES

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

CONFERENCE PAPERS

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

UNPUBLISHED DISSERTATIONS

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

ONLINE RESOURCES

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

WEBSITES

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

ANALYSIS OF LEVELS AND PATTERN OF CONSUMPTION EXPENDITURE OF MARGINAL AND SMALL FARMERS IN RURAL PUNJAB-INTER DISTRICT ANALYSIS

SUKHVIR KAUR
ASST. PROFESSOR
DASHMESH KHALSA COLLEGE
ZIRAKPUR

GIAN SINGH
PROFESSOR
DEPARTMENT OF ECONOMICS
PUNJABI UNIVERSITY
PATIALA

ABSTRACT

The objective of the present paper is to analyse the consumption pattern of the marginal and small farmers in rural Punjab. For this analysis, the state of Punjab has been divided into three regions on the basis of levels of agricultural productivity, i.e. low, medium and high productivity regions. The study has concluded that average household consumption expenditure and per capita consumption expenditure is directly related with the agricultural productivity and farm-size. Since there is positive relationship between farm-size and farm business income, this makes a strong case for land reforms in favour of the marginal and small farmers apart from other measures helpful in increasing their income.

KEYWORD

marginal farmers, small farmers, agricultural productivity, consumption expenditure.

JEL CODES

Q19, R20, D14, D16.

INTRODUCTION

Punjab agriculture has undergone significant structural changes since the advent of green revolution in the mid-1960s. The traditional agriculture has progressively given way to modern and commercial agriculture (Satish, 2006). The new agricultural technology relates to the package of high-yielding varieties seeds, assured irrigation, use of chemical fertilizers, insecticides, pesticides, herbicides, machinery and modern agricultural practices. It has helped in increasing the income levels as well as total food grain production. All categories of cultivators have been able to record substantial increase in their output and income through the adoption of new technology. Bigger farmers gained more than the small farmers, an upward shift in their incomes [JohI, 1975] even small farmers were unable to earn adequate per capita income from crop production because of their small land base [Bhalla and Chadha, 1982 and Singh et al, 1975] and scarcity of crucial resources like capital (Singh et al, 1977). As a result of the success of green revolution, large landowning farmers were becoming prosperous with the help of government agencies, banks and co-operative societies. They were investing in capital-intensive equipment in order to enhance their direct control over agriculture. On the other hand, the small cultivators are losing out in several ways, because the demand for their traditional services has decreased and alternate employment opportunities have lagged behind needs. Consequently, the two classes are becoming polarised and increasingly antagonistic to each other (Aggarwal, 1971).

The adoption of new agricultural technology had created awareness among the small farmers to increase their standard of living (Saikia and Bora, 1975). But new HYV technology seems to have shifted the advantage of productivity per acre in favor of the big farmers. They have not only a relatively easy access to new technology, but can also make rational use of it because of the favorable farm-size. The gap between the big and small farmers has widened (Saini, 1976).

Due to many reasons like lack of finance, the small farmers were unable to use the improved seeds, fertilizers and new techniques. It was realised that the small farmers were lagging behind the medium and large farmers in adopting modern innovations in their farming [Rao, 1975], through the adoption of the new technology by small cultivators, often in areas where the green revolution's impact has been assumed to have been very limited [Shah and Ballabh, 1997 and Thakur et al, 2000]. In regard to consumption, the marginal and small farmers had resorted to borrowing to meet their consumption expenditure (Galgaliar et al, 1970). The Punjab peasantry especially small farmers could not afford farm investment from their own savings to transform traditional agriculture into scientific farming (Singh and Toor, 2005). So, the new agricultural technology widens the income inequality among the different sections of farming population and provides proportionately large benefits to the big farmers as compared to the small farmers, because the small farmers are slow to accept the new technology (Chowdhary, 1970).

The potentials of new technology began to be exhausted in the 1980s generating pressure of economic stress among the poor strata of peasantry [Gill, 2005] and have started declining since the 1990s [Singh, 2000]. The new economic policy advocates withdrawal of the state from the economic sphere by leaving it to the logic of market forces. Leaving the agricultural sector to the vagaries of free market could prove disastrous [Jodhka, 2006]. The subordination of cultivators to market and capital forces without safety net to support them in times of crop loss, accounts for the devastation of rural communities [Vasavi, 1998]. As a consequence, the per hectare net return is declining and this is the real crisis of Punjab agriculture [Ghuman, 2001].

OBJECTIVE OF THE STUDY

The objective of the study is to analysis the levels and pattern of consumption expenditure of marginal and small farmers in rural Punjab.

METHODOLOGY

For the analysis of consumption pattern of the marginal and small farmers, the whole state on the basis of levels of agricultural productivity has been divided into three regions, viz. low, medium and high productivity regions. Agricultural productivity is estimated by aggregation of the output of ten major crops of the state for the year 2005-06 (GoP, 2006). On the basis of this criterion, it is deemed fit to select, Ludhiana district from the high productivity region, Faridkot district from the medium productivity region and Hoshiarpur district from the low productivity region. On the basis of random sampling method one village from each development block of the selected districts has been selected. Thus, in all, twenty-four villages were selected for the survey. These include twelve villages from Ludhiana district, two villages from Faridkot district and ten villages from Hoshiarpur district. As many as 20 per cent farm households consisting of marginal and small farmers formed the sample for the survey. Out of 24 villages, 650 households in all, 250 households from Hoshiarpur district, 112 from Faridkot district and 288 from Ludhiana district were selected. Of the total households, 340 households were from the marginal farm-size category and 310 households from the small farm-size category. The present study relates to the agricultural year 2007-08.

DISCUSSION

The main objective of this paper is to highlight the inter-district differences in the level and composition of the household consumption expenditure of the marginal and small farm-size categories in the rural areas of Punjab across the three districts under study.

Table 1 displays the mean values of consumption expenditure for each district. The table clearly shows that there are considerable variations in the household consumption expenditure across the selected districts. For example, the household consumption expenditure of Rs. 85,872.73 is the highest in the case of Ludhiana district followed by Faridkot and Hoshiarpur districts with the consumption expenditure of Rs. 74,507.28 and Rs. 60,803.51 respectively. Per household consumption expenditure on non-durables, durables, services, marriages and other socio-religious ceremonies increases with an increase in the farm-size in all the three selected districts.

TABLE 1: LEVELS OF CONSUMPTION EXPENDITURE OF MARGINAL AND SMALL FARMERS: DISTRICTS-WISE (Mean Values, in Rs., Per Annum)

Sl. No.	Items of Consumption	Hoshiarpur District			Faridkot District			Ludhiana District		
		Marginal Farmers	Small Farmers	All Sampled Farmers	Marginal Farmers	Small Farmers	All Sampled Farmers	Marginal Farmers	Small Farmers	All Sampled Farmers
I.	Non-durables									
1.	Foodgrains	6088.92	7780.78	6840.10	5958.92	7073.43	6546.03	6838.29	7234.63	7030.95
	(a.) Cereals	4799.64	6127.72	5389.30	4837.21	5434.05	5151.62	5760.64	5929.64	5842.79
	(b.) Pulses	1289.28	1653.06	1450.80	1121.71	1639.38	1394.41	1077.65	1304.99	1188.16
2.	Condiments and spices	481.85	664.64	563.01	842.67	1161.97	1010.88	1229.04	1556.41	1388.17
3.	Fruits and vegetables	1006.19	1374.22	1169.59	1267.87	1693.68	1492.18	1462.02	2096.31	1770.36
4.	Milk and milk products	6108.26	6819.90	6424.23	5853.42	7257.01	6592.82	8547.62	10921.04	9701.37
5.	Edible oils	1074.66	1371.80	1206.59	1137.28	1205.08	1172.99	1042.27	1634.56	1330.19
6.	Sugarcane products	2873.28	3564.87	3180.35	2914.87	3505.95	3226.24	2588.57	3187.42	2879.67
7.	Meat, fish and eggs	635.94	945.92	773.57	1069.23	1303.98	1192.89	876.49	1120.54	995.13
8.	Tea leaves	1336.17	1662.28	1480.96	1878.64	2031.06	1958.94	1254.37	1577.37	1411.38
9.	Pickles, etc.	517.87	553.36	533.62	558.25	617.41	589.42	553.74	688.04	619.02
10.	Biscuits, bread and sweets	526.42	864.76	676.64	623.23	794.67	713.55	483.86	748.45	612.48
11.	Intoxicants	2116.87	2426.20	2254.21	2674.66	2870.04	2777.59	2308.66	2901.85	2597.02
12.	Fuel and light	2593.86	3229.33	2876.01	2954.75	3322.88	3148.68	3102.47	3598.81	3343.75
13.	Clothing and bedding	3375.31	5232.57	4199.93	2961.15	4018.32	3518.06	3620.62	4017.91	3813.74
14.	Footwear	937.19	1381.08	1134.27	1087.71	1524.35	1317.73	1115.65	16539.65	8613.43
15.	Washing articles	1033.81	1210.17	1112.11	1054.35	1266.75	1166.25	1070.93	1100.17	1085.14
	Sub-total	30706.60	39081.88	34425.19	32837.00	39646.58	36424.25	36094.60	58923.16	47191.80
II.	Durables									
1.	House construction and repairs	4725.71	7862.51	6118.45	6911.34	9043.84	8034.72	8463.09	10128.09	9272.47
2.	Radio, TV, VCR, CD and tape recorder	118.26	119.61	118.86	144.11	201.37	174.28	156.13	216.51	185.48
3.	Watches and clocks	100.57	88.33	95.13	63.05	127.33	96.92	72.89	180.15	125.03
4.	Electric fans/ coolers	140.42	204.82	169.01	150.40	225.36	189.89	120.56	145.56	132.71
5.	Sewing machine	43.64	64.94	53.09	91.57	106.57	99.47	36.57	94.28	64.62
6.	Furniture	274.35	539.41	392.04	348.18	390.61	370.54	184.25	334.20	257.15
7.	Utensils	224.14	243.23	232.61	253.64	382.74	321.65	173.31	192.98	182.87
8.	Scooter/motorcycle	780.00	1251.16	989.19	933.89	1497.87	1230.98	1397.97	2617.41	1990.75
9.	Bicycles	195.14	133.64	167.83	156.29	200.49	179.57	166.22	146.86	156.80
10.	Car/jeep	--	849.54	377.19	45.34	963.87	529.21	748.49	1098.38	918.57
11.	Wooden and steel almirah	151.64	334.94	233.02	278.38	268.31	273.07	102.08	188.85	144.26
12.	Hand pump	87.39	159.77	119.52	339.63	331.82	335.51	93.75	349.14	217.89
13.	Refrigerator	132.82	329.45	220.12	165.52	218.33	193.34	198.27	210.61	204.27
14.	Washing machine	--	109.58	48.65	148.53	185.16	167.83	175.49	258.21	215.69
15.	Gas	57.69	133.00	91.12	135.39	201.92	170.44	245.76	264.75	254.99
16.	Others	86.00	142.19	110.94	320.39	450.04	388.69	471.18	568.18	518.34
	Sub-total	7117.77	12566.12	9536.77	10485.65	14795.63	12756.11	12806.01	16994.16	14841.89
III.	Services									
1.	Education	1844.55	2609.92	2184.37	2957.99	4068.59	3543.04	3262.00	4320.76	3776.67
2.	Healthcare	1724.29	2975.73	2279.92	3001.14	3733.55	3386.97	3703.06	4472.59	4077.14
3.	Conveyance	1599.28	2195.88	1864.17	2396.35	3389.45	2919.51	2542.39	3552.73	3033.53
4.	Telephone	1239.28	1452.73	1334.05	1684.88	2203.34	1957.99	2146.56	2912.75	2519.01
5.	Entertainment	113.28	248.91	173.50	189.34	254.36	223.59	195.54	260.18	226.96
	Sub-total	6520.68	9483.17	7836.01	10229.70	13649.29	12031.10	11849.55	15519.01	13633.31
IV.	Marriages and other socio-religious ceremonies	6431.56	12228.81	9005.54	9608.04	16608.57	13295.82	7427.79	13142.41	10205.73
	Total	50776.61	73359.98	60803.51	63160.47	84700.07	74507.28	68177.95	104578.74	85872.73

Source: Field Survey, 2007-08.

Consumption Pattern

The analysis carried out in terms of absolute values does not present a correct picture of the pattern of consumption, since average consumption levels of the three districts under study are different. In such a situation, the consumption pattern may better be studied by comparing the relative shares of different items of consumption in the total consumption expenditure of the sampled farm households of the three selected districts.

Table 2 carries an account of the relative shares of different items of consumption across the three selected districts in the rural Punjab. A perusal of the table clearly shows that the non-durable consumption expenditure accounts for the major proportion of the total consumption expenditure followed by durables, services, and marriages and other socio-religious ceremonies. The ranking of consumption expenditure is different for these districts.

In Ludhiana district, this ranking is similar to the state average. However, in Hoshiarpur district, marriages and other socio-religious ceremonies appear at the third place and services occupy the fourth place. In Faridkot district, marriages and other socio-religious ceremonies appear at the second place and durables and services come on third and fourth place respectively. Non-durables consumption accounts for the highest proportion of total consumption expenditure of the marginal and small farm-size categories in all the three districts under study. In the case of marginal farm-size category, relative share of consumption expenditure on non-durables is the highest in Hoshiarpur district (60.48 per cent) and the lowest in Faridkot district (52.00 per cent).

Among durables, house construction and repairs is the most important component of expenditure on which an average sampled farm household in Ludhiana district has incurred 10.79 per cent of the total consumption expenditure followed by Faridkot and Hoshiarpur districts. Consumption expenditure on services is the highest (16.14 per cent) in Faridkot district and the lowest (12.87 per cent) in Hoshiarpur district. In Ludhiana district, this proportion is 15.90 per cent. In the case of marginal farm-size category, relative share of consumption expenditure on services is the highest (17.38 per cent) in Ludhiana district and the lowest (12.84 per cent) in Hoshiarpur district. In the case of small farm-size category, this proportion is the highest (16.16 per cent) in Faridkot district and the lowest (12.94 per cent) in Hoshiarpur district. Among the different services, healthcare and education are the important items in all the three districts under study.

TABLE 2: CONSUMPTION PATTERN OF MARGINAL AND SMALL FARMERS: DISTRICT-WISE (Percentage of Total Consumption Expenditure)

Sl. No.	Items of Consumption	Hoshiarpur District				Faridkot District				Ludhiana District			
		Marginal Farmers	Small Farmers	All Sampled Farmers	Sampled Farmers	Marginal Farmers	Small Farmers	All Sampled Farmers	Sampled Farmers	Marginal Farmers	Small Farmers	All Sampled Farmers	Sampled Farmers
I.	Non-durables												
1.	Foodgrains	11.99	10.6	11.25	9.43	8.35	8.78	10.03	6.92	8.18			
	(a.) Cereals	9.45	8.35	8.86	7.66	6.41	6.91	8.44	5.67	6.80			
	(b.) Pulses	2.54	2.25	2.39	1.77	1.94	1.87	1.59	1.25	1.38			
2.	Condiments and spices	0.95	0.91	0.93	1.34	1.37	1.36	1.81	1.49	1.62			
3.	Fruits and vegetables	1.98	1.87	1.92	2.01	1.99	2.01	2.14	2.01	2.06			
4.	Milk and milk products	12.03	9.29	10.57	9.26	8.57	8.85	12.54	10.44	11.29			
5.	Edible oils	2.12	1.87	1.98	1.80	1.42	1.57	1.53	1.56	1.55			
6.	Sugarcane products	5.66	4.86	5.23	4.62	4.14	4.33	3.79	3.05	3.35			
7.	Meat, fish and eggs	1.25	1.29	1.27	1.69	1.54	1.61	1.29	1.07	1.16			
8.	Tea leaves	2.63	2.27	2.44	2.98	2.39	2.63	1.84	1.51	1.64			
9.	Pickles, etc.	1.02	0.75	0.88	0.89	0.73	0.79	0.81	0.66	0.72			
10.	Biscuits, bread and sweets	1.04	1.18	1.12	0.99	0.94	0.96	0.71	0.72	0.72			
11.	Intoxicants	4.17	3.31	3.71	4.23	3.39	3.73	3.39	2.78	3.02			
12.	Fuel and light	5.11	4.40	4.73	4.68	3.92	4.22	4.55	3.44	3.89			
13.	Clothing and bedding	6.65	7.13	6.91	4.69	4.74	4.73	5.31	3.84	4.45			
14.	Footwear	1.84	1.88	1.87	1.72	1.79	1.77	1.64	15.82	10.03			
15.	Washing articles	2.04	1.65	1.83	1.67	1.49	1.57	1.57	1.05	1.26			
	Sub-total	60.48	53.26	56.64	52.00	46.77	48.91	52.95	56.36	54.94			
II.	Durables												
1.	House construction and repairs	9.31	10.72	10.06	10.94	10.68	10.78	12.42	9.68	10.79			
2.	Radio, TV, VCR, CD and tape recorder	0.23	0.16	0.19	0.23	0.24	0.24	0.23	0.21	0.22			
3.	Watches and clocks	0.19	0.12	0.16	0.09	0.15	0.14	0.11	0.17	0.15			
4.	Electric fans/ coolers	0.28	0.28	0.28	0.24	0.27	0.25	0.18	0.14	0.15			
5.	Sewing machine	0.09	0.08	0.09	0.14	0.13	0.13	0.06	0.09	0.07			
6.	Furniture	0.54	0.73	0.64	0.55	0.46	0.49	0.27	0.32	0.29			
7.	Utensils	0.45	0.34	0.38	0.40	0.45	0.44	0.25	0.18	0.22			
8.	Scooter/motorcycle	1.54	1.71	1.63	1.48	1.78	1.65	2.05	2.51	2.32			
9.	Bicycles	0.38	0.18	0.28	0.25	0.23	0.24	0.25	0.14	0.18			
10.	Car/jeep	--	1.16	0.62	0.07	1.13	0.72	1.09	1.05	1.07			
11.	Wooden and steel almirah	0.29	0.46	0.38	0.44	0.31	0.36	0.15	0.18	0.17			
12.	Hand pump	0.17	0.22	0.19	0.54	0.39	0.45	0.12	0.34	0.25			
13.	Refrigerator	0.26	0.45	0.37	0.26	0.25	0.25	0.29	0.21	0.24			
14.	Washing machine	--	0.15	0.08	0.24	0.21	0.22	0.26	0.25	0.25			
15.	Gas	0.11	0.18	0.15	0.21	0.25	0.23	0.36	0.25	0.29			
16.	Others	0.17	0.19	0.18	0.51	0.53	0.52	0.69	0.54	0.61			
	Sub-total	14.01	17.13	15.68	16.59	17.46	17.11	18.78	16.26	17.27			
III.	Services												
1.	Education	3.63	3.56	3.59	4.69	4.81	4.75	4.78	4.13	4.39			
2.	Healthcare	3.39	4.06	3.75	4.75	4.41	4.55	5.43	4.28	4.75			
3.	Conveyance	3.15	2.99	3.06	3.79	4.01	3.91	3.73	3.39	3.54			
4.	Telephone	2.45	1.99	2.19	2.67	2.62	2.62	3.15	2.79	2.95			
5.	Entertainment	0.22	0.34	0.28	0.29	0.31	0.31	0.29	0.25	0.27			
	Sub-total	12.84	12.94	12.87	16.19	16.16	16.14	17.38	14.84	15.90			
IV.	Marriages and other socio-religious ceremonies	12.67	16.67	14.81	15.22	19.61	17.84	10.89	12.56	11.89			
	Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00			

Source: Calculated from Table 1.

The expenditure on marriages and other socio-religious ceremonies accounts for 17.84 per cent of total consumption of the sampled farm households in Faridkot district, whereas it is 14.81 per cent and 11.89 per cent for Hoshiarpur and Ludhiana districts respectively. This proportion is the highest for the marginal and small farm-size categories in Faridkot district.

The above analysis leads us to conclude that generally, the proportionate expenditure on non-durable items has a negative relationship with farm-size and the proportionate expenditure on durables, and marriages and other socio-religious ceremonies bears a positive relationship with farm-size in all the three selected districts. In all these districts, the pattern of consumption of the marginal and small farmers is subsistence based.

Per Capita Consumption Expenditure

Since the family size varies from district to district, it becomes relevant to compare the per capita consumption levels of the sampled farm households across the districts under study. Table 3 exhibits the per capita consumption expenditure values for the farm households in the three selected districts of the rural Punjab. There are considerable variations in the per capita consumption expenditure across these districts. For example, an average sampled farm household in Ludhiana district spends Rs. 16,259.94 per capita and the corresponding figures for Faridkot and Hoshiarpur districts are Rs. 13,770.28 and Rs. 11,386.44 respectively. The per capita consumption expenditure increases with the increase in farm-size in all the three selected districts.

Per capita consumption expenditure on non-durables, durables, services, marriages and other socio-religious ceremonies increases with an increase in the farm-size in all the three districts under study. There is much similarity in the per capita consumption expenditure pattern of the marginal and small farm-size categories across the three selected districts.

Average Propensity to Consume

A detailed district-wise profile of average propensity to consume of the marginal and small farm-size categories is presented in Table 4. A glance at the table provides that average propensity to consume is greater than unity for the marginal and small farm-size categories in all the three selected districts. The highest average propensity to consume, i.e., 1.20 is observed for Ludhiana district and the lowest, i.e., 1.13 for Faridkot district. The average propensity to consume is 1.14 for Hoshiarpur district.

For the marginal farm-size category the highest average propensity to consume is 1.29 for Faridkot district followed by 1.25 for Hoshiarpur district and 1.24 for Ludhiana district. For the small farm-size category the highest average propensity to consume, i.e., 1.18 is observed in Ludhiana district followed by 1.06 for Hoshiarpur district and 1.05 for Faridkot district.

TABLE 3: PER CAPITA INCOME CONSUMPTION EXPENDITURE OF MARGINAL AND SMALL FARMERS: DISTRICT-WISE (In Rs., Per Annum)

Sl. No.	Items of Consumption	Hoshiarpur District			Faridkot District			Ludhiana District		
		Marginal Farmers	Small Farmers	All Sampled Farmers	Marginal Farmers	Small Farmers	All Sampled Farmers	Marginal Farmers	Small Farmers	All Sampled Farmers
I.	Non-durables									
1.	Foodgrains	1123.98	1483.96	1280.92	1081.58	1329.08	1209.83	1235.74	1329.19	1331.30
	(a.) Cereals	885.99	1168.69	1009.23	877.99	1021.04	952.12	1040.99	1089.43	1106.32
	(b.) Pulses	237.99	315.27	271.69	203.59	308.04	257.71	194.75	239.76	224.98
2.	Condiments and spices	88.95	126.76	105.43	152.95	218.33	186.83	222.09	285.96	262.85
3.	Fruits and vegetables	185.74	262.09	219.03	230.13	318.24	275.78	264.19	385.15	335.22
4.	Milk and milk products	1127.55	1300.71	1203.04	1062.44	1363.58	1218.47	1544.62	2006.49	1836.95
5.	Edible oils	198.38	261.63	225.95	206.42	226.43	216.79	188.35	300.31	251.87
6.	Sugarcane products	530.39	679.89	595.57	529.07	658.76	596.26	467.77	585.61	545.26
7.	Meat, fish and eggs	117.39	180.41	144.86	194.07	245.01	220.47	158.39	205.87	188.43
8.	Tea leaves	246.65	317.04	277.33	340.98	381.63	362.05	226.67	289.81	267.24
9.	Pickles, etc.	95.59	105.54	99.93	101.33	116.01	108.93	100.06	126.41	117.21
10.	Biscuits, bread and sweets	97.17	164.93	126.71	113.12	149.32	131.88	87.44	137.51	115.97
11.	Intoxicants	390.76	462.73	422.14	485.47	539.27	513.35	417.19	533.15	491.74
12.	Fuel and light	478.82	615.91	538.58	536.31	624.36	581.93	560.64	661.19	633.14
13.	Clothing and bedding	623.07	997.96	786.51	537.47	755.03	650.21	654.27	738.19	722.13
14.	Footwear	173.01	263.41	212.41	197.43	286.43	243.54	201.61	3038.79	1630.95
15.	Washing articles	190.83	230.81	208.26	191.37	238.02	215.54	193.52	202.13	205.47
	Sub-total	5668.28	7453.78	6446.67	5960.14	7449.5	6731.86	6522.55	10825.76	8935.73
II.	Durables									
1.	House construction and repairs	872.34	1499.55	1145.78	1254.45	1699.32	1484.96	1529.35	1860.81	1755.73
2.	Radio, TV, VCR, CD and tape recorder	21.83	22.81	22.26	26.15	37.84	32.21	28.21	39.78	35.12
3.	Watches and clocks	18.56	16.85	17.82	11.44	23.92	17.91	13.17	33.09	23.67
4.	Electric fans/ coolers	25.92	39.06	31.65	27.30	42.34	35.09	21.79	26.74	25.13
5.	Sewing machine	8.06	12.38	9.94	16.62	20.03	18.38	6.61	17.32	12.24
6.	Furniture	50.64	102.88	73.42	63.20	73.39	68.48	33.29	61.40	48.69
7.	Utensils	41.38	46.39	43.56	46.04	71.92	59.45	31.32	35.46	34.63
8.	Scooter/motorcycle	143.98	238.62	185.24	169.51	281.44	227.50	252.62	480.89	376.95
9.	Bicycles	36.02	25.49	31.43	28.37	37.67	33.19	30.04	26.98	29.69
10.	Car/jeep	--	162.03	70.64	8.23	181.11	97.81	135.26	201.81	173.93
11.	Wooden and steel almirah	27.99	63.88	43.64	50.53	50.41	50.47	18.44	34.69	27.31
12.	Hand pump	16.13	30.47	22.38	61.64	62.34	62.01	16.94	64.15	41.26
13.	Refrigerator	24.52	62.83	41.22	30.04	41.02	35.73	35.83	38.69	38.68
14.	Washing machine	--	20.91	9.11	26.96	34.79	31.02	31.71	47.44	40.84
15.	Gas	10.65	25.36	17.06	24.57	37.94	31.50	44.41	48.65	48.28
16.	Others	15.88	27.12	20.78	58.15	84.56	71.84	85.15	104.39	98.15
	Sub-total	1313.90	2396.63	1785.93	1903.20	2780.04	2357.55	2314.14	3122.29	2810.30
III.	Services									
1.	Education	340.49	497.77	409.06	536.89	764.48	654.82	589.47	793.85	715.11
2.	Healthcare	318.29	567.54	426.95	544.73	701.53	625.97	669.17	821.73	772.01
3.	Conveyance	295.22	418.8	349.09	434.95	636.87	539.58	459.43	652.73	574.39
4.	Telephone	228.77	277.07	249.82	305.82	414.01	361.87	387.91	535.15	476.97
5.	Entertainment	20.91	47.47	32.49	34.37	47.79	41.32	35.33	47.81	42.98
	Sub-total	1203.68	1808.65	1467.41	1856.76	2564.68	2223.56	2141.31	2851.27	2581.46
IV.	Marriages and other socio-religious ceremonies	1187.24	2332.30	1686.43	1743.92	3120.72	2457.31	1342.26	2414.62	1932.45
	Total	9373.10	13991.36	11386.44	11464.02	15914.94	13770.28	12320.26	19213.94	16259.94

Source: Calculated from Table 1.

TABLE 4: AVERAGE PROPENSITY TO CONSUME IN RESPECT OF MARGINAL AND SMALL FARMERS: DISTRICT-WISE

District	Categories	Average Consumption (Rs.) \bar{C}	Average Income (Rs.) \bar{Y}	Average Propensity to Consume \bar{C}/\bar{Y}
Hoshiarpur	Marginal farmers	50776.61	40612.50	1.25
	Small farmers	73359.98	69013.97	1.06
	All sampled farmers	60803.51	53222.72	1.14
Faridkot	Marginal farmers	63160.47	48903.90	1.29
	Small farmers	84700.07	80567.56	1.05
	All sampled farmers	74507.28	65588.62	1.13
Ludhiana	Marginal farmers	68177.95	54832.60	1.24
	Small farmers	104578.74	88753.74	1.18
	All sampled farmers	85872.73	71322.03	1.20

Source: Field Survey, 2007-08.

The above analysis shows that the marginal and small farm-size categories in all the three districts are in deficit. They try to maintain a minimum level of consumption whether they can afford it or not. The field survey clearly brought out that to overcome this problem the marginal and small farmers in all the three selected districts have to take loans from various sources.

Distribution of Household Consumption Expenditure: District-wise

Table 5 presents the distribution of household consumption expenditure of the marginal and small farm-size categories in the three districts under study. The table depicts that the bottom 50 per cent of the households account for 23.94 per cent in Ludhiana district. The corresponding figures for the Faridkot and Hoshiarpur districts are 24.73 per cent and 26.40 per cent respectively.

TABLE 5: DISTRIBUTION OF HOUSEHOLD CONSUMPTION EXPENDITURE OF MARGINAL AND SMALL FARMERS: DISTRICT-WISE

Cumulative Percentage of Persons	Cumulative Percentage of Household Consumption Expenditure of Sampled Farmers in		
	Hoshiarpur District	Faridkot District	Ludhiana District
10	3.56	4.22	3.81
20	7.53	7.35	6.27
30	10.35	10.98	11.63
40	13.67	16.61	14.27
50	26.40	24.73	23.94
60	36.55	36.69	37.20
70	46.86	43.95	48.05
80	55.31	60.69	59.82
90	69.25	72.11	74.15
100	100.00	100.00	100.00
Gini Coefficient	0.3610	0.3453	0.3417

Source: Field Survey, 2007-08.

The top 10 per cent claim 25.85 per cent, 27.89 per cent and 30.75 per cent in the Ludhiana, Faridkot and Hoshiarpur districts respectively. The Gini ratio is found to be the highest (0.3610) among the sampled farmers of Hoshiarpur district and the lowest (0.3417) among the sampled farmers of Ludhiana district, indicating worse and better patterns of distribution respectively. The value of Gini ratio is 0.3453 for Faridkot district.

Distribution of Per Capita Consumption Expenditure: District-wise

The distribution of per capita consumption expenditure of the marginal and small farmers in the three districts under study is given in Table 6. The table shows that the bottom 50 per cent of the sampled households claim only 28.16 per cent, 29.27 per cent and 28.65 per cent of total consumption expenditure in Hoshiarpur, Faridkot and Ludhiana districts respectively. While the top ten per cent appropriate 27.11 per cent, 26.20 per cent and 26.71 per cent of the total consumption expenditure in Hoshiarpur, Faridkot and Ludhiana districts respectively.

TABLE 6: DISTRIBUTION OF PER CAPITA CONSUMPTION OF MARGINAL AND SMALL FARMERS: DISTRICT-WISE

Cumulative Percentage of Persons	Cumulative Percentage of Per Capita Consumption Expenditure of Sampled Farmers in		
	Hoshiarpur District	Faridkot District	Ludhiana District
10	4.25	5.25	4.58
20	8.77	9.02	8.05
30	10.79	13.05	13.62
40	15.71	18.15	18.89
50	28.16	29.27	28.65
60	37.75	38.35	36.76
70	48.94	47.59	48.41
80	61.99	64.35	64.97
90	72.89	73.80	73.29
100	100.00	100.00	100.00
Gini Coefficient	0.3215	0.3023	0.3055

Source: Field Survey, 2007-08.

The Gini ratio is observed to be the highest (0.3215 per cent) among the sampled farmers of Hoshiarpur district and the lowest (0.3023 per cent) among the sampled farmers of Faridkot district revealing worse and better patterns of distribution of per capita consumption expenditure. When we compare the per household and per capita consumption expenditure distribution we find that the distribution is slightly fair in per capita consumption expenditure in all the three districts under study.

CONCLUSIONS AND POLICY IMPLICATIONS

It is concluded from the above analysis that the study brings out that the household consumption expenditure of Rs. 85,872.73 is the highest in the case of Ludhiana district followed by Faridkot and Hoshiarpur districts with the consumption expenditure of Rs. 74,507.28 and Rs. 60,803.51 respectively. Per household consumption expenditure on non-durables, durables, services, marriages and other socio-religious ceremonies increases with an increase in the farm-size in all the three selected districts. It can be concluded that generally, the proportionate expenditure on non-durable items has a negative relationship with farm-size and the proportionate expenditure on durables and marriages and other socio-religious ceremonies bears a positive relationship with farm-size in all the three districts under study. In all the three selected districts, the pattern of consumption of the marginal and small farmers is subsistence based.

There are considerable variations in the per capita consumption expenditure across the districts. For example, an average sampled farm household in Ludhiana district spends Rs. 16,259.94 per capita and the corresponding figures for Faridkot and Hoshiarpur districts are Rs. 13,770.28 and Rs. 11,386.44 respectively. There is much similarity in the per capita consumption expenditure pattern of the marginal and small farm-size categories across the districts under study.

The above analysis shows that the marginal and small farm-size categories in all the selected districts are in deficit. They try to maintain a minimum level of consumption whether they can afford it or not. The field survey clearly brought out that to overcome this problem the marginal and small farmers in all the three selected districts have to take loans from various sources.

The Gini ratio is observed to be the highest (0.3215 per cent) among the sampled farmers of Hoshiarpur district and the lowest (0.3023 per cent) among the sampled farmers of Faridkot district revealing worse and better patterns of distribution of per capita consumption expenditure respectively. When we compare the per household and per capita consumption expenditure distribution we find that the distribution is slightly fair in per capita consumption expenditure in all three districts under study.

To overcome the gap between consumption expenditure and income, the marginal and small farmers have to borrow from institutional and non-institutional sources. The average propensity to consume is more than unity in the case of the sampled farm households. They try to maintain a minimum level of consumption whether they can afford it or not. To overcome this problem, income of the marginal and small farmers needs to be increased through different measures. Since there is positive relationship between farm-size and farm business income, this makes a strong case for the land reforms in favour of the marginal and small farmers. Secondly, the remunerative minimum support prices of the different crops grown should be fixed on the basis of cost of production and consumer price indices in a manner that these farmers are able to meet their basic needs of food, shelter, clothing, education, health care and clean environment in a respectable manner.

Educating the marginal and small farmers about the subsidiary occupations, providing loans either interest free or at low rates of interest, creating sufficient employment opportunities, assured purchase of agricultural produce, subsidising the agricultural inputs, providing insurance cover in agriculture, establishing agro-based industries in the rural areas and enforcing of already existing special programmes for the rural development in proper perspective taken on priority basis can help in minimising some of the existing problems of the small and marginal farmers. A mass campaign should be launched against intoxicants and the conservative social values, the symbol of social status, which imposes unbearable expenditure on unproductive purposes such as marriages and other socio-religious ceremonies.

REFERENCES

1. Aggarwal, P.C. (1971) "Impact of Green Revolution on Landless Labour" *Economic and Political Weekly*, Vol. VI (47)
2. Bhalla, G.S. and Chadha, G.K. (1982) "Green Revolution and Small Peasant- A Study of Income Distribution in Punjab Agriculture". *Economic and Political Weekly*, Vol. XVII (19)
3. Chowdhary, B. K. (1970) "Disparity in Income in Context of HYV". *Economic and Political Weekly*, Vol. 5(39)
4. Galgalikar, V.D., Shingarey, M.K. and Deole, C.D. (1970) "Pattern of Income Distribution, Saving and Expenditure in Rural Areas (A Case Study)" *Indian Journal of Agricultural Economics*, Vol. XXV (3)
5. Ghuman, R.S. (2001) "WTO and Indian Agriculture: Crisis and Challenges- A Case Study of Punjab" *Man and Development*, Vol 23 (2)
6. Gill, S.S. (2005) "Economic Distress and Farmer Suicides in Rural Punjab" *Journal of Punjab Studies*, Vol. 12 (2)
7. Government of Punjab (2006), Statistical Abstract of Punjab
8. Jodhka, S. (2006) "Beyond Crisis Rethinking Contemporary Punjab Agriculture" *Economic and Political Weekly*, Vol. 41 (16)
9. Johl, S.S. (1975) "Gains of the Green Revolution: How They Have Been Shared in Punjab". *Journal of Development Studies*, Vol. 11(3)
10. Rao, T.H. (1975) "The Small Farmers and The Asset Structure (A Case Study of Three Villages in Vishakhapatnam district)". *Indian Journal of Agricultural Economics*, Vol. 30 (3)
11. Saikia, P.D. and Bora, A.K. (1975), "Impact of Modern Agricultural Technology on Small Farmers – A Case Study in Assam", *Indian Journal of Agricultural Economics*, Vol. XXX (3)
12. Saini, G.R. (1976) "Green Revolution and the Distribution of Farm Incomes" *Economic and Political Weekly*, Vol. XI (27)
13. Satish, P. (2006) "Institutional Credit, Indebtedness and Suicides in Punjab". *Economic and Political Weekly*, Vol. 41(30)
14. Shah, T. and Ballabh, V. (1997) "Water Markets in North Bihar: Six Village Studies in Muzaffarpur District". *Economic and Political Weekly*, Vol. 32(52)
15. Singh, R.V., Patel, R.K. and Ahlawat, S.S. (1977) "Impact of Integrated Crop and Milk Production on Small Farms in Punjab". *Indian Journal of Agricultural Economics*, Vol. XXXII (3)
16. Singh, S. (2000) "Crisis in Punjab Agriculture" *Economic and Political Weekly*, Vol. 35 (4)
17. Singh, S. and Toor, M.S. (2005) "Agrarian Crisis with Special Reference to Indebtedness among Punjab Farmers". *Indian Journal of Agricultural Economics*, Vol. 60 (3)
18. Singh, V.K., Tripathi, S.N. and Singh, R.I. (1975) "Income and Investment Behavior of Small Farmers in SFDA and Non-SFDA Areas of Fatehpur (U.P.) A Case Study". *Indian Journal of Agricultural Economics*, Vol. 30 (3)
19. Thakur, J., Bose, M.L., Hussain, M. and Janaiah, A. (2000) "Rural Income Distribution and Poverty in Bihar". *Economic and Political Weekly*, Vol. 35 (52-53)
20. Vasavi, A. R. (1998) "Agrarian Distress in Bidar Market, State and Suicides" *Economic and Political Weekly*, Vol. 33 (3)

EFFECT OF PREFERENTIAL PUBLIC PROCUREMENT SCHEMES ON PERFORMANCE OF MICRO, SMALL AND MEDIUM-SIZED CONSTRUCTION FIRMS IN MIGORI COUNTY, KENYA

KISAKA MOSES WABUTO
POST GRADUATE STUDENT
SCHOOL OF BUSINESS & ECONOMICS
MASINDE MULIRO UNIVERSITY OF SCIENCE & TECHNOLOGY
KENYA

Dr. MANIAGI MUSIEGA
LECTURER
SCHOOL OF BUSINESS & ECONOMICS
MASINDE MULIRO UNIVERSITY OF SCIENCE & TECHNOLOGY
KENYA

Dr. WILLIS OTUYA
LECTURER
SCHOOL OF BUSINESS & ECONOMICS
MASINDE MULIRO UNIVERSITY OF SCIENCE & TECHNOLOGY
KENYA

KIONGERA NJEHU FREDRICK
LECTURER
SCHOOL OF BUSINESS & ECONOMICS
MASINDE MULIRO UNIVERSITY OF SCIENCE & TECHNOLOGY
KENYA

ABSTRACT

Preferential public procurement schemes are the use of public procurement to achieve other government socio-economic development goals. These schemes can provide an avenue for micro, small and medium-sized firms to access a major market share of public contracts. However, the performance of these firms after winning public contracts is not fully studied. This study sought to investigate the effect of preferential public procurement schemes on performance of micro, small and medium-sized construction firms in Migori County in Kenya. The study endeavored to assess the effect of reservation schemes on firm performance and tested the hypothesis that the relationship between reservation schemes and firm performance was not significantly moderated by government policy and regulations. The target population was 114 micro, small and medium-sized construction firms in Migori County in Kenya. However, 88 procurement officers from these firms were selected using the Krecjie and Morgan formula and administered with structured questionnaires for purposes of primary data collection. Secondary data was obtained from published Kenya Treasury websites and Migori County Contractor's Association records. Descriptive and inferential statistical tools were used to test the relationship between independent and dependent variables through correlation and regression analysis. A Statistical Package for Social Science version 25.0 was used for data analysis. The findings of the study indicated that reservation schemes have a positive and statistically significant relationship with performance of micro, small and medium-sized construction firms in Migori County in Kenya. However, government policy and regulations had no moderating effect on the relationship between reservation schemes and performance of micro, small and medium-sized construction firms in Migori County. The study recommends that reservation schemes should be embraced and enhanced by both private and public sector procurement managers in all public procurement processes to help vulnerable targeted groups' access to public contracts.

KEYWORDS

preferential public procurement, reservation schemes, performance, micro, small and medium-sized enterprises, construction firms.

JEL CODE

L74

INTRODUCTION

According to the United Nations Development Programme (UNDP, 2010) Government or public procurement refers to the overall process of acquiring goods, civil works and services, which includes all functions from the identification of needs, selection and solicitation of sources, preparation and award of contract, and all phases of contract administration through the end of a services' contract or the useful life of an asset.

Preferential public procurement scheme implies the use of public procurement to achieve simultaneously goals of procuring necessary goods and services while doing so in a way that aligns with other government policy initiatives. For instance, fostering job creation, achievement of value for money and better quality products or services among others (Nielson, 2017). The United States (US) construction industry was the first to implement affirmative action procurement strategies for government projects (McCrudden, 1995). The Congress established a 23% government wide goal for awards of contracts to small businesses. Similar programs were also created by federal agencies, and by state and local government authorities that implemented public works construction projects.

From previous literature both Chinese (Chen, 2012) and Indian (Agarwal, 2012) governments have enacted and approved public procurement policies requiring all central ministries or departments and public sector units to reserve or set aside at least 20% of annual procurement budgets for SMEs. Similarly, local government authorities or units in these countries use reservation schemes for buying from small businesses. Timm (2011) reveals that in South Africa some local and provincial governments have set targets for buying from small business, for instance, 40% of spend for the City of Cape Town and 60% for the Gauteng government.

According to the Republic of Kenya (R.O.K, 2007), Kenya's Vision 2030 is a long-term development plan that aims to transform the country into a newly industrializing middle-income economy. The Kenya government has been carrying numerous reforms in its public procurement policies to attain its socio-economic and

political agenda. The Public Procurement and Disposal Act (PPAD, 2011) of Kenya aims at facilitating the promotion of local industry and economic development by setting preference and reservation schemes that allows public entities to reserve certain procurements to identified target groups. These include the launch of the Youth Access to Government Procurement opportunities (YAGPO) initiative in the year 2012 that set aside 10 per cent of all Government contracts for the youth-led enterprises to address the issue of rampant youth unemployment. In the year 2013, the government of Kenya increased this bracket to 30 per cent and expanded the access groups to include women and persons with disability owned enterprises and directed that they face no competition from established companies. Consequently, YAGPO was renamed Access to Government Procurement opportunities (AGPO, 2019).

Subsequent amendments led to the enactment of the PPAD (2013) which mandates a procuring entity to allocate at least 30 per cent of its procurement spend for the purposes of procuring goods, works and services from micro and small enterprises owned by youth, women and persons with disability. Finally, through the "Buy-Kenya, Build-Kenya strategy" (Republic Of Kenya, 2017); in March 2015 the President of Kenya gave a directive that all Government agencies, that is, Ministries, Departments and Agencies (MDAs) should reserve at least 40% of their procurement budget for purchase of locally produced goods and services.

CONCEPTUAL FRAMEWORK

RESERVATION SCHEMES

The Public Procurement Research Group defines reservation schemes as procurement practices where some quotas or share of the procurement business is reserved or set aside for certain targeted disadvantaged sections of the population or groups of people who for one reason or another would not be able to access the procurement proceedings and win a contract through the normal bidding procedures (Construction Industry Development Board (CIDB), 2004). These include women, youth, elderly, persons with disabilities and; micro, small and medium-sized enterprises among others. Reservation schemes are categorized into four methods; set asides, qualification criteria, contractual conditions and offering back.

A "set aside" is essentially a quota, referring to a certain percentage of designated government procurement contracts or total spending reserved, or "set aside", for a targeted category of bidders that meet the preferential qualification criteria (World Bank, 2016) or prescribed characteristics. Qualification criteria is a condition aimed at promoting the participation of certain targeted groups in public procurement by technically excluding firms that cannot meet a specified requirement, norm, policy objective or any other criteria provided for in the law. Contractual conditions aim at allocation of a fixed percentage of work to be subcontracted out to enterprises that have prescribed characteristics or agree to meet prescribed obligations such as performing a contract as a joint venture with local firms or employing specific local personnel or materials while undertaking the contract. Offering back strategy targets tenderers who can satisfy criteria relating to policy objectives and opportunity to undertake the whole or part of the contract if that tenderer is prepared to match the price and quality of the best tender received. The main focus is to ensure that the contractor is capable of meeting the primary purpose of the contract (criteria) in addition to certain specified conditions, like price and quality (CIDB, 2004).

FIRM PERFORMANCE

Performance is of key interest of each business manager or owner. Penrose (1995) argued that a performance is associated analysis of the degree to which a firm has successfully accomplished its ends. From a project management perspective, performance is all about meeting or exceeding stake holders' needs and expectations from a project. Tunji-Olayeni *et al.* (2014) notes that construction SMEs make use of cost, time, quality, and customer satisfaction, profitability of project, labour productivity, safety and team work for evaluating performance. However, regardless of the differences among writers on the definition of performance, they agree that it is mostly tied on some level of success or achievement or ability to reach set targets. This study measured firm performance based on both financial and non-financial criteria, that is, an increase in job creation, profitability, deliverables and customer satisfaction.

GOVERNMENT POLICY AND REGULATIONS

Performance of SMEs is dependent on laid down government policies. The Government of the daytime, often amends laws in line with its political policies. Government policies and regulations can boost and support the growth of SMEs or hinder their performance. Therefore, SMEs regularly has to be compelled to alterations in the legal framework. These policies will cause a substantial impact on the competitiveness, ambitiousness and expediency of SMEs. Therefore, the development of sound good government policy for SMEs is an indispensable component of the growth strategy of most economies and holds particular significance. (Eniola & Entebang, 2015). In Kenya, the Constitution of Kenya 2010, the Public Procurement and Disposal Acts (PPDA, 2011; PPAD 2013; PPAD, 2015; PPAD, 2018 & PPAD, 2020), the Kenya county government laws and the Kenya standards and manuals provide policies, rules and regulations the guide public procurement processes and players among them are guidelines to ensure the inclusivity of various vulnerable targeted groups in public procurement. Another strategy of key importance is the "Buy-Kenya, Build-Kenya strategy" (R.O.K, 2017). This study incorporated a number of Kenya government public procurement policy guidelines and regulations from the above mentioned references which acted as the moderating factor in the relationship between reservation schemes and firm performance.

LITERATURE REVIEW

THEORETICAL REVIEW

This study is anchored on the public interest theory of regulation postulated by Posner (1974). This theory reveals that regulation defines the border between the government, society, and the market. Posner (1974) recognized two arguments for regulation, namely, (a) that markets were prone to fail and (b) that regulation was costless (zero transaction costs). This theory thrives on the fact that there exist common market failures, these include, monopolies, public goods, asymmetry of information and externalities). Stigler (1971) and Posner (1974) explains that regulation seeks the protection and benefit of the public at large and proposes that when market fails, economic regulation should be imposed in order to maximize social welfare. Therefore, the objective of regulation is to achieve certain public desired results by rectifying situations of market failure which make areas operate inefficiently or inequitably (Posner, 1974). Government regulation is one of the methods of achieving efficiency in the allocation of resources (Shubik, 1970 & Arrow, 1985). This is done by imposing penalties or sanctions to non-compliant firms in the economy.

However, this theory has been criticised of being difficult to define and to be written down into specific policies, absence of public interest in market failures and lack of a complete, informed and rational decisions (Posner, 1974). Critics to the theory say that it is preferable to rely on the market to solve market imperfections, than on government intervention (Stigler, 1971). The creation and operation of regulatory agencies is meant to transfer economic resources to private interests in return for votes or campaign contributions to politicians. Since SMEs are the backbone of the Kenyan economy, the government has set up numerous initiatives to ensure that they thrive by creating an enabling environment through preferential public procurement schemes. Therefore, this theory is relevant to the study as it explains effect of government policy and regulations in overcoming weaknesses faced by MSMCFs in their attempt to access the market to government tenders.

EMPIRICAL REVIEW

Kituyi, Oketch, Namusonge & Sakwa (2017) carried out a review on the effect of public reservation practices on service delivery in Kenya. The results of the review indicate that public procurement preference and reservations policy among the youth, women and persons living with disabilities are still not fully implemented. Ndung'u & Ochiri (2017) carried out a study aimed at finding out the effects of procurement policy on customer service delivery in the telecommunication sector; a case of Safaricom Company limited. This study revealed that there was a positive relationship between the components of procurement policy and customer service delivery.

The World Bank carried out a survey on preferential public procurement policy case studies on inclusive business (World Bank, 2016). Findings on the effectiveness of the Public Services Social Value Act (2013) in the UK revealed that there was a 75% employment of young and disadvantaged people and 83% opportunities for training and local employment as a result of preferential procurement policy.

Marende (2015) carried out a study on public procurement legal framework implementation and performance of state corporations in Kenya. This study indicated that there was a strong positive and statistically significant relationship between implementation of Preference and Reservations Regulations (2011) on organizational performance of state corporations in Kenya. The R^2 value indicated an explanatory power of the independent variable of 0.380. This means that 38% of the variation in performance was explained by the implementation of the Preference and Reservations Regulations.

Ngeno, Namusonge & Nteere (2014) investigated the effects of discriminatory public procurement practices on organizational performance in the Kenyan public sector. The findings in this study revealed that discriminatory procurement practices had significant positive relationship on State Corporations performance with reservation practices having contributed the most to organizational performance followed by indirect practices and preference practices respectively.

Previous studies by Myers (2006); Bates (2009); Abor & Quartey (2010) also found out that elimination of a preferential program limited employment opportunities along with procurement opportunities, thereby suggesting an existence of a correlated relationship.

SIGNIFICANCE OF THE STUDY

Academically, finding answers to how micro, small and medium-sized construction firms perform after winning public contracts through preferential public procurement initiatives addresses significant research gaps in the literature. But most importantly, study findings can be used as a blue print for the improvement of legislation on preferential government procurement opportunities and decision making by stakeholders in the construction industry.

STATEMENT OF THE PROBLEM

According to the National Construction Authority (2018) a majority (over 80%) of Kenyan contractors are small and medium-sized enterprises thus only eligible to be registered under lower categories of projects and can only access 30% of major tenders that are awarded in this country. In spite of Kenya's numerous public procurement reforms, its micro, small and medium-sized enterprises still find it hard to participate and survive in the public procurement market. The Kenyan National Bureau of Statistics (KNBS, 2016) reported that a total of 2.2 million micro, small and medium-sized enterprises were closed within the last five years after establishment. More so, the construction industry in Kenya has hit media headlines several times due to the collapse of buildings in the recent past. This has attracted a lot of attention from the government and investors on how quality assurance and quality control is done in the industry.

A report by Hivos (2018) on the impact of access to government procurement opportunities on youth, women and persons with disability shows that there was an 82% increase in the number of enterprises owned by youth, 70% increase in new jobs creation and a 71% increase in annual revenue generated by youth owned enterprises. The income from these initiatives accounted for 35% of sales and 38% of overall profit. In addition, the KNBS (2016) reported that approximately 148,000 people are formally employed in the domestic building and construction industry.

But still, there appears to be a scarcity of literature review on this topic in Kenya. Nielson (2017) notes that there is a persistent lack of studies attempt in the increased engagement of small and medium enterprises, making concrete claims about efficacy and positive impacts more difficult. A study by the World Bank (2012) found out that 30% of small and medium enterprises would likely exit the market if the set-asides were removed. The Kenya government also acknowledges the lack of performance information system, comprehensive performance evaluation system and performance incentive system in this sector (Government of Kenya, 2014). Kituyi, Oketch, Namusonge & Sakwa, (2017); Murray (2014); Flynn, Davis, & McEvoy (2013); Letchmiah (2012) and Matovu (2011) recommend more studies to be carried out focusing on the impacts of preference programs for small and micro businesses. This study aims to bridge this existing knowledge research gap on effect of preferential public procurement schemes on performance of micro, small and medium-sized construction firms in Migori County in Kenya.

OBJECTIVES OF THE STUDY

Generally, this study sought to investigate effect of preferential public procurement schemes on performance of micro, small and medium-sized construction firms in Migori County in Kenya. But more specifically it endeavored;

1. To examine the effect of reservation schemes on performance of micro, small and medium-sized construction firms in Migori County.
2. To establish the moderating effect of government policy and regulations on the relationship between reservation schemes and performance of micro, small and medium-sized construction firms in Migori County.

RESEARCH HYPOTHESES

1. H_{01} Reservation schemes have no significant effect on performance of micro, small and medium-sized construction firms in Migori County.
2. H_{02} Government policy and regulations have no moderating effect on the relationship between preferential public procurement schemes and performance of micro, small and medium-sized construction firms in Migori County.

METHODOLOGY

This study adopted descriptive survey research design to describe the relationship between dependent and independent variables. The reason being, it is set out to describe and interpret a situation (Etemesi, 2010), as it is.

TARGET POPULATION

The target population was 114 micro, small and medium-sized construction firms in Migori County in Kenya. The study targeted a sample of 88 procurement officers, who were selected using the Krecjie & Morgan (1970) formula.

EMPIRICAL MODEL

This study was guided by the following general linear regression model:

$$\text{Model 1; } Y = \beta_0 + \beta_1 X_1 + \epsilon$$

Where: Y = Dependent Variable (firm performance)

Independent variables which include;

X_1 is Reservation schemes.

In the model, β_0 represents the constant term while the coefficient β_1 was used to measure the sensitivity of the dependent variable (Y) to unit change in the predictor variable X_1 . ϵ is the error term which captures the unexplained variations in the model.

When moderation is introduced i.e. Model 1 plus government policy and regulations as a moderating factor;

$$\text{Model 2; } Y = \beta_0 + \beta_1 X_1 + M + \epsilon$$

Where β_0 = a constant

β_0 and β_1 are the regression coefficients

ϵ = the stochastic term

M is government policy and regulations as a moderator.

DATA COLLECTION

This study used both primary and secondary data. Secondary data was sourced from the National Treasury via the internet through its AGPO website and Migori County Contractors Association records of 2019. A structured questionnaire comprising of closed-ended questions was used to collect primary data from 88 Procurement Officers of the selected construction firms in Migori County. A pilot study was done in Homabay County by selecting ten respondents from micro, small and medium construction firms using simple random sampling method.

Data analysis and processing involved both descriptive and inferential statistical measures. A Statistical Package for Social Sciences (SPSS) version 25 was used to examine the relationship between the independent and dependent variables. This involved the use of frequencies, percentages, means, standard deviations,

Pearson’s Product Moment Correlation Coefficient tests (r), Analysis of Variance (ANOVA), coefficient of determination analysis (R²) and Multiple Regression Analysis (MRA). Some findings were presented using tables.

FINDINGS

Questionnaire’s response rate was found to be 71 out of 88=81% which was very good according to (Mugenda & Mugenda, 2003). Results from this study reveals that 87.5% of respondents agreed to the sentiment that reservation schemes led to an increase in job opportunities for local people and 100% agreed that reservation schemes contribute to an improvement in firm profitability. But on average 54.2% of respondents were skeptical about whether reservation schemes contributed to the quality and speed of firm project outcomes. Another 45.8% were neutral, that is to say, they did not agree nor disagree to the notion that reservation schemes influenced customer satisfaction.

Table 1 shows the values of R and R² for the model fitted of 0.759 and 0.576 respectively. The R value of 0.759 revealed a strong and positive linear relationship between reservation schemes and firm performance. The R² value indicated the explanatory power of the independent variable of 0.576. This implied that 57.6% of the variation in firm performance was explained by the model $Y = \beta_0 + \beta_1 X_1$.

TABLE 1: MODEL SUMMARY FOR RESERVATION SCHEMES AND FIRM PERFORMANCE

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.759 ^a	.576	.570	.31297	1.950
a. Predictors: (Constant), RESERVATION					
b. Dependent Variable: PERFORMACE					

ANOVA results in Table 2 shows that the F-statistic=93.770 and P-value of 0.000. Since the P-value of the F- statistic was less than 0.05, it showed that the coefficient in the equation fitted was not equal to zero implying a good fit.

TABLE 2: ANOVA FOR RESERVATION SCHEMES AND FIRM PERFORMANCE

ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	9.185	1	9.185	93.770	.000 ^b
	Residual	6.759	69	.098		
	Total	15.944	70			
a. Dependent Variable: PERFORMANCE						
b. Predictors: (Constant), RESERVATION						

MODERATING EFFECT OF GOVERNMENT POLICY AND REGULATIONS ON THE RELATIONSHIP BETWEEN RESERVATION SCHEMES AND FIRM PERFORMANCE

This study also sought to determine the moderating effect of government policy and regulations on performance of micro, small and medium-sized construction firms in Migori County in Kenya. In order to determine the relationship between the two variables ordinary least squares regression was used. Hence, the regression model $Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + M + \epsilon$ was fitted from the data where X represented reservation schemes, M represented government policy and regulations as a moderator and Y represented firm performance. The results presented in Table 3 shows model fitness for a regression model after moderation.

TABLE 3: MODEL SUMMARY

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.739 ^a	.0556	.553	1.22991	.017	3.638	1	69	.061	1.831
a. Predictors: (Constant), RESERVATION, GOVERNMENT										
b. Dependent Variable: PERFORMANCE										

The R Square before moderation was 57.6% but after moderation the R square reduced to 55.6%. This implies that government policy and regulations reduced performance of micro, small and medium-sized construction firms in Migori County. Further, the moderating term had no significance with P value 0.061>0.05 (in Table 4). These findings reveal that the regression model was not a good fit. It also implies that government policy and regulations was not significant in moderating the relationship between reservation schemes and the performance of micro, small and medium-sized construction firms in Migori County in Kenya.

TABLE 4: ANALYSIS ON VARIANCE (ANOVA^b)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	10.054	1	10.054	3.638	.061 ^a
	Residual	165.817	69	2.764		
	Total	175.871	70			
a. Predictors: (Constant), RESERVATION, GOVERNMENT						
b. Dependent Variable: PERFORMANCE						

CONCLUSIONS

This study concludes that there is a positive and statistically significant relationship between reservation schemes and performance of micro, small and medium-sized construction firms in Migori County in Kenya. Finally, this study revealed that the government policy and regulations had no significant effect on the relationship between reservation schemes and performance of micro, small and medium-sized construction firms in Migori County, Kenya.

RECOMMENDATIONS

The study recommends that reservation schemes should be embraced and enhanced by both private and public sector procurement managers in all public procurement processes to help vulnerable targeted groups’ access to public contracts.

SUGGESTIONS FOR FURTHER STUDIES

More in-depth studies need to be carried out to establish whether contractor’s resource base like skills levels or skills acquisition and experience contribute to better project outcomes or deliverables in the long-run. There is also the need to determine the effect of preferential public procurement schemes on the project costs and consequently on the profitability of micro, small, medium-sized construction firms in Kenya. Lastly, his study recommends further research into factors influencing customer satisfaction and retention in construction industry in Kenya.

REFERENCES

1. Abor, J., & Quartey, P. (2010). Issues in SME development in Ghana and South Africa. *International Research Journal of Finance and Economics*, (39), 218-228.

2. Arrow, K.J. (1985). 'The potentials and limits of the market in resource allocation', in Feiwel, G.R. (ed.), *Issues In contemporary microeconomics and welfare*, London, The Macmillan press, 107-124.
3. Bates, T. (2009). Utilizing affirmative action in public sector procurement as a local economic development strategy. *Economic Development Quarterly*, 23(3), 180-192.
4. Chen J. (2013). Challenges in Designing Public Procurement Linkages: A Case Study of Smes Preference in China's Government Procurement. *UCLA Pacific Basin Law Journal* (149) 2013
5. Eniola, A.A. & Entebang, H. (2015). Government policy and performance of small and medium Business Management. *International Journal of Academic Research in Business and Social Sciences*, Vol. 5 (2) pages 237-248.
6. Flynn, A., Davis.P. McKeivitt.D. and McEvoy.E (2013), "Mapping public procurement in Ireland *Public Procurement Law Review*, 74-95.
7. Hivos, (2018). Kenya's efforts to empower women, youth and persons with disability through public procurement. Retrieved from www.east-africa.hivos.org.
8. Kenya National Bureau of Statistics. (2016). The 2016 National Micro, Small and Medium Establishment (MSME) Survey; Highlights of Basic Report.
9. Kituyi, W. Oketch, R. & Namusonge, G. (2017). Effect of procurement reservation practices on service delivery in Kenya. A survey of public institutions in Kenya: a critical review, *International Journal of Education and Research*. 5 (12).
10. Letchmiah, D. R. (2012). An Examination of the effectiveness of Preferential Procurement in the South African Construction Industry. Unpublished PhD Thesis, University of the Witwatersrand.
11. Marendi, P. N. (2015). Public Procurement Legal Framework Implementation and Performance of State Corporations in Kenya, A Thesis Submitted In Partial Fulfillment for the Degree of Doctor of Philosophy, Jomo Kenyatta University of Agriculture and Technology.
12. Matovu, B.H. (2011). Perceived quality of accounting information and performance of small and medium-sized enterprises (SMEs). A thesis submitted for the degree of Doctor of Philosophy, Makerere University.
13. McCrudden, C. (1995). Public Procurement and Equal Opportunities in the European Community; a Study of Contract Compliance in Member States of the European Community and Under European Law Contract File No. SOC 9310257105B04, Oxford University.
14. Mugenda, O.M. & Mugenda A.G. (2003), *Research Methods: Quantitative and Qualitative Approaches*. Acts Press, Nairobi.
15. Murray, J. G. (2014). Public procurement needs outcome evaluations. *Public Money & Management*, 34 (2) 141-143.
16. Myers, C. K. (2006). A cure for discrimination-affirmative action and the case of California's proposition 209. *Industrial and Labor Relations Review*, 60(3), 379-396.
17. National Construction Authority. (2018). An in depth overview of regulatory requirements in the construction industry. Financial reporting and management seminar for the construction industry. NCA Perspective.
18. Ndung'u, J. M & Ochiri, G. (2017). Effects of procurement policy on customer service delivery in Telecommunication Sector; A case of Safaricom Company Limited. *The Strategic Journal of Business and Change Management Vol. 4, 2 (8)*, pp 113 – 129.
19. Ngeno K.J. Namusonge G.S. & Nteere K.K. (2014), Effect of discriminatory public procurement practices on organizational performance: A survey of public sector corporations in Kenya: *Global journal of commerce and management perspective*; 3 (4) 245-256.
20. Nielsen, W. 2017. "Technical Report: Policies that Promote SME Participation in Public Procurement," report for Business Environment Working Group (Donor Committee for Enterprise Development).
21. Penrose, E. (1995). *The theory of the growth of the firm*, Oxford, Oxford University Press.
22. Posner, R. A. (1974). *Theories of Economic Regulation*. Center for Economic Analysis of Human Behavior and Social Sciences. NBER working Paper No. 41.
23. Public Procurement and Disposal Acts (2011; 2013; 2015; 2018 &2020). Available online from www.ppoa.go.ke. Retrieved on 12/9/2020.
24. Republic of Kenya (2007). *Kenya Vision 2030*. Government Printing Press.
25. Republic of Kenya (2017). *Buy Kenya-Build Kenya strategy*.
26. Shubik, Martin (1970). On Different Methods for Allocating Resources, *13Kyklos*, 332-338.
27. Stigler, George J. 1971. "The Theory of Economic Regulation." *Bell Journal of Economics and Management Science* 2 (1): 3-21.
28. Timm, S. (2011). How South Africa can boost support to small businesses: Lessons from Brazil and India. *Trade and industrial policy strategies*.
29. Tunji-Olayeni. P., Olusoji M, Ishola O. F., Murtala L. A, Owoicho O., & Opeyemi. J., (2014). Evaluating Construction Project Performance: A Case of Construction SMEs in Lagos, Nigeria; Department of Building Technology, Covenant University, Ota, Ogun State, Nigeria.
30. United Nations Development Programme. (2010). *Public Procurement Capacity Development Guide*. New York: United Nations Development Programme.
31. World Bank (2012). Review of the World Bank's procurement policies achieving social diversity through the use of supplier preferences in the procurement process.
32. World Bank (2016). *World Bank Group for the G20 Global Platform on Inclusive Business*.
33. AGPO. (2019). Available online: www.agpo.go.ke. Retrieved on 12/9/2020.

STUDY THE IMPACT OF BUDGETARY CONTROLS ON THE PERFORMANCE OF AN ORGANIZATION

HIMANI
#1282/36 RAJIV COLONY
ROHTAK

ABSTRACT

The aim of the research paper is to study and analyse the primary aspects on the concept of budgetary control and its impact on organizational performance. In this paper, certain issues that are arising because of the weak link between these two are also depicted along with the additional remedial measures that can help in improving the overall organizational performance. The objective of the apparel is to evaluate and study the impact of the budget and its controlling over the overall organizational performance. The research data will be collected from the secondary sources that are authenticated and realistic to deliver the healthy results from the overall research paper. The further study will give the detailed analysis about the impact so to understand the actual scenario of the theme. Also, the example of Google is considered at some of the places to give the realistic implications that the budgetary control can give to the organizational performance by managing the finance and the related resources in an organised way so the implications can be understood well.

KEYWORDS

budgetary control, budget, organizational performance, financial aspects and financial perspective.

JEL CODE

G31

1. INTRODUCTION

Budgeting is a concept of study and debate since many years. A budget is an effective tool of managerial people that is helpful in readily accepting the organizational changes. The primary objective of budgeting is to serve as the financial assistance of the organization's performance and also imposing the financial limits. Budgetary control helps the officials to take better analysis of the organizational performance, and giving further expansions or elimination of these practices.

Budgetary control is one of the efficient tools of managerial techniques that coordinates and manages the actions and evolves the performance of the organization in the right direction. The concept focuses on controlling the work and the operational performances and managing future working of the entity that can help in marking the financial deviations that the organizational performance has in the perspective of the desired position and the actual attained outcomes (Balogun, et. al., 2015). Financials are the prime concern of study in the business and its performance. On the other hand, Budgetary control makes the control of the business on the overall financial aspects.

Some of the entities consider for limited aspects of options which they show up from their past costs and current circumstance and additional managerial personnel and then even evade on creating long term strategies and budgetary plans. Budgetary planning if not done for the present issues than it in turn raises the severity of the future businesses at an increased level (Balogun, et. al., 2015). Budgeting makes the operations more effective and addressing the mechanism and alarming with the future arising issues that in turn will be helpful in performance improvement and overall nurturing the organizational activities.

Budget and its imposed controls are helpful in making the organizational performance organized and is also helpful in structuring the operations of the organization so the working can move in a common direction and accomplishing the proposed objectives (Choge, 2016).

2. STATEMENT OF THE PROBLEM

In the research paper there are certain questions that are addressed to give a detailed analysis of the theme:

1. What is the link between organizational performance and budgetary control?
2. What impact does budgetary control have over the organizational performance?
3. What issues are faced in the organization due to the budgetary control?
4. How can an organization adopt remedial measures to eliminate the arising issues by using the concept of budgetary control?

3. SIGNIFICANCE OF THE STUDY

The major aim of the research paper is to enhance the knowledge. The research gives a detailed link amongst the elements addressed in the theme. It is a tool that is helpful in measuring organizational performance and also helps in promoting harmony and work in the business.

4. LITERATURE REVIEW

The majority of the organization uses the tool of budgetary controls as the primary aspect for studying the internal control and the organizational performances that in turn are helpful in making the comprehensive managerial path for making the effective resource apportionment and allocation. According to Dunk, 2011, Budgetary control is the way toward building up a spending plan and occasionally contrasting genuine uses against that arrangement with deciding whether it or the spending designs need acclimation to remain on target. This cycle is important to control spending and meet different money related objectives (Dunk, 2011). The business entities depend vigorously on the concept of budgetary control to deal with their exercises of cash inflow and outflow, and this method is likewise utilized by people in general and the specific way just as specific way.

- **To study the link between organizational performance and budgetary control**

Budgetary control is a type of system that every organization adopts to fulfill the aim of controlling cost in the process of manufacturing goods, items, or delivering services to the customers to achieve maximum benefit and assure profits of the organization. According to Nafisatu, 2018, budgeting helps in providing a process to regulate the flow of money productively to maximize the efficiency and performance of a firm. Budgetary control involves the setting of a budget department that regulates the process of budgeting (Nafisatu, 2018). There are various objectives of budgetary control such as planning, coordination, communication, control, evaluation, etc. As it is well known that all the former objectives of budgeting affect its eventual and ultimate goal, which is to generate a profit for the organization. This study is focused on the budgetary control of Google as an organization, where we will first discuss the budgetary link of performance of the same (Nafisatu, 2018). Google is a big name in today's world, their performance reflects firm beliefs and principles they carry. As a search engine, their main function is to collect and process data present out there by every possible source and presenting it in front of the world after going through various processes. This seems like a big responsibility indeed and methods like budgetary control help in ensuring the financial functioning of the firm in a regulatory manner. All of this requires a lot of planning, Budgeting forces members of management and employees at other levels to set their aim in clear terms and they are compelled to plan for achieving the very same aim. Budgeting also improves the coordination and communication at Google, communication of goals through budgets will provide a clear understanding of how and when the goal should be achieved. Budgeting not only provides a plan but it also motivates the employees and managers to perform their best in achieving the aim on the terms of the discussed budget, which helps the organization in rewarding the best performances, as Google believes in developing a meritocratic environment. Moreover, budgeting allows Google in providing the best as it generates control over any kind of variation in or deviation of the

planned budget. Evaluation of performance is a crucial factor and budgeting removes the confusion of accountability by clarifying the responsibilities. Once the firm knows the deviation it is a lot easy to handle it's reoccurring and finding ways to overcome it (Olaniyan and Efundade, 2020). Google unequally compensates people, based on their performance, through the bonus, equity, etc and all of this is possible with the help of budgeting. Budgetary control is essential in firms like Google where a team-based organizational structure is present, where orders are sent down to the employees from the top of the organization. According to Olaniyan and Efundade, 2020, planning and budgeting are essential to encourage the bottom employees for working hard to achieve the given goal, hence it affects the performance and efficiency of Google (Olaniyan and Efundade, 2020).

- **To analyze the issues arising in the organization in the perspective of the budget and its control**

Budgetary control involves various processes that would affect the working of the organization in various manners such as:

Unpredictable future: The budgets that are prepared by the managers for the upcoming events in the future period. The estimates about its success and failure are uncertain and the assumptions may not always come true. There are always changes occurring in the situation which is presumed in the upcoming duration. These changes in conditions may upset the budgets which have to be prepared based on certain predictions. The future uncertainties which are higher in a firm like Google raise issues in the organization due to a budgetary control system (Silavwe, 2020). Google focuses on maintaining the authenticity of the data and services provided and this could be compromised in the absence of good budgeting.

The requirement of Budgetary Revision:

For example, budgets prepared by Google might be based on the presumptions that certain changes in the situation will occur. Due to these uncertainties or deviations, Google might feel the urge to revise the budget. According to Silavwe, 2020, says revising a budget would also require a big expenditure and it may reduce the resources that could be used in other productive activities to produce results. This might create discomfort and frustration among employees. Moreover, this process is time-consuming and sometimes can be exhausting to the workers (Silavwe, 2020).

Discouraging to accomplishers:

In a budgetary control system, the targets are provided to every employee in an organization. As Google promotes meritocracy, there can be employees who are capable of more than what they are already doing but given targets might make the employees feel contented by achieving the target.

Issues in maintaining Co-ordination:

The success of any budgetary control system depends upon the co-ordination present between various departments. Google holding the cross-functional organizational structure requires proper coordination among the various levels and sections which might consume resources and create confusion in communication. According to Silva and Jayamaha, 2012, the performance of one level will affect the results of other departments. To overcome the issue regarding coordination, Google should have a Budgetary Officer at every level (Silva and Jayamaha, 2012). If an organization ever fails to appoint the budget officer at required departments then this will result in poor co-ordination which will eventually affect the performance of the certain department.

Conflict among various departments:

In the functional departments, conflicts may arise due to the budgetary control system. Every manager will be more concerned about the performance of his team and due to this, he might neglect the business goal of the firm. According to San and Heng, 2011, the heads might quote funds for their section bigger than some other department due to variation of location, the culture of a place, etc as the working of different departments with similar jobs located at different sites might require different resources. This might raise conflicts between the various departments (San and Heng, 2011).

Top Management: Top management or heads are the controlling power in organizations like Google where orders are passed down through various levels. If the top management is convinced for providing full support the system only then successful functioning of a firm can be assured (San and Heng, 2011). Otherwise, the budgetary control system might fall anytime in absence of support and guidance of the top management.

Google uses millions and millions to invest in various processes but a lack of proper insight and supervision could cause harm to the firm as it will reduce the profits owned by the organization. So, ensuring supervision at every level is the key ingredient in the success recipe of Google and in ensuring profit.

- **To identify the remedial measures for improving the organizational performance and establishing better budgetary control**

Google takes all the measures to maximize their efficiency and performance. They are well known for coming up with something new and innovative every time. however, performing budgetary control over every action is certainly not possible for such a big organization but keeping in mind a few things they can successfully run an overview under budget by following certain steps:

According to Siyanbola, 2013, budgetary control aims at maximizing the profits of a firm which will provide greater funds next time. Great success results in an increase of funds, profit to the firm, higher pay scale to employees, etc. To achieve this goal, strategic planning and coordination of different functions are required (Siyanbola, 2013). If budgeting is undertaken, there is proper control of the firm over revenue expenditures, capitals, etc. Adoption of budgeting provides a better view of the proper functioning of different departments and their working can be easily regulated based on the targets provided to each of these.

The policies, plans, and targets are decided by the management and passed down. Different departments put efforts together to reach the same aim, of the firm. Every department is provided with a specific target that is to be achieved within the lines of budgetary control. According to Mohamed, et. al., 2016, the efforts are directed towards a particular direction to achieve the desired goal and in presence of these aims, the efforts never go in vain (Mohamed, et. al., 2016).

In budgeting, there is the use of the tool for measuring performance. As targets are provided to various departments, the budgetary control system gives a tool for measuring performance at the managing level (Mohamed, et. al., 2016). The budgeted targets are compared to actual produces to find deviations in the budgets. The performance of each section is reported to the head of management and the analyses of their performance occur. This system enables the introduction of management if required.

The planning of expenditure will guide a systematic process and reduces the chances of wastage of any resource. The resources can be used and held to optimum use. The profits derived for the concern will ultimately lead to an extension of the big organization like Google and then to the economy of the country, it is working in. This provides a better way to optimize resources and reducing wastage of finances.

Being a powerful firm, Google must be aware of its weaknesses just like its strengths. Budgeting is a process that provides a tool for analyzing and finding any weak spot in the working of the system. Determination of these weak spots will eventually result in the generation of corrective measures adopted by the firm. Once a deviation is reported the firm needs to take an early initiative to stop the re-occurring of the deviation. According to MIRAJI, 2017, in the absence of a budgetary control system, the deviations can be determined during the process itself and save time as otherwise the deviation might only be spotted at the end of the financial period (MIRAJI, 2017).

According to Marcormick and Hardcastle, 2011, Creating budget consciousness among the employees no matter how enormous resources are present. Targets are pre-decided for each department and its employees which can enhance the efficiency in working of these departments (Marcormick and Hardcastle, 2011). Hence, the aim is to make them aware of their responsibility. In this way, the working of each of the department remains uninterrupted and improper working of one department does not disturb the others. Budgeting enables the generation of the greater economy by optimizing resources through detection of budgeting and producing greater profits.

Opting rewarding schemes upon the performance evaluation is important in budgetary control, as it is the destiny of the process to encourage efficient employees among the various departments. Recognizing their efforts is as important as correcting the deviations.

5. RESEARCH AIM

This research will aim over giving a detailed analysis of budgetary control and the impact that it can have on the overall organizational performance. To study the connection between the two is the prime focus that the paper would emphasize over.

6. OBJECTIVES OF THE STUDY

The research will address the following mentioned objectives:

1. To study the link between organizational performance and budgetary control

2. To analyze the issues arising in the organization in the perspective of the budget and its control
3. To identify the remedial measures for improving the organizational performance and establishing better budgetary control

7. HYPOTHESIS OF THE RESEARCH

- H0- There is link between organizational performance and budgetary control.
 H1- Budgetary control have a proportional impact on organizational performance.

8. RESEARCH METHODOLOGY

This is the chapter that is giving the techniques and the tools that are used within the research paper. The overall used strategies and the criteria are given in this section that is helpful in addressing the research paper and also giving the overall techniques and approaches that are used throughout the research paper.

RESEARCH DESIGN

The design of the research is imperative as it gives the proper implications and the actual link between budgetary control and organizational performance (Zangirolami-Raimundo, et. al., 2018). The positive perspective between the two is depicted in this scenario gives the true link between these.

DATA COLLECTION

The data will be collected from secondary sources only. The entire data will be taken from the authenticated sources and the already published journals. This research is entirely dependent on secondary sources only (Basias and Pollalis, 2018). To complete the research effectively the researcher has focused on taking reliable and trusted journals and articles into consideration for completing the overall research paper.

DATA ANALYSIS

The data analysis is done on a qualitative basis only. As the data is considered from the secondary sources so the work is done in the qualitative aspects only. Only the quality data is studied in the report that gives the readers and the researchers for giving better influence and implications of the overall research and the studied articles and journals (Basias and Pollalis, 2018).

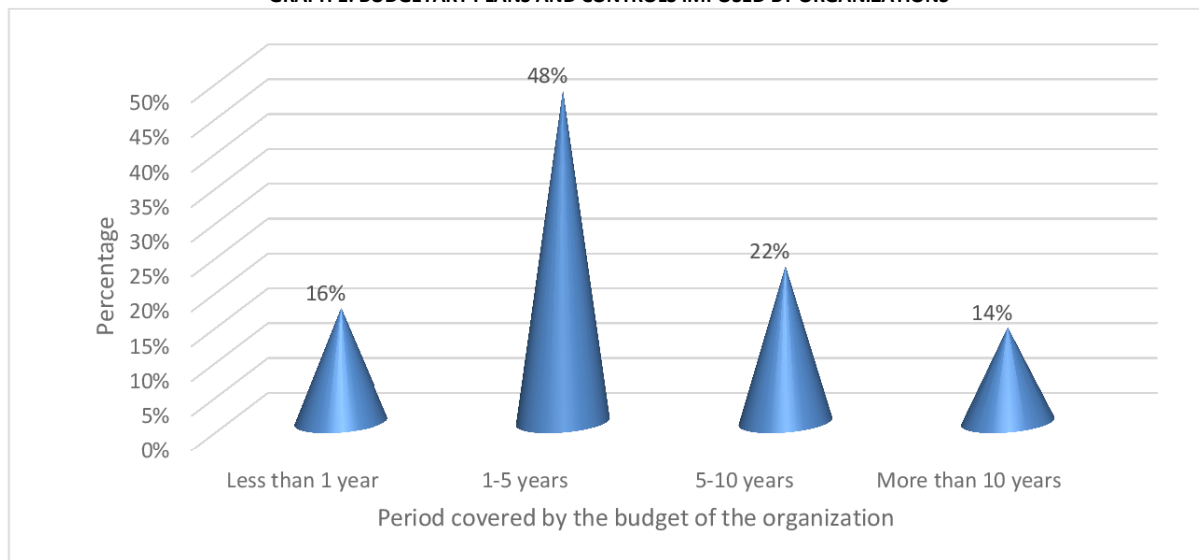
DATA RELIABILITY AND VALIDITY

To make a better research paper, it is necessary to use reliable and valid data and approaches. The secondary data is been used only from reliable and trusted sources that can deliver trusted outcomes on an overall basis (Zangirolami-Raimundo, et. al., 2018). The better conceptual understanding and ideas are built in the research that has also made it more reliable to study and give better analysis and understanding of the theme.

9. RESULTS AND ANALYSIS

It gives the results and analysis of the research paper in the context of the theme that is helpful in making the better implication and giving a better understanding that how budgetary control and its study and implications can help to improve organizational performance. The given study considers the qualitative study in the aspect of them to give a detailed analysis of this so that a better understanding can be taken.

GRAPH 1: BUDGETARY PLANS AND CONTROLS IMPOSED BY ORGANIZATIONS

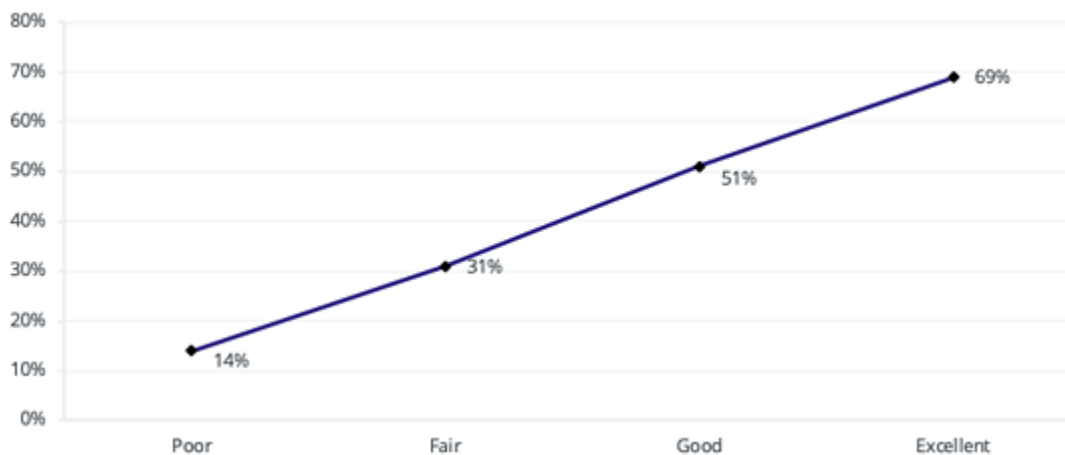


Source: (AKINLOLU, 2020)

The above graph depicts the position and the budget plans that the organizations develop for a distinct period. From the analysis of the above graph, it can be analyzed that the majority of the organization creates the budget of the period of 1 to 5 years majorly as these are helpful in taking the better controls but also helpful in making the dynamic performance and change the organizational working as per the changing trends and business needs (AKINLOLU, 2020).

Organizations have made the operations in such a way that the budgets give a detailed study about the same. Distinct organizations have adopted a variety of methods in adopting and planning their budget and budgetary controls (AKINLOLU, 2020). As and when the organizations adopt the controlling aspects for the budget the impact is delivered in a similar path.

GRAPH 2: IMPOSITION OF THE BUDGETARY CONTROL AND ITS IMPACT ON ORGANIZATIONAL PERFORMANCE



Source: (Akeem, 2017)

The above graph depicts the position and the impact of using better budgetary control in the business. The graph line shows that the increase in the level of budgets and budgetary control is helpful in making better organization performance. From the above graph, it can be easily depicted that the increase in the budget control percentage will, in turn, give a proportional impact on organizational performance. As the budgetary control is low, then the performance of the organization is also low and poor, in turn with the constant increase in the imposition of the budgetary control than the rise in the organizational performance in turn that moves from fair to the best positioning (Akeem, 2017).

The organizational performance is directly proportional to the budgetary controls that are imposed on the entity. The above graph shows the proper proportion and study. To eliminate the issues and offer better performances the budgetary aspects should be imposed beneficially to eliminate these issues from the entity and offering better operational working.

GRAPH 3: ACTUAL AND ESTIMATED BUDGETARY OPERATIONS



Source: (Asumani, 2019)

From the study and the analysis of the above graph, it can be seen that the budget plans are helpful in making the proper operational working in the business. The budgets are helpful in imposing the position in the entity's performance as it is helpful in making better business implications (Asumani, 2019). The above graph shows the making budgets set up the benchmark of performance to the organization that in turn makes the pressure over the organizational performance in giving the better implications in the way that also enhances and improves the overall performance of the organization.

From the above graph, it can also be analyzed that the budget has set up the anticipated Incomes and Expenses that the entity would need to have in the business operations in all the aspects that in turn will help the business to at least make the operations in the way so that they can at least they can earn better incomes and expenses (Egbunike and Unamma, 2017).

The above-conducted analysis has directed a fundamental examination of budgetary control and execution of an association, utilizing it as a contextual analysis. The researchers have assessed past writing and commitments to this examination, the issues related to budgetary control, different approaches to improve execution through budgetary controls, different approaches to improving execution through budgetary controls in past and late occasions, among other striking issues applicable to the subject of study (Egbunike and Unamma, 2017). From the above-done analysis and results, this is understood that budgetary controls offer better organizational performance because of the different issues related to financial plans and budgetary control frameworks in several entities.

10. CONCLUSIONS

In such a competitive world Google needs to maintain its legacy and performance. Therefore, budgetary control has a significant role to play (Bruns and Waterhouse, 1975). They must try to combine products which result in increased profitability and introducing new features into an already existing program is necessary. Hence, to ensure appropriate spending budgeting is necessary.

Google must come up with new incentive schemes with every revision during the budgetary control to develop excitement among workers. Budgeting makes it easy for a firm to be pre-calculative of the profit coming their way. Hence, promising due success. The comparison of budgeted and actual performance guides the application of these schemes planned by the firm. Managers take two main things into account while evaluating their employee's performance and the rating given are produced based on the target achieved, the accomplishment of the employee, and how they achieved the targets, etc. all this happens during the performance preview cycles that are annually followed by monthly performance check-ins. Further, the employee also performs self-assessment (Chigodo, 2017). The performance of every section differs and must be judged independently based on the deviations and circumstances faced by the organization.

By undertaking the process of budgetary control firm becomes capable of acquiring proper control over revenue expenditures, capitals, etc. Adoption of budgeting provides a better view of any improper working and practicing among departments and their working can be easily regulated based on the targets assigned (Chigodo, 2017). Google pays great importance to the rewarding system which compels employees to achieve their targets. However, it reduces their chances of

exploring greater capabilities. This indicates the need for the independent functioning of a budgeting committee. Being a big firm with a big turnover often leads to bigger unnecessary budgets which can be utilized for some other productive activities for expansion of the industry and would assure the firm with profit. The above-given analysis and the findings suggest that the concept of a budget is highly proportional to the link and the working of organizational performances and the impact of this should not be neglected from the work. The budget has given and underlined the proper budgetary aspects and structuring the operations and the performances of the organization.

REFERENCES

1. Akeem, L.B, 'Effect of cost control and cost reduction techniques in organizational performance', *International business and management*, Volume No. 14, Issue No. 3 (2017), pp.19-26.
2. AKINLOLU, F.J, 'Budgetary Control and Performance of Manufacturing Industries in Nigeria', *the Research Journal of Social Sciences & Management*, Volume No. 4, Issue No. 01 (2014), pp.7-19.
3. Balogun, A., Mamidu, A.I. and Owuze, C.A., 'Budgetary Control and Organizational Performance. *Journal of Education Research in Natural and Sosial Sciences (JERNASS)* Volume no 1. (2015), pp.97-108.
4. Basias, N. and Pollalis, Y, 'Quantitative and qualitative research in business & technology: Justifying a suitable research methodology', *Review of Integrative Business and Economics Research*, Volume No. 7 (2018), pp.91-105.
5. Choge, G., 'An Analysis of an Organization's Budgetary Control System and its Link with Performance Management and Decision Making', *International Journal of Finance and Accounting*, Volume No. 1 Issue No. 3 (2016), pp.1-17.
6. Dunk, A.S., 'Product innovation, budgetary control, and the financial performance of firms', *The British Accounting Review*, Volume No. 43 Issue No. 2 (2011), pp.102-111.
7. Egbunike, P.A. and Unamma, A.N,'Budgeting, 'budgetary control and performance evaluation: Evidence from hospitality firms in Nigeria', *Studies and Scientific Researches. Economics Edition*, Volume No 26, (2017), pp.23-31.
8. Marcormick, G. and Hardcastle, N.,'Budgetary control and organizational performance. *Journal of Finance and Accounting*', Volume No. 2 Issue No. 1 (2011), pp.1-8.
9. Mohamed, I.A., Kerosi, E. and Tirimba, O.I., 'Analysis of the Effectiveness of Budgetary Control Techniques on Organizational Performance at DaraSalaam Bank Headquarters in Hargeisa Somaliland', *International Journal of Business Management and Economic Research*, Volume No. 6 Issue No. 6, (2015), pp.327-340.
10. Olaniyan, N.O. and Efuntade, L.O.,'Budget and the budgetary control system in tertiary institution's financial performance in Nigeria', *KIU Interdisciplinary Journal of Humanities and Social Sciences*, Volume No. 1 Issue No. 2 (2020), pp.281-302.
11. Silva, L. M. D., & Jayamaha, A.,'Budgetary Process and organizational performance of Apparel Industry in Sri Lanka', *Journal of Emerging Trends in Economics and Management Sciences*, Volume No. 3 Issue No.4 (2012), pp 1-9.
12. Siyanbola, T.T.,'the Impact of Budgeting and Budgetary Control on the Performance of Manufacturing Company in Nigeria', *Journal of Business Management & Social Sciences Research*, Volume No. 2, Issue No. 12 (2013), pp 9-14.
13. Zangirolami-Raimundo, J., Echeimberg, J.D.O. and Leone, C., 'Research methodology topics: Cross-sectional studies', *Journal of Human Growth and Development*, Volume No. 28 Issue No. 3 (2018), pp.356-360.

REQUEST FOR FEEDBACK

Dear Readers

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

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

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

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

Looking forward to an appropriate consideration.

With sincere regards

Thanking you profoundly

Academically yours

Sd/-

Co-ordinator

DISCLAIMER

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

ABOUT THE JOURNAL

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

Our Other Journals

