

INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE, ECONOMICS & MANAGEMENT

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

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

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- Garg, Sambhav (2011): "Business Ethics" Paper presented at the Annual International Conference for the All India Management Association, New Delhi, India, 19–22 June.

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SMART SKILLS: BRIDGING THE SKILL GAP FOR YOUTH EMPLOYMENT**DR. MANJARI AGARWAL****ASST. PROFESSOR****SCHOOL OF MANAGEMENT STUDIES AND COMMERCE****UTTARAKHAND OPEN UNIVERSITY****HALDWANI****K. K. PANDE****DIRECTOR****CENTRE FOR DISTANCE LEARNING & INTERNATIONAL AFFAIRS****TEERTHANKER MAHAVEER UNIVERSITY****MORADABAD****ABSTRACT**

Education is the most important and crucial element for a growth of a country and discernibly significant for developing economies. A well-educated human resource contributes substantially to the economic, social and technological development of a country. However, India is witnessing serious dearth of skilled manpower in various industries. According to the 'Employment and Unemployment Survey 2012', India's official unemployment rate is 3.8 percent, with rural areas having an unemployment rate of 3.4 percent and urban areas having an unemployment rate of 5 percent. Further, according to NASSCOM, each year over 3 million graduates and post-graduates are added to the Indian workforce. However, of these only 25 percent of technical graduates and 10-15 percent of other graduates are considered employable by the rapidly growing IT and ITES segments. Work placements are a valuable way of helping students to develop work related skills and are highly regarded by potential employers. Those students unable to secure a work placement can be disadvantaged when competing with those who have undertaken placements. Even those students returning from an industrial placement may have gained variable experience due to the wide diversity in the placement experience. Therefore, the provision of department-based activities designed to develop employability skills and career awareness can be justified for all students. Hence, what we today face is growing skill gap between skills required and skills provided. Sensing the need Smart Skills, a company based at Haldwani (Nainital), a venture of professionals having hands on experience Industry experience in Automotive and allied industries and corporate training, came with an innovative idea of providing the schools drop out youth employment as a part of their corporate social responsibility, as an innovative program conducted jointly with the industry. Core strengths of the company being corporate training, curriculum design, delivery and imparting practical training. The Company with active support to the idea from TATA Motors developed an Industry specific curriculum to train the drop out youth for TATA Motors. On the other hand it collaborated with Uttarakhand Open University to get the syllabus approved and program certified so that the student gets climbing the education ladder while learning and working. This case documents the success of this model of collaboration, distinct from pure academic university's conventional education, bringing together higher education institution and employers, with an aim to solve youth employment problem for the State in particular and country at large. The program has then been started by Ashok Leyland, TVS group and Rane Madras and Maruti Suzuki India Ltd has signed MoU for starting the first trail batch for them with 60 students. This case may help the learners to understand about industry specific human resource needs, tailor made courses which includes business expectation in higher education institution and above all participation of corporate leaders with education institutions as a step towards Corporate Social Responsibility and creating new workforce.

KEYWORDS

Vocational Programmes, Employability, Industry-academic partnership.

HIGHER EDUCATION SCENARIO IN INDIA

Education is the most important and crucial element for a growth of a country and discernibly significant for developing economies. A well-educated human resource contributes substantially to the economic, social and technological development of a country. However, India is witnessing serious dearth of skilled manpower in various industries. According to the 'Employment and Unemployment Survey 2012', India's official unemployment rate is 3.8 percent, with rural areas having an unemployment rate of 3.4 percent and urban areas having an unemployment rate of 5 percent. Further, according to NASSCOM Report, each year over 3 million graduates and post-graduates are added to the Indian workforce. However, of these only 25 percent of technical graduates and 10-15 percent of other graduates are considered employable by the rapidly growing IT and ITES segments. Further, National Skills Development Corporation (NSDC) in India has mapped skill gaps in 20 high-growth sectors and the unorganised sector till the year 2022. These Skill Development Sectors are a classification of industry sectors where an array of jobs are available, for which skilled workforce is required and hence a need for industry specific skills training. Eventually, Work placements are a valuable way of helping students to develop work related skills and are highly regarded by potential employers. Those students unable to secure a work placement can be disadvantaged when competing with those who have undertaken placements. Even those students returning from an industrial placement may have gained variable experience due to the wide diversity in the placement experience. Therefore, the provision of department-based activities designed to develop employability skills and career awareness can be justified for all students. Hence, what we today face is growing skill gap between skills required and skills provided. Sensing the need Smart Skills, a company based at Haldwani (Nainital), a venture of professionals having hands on experience Industry experience in Automotive and allied industries and corporate training, came with an innovative idea of providing the schools drop out youth employment as a part of their corporate social responsibility, as an innovative program conducted jointly with the industry.

ABOUT SMART SKILLS

Smart Skills is a company based at Haldwani (Nainital) which is a venture of professionals having hands on experience in Automotive and allied industries and corporate training. Smart Skills is engaged in providing Consultancy and Training since 2005 to Manufacturing and Service Industries. Core strengths of the company are curriculum design, delivery and imparting practical training. It has collaborated with Uttarakhand Open University and Industries viz. Tata Motors, Ashok Leyland and TVS group for Certificate Courses in Basic Engineering Skills for developing and developed a unique concept of collaborative technical and vocational course especially for students with low literacy and low income groups. This idea was conceptualized in February 2010 when they along with Uttarakhand Open University conducted a human-resource survey in the state. The survey revealed that there is a huge mismatch in demand and supply of skilled workers. "In the survey we found that Tata Motors Ltd., Pantnagar itself required 200 skilled people every month at the entry level. At that time they were producing 750 Tata Ace and 200 Tata Nano with 3300 operatives, whereas their requirement was of 5000 operators. SIDCUL, Pantnagar had become an Auto Hub and required skilled manpower to produce vehicles. All industries in the region were falling short of their manpower requirements. Based on the above survey, we found that the shortage was not only of number of students but also in terms of the frequency with which these students were passing out of

their respective institutes i.e. July/August or December/January, whereas the requirement in industries is constant. Therefore while designing this course we deliberately decided to have six batches in a year without compromising the quality." Says Mr. Ashutosh Joshi, Director, SMART SKILLS.

After exploring various models of co-operations, a collaborative model was accepted as opposed to adoption by any one party. In this pursuit, they launched a six month programme called "Certificate Course in Technical Excellence". The objective of this course is to enhance the employability prospects for 10th pass students by empowering them knowledge and skills which would qualify them both academically and with hands-on skills to make them employable in industries.

"While thinking of the eligibility we wanted early dropouts to be part of this scheme since they have limited scope for employment. Therefore we kept the academic qualification to be 10th pass with age limit of 18-25 years". says Mr. Deepak Bisht, Director, SMART SKILLS

This innovative training scheme has offered more than 1200 students in a span of 22 months, an opportunity to get trained and certified in high technology areas in a very cost-effective way. These courses have a flexible system that allows students to accumulate both their knowledge and skills and convert them into certificate, advanced certificate and diploma through Uttarakhand Open University in a phased manner.

Companies like Tata Motors, Ashok Leyland, TVS Group and most recently Maruti Suzuki along with their vendors are showing genuine interest in these courses by having direct involvement in training these students. These companies provide on-the-job training to students with a good stipend which acts as a powerful motivation for students to take up these courses without financial liability. This is also creating a choice and competition among industries ultimately benefitting students with improved employability.

They came with an innovative idea of providing the schools drop out youth employment as a part of their corporate social responsibility, as an innovative program conducted jointly with the industry. "We take this opportunity to underline the importance of these courses in terms of their significant contribution to further development of technical and vocational education and their potential in offering employment opportunities to youths of today", says Mr. Deepak Bisht, Director, SMART SKILLS.

VISION

PROVIDE EXCELLENCE IN SKILL DEVELOPMENT THROUGH INNOVATIVE QUALITY TRAINING SCHEMES

UTTARAKHAND OPEN UNIVERSITY-THE SUPPORTING HAND

Uttarakhand Open University was established vide an Act of Uttarakhand Legislative Assembly in 2005 (Act No. 23 of 2005) with an aim to disseminate knowledge and skills through distance learning with introduction of flexible and innovative methods of education to ensure 'independent learning'. The University believes in imparting higher education by disseminating knowledge and skills through distance learning using novel educational programmes, various modes of communication technology and contact sessions.

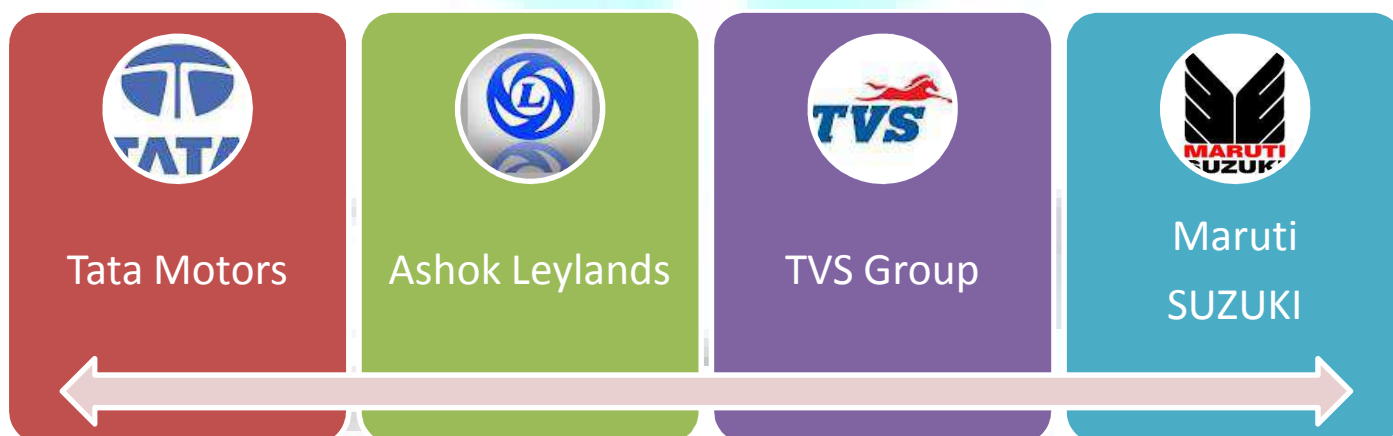
The major objective of the University is to cater to the educational needs of the target groups through the open systems of learning and to create skilled and knowledge based human resource for speedy upliftment and development of the State in particular. The University is making all out efforts to impart quality education by maintaining high academic standards. University has exhibited the potential to reorient itself in view of the rapid changes in the sphere of professional and technical education and it has come out with a number of new and innovative self-employment/employment oriented courses of study. Uttarakhand Open University is especially focusing on the women, the tribal and the other marginalized sections of this state located in the distant and difficult places. The University has made its presence felt even in the remotest corners of the state. It has signed MOUs with different providers with the aim of sharing the scarce resources and knowledge for the benefit of the people. The vision of the University is to provide the most critical component of growth, through quality higher education, to the state of Uttarakhand.

Uttarakhand Open University presently has been carrying out its studies through its 253 Study Centers established at different locations of the State under 8 Regional Centers working at Dehradun, Roorkee, Pauri, Uttarkashi, Ranikhet, Bageswar, Haldwani and Pithoragarh. Thus, the university has been contributing to the development and training of qualified human capital for the state. Uttarakhand Open University has also signed Memorandum of Understanding with several leading research institutions, companies and professional bodies for the benefit of the students.

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"Companies that are breaking the mold are moving beyond corporate social responsibility to social innovation. These companies are the vanguard of the new paradigm. They view community needs as opportunities to develop ideas and demonstrate business technologies, to find and serve new markets, and to solve longstanding business problems." **Rosabeth Moss Kanter, Harvard Business Review.**

The following companies has extended their support



TATA MOTORS - Tata Motors Limited is India's largest automobile company and is the leader in commercial vehicles in each segment. In order to meet the growing demand for TATA Ace product, Tata Motors has set up plant at Pantnagar in Uttarakhand. The plant was set up in a record time of 11 months and has set benchmarks for such projects. The company has invested about Rs.1000 crores in the plant. Its operation intends to generate about 10,000 direct and indirect jobs in the plant, among vendors and service providers in the area. Tata Motors is committed to improving the quality of life of communities by working on four thrust areas employability, education, health and environment. The activities touch the lives of more than a million citizens. The company's support on education and employability is focused on youth and women.

ASHOK LEYLANDS - Ashok Leylands are the flagship of the Hinduja Group, one of the largest commercial vehicle manufacturers in India with a turnover of US \$ 2.5 billion in 2011-12 having consistently delivered profits to our stake-holders since inception. Ashok Leyland's Pantnagar manufacturing facility! Located in Dev Bhoomi, Uttarakhand, this is now their largest manufacturing unit, spread across 190 acres of land. It is one of the most integrated manufacturing facilities in the Indian commercial vehicle industry and the technology pinnacle for the company. The plant is capable of churning out trucks at the rate of 75,000 vehicles a year; built with an investment of Rs. 1500 crores, they assures that their real investment is the employment opportunities that they are creating for over a

thousand people in the area. A number of development initiatives are taken in communities around their manufacturing facilities and in far-flung areas, through constant and well-monitored support to educational, medical and charitable organizations.

TVS GROUP - TVS Group is an Indian diversified industrial conglomerate with its principal headquarters located in Chennai and Madurai. The largest and the most visible subsidiary is TVS Motors, fourth largest two-wheeler manufacturers in India. TVS Group, headquartered in Chennai, with group revenue of more than USD 10 billion is a automotive conglomerate company in India, specialized in manufacturing of two-wheeler, three-wheeler, auto-electricals components, high tensile fasteners, die casting products, brakes, wheels, tyres, axles, seating systems, fuel injection components, electronic and electrical components and many more.

MARUTI SUZUKI - Maruti Suzuki India Limited (MSIL, formerly Maruti Udyog Limited) is a subsidiary of Suzuki Motor Corporation of Japan. Maruti Suzuki is a leading manufacturer of passenger vehicles in India. Lovingly referred to as the people's car maker; over the past three decades Maruti Suzuki has changed the way people in India commute and travel. Significant efforts have been taken to contribute to society at large, through its corporate activities, especially in the areas of Road Safety and Vocational Training. Maruti Suzuki has set up dedicated teams with requisite expertise to steer the social projects.

BACKGROUND: THE CHALLENGE

From time to time on different platforms right from counseling at Employment Exchanges, Gram Panchayats and presentation at FICCI, CII, IITs and other platforms they highlighted the importance of Technical Vocational education which is required for the socio-economic development of any State.

Further, they also highlighted this course at IIT Delhi, the objective was to state the challenges like:

- Poor bankability of the skills due to poor training, resulting in low employability of passouts.
- Disconnect-skills provided and skills required by Industry.
- Weak industry-academic interface
- Develop simple, easily understood "core" employability skills & competency standards.
- Provide a common platform for collaboration amongst industry, university and students in the state.

WHEREAS KEY FEATURE OF THIS MODEL INCLUDES

- Curriculum designed after extensive industry and market research.
- Training is an optimum blend of theory and on-the-job.
- Industry led outcome measured with high acceptability.
- Absorption by industry concerned with large part of trainees.

BENEFITS TO STUDENTS

- Students benefit from an early introduction to real world.
- Their prospects in labour market rise due to practical work experiences.
- Enable students to learn varied trades/courses at a low cost.
- Possibility of obtaining additional income which serves as a motivation to join such courses.
- Finally, such education bridges the gap between theory and practice.

BENEFITS AND ROLES OF PARTNERS

- Benefit through advice of Industry to adapt their curricula to the needs of the labour market.
- To have access to the latest technology and additional sources of income.
- Industry gets time to evaluate the performance of students for final absorption of trainees.

The question faced by them was whether they could adopt a particular vocational course, or develop a course on its own, or simply leave things unchanged. Leaving things unchanged seemed unwise. Duplication of various courses and reinventing the wheel are already features of the system and if such course is to grow substantially, some guiding framework is essential. Customizing and developing a uniquely local course keeping in view available opportunities in the State seemed the only way to proceed.

It was clear that for such vocational course to succeed,

- ✚ The model should be self-sustainable without putting burden on any one. Therefore they kept the fee low i.e. Rs 6,000 so that students can afford it initially, since they need to have some stake to remain in the course and at the same time they can get back triple of that amount in terms of stipend only if they perform.
- ✚ Involvement of Industry is critical. Their involvement is needed at every stage right from the curriculum development to the ultimate employer of the skills.
- ✚ Without investing in having a separate infrastructure it was wise to use the existing infrastructure of partnering industries to provide hands on training to students since training is largely performed on-the-job.

The mandate of the course is to make early drop outs employable without putting any financial burden on them. While developing the course, the emphasis was to have a demand driven short term course including easily understood core employability skills and competency standards.

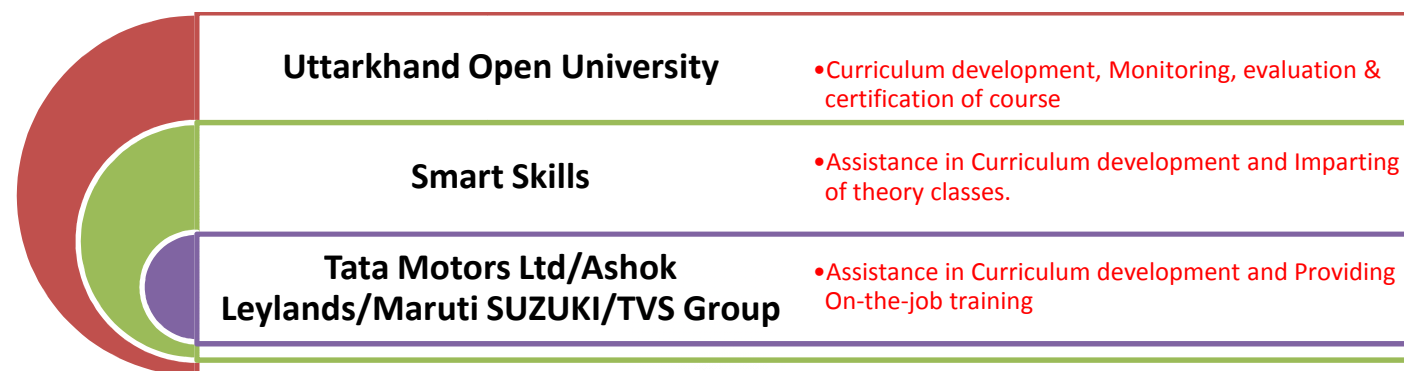
Theory part is imparted and monitored by the Institute whereas Industry Partner is entrusted with the responsibility of providing support to students in putting what students have learnt in the classroom to practical use on the shop floor. Ultimately, Uttarakhand Open University provides certification after conducting a written exam.

Direct exposure to students in Industries is leading to high employability and thus providing a common platform for collaboration amongst Institute, Industry and students.

THE MODUS OPERANDI

Uttarakhand Open University (UOU) invites application through Advertisements. Further, regular Job Fairs are also conducted through Employment Exchanges. Selection of students is also done by UOU. Initially two months theory classes (4 hrs a day) are conducted at Center of Technical Excellence through Smart Skills at various centers. After the completion of theory classes, learners are trained by Industry Partner for next four months, with stipend, Group insurance /ESI and evaluation. Further, continuous evaluation is also done in the form of assignments and written exams in every semester by UOU. On successful evaluation and clearing the written examination certificate is awarded by UOU to the learner.

Further, they have also created a powerful MIS system to monitor daily faculty report, attendance and curriculum taught in all the centers. Quarterly 'Train the Trainer' Programmes are organized to standardize quality of training in all centers. They also execute monthly review of performance and take necessary corrective actions wherever necessary. Moreover, Monthly visits are also done in the associated companies and their feedback is also ensured. Further, quarterly performance of students undergoing OJT in different industries is also evaluated.



The model fine-tuned at Haldwani (Distt. Nainital) is being replicated into the remote and hilly regions of Uttarakhand. Starting August 2011, five additional Centers of Technical Excellence have been established.

Area Covered	Students Enrolled
• Pithoragarh	50 students
• Bageshwar	50 students
• Kotdwar	50 students
• Bhowali	50 Students
• Karnprayag	50 Students

"Yes, since the state of Uttarakhand has a very scattered population with very limited scope for higher education. It was important for us to reach to such students and provide them initial two month theoretical sessions without moving them from their hometowns. Keeping that in mind we opened seven centers of Technical Excellence in the remotest regions like Pithoragarh, Karnprayag, Kotdwar, Bhowali, Ranikhet, Bageshwar and Almora". quoted Mr. Ashutosh when asked about this diversification.

Presently, capacity of Haldwani center is to train 1200 students and other centers is to train 600 students a year.

COURSES CURRENTLY OFFERED

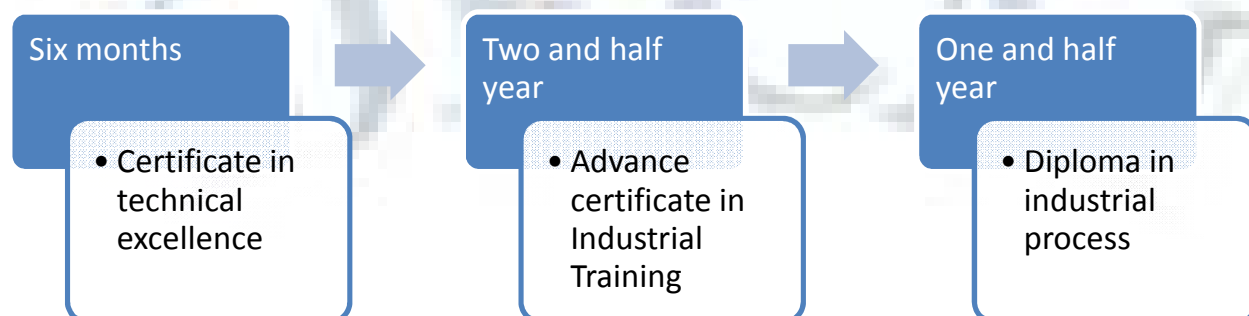
Sl. NO.	Course	Duration	Curriculum
1	Certificate course in Technical Excellence	Six Months	150 Hours Theory and 4 Months practical training at Industry partner
2	Advance course in Industrial training	Two and half year	5 semester, Practical training in industry and theory classes on Sundays and Holidays
3	Certificate course in workshop practices	One month	Full time
4	Diploma in Industrial process-Proposed	One and Half Year	After ACCIT-11, 3 semester practical training in industry and theory classes on holidays

OTHER COURSES DESIGNED AND IN THE PIPELINES

- Certificate Course in Technical Excellence
- Advance Certificate Course In Industrial Training
- Certificate In Basic Workshop Techniques
- Certificate Course In Basic Maintenance & Repair
- Management Information Science & Technology for Rural Youth
- Diploma in Industrial Process
- Certificate in Automotive Manufacturing
- Certificate in Automation Assembly

CAREER PATH FOR THE TRAINEES

The courses offered are modular in nature, where learner will start with six months certificate in technical excellence, moving to Advance Certificate in Industrial training of two and a half years. Last level, introduces learner with a specialized programme of one and half year tilted Diploma in Industrial process.



SALIENT FEATURES OF CERTIFICATE IN TECHNICAL EXCELLENCE

- ☐ Short duration certificate course – wherein students roll out every 2 months with appropriate level of competence (2 months theory with UOU) to gain hands-on experience (4 months) in industries.
- ☐ Serves as a bridge between employer needs and those of job seekers (students)

- ☐ 20:80 ratio of theory and hands-on experience- attempting to match as closely as possible the “real work environment” that student will face while entering the industry.

STUDENTS ENROLLED

SUMMARY OF STUDENTS ENROLLED FOR CERTIFICATE COURSE IN TECHNICAL EXCELLENCE			
Course : Certificate course in Technical Excellence		Share	
	No of Students till date	Stipend per month(Rs.)	Total Stipend paid(Rs.)
Tata Motors	345	3,500.00	4,830,000.00
Ashok Leyland	327	5,000.00	6,540,000.00
Delphi TVS/Lucas TVS	150	5,000.00	3,000,000.00
Rane Madras	32	5,000.00	640,000.00
Total	854		15,010,000.00
Course : Advance Certificate course in Technical Excellence		Share	
	No of Students till date	Stipend per month(Rs.)	Total Stipend paid(Rs.)
Tata Motors	66	5,500.00	4,356,000.00
Ashok Leyland	36	5,500.00	1,188,000.00
Total	102		5,544,000.00
Total Stipend received by the students till date			20,554,000.00

INDUSTRY FEEDBACK

The following are the remarks about this venture by the associated industry leaders-

- ☐ Students of Uttarakhand Open University possess good knowledge and discipline. They adapt to the organization culture quickly and our experience with them has been so good that we have decided to increase their intake for further training in the organization”
- **U J Salvi Div. Manager (Training) Tata Motors**
- ☐ “This is the first time an academic institution has designed a course keeping in mind the needs of business organizations”
- **Sunil Mishra DGM (HR) Ashok Leyland Rudrapur**
- ☐ “Knowledge possessed by students of certificate course in Technical excellence demonstrates the efforts made by the University towards their skill enhancement”
- **K Balasubramanian GM (HR) Lucas TVS**
- ☐ “We talked to few trainees during our visit to Uttarakhand and we were quite amazed to see the knowledge and sense of responsibility in them, we would definitely like to have them at our plant”
- **M K Gupta GM Maruti Suzuki Training Academy**

INSTITUTION FEEDBACK

- ☐ “The program run by UOU and Tata in Uttarakhand is a perfect working model which can succeed as it has an inbuilt ROI for the industry, very similar to German Model”
- **Mr. Ulrich Meinecke, Counsellor, Social and Labour Affairs, Vocational Education & Training, Embassy of the Federal Republic of Germany at FICCI SDF Meeting**
- ☐ “I am happy that Uttarakhand Open University is doing such an excellent work by involving the industry and providing employable skills to the youth of Uttarakhand. I wish you the very best in your efforts.”
- **Mr. Sharda Prasad, Director General, Employment & Training and Joint Secretary, Ministry of Labour & Employment, Government of India**

“Tata Motors have initiated various CSR activities to bring about a radical transformation in the quality of life of people living in and around the operation areas of the company through positive intervention in social upliftment programs.

They have adopted few ITI's in PPP mode and also introduced V-SAT through which the training can be provided by online lectures and demonstrations.

Tata Motors was the first company to join Smart Skills and Ashok Leyland, TVS group, Rane and Maruti Suzuki followed later. Tata Motors introduced this scheme at their suppliers' end thus making this course acceptable to them and encouraged them to recruit the students who have completed the course.

By providing the necessary facilities of Food, Transportation and uniform, Tata Motors has set a benchmark for all other industries that followed them”.

Mr. Santosh Kumar, Manager CSR Department, TATA Motors

UNIVERSITY'S FEEDBACK

“Programmes of SMART SKILLS provide vocational training opportunities to youth in Uttarakhand and have been very successful. Certificate in Technical Excellence is one of the flagship programmes of the University in terms of skills development. This course has helped young talent to gain job skills which allows them to return more successfully to the community as productive citizens. Vocational training, the erstwhile CSR activity for companies and Universities, is now seen in terms of its social outcomes and through such project we signal a positive change in the society.

The primary objective of Education in the present scenario is not only aimed towards creating knowledge but also towards imparting practical skills to prepare students for gainful employment. Further, moving cautiously in future, our focus should now be in developing similar programmes for other manufacturing industries in the region.” says Professor R. C. Mishra, Registrar, UOU

FEW SUCCESS STORIES

- ✓ Jeevan Chandra Pandey, is from a very poor family student and was just metric pass. He was struggling for job. After completing certificate of technical excellence course, he was absorbed in Tata Motors for training. During his training he won the first prize for offering Best Suggestion at Tata Motors.
- ✓ Manish Sharma after completing his intermediate enrolled for basic and advanced level programmes. He got through Moser Baer, Noida with an annual package of Rs 3.80 lacs only because of his on-the-job training at Tata Motors under the basic course.
- ✓ Gaurav Pandey has a similar story, he hails from a small village near Haldwani. During his training he also received Quality and Safety Award from Tata Motors.

MINDS BEHIND THIS SUCCESS STORY

Deepak Bisht, CEO, SMART SKILLS, has done MBA and has over 8 years' experience in consumer durable industries like BPL Ltd and Schneider Electric. He started his career as a **Freelance Trainer** with **Honda Siel**, Rudrapur where the training focus was to train their staff on Personal Effectiveness and Communication. He has over 6 years of experience in Behavioral Training with Industries like Parle, Britannia, Escorts, APC, Perfetti Van Melle etc.

Ashutosh Joshi, Director, SMART SKILLS, has done BTECH and has over 25 years of experience with Maruti Suzuki and 8 years' experience in training with industries like Hyundai, Volkswagen and many other reputed manufacturing industries.

THEIR NOTION BEHIND THIS MODEL

"I always had a desire to work for Uttarakhand and that is the reason I left Maruti and Hella. I was looking for avenues to work in my home state and in our first meeting with Vice Chancellor, UOU, Dr. Vinay Kumar Pathak, we discussed about the program. I was awestruck by his dynamism and decision making ability and my words to him at the end of the meeting were "Sir, you have given wings to my desire and surely hastened my working for Uttarakhand by few years".

We surveyed to find that there is a huge gap in demand and supply of quality work force in the factories in SIDCUL. Tata Motors was the first company to come forward to start the course. When we designed the course content I always remembered my Maruti days and as a supervisor knew what I was looking for in a technician. We put the same skill sets in our course and this was duly approved by Tata Motors.

Our course has also been appreciated by one and all in various meetings of Skill development forum of FICCI". says Mr. Ashutosh Joshi

Deepak his copartner in this venture also shared similar story-

"After conducting various training programs in SIDCUL in Uttarakhand I realized that training on behavioral aspects which was a major part of soft skills training was missing. We incorporated these in our program along with technical skills and found that our students stood out. They have done exceedingly well in whatever assignments were offered to them and continue to do so.

I have seen a great amount of transformation in the behavior of these trainees after their training and their confidence level to take upon the world is really amazing.

I have decided to take this program to far flung areas by conducting various Rozgar melas and meets and got tremendous support from local people and leaders of various political outfits.

It also gives us great satisfaction to see the development of our trainers and students in last couple of years. We are constantly improving and modernizing our efforts and methods and we definitely strive to become one of the best vocational training providers in the country".

POSITIONING SMART SKILLS

They have stuck to the basic methodology for creating awareness about this programme by counseling prospective students at the grass root level like organizing job fairs at employment exchanges, Schools, gram panchayats and by involving NGOs and other government agencies.

They also promote the programme through advertisements in newspapers but since the geographical conditions of the State is such that these newspaper have limited reach they considerably focus on physical campaigning.

SMART SKILLS's USP

The unique selling proposition (USP) lies in their offering-

TRANSPARENCY IN OUR DEALINGS WITH THE STUDENTS (OUR CUSTOMERS) IN TERMS OF FEE, JOB PROSPECTS, CODE OF CONDUCT AND TRAINING EXPECTATIONS I.E. CLASSROOM AND OJT

TEETHING TROUBLES

- The first and foremost problem they faced was that of a narrow mindset of the people in the state since for them the only opportunities existed in government sectors and people were averse to work in the industry. They also conducted various campaigns to highlight the advantages of acquiring technical skills.
- Another problem was to get good trainers and they started this program in collaboration with a local private ITI and used their instructors for delivery of the program but they found that their training method is not suitable for the program. Since it is very difficult to alter their training method they moved out and recruited their own trainers and put them through rigorous training. This helped in improving the quality of the delivery and better accountability of the trainers as they were now their employees.

CONCLUSION

This case study reviews successful collaboration between industry and academic team for creating pool of skilled manpower. Such type of innovative practices can enhance the employability prospects for the youth in India by empowering them knowledge and skills which would qualify them both academically and with hands-on skills to make them employable in industries. Further, such type of CSR initiatives of corporates with local organizations would surely help in solving social problems in the region. Smart Skills was smart enough in collaborating with the University for establishing credibility of the courses offered on one hand and partnering with the industry on the other, as they have expertise, human resources, capital and above all strategic planning for transforming society.

"Companies get involved in education for a number of strategic reasons, including building a positive reputation and goodwill among consumers, employees, investors, and other stakeholders; developing brand recognition, whether to increase consumer loyalty, boost sales, or establish the company as an industry leader; building a more educated workforce; raising consumer awareness about a particular issue; and fulfilling a company mission or mandate. Students, schools, and the general public can benefit from the experience and expertise that corporations bring to the table, particularly if the groups work together to ensure the right needs are being met on both ends"....[1]

The bottom line is that educational outreach efforts have the potential to make a real and lasting difference for all players involved.

DISCUSSION QUESTIONS

- Q1. What are the main features of the collaboration that make it successful? Do you think they have done something realistically and differently?
- Q2. Do you think such initiatives can work towards the needs of human resource development while helping corporate in participating in social initiatives?
- Q3. Trace the successful examples where companies have partnered with other organisation in strengthening their CSR programmes.
- Q4. What are the different types of industry-academic collaboration that are possible, particularly in the Indian scenario? Discuss.

PEDAGOGICAL OBJECTIVES

- To understand about industry specific human resource needs and formulation of tailor made courses which includes business expectation in higher education institution.
- To assess the need and importance of participation of companies with the local organisation and industry associations for building industry specific training programmes thereby captivating trained manpower in the Industry.
- To find out the alternatives of participation of corporate leaders with education institutions as a step towards Corporate Social Responsibility.
- To discuss the collaborative model of industry-academic interface in Indian scenario.

SUMMARY

This case is about the group of professionals who have collaborated with a distance learning university and major corporates players in their region for developing skilled and trained manpower in the State. This venture has brought sea change in the lives of many youth across the state through an innovative course on technical excellence. This venture has helped corporate giants in strengthening their CSR programme by involving in this social initiative right from the curriculum development to the ultimate employer of the skills.

Core strengths of the company being corporate training, curriculum design, delivery and imparting practical training. The Company with active support to the idea from TATA Motors developed an Industry specific curriculum to train the drop out youth for TATA Motors. On the other hand it collaborated with

Uttarakhand Open University to get the syllabus approved and program certified so that the student gets climbing the education ladder while learning and working.

In nutshell, the objective of the courses offered is to enhance the employability prospects for the youth by empowering them knowledge and skills which would qualify them both academically and with hands-on skills to make them employable in industries.

THE SCOPE

The scope of this case is to sensitize the budding management professionals with social and economic issues and concerns and may enable them in developing pertinent competencies and skills for chalking strategic decisions which may contribute to economic, social, technological and organisational development. This case study also intends to paint the new insights about corporate social responsibility which these professionals can share with different organizations say education providers, NGOs, Government, research organizations trade and industrial associations. Further, this case will help the reader to think about innovative ways of bridging the gap between demand and supply of skilled manpower in the country.

ISSUES FOR ANALYSIS

The case may be analyzed on the following outlines-

- Corporate Social Responsibility gaining new dimension, moving from charity to empowerment and partnership.
- Collaboration between Government, educational institutions and corporate can contribute tremendously in economic and societal development.
- This working model can be reciprocated in other states to create a pool of skilled manpower.
- Multiple modes of partnership/ collaboration can be developed by corporates for strengthening their CSR activities.
- More in a form of Public-Private-Partnership model, companies can adopt, initiate or partner development projects.
- Adopting this model, employers will receive security in terms of worker's skills, services and cost.
- Corporate as consumers/users of trained/skilled manpower may partner with Universities/Academia in numerous ways.

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INTERVIEW

9. Telephonic and Personal Interview with Mr. Deepak Bisht and Mr. Ashutosh Joshi , General Manager – Corporate Sales (with Dr. Manjari on August 23 and August 24, 2012)

THE NEED TO FOCUS ON HRD CLIMATE IN HIGHER EDUCATIONAL INSTITUTIONS: AN EMPIRICAL ASSESSMENT

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ABSTRACT

Human Resource Development function believes that given proper opportunities and by providing right type of HRD climate in the organisation, individuals can be developed to give full expression of their potential, contributing thereby to the organizational success ensuring optimization of human resources. Thus, optimal level of Human resource Development climate is a precondition for facilitating the function of human resource development in any organisation. This empirical study is aimed at assessing the extent of HRD climate prevailing in Higher Educational institutions in Kolhapur district by drawing out employee perceptions. For this study, perceptual data were collected from 284 staff members from different higher educational institutions through 38-item HRD Climate Questionnaire developed by the Centre for Human resource Development at XLRI Jamshedpur. Results of this study demonstrate overall HRD Climate in higher educational institutions is at an average level. Out of three elements of HRD Climate, General Climate and OCTAPACE Culture are at an average level; however the HRD Mechanisms prevailing in higher educational institutions are at significantly poor level.

KEYWORDS

HRD Climate, General Climate, HRD Mechanism, OCTAPAC Culture, Higher Educational Institutions.

INTRODUCTION

The ultimate aim of higher education is the development of human resources required for the development of the nation, and the institutions of higher learning are required to shoulder this responsibility. Higher education institutions (HE) are in essence HRD (Human resource Development) agencies set for the development of human resources for the country. This function in HE institutions is performed by the staff engaged in teaching-learning delivery system. Higher education systems, policies and institutions are being transformed by globalization, which is "the widening, deepening and speeding up of worldwide interconnectedness". It requires reinvention of the existing systems, policies and institutions to fit the changing environment. In the context of globalization and advancement in technologies due to ICT revolution the staff of higher educational institutions needs to sharpen and improve their capabilities, skills and attitudes. Effective performance of Higher Education institutions depends largely upon the proper development of its human resources- staff- engaged in teaching- learning activity. Research studies show that it is development of human resources that contributes for organizational success irrespective of their size, nature of ownership and control.

HRD believes that given proper opportunities and by providing right type of HRD climate in the organisation, individuals can be developed to give full expression of their potential, contributing thereby to the organizational success ensuring optimization of human resources. Thus, optimal level of HRD climate is a precondition for facilitating HRD. This empirical study is aimed at assessing the extent of HRD climate prevailing in Higher Educational institutions by drawing out employee perceptions. The researcher has selected higher educational institutions in the Kolhapur district of Maharashtra for the study.

CONCEPTUAL BACKGROUND

HRD And Its Critical Role In HE Institutions- "Human Resource" means the "manpower or labour which organisation possesses" or the people who are ready, willing and able to contribute to organizational goals". Human resource is one of the most valuable and unique asset of an organisation. While thinking holistically about the term human resources Leon C., Megginson, refers to "the total knowledge, skills, creative abilities, talents and aptitudes of an organization's workforce as well as the values attitudes, beliefs of the individuals involved."

All organizations whether government department, public or private sector, health, recreation or educational institutions- all are equally concerned with HRD, which is said to be the key to organizational success in the modern era of globalization. T. V. Rao (1985) explains HRD in the organizational context that it is a process in which the employees of an organisation are continuously helped in a planned way: i) to acquire or sharpen their capabilities required to perform various obligations, tasks and functions associated with and related to their present or future expected roles; ii) to develop their capabilities as individuals so that they may be able to discover their potentialities and exploit them fully for their own and for organizational purposes; and iii) to develop an organizational culture where superior subordinate relationships, team work and collaboration among different sub-units are strong and contribute to the organizational dynamism and pride of the employees.

HRD Climate- The concept of climate with specific reference to HRD context, i.e. HRD climate, has been introduced by Rao and Abraham (1985). It has been elucidated that an optimal level of "Development climate" is essential for facilitating HRD. Such a development climate can be characterized with; to treat the people as the most important resource, manager to assume the responsibility of developing competencies of the employees; faith in the capability of the employees to change and acquire new competencies at any stage of life; to be open in communications and discussion; encouraging risk-taking and experimentation; making efforts to help employees recognize their strength and weaknesses through feedback; general climate of trust, employees helpful to each other and collaborate with each other; team spirit; supportive personnel policies and lastly supportive HRD practices including performance appraisal, training, reward management, potential development, job rotation and career planning.

Elements of HRD Climate- The elements of HRD climate can be grouped into three broad categories- general climate, OCTAPAC Culture and HRD Mechanism. General climate items deals with the top management commitment to the human resource development in general. The OCTAPAC items deal with the extent to which openness, Confrontation, Trust, Autonomy, Proactivity, Authenticity and Collaboration are valued and promoted in the organization. The items dealing with HRD mechanisms includes training and development, feedback and performance appraisal, career planning, motivation and rewards and employee welfare and measure the extent to which HRD mechanisms are implemented genuinely.

REVIEW OF LITERATURE

Many researches have been conducted on HRD climate in public and private sector organizations. The result has shown that HRD climate affects performance of the employees. Rao and Abraham, (1986) in a study of 52 organizations show that the average level of climate was about 54% in these organizations which is

rather low. Various studies indicate the introduction and development of HRD programmes in Indian organizations. A study by D. F. Pereira (1985) on study of 'HRD Climate in Larsen and Toubro Ltd.', A study by Susan Varghese (1986) of HRD experiences in Crompton Greaves Ltd. A study of T. V. Rao in Voltas Ltd., found that HRD is practiced more in public sector than in private sector industries. In an analysis by Rao and Abraham, (1986) of 14 large public and private sector organization found that an organization that has better HRD climate and processes is likely to be more effective than an organization that does not have them. A study by Kapoor Bimal (1992) on 'HRD in Indian Oil Corporation' etc. found that HRD is practiced more in public sector than in private sector industries. Venkateswaran, K. P. Sai (1997) in his study of a large sector heavy engineering organisation located in Karnataka, found that, to a large extent, a favorable HRD climate was prevalent in a public sector undertaking in India. Krishna and Rao, (1997) carried out a comprehensive empirical study in BHEL, Hyderabad and found that HRD climate in the organization encouraged middle and senior managers.

Alphonsa, (2000) conducted a survey to examine the HRD climate of private hospitals and found climate satisfactory and reasonably good. Purang Pooja (2008) found the positive relationship between value institutionalization and HRD climate in engineering and manufacturing sector. Srimannarayana (2001) identified below average level of HRD climate in a software organisation in India. Agarawal Tanuja (2002) identified HRD climate was significantly more developmental in IT industry when compared to the automobile industry. Rodrigues, Lewlyn I.R. (2004) found highly satisfactory HRD climate in engineering institutes in India. Sampath & Kalpana, (2005) found that to a large extent organizations where knowledge workers work, enjoy a 'good' HRD Climate.

Mufeed SA, (2006) examined and found existence of poor HRD climate in the hospitals. Srimannarayana M, (2007) conducted a study in local bank of Dubai and found that a good HRD climate was prevalent in the organization. Banu (2007) conducted study in public sector Cement Corporation in Tamil Nadu and found that sound HRD Climate is necessary for the success of the public sector undertakings. Saxena and Tiwari (2009), in their study found that HRD climate in Public Sector banks is average and the perception of employees regarding the HRD climate do not differs significantly on the basis of gender, qualification and designation but it differs significantly on the basis of age. Dr. S. Sarswati (2010), in her study on 'Human Resource Development Climate: An Empirical Study', established significant difference in the HRD climate of software and manufacturing organizations.

A number of researchers on HR practices, have reported that HR practices are positively linked with organizational and employee performance. Huselid (1995) used eleven HRM practices in his study Teseema & Soeters (2006) have studied eight HR practices and their relationship with perceived employee performance. Khurram Shahzad, Sajid Bashir and Muhammad I Ramay (2008) in their research studied impact of three HR Practices of compensation, promotion and performance evaluation on perceived performance of University Teachers in Pakistan.

In India, very few researches have been undertaken to study HRD climate in Higher education sector. Shakeel (1999) in his study of the HRD Climate of two Central Universities found HRD Climate in both the universities at 'low' level, though the developmental climate in Delhi University is comparatively better than those of Jamia Millia Islamia University. Mufeed & Gurkoo, (2006) attempted to study HRD climate in universities and found poor HRD climate and employees dissatisfied with the prevailing HRD practices in the University. Mufeed and Shah (2006) while examining the perception of 549 teaching and non-teaching employees on the existing status of HRD climate of 9 Indian Universities have concluded that the existing HRD climate in the university is not perceived to be satisfactory. Ch. Venkataiah (2011), in his research studied Correlation between HRD Practices and Employee Performance of Private Engineering Colleges in Hyderabad.

An assessment of research studies carried out particularly on HRD climate reveals that numbers of studies have been carried out in the area of HRD climate in public and private sector organizations. Few studies have been undertaken in the area of HRD climate in HE institutions but are restricted to Universities and on HRD Practices in Professional Engineering Colleges. None of the studies have taken into account the perceptions of teaching staff on all the major elements of HRD Climate in all types of professional and non- professional higher educational institutions.

RESEARCH QUESTIONS

The study aims to answer the following questions according to the perceptions of teaching staff in the selected HE institutions.

Q.1: What is the level of General Climate- top management commitment- for HRD in Higher Educational Institutions?

Q.2: To What extent HRD Mechanism-sub-systems- are implemented in HE institutions?

Q.3: How HE institutions are performing in terms of OCTAPAC Culture?

HYPOTHESES

H₀: There is no significant inconsistency in applying three elements of HRD climate in Higher Educational institutions in Kolhapur district.

RESEARCH DESIGN

SAMPLING - For the present study the researcher has adopted the '*Purposive Quota Convenient Sampling Technique*'. 'Purposive' means that total 30 institutions selected are from both professional and non-professional category and from different disciplines of arts, commerce, science, education, law, engineering and management from rural as well as in urban areas. Staff means teaching staff belonging to different levels in the HE institutions; 'Quota means the predetermined sample size of 10 respondents per institution, the total quota is of 300 respondents from 30 HE institutions; 'convenient sample' means only those respondents that were willing to participate in the present survey.

PERIOD OF THE STUDY - The data was collected during the period of February – April 2012.

DATA COLLECTION - This study being based on survey method, the primary data was collected through the 38- item HRD climate questionnaire being developed by the Centre for HRD at XLRI, Jamshedpur. The researcher was able to collect the 290 filled questionnaires with response rate of 96.67%. Lastly 284 filled in questionnaire were selected for this study after rejecting 6 questionnaires for various reasons like errors, incompleteness and inadequate information.

LIMITATIONS OF THE STUDY - This study was carried out in reference to HE institutions; the findings of the study are not applicable to other types of organizations.

1. This research is an attempt to study the extent of HRD climate in HE institutions and is limited to Kolhapur district.
2. The study examines the extent of HRD climate on the basis of perception of only teaching staff in HE institutions. There is a possibility of prejudice having entered into their perceptions.
3. The findings may not be the same all over India, since the perception of teachers are likely to vary depending upon the environment.

FRAMEWORK OF THE ANALYSIS - Likert's five point scale was used to measure the perception of respondents (5-almost always true, 4-mostly true, 3-sometimes true, 2- rarely true, 1- not at all true). The mean scores of 1 indicates extremely poor and of 5 indicates exceptionally high HRD climate existing in the college/ institute. Mean score of 3 and around indicates an average tendency, while mean scores around 2 indicates poor level and mean score around 4 indicates a fairly good HRD climate in the college/institute. In order to make interpretations easy the mean score were converted into percentage score using the formula Percentage Score = (mean score - 1)*25. This assumes that a score of 1 represents 0 percent, of 2 represents 25 percent, of 3 represents 50 percent, of 4 represents 75 percent, and of 5 represents 100 percent. Thus, percentage score indicate the degree to which the particular dimension exists in the college/institute out of the ideal 100.

Data collected have been presented in tabular form and the analysis was made using mean score, simple percentage and standard deviation. Z value and P values were used to test the level of significance.

RESULTS OF DATA ANALYSIS

Top Management Commitment For HRD – Creating General HRD Climate - A general supportive climate is important for HRD if it has to be implemented effectively. In HE institutions such supportive climate consist commitment not only from top management, Principal and Vice-Principal, but also from Heads of

different departments, Librarian, Office superintendent, Registrars etc. of the institution. Good personnel policies and positive attitudes towards development are also of essence.

For the assessment of top management's commitment in creating general HRD climate in HE institutions, 14 related items from the questionnaire were identified and the score as regards perception of staff have been calculated and presented in Table 1.

As per Table 1, the average mean score of 3.22 (55.58%) indicates existence of slightly more than average level of general HRD climate in HE institutions. The important factors contributing largely to the general climate are, employees in their own college/institute are helpful to each other (mean score 3.50); they are also very informal and do not hesitate to discuss personal problems with their supervisors (mean score 3.45) and psychological climate in their respective institutions is very conducive to an employee who is interested in developing himself by acquiring new knowledge and skills (mean score 3.41).

Implementation of HRD sub-systems: HRD Mechanism - To achieve the HRD objectives, HRD systems may include many processes, mechanisms or sub-systems. These are also called as HRD practices. Successful implementation of HRD involves an integrated look at HRD and efforts to use as many HRD mechanisms as possible. HRD mechanisms or sub-systems or techniques etc., has to play unique role to facilitate favorable HRD climate in the organization. These mechanisms include: performance appraisal, potential appraisal, career planning, performance rewards, feedback and counseling, training, employee welfare for quality work life, job-rotation, etc.

For this purpose, 14 related items from the questionnaire were identified and the perception of respondents was accordingly noted down.

As per table-2, the average mean score of 2.72 (43.05%) indicates existence of almost poor level of HRD Mechanism in HE institutions. Perception of respondents as regards performance appraisal system in HE institutions is at an average level. Good number of respondents mentioned that Performance appraisal reports in their college/institute are based on objective assessment without any subjectivity (mean score of 3.11); weakness of employees are communicated to them in a non-threatening way (mean score of 3.04); and When feedback is given to employees they take it seriously and use it for development (mean score of 3.02).

Training of the staff is extremely important HRD factor in higher education which directly contributes to the staff development. However, maximum number of respondents under the study expressed their negative perception about the statements: employees of their college/institute when sponsored for training take it seriously and try to make best use of it (mean score 2.30, percentage score 32.45); and that their employees are sponsored for training on the basis of genuine training needs (mean score 2.46, percentage score 36.44); and also employees following training are encouraged to apply ideas of what they have learnt (mean score 2.13, percentage score 28.19). This study strongly reveals that training and development with its lowest score is the most neglected HRD practice in HE institutions.

The respondents feel that mechanism established to reward employee's good work and contributions in their college/institute is also at poor level (mean score 2.33 and percentage score 33.24). Respondents perception as regards welfare activities in their college/institute provided to enable employees to harness their mental energy for work purposes is at poor level (mean score 2.76 and percentage score 43.99).

OCTAPAC Culture - OCTAPAC culture is essential for facilitating HRD. The essence of the HRD climate can be well gauged from the amount of importance that is given to the development of OCTAPAC culture in the organization. To study the OCTAPAC culture prevailing in HEIs 10 relevant items from the questionnaire were identified and the perception of respondents was calculated and presented in Table 3.

As per Table-3 above, the mean score of 3.11 (52.62%) point out an average level of OCTAPAC culture in HE institutions as perceived by the respondents. The respondents have expressed very positively that staff at their college/institute are not afraid to express or share their feelings with their subordinates (mean score 3.63), and also are not afraid to interact with their superiors to share their feelings (mean score 3.61). Respondents also perceive high order of team spirit at their college/institute (mean score of 3.49). It signifies that openness and collaboration in HE institutions have highly contributed to maintain OCTAPAC culture at moderate level. However, the lowest score of 2.58 (39.54) for item no. 36 validate that college/institute's future plans are not made known to the senior staff to help them develop their juniors and prepare them for future.

COMPARATIVE ANALYSIS OF THREE ELEMENTS OF HRD CLIMATE

As discussed earlier HRD climate elements can prove important instruments for organizational dynamics, growth and effectiveness, if implemented effectively. To create an appropriate HRD climate in any organisation contribution of all the elements is of the equal importance. Change can be brought in a systematic manner only by using General Climate along with OCTOPAC Culture & introduction of HRD mechanisms.

Table 4 above strongly demonstrates General climate with mean score of 3.22 (55.58) and OCTAPAC culture with mean score of 3.11 (52.62) in HE institutions is above average level. Conversely, HRD mechanisms with mean score of 2.72 (52.62) are significantly at poor level. It appears that top management commitment for HRD and its efforts for establishing OCTAPAC culture in HE institutions are moderately good. However, there is an absolute failure to develop necessary mechanism, sub-systems, procedures and practices dropping HRD climate in HE institutions at average level.

HYPOTHESES TESTING

HYPOTHESES

H₀: There is no significant inconsistency in applying three elements of HRD climate in HE institutions in Kolhapur district.

All the three elements are significantly inconsistent from each other (Table 5). Hence the hypothesis H₀ is rejected.

FINDINGS AND CONCLUDING REMARKS

The basic objective of this empirical research was to evaluate the extent of HRD climate prevailing in Higher Educational Institutions in Kolhapur district.

- The findings of the present study indicate the existence of average level of HRD Climate in higher educational institutions.
- General HRD climate** in HE institutions is slightly more than average level. The factors like helpfulness; attitude of the staff to discuss personal problems freely with their supervisors and favorable psychological climate for self-development have contributed to keep the climate somehow at moderate level.
- Staff perceived **OCTAPAC culture** in HE institutions at an average level. The study signifies that openness of staff with their subordinates and superiors and attitude of collaboration have contributed to keep the OCTAPAC culture still at modest level.
- It is identified that **HRD Mechanism/ HRD sub-systems** in HE institutions is at significantly poor level.
- There is significant inconsistency in applying three elements of HRD climate in HE institutions.

The present study reveals that there is still a substantial scope for improvement of various aspects of HRD climate in HE institution. Some of these aspects along with broad suggestions are:

- Top management's commitment should be increased towards overall responsiveness to HRD function. The factors which need immediate attention are, commitment of superiors about development of subordinates, firm personnel policies that show high concern for staff would go long way in creating better general climate in HE institutions.
- The management should draw its attention in bringing reforms in training and development (2.29), rewards and employee welfare (2.33) as the mean score is quite below average on these two HRD mechanisms.
- In creating favorable OCTAPAC culture management should put sincere efforts to embed the values of confrontation, autonomy, authenticity and proactivity in HE institution.

This research is an attempt to study the extent of HRD climate in HE institutions and is limited to Kolhapur district. The scope of study can be extended to include HE institutions at state and national level to give a wider picture of HRD climate in HE institutions. However, this study will positively contribute to the existing literature on HRD and give a way for future research in different areas of HRD in higher education.

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ANNEXURE

TABLES AND FIGURES

TABLE 1: TOP MANAGEMENT COMMITMENT FOR HRD –GENERAL HRD CLIMATE

Item No.	Statements	Mean	Percentage	S.D.
1	Top management of this College goes out of the way to make sure that the employees enjoy their work.	3.24	56.12	0.75
2	Top management of this college believes that human resources are an extremely important resource who should be treated more humanely.	3.15	53.63	0.74
3	Development of Subordinates is seen as an important responsibility by the senior's at this college.	3.09	52.30	0.80
4	The personnel policies in this college facilitate employee's development.	3.16	54.08	0.85
5	Top management of this college is willing to invest a considerable part of their time and other resources towards employee's development.	3.15	53.72	0.73
6	Senior's at this college take active interest in their juniors and helps them learn their job.	3.17	54.17	0.72
7	Employees lacking competence in performing their jobs are helped to acquire competence rather than being left unattended.	3.05	51.15	0.77
8.	Principal/Director in this college believes that employee behavior can be changed and they can be developed at any stage of their life.	3.26	56.47	0.77
9.	Employees in this college are helpful to each other.	3.50	62.41	0.71
10.	Employees in this college are very informal and do not hesitate to discuss personal problems with their supervisors.	3.45	61.26	0.86
11.	Psychological climate in this college is very conducive to any employee interested in developing himself by acquiring new knowledge and skills.	3.41	60.37	0.87
12.	In these college seniors guide their juniors and prepare them for future responsibilities and roles they are likely to take up.	3.10	52.48	0.92
13.	Principal/Director of this college makes efforts to identify and utilize potential of the employees.	3.26	56.47	0.86
18.	Employees in this college do not have any fixed mental impressions about each other.	3.14	53.46	0.74
		3.22	55.58	0.79

Source: Survey Results

TABLE 2: IMPLEMENTATION OF HRD SUB-SYSTEMS: HRD MECHANISM				
Item No.	Statements	Mean	Percentage	SD
14.	Promotions in this college are governed by the suitability criteria alone without any favoritism.	2.61	40.25	0.86
15.	This college has established mechanism to reward employee's good work and contributions.	2.33	33.24	0.92
16.	Principal/Director in this college appreciates employee's good work.	2.84	46.01	0.92
17.	Performance appraisal reports in this college are based on objective assessment without any subjectivity.	3.11	52.75	0.92
19.	Employees are encouraged to experiment with new methods and explore creative ideas.	3.06	51.51	0.65
20.	When any employee makes a mistake his seniors treat it with understanding and help him to learn from such mistakes rather than punish or discourage him.	3.09	52.13	0.78
21.	Weakness of employees is communicated to them in a non-threatening way at this college.	3.04	50.98	1.31
22.	When feedback is given to employees they take it seriously and use it for development.	3.02	50.44	1.25
23.	Employees at this University take pains to understand supervisors or colleagues perceptions about their strengths and weakness.	3.01	50.35	1.10
24.	Employees sponsored for training take it seriously and try to make it best use.	2.30	32.45	0.68
25.	Employees following training are encouraged to apply ideas learnt.	2.13	28.19	0.60
26.	Employees are sponsored for training on the basis of genuine training needs.	2.46	36.44	0.81
37.	The welfare activities in this college enable employees to harness their mental energy for work purposes.	2.76	43.97	0.73
38.	In this college opportunity to work in different departments by rotation facilitates employee development.	2.36	33.95	0.68
		2.72	43.05	0.87

Source: Survey Results

TABLE 3: OCTAPAC CULTURE				
Item No.	Statements	Mean	Percentage	S.D.
27.	Employees trust each other at this college.	3.31	57.80	0.62
28.	Employees at this college are not afraid to interact with their superiors to share their feelings.	3.61	65.25	0.82
29.	Employees at this college are not afraid to express or share their feelings with their subordinates.	3.63	65.87	0.82
30.	Employees are encouraged to take initiative and undertake activities on their own without having to wait for instruction from seniors.	2.93	48.32	0.80
31.	Delegation of authority to encourage juniors to develop handling higher responsibilities is quite common at this college.	3.02	50.44	0.91
32.	In the event of delegation of authority, juniors use it as an opportunity for development.	3.03	50.71	0.73
33.	Team spirit is of high order at this college.	3.49	62.23	0.81
34.	In the event of problems cropping up employee discuss them mutually to resolve them rather than indulge in any blame game.	2.84	45.92	0.79
35.	Seniors often discuss career growth opportunities of juniors with them at this college.	2.61	40.16	0.98
36.	Our college's future plans are made known to the senior staff to help them develop their juniors and prepare them for future.	2.58	39.54	0.91
		3.11	52.62	0.82

Source: Survey Results

TABLE 4: COMPARATIVE ANALYSIS OF ELEMENTS OF HRD CLIMATE				
Item No.	HRD Elements	Mean	Percentage	S.D.
1.	General Climate	3.22	55.58	0.79
2.	HRD Mechanism	2.72	43.05	0.87
3.	OCTAPAC Culture	3.11	52.62	0.82
		3.01	50.18	0.83

Source: Survey Results

TABLE 5: INTER-COMPARISON OF THREE ELEMENTS OF HRD CLIMATE			
	HRD elements	Z-value	p-value
1	General Climate and HRD Mechanism	7.374	0.00000*
2	General Climate and OCTOPAC culture	1.62223	0.104739**
3	HRD Mechanism and OCTOPAC culture	5.4781	0.00000*

Source: Survey Results

* Strongly significant

** Moderately significant

PERFORMANCE OF INDO-RUSSIAN TRADE DYNAMICS: AN APPRAISAL FOR THE YEAR 2003-2006**MANMOHAN SINGH****RESEARCH SCHOLAR****DEPARTMENT OF APPLIED BUSINESS ECONOMICS****FACULTY OF COMMERCE****DAYALBAGH EDUCATIONAL INSTITUTE (DEEMED UNIVERSITY)****DAYALBAGH****S. P. KAUSHIK****HEAD****DEPARTMENT OF APPLIED BUSINESS ECONOMICS****FACULTY OF COMMERCE****DAYALBAGH EDUCATIONAL INSTITUTE (DEEMED UNIVERSITY)****DAYALBAGH****ABSTRACT**

India and Russia have considerable linkages in trade and economic cooperation. Friendly relations between the two countries have existed from the foundation of the Russian Federation as an independent state in December 1991, and much before that. However, trade between the two countries has not improved substantially between 1992 and 2006. On this foundation, following the signing of the Memorandum on Co-operation between the Ministry of Economic Development and Trade of the Russian Federation and the Ministry of Commerce and Industry of India, by H.E. Mr. Kamal Nath, Minister of Commerce and Industry of India and H.E. Mr. G. O. Gref, Minister of Economic Development and Trade of the Russian Federation, a Joint Study Group (JSG) was set up between India and Russia to work out a programme for enhancing the bilateral trade to USD 10 billion by 2010 and to explore the possibilities of a Comprehensive Economic Cooperation Agreement (CECA) between both the countries. To fulfill the appraisal of Indo-Russian trade dynamics the researcher has framed the objective- To evaluate Indo-Russian trade performance. For this purpose researcher considered various economic reports of the Indian and Russian government related with Indo-Russian trade. In this research paper the researcher used only secondary data. The duration of the data is 2003-2006 because of no research has been done till now for mentioned year data but included in various studies. That is why the researcher selects those years' data for this research paper.

KEYWORDS

trade, economics, export, import.

INTRODUCTION

India and Russia have shared strong and warm bilateral relations over the last many decades. The dissolution of the Soviet Union in 1991 was the primary reason for a slowdown in trade and relations between India and Russia. However, as the Russian economy has stabilized, relations with India too have accelerated, if not in substance, at least in intent. During President Putin's visit to India in 2000, Russia and India became strategic partners and resolved to deepen relations in all areas of mutual interest. In 2006, India's Minister of Commerce and Industry, Mr. Kamal Nath and Russia's Minister of Economic Development and Trade, Mr. German Gref announced a turnover target of US\$ 10 billion for India-Russia's bilateral trade.

After 2003, substantial growth in prices for oil, natural gas, and many other commodities as exportable from the Russian Federation, has lent a fresh impetus to induce further economic growth. The positive tendencies as associated with the GDP growth, investor-propelled activism, budgetary surpluses, and reduced poverty rates, have continued all the way through the years 2004-2006, too. On the strength of higher oil prices and owing to the responsible macroeconomic policies as pursued by the Russian government, Russia's attractiveness for foreign investors and creditors has improved with the Russian enterprises witnessing greater access to investment and credit resources. Thus, over the period starting in late 1998 and all the way until 2006, the Russian GDP, in real terms, rose by 62%, whilst the real income of the population grew by 54%. Welfare of the population has reached the highest level in modern history, with the gap discernible in the levels of development between the various regions also shrinking. Russian macroeconomic policy was quite rigorous, and contributed to decreased inflation rate from 20.2% in 2000 to 9% in 2006, despite high oil prices and huge capital inflows. The country's macro-economic stability is, for instance, characterized by such a factor like the continuous growth of the foreign-exchange reserves (FER), which amounted to USD 250.6 billion as on January 1, 2007. Trends in Indian and Russian economies as trading economies India's exports increased from USD 53 billion in 2002-03 to about USD 125 billion in 2006 recording Compound annual average growth rate (CAAGR) of 24% during the last four years. India's share of world trade merchandise and services together has moved up from 0.9% in 2003 to 1.5% in 2006. The significant growth of exports was driven by a record growth in the manufacturing sector, and sustained demand from the major trading partners. Export of goods and services now accounts for around 20% of GDP.

India's competitive strength lies in engineering, textiles, chemicals and pharmaceuticals and automobiles which have shown impressive export growth in recent years. In India, various sections of industry have become the targets of foreign direct investment and revamping. This has led to an export orientation of these industries. These industries include food processing (where companies such as Pepsi foods have made an inroad), textiles (where the entry of large units has been permitted almost without reservation in the recent past), automobiles and machinery. Services accounted for 54% of GDP in 2005-2006 and Services exports from India accounted for 40% of total exports in the same year. Imports into India have increased about USD 61 billion in 2002-03 to about USD 149 billion in 2005-06. Up to the first half of current financial year 2006-07 (April-September 2006), the imports were valued at USD 84 billion recording a growth of 32% (provisional). Out of this, the oil imports were valued at USD 29 billion and non oil imports at USD 55 billion. India trades mainly with the countries of the European Union, the United States and China. The Foreign Trade Policy of India (2004-09) aims at Simplifying procedures, bringing down transaction costs, facilitating technological and infrastructural up gradation, etc. The Indian economy, during the period of reforms has focused on imports of energy products in order to sustain a growing production capacity and domestic consumption. Machinery imports have also been oriented to the same ends. Russian exports and imports have risen steadily during 2001 and 2006.

REVIEW OF LITERATURE

Rajesh K. Pillania (2008), in his research paper titled "Indo Russian Trade: An Exploratory Study", evaluated Indo - Russian trade. India and Russia are among the two major emerging economies. India and Russia have long history of trade and co-operation. However the trade suffered after the disintegration of erstwhile USSR in 1991. Currently, Indo-Russian trade is of marginal importance to the trade profile of the two countries (1% or less on average). Initiatives have been taken in recent past particularly during the visit of Indian prime minister to Russia in 2007 and Russian prime minister visit to India in early 2008 for promoting bilateral trade. Looking at the recent initiatives, the growth rates and small size of bilateral trade, we find that there is huge untapped potential for bilateral trade between the two countries.

Prasad, Ajnesh, (2008) the purpose of this paper is to articulate "A critical survey of ethnic conflict between in Indo- and indigenous Fijians" the etiology of ethnic conflict in Fiji that moves beyond polemical interpretations which routinely and often erroneously apportion blame. Design/methodology/approach - A critical survey of ethnic conflict between in Indo- and indigenous Fijians is offered. The implication of British colonialism on the conflict is underscored. Findings - The paper concludes that the first three coups that occurred in Fiji between 1987 and 2000 were, to varying degrees, the coupled result of the deterioration of indigenous paramount in Fijian politics on the one hand and the lack of their improvement in socio-economic status on the other.

John Paul Moy (2008), in this article "The Debts of a Nation", evaluated the ameliorative efforts of the Federal Reserve and other financial authorities at market intervention are not viable. Widening the discount lending window, swapping toxic debt for US treasuries, nationalizing housing lenders, and instituting "emergency" bans on naked short selling all have the potential to cause permanent disruption in the equity and credit markets - to say nothing of damaging the underlying economic fabric. These are short term remedies that merely prolong the inevitable contraction in the economy.

Alain Desdoigts, Fernando Jaramillo (2007), in this research paper entitled "Trade, Demand Spillovers, and Industrialization: The Emerging Global Middle Class in Perspective". Focused on the integration of BRIC (Brazil, Russia, India and China) into the global economy provide the biggest boost to the world. Economy since the industrial revolution? In this paper, we investigate international demand spillovers brought about by an emerging global middle class and their impact on the International structure of production. We put forth a many-industry and two-country trade model featuring international competition, non-homothetic preferences and country-specific asymmetries in income distribution, productivity and population size.

Federico Bonaglia & Andrea Goldstein (2006), in their paper entitled "Egypt and the Investment Development Path: Insights from Two Case Studies". Evaluated about Egypt and the investment development path. According to the Investment Development Path (IDP) hypothesis, there is a U-shaped relationship between a country's economic development and its net outward investment position. An emerging country should evolve from a position of net recipient of foreign direct investment (FDI) to net exporter of FDI as its level of economic development increases.

Agata Antkiewicz & John Whalley (2005), in this research article titled, "BRICSAM and the Non-WTO". Identified the various factors of BRICSAM and the non-WTO. We discuss recent regional trade and economic partnership agreements involving the large population, rapidly growing economies (BRICSAM: Brazil, Russia, China, India, South Africa, ASEAN, and Mexico). Perhaps 50 out of 300 agreements that exist worldwide involve BRICSAM countries; most are recently concluded and will be implemented over the next few years.

OBJECTIVE OF THE STUDY

To make the study scientific and systematic the researcher has framed the following objective:

- To evaluate Indo-Russian trade performance.

RESEARCH METHODOLOGY

To achieve the above mentioned objective of the study. The following general research methodology adopted:

The data:

To make the findings of the present study more practically viable and accurate the secondary data used.

For secondary data the researcher will use all possible published data for the four years 2003-2006 related to Indo – Russian trade.

AN EVALUATION OF INDO-RUSSIAN TRADE

Historically, India and Russia have been close trading partners. Bilateral Trade in 2005-2006 stood at about USD 2.72 billion which was 39.5% higher than the USD 1.95 billion in 2004-2005. Currently, bilateral trade with India amounts to only 1.1% in average of Overall Russian trade volume. Similarly in case of India, bilateral trade with Russia amounts to only 1.1% of the total volume of foreign trade of India. The details of Indo-Russian bilateral trade during the last few years are as under.

INDIAN STATISTICS (In million USD)

YEARS	EXPORT	IMPORT	TRADE VOLUME
2002-2003	704.00	592.61	1296.61
2003-2004	713.76	959.63	1673.39
2004-2005	631.26	1322.74	1954.00
2005-2006	729.89	1992.01	2721.90

RUSSIAN STATISTICS (In million USD)

YEARS	IMPORT	EXPORT	TRADE VOLUME
2003	584.7	2735.3	3320.0
2004	651.2	2502.0	3153.2
2005	784.6	2314.1	3098.7
2006	697.1	1798.0	2495.1

There are apparent differences in the Indian statistics and the Russian statistics.

However, they conform to the similar trend indicating that the total bilateral trade

Volume had fallen from 1999 till 2002. As per Indian statistics, Indian exports to Russia had declined from a level of USD 947.92 million in 1999-2000 to USD 631.26 million in 2004-2005. In the year 2005-2006 there was a slight recovery as Indian exports registered a growth of 15.62 % reaching a level of USD 729.89 million. According to the Russian statistics during the last ten years, Indian exports to Russia had declined from a level of USD 667 million in 1999 to USD almost 513 million in 2002. In the year 2003 there was a slight recovery as Indian exports registered a growth of about 14% reaching a level of USD 583.5 million. Similarly, according to the Russian statistics, Russian exports declined from USD 1177 million in 1999 to USD 704 million in 2001. Since the year 2002 they have shown stable growth from USD 731 million to USD 1798 million for the first 9 months in 2006. The decline in trade up to 2002-03, perhaps reflects the political and economic situation in Russia after the collapse of the Soviet Union and the transition by both countries to more market oriented economic policies in the early 1990s. Another factor is the end of Rupee-Rouble arrangement. Both countries are now trying to expand economic ties based on accelerated economic growth to create economically more meaningful trade.

FINDINGS & CONCLUSION

The findings as ensuing from the assessment of the prospects for the development of the trade and economic relationships between India and Russia show that there are indeed vast opportunities for expansion of the bilateral trade turn-over and investment cooperation between the two countries. However, the stagnating trade flows, over the recent years, have evidenced the presence of considerable barriers to bilateral trade and investment. If these are resolved, the scale of bilateral trade in areas of strength could increase substantially. Cooperation in other sectors could also be invaluable to both sides.

(i) Proper data should be evolved that takes into consideration not only the standard commodities and merchandise that are involved in trade in goods but also the services. This will establish the range and character of the trade in services, which is difficult at the moment.

(ii) Attention should be paid to the areas where there is considerable potential in the immediate future. First of all, the cooperation should be increased in the spheres of industrially advanced technology products and innovative development of different industries of economy. Besides, there are also a number of other directions with big potential, for example, the jewellery and gems trade.

(iii) Attention should be paid to improvements in communications and transport along the lines already evolved.

(iv) Programme should be evolved to promote sectors that have served the two Countries well and where trade is crucial (drugs and pharmaceuticals and fertilizers being the best case in point).

(v) Discussions may be undertaken to establish areas of economic cooperation that may involve special regimes of Customs duties in some tariff categories to encourage trade keeping with the regulations of the WTO. In this context discussions may be undertaken to evolve agreement on Rules of Origin.

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KNOWLEDGE AND PRACTICE OF GENERAL PRACTITIONERS REGARDING PSYCHIATRIC DISORDERS IN VADODARA CITY

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ABSTRACT

General Practitioners (GPs) encountered the psychiatric morbidity be ranging between 10% to 36% and General Hospital outpatients encountered 27%. The study was conducted with the aims to study the socio-demographic aspect of GPs, to know the knowledge of GPs towards the mental health illness, to study the practice of GPs with Psychiatric problems or disorders. Study was Cross-Sectional study conducted in city Vadodara during January 2011 to July 2012. Study included all General Practitioners with of only M.B.B.S degree and active in practice. There were total 310 GPs in Vadodara city at the time of study, out of that 255 male and 55 female GPs active in the practice at the time of study. Training/CME did improve significantaly the knowledge of GP for psychiatric illnesses. Study did not find significant realtion between gender of GPs, Duration of practice & interest in Psychiatric branch with knowledge of GPs for Psychiatric illness. Less importance given on psychiatric subject during under-graduate and internship period of MBBS. This develops negative attitude towards psychiatric subject. This negative attitude naturally reflects during the clinical practice of General Practitioners. So there is need to bridge this gap. This gap can be bridge with various activities like Continue Medical Education (CME), Training, and short course for interested GPs.

KEYWORDS

General Practitioners, Psychiatric Disorders, knowledge, Practice, training/CME.

INTRODUCTION

The World Bank report¹ revealed that the Disability Adjusted Life Year [DALY] loss due to psychiatric disorders including substance use is 11.5% which is much higher than diarrhoea, malaria, worm infestation, Human Immuno-deficiency Virus (HIV) and Tuberculosis (TB) if taken individually. DALYs loss due to mental disorders are expected to constitute 15% of the global burden of diseases by 2020².

Mental health care is an integral part of total health care. This has been recognized from the time of Alma-Ata declaration. This primary care is a basic level of care acts as a filter between the general population and specialized health care³. There is evidence to suggest that basic mental-health services generally can be managed in primary health-care organizations with considerable cost savings and without detrimental effects on health⁴.

General Practitioners (GPs) encountered the psychiatric morbidity be ranging between 10% to 36% and General Hospital outpatients encountered 27%⁵. GP is an entry point for Psychiatric Patients for diagnosis and treatment of Psychiatric Disorders and high burden of psychiatric patients, GPs should aware about psychiatric illnesses and their treatment. Psychiatric epidemiology lags behind other branches of epidemiology due to difficulties encountered in conceptualizing, diagnosing, defining a case, sampling, selecting an instrument, lack of resources and stigma. A major challenge for psychiatric epidemiologists is to increase the relevance of their research with regard to their counterparts in preventive psychiatry and to the policy makers⁶.

So the study was conducted with the objectives to study the socio-demographic aspect of GPs, to know the knowledge of GPs towards the mental health illness, to study the practice of GPs with Psychiatric problems or disorders.

MATERIALS AND METHODS

Study was a Cross-Sectional study conducted in city Vadodara during January 2011 to July 2012. Study population was all General Practitioners with of only M.B.B.S degree and active in practice of Vadodara city. Study also included all GPs who were working in government hospitals, corporation hospitals (UHC), working with some NGO-Trust hospitals & working in own dispensary & nursing home. At the time of study, total 310 GPs were practicing in Vadodara city. The gross distribution was 255 male and 55 female GPs were practicing. Knowledge was compare with Training in Psychiatric subject, duration of private practice, sex of GP, interested subject of medical field.

After taking permission of institutional ethics committee the study was initiated. All MBBS GPs were approached and personally met for the data collection. The appointment was taken from the doctor and the practitioner and they were briefed about the study. After taking informed consent, a detailed questionnaire was administered to the general practitioner, at his/ her convenience. If practitioner was not available due to some reasons, they were re-approached after some days. It was decided to approach non-available practitioners for four times. Even after four time trial, if he/she not available or not ready to give information, were considered under non-response. Participant who did not give any response to particular question, that response was considered as "No" or "Not agree".

RESULTS

The clinical practice pattern of the study participants. Average patients flow and average psychiatric patients visit at GPs clinic were 50.06 ± 18.86 (95% CI = 47.77 to 52.62) and 2.09 ± 2.36 (95% CI = 1.79 to 2.41) patients per day respectively. Average years spent by GPs were 14.4 ± 11.52 years (95% CI = 12.9 to 15.97). GPs who got their degrees of MBBS before the year of 2001 were 64.1 %. Almost 129/234 (55.13%) GPs were practising as private practitioner since more than 10 years. Around 63.2% GPs have patients flow was between 30 to 50 patients per day. It was observed that all GPs were not attending psychiatric patients in their OPD, almost 83% (194/234) had psychiatric OPD. The profile of such GPs described below.

It was reported by 129 GPs, that highest number of patients they were attending depressive patients came to their clinic. The next frequent psychiatric patients attending their clinic were anxiety, schizophrenia, substance abuse, childhood problems, obsessive compulsive Disorders (OCD), Stress, mania etc. Peadiatric was the most interested branch of GPs (37.17%). Only 15 (6.41%) GPs have interest in Psychiatric branch. highest cases of psychiatric emergency visited at GPs clinic are violent behaviour. Other cases of psychiatry emergency are suicidal behaviour, substance abuse, hysteria, depression, Bipolar Manic Disorders

(BPMD), schizophrenia, paranoid, panic, anxiety in descending order. highest cases of childhood psychiatry visited at GPs clinic is Attention Deficient Hyperactivity Disorders (ADHD). Other cases of childhood psychiatry are mental retardation, eating disorder, anxiety, enuresis, dyslexia, depression, phobia, hallucination, pica & nail biting, unexplained abdominal pain, aggressive behaviour, convulsion, bipolar disorder in descending order.

GPs who had received training, had more awareness about "Mental Health Act" [18/51, 35.29%, $\chi^2 = 10.09$, d.f = 1, P value <0.001]; about "Psychiatric Emergences" [31/51, 60.78%, $\chi^2 = 6.68$, d.f = 1, P value <0.01] and about "Childhood Psychiatry" [43/51, 84.31%, $\chi^2 = 8.76$, d.f = 1, P value <0.01] than GPs who had not received training. GPs who had received training, had gave right answer regarding "Parkinsonism" [37/51, 72.54%, $\chi^2 = 3.59$, d.f = 1, P value <0.05] more than GPs who had not received training [106/183, 57.92%]. This indicates that training/CME does improve the knowledge of GP for psychiatric illnesses.

GPs who were have been practicing for more than 10 years, had less awareness about "Mental Health Act" [18/129, 14.0%, χ^2 value= 5.92, d.f = 1, P value <0.05] than GPs who have been practicing for less than 10 years [28/105, 26.7%]. GPs who were have been practicing since more than 10 years, had given right answer regarding minimum IQ level for in Mentally Retarded patient [76/129, 58.9%, χ^2 value= 5.92, d.f = 1, P value <0.05] more than GPs who have been practicing for less than 10 years [46/105, 43.8%]. GPs who were have been practicing for more than 10 years, had given right answer regarding Parkinsonism [86/129, 66.7%, χ^2 value= 3.74, d.f = 1, P value <0.05] more than GPs who have been practicing for less than 10 years [57/105, 39.9%]. GPs who have been practicing for more than 10 years, had more awareness about Mental Health Programme, Psychiatric emergencies & its treatment, Childhood psychiatry than GPs who have been practicing for less than 10 years but this differences were not found statistically significant [p value > 0.05]. This indicates that duration of experience in GPs is not related to the knowledge of Psychiatric illnesses.

GPs who had interest in psychiatry branch, had not good knowledge in comparison to GPs who had no interest in psychiatry branch of medical regarding Mental Health Act, Mental Health Programme, Psychiatric Emergences, Childhood Psychiatry and question related to Mental Retardation [p value > 0.05]. The reason for above observation may be due to less number of GPs had interest in psychiatric practice. GPs with psychiatric practice interest had good knowledge in context to referral of psychiatric patients and knowledge about Parkinson disease. This indicates that interest of GP in Psychiatric field does not appear to have related with their knowledge of Psychiatric illnesses.

Male GPs had more awareness than female GPs regarding mental health act, mental health programme, psychiatric emergencies and question regarding mental retardation however this differences were not found statistically significant [p value > 0.05]. Female GPs were aware/knew more than male GPs regarding childhood psychiatry and question regarding Parkinsonism but this differences were not statistically significant [p value > 0.05]. This indicates that "Gender of GP" and "Knowledge about Psychiatric Illnesses" are not related.

STATISTICS

Collected data was entered in the excel data sheet and data analysis was done with the help of Epi. Info.7 and SPSS 20.0 software.

DISCUSSION

Mental illness is not a personal failure. The theme of World Health Day 2001 was "Stop exclusion – Dare to care". The message was that there is no justification for excluding people with a mental illness or brain disorder from our communities – there is room for everyone. WHO is making a simple statement: mental health – neglected for far too long – is crucial to the overall well-being of individuals, societies and countries and must be universally regarded in a new light. Initial estimates suggest that about 450 million people alive today suffer from mental or neurological disorders or from psychosocial problems such as those related to alcohol and drug abuse. There are few families in the world, who are free from an encounter with mental disorders. One person in every four will be affected by a mental disorder at some stage of life⁶.

Significant more number of GPs who had received training knew about "Mental Health Act" more than GPs who had not received training. Significant more number of GPs who had received training knew about "Psychiatric Emergences" more than GPs who had not received training. Significant more number of GPs who had received training knew about "Childhood Psychiatry" more than GPs who had not received training. Significant more number of GPs who had received training gave right answer regarding "Parkinsonism" more than GPs who had not received training. All above results suggest that there is a significant impact of training or attending the CME on psychiatric subject improve knowledge regarding psychiatric illness. These observations are consistent with the findings of Study done in Victoria (Australia)⁷ observed that Continuing Medical Education (CME) can change in doctors' knowledge

Study observations shows that there is no significant impact of duration of practice of GPs on their knowledge about psychiatric subject and Psychiatric Illnesses. Study asked to GPs, "1st three branch of medical in whom they are interested". It was observed that the preferred branch of GPs were paediatrics, OB & GY & Medicine while only 15 (6.41%) of GPs preferred Psychiatric as field of interest. But results of study shows that there is no significant association between "branch of interest" and knowledge of psychiatric subject. Study also shows that there is no significant relation between "Gender of GP" and "Knowledge" of psychiatric subject and Psychiatric Illnesses.

CONCLUSION

Less importance given on psychiatric subject during under-graduate and internship period of MBBS course because Psychiatry posting during internship is only optional, and that too for two weeks only. This undergraduate medical curriculum devotes only 1.4% of lecture time and 3.8-4.1% of internship time to psychiatry, thereby leaving the general practitioners and the non-psychiatrist specialists unprepared to competently deal with mental illness in their practice. This develops negative attitude towards psychiatric subject. This negative attitude naturally reflects during the clinical practice of General Practitioners. So there is need to bridge this gap. This gap can be bridge with various activities like Continue Medical Education (CME), Training, and short course for interested GPs. Such activities will improve the attitude towards the psychiatric illness.

ACKNOWLEDGEMENT

We would like to give special thanks to Dr. G.V. Shah (Dean) and Dr. B.S. Bhavsar (HOD) for their support, encouragement and guidance for present study and to Smt. B.K. Shah Medical Institute & Research Centre and GPs association of Vadodara for providing me the facilities to carry out our study.

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ANNEXURE

TABLES

TABLE 1: SOCIO-DEMOGRAPHIC PROFILE OF PARTICIPANTS

NO.	Variables	No. of Participants (%)
	Total General Practitioners in Vadodara City	310
	Total Male General Practitioners in Vadodara City	255 (82.25%)
	Total Female General Practitioners in Vadodara City	55 (17.75%)
	General Practitioners participated in present study	234 (75.48%)
	➤ Overall Response Rate	234/310 (75.48%)
	➤ Response Rate in Male General Practitioners	196/255 (76.86%)
	➤ Response Rate in Female General Practitioners	38/55 (69.09%)
	"Male: Female Ratio" among participants	5.16:1
	Mean Age = 42.01 ± 10.99 years (95% CI = 40.62 to 43.34)	
	Age (years)	
	➤ Less than 30	44 (18.81)
	➤ 31 - 40	72 (30.76)
	➤ 41 - 50	64 (27.35)
	➤ More than 50	54 (23.08)

TABLE 2: GENERAL PRACTITIONER'S KNOWLEDGE REGARDING PSYCHIATRIC DISORDERS (N=234)

No.	Item	No. of Participants(%)
	Knowledge About Mental Health Act	46 (19.7)
	Knowledge About Mental Health Programme	117 (50.0)
	Knowledge About Psychiatric Emergency	105 (44.9)
	Treatment given by GPs to the patient of Psychiatric Emergences	
	➤ Treat	12 (5.1)
	➤ Refer	222 (94.9)
	Diagnostic criterion using by GP to make a diagnosis of a Psychiatric disorder	
	➤ DSM – IV	100 (42.7)
	➤ ICD – 10	4 (1.7)
	➤ Other	130 (55.6)
	Knowledge about Childhood Psychiatric disorders	157 (67.1)
	Knowledge regarding Mental Retardation on the basis of minimum IQ level	122 (52.1)
	Knowledge about symptoms of Parkinsonism	143 (61.1)


EDUCATIONAL STATUS OF SCHEDULED TRIBES IN COIMBATORE DISTRICT**DR. R. ANNAPOORANI****PROFESSOR****DEPARTMENT OF ECONOMICS****AVINASHILINGAM INSTITUTE FOR HOME SCIENCE & HIGHER EDUCATION FOR WOMEN
COIMBOTORE****M.SHANTHI****RESEARCH SCHOLAR****DEPARTMENT OF ECONOMICS****AVINASHILINGAM INSTITUTE FOR HOME SCIENCE & HIGHER EDUCATION FOR WOMEN
COIMBOTORE****ABSTRACT**

Education is the key factor in accelerating the pace of development of any society. The tribal people are considered as a distinct ethnic group because of their peculiar socio cultural traditions and economic practices. Being inhabitants of remote rural areas, deep forests or hilly regions, the tribal people remained by and large unaffected in all walks of life by the outside World and they were declared educationally backward. In India, many research attempts were directed at analysing the tribal education. But there have been limited effort focused on analyzing educational status of scheduled tribes in Coimbatore. Hence, an effort was made to study the 'Educational status of scheduled tribes in Coimbatore District' with the basic objectives of studying the educational status of tribal population in terms of enrolment, dropout, and retention rate; finding out the attitude of the head of the family towards male and female tribal education; identifying the determinants of demand for tribal education and recommend measures to promote tribal education. The study was related to 100 tribal households in Tholampalayam village in Karamadai block of Coimbatore district of Tamil Nadu. The study was related to the time period of 2008 - 2009. The details relating to enrolment, dropout, retention and problems in education were collected by administering an interview schedule to the head of the households. The study attempted a logit analysis to identify the determinants of tribal education and found that the important determinants of demand for education of scheduled tribes were father's education, father's occupation and mother's occupation. To improve the educational status of tribal students the study recommends that there is a need for establishing more number of schools within the locality and greater awareness has to be created about the importance of education through mass media and also with the help of non-governmental agencies.

KEYWORDS

Educational status, Scheduled Tribes, Enrolment, Dropout, Determinants.

INTRODUCTION

 Education is the key factor in accelerating the pace of development of any society. Education enables human beings to understand the interrelationship among the tangible and intangible phenomena surrounding them and give skill to translate the knowledge into action. Acquisition of education helps workers to take advantage of technical changes, which increases their productivity and earnings. (Asok Basu, 2002).

For the purpose of education and to improve literacy rate, the Government of India has been increased educational expenditure in various Five Year Plans. The literacy rate in India increased from 64.84 percent in 2001 to 74.04 percent in 2011 (Census, 2011). Though, we were able to achieve an increase in general literacy rate, educational status of the disadvantaged groups, in particular, of the scheduled tribes is in pathetic condition both in respect of coverage and achievement even after sixty six years of independence.

The tribal people are considered as a distinct ethnic group because of their peculiar socio cultural traditions and economic practices. Another important feature of the scheduled tribes is that most of them live in remote, inaccessible hilly and forest areas. Hence, they are cut off from the national mainstream and lead an isolated life and they are considered as the most marginalized and deprived section of the society. Being inhabitants of remote rural areas, deep forests or hilly regions, the tribal people remained by and large unaffected in all walks of life by the outside World and they were declared educationally backward.

The Government of India recognized the importance of educational development of tribal people and the legislative provision were formulated for the spread of tribal education. According to Article 46 of the Indian constitution, special emphasis is laid on the educational development of tribals. It says "The State shall promote with special care the educational and economic interests of the weaker sections of the people and in particular of the scheduled castes and scheduled tribes, and protect them from social injustice and all forms of exploitation."

In addition, the Central and State Governments have initiated a number of other measures like establishment of girls hostel and boys hostel for scheduled tribes, ashram schools in tribal sub plan area, awarding of various types of scholarships to scheduled tribe students, coaching and allied schemes, book-bank for scheduled tribe children studying in medical and engineering college, free supply of books, stationary, uniform etc., reimbursement of tuition fees, mid-day meals, introduction of modern trades and training centers for self-employment etc., (Mohanty, P.K, 2000).

Though a number of programmes were implemented for promoting education among tribals over years, India presents a bleak picture with regard to levels of literacy among tribals. According to NSS report 2009-10, the national level literacy was estimated as 72.8 percent, while literacy among males was estimated as 81.1 percent and for females as 64.0 percent. The corresponding figures with regard to tribal males and females were found to be 71.7 percent and 54.4 percent.

REVIEW OF LITERATURE

In India, the need for providing tribal education becomes more pronounced in all the States, since the States have significant proportion of tribal population.

Sundara Rao and Rambabu (2001) analyzed 'Inter-tribe variations in literacy levels'. The study was related to Srikakulam district in Andhra Pradesh. The study found that only 32.22 percent of the households have completed primary education, 6.11 percent have completed secondary education and 61.67 were illiterates. Out of the total family members only 40.72 percent were literates. The study found that 70.07 percent of male children are literates and 60.74 percent of female children are literates. Increasing educational facilities, particularly, separate ashram schools for girl students, scholarships to girl students coupled with favorable change in parental attitude has resulted in more and more girls attending schools. Among school dropout children, the proportion of female children is more than that of male children. Most of the children are dropouts at the primary education level. The number of dropout children is more in the remote hilly tracts rather than in plains. **Raj Pathania (2006)** analyzed the constraints perceived by the tribal adolescents belonging to three main tribal communities of Himachal Pradesh. The study found that the majority of mother respondents (75%) were illiterate. One-fifth of the families had Rs.600- Rs.900 as monthly income where as one-tenth had income less than Rs.1000. The main constraint in the community was less number of girls having attended schools because of parental attitude towards female education. **Biradar and Jayasheela (2007)** studied the 'Effects of educational inequality among social groups in rural

India'. The study found that, at All India level, the rate of literacy for scheduled tribes increased from 29.6 percent to 47.1 percent, whereas in the case of others, it increased from 57.7 to 68.8 percent during the same period. The rate of literacy for male scheduled tribes increased from 40.7 percent to 59.2 percent. In respect of female scheduled tribes, it increased from 18.2 percent to 43.8 percent during the same period. The educational status of scheduled tribe females was found to be significantly lower as compared to any other person both in rural and urban areas in India. According to Snehala Panda (2008), the reasons for tribals keeping away from formal education are economic, lack of value for formal education and social taboo attached to educating the girls. Though education is free for tribals, the same has not proved as successful in attracting students of both sexes because of the time constraint and the absence of usage of formal education in their work, which is mostly agricultural in nature and consist of domestic chores. Interaction with the tribals revealed that several of them considered formal education as a waste of time. Moreover, parents hold a low opinion about girl's education. In India, research attempts were directed- (Asok Basu (2002), Rajpathania (2006), Biradar and Jayasheela (2007) etc.) at analyzing the tribal education. But there have been limited effort focused on analyzing educational status of scheduled tribes in Coimbatore. Hence, a research study on 'Educational status of scheduled tribes in Coimbatore District' was formulated.

OBJECTIVES

- To study the educational status of tribal population in terms of enrolment, dropout, and retention rate;
- To find out the attitude of the head of the family towards male and female tribal education;
- To identify the determinants of demand for tribal education and
- To recommend measures to promote tribal education.

HYPOTHESIS FRAMED

- There is no significant association between the type of family and attitude towards tribal education;
- Parent's education, parent's employment and family income were insignificant determinants of demand for tribal education
- There is no significant difference in male and female enrolment of tribal children.

METHODOLOGY

The study was related to Coimbatore District in Tamil Nadu. Coimbatore District is inhabited by 28342 scheduled tribes and accounted for 0.8 percent of the total scheduled tribe population in the State in 2011 (Primary Census Abstract, Tamil Nadu 2011).

The study adopted multistage random sampling. At the first stage, the block for the study was selected. In the first stage Karamadai block was selected for the study, since it has got the largest tribal population (8076) among the blocks of Coimbatore. At the second stage the village for the study was selected. The study was confined to Tholampalayam village, since the village is easily accessible. Tholampalayam village is inhabited by several tribal areas such as, Melbhaviyur, Kuzhiyur, Senguttai, Kalliyur and Pattisalai. Of these areas Kuzhiyur and Senguttai were selected from the viewpoint of convenience. At the third stage, the respondents for the study were selected. Kuzhiyur has fifty tribal houses and Senguttai has seventy tribal houses. A benchmark survey was carried out to identify the households having the school going or college going population in the age group of 5 to 21. Final survey was confined to forty houses in Kuzhiyur and sixty houses in Senguttai. Therefore, the total size of the sample amounts to 100.

The details relating to enrolment, dropout, retention and problems were collected by administering an interview schedule to the respondents. The study was related to the time period of 2008 - 2009. The pilot study was conducted in December 2008 and final field survey was conducted in January 2009.

QUANTITATIVE TOOL USED

(A) CHI-SQUARE ANALYSIS

The study used chi-square analysis to find out association between the type of family and attitude towards tribal education.

The formula used was

$$\chi^2 = \frac{\sum (O-E)^2}{\sum E} \quad (i)$$

Where O- Observed frequency and

E- Expected frequency.

The degrees of freedom are given by (c-1) (r-1), where "r" denotes number of rows and "c" denotes number of columns. If the calculated value of the chi-square is less than table value at 5 percent level of degrees of freedom the null hypothesis is accepted and if the calculated value is greater than the table value the null hypothesis is rejected.

(B) LOGIT MODEL

The study attempted a logit analysis to identify the determinants of tribal education. The household decision as to whether a tribal child will be sent to school/college is a qualitative variable. It depends on a large number of demographic, economic and social factors.

Based on past studies, important variables like family income, family size, cost of education, father's education, mother's education, father's occupation, mother's occupation, father's age, mother's age and land ownership have been considered in the present analysis, to identify the determinants of tribal education.

The probability of 100 percent willingness to send the children to school depends on the following attributes.

i) The parental characteristics- father's age (FAGE), mother's age (MAGE), father's education (FLIT), mother's education (MLIT), father's occupation (FOOCO) and mother's occupation (MOCCO);

ii) The demographic characteristics like the size of the family (SF); and

iii) Economic characteristics like family income (FINC), per head educational expenses (PHEDEX) and land ownership (LOWN).

Hence, the equation is written as follows,

$$Z = \beta_0 + \beta_1 FAGE + \beta_2 MAGE + \beta_3 FLIT + \beta_4 MLIT + \beta_5 FOOCO + \beta_6 MOCCO + \beta_7 SF + \beta_8 FINC + \beta_9 PHEDEX + \beta_{10} LOWN \quad (ii)$$

The estimated values of the parameters β_1 to β_{10} were used to describe the probability of 100 percent willingness on the part of the household to send tribal children for education.

Father's age and mother's age were indicated in terms of completed years. The coefficient of the equation in relation to father's age and mother's age was expected to be positive. Similarly the coefficient of the equation in relation to father's education and mother's education were expected to be positive. Father's occupation was denoted as dummy variable. If the father was employed, the value 'one' was assigned and if he was unemployed, the value 'zero' was assigned. The coefficient of the equation with respect to father's occupation was expected to be positive. Mother's occupation was denoted as a dummy variable. If the mother in a particular household was employed, the value 'one' was assigned and if she was unemployed, the value 'zero' was assigned. The coefficient of the equation in relation to mother's occupation was expected to be positive. Size of the family has an absolute value. The coefficient of the equation in relation to size of the family was expected to be negative. Family income of the household also has an absolute value. The coefficient of the equation in relation to the family income was expected to be positive. Per head educational expenses of the children in the selected household was measured in terms of rupees and the coefficient of the equation in relation to per head educational expenses was expected to be negative. Land ownership is measured in terms of acres and the coefficient of equation in relation to land ownership was expected to be positive.

FINDINGS OF THE STUDY**A. GENERAL INFORMATION**

The general information required for the study was analysed in terms of age, education, occupation, income, religion, type of family etc.,

Table – I represents the general information of the selected tribal households.

TABLE – I GENERAL INFORMATION OF THE SELECTED TRIBAL HOUSEHOLDS

S.No	Particulars	Number of respondents
1	Age of the head of the family (in years)	
	Below 30	3
	30-40	46
	40-50	47
	50-60	4
2	Educational level of the head of the family	
	Illiterate	64
	Primary	10
	Middle	13
	Secondary	13
3	Occupation of the head of the family	
	Cultivators	86
	Mill workers	9
	Agricultural labourers	5
4	Monthly family Income (in rupees)	
	Below 2000	4
	2000-3000	25
	3000-4000	61
	4000-5000	10
5	Religion	
	Hindus	86
	Christians	14
6	Type of family	
	Nuclear family	93
	Joint family	7

Source: Field survey.

Table - I makes it clear that majority of the respondents were in the age group of 40-50. The mean age of the respondents was estimated 40.2 years. Since parent's education has a significant impact on children education, the current study tried to find out the educational level of the respondents. It is disheartening to note that nearly 64 percent of the respondents were illiterate. As such, they did not show interest in sending the children to school.

Regarding the occupation status, the study found that 86 percent of the selected respondents were cultivators, 9 percent were employed as mill workers and 5 percent were employed as agricultural workers. It is evident that majority of the respondents (61 percent) were getting the monthly income of Rs. 3000-4000 and the average monthly income earned by the respondents was estimated as Rs. 3270.

About 86 percent were Hindus and 14 percent were Christians and majority 93 percent of the respondents belonged to nuclear family and 7 percent belonged to joint family.

B.DETAILS ABOUT THE ENROLMENT, DROPOUT AND RETENTION:

The study tried to analyze the enrolment, dropout and retention.

(i) ENROLMENT RATE

In the selected households 171 children represent school/ college going population. Of them, only 158 students are enrolled. Table - II gives details about the number of tribal students enrolled in various stages.

TABLE-II STAGE WISE ENROLMENT OF SELECTED TRIBAL CHILDREN

Stage	Male	Female	Total
Pre primary	2	5	7
Primary	18	16	34
Middle	26	20	46
Secondary	17	23	40
Higher secondary	16	13	29
College	1	1	2
Total	80	78	158

Source: Field survey.

The enrolment rate was calculated to be 92.39 percent. The poor enrolment of tribal children might be due to difficulty in medium of instruction, hostile attitude of the teachers. In the selected households, of the total male school going population, 80 were enrolled and hence male enrolment rate was calculated as 50.63 percent. Of the total female school going population 78 were enrolled and hence the female enrolment rate was 49.37 percent. As such, the female enrolment was lower than the male enrolment rate and there exists disparity in male and female enrolment rate.

(ii) DROPOUT RATE

When the students enrolled are not able to complete their study, they drop out from studies and this is wastage of human resources. Table- III presents the details about the stage wise drop out of selected tribal children.

TABLE-III STAGE WISE DROP OUT OF SELECTED TRIBAL CHILDREN

Stage	Number of male dropouts	Male dropout rate	Number of female dropouts	Female dropout rate	Total drop outs	Drop out rate
Primary	-	-	-	-	-	-
Middle	4	15.38	3	15	7	30.38
Secondary	2	11.76	7	43.75	9	55.51
Higher secondary	-	-	-	-	-	-
College	-	-	-	-	-	-
Total	6	27.14	10	58.75	16	85.89

Source: Field survey.

Table indicates that of the students enrolled, 16 were dropped out and dropout rate was calculated as 85.89 percent. The dropout rate at the secondary level is high as compared to other levels. This might be due to the fact that they discontinue studies due to the compulsion of the parents to look after the young siblings or go for work. The comparative analysis of dropout rate of males and females reveals that female dropout rate was higher than that of male dropout. This might be due to the fact that female children are retained by the parents to look after their siblings.

(iii) RETENTION RATE

Retention represents the successful completion of the course and this is a mark of educational achievement. Table- IV gives the details about the retention of the selected tribal students.

TABLE- IV RETENTION RATE OF SELETED TRIBAL CHILDREN

Stage	Male	Female	Total
Primary	-	-	-
Middle	22	17	39
Secondary	15	16	31
Higher secondary	-	-	-
College	-	-	-
Total	37	33	70

Source: Field survey.

Of the total tribal students enrolled, only 70 have completed and the retention rate was calculated as 44.30 percent. A comparison of the male and female retention rate revealed that among the tribal students, female retention rate was lower (33 percent) as compared to males (37 percent). This might be due to the fact that female children could not study due to household work.

(C) ATTITUDE TOWARDS EDUCATION

The study tried to find out the attitude of the head of the family towards male and female tribal education.

Table - V brings out the information on the level of education for male and female tribal children as preferred by the head of the households.

TABLE -V: LEVEL OF EDUCATION FOR MALE AND FEMALE TRIBAL CHILDREN AS PREFERRED BY THE HEAD OF THE HOUSEHOLDS

Level of education	For male children	For female children
Primary	-	-
Secondary	1	24
Higher secondary	66	52
College level	13	2
Total	80	78

Source: Field survey.

Of the total respondents 80 percent were having positive attitude towards male education and 78 percent towards female education. However, there existed variations in the level of education for male and female children as desired by the head of the households. It is obvious from Table -V that majority of the respondents (66 percent) were of the view that tribal boys should be educated upto higher secondary level. Similarly majority of the respondents (52 percent) preferred to educate their daughters till higher secondary level. The application of chi-square analysis indicated that there was an association between the type of family and the attitude towards tribal education. Since the calculated $\chi^2=6.7868$ was greater than $\chi^2_{0.05}=3.84$.

(D) IDENTIFICATION OF DETERMINANTS OF DEMAND FOR TRIBAL EDUCATION

The empirical analysis through logit model helps to identify the major determinants of demand for tribal education. Table-VI presents the parameter estimates of the logit model.

TABLE-VI: PARAMETER ESTIMATES OF THE LOGIT MODEL

S.No	Variables	Co-efficient	T ratio
1	Father's age (FAGE)	-0.839	-2.219*
2	Mother's (MAGE)	0.735	1.979
3	Father's Education (FLIT)	0.307	1.612
4	Mother's Education (MLIT)	-0.324	-1.242
5	Father's occupation (FOCCO)	0.843	0.001
6	Mother's occupation (MOCCO)	0.751	0.527
7	Size of family (SF)	0.0001	1.768
8	Family income (FINC)	-1.518	-2.986**
9	Per head educational expenses (PHEDEX)	0.00005	3.053**
10	Land ownership (LOWN)	0.0000004	0.693

* Statistically significant at 1 percent level

** Statistically significant at 5 percent level

The analysis revealed that father's age has a negative impact on tribal education. Higher the age of the father lesser is the willingness to send the tribal children to school. However, mother's age was estimated to have a positive impact on tribal education. The aged mothers are more willing to send the tribal children to school. Father's education has a positive impact on tribal education. Higher the educational attainment of the father, greater is the willingness to send the tribal children to school. Father's occupation and mother's occupation were estimated to have a positive impact on tribal education. The employed fathers and mothers were interested in providing education to the children. Size of the family has got a positive impact on tribal education since, the estimated co-efficient was positive. This implies that in the selected households tribal education is not constrained by number of members in the family.

The study found that the family income has a negative impact on tribal education. Per head education expenses for tribal children has a positive impact. The estimated co-efficient was statistically significant as indicated by the 't' value. Land ownership has got a positive association with impact on tribal education. Higher the landownership there is more willingness to send the tribal students to schools (or) colleges.

CONCLUSION

1. The educational status of scheduled tribes is poor as indicated by poor enrolment rate and high dropout rate;
2. There is difference in educational status of scheduled tribe boys and scheduled tribe girls and
3. The important determinants of demand for education of scheduled tribes were father's education, father's occupation and mother's occupation.

RECOMMENDATIONS

To improve the educational status of tribal students the study recommends the following measures.

1. There is need for establishing more number of schools within the tribal locality;
2. Appointment of adequate number of teachers in the school is essential;
3. Provision of uniforms is to be made upto the higher secondary level;
4. More number of buses should be operated between the place of the residence and the area where the school is located and

5. Greater awareness has to be created about the importance of education through mass media and also with the help of non-governmental agencies.

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REVEALED COMPARATIVE ADVANTAGE AND TRADE FLOWS AMONG SAARC COUNTRIES: AN ANALYSIS**DR. B. P. SARATH CHANDRAN****ASSOCIATE PROFESSOR****DEPARTMENT OF ECONOMICS****VVM'S SHREE DAMODAR COLLEGE OF COMMERCE & ECONOMICS****GOA****ABSTRACT**

South Asian Association for Regional Cooperation (SAARC) came in to existence with the objective of promoting greater regional coordination in economic, social, and cultural issues among members of south Asia. Even after two and a half decade of existence, it did not achieve the desired result and the intra regional trade share remained low for long time. For a Regional Trade Agreement to become successful the members of the group should have a complementary trade structure. The paper used trade indices such as Trade Intensity Index (TII), Revealed Comparative Advantage (RCA) and Trade Competitiveness Index to identify complementary and competing sector of trade within the region. The analysis showed that there are complementary sectors available for greater trade cooperation between members of SAARC. It is also important that two largest members of SAARC namely India and Pakistan should enhance their trade cooperation for making the RTA dynamic. Also infrastructure facilities such as border roads, ports, communication, freight corridors should be built for trade facilitation. India being the dominant member of the SAARC should take the leadership role and extend the unilateral trade liberalisation to give benefit to smaller players. South Asian Free Trade Area can become dynamic and prominent in an era when South Asian economies are witnessing rapid industrialisation and economic progress. It requires concerted efforts from all members towards greater economic cooperation and a sense of belongingness for the shared economic prosperity of the region.

JEL CLASSIFICATION

F10, F14, F15

KEYWORDS

Revealed Comparative Advantage, SAARC, Trade Intensity Index, Trade Competitiveness Index.

INTRODUCTION

The post WTO period witnessed proliferation of large number of Regional Trade Agreements in the world trading system. The inability of the multilateral body to resolve complicated trade issues led to many countries taking the path of regional trade liberalization. The emergence of EU, NAFTA and ASEAN as successful trading blocks of the world hastened the process of bilateral and regional trade cooperation among countries. SAARC which came to existence in the mid 80's emerged from this global phenomenon.

South Asian Association for Regional Cooperation (SAARC) was established in the year 1985 by seven countries of South Asia namely, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka. The main objective of SAARC is to promote greater regional coordination in economic, social, and cultural issues and present a unified voice to the rest of the world. India is the dominant economy in the SAARC region with more than 75 percent of the population, 80 percent of the GDP (PPP terms) and 70 percent of the total trade. Pakistan, Bangladesh and Sri Lanka are the medium size economies with marginal shares in the economic and trade performance of SAARC. Maldives, Bhutan and Nepal are small economies of SAARC with a very small share in trade. This diversity in size presents the greatest difficulty in SAARC to reconcile the economic and trade integration and adopt a coherent policy measures that take SAARC to a higher level of regional integration and economic cooperation.

Initially SAARC acted as political forum for south Asian nations to deliberate their regional issues, thus carefully avoiding controversial and bilateral problems from its domain for a smooth take off. Economically SAARC achieved very little progress in the initial period due to smaller coverage of goods, political differences, suspicion and inability to demonstrate the spirit of give and take. This made SAARC one of the least traded RTA among multitude of RTAs came in to the world in the recent past. For an FTA to become successful, the participating countries should have complementarity trade structure as well as resource endowments. The tariff levels of the partner countries are also important as higher pre union tariff leads to loss of revenue for host countries after the formation of FTA. The political will to cover important and sensitive commodities in to the tariff concession list is vital for higher intra regional trade and success of RTA. In this context, the paper attempts to understand the trade complementarity and similarity among SAARC countries using various indices of Revealed Comparative Advantage.

REVIEW OF LITERATURE

An early study on the implications of stronger South Asian economic cooperation was done by Jayaraman (1978). The study uses a hypothetical customs union (comprising India, Pakistan, Bangladesh, Sri Lanka and Nepal) under alternate scenarios and found that the proposed customs union becomes beneficial only under scenario three when the post union common external tariff structure consists of the pre-union's lowest tariff rates for each SITC section. However, the gains happen to be of small magnitude.

Rahman et al (1981) studied the intra regional trade of the region as whole using 1976 data (static trade effect). The study estimated an increase in intra-regional imports which would be \$153 million increasing share of intra-South Asian trade from 3.4 percent to 4.7 percent. The study also shows there would be loss of welfare for Nepal and Sri Lanka.

Mukherjee (1992) identified as many as 113 potentially tradable items within the SAARC region. These include tea and coffee, cotton and textiles, garments, rubber, light engineering goods, iron and steel, cement, edibles (dry fruits, spices, vegetables), medical equipment, pharmaceuticals and agro-chemicals, among others.

Empirical research by Srinivasan (1994) suggests that unilateral trade liberalization, rather than preferential liberalization would yield the greatest trade gain for the region. The small economies of the region would gain more from regional integration and also their benefits from intraregional trade liberalization exceed benefits from trade liberalization with other regions. A simulation using gravity model shows that the effect of removing all tariffs, combined with low transportation costs, would be to increase the total trade between 3 percent of GDP for India to 21 percent for Bangladesh and 59 percent of GDP for Nepal.

A World Bank study (1997) analyzes the static welfare consequences of preferential liberalization. Using an integrated general equilibrium model of the world economy (Global Trade Analysis Project, GTAP) it shows that regional trade liberalization would increase the welfare between 0.5 percent of GDP for India and one percent for rest of South Asia.

Govindan (1996) argues that there are many strong trade linkages between SAARC countries. Based on a partial equilibrium model, the ex-ante trade creation and trade diversion effects show that SAFTA would increase trade considerably in the region and would be welfare improving for all SAARC countries.

Using a link model for Pakistan, India, Bangladesh and Sri Lanka Naqvi et al (1988), attempts to analyse the possibilities of regional trade expansion. Their findings show that India's outlook, both for export and import, is biased for extra-regional than to intra-regional. The least oriented country toward regional trade is Bangladesh. It imports more from extra-regional sources rather than intra-regional sources with the increase in GNP.

Guru-Gharana (2000) used three Stages Least Squares (3SLS) estimation technique using three Stages Least Squares (3SLS) estimation technique and found that all SAARC countries would be dramatically benefited from regional trade expansion. Kumar et al (2002), estimated that a complete elimination of trade barriers may increase intra-SAARC trade volumes by a factor of almost two.

Govindan (1994), DeRosa and Govindan (1995) and Pursell (2004), used partial equilibrium models to estimate the price elasticities of demand in food sector and uses them to estimate the effect of preferential liberalization within the region on intraregional trade. The studies concluded that such liberalization would yield welfare gains through increased trade in food within the region. DeRosa and Govindan (1995) extend the analysis to include unilateral liberalization and demonstrate that the gains are much larger when liberalization is on a nondiscriminatory basis. Pursell (2004) carefully studied the preferential liberalization of cement industry between India and Bangladesh, and finds substantial gains from increased competition within the regional market.

Srinivasan and Canonero (1995) and Sengupta and Banik (1997) used gravity model to find out the impact of SAPTA on its members. Both studies predicted a smaller gain for India but much larger on the smaller countries. Sengupta and Banik predicted a 30 percent increase in the official intra-SAARC trade and as much as 60 percent if illegal trade, which is currently out of the official count, becomes a part of official trade. The study brings one of the important aspects of RTA namely size of the members. India being large, the impact on its trade of the FTA with the small neighbors cannot be proportionately large.

Hassan (2001) studied trade flows among SAARC countries using data of 1997 statistical series. The study found that the seven SAARC economies not only reduced trade among themselves but also with the Rest Of World (ROW). Given the traditional weak trading performance of the SAARC economies, particularly the large ones, this conclusion is not surprising.

Hirantha (2004) used both panel and cross sectional data for 1996-2002 period to estimate trade creation and trade diversion effects under the present SAFTA regime, using the gravity model. Unlike Hassan (2001), Hirantha (2004) found evidence of trade creation among the SAARC member countries, without any trade diversion with the ROW. As the SAARC members are dependent on the ROW for their import needs, increase in intra-regional trade goes hand in hand with increasing trade with the ROW.

Of the two empirical studies that utilized CGE model to estimate the welfare effect of SAFTA, Pigato et al (1997) employed the popular Global Trade Analysis Project (GTAP) data base and model. This study concluded that while SAFTA resulted in welfare gains to the member countries. These gains were larger when liberalization took place unilaterally, in a non discriminatory manner.

Another CGE modeling exercise by Bandara and Yu (2003) which employed a different version of GTAP data base estimated that real income gains for India would be 0.21 percent and for Sri Lanka 0.03 percent. According to this exercise, Bangladesh would suffer a real income loss of 0.10 percent, while the other members of SAFTA would gain by 0.08 percent. This study also concluded that the South Asian economies stand to gain more from unilateral non-discriminatory liberalization and multilateral liberalization than from the formation of SAFTA. None of the empirical studies predicted robust welfare gains from the formation of an FTA in South Asia.

EXISTENCE OF TRADE COMPLEMENTARITIES IN SOUTH ASIA

There are areas of comparative advantage exists among SAARC countries, making trade feasible across these countries. Thus, Sri Lanka, Bangladesh and India all export tea, while Pakistan imports it. India and Bangladesh export jute and jute products to the rest of the SAARC member countries. Pakistan and India produce cotton, which its neighbours require. Similarly, India and, to a lesser degree, Pakistan export manufactured goods within the region.

Recent literature (Wickramasinghe, 2001) on South Asian trade indicates significant trade complementarities across the region, highlighting, in particular, the presence of such complementarities in the services sector. Additionally, the literature suggests that increased trade flows are likely to bring technical efficiency, improve resource allocation and allow countries to create niches by specializing in different products within a given industry.

Informal trade (smuggling) in South Asia is also a good index of trade complementarity. Under free trade, a substantial proportion of informal trade is likely to switch to formal channels. The major items currently being traded informally in the region include cloth of different varieties, cosmetics, jewelry, bicycles, medicines, cattle, sugar, spices, raw cotton, garments, machinery, cement, aluminum, petroleum products, automobiles, tyres and tubes, electrical goods, unprocessed food, rice, and flour.

Bilateral FTAs in South Asia are proof that trade is capturing complementarities between countries. The Indo-Sri Lanka FTA – fears of industry contraction in both countries notwithstanding – has led to a three-fold increase in bilateral trade flows (Thakurta 2006).

Taking empirical observations Waqif (1987) mentions that almost all countries have possibilities to increase their respective trade with the partner countries of the SAARC region. He points out that regional collective self-reliance can be obtained by exploiting horizontal and vertical economic linkages among these countries to help induce autonomous and self-generating growth among the cooperating countries.

Ahmed (1999) quoting from Srinivasan and Canonero (1993) notes that economies like India and Pakistan would gain from preferential arrangements with bigger block like NAFTA and EU. On the other hand, smaller economies like Bangladesh and Nepal would be more benefited from regional integration. Referring to Hossain and Voudsen (1996), the author also mentions that small partners – Bangladesh and Sri Lanka- suffer and the bigger partners- India and Pakistan- gain if a custom union is formed among these four countries.

Supporting the findings of Yusufzai (1998), Hassan (2000) states that the benefits of Bangladesh are small from regionalism compared to time and other resources it invested. This statement however is not supported by his empirical research. Contrary to this Rahman (1998) and Dubey (1995) have shown a gain from regionalism for Bangladesh. Jambor (2013) in the paper analysed the impact of the EU enlargement on Visegrad (V4) agri-food trade, especially considering revealed comparative advantages. Results suggest that intensity of the V4 agri-food trade has increased significantly after the enlargement.

OBJECTIVES

The general objective of the paper is to understand the trade flow among SAARC countries. The paper specifically looks in to following objectives

1. To construct and analyse the indices of trade integration among SAARC Countries
2. To identify complementary commodities and sectors for enhanced trade in SAARC region.
3. To suggest appropriate measures to improve trade for the success of SAARC regional economic cooperation.

METHODOLOGY

The study used Trade Intensity Index (TII) and Revealed Comparative Advantage (RCA) Index to see trade complementarity and Similarity between India and SAARC countries. The trade intensity index (TII) is used to determine whether the value of trade between two countries is greater or smaller than would be expected on the basis of their importance in world trade. It is defined as the share of one country's exports going to a partner divided by the share of world exports going to the partner. It is calculated as,

$$\text{Trade Intensity Index } T_{ij} = \frac{(x_{ij}/x_{it})}{(x_{wj}/x_{wt})} \dots\dots\dots (1)$$

Where x_{ij} and x_{wj} are the values of country i's exports and of world exports to country j and where x_{it} and x_{wt} are country i's total exports and total world exports respectively. An index of more (less) than one indicates a bilateral trade flow that is larger (smaller) than expected, given the partner country's importance in world trade.

The study utilizes the Balassa (1965) measure of computing the RCA index. As per the measure comparative advantage is 'revealed' by the relative export performance of individual product categories. Thus,

$$\text{Revealed Comparative Advantage RCA}_{ij} = \frac{\frac{x_{ij}}{x_{it}}}{\frac{x_{wj}}{x_{wt}}} \dots\dots\dots (2)$$

where,

RCA_{ij} = Revealed comparative advantage of the ith country's, jth industry,

x_{ij} = Merchandise exports of the j th industry by the i th country,

X_i = Total merchandise exports of the i th country,

x_{wj} = World merchandise exports of the j th industry,

X_w = Total merchandise world exports.

In order to get a complete picture of India's comparative advantage the import counter-part is also computed following (Lim 1997). Hence,

$$RCA_{ij} = \frac{\frac{m_{ij}}{M_i}}{\frac{m_{wj}}{M_w}} \dots\dots\dots (3)$$

where,

RCA_{ij} = Revealed comparative advantage of the i th country's, j th industry,

m_{ij} = Merchandise imports of the j th industry by the i th country,

M_i = Total merchandise imports of the i th country,

m_{wj} = World merchandise imports of the j th industry,

M_w = Total merchandise world imports.

If the RCA index for a particular industry is greater than 1, it implies that the country has a revealed comparative advantage in the exports/imports of that industry and vice-versa. Countries with similar RCA profiles are unlikely to have high bilateral trade intensities unless intraindustry trade is involved. RCA measures, if estimated at high levels of product disaggregation, can focus attention on other nontraditional products that might be successfully exported.

There is a problem of non symmetry in the Balassa's Revealed Comparative Advantage. While the comparative advantage ranges from 0 to infinity, the comparative disadvantage ranges from 0 to 1. This problem of asymmetry is overcome through Revealed Symmetric Comparative Advantage (RSCA) index, developed by Dalum et al. (1998), thereby overcoming the limitations of Balassa index cited above.

$$RSCA = [RXA - 1 / RXA + 1]$$

Vollrath (1991) offered three alternative specifications of revealed comparative advantage, following analyses of international competitiveness in agriculture (Vollrath, 1987 and 1989; and Vollrath and Vo, 1990). The first of these measures is the relative trade advantage (RTA), which accounts for imports as well as exports. It is calculated as the difference between relative export advantage (RXA), which equates to the Balassa index1, and its counterpart, relative import advantage (RMA):

$$RTA = RXA - RMA$$

$$\text{where,} \quad RXA = \text{Balassa Index and } RMA = \frac{\frac{m_{ij}}{M_i}}{\frac{m_{wj}}{M_w}}$$

Vollrath's second measure is simply the logarithm of the relative export advantage ($\ln RXA$); and his third measure is *revealed competitiveness* (RC), defined as:

$$RC = \ln RXA - \ln RMA$$

The advantage of expressing these latter two indices in logarithmic form is that they become symmetric through the origin. Positive values of Vollrath's three measures, RTA, $\ln RXA$ and RC, reveal a comparative/competitive advantage.

Data for computing the RCA indices are collected from the WTO online database for the year 2012. The trade Diversification Index (DI) and trade Concentration Index (CI) is collected from the UNCTAD database. The intra SAARC Trade Intensity Index (TII) is collected from the Asia Regional Integration Centre (ARIC) of the Asian Development Bank (ADB).

TRADE INDICES AMONG SAARC COUNTRIES

Many Trade Indices are developed to understand the pattern and trend of trade among members of Regional Trade Agreements. Trade indicators such as Diversification Index (DI) and Concentration Index (CI) explain the trade structure of the economies and explains the desirability and reliability of forming a RTA. Trade Diversification Index can take value between 0 and 1. Diversification Index reaches 1 when the differences between the trade structure of the country and the world is maximum. The index value closer to 0 indicates similarity in export structure of the country and the world. Trade Concentration (Herfindahl and Hirschmann) Index is the measure of the degree of market concentration. It has been normalized to obtain values ranging from 0 to 1, 1 being the measure of maximum concentration. Table -1 gives trade Diversification and Concentration Index for SAARC countries for the years 2010 and 2012.

TABLE 1: DIVERSIFICATION AND CONCENTRATION INDICES FOR SAARC EXPORT

	2010			2012		
	No. of Products exported	DI	CI	No. of Products exported	DI	CI
Bangladesh	211	0.860	0.372	211	0.800	0.359
Bhutan	67	0.776	0.327	87	0.796	0.344
India	255	0.502	0.164	255	0.502	0.173
Maldives	38	0.781	0.520	38	0.768	0.629
Nepal	120	0.659	0.144	132	0.702	0.142
Pakistan	221	0.718	0.199	216	0.722	0.183
Sri Lanka	177	0.750	0.212	199	0.771	0.203

Source: UNCTAD Statistical Database

For both periods the export diversification index is lower for India suggesting that India's export structure is less different from average export structure of the world. For other SAARC countries there is a bigger difference in the export structure from world trade. For Bangladesh the Diversification index is above 0.8 showing wider difference from the world average trade structure. Maldives and Bhutan is also having high Diversification Index showing their trade is considerably different from the world average trade pattern. The export Diversification Index value is highest for Pakistan and Sri Lanka in 2010 and continues to remain high in 2012 also indicating greater difference in their export compared to world export structure.

The export concentration is highest for Maldives for both the periods followed by Bangladesh and Bhutan. This showed their export is concentrated to very few commodities. The export concentration is low for India (0.173) and Nepal (0.142) and Pakistan (0.183) as their export is spread across different commodities. The concentration ratio remained more or less same for the two periods for the SAARC countries.

TABLE 2: DIVERSIFICATION AND CONCENTRATION INDICES FOR SAARC IMPORT

	2010			2012		
	No. of Products imported	DI	CI	No. of Products imported	DI	CI
Bangladesh	249	0.541	0.096	250	0.547	0.098
Bhutan	196	0.485	0.109	203	0.529	0.121
India	258	0.435	0.225	256	0.458	0.291
Maldives	176	0.471	0.166	188	0.499	0.243
Nepal	228	0.487	0.124	232	0.488	0.151
Pakistan	248	0.461	0.182	246	0.442	0.224
Sri Lanka	238	0.438	0.099	240	0.404	0.115

Source: UNCTAD statistical Database

The import diversification Index for the SAARC countries are high as they import large number of commodities particularly value added manufactured goods in their trade and hence significantly different from the world average. In 2010, Import Diversification Index is lower for India and Sri Lanka among SAARC nations depicting their import structure is less different from the world average.

India's import concentration index increased from 2010 to 2012 showing imports are getting concentrated to few commodities. This is particularly true as India imports more and more oil every year and the share of oil as percent of India's import increasing over the period. For Bhutan and Maldives also there is a slight increase in commodity concentration in imports.

Trade Intensity Index for the SAARC countries is given in table -3. If the Trade Intensity Index is more than 1 it means the country is trading more intensely with the partner compared with partner's position in world import. If the index is below 1, the trade intensity is low between them. If the trade intensity is high, improving the trade share is difficult without intra industry trade. On the other hand if the Trade Intensity is low, countries can improve their trade share through forging Regional Trade Agreements.

TABLE 3: TRADE INTENSITY INDEX (EII) BETWEEN SAARC COUNTRIES (2012)

	Bangladesh	India	Maldives	Nepal	Pakistan	Sri Lanka	SAARC
Bangladesh	-	4.63	0.30	5.36	4.77	1.38	4.23
India	4.50	-	3.99	24.75	1.45	7.40	0.88
Maldives	0.25	4.37	-	0.04	1.75	58.75	5.52
Nepal	4.68	26.32	0.03	-	0.15	0.17	21.51
Pakistan	4.19	1.58	1.64	0.16	-	6.38	2.88
Sri Lanka	1.75	8.12	63.06	0.18	7.35	-	7.35
SAARC	4.09	0.87	5.17	20.48	2.87	6.72	1.70

Source: ARIC, ADB Database

Bangladesh's is having high trade intensity with India, Nepal, and Pakistan. But its trade intensity is low with Maldives and Sri Lanka. This means Bangladesh can improve its export with Maldives and Sri Lanka if required policy corrections are carried out. India being the dominant economy in the region got high trade intensity with all SAARC partners. But India's trade with SAARC grouping is less intense. This is because India is predominantly exporting to SAARC countries and its import from SAARC counter parts are less the desirable level. Nepal's export intensity is above one with Bangladesh and India and but below one with Pakistan, Maldives and Sri Lanka. Nepal's trade intensity is high with India (26.32) since more than Half of Nepal's export is going to India. Pakistan's trade intensity is above one with all partners except Nepal. Sri Lanka is one country other than India whose export intensity is above one with all countries in the region except Nepal. Maldives is a small economy with a miniscule trade mainly from Sri Lanka followed by India. The table shows Maldives can improve the trade share with Bangladesh and Nepal and Nepal can improve its trade share with Pakistan and Maldives.

Trade Complementarity Index shows that how a country's trade overlaps with the rest of the world. If the trade complementarity Index is zero then there is no overlap in trade with the world trade. On the other hand the index is one then there is a perfect overlap of trade for a country with the rest of the world. The trade complementarity index for the SAARC countries showed that there is very little trade overlap for Bangladesh, Bhutan and Maldives. For Pakistan, Sri Lanka and Nepal also showed highly complementary trade structure. Only India got a relatively higher complementary trade index (0.5) which means it possesses trade overlap with rest of the world.

TABLE 4: TRADE COMPLEMENTARITY INDEX

Countries	2000	2005	2010	2012
Bangladesh	0.1	0.1	0.1	0.1
Bhutan	0.1	0.1	0.1	0.1
India	0.4	0.4	0.5	0.5
Maldives	0.1	0.1	0.1	0.1
Nepal	0.1	0.2	0.2	0.2
Pakistan	0.2	0.2	0.2	0.2
Sri Lanka	0.2	0.2	0.2	0.2

Source: UNCTAD Database

TABLE 5: RCA INDEX OF SAARC COUNTRIES EXPORTS IN 2012

Commodity Category	Bangladesh	India	Maldives	Nepal	Pakistan	Sri Lanka	Bhutan
Agricultural Products	0.58	1.60	2.59	2.43	2.25	3.24	0.65
Food	0.52	1.39	3.12	2.49	2.28	3.46	0.76
Fuel and Mineral Products	0.05	0.96	0.04	0.19	0.15	0.05	2.12
Fuels	0.02	1.01	0.00	0.00	0.07	0.02	1.83
Manufacture	1.50	0.98	0.00	1.18	1.21	1.11	0.74
Iron and Steel	0.03	1.40	0.00	5.85	0.30	0.02	9.37
Chemicals	0.05	1.10	0.00	0.52	0.36	0.14	0.53
Pharmaceuticals	0.05	1.34	0.00	0.45	0.25	0.02	0.00
Machinery and Transport Equipment	0.03	0.43	0.00	0.03	0.05	0.20	0.00
Office and Telecom Equipment	0.01	0.20	0.00	0.02	0.03	0.02	0.00
EDP and OE	0.00	0.08	0.00	0.01	0.01	0.01	0.00
Telecom	0.01	0.42	0.00	0.04	0.07	0.03	0.00
IC and EC	0.01	0.05	0.00	0.00	0.00	0.03	0.00
Automotive	0.01	0.48	0.00	0.01	0.02	0.03	0.00
Textiles	4.19	3.34	0.00	20.70	22.82	1.55	0.07
Clothing	34.58	2.05	0.00	4.61	7.47	18.59	0.00

Source: Computed from WTO trade database

RCA Index for Bangladesh shows that RCA for Textiles, Clothing and Manufacture are above one and all other commodity categories it is less than one. For Clothing it got very high comparative advantage. For India, RCA for Agricultural products, Food, Fuels, Iron and Steel, Chemicals, Pharmaceutical products, Textiles and Clothing are above one. Maldives's RCA for Agricultural products and Food are above one and all other products below one. Nepal's Comparative advantage lies in Agricultural products, Iron and Steel, Textiles and Clothing. Pakistan got RCA advantage in Agricultural Products, Textiles and Clothing. Sri Lanka's RCA is highest in Clothing followed by food, Agricultural products and Textiles. For all other commodity categories they have comparative disadvantage. An across the commodity comparison shows that for Agricultural products and food all SAARC countries have comparative advantage except Bangladesh. India and Nepal got comparative advantage in Iron and Steel where as India alone got comparative advantage in Chemicals and Pharmaceuticals. The strong comparative advantage for the SAARC region is Textiles and Clothing where all member nations got very high comparative advantage except Maldives. But for many important manufactured industrial commodities, none of the SAARC countries are having comparative advantage. This includes Machinery and Transport Equipment, Office and Telecom Equipment, EDP and Office Equipment, Integrated Circuits and Electronic Components Telecommunication Equipments and

Automotive Products. So we can see a similarity in the commodity trade in SAARC countries. India is fast emerging as a manufacturing base in South Asia. But this will further consolidate India's position in already lopsided SAARC trade. But even with similarity SAARC nations can enhance trade by increasing intra industry, intra sectoral trade.

TABLE 6: REVEALED SYMMETRIC COMPARATIVE ADVANTAGE OF SAARC COUNTRIES

Commodity Category	Bangladesh	India	Maldives	Nepal	Pakistan	Sri Lanka	Bhutan
Agricultural Products	-0.27	0.23	0.44	0.42	0.38	0.53	-0.21
Food	-0.32	0.16	0.51	0.43	0.39	0.55	-0.14
Fuel and Mineral Products	-0.90	-0.02	-0.92	-0.68	-0.74	-0.90	0.36
Fuels	-0.96	0.00	-1.00	-1.00	-0.87	-0.96	0.29
Manufacture	0.20	-0.01	-1.00	0.08	0.10	0.05	-0.15
Iron and Steel	-0.94	0.17	-1.00	0.71	-0.54	-0.96	0.81
Chemicals	-0.90	0.05	-1.00	-0.32	-0.47	-0.75	-0.31
Pharmaceuticals	-0.90	0.15	-1.00	-0.38	-0.60	-0.96	-1.00
Machinery and Transport Equipment	-0.94	-0.40	-1.00	-0.94	-0.90	-0.67	-1.00
Office and Telecom Equipment	-0.98	-0.67	-1.00	-0.96	-0.94	-0.96	-1.00
EDP and OE	-1.00	-0.85	-1.00	-0.98	-0.98	-0.98	-1.00
Telecom	-0.98	-0.41	-1.00	-0.92	-0.87	-0.94	-1.00
IC and EC	-0.98	-0.90	-1.00	-1.00	-1.00	-0.94	-1.00
Automotive	-0.98	-0.35	-1.00	-0.98	-0.96	-0.94	-1.00
Textiles	0.61	0.54	-1.00	0.91	0.92	0.22	-0.87
Clothing	0.94	0.34	-1.00	0.64	0.76	0.90	-1.00

Source: Computed from WTO trade database

Revealed Symmetric Comparative Advantage gives symmetry to the index and can be used for better comparison. The table -6 confirms the results of RCA for exports. The RCA showed except Maldives and Bhutan all SAARC countries got comparative Advantage in clothing and textile. Similarly except Bhutan and Bangladesh all got RCA in Agricultural products and food articles.

TABLE 7: RCA INDEX OF SAARC COUNTRIES IMPORTS IN 2012

Commodity Category	Bangladesh	India	Maldives	Nepal	Pakistan	Sri Lanka	Bhutan
Agricultural Products	3.05	0.56	1.75	1.58	1.27	1.49	2.47
Food	2.71	0.46	1.81	1.40	1.36	1.40	2.70
Fuel and Mineral Products	0.41	1.88	1.08	1.70	0.93	1.02	1.46
Fuels	0.39	2.08	1.14	1.98	1.10	0.83	1.72
Manufacture	0.89	0.60	0.84	0.70	0.91	0.97	0.67
Iron and Steel	2.01	0.81	3.08	1.18	1.32	3.00	0.81
Chemicals	1.06	0.85	1.13	1.39	0.88	0.49	0.53
Pharmaceuticals	0.44	0.23	1.08	0.62	0.64	0.39	0.27
Machinery and Transport Equipment	0.68	0.50	0.57	0.57	0.64	1.12	0.53
Office and Telecom Equipment	0.33	0.51	0.51	0.42	0.35	0.24	0.44
EDP and OE	0.26	0.50	0.41	0.21	0.36	0.41	0.59
Telecom	0.58	0.73	0.91	0.89	0.60	0.26	0.66
IC and EC	0.10	0.26	0.12	0.04	0.05	0.06	0.03
Automotive	0.25	0.17	0.33	0.46	0.84	1.89	0.10
Textiles	10.53	0.42	1.33	1.50	7.01	0.48	0.83
Clothing	0.34	0.03	0.81	0.07	0.39	0.12	0.55

Source: Computed from WTO trade database

The table – 7 gives the RCA for imported commodities for SAARC countries. Bangladesh got revealed comparative advantage in imports of Agricultural products, food, Iron and Steel and Textiles. For India the RCA for imports fall on fuels and for Maldives it is Agricultural products, food, fuels, Iron and Steel, Chemicals, Pharmaceuticals, and Textiles. The RCA of imports for Nepal is on Agricultural products, Food, fuels, Iron and steel Chemicals, and textiles. Agricultural products, food, fuels, Iron and Steel, Textiles are the commodities having import advantage for Pakistan. Sri Lanka face import advantage in Agricultural products, food, Iron and Steel, Machinery and Transport Equipment, and Automotive.

Revealed Trade Advantage is calculated (table -8) by taking the difference between RCA of exports and RCA of imports. Revealed Trade Advantage Index showed that Bangladesh got trade advantage in only clothing. India got trade advantage with food. Pharmaceuticals, Textiles and clothing. Pakistan got trade advantage only in food products and clothing.

TABLE 8: REVEALED TRADE ADVANTAGE FOR SAARC COUNTRIES

Commodity Category	Bangladesh	India	Maldives	Nepal	Pakistan	Sri Lanka	Bhutan
Agricultural Products	-2.47	1.04	0.68	0.68	1.97	-0.84	0.12
Food	-2.19	0.93	0.68	0.88	2.10	-0.64	0.42
Fuel and Mineral Products	-0.37	-0.92	-0.89	-1.55	-0.88	1.10	-1.42
Fuels	-0.37	-1.07	-1.14	-1.91	-1.08	1.00	-1.72
Manufacture	0.61	0.38	0.34	0.51	0.20	-0.24	-0.67
Iron and Steel	-1.99	0.59	2.77	-0.88	-1.30	6.38	-0.81
Chemicals	-1.01	0.25	-0.61	-1.04	-0.74	0.04	-0.53
Pharmaceuticals	-0.39	1.11	-0.63	-0.37	-0.63	-0.39	-0.27
Machinery and Transport Equipment	-0.65	-0.07	-0.54	-0.52	-0.45	-1.12	-0.53
Office and Telecom Equipment	-0.32	-0.31	-0.49	-0.39	-0.33	-0.24	-0.44
EDP and OE	-0.25	-0.42	-0.40	-0.21	-0.35	-0.41	-0.59
Telecom	-0.56	-0.31	-0.87	-0.83	-0.57	-0.26	-0.66
IC and EC	-0.08	-0.20	-0.12	-0.04	-0.02	-0.06	-0.03
Automotive	-0.24	0.32	-0.33	-0.44	-0.82	-1.89	-0.10
Textiles	-6.34	2.93	19.37	21.32	-5.46	-0.41	-0.83
Clothing	34.24	2.01	3.80	7.40	18.20	-0.12	-0.55

Source: Computed from WTO trade database

Revealed Export Advantage (table-9) is calculated by taking the natural log of Revealed Comparative Advantage Index of Exports. It showed all the SAARC countries got export advantage in textiles and clothing except Sri Lanka and Bhutan. Similarly all SAARC members got export advantage in Agricultural products and food products except Bangladesh and Sri Lanka. Table – 9 gives the Revealed Export Advantage for the SAARC countries.

TABLE 9: REVEALED EXPORT ADVANTAGE FOR SAARC COUNTRIES

Commodity Category	Bangladesh	India	Maldives	Nepal	Pakistan	Sri Lanka	Bhutan
Agricultural Products	-0.55	0.47	0.89	0.81	1.17	-0.43	0.95
Food	-0.66	0.33	0.91	0.82	1.24	-0.28	1.14
Fuel and Mineral Products	-3.06	-0.04	-1.67	-1.91	-3.03	0.75	-3.24
Fuels	-3.85	0.01	-15.08	-2.61	-3.95	0.61	-6.95
Manufacture	0.40	-0.02	0.17	0.19	0.10	-0.30	-7.65
Iron and Steel	-3.62	0.34	1.77	-1.21	-3.95	2.24	
Chemicals	-2.94	0.10	-0.65	-1.03	-1.95	-0.63	-6.27
Pharmaceuticals	-2.94	0.29	-0.80	-1.39	-4.09	-9.91	
Machinery and Transport Equipment	-3.56	-0.84	-3.43	-3.02	-1.63	-8.24	
Office and Telecom Equipment	-4.61	-1.60	-4.12	-3.63	-3.79		
EDP and OE	-5.63	-2.52	-4.88	-5.22	-4.43		
Telecom	-4.36	-0.86	-3.33	-2.73	-3.50		
IC and EC	-4.31	-2.98	-7.18	-8.76	-3.68		
Automotive	-4.97	-0.72	-5.21	-3.97	-3.62		
Textiles	1.43	1.21	3.03	3.13	0.44	-2.71	
Clothing	3.54	0.72	1.53	2.01	2.92	-11.98	

Source: Computed from WTO trade database

Revealed Competitiveness index(table -10) is another index used by Volrath to explain competitiveness of trade. It is calculated by taking the natural log of the difference of Revealed Export of Competitiveness Index and Revealed Import Competitive Index. This also confirms the general trend followed by other indicators.

TABLE 10: REVEALED COMPETITIVENESS FOR THE SAARC COUNTRIES

Commodity Category	Bangladesh	India	Maldives	Nepal	Pakistan	Sri Lanka	Bhutan
Agricultural Products	-1.66	1.05	0.33	0.36	0.94	-0.83	0.05
Food	-1.66	1.10	0.32	0.49	0.94	-0.61	0.14
Fuel and Mineral Products	-2.18	-0.67	-1.75	-2.44	-2.96	0.73	-3.62
Fuels	-2.90	-0.73	-15.21	-3.30	-4.04	0.79	-7.49
Manufacture	0.52	0.50	0.34	0.55	0.20	-0.28	-7.25
Iron and Steel	-4.32	0.54	0.64	-1.38	-4.23	1.14	
Chemicals	-3.00	0.26	-0.77	-1.37	-1.82	0.09	-5.64
Pharmaceuticals	-2.13	1.78	-0.87	-0.91	-3.65	-8.96	
Machinery and Transport Equipment	-3.17	-0.14	-2.87	-2.45	-1.19	-8.36	
Office and Telecom Equipment	-3.49	-0.93	-3.44	-2.75	-2.74		
EDP and OE	-4.26	-1.83	-3.99	-3.68	-3.40		
Telecom	-3.81	-0.54	-3.24	-2.62	-2.99		
IC and EC	-1.97	-1.61	-5.04	-5.64	-0.68		
Automotive	-3.58	1.05	-4.12	-3.20	-3.45		
Textiles	-0.92	2.08	2.75	2.72	-1.51	-1.97	
Clothing	4.62	4.08	1.74	4.70	3.87	-9.84	

Source: Computed from WTO trade database

The Table -11 gives an easy comparison of comparative advantage among SAARC Countries. The Revealed Symmetric Comparative Advantage (RCA) computed are classified in to four categories namely Strong Disadvantage (RSCA -1 to -0.5), High Disadvantage (RSCA -0.51 to 0) High Advantage (RCA 0 to 0.5) and Strong Advantage (RCA 0.5 to 1). Accordingly Revealed Comparative Advantage for all commodities are classified for six SAARC countries. Country with strong comparative can easily export the commodity to the country with weak or low comparative advantage. Similarly country with Weak or low comparative advantage can import the commodity from country with Strong or High comparative advantage. The table – 11 reveals that India, Maldives, Nepal, Pakistan got comparative advantage in agricultural products and food products and they can trade with Bangladesh and Sri Lanka. India got comparative advantage in Iron and Steel, Chemicals, Pharmaceuticals and trade with other SAARC nations.

TABLE 11: COMPARISON OF RCA AMONG SAARC COUNTRIES

Commodity Category	Bangladesh	India	Maldives	Nepal	Pakistan	Sri Lanka
Agricultural Products	HD	HA	HA	HA	SA	HD
Food	HD	HA	HA	HA	SA	HD
Fuel and Mineral Products	SD	HD	SA	HA	SD	HA
Fuels	SD	-	SD	SD	SD	HA
Manufacture	HA	HD	SD	SD	HA	HD
Iron and Steel	SD	HA	SD	HA	SD	SA
Chemicals	SD	HA	SD	HA	SD	HD
Pharmaceuticals	SD	HA	SD	HD	SD	SD
Machinery and Transport Equipment	SD	HD	SD	HD	SD	SD
Office and Telecom Equipment	SD	SD	SD	SD	SD	SD
EDP and OE	SD	SD	SD	SD	SD	SD
Telecom	SD	HD	SD	SD	SD	SD
IC and EC	SD	SD	SD	SD	SD	SD
Automotive	SD	HD	SD	SD	SD	SD
Textiles	SA	SA	SD	SA	HA	SD
Clothing	SA	HA	SD	SA	SA	SD

Source: Constructed from RSCA index table above

Table-11 shows SAARC nations can optimize their trade potential by taking advantage of the comparative advantage. India being the dominant partner should give more market access to other smaller economies in the region. Also political differences and bilateral disputes should be amicably settled to enhance the trade ties among SAARC nations.

CONCLUSION

Even after twenty seven years of its existence, SAARC has failed to live up to its potential. The intra regional trade, which is an indicator of the degree of regional integration is low compared to other regional groupings. The trade Intensity index showed that members are trading above average than with the rest of the world. India is the dominant player in the South Asian region. But its import from rest of SAARC members is relatively lower. This is because the two largest economies of the region namely India and Pakistan have long standing political differences overshadowing their trade. The improvement of bilateral relationship through economic cooperation is the method to revitalize the concept of SAFTA. The south Asian region is experiencing industrial development and it is the appropriate time to focus on improving trade and enhance investment. The Revealed comparative Advantage Index showed that there are areas of trade complementarity between SAARC members and further trade cooperation is possible. Any attempt by members of SAARC to forge bilateral trade agreement with other member will undermine the progress of SAARC. Similarly India should not overemphasize the relationship with ASEAN at the expense of SAARC. China is making serious efforts to strengthen the economic relationship with SAARC countries. Increased Chinese presence in the region will undermine the dominant position and superiority of India with its neighbors. So it is the responsibility of India to give leadership and direction to the trade liberalisation and economic cooperation among members of SAARC.

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FINANCIAL INSTITUTIONS AND WOMEN ENTREPRENEURSHIP IN KERALA AND TAMIL NADU

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ABSTRACT

Financial institutions play an important role in the development of women entrepreneurship, as credit is the prime input for sustained growth of business of the women entrepreneurs. With a host of banks and other financial institutions keen to help women entrepreneurs get going, there has rarely been a better opportunity for women with zeal and creativity to venture their own businesses. Several institutions have been set up in India in the public and private sectors to provide financial and technical assistance for entrepreneurship, particularly women entrepreneurship and are playing a pivotal role in giving financial and consultancy assistance to entrepreneurs for the setting up of new ventures and also for their modernisation, diversification and expansion. The present study has been undertaken to analyse the involvement of financial institutions in the development of women entrepreneurship in Kerala and Tamil Nadu. The respondents of the study consist of registered women entrepreneurs of both Kerala and Tamil Nadu. The sample consists of 327 women entrepreneurs from Kerala and 160 from Tamil Nadu. For the purpose of analysis, statistical tools like percentages, rank test, chi-square test and t-test were used. While analysing the involvement of financial institutions in the development of women entrepreneurship, it is observed that there are differences among the women entrepreneurs in Kerala and Tamil Nadu with regard to their degree of awareness of the financial institutions, level of satisfaction in the lending schemes and general services and the nature of developments made in their concerns with the help of these institutions. However, they are similar with regard to the degree of awareness of the lending schemes, source of information of the schemes and the kind of help received. A majority of the women entrepreneurs who have utilised the lending schemes are extremely satisfied. Most of them are extremely satisfied with the general services of these institutions in both the States.

KEYWORDS

Non-Governmental Organisations, Prime Minister's Rozgar Yojana, Entrepreneurship Development Programmes, Kerala Financial Corporation, Tamil Nadu Industrial Investment Corporation.

INTRODUCTION

Women entrepreneurship is gaining momentum and has become a pressing need of the day in developing a country like India. Large, medium and small industrial units play a mutually complementary role in the integrated and harmonious growth of the industrial sector as a whole. However, small enterprises outnumber the larger ones in every country and play a vibrant and vital role in the process of industrialisation by contributing significantly to production and exports. As the pace of innovation accelerates, the small scale sector will provide new opportunities to entrepreneurs to grow. Again, this sector is widely recognised as a valuable foundation in fostering economic growth. Therefore, entrepreneurship has now become an important focal point in the third world countries. Any strategy aimed at economic development will be lopsided without involving the women folk who constitute half of the world population. Evidence has unequivocally established that entrepreneurial spirit is not a male prerogative. Owing to the inexorable forces of changes, several women have set the ball rolling. Women entrepreneurship has gained momentum in the last three decades with the increase in the number of women enterprises and their substantive contribution to economic growth. The industrial performance of Asia-Pacific region propelled by foreign direct investment, technological innovations and manufactured exports has brought a wide range of economic and social opportunities to women entrepreneurs. Financial institutions play an important role in the development of women entrepreneurship, as credit is the prime input for sustained growth of business of the women entrepreneurs. With a host of banks and other financial institutions keen to help women entrepreneurs get going, there has rarely been a better opportunity for women with zeal and creativity to venture their own businesses. Thus, any attempt made to understand the entrepreneurial activity among women, an analysis of the involvement of financial institutions in the development of women entrepreneurship is necessary.

STATEMENT OF THE PROBLEM

It is an accepted fact that the role of women in productive activities in India has been increasing over the years. Several institutions have been set up in India in the public and private sectors to provide financial and technical assistance for entrepreneurship, particularly women entrepreneurship and are playing a pivotal role in giving financial and consultancy assistance to entrepreneurs for the setting up of new ventures and also for their modernisation, diversification and expansion. Several policies and programmes are implemented for the development of women entrepreneurship in India. For the emergence and development of women entrepreneurship, effective management and development of women's resources are inextricable for a developing country like India. Therefore, women entrepreneurship should be nurtured with much care by the Government, its agencies, financial institutions, the society and the individuals who undertake it. Intensified efforts are required to persuade women to enter industrial sector and to ensure equal economic opportunities to women and men. Provisions of successful programmes, opportunities for economic activity are very essential so as to integrate women into all economic activities on a par with men.

Though several studies have been conducted in the west, only limited efforts have been made in exploring the role and involvement of financial institutions in the development of women entrepreneurship in India. Besides, a comparative analysis of role and involvement of financial institutions in the development of women entrepreneurship in two States was also not attempted in its entirety. It is in this background that the present study titled "Involvement of Financial Institutions in the Development of Women Entrepreneurship in Kerala and Tamil Nadu" is attempted.

REVIEW OF LITERATURE

Hilhorst Harry Oppenorth (1992) conducted an exploratory study on "Financing women's enterprises-Beyond barriers and bias". The epilogue highlights the need for more information on the effectiveness of financial interventions for poor women. It is emphasised that for any economic gains financial interventions have to be selected according to the potential of women for making improvements in their position with respect to decision-making. Financial intervention in household based production is to be preceded by location, specific analysis, and taking gender into account. It is suggested that programmes that make credit available should also be aware of effects on women's status and visibility and specifically the influence on the extent of their decision making role. A flexible approach is to be exercised in the administration of credit of women.

Hisrich and Brush (1984) conducted a nation-wide in depth survey of 468 women entrepreneurs. They found that the biggest business start-up problems of the 'typical' woman entrepreneur were finance, credit and lack of business training. Her greatest operational problem was lack of financial planning experience.

Buvinic and Berger (1990) in their study stated that to restrict financial support to manufacturing means imposing an additional barrier to the economic participation of women, given their predominance in trading activities.

Tovo (1991) observed that self-employed women face several problems common to all small-scale entrepreneurs, which include limited access to capital, inputs and markets.

OBJECTIVE OF THE STUDY

The main objective of this study is to investigate the **involvement of financial institutions in the development of women entrepreneurship in Kerala and Tamil Nadu**.

HYPOTHESIS OF THE STUDY

H_0 There is no difference in the level of satisfaction in the lending schemes of the financial institutions among women entrepreneurs in Kerala vis-à-vis Tamil Nadu.

RESEARCH METHODOLOGY

SCOPE OF THE STUDY

The present study has been undertaken to assess the **involvement of financial institutions in the development of women entrepreneurship in Kerala and Tamil Nadu**. The assessment has been made by considering the perception of sample women entrepreneurs in Kerala and Tamil Nadu. The study is confined to registered SSI units managed by women in Kerala and Tamil Nadu.

SELECTION OF SAMPLE

For selecting the women entrepreneurs, the States of Kerala and Tamil Nadu have been first divided into three zones-south, central and north. From these zones, one district each representing south, central and north (Alappuzha, Ernakulam and Malappuram in Kerala and Madurai, Dharmapuri and Chennai in Tamil Nadu) have been selected at random. There were in all 6541 women managed SSI units in the selected districts of Kerala (2522 in Alappuzha, 3037 in Ernakulam and 982 in Malappuram) and 3130 in Tamil Nadu (671 in Madurai, 1617 in Dharmapuri and 842 in Chennai) as on 31-3-2001. 5% have been chosen at random for the study. Thus, the total number of women entrepreneurs selected as sample has come to 327 for Kerala and 160 for Tamil Nadu.

COLLECTION OF DATA

The data required for the study were collected from both primary and secondary sources. The primary data were collected from the respondents based on structured interview schedule. The secondary data were collected from reports, books, and periodicals and from various web sites.

TOOLS OF ANALYSIS

The data collected were suitably classified and analysed keeping in view the objectives of the study. For the purpose of analysis, statistical tools like percentages, rank test, chi-square test and t-test were used. The chi-square test was applied to examine the significance of variation in the opinion among the women entrepreneurs in Kerala and Tamil Nadu, while, the rank test was used to assess the order of preference associated with the selected variables. The t-test was used to determine whether the women entrepreneurs selected as sample in Kerala and Tamil Nadu are likely to have come from the same two underlying populations that have the same mean.

PERIOD OF THE STUDY

The study covers a period of ten years from 2000 to 2009. The survey was made in Kerala and Tamil Nadu during July 2007 – February 2009.

RESULTS AND DISCUSSION

To avail of the various credit facilities, concessions and benefits, the women entrepreneurs should have good awareness of the financial institutions supporting women entrepreneurship. If they are ignorant, they will be exploited by private money lenders. 60 per cent of the women entrepreneurs in Kerala and 49 per cent in Tamil Nadu have no awareness of the financial institutions. Only 17 per cent in Kerala and 14 per cent in Tamil Nadu have complete awareness. But, the chi-square test finds a significant difference among the women entrepreneurs in Kerala and Tamil Nadu with regard to it (Table 1).

Public Sector Banks, Private Sector Banks, KFC, TIIC, Co-operative Banks, Regional Rural Banks, NSIC, etc. are the usual suppliers of credit to entrepreneurs in the SSI sector. Some entrepreneurs, especially women, may not approach any of these institutions, due to complicated legal formalities, self sufficiency, inadequate time, negligence on the part of financial institutions, proximity, etc. and borrow from private money lenders or utilise their own funds. Most of the women entrepreneurs in Kerala and Tamil Nadu have approached mainly public sector banks for financial assistance. In Kerala, the women entrepreneurs have ranked Kerala Financial Corporation (KFC) as second. Meanwhile, in Tamil Nadu, Tamil Nadu Industrial Investment Corporation (TIIC) and Co-operative Banks are ranked as second and NSIC is ranked third in both the States (Table 2). Non-availability of credit from banks and other financial institutions is a major problem normally faced by many of the women entrepreneurs. Financial institutions usually insist on the fulfillment of certain conditions by the borrowers which may not be possible for the women entrepreneurs, especially poor. The women entrepreneurs, whose loan proposals are rejected by banks, are asked to specify the reasons which are listed in Table 3. It reveals that the predominant reason for the rejection of loan proposal by the financial institutions in Kerala is the 'unsatisfactory investment proposal' of the women entrepreneurs, whereas in Tamil Nadu, the main reason is the unfulfillment of the eligibility criteria specified by the financial institutions. The t-test also shows a significant difference between the women entrepreneurs in Kerala and Tamil Nadu with regard to the reasons for the rejection of loan proposal by the financial institutions, viz. 'required loan amount is less than the minimum fixed by the FI' and 'eligibility criteria not fulfilled' (Table 4). Different financial institutions offer different lending schemes to entrepreneurs in the SSI sector for various purposes. Some of these schemes are specifically meant for women entrepreneurs only. Women entrepreneurs should have good awareness of such schemes to avail and utilise these schemes. The majority of the women entrepreneurs in Kerala (71%) and Tamil Nadu (73%) have no awareness about the schemes and only a few, i.e. 13 per cent in Kerala and nine per cent in Tamil Nadu, have a complete awareness of the lending schemes. The chi-square test also shows no significant difference between the women entrepreneurs of Kerala and Tamil Nadu as to their awareness of lending schemes (Table 5).

Entrepreneurs get information about the various lending schemes of the financial institutions from different sources, viz. Entrepreneurship Development Programmes (EDPs) conducted by Government agencies and NGOs, friends, banks and from other entrepreneurs with whom they maintain contacts. Media also help them to get such information. 33 per cent of the women entrepreneurs in Kerala obtain information about the lending schemes from Government agencies and banks and 32 per cent get information from banks. Meanwhile, in Tamil Nadu, 46 per cent get information from banks. But, the chi-square test shows no significant difference among the women entrepreneurs in Kerala and Tamil Nadu in this aspect (Table 6). Financial institutions, besides financial assistance to entrepreneurs, provide development and support services also. At the time of sanctioning loan they usually provide consultancy services. Only a few provide marketing assistance and training to women entrepreneurs. The kind of help received from the financial institutions by the women entrepreneurs in Kerala and Tamil Nadu depicted in Table 7 shows that 79 per cent of the women entrepreneurs in Kerala and 52 per cent in Tamil Nadu have availed themselves of various assistances. Out of this, 93 per cent in Kerala and 94 per cent in Tamil Nadu have availed themselves of financial assistance and only six per cent in Kerala and five per cent in Tamil Nadu have obtained all the assistances. The chi-square test finds no significant difference among the respondents in Kerala and Tamil Nadu as to the kind of help received.

Lending schemes of financial institutions for the women entrepreneurs depend on the type of their business activity. The women entrepreneurs are normally offered term loans and working capital loans. The PMRY loan is meant for poor women entrepreneurs, as it does not require any collateral. The rank score comparison of the lending schemes utilised by the women entrepreneurs in Kerala and Tamil Nadu shown in Table 8 reveals that a greater number of the women entrepreneurs in Kerala have taken PMRY loan which has been given first rank. But, in Tamil Nadu, most of them have taken 'term loan and working capital assistance under single window scheme'. Working capital assistance ranks second in both Kerala and Tamil Nadu.

Usually, a major portion of the capital structure of a business consists of borrowed funds. Even though own fund is the safest source, entrepreneurs may find it difficult to raise the required fund from own source. They usually borrow from their husbands, parents, relatives and friends for the business, since this source is not sufficient and a permanent solution for capital, they also depend on institutional and non-institutional sources (private money lenders) for financing their business.

80 per cent of the women entrepreneurs in Kerala and 49 per cent in Tamil Nadu have borrowed funds for their business requirements at the initial period. A large number of women entrepreneurs in Kerala (47%) and Tamil Nadu (45%), have a share of 50 to 75 per cent borrowed funds in the total investment. Another 27 per cent in Kerala and 33 per cent in Tamil Nadu have a share of 75 to 100 per cent. (Table 9). Meanwhile, 25 per cent of the women entrepreneurs in Kerala and 41 per cent in Tamil Nadu have borrowed funds for their business requirements at the present tenure. Out of this, 36 per cent in Kerala and 37 per cent in Tamil Nadu have borrowed to the extent of 25 to 50 per cent of their total investment. 17 per cent in Kerala and 26 per cent in Tamil Nadu have borrowed 75 to 100 per cent (Table 10). The chi-square test also shows no significant difference in the share of borrowed funds among the respondents in Kerala and Tamil Nadu, in the total investment, both at the initial and present period.

Share of financial institutions in the borrowed funds of women entrepreneurs' business not only shows women entrepreneurs' credibility and borrowing power, but also the degree of involvement of financial institutions in the development of women entrepreneurs. 79 per cent of women entrepreneurs in Kerala and 39 per cent in Tamil Nadu have borrowed from financial institutions at the initial period. Of which, for 92 per cent in Kerala and 49 per cent in Tamil Nadu, the share of financial institutions in the borrowed funds ranges from 75 to 100 per cent. Only six per cent in Kerala have a share of 50 to 75 per cent but, this per cent is relatively very high in Tamil Nadu which is 49 per cent. (Table 11). Meanwhile, 24 per cent of the women entrepreneurs in Kerala and 33 per cent in Tamil Nadu have borrowed funds from financial institutions for the business in the present period. Out of this, for 99 per cent women entrepreneurs in Kerala and 31 per cent in Tamil Nadu, the share of financial institutions in the borrowed funds ranges from 75 to 100 per cent. However, in Tamil Nadu, the majority (37%) fall in the slab of 25 to 50 per cent (Table 12). The chi-square test also finds significant difference in the financial institutions' share, in the borrowed funds of women entrepreneurs' business, both at the initial and present period.

Some financial institutions in Kerala and Tamil Nadu are providing development and support assistance for promoting women entrepreneurship. They provide marketing assistance by organising bankers' meeting, participating in trade fairs and exhibitions organised by Government agencies. This assistance helps women entrepreneurs in different ways. The rank score comparison of the developments made by the women entrepreneurs with the help of financial institutions. In Kerala the respondents are able to increase production with the help of financial institutions which they have ranked first and 'reduction of cost' is ranked as second, whereas 'reduction of cost' is the main benefit received by the respondents in Tamil Nadu and 'increased sales' ranks second (Table 13).

The t-test result finds no significant difference among the women entrepreneurs in Kerala and Tamil Nadu in the developments made with the help of financial institutions except in the aspect, viz. increased production (Table 14). In the study, an enquiry was made among the women entrepreneurs who have utilised the lending schemes of the financial institutions to assess their level of satisfaction in the lending schemes. 42 per cent in Kerala and 38 per cent in Tamil Nadu are extremely satisfied with the lending schemes of financial institutions and another 39 per cent in Kerala and 11 per cent in Tamil Nadu are satisfied. The chi-square test also shows a significant difference in the level of satisfaction among the women entrepreneurs in Kerala and Tamil Nadu (Table 15). **Thus, the null hypothesis H_0 stating that there is no difference in the level of satisfaction in the lending schemes of the financial institutions among women entrepreneurs in Kerala vis-à-vis Tamil Nadu stands rejected.**

Borrowers are satisfied with the lending schemes when such schemes can satisfy their requirements. The rank score comparison of the reasons for satisfaction of the women entrepreneurs in the lending schemes of financial institutions in Kerala and Tamil Nadu (Table 16) reveals that in Kerala 'easy availability' is the main reason for satisfaction. They are also attracted by 'subsidies and incentives', which is ranked as second. In Tamil Nadu, the major reason is the 'subsidy and incentives' and they have ranked 'easy availability' as second reason. As some of the women entrepreneurs who have utilised the lending schemes are dissatisfied, an enquiry was also made among them to find out the major reasons for their dissatisfaction. The rank score comparison of the reasons for dissatisfaction (Table 17) reveals that 'demand of collateral security' is the major reason for dissatisfaction both in Kerala and Tamil Nadu. They have also complained about the 'high interest rate' charged by the financial institution, which is the second reason for their dissatisfaction in both the States. Financial institutions also render customer-friendly general services to their customers, especially to entrepreneurs. Regarding the level of satisfaction of the women entrepreneurs of these services, 45 per cent in Kerala and 39 per cent in Tamil Nadu are extremely satisfied and another 48 per cent have no opinion, since they did not approach the financial institutions (Table 18). But the chi-square test shows a significant difference in the level of satisfaction of the general services among the respondents in Kerala and Tamil Nadu. An enquiry was also made among the women entrepreneurs who are satisfied with the general services to find out the reasons for their satisfaction. The rank score comparison of the reasons for satisfaction (Table 19) reveals that 'friendly attitude' of the staff is the main reason for the satisfaction both in Kerala and Tamil Nadu. Respondents are also satisfied with the 'encouragement of the staff', which is ranked as second in Kerala, whereas in Tamil Nadu, it is 'quick sanctioning and processing of loans'. The women entrepreneurs who are not satisfied with the general services of the financial institutions have been asked to rank the reasons for their dissatisfaction. The rank score comparison of the reasons for dissatisfaction (Table 20) reveals that 'unwanted delay' is the major reason for dissatisfaction both in Kerala and Tamil Nadu. 'Attitude of the staff' is ranked as second in Kerala, whereas it is 'neglect' in Tamil Nadu.

CONCLUSION

While analysing the involvement of financial institutions in the development of women entrepreneurship, it is observed that their degree of awareness of the financial institutions, level of satisfaction in the lending schemes and general services and the nature of developments made in their concerns with the help of these institutions. However, they are similar with regard to the degree of awareness of the lending schemes, source of information of the schemes and the kind of help received. A majority of the women entrepreneurs who have utilised the lending schemes are extremely satisfied because of the 'easy availability' which is ranked first in Kerala and 'subsidies and incentives' ranked as first in Tamil Nadu. With regard to the general services of these institutions, most of them are extremely satisfied in both the States, the basic reason being the same which is a 'friendly attitude'.

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ANNEXURE TABLES

TABLE 1: AWARENESS OF FINANCIAL INSTITUTIONS BY THE WOMEN ENTREPRENEURS

Responses	Kerala		Tamil Nadu	
	Number	Percentage	Number	Percentage
Very high	32	10	13	8
High	24	7	9	6
Moderate	53	16	36	22
Low	23	7	49	15
Nil	195	60	78	49
Total	327	100	160	100

Source: Primary data.

$\chi^2 = 12.449$ with 4 degrees of freedom; significant at 5 per cent level.

TABLE 2: FINANCIAL INSTITUTIONS/AGENCIES APPROACHED BY THE WOMEN ENTREPRENEURS

Financial institution/agencies	Kerala		Tamil Nadu	
	Mean	Rank	Mean	Rank
KFC / T I I C	12.500	2	12.000	2
KSIDC/SIPCOT	12.200	4	--	--
NSIC	12.250	3	11.000	3
SIDBI	12.140	5	--	--
Public sector banks	12.892	1	12.980	1
Co-operative banks	11.677	6	12.000	2
Regional rural banks	11.500	7	-	--
Private money lenders	11.000	8	10.500	4
LIC	10.600	10	--	--
Private sector banks	10.750	9	--	--

Source: Primary data.

TABLE 3: REASONS FOR REJECTION OF LOAN PROPOSAL OF THE WOMEN ENTREPRENEURS BY THE FINANCIAL INSTITUTIONS

Reasons	Kerala		Tamil Nadu	
	Mean	Rank	Mean	Rank
Unsatisfactory investment proposal	4.000	1	3.667	2
Loan amount is less than the minimum fixed by the FI	3.333	3	2.895	4
Poor financial position	3.714	2	3.000	3
Eligibility criteria not fulfilled	3.000	4	3.800	1

Source: Primary data.

TABLE 4: REASONS FOR REJECTION OF LOAN PROPOSAL OF THE WOMEN ENTREPRENEURS BY THE FINANCIAL INSTITUTIONS (T-TEST)

Reason for rejection of loan proposal	State	N	Mean	Std. deviation	T value	df	Sig.	Conclusion
Unsatisfactory investment proposal	Kerala	7	3.4286	1.51186	1.216	116	.227	Not Sig.
	Tamil Nadu	5	4.0000	.00000				
Required loan amount is less than the minimum fixed by FI	Kerala	7	3.1429	1.46385	-2.082	190	.039	Sig.
	Tamil Nadu	1	3.0000					
Poor financial position	Kerala	2	2.0000	2.82843	-	35	.728	Not Sig.
	Tamil Nadu	10	3.8000	.42164				
Eligibility criteria not fulfilled	Kerala	6	3.3333	1.63299	-4.282	196	.000	Sig.
	Tamil Nadu	1	4.0000					

Source: Primary data.

TABLE 5: AWARENESS OF THE WOMEN ENTREPRENEURS OF THE VARIOUS LENDING SCHEMES OF THE FINANCIAL INSTITUTIONS

Responses	Kerala		Tamil Nadu	
	Number	Percentage	Number	Percentage
Very high	24	7	10	6
High	20	6	5	3
Moderate	39	12	23	14
Low	12	4	6	4
Nil	232	71	116	73
Total	327	100	160	100

Source: Primary data.

 $\chi^2 = 2.599$ with 4 degrees of freedom; not significant at 5 per cent level.

TABLE 6: SOURCE OF INFORMATION OF THE WOMEN ENTREPRENEURS ABOUT THE VARIOUS LENDING SCHEMES OF THE FINANCIAL INSTITUTIONS

Source of information	Kerala		Tamil Nadu	
	Number	Percentage	Number	Percentage
Other entrepreneurs	6	7	--	--
Government agencies	18	20	4	10
NGOs	--	--	7	17
Banks	29	32	19	46
Friends	5	5	--	--
Media	2	2	--	--
Government agencies & banks	30	33	8	20
Government agencies & NGOs	1	1	3	7
Total	91	100	41	100

Source: Primary data.

 $\chi^2 = 0.779$ with 2 degrees of freedom; not significant at 5 per cent level.

TABLE 7: KIND OF HELP RECEIVED BY THE WOMEN ENTREPRENEURS FROM THE FINANCIAL INSTITUTIONS

Kind of help	Kerala		Tamil Nadu	
	Number	Percentage	Number	Percentage
Financial	240	93	78	94
Development/support services	2	1	1	1
All	16	6	4	5
Total	258	100	83	100

Source: Primary data.

 $\chi^2 = 0.233$ with 1 degree of freedom; not significant at 5 per cent level.

TABLE 8: LENDING SCHEMES UTILISED BY THE WOMEN ENTREPRENEURS

Lending schemes	Kerala		Tamil Nadu	
	Mean	Rank	Mean	Rank
Term loans	12.804	3	11.905	3
Term loans and working capital assistance under single window scheme	12.717	4	12.974	1
Lease financing	11.500	6	--	--
Soft loan	11.500	6	11.000	5
National equity fund scheme	11.500	6	--	--
Credit linked capital subsidy scheme	11.500	6	--	--
Working capital assistance	12.941	2	12.902	2
Seed capital assistance	11.667	5	--	--
Margin money loan	11.000	7	--	--
Women's industries programme	11.500	6	--	--
PMRY Scheme	12.951	1	11.500	4

Source: Primary data.

TABLE 9: SHARE OF BORROWED FUNDS IN THE TOTAL INVESTMENT AT THE INITIAL PERIOD IN THE BUSINESS OF THE WOMEN ENTREPRENEURS

Percentage of borrowed funds to total investment	Kerala		Tamil Nadu	
	Number	Percentage	Number	Percentage
Less than 25	24	9	6	8
25-50	44	17	11	14
50-75	121	47	36	45
75-100	71	27	26	33
Total	260	100	79	100

Source: Primary data.

 $\chi^2 = 1.196$ with 3 degrees of freedom; not significant at 5 per cent level.**TABLE 10: SHARE OF BORROWED FUNDS IN THE TOTAL INVESTMENT AT PRESENT IN THE BUSINESSES OF THE WOMEN ENTREPRENEURS**

Percentage of borrowed funds to total investment	Kerala		Tamil Nadu	
	Number	Percentage	Number	Percentage
Less than 25	23	28	11	17
25-50	29	36	24	37
50-75	15	19	13	20
75-100	14	17	17	26
Total	81	100	65	100

Source: Primary data.

 $\chi^2 = 3.428$ with 3 degrees of freedom; not significant at 5 per cent level.**TABLE 11: SHARE OF FINANCIAL INSTITUTIONS IN THE BORROWED FUNDS AT THE INITIAL PERIOD IN THE BUSINESS OF THE WOMEN ENTREPRENEURS**

Share of financial institutions in the borrowed funds (%)	Kerala		Tamil Nadu	
	Number	Percentage	Number	Percentage
Less than 25	--	--	4	6
25-50	6	2	8	13
50-75	15	6	31	49
75-100	237	92	20	32
Total	258	100	63	100

Source: Primary data.

 $\chi^2 = 114.367$ with 2 degrees of freedom; significant at 5 per cent level.**TABLE 12: SHARE OF FINANCIAL INSTITUTIONS IN THE BORROWED FUNDS AT PRESENT IN THE BUSINESS OF THE WOMEN ENTREPRENEURS**

Share of financial institutions in the borrowed funds (%)	Kerala		Tamil Nadu	
	Number	Percentage	Number	Percentage
Less than 25	-	-	8	15
25-50	-	-	19	37
50-75	1	1	9	17
75-100	77	99	16	31
Total	78	100	52	100

Source: Primary data.

 $\chi^2 = 71.052$ with 3 degrees of freedom; significant at 5 per cent level.**TABLE 13: DEVELOPMENTS MADE WITH THE HELP OF THE FINANCIAL INSTITUTIONS**

Developments made	Kerala		Tamil Nadu	
	Mean	Rank	Mean	Rank
Increased sales	9.253	5	10.250	2
Reduction of cost	10.450	2	10.400	1
Increased production	10.750	1	5.895	8
More market information	9.000	6	8.500	5
Better price for the products	8.936	7	7.500	6
Increase in the no: of orders/customers/size of orders	7.396	8	6.000	7
Better public contact	10.267	3	4.389	9
Efficient utilisation of resources	9.400	4	10.000	3
Reduction in wastage	7.235	9	9.000	4

Source: Primary data.

TABLE 14: DEVELOPMENTS MADE WITH THE HELP OF THE FINANCIAL INSTITUTIONS (T-TEST)

Developments made	State	N	Mean	Std. deviation	df	T value	Sig.	Conclusion
Increased sales	Kerala	1	.0000	--	.660	63	.511	Not Sig.
	Tamil Nadu	4	9.2500	1.50000				
Reduction of cost	Kerala	3	6.6667	5.77350	.564	45	.576	Not .Sig
	Tamil Nadu	5	9.4000	.54772				
Increased Production	Kerala	1	.0000	--	- 3.023	73	.003	Sig.
	Tamil Nadu	4	7.5000	1.00000				
More market information	Kerala	1	.0000	--	-.602	9	.562	Not Sig.
	Tamil Nadu	4	7.5000	1.00000	--	--	--	
Better price for the products	Kerala	1	.0000	--	-.105	2	.926	Not Sig.
	Tamil Nadu	4	6.5000	1.00000	--	--	--	
Increase in the no: of orders/ customers/size of orders	Kerala	1	.0000	--	-1.404	40	.168	Not Sig.
	Tamil Nadu	4	5.0000	.00000				
Better public contact	Kerala	16	8.6875	2.41437	-1.206	32	.237	Not Sig.
	Tamil Nadu	1	.0000	--				
Efficient utilization of resources	Kerala	16	7.8750	2.24722	-1.560	26	.131	Not Sig.
	Tamil Nadu	1	9.0000	--				
Reduction in wastage	Kerala	1	.0000	--	-.494	6	.639	Not Sig.
	Tamil Nadu	1	8.0000	--			--	--

Source: Primary data.

TABLE 15: LEVEL OF SATISFACTION OF THE WOMEN ENTREPRENEURS IN THE LENDING SCHEMES OF THE FINANCIAL INSTITUTIONS

Responses	Kerala		Tamil Nadu	
	Number	Percentage	Number	Percentage
Extremely satisfied	137	42	60	38
Satisfied	39	12	18	11
Not satisfied	30	9	3	2
Dissatisfied	52	16	2	1
No opinion	69	21	77	48
Total	327	100	160	100

Source: Primary data.

 $\chi^2=55.704$ with 3 degrees of freedom; significant at 5 per cent level

TABLE 16: REASONS FOR SATISFACTION IN THE LENDING SCHEMES OF THE FINANCIAL INSTITUTIONS

Reason for satisfaction	Kerala		Tamil Nadu	
	Mean	Rank	Mean	Rank
Easy availability	9.531	1	8.873	2
Lower interest rate	7.641	4	5.481	10
Flexibility	7.805	3	7.562	4
Adequate finance	7.306	6	7.511	5
No collateral security	7.600	5	7.719	3
Long repayment period	6.371	7	6.850	7
Favourable terms and conditions	6.031	8	7.164	6
Concessions	5.500	10	5.556	9
Easy installment	5.953	9	6.182	8
Subsidy and incentives	8.645	2	9.263	1

Source: Primary data.

TABLE 17: REASONS FOR DISSATISFACTION IN THE LENDING SCHEMES OF THE FINANCIAL INSTITUTIONS

Reason for dissatisfaction	Kerala		Tamil Nadu	
	Mean	Rank	Mean	Rank
Complicated legal formalities	7.112	3	7.000	3
High rate of interest	7.356	2	7.167	2
Huge penalty in case of default	6.000	5	--	--
Delay in sanctioning the loan	6.800	4	7.000	3
Demand of collateral security	7.389	1	7.600	1
Time consuming procedures	5.555	6	--	--
Tight repayment schedule	6.000	5	--	--

Source: Primary data.

TABLE 18: LEVEL OF SATISFACTION OF THE WOMEN ENTREPRENEURS IN THE GENERAL SERVICES OF THE FINANCIAL INSTITUTIONS

Responses	Kerala		Tamil Nadu	
	Number	Percentage	Number	Percentage
Extremely satisfied	147	45	63	39
Satisfied	39	12	16	10
Not satisfied	20	6	3	2
Dissatisfied	52	16	1	1
No opinion	69	21	77	48
Total	327	100	160	100

Source: Primary data.

 $\chi^2= 53.526$ with 3 degrees of freedom; significant at 5 per cent level.

TABLE 19: REASONS FOR SATISFACTION IN THE GENERAL SERVICES OF THE FINANCIAL INSTITUTIONS

Reason for satisfaction of the services	Kerala		Tamil Nadu	
	Mean	Rank	Mean	Rank
Friendly attitude	5.642	1	5.263	1
Encouragement	4.416	2	3.542	4
Proper guidance	3.823	3	3.028	5
Adequate and timely dissemination of information about the lending schemes	3.072	5	2.688	6
Quick sanctioning and processing of loans	3.677	4	4.101	2
Better service	3.068	6	3.696	3

Source: Primary data.

TABLE 20: REASONS FOR DISSATISFACTION IN THE GENERAL SERVICES OF THE FINANCIAL INSTITUTIONS

Reason for dissatisfaction of the services	Kerala		Tamil Nadu	
	Mean	Rank	Mean	Rank
Unwanted delay	10.333	1	9.800	1
Attitude of the staff	9.648	2	9.000	3
Neglect	9.132	3	9.600	2
Malpractices	8.043	5	9.000	3
Poor service	8.429	4	7.000	5
Red-tapism	7.279	6	8.667	4

Source: Primary data.

CORPORATE GOVERNANCE AND BUSINESS ETHICS IN IT SECTOR: SOME REFLECTIONS

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ABSTRACT

Business ethics is an attempt to set out a standard by which all of the employees of a firm can know what is expected of them. But it is also an attempt to encourage employees, managers, and board members to think about and make decisions through the prism of some shared set of values. Corporate governance is the system by which companies are directed and controlled. Boards of directors are responsible for the governance of their companies. The shareholders' role in governance is to appoint the directors and the auditors and to satisfy themselves that an appropriate governance structure is in place. The responsibilities of the board include setting the company's strategic aims, providing the leadership to put them into effect, supervising the management of the business and reporting to shareholders on their stewardship. The board's actions are subject to laws, regulations and the shareholders in general meeting.

KEYWORDS

CIO's, Business Strategy, decision making, transparency, self assessment.

INTRODUCTION

Ethics and an ethical business culture are at the heart of the corporate governance. Business ethics and corporate governance have become key factors influencing investment decisions and determining the flows of capital worldwide. In part, this is the result of recent scandals in both developed and developing countries. However, in a more positive sense, the growing demand for good governance also flows from the lessons learned about how to generate rapid economic growth through market institutions. From this perspective, the emphasis on anti-corruption and good governance is based both in moral standards as well as utilitarian considerations of improved market performance. While ethics and an ethical business culture are at the heart of the corporate governance framework, the two are approached somewhat differently. Corporate governance is concerned mainly with creating the structure of decision-making at the level of the board of directors and implementing those decisions. Moreover, corporate governance is about accomplishing the core values of transparency, responsibility, fairness, and accountability. Because these values are also key concerns for business ethics, the two can be seen as being directly related. However, the corporate governance aspect deals with setting up the structures through which these values are attained, while ethics is both a guide for behavior and a set of principles (codes). While a good ethics system includes the core values of responsibility, transparency, fairness, and accountability, it goes into many other dimensions as well.

CORPORATE GOVERNANCE OF INFORMATION TECHNOLOGY

Information technology governance is a subset discipline of corporate governance focused on information technology (IT) systems and their performance and risk management. The rising interest in IT governance is partly due to compliance initiatives, but more so because of the need for greater accountability for decision-making around the use of IT in the best interest of all stakeholders.

IT capability is directly related to the long term consequences of decisions made by top management. Traditionally, board-level executives deferred key IT decisions to the company's IT professionals. This cannot ensure the best interests of all stakeholders unless deliberate action involves all stakeholders. IT governance systematically involves everyone: board members, executive management, staff and customers. It establishes the framework (see below) used by the organization to establish transparent accountability of individual decisions, and ensures the traceability of decisions to assigned responsibilities.

DEFINITIONS

The system by which the current and future use of Information and Communication Technology is directed and controlled. It involves evaluating and directing the plans for the use of Information and Communication Technology to support the organization and monitoring this use to achieve plans. It includes the strategy and policies for using Information and Communication Technology within an organization.

IT governance is the responsibility of the Board of Directors and executive management. It is an integral part of enterprise governance and consists of the leadership and organizational structures and processes that ensure that the organization's IT sustains and extends the organization's strategy and objectives.

IT governance is the organizational capacity exercised by the Board, executive management and IT management to control the formulation and implementation of IT strategy and in this way ensure the fusion of business and IT.

PROBLEMS WITH IT GOVERNANCE

The concept of Corporate Governance came into prominence for the last few years and many large and top companies have already adopted this. Corporate governance came into limelight few years ago as a mantra to not only run businesses effectively, but also to take care of all strict legal & corporate law compliance, by following very tight and disciplined controls internally and voluntarily. Corporate Governance has become one of the most important area to concentrate on for the Board of Directors. Corporate governance is about commitment to values and about ethical business conduct. It is about how an organization is managed. This includes its corporate and other structures, its culture, policies and the manner in which it deals with various stakeholders.

Accordingly, timely and accurate disclosure of information regarding the financial situation, performance, ownership and governance of the company is an important part of corporate governance. This improves public understanding of the structure, activities and policies of the organization. Consequently, the organization is able to attract investors, and to enhance the trust and confidence of the stakeholders.

THE BENEFITS OF IT GOVERNANCE

Effective IT Governance helps IT-heads handle the fast paced business and technology changes thrown-in by the new compliance requirements, large off-shoring/outsourcing and increased complexity of the changes.

New compliance requirements: Increased tighter controls and compliance requirements, demand strict adherence to business policies, processes and procedures and the ability to give thorough & detailed audit trail.

Outsourcing: Outsourcing and off shoring of IT activities has grown from a trickle to a huge wave in the past decade. The long predicted death of distance has arrived with a vengeance. Off shoring without being prepared to govern properly and manage it will be suicidal for any organization. When team members are separated by 10,000 miles instead of one inch of cubicle partition, the old ways of knowing who's doing what, and how effectively they're working, are every bit as dead as distance. IT organizations absolutely require comprehensive, real-time visibility to extract optimal value from their teams, no matter where they work or who signs their paycheck. They must also have complete, auditable documentation of the work done on their behalf by contract employees and companies, or risk failing to meet those increasingly onerous compliance requirements.

Increasing complexity and change: Not only do CIOs have to manage the greatly increased complexities of compliance and sourcing, they also face far more complicated applications, networks, and systems as well. These vital infrastructure elements are constantly changing to meet evolving business needs. If that change isn't planned effectively and executed on time, the business loses benefit. Worse, if it is bungled and takes down the system, millions of dollars can go down the drain within hours at many businesses. Effective IT governance meets the challenge of change, while forming an essential part of business technology optimization, which transforms IT into a business driver within your company and a differentiator against the company's competition.

CORPORATE GOVERNANCE, IT GOVERNANCE, AND COMPLIANCE

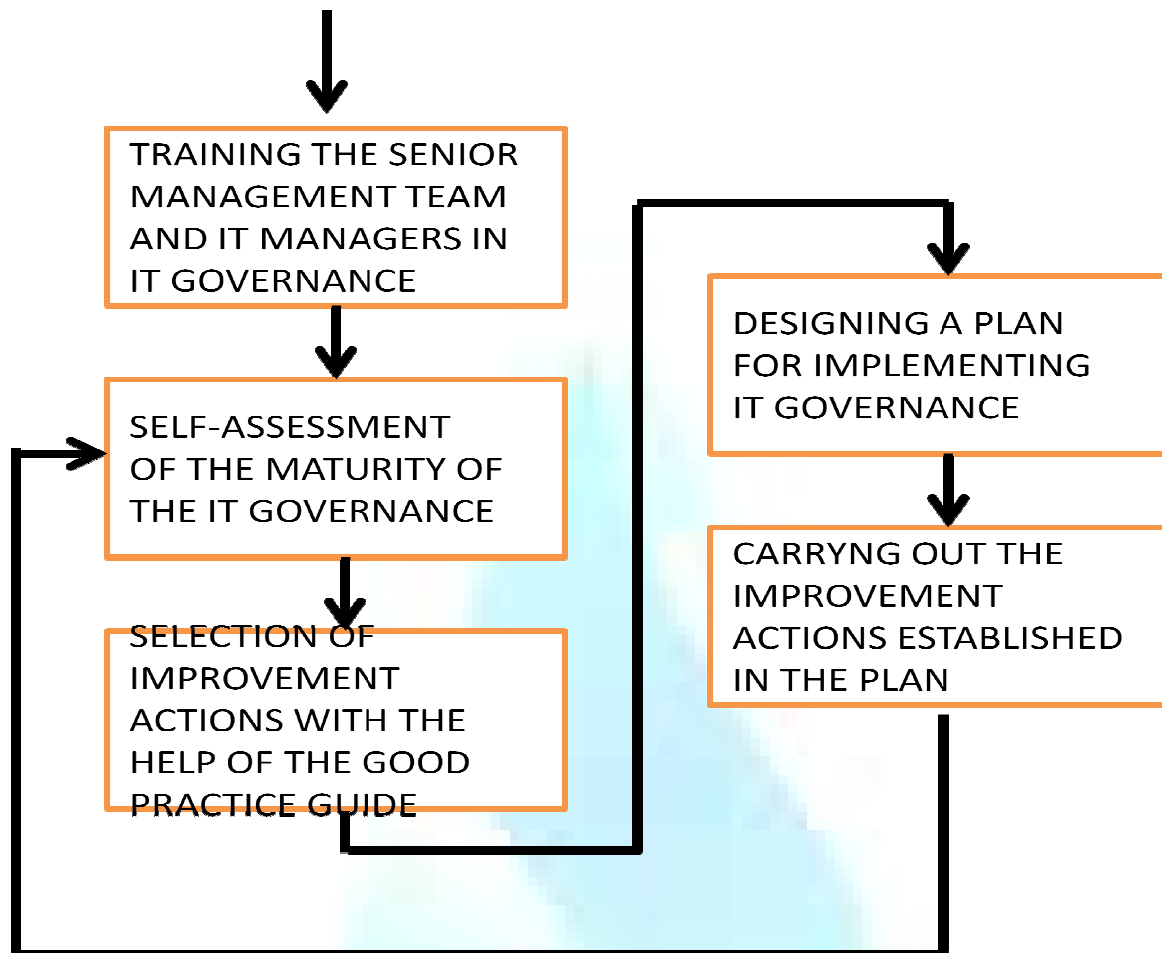
The controversy over the last few years on corporate governance standards is well known. However, the implications of that controversy for CIOs have not been fully understood in some quarters. Corporate governance is being significantly tightened from two directions: external regulation by governments and international bodies, and internal controls to ensure compliance with management policies. Changes in regulations and policies normally require changes in process. Since 90 percent of mission-critical business processes have now been automated by enterprise applications, changes in business process almost always require changes to software. These changes must be managed, monitored, and maintained to ensure compliance with both externally imposed regulation and internal mandates. In the case of external regulation, the penalties for non-compliance can be severe. Assuring compliance is a key function of IT governance. Another key function of IT governance is providing the technology to deliver tighter alignment between shareholder interests and company interests. CEOs expect IT to help the business as a whole achieve a quality of corporate governance that yields improved transparency, compliance, and financial performance. Increasingly, they also expect IT itself to achieve this quality of governance, with similar, compatible processes.

Overall, the clear trend is toward governing the business as a whole and IT in particular through consistent, enforceable processes. This is reflected not only in the growth of Six Sigma, CMMi, and other process-based business performance methodologies, but also in the recentralization of business operations. While business units retain profit and loss responsibility, in more and more companies they are losing the discretion to operate using self-selected enterprise applications and reporting systems that fall outside corporate standards.

Meeting the expectations of CEOs, CFOs, and business unit leaders requires CIOs to gain real-time visibility and control over their initiatives and operations, and be able to run IT like a business. These expectations are not dampened when parts of IT are outsourced. Indeed, many business-side leaders have discovered that major offshore outsourcing firms routinely operate at much higher CMMi levels than their in-house IT operations. These new demands and increasing complexities require a new approach to IT governance, because for most companies, the old ways aren't working and the path is only getting steeper.

GOALS OF INFORMATION TECHNOLOGY

1. Have a very clear idea of the vision and IT strategy for the whole university.
2. Align the IT strategy with the institutional strategy (business strategy).
3. Reach IT objectives using an integral IT Governance system.
4. Have a decision making structure aligned with the IT strategy.
5. Provide high level IT policies and procedures which comply with external laws and regulations and support international standards.
6. Make IT decisions that are correctly reasoned and effective.
7. Know and achieve the return value on IT investment.
8. IT projects must achieve the planned goals.
9. Define an IT architecture that will include process definition and system integration.
10. Acquire the necessary technology to fulfill the requirements of the institution.
11. Guarantee that the established IT systems are working according to plan.
12. IT-based services must meet the level required by the users.
13. Know and manage IT associated risks.
14. Ensure that IT systems are flexible and agile in responding to future changes.
15. Have adequate and sufficiently trained staff who can govern IT efficiently.
16. Incorporate respect for people and social and environmental values within the IT strategy.
17. Exchange IT experiences with other organizations and with society as a whole.

IMPLEMENTATION OF AN IT GOVERNANCE SYSTEM

"Steps when implementing an IT governance system in an organization: training the IT managers in IT Governance, analyzing and understanding the initial situation of IT Governance (self-assessment) and designing a plan for implementing IT governance in the organization. Once the IT Governance system has been implemented, it should not be inflexible to changes in its surrounding environment, but rather should be characterized by anticipation, agility and adaptability.

BUSINESS ETHICS

Given the new mandates on business, such as the one from the NYSE described above, firms find themselves pressed to develop strong codes of ethics to guide the behavior of board members, managers, and employees. As will be discussed later, multinational corporations are also being required to set standards for those in their supply chains – in some cases setting higher standards than the laws of the countries in which they do business. There are many different factors that companies, especially financial companies, need to take into account when developing their own code of ethics as part of a general corporate governance guideline. As noted earlier, in this sense, business ethics is an attempt to set out a standard by which all of the employees of a firm can know what is expected. But it is also an attempt to encourage employees, managers, and board members to think about and make decisions through the prism of some shared set of values.

Laws and regulations of the countries in which companies operate constitute one of these sources. However, it is important to recognize that companies are no longer simply limited to national law. A set of international conventions, such as the anti-bribery convention of the OECD, have to be taken into account. National laws in many countries are seeking to harmonize with these international standards. In the area of corporate governance, there are the OECD guidelines on corporate governance, and many countries are beginning to require corporate governance codes as a condition of doing business.

Another area that is driving the development of corporate governance and business ethics codes is the notion of social responsibility or corporate citizenship, which is the preferred term in the business community. Corporate citizenship involves building a decision making system that takes into the account not only internal operating procedures, but also the impact of corporate behavior on its stakeholders – employees, investors, and communities. One starting point to consider in developing initiatives to strengthen business ethics is the difference between bright lines and values. This is a relatively new distinction. Bright lines are those standards that attempt to set out specific and very finite rules which companies and individuals cannot break. The sources or guidance on these bright line rules can start with, for example, the OECD Anti-Bribery Convention, which can be translated into National laws and rules on anti-bribery standard.

Companies could take a considerable amount of time to develop these bright line standards or to try to identify them themselves. Fortunately, Transparency International (TI), working with major corporations, Companies could take a considerable amount of time to develop these bright line standards or to try to identify them themselves. Fortunately, Transparency International (TI), working with major corporations,

BUILDING CODES OF CONDUCT

Codes of corporate ethics, codes of corporate conduct, and codes of corporate governance overlap in many ways. Many different organizations offer guidance and advice on what should be contained within a code of corporate conduct or a code of ethics. In that regard, the most encompassing list, perhaps, comes from the Ethics Resource Center located in Washington, D.C. which provides guidance on the issues companies should address within their code of corporate ethics.

When one looks at the various codes and sources of corporate ethics, it is easy to see that the core elements contain a number of provisions which try to capture three core areas. The first deals with existing laws and regulations, the second one deals with building good business relations, and the third one addresses key concerns of society and improves corporate citizenship.

Corporate citizenship starts with a corporate code of ethics. A code of corporate ethics outlines the values and beliefs of an organization and ties them to an organization's mission and objectives. A good code not only describes an operational process and regulates the behavior of managers and employees, but it also sets long-term goals, communicates the company's values to the outside stakeholders, and motivates employees giving them pride in working for the right cause.

The value of a code of ethics is that it is more than simply a statement of a company's moral beliefs. A well-written code is a true commitment to responsible business practices in that it outlines specific procedures to handle ethical failures. Codes of ethics today address a variety of issues including work environment, gender relations, discrimination, communications and reporting, gift giving, product safety, employee- management relationships, involvement in the political sphere, financial practices, corruption, and responsible advertising. As business ethics have evolved and the scope of business issues has expanded in the past several decades, so have the codes. Originally seen as a set of policies designed to manage daily issues in the workplace, ethics codes have grown into extensive documents that address a variety of issues and serve as corporate complements to the extensive regulatory and societal pressures on business to behave in an ethical manner.

A code of ethics needs to define the purpose of an organization. Doing that is important because it allows a firm to communicate its mission and objectives as well as core values to its employees, customers, suppliers, and other stakeholders. Clearly defining organizational values helps create a corporate image that stakeholders can easily relate to and allows potential employees and shareholders to have a realistic view of a corporate identity. To be effective, codes of ethics should be more than just a document on a shelf. They need to be created in a way that ethical behavior is encouraged and that employees take pride in making ethical decisions. Codes of ethics should provide guidance into relationships between stakeholders and corporate decision-making. More importantly, employees at any level of an organization must strive to uphold the standards put forth by the code of ethics and the top management should exemplify those standards, as codes of ethics are of a little benefit if the leadership ignores them.

Supply-chain codes: One of the greatest benefits of corporate citizenship is that it can rationalize and improve a company's relations with its supply chains overseas regarding the quality of the products, labor practices, and the environmental impact of their activities. The growth of supply chain codes is most evident in supply chains involving consumer goods in emerging markets with weak regulatory environments selling to consumers in developed markets. In countries where labor laws are less stringent than international norms, the codes have the effect of creating higher labor standards and serve as a self-governing mechanism for the enforcement of laws governing working conditions and production standards. Supply Chain codes fall into several broad categories:

Buyer codes: Major companies such as Wal-Mart and Target use these codes in their supply chain as a prerequisite for purchasing consideration. The system is such that the buyer pays for internal monitors and independent auditors to review the supplier factories. Suppliers then must pay for any infrastructure upgrades or other improvements necessary to meet the code standards. The factories' labor standards are also taken into consideration. Once suppliers are selected, they are continuously monitored to make sure they are maintaining that standard. For buyers, the benefits of these codes are that they protect their brand from bad publicity and other civil attacks and higher quality goods often result from the upgrades to the quality of the infrastructure and the labor force.

Agent codes: Doing business abroad often requires the use of agents to facilitate everything from customs and shipping permission to finding business partners and arranging introductions with the proper authorities or business leaders. Corporations, governments, and non-governmental organizations working with or through intermediaries abroad know this can be an area of risk as they are held responsible either legally or in the court of public opinion for the activities of these agents. Shielding companies from this risk is increasingly expensive as it involves a great amount of due diligence on the part of the organizations researching the background of the agent and verifying the soundness of their business practices. At the same time, intermediaries seeking to do business with large international companies can find the approval process to be laborious and slow, creating extra costs to doing business and causing opportunities to be missed.

Factory certification schemes: Factories seek certification to prove that they have been proactive in addressing labor and infrastructure standards. The factory pays for the certification process, annual audits and any needed upgrades or actions required remaining certified. CERES Principles, the chemical industry's Responsible Care ISO 14001 is an example of such a process. These standards and certifications are typically sought out as a marketing and communication tool for factories to demonstrate their high level of standards and systems. Certification allows some factories to receive higher fees for their services as certification eliminates much of the risk for the buyer to work with them and often satisfies buyer codes, eliminating the buyer's oversight costs. Other benefits to suppliers to certification or participation in buyers' codes would be more competitive contract bidding, higher productivity, innovation and quality, and declining employee turnover as health and quality of life issues improve for them. There are many others.

Other types of codes: The Base Code of the Ethical Trading Initiative (ETI), and codes from the OECD and other groups all serve as guidelines for companies and countries on appropriate standards. These codes typically do not have any monitoring or auditing programs, and their purpose is to provide guidance and best practices. Most codes cover ten points and represent principles corresponding to the International Labor Organization's Core Conventions including: forced labor, child labor, freedom of association, and collective bargaining, discrimination, health and safety, wages and hours of work. Key challenges for the codes are that they can produce inefficiencies and confusion for suppliers as each buyer has his own code of conduct and audit procedures. This confusion produces a barrier to entry for suppliers as it is unclear how to demonstrate high standards and compliance. The audit systems can vary from company to company and be very uneven in their rigor and application. This overlap and repetition can produce unnecessary burdens on both buyers and suppliers as buyers cover the cost of monitoring and suppliers have to allocate time and resources to ascertain and comply with a myriad of codes. A convergence of codes and procedures is needed to truly realize the benefits of the codes and certification programs.

CONCLUSION

Information Technology being most growing sector globally at faster pace. This sector needs to focus on Ethical values by resorting to corporate governance all the transactions must be more transparent and Ethical oriented exception to those which are very crucial and strategic in nature, may be kept confidential. Keeping aside this, the entire IT transactions needs to follow corporate governance and Ethics for the benefit of the IT users.

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WORK-LIFE BALANCE (WLB): A CAUSE OF CONCERN IN BANKING SECTOR**RITU ATHEYA****ASST. PROFESSOR****DEPARTMENT OF RESOURCE MANAGEMENT****INSTITUTE OF HOME ECONOMICS****UNIVERSITY OF DELHI****NEW DELHI****DR. RENU ARORA****ASSOCIATE PROFESSOR****DEPARTMENT OF RESOURCE MANAGEMENT****INSTITUTE OF HOME ECONOMICS****UNIVERSITY OF DELHI****NEW DELHI****ABSTRACT**

A Work-life balance (WLB) is all about the individuals having a complete control of work. It is accomplished when an individual feels dually satisfied about their personal life and their paid occupation. In its broadest sense, it is defined as a satisfactory level of involvement or 'fit' between the multiple roles in a person's life. Increasing work pressure, globalization and technological advancement have made it difficult for the bank employees to achieve work-life balance. In this context, paper highlights the key stressors in banking sector and emphasized the need of work-life balance by suggesting measures to overcome imbalances with the support of secondary data.

KEYWORDS

Banking sector, Employees, Stress, Work-life balance.

INTRODUCTION

A lot of people are having a more difficult time finding balance in their lives because there have been cutbacks or layoffs where they work. They're afraid it may happen to them, so they're putting in more hours,"

Psychologist - Robert Brooks

The term 'work life balance' (WLB) was first used in United Kingdom in the late 1950's to describe balance between individuals work and personal life. **"Work-life balance is a state of equilibrium in which the demands of both a person's job and personal life are equal."** (<http://www.wordspy.com/>, retrieved on 10/6/2013, 6:30pm). Work-life in banking sector is highly complicated and demanding. There are many pulls and pressures during the work life. Bank Employees cannot do full justice with their familial/non-organizational role because of long and hectic working hours; they get isolated from the real world. Indian banks do face increased challenges. Both private and public banks tend to get stressed as they have to attract a large pool of customers for various schemes besides recovery of loans etc. Other than this, the banking sector faces acute pressure & stress due to deadlines, repetitive work and demand for high performance. Globalization and privatization led policies compelled the banking sector to reform and adjust to have a competitive edge to cope with multinationals led environment. Advent of technological changes, especially extensive use of computers has changed the work pattern of the bank employees. Sitting in front of the computer systems is leading to developing stiff neck problems, dry eyes, irritation, lack of interest towards sexual activities, back pains etc. It looks like having everything but losing so many things related to health and recreation (Kumar, 2003). The implications of the above said transformations have affected the social, economical and psychological domains of the bank employees and their relations. Thus, work-life balance emerged as a major cause of concern & employees working in banking sector are the few examples who are facing the brunt of the hazard constantly.

REVIEW OF LITERATURE

Vigg, Mathur and Holani (2007) in their study mentioned that, during the past 15 years, the banking sector had undergone rapid and striking policy changes due to globalization and liberalization, increased competition from the entrance of more private (Corporate) sector banks, downsizing, introduction of new technologies and so forth. Due to these changes, the employees in the banking sector are experiencing a high level of stress. In the new liberalized scenario, where multi-nationals and other global players are competing in the domestic market with the monopoly players, the management of financial institutes are expected to be more productive and efficient for survival. And this increased competition demands an extra effort from the employees, in turn, causes job dissatisfaction. Thus, the concern of managing work-life balance among the bank employees emerged as a serious issue and gained the interest of researchers.

The Indian Banking sector is not just passing through a transition, but also undergoing a transmutation process. The liberalization measures introduced by the government, coupled with the trend towards globalization, have altered the banking turf to greater extent. Bridging the gap, where Indian Banks are here today and where they need to be in future is both an exciting and a formidable challenge. In a fiercely competitive market, the traditional way of doing business is no longer adequate. The success mantra lies in innovation, flexibility & improvisation (HR Issues & Challenges in Indian Banking Sector, 2009).

A survey conducted by India's industry body ASSOCHAM has also revealed that "the Work-related stress and mental fatigue – mainly blamed on expectations of better performance, deadlines and competition is taking a toll on Indian employees especially in a Banking sector (<http://www.dancewithshadows.com/society/work-stress.asp>, retrieved on 2/3/2012, 4:00am).

An individual in his or her job in bank face stress as Jamshed et al., (2011) suggested "The workplace is potentially an important source of stress for bankers because of the amount of time they spent in their respective banks." And that stress often decreases their performance. Therefore, occupation of individuals could be a major source of stress in the given circumstances. When individuals face stress due to various conditions of their occupation and fail to cope with stress, it results into burnout. Basically in banking sector, lack of administrative support from boss(manager), work overload & time pressure, riskiness of job, poor relationship with customers & co-workers, and work-family imbalances cause stress which in turns decrease employee performance.

Jayashree (2004) in her study "Stress Management with special reference to public sector bank employees in Chennai" on 100 employees found that the problem of stress become a serious issue in the banking sector. A majority of the employees face severe stress- related ailments and a lot of psychological problems. Hence, the management must take several initiatives in helping their employees to overcome its disastrous effect. Since stress in banking sector is mostly due to excess of work pressure and work-life imbalance, so the organization should support and encourage taking up roles that help them to balance work and family.

Subha and shakeel (2009) described "Higher level of stress existed with no managerial concern for solution consequently lowering the employee performance, staking organizational reputation and loss of skilled employees, these situations call for immediate concern from organization management for employing effective stress management practices to increase employee satisfaction and overall employee performance." It was also reported that higher management doesn't realize the impact of stress on employee performance which ultimately results in critical managerial dilemmas.

The study "Work Stress and Employee Performance in banking sector evidence from District- Faisalabad, Pakistan" in the year 2010, explored the stress related problems of bankers and examines the relationship between stress and performance. Impact of stress on employee performance was also investigated. It was found that majority of the bankers felt that their job is stressful and that stress in return decreases their performance. Work overload, risky job and poor co-worker relations were the major contributor to job stress in bankers. Due to work overload and time pressure, the bankers are unable to manage work life with family life which cause some serious social problems. The researcher suggested that proper strategies should be made regarding working hours, interpersonal relationships and supervision of bankers to reduce stress and to better manage the performance of employees in banking sector (http://www.ajbms.org/articlepdf/AJBMS_2011_1720_4.pdf, retrieved on 1/8/2013, 11:20pm).

Dr. Kayarkatte (2011) in his paper "Work Life Balance - Dilemma of Indian Bank Manager" found that managers feel compelled and pressurized due to the time constraints caused by the work schedule. Managers stated that, the thought of retirement and even voluntary retirement quite often passes through their mind. It was also stated that the work-life imbalance is severe in the initial six months and thereafter coping and adjusting takes place both in family front and office situations.

Work overload & time pressure to complete too much work in short span of time is big source of stress which decrease the performance of employees as Babak et al., (2010) studied "With excessive pressures, the job demands cannot be met, relaxation turns to exhaustion and a sense of satisfaction replaces with the feelings of stress, motivation sheds away and the workers start losing interest in the work and hence performance chart shows a negative trend."

With a view to know the impact of WLB, a research entitled "Work life Balance: A study of employee well being and performance of employees in banking sector" revealed that Work Life Balance (WLB) is one of the important practices of human resource for employee well being and performance. The result showed that, dissatisfaction and stress levels were high among the employees who worked under pressure with long working hours, lack of work-life policies in the organizations, employees were unable to manage work and family commitments effectively (Tiwari and Duggal, 2012).

Dr. Rangarajan, the former Deputy Governor, Reserve Bank of India, commented "Indian banks have to conform to international accounting standards, if Indian banks are to get their due place and recognition in the global financial market" (Jankiraman, R., 1995).

OBJECTIVES OF THE STUDY

1. To identify the potential stressors hindering the work-life balance of employees in the banking sector.
2. To recommend / suggest ways for improving work-life balance.

METHODOLOGY

The secondary data from various sources such as books and journals, research papers, project readings, magazines and other reliable sources of information broadcast are used to trace the key stressors in banking sector hindering the work-life balance of the employees.

WORK LIFE BALANCE – CAUSE OF CONCERN IN BANKING SECTOR

LONG WORKING HOURS AND DEMAND FOR HIGH PERFORMANCE

Bank employees feel compelled to put in longer hours to achieve, and preferably exceed expectations to protect their jobs. As a result of this, the boundaries between work and home tend to get blurred.

MARKET COMPETITION

To remain competitive, employees have to work hard for longer time frames, remain informed about competitors that what they are doing? What financial services they are offering? And how much attention they are paying to their customers by providing different types of financial services and benefits. That is why; it acts as a cause of creating stress for employees which can reduce their performance.

POOR WORK ENVIRONMENT

Work environment refers to the social-psychological characteristics of work settings. It includes employee-employer relationships, motivation and advancement, job demands, social support and so on. A poor work environment is associated with reduced job satisfaction, absenteeism, stress and leading to imbalances in life.

INFLEXIBLE WORKING HOURS

Bank employees feel that inflexible working hours is one of the main hindrances for them in achieving a fit between work and family life.

WORKLOAD

Banking workload is too much heavy and worker cannot finish it on an ordinary work day. Long work hours increases work-family conflict, psychological distress, health problems and so on. The more the work load, the more will be the work to family interference. This creates dissatisfaction in the employees mind which results in work-life imbalance.

TARGET PRESSURE

Now-a-days banks are pressuring the employees to put more and more efforts, work overtime to meet the deadlines and complete the assigned target within due time otherwise they have to face their boss for explanation of not meeting the targets in due time. This causes the stress and employees feel victimised, when they are unable to meet the targets.

TECHNOLOGY

Employees believe that technology is a double-edged sword. On one side, it is advantageous whereas on other, it is increasing their workload. Furthermore, new stressors such as computer breakdowns, computer slowdowns and electronic performance monitoring etc. have resulted in increased human interaction with computers. Ultimately, spending less time with family.

PUBLIC/CUSTOMER DEALING

Public/customer dealing is also a major stressor which can make a bank employee as victim of stress. It is also depends upon the number and nature of customers on a particular day at bank. Difficult public dealing put them in stress and affects their performance, when they face uncertain situations.

LACK OF MANAGERIAL SUPPORT AND PEER SUPPORT

Unsupportive management and peers obstruct the employees performance leading to non- fulfilment of their responsibilities and demands of job placed on them. Moreover, it will create a tensed and depressed state of mind.

INTRUSION OF WORK STRESS IN OTHER DOMAINS

Work stress due to acute pressure and longer time frames usually interferes with family, social obligations and personal needs which gave birth to conflicts among family members. Spending less time with family leads to conflict and ultimately stressed the bank employees and performance falls.

SPECIAL CONSIDERATIONS FOR BANK'S MANAGEMENT

In the light of above factors, important considerations should be kept in a mind by the bank's management for reducing stress and improving the employee performance:

- Management should increase the compensation and salaries of bank employees to accommodate them against heavy work. It can be an increment in salaries or providing fringe benefits to employees.

- Culture of the bank/organization should be supportive for everyone and there should not be any biasness in providing opportunities to any employees.
- There should be a proper plan for career development for employees which helps in increasing job interest of employees, reducing tension, depression and stress of employees about their future.
- Senior employees must coach the junior staff about handling their banking work in an efficient and effective manner.
- Employees should manage their time in such a way that they can finish their work possibly in time and without any worries. This will prevent them from becoming a victim of stress.
- Work environment should be flexible for the employees. Small breaks should be incorporated between the working hours, so that employees can recoup their energy.
- Number and quality of employees/staff should be increased in banks which helps in dividing the workload and prevent growth of stress in the banking sector.
- Hire professionals at key posts based on the concept of "right person for the right job".
- Managers should provide counselling to the stressed employees for helping them and to bring them out of stressed conditions. Such actions will motivate the employees for developing interest in their jobs.
- Acknowledgement should be given to employees for their better work which will increase the morale of employees, motivate them and prevent stress to develop.

RESULTS

Results out of this discussion are as follows:

- The stressful lives of bank employees lead to dissonances in balancing work-life.
- Stress due to deadlines, work overload, repetitive work and demand for high performance is a biggest source of stress in the banking sector affecting the performance of the employees.
- Apart from this, lack of administrative support from boss (manager), work overload & acute pressure, riskiness of job, poor relationship with customers & co-workers, and inability to effectively manage work and family commitment causes stress which in turn has a damaging effect on job satisfaction, productivity and absenteeism.
- Thus, WLB emerged as a serious issue and concern for banking sector, in order to maintain organizational effectiveness and efficiency as well as occupational health, where the long and inflexible work hours are the most consistent predictor of work-life conflict among the bank employees.
- Proper strategies should be made regarding the working hours, interpersonal relationships and supervision of bankers to reduce stress and to better manage the performance of employees in banking sector.
- Adoption of effective work-life balance policies and assistance programs at workplace can address and manage this issue to a large extent.

SUGGESTIONS AND RECOMMENDATIONS ON WLB ISSUES

The suggestions are divided in three parts pertaining to WLB issues:

- Suggestions to the Employees
- Suggestions to the organization
- Suggestions to the Government

SUGGESTIONS TO THE EMPLOYEES

- ✓ Time Management
- ✓ Drop activities that sap your time or energy unnecessarily
- ✓ A little relaxation goes a long way
- ✓ Be Honest
- ✓ Rethink your errands
- ✓ Set your priorities
- ✓ Social Networking
- ✓ Learn to say no
- ✓ Leave work at work
- ✓ Manage your time
- ✓ Bolster your support system
- ✓ Nurture yourself
- ✓ Seek help of Counsellors
- ✓ Use technology
- ✓ Organize
- ✓ Use the facilities available for WLB in organizations

SUGGESTIONS TO THE ORGANIZATIONS

- ✓ Integration
- ✓ Offer Flexibility
- ✓ Part time working during early stage of Child Care
- ✓ Childcare centres at workplaces
- ✓ Employee-friendly workplace
- ✓ Parental Leave
- ✓ Training Programs
- ✓ Promote awareness
- ✓ Participation in strategy making
- ✓ Commitment during hiring
- ✓ Nominating WLB Champions
- ✓ Benchmarking against similar organizations
- ✓ Communication
- ✓ Conducting attitude and morale survey
- ✓ Effective contribution by HR Department
- ✓ Avoid as far possible, the long hours of work for employees

SUGGESTIONS TO THE GOVERNMENT

- ✓ White Paper on Work-Life Balance
- ✓ Promote a realistic work-life culture amongst employers
- ✓ Proposals of how various strategies will be used to deliver improved work-life balance
- ✓ Creating and strengthening an accurate and authentic data-base on employees
- ✓ Nomination of a work-life balance inspectors/ officers for audit
- ✓ Protecting employees from long hours of work

CONCLUSION

Life is like a game and an individual has to play with work, family, health, friends and spirit. Work is like a rubber ball. If dropped it will bounce back but the other four aspects family, health, friends and spirit are made of glass. Assuming one of these are dropped they will be irrevocably scuffed, marked, nicked, damaged, or even shattered. They will never be the same. One must understand that and strive for balance in life.

From the above discussion, it can be concluded that in today's business context, the pressure of work has been intensifying and there is growing feeling among employees that the demands of work begin to dominate life and sense of work-life balance is felt. The challenge of integrating work and family life is a part of everyday reality for the majority of employees. Organizations have to continually innovate and come up with programs that provide scope for employees to balance their responsibilities at workplace and interests they have outside work. Further, it is imperative for the bank to adopt proper strategies for managing stress within employees, which in turn enhance their quality, performance and improves overall firm's productivity.

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PRIVATIZATION – IS IT A SOLUTION TO PRIORITIZATION?

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ABSTRACT

Privatization has now become a widespread concern for the people living in the society. They explore its ramifications whether it fetches the efficiency into the system of our economy and can it put for the well being and welfare of the people and the society as an intact. In our country, there are a large number of business organizations which are either financing with the Government support or they make money from their own exchequer. Undeniably, there come to pass a question that which is the best for the Indian economy and for the well wishes of the Indians. In this milieu, some business professionals and academicians are on the track of Government organizations and socialism but there are still some professionals they are totally in good turn of the privatization. In this perspective, it will be better to probe the consequences of privatization for the growth of the nation. Privatization is not as such a solution to creativity but we should figure out the root cause of the assertion for privatization. Now a day, the people are more satisfied with the services of the private organizations and no longer they will consider the government institutions for their services. In private organizations the employees are more concentrating on their work as their salaries and incentives are on basis of the work they put forward. But in government organizations the salary is not an issue as it is provided by the government. In the framework of this research paper, some factors have been identified in order to sense the gap analysis in between the private and the government organizations. The factors for the study are employee morality, growth opportunities, employer employee relationships, productivity of the employees, sales turnover of the company, political interference, disciplinary actions, employee concern, dispute settlement machinery, employee benefits, social responsibility of the organization, finance and capital structure of the organization.

KEYWORDS

Employee morality, growth opportunities, employer employee relationships, productivity of the employees, sales turn over of the company, political interference, disciplinary actions , employee concern, dispute settlement machinery, employee benefits, social responsibility of the organization , finance and capital structure of the organization.

INTRODUCTION

Privatization is the process of devolving the government possession of a business or an industry into a private entity. Now it came into existence due to any one of the following rationales in our business sectors. Heavy loss can't be affordable by the government , compliance of a person to buy the business unit, legal factors, poor salary packages, slept factors, financial liabilities etc.

Privatization is pondered on the trustworthiness of the business and their possessors are working for profit maximization and for the prosperity of the public by connecting their products and services into the needs and wants of them. In this endeavor of making upshot, they do formulate strategies and policies for maximizing their business into the next dream of thinking in a much better position to compete in the market. In the attempt of making strategies they have the stiff role on everybody else and they have to act and participate in it fully involved. So naturally every employee become vigorous and alert in the business dealings. It will lead to the eventual success of the organization as a whole in the entire activities.

When privatization comes into the reality, the job securities will be vanished for the employees and they will get going within the orbit of the management decision. But they may obtain the money benefit than the government with security as in the private organizations the workaholic nature of the employees is a measuring device. In the context of maximum benefits like salary and other stuffs they may be satisfied in its maximum extent. When we talk in the angle of view of general public it is the most important status in the society to be implemented in its earliest for the well wishes and satisfaction of not only for the individual benefit but for the entire nation.

LITERATURE REVIEW

In both developed and developing countries, privatization and in some cases commercialization have grown in popularity and acceptability. It has also become an important instrument that government can use to promote economic development, improve the production and distribution of goods and services, streamline government structure, and reinvigorate industries controlled or managed by the state. (Rondinelli and Iacono 1996). In Contemporary Management Research,

Privatization has become an acceptable paradigm in political economy of states. It is a strategy for reducing the size of government and transferring assets and service functions from public to private ownership and control. Privatization is based on four core beliefs (Ugorji, 1995):

1. Government is into more things than it should be. It is intruding into private enterprise and lives;
2. Government is unable to provide services effectively and efficiently;
3. Public officials and public agencies are not adequately responsive to the public; and
4. Government consumes too many resources and thereby threatens economic growth.

On the theoretical plane, four distinctive schools of thought have tried to explain variations of policies applicable to privatization. First, there is the free-market ideology of the laissez-faire classical economic theory, which favors the unleashing of the competitive profit motive by emancipating free- market pricing from the interfering hands of state regulation (Samuelson; 1980). It argues that the character of the traders and that of the sovereign are inconsistent, that public administration was negligent and wasteful because public employees have no direct interest in the outcome of their actions. Privatization according to this theory would reap the advantages of the market system and competition, namely effectiveness, productivity, and efficient service. This trend will also strengthen market forces with some degree of deregulation, economic liberalization, relaxation of wage and price controls (Ugorji, 1995). In this context it will be benefited to understand more about the consequences of privatization in our Indian economy.

IMPORTANCE OF THE STUDY

The most imperative sectors concerned primarily in the discussion of privatization are health and education. Since these two factors are not affected by the financial recession, people devise scrupulous analysis with these two sectors to come up to an attentive result. Usually the people prefer the hospitals and colleges/Schools only on the basis of its integrity showing before the public. Years back students had a preference for Government colleges and schools for their

education but now they prefer the end result of the schools and colleges in terms of its academic results to opt one. Self financing colleges/Schools charge extremely high fee for the students but the Government colleges charge only sensible fee as it is incorporated in the Government rules and system. When the competitions took place among the self financing colleges and schools, they started to move on pricing strategies. Consequently, the private educational institutes are compelled to attract students into their institutes by facilitating them in accordance with their wish and well beings.

Hospitals and health institutions are doing marvelous and memorable services for the public. In calculations, private hospitals are large in number than the Government hospitals. Also they have proved their worth in medical fields for curing the diseases. People mainly prefer private hospitals to government hospitals even though they charge exorbitant fee to the patients. The attitude of the staff in private institutions is also quite attractive and their way of dealings is appreciable. The affection that they show in their profession and the love that they express in their career and the attachment that they show in their activities and the relationships that they establish in their clients or stake holders are the roadway and foundations on which they expect their growth. The modernization and expansion which they introduce in their work fields is also appreciable and should be included in the list of bench marks.

Civilians want privatization as they gets better service from the private organizations than the same from the government organization. When we take the example of schools and colleges, in Government colleges, the services are not up to the standard and the syllabus updating is happening only within 5 years. But in private and deemed universities it is conducting frequently in the obligation of the society and for value education. The way of teaching and numerous training programs for the faculty members prove the attitude and sense of approach to the share holders by the management.

Private hospitals have been proving their worth in terms of credibility and creativity. Better services are being provided by them for the patients for curing their diseases. In private hospitals, the style of talking and the way through which they treat is also admirable and appreciable. The public usually choose private hospitals for their relief. But, indeed, in private hospitals the patient face exorbitant charge from the management for their medicine and treatment and absolutely it stands as a stumbling block in their decision towards private hospitals. Private hospitals provide better services for their customers as their image and future are firmly based on the word of mouth of the customers. The income generating from the business is the most important one and the only one source for the management for clearing the salaries of their employees. So they will be more workaholics in their working circumstances. But in government hospitals, the salary and other benefits are not a problem for the management as it is provided by the government. So they do things only for the financial benefits. Ethics and moralities are out of their deeds.

WHICH IS THE BEST FOR INDIAN ECONOMY?

In Indian economy, we should have both private and Government organizations since both are having different types of concepts and ideologies towards the jobs. For doing competently and effectively, the government officials should be trained frequently as the need arises and privatization of the entire organizations is not an eventual solution in this stare. India is the country which contains different types of cultures and systems so for a country like India, privatization can be done only in a limited number of organizations.

OBJECTIVES

- 1) To understand more about the credibility of the Government organizations.
- 2) To understand all about the efficiency level of the private organizations.
- 3) Why do the public prefer private organizations to Government in Kerala?
- 4) Which is suitable for Indian economy?
- 5) Give suitable suggestions for improving both government and private organizations.

HYPOTHESIS

H01: Government Officials are not workaholic.

H02: Privatization has a role to act in the Indian economy.

H03: Private employees are effective and suitable for Indian economy.

RESEARCH METHODOLOGY

POPULATION: Any person who work in a Govt/Private organization in Kerala.

DATA: Data are primary in nature for the reliability of the readers.

SAMPLING TECHNIQUE: Simple random sampling method was used.

SAMPLE SIZE: 150 persons were interviewed for collecting the data by means of structured questionnaires, Observation, One- to- One interview, Schedules etc.

DATA ANALYSIS: The study mainly focused on twelve different factors viz Employee morality, growth opportunities, employer employee relationships, productivity of the employees, sales turnover of the company, political interference, disciplinary actions, employee concern, dispute settlement machinery, employee benefits, social responsibility of the organization, finance and capital structure of the organization to understand the creativity of the government organizations and level of acceptance towards the private organizations by the general public., Chi-square test has practiced for testing the hypotheses and making the results.

RESULTS AND DISCUSSIONS

TABLE 1

	Indian Economy will promote	Indian Economy will not promote	Total
With Privatization	72	8	80
Only with Govt. organizations	34	10	44
With Govt. and Private Organizations	17	9	26
Total	123	27	150

CHART 1: SHOWING THE IMPROVEMENT OF INDIAN ECONOMY WITH PRIVATIZATION

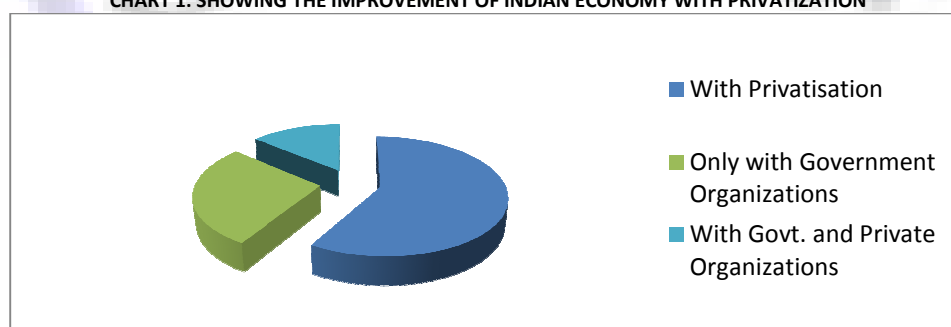


TABLE 2

SL No.	O	E	(O-E)	(O-E) ²	(O-E) ² / E
1	72	65.6	6.4	40.96	.62
2	8	14.4	-6.4	40.96	2.84
3	34	36.08	-2.08	4.32	.12
4	10	7.92	2.08	4.32	.55
5	17	21.32	-4.32	18.66	.87
6	9	4.68	4.32	18.66	3.98
					8.99

Here the dependent factor is Indian economy and the independent factor is privatization. Chi – square test was practiced at 5 per cent level of significance. From the analysis of chi-square, the following discussions were carried out.

First of all, rejected the null hypotheses at 5 per cent level of significance since chi square calculated value (8.99) is greater than the chi square tabled value (5.99) on 2 degrees of freedom. This decision by means of chi Square testing implies and reminds the importance of the independent factor privatization in the Indian economy.

FINDINGS

Of the surveyed 150 persons, more than 48 per cent told that the privatization is the best policy to be implemented immediately in the country for the benefit of the general public and for the prosperity of the nation as a whole. Only 22.6 per cent of the respondents strongly opined that the government organizations should be existed for ever in the society for the ultimate power among the public. 11.3 per cent of the surveyed persons argued that as the consequence of privatization some issues will be coming up in the private sectors. As their competitions grow up without any restrictions it may spoil the entire environment. Also the situation leads to the ultimate controlling under the private parties. Recruitment and selection, in big companies, will be in the decision and discretion of these capitalists and all organizations will be in the track of these private persons. As a result, the whole nation will go for once again into capitalism. India is a country which has the variety of cultures and systems to stand as a unique nation among other countries in the world. So they strongly opined that, in India, in our expedition to “developed” the privatization is not a suitable strategy.

48 per cent of the persons who are in favor of the privatization have the following arguments about socialism. Credibility of the workers is very less and they stand only for their monthly salaries. The persons who are working in the Government organizations get only the less number of motivations and instructions as they have only a minimum number of contacts with the supervisors and higher officials in their working conditions. Of these 48 percentage of persons, a considerable number of persons told that their way of talking is also not up to the standard when they face laymen. Then the time duration for the service is also lengthy and which is affecting in their future activities. Finally the accuracy of the work does not have the minimum standard and expectation as they want. They pin down only on the completion and not on the exactness and promptness. But in the same situation, the private institutions together with their employees are doing the things properly, adequately and seriously as it has further analysis for their appraisal.

SUGGESTIONS/ RECOMMENDATIONS

Privatization is the best stratagem to be implemented shortly in our country or at least in our state as the majority of the respondents strictly like the privatization and its consequences. There should be a bill to be passed in the parliament for the perfect existence of the private organization especially in the academic sectors. There should be a common salary package for all the organization in India irrespective of the government and the private. Training programs should be made mandatory to each of the employees both in private and government in accordance with their need and want for improving them in their working ambience and for treating their customers and clients in the right way of attitude. Regular and frequent monitoring should be made both in private and government and as the consequence of it, performance appraisal should follow. Hospitality management should be a must for the employees in the Government organizations. Role clarity, self efficacy, self esteem etc should be the leading factors among them when they face real situation in their working conditions.

As the job security is the most important factor in between Government and the Private, the same should be provided for both of them in its maximum extent. In the case of salary, there should not be any discriminations or discrepancies in between both. Duty times in government organizations are comparatively less as there is no cross checking from the authority. It has to be cleared by proper management system for the timing in the organization. Strict and instant punishment methodology should be framed for the employees. Above all, the feedback system should be formulated from the customers to identify the areas where the government organizations are weak and the areas where they have to be improved more. In the Indian economy we want a society of persons who should be committed, enthusiastic, and industrious in their work and for the well being of the organization.

CONCLUSIONS

The general ambience of every organization can be well orchestrated by giving proper training and development programs for the existing employees. In the Indian context, privatization is a good strategy though it has some bad ramifications in certain areas. Public services throughout Europe have undergone dramatic restructuring processes in recent years in connection with liberalization and privatization. While evaluations of the successes of public services have focused on prices and efficiency, much less attention has been paid to the impacts of liberalization and privatization on employment, labor relations, and working conditions. So in order to prove the result, the efficiency level of the employees gets more importance than any strategy like privatization or liberalization. Employees should work for the organization as their own as they can for achieving the result.

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A STUDY OF STRESS AMONG FACULTY MEMBERS IN COLLEGES OF JALANDHAR

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ABSTRACT

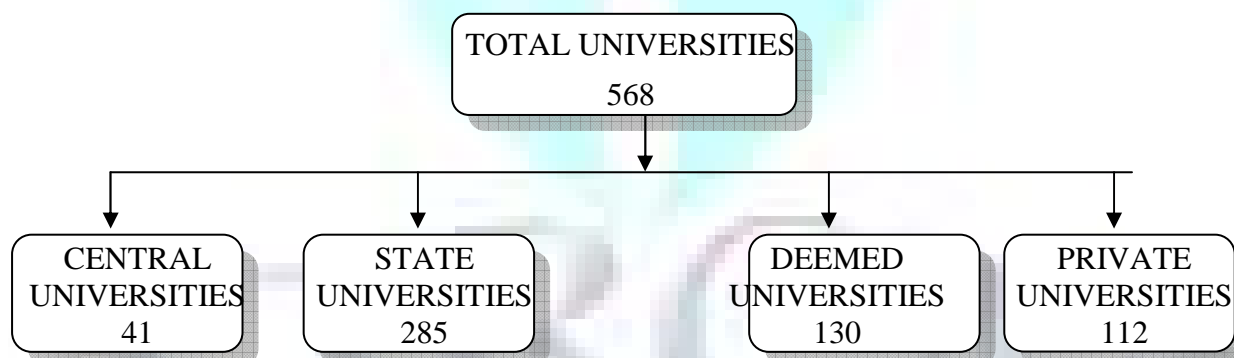
Faculty members are the key factor in education system. It is a well known fact that their subject knowledge has an influence on students learning in the class room settings. In addition to the subject knowledge of the teacher educators, the issues belonging to the teacher educators' personality and behavior are significant contributors to the teaching and learning process for any discipline. Stress, Politics and burnout level among faculty members due to promotion, teaching experience, different disciplines etc are many other factors ultimately effects the teaching performance. Therefore the study is on stress among faculty members in Colleges of Jalandhar in order to know the influence of organizational-based factors and neuroticism on the job stress. The factors of the study were drawn out from the related studies and the statements of the schedule were framed in questionnaire representing the factors. SPSS package has been used to analyse the data.

KEYWORDS

Stress, Organizational stressors, Role conflict.

INTRODUCTION**EDUCATION SYSTEM IN INDIA**

In India, the term "college" is commonly reserved for institutions that offer degrees at year 12 ("Junior College", similar to American high schools), and those that offer the bachelor's degree. Generally, colleges are located in different parts of a state and all of them are affiliated to a regional university. The colleges offer programmes under that university. Examinations are conducted by the university at the same time for all colleges under its affiliation. There are several hundred universities and each university has affiliated colleges. The higher education system in India includes both private and public universities. Public universities are supported by the Government of India and the state governments, while private universities are mostly supported by various bodies and societies. Universities in India are recognized by the University Grants Commission (UGC), which draws its power from the University Grants Commission Act, 1956. In addition, 15 Professional Councils are established, controlling different aspects of accreditation and coordination. Private universities are being set up with an aim to create a new generation of knowledge professionals and with a focus on innovative, multi-disciplinary curriculum. There is an opportunity for new players to set up institutions which address the current challenges and also meet student aspirations for world class education. As per the Annual Report of Ministry of HRD-2012 the total number of Universities in India is 568 and out of these 112 are Private Universities.

FIG. NO.1: FLOWCHART SHOWING DIFFERENT CATEGORIES OF UNIVERSITIES

The UGC has also laid down dual criteria to ensure that quality academic institutions are allowed to run joint degree or twinning courses. Only those foreign institutions will be allowed to collaborate who figure in the top 500 of the Times Higher Education World University Ranking.

Faculty members are the key factor in education system. It is a well known fact that their subject knowledge has an influence on students learning in the class room settings. In addition to the subject knowledge of the teacher educators, the issues belonging to the teacher educators' personality and behavior are significant contributors to the teaching and learning process for any discipline. Due to this fact many researchers have been paying attention to determine teacher educators' burnout, politics and stress towards their teaching profession and to find a relationship between these psychological concepts and certain variables.

STRESS

Stress is the body's reaction to a change that requires a physical, mental or emotional adjustment or response. Stress is a general term applied to various mental and physiological pressures experienced by people feel in their lives. Stress may be defined as "a state of psychological and / or physiological imbalance resulting from the disparity between situational demand and the individual's ability and / or motivation to meet those demands." Stress can be positive or negative. Stress can be positive when the situation offers an opportunity for a person to gain something. It acts as a motivator for peak performance. Stress can be negative when a person faces social, physical, organizational and emotional problems.

REVIEW OF LITERATURE

In this chapter reviews of research studies directly or in directly related to present study has been carried out, it prepares a suitable background of the study being undertaken.

Moracco, "The Measurement of Stress Among Regular Classroom and Special Education Teachers" (1982). This study revealed that the stress score was found less among special education teachers as compare to regular classroom teachers. **Anderson & Calabrese, "The Public School-A Source of Stress and Alienation among Female Teachers" (1986).** This study revealed that the stress among female teachers were found more as compare to male teachers. **Blase, "A Qualitative Analysis of Sources of Teacher Stress: Consequences for Performance" (1986).** The relationship was studied between teacher stress and teacher performance and it revealed the deleterious effects of prolonged work stress on the instructional ability of teachers. **Haney et. al., "Stress and Illness Behavior among Urban Public School Teachers" (1990).** This study indicated that the stress- induced illness behaviour was found significantly less among teachers where the principal was seen supportive than teachers in schools where the principal was seen as unsupportive. **Singh et. al., "Effects of Organisational Climate, Role Stress and Locus of Control on Job Involvement of Banking Personnel" (1991).** This study examined the effects of organizational role stress and locus of control on job involvement among bank staff employed by them. They found that low stress group of employees were highly involved in their job as against those in the high stress group. **Akinsola, "The Concept of Schools Village and the Incidence of Stress among Science Teachers" (1992).** This study indicated that science teachers' interactions in the schools of villages had a significant depressing effect on stress level on five clusters of stressors: curriculum, facilities, student characteristics, administrative, and professional growth and self-satisfaction. **Cooper & Travers, "Mental health, job satisfaction and occupational stress among UK teachers" (1993).** Univariate analysis of the results revealed that teachers, as compared with other highly stressed occupational groups, experienced lower job satisfaction and poorer mental health. With regard to various subgroups in the sample, bivariate analysis revealed that it was necessary to consider the relationship between the level and nature of stress experienced and membership of a particular subgroup within the teaching profession. **Cutler & Niven, "The perception of occupational stress and its relation to research and teaching among academic staff" (1995).** This study revealed that the mean scores on the Occupational Stress Indicator (OSI) for job satisfaction and stress-related measures of mental health and physical health did not differ significantly from data obtained in previous studies on university academic personnel. **Davazoglou & Kokkinos, "Special education teachers under stress: evidence from a Greek national study" (2009).** The present study examined that the implementation of the special educational curriculum was the most important predictor of job stress, followed by the social and academic progress of children. **Lee et. al., "Occupational stress, mental health status and stress management behaviors among secondary school teachers in Hong Kong" (2009).** This study revealed that secondary teachers in Hong Kong have high occupational stress but insufficient stress coping resources. Cognitive-behavioral programs to enhance teachers' stress management resources were recommended. **Darus et. al., "Salivary Biomarkers of Stress among Teachers in an urban setting" (2011).** This study revealed that the teachers with the teaching experience of 5 to 10 years and without a supervisor's support had higher job strain. Teachers in the 31 to 40 years age bracket, with the absence of supervisor support exhibited higher stress levels with lower salivary. **Spencer et. al., "A Qualitative Study of the Sources and Impact of Stress Among Urban Teachers" (2011).** The majority of teachers under this study reported that occupational stress significantly impacted their personal relationships and physical health, and teachers identified human and material resources as most important to reduce their work-related stress. **Crane & Lwanicki, "Perceived Role Conflict, Role Ambiguity, and Burnout Among Special Education Teachers" (1986).** This study revealed that Role conflict and ambiguity explained a significant amount of variance in feelings of emotional exhaustion and depersonalization. **Hayran et. al., "Predictors of burnout and job satisfaction among Turkish physicians" (2006).** The study revealed that the most significant and common predictors of all burnout dimensions and job satisfaction were the number of vacations at individual level, and public ownership of healthcare facilities at group level. Number of shifts per month was also a significant predictor of all burnout dimensions. **Nazir & Azeem, "A Study of Job Burnout among University Teachers" (2008).** This study indicated that lecturers had high level of emotional exhaustion and were found to be significantly different on emotional exhaustion from professors and readers.

PROBLEM FORMULATION

NEED AND SIGNIFICANCE OF THE STUDY

The need of this research was to fill the research gap that existed between the previous researches and the present research. Though lot of researchers had made efforts to gain an insight of the impact of stress and burnout level on the working of the school teachers but these researches had been either in context of school teachers or corporate institutions. That is why a need was felt to conduct the study on stress among faculty members in Colleges of Jalandhar. The result of this study will help the Staff members to cope up with the stress factors and improve their performance.

RESEARCH PROBLEM

In today's world every person is overloaded with their routine work and unemployment leads to misfits in every profession. Same is the case in the teaching profession, especially faculty members who are already away from their subject. They are teaching subjects which are not of their interest and that is why their attitude towards teaching profession changes. Stress, Politics and burnout level among faculty members due to promotion, teaching experience, different disciplines etc are many other factors ultimately effects the teaching performance. Therefore the study is on stress among faculty members in Colleges of Jalandhar.

RESEARCH METHODOLOGY

Research Methodology is a way to systematically solve the research problem. The Research Methodology includes the various methods and techniques for conducting a Research. It will be a Descriptive Study, which will be later on converted into Conclusive Research by using different Statistical tools for testing Hypothesis.

SAMPLING DESIGN

Sampling can be defined as the section of some part of an aggregate or totality on the basis of which judgment or an inference about aggregate or totality is made. The sampling design helps in decision making in the following areas:

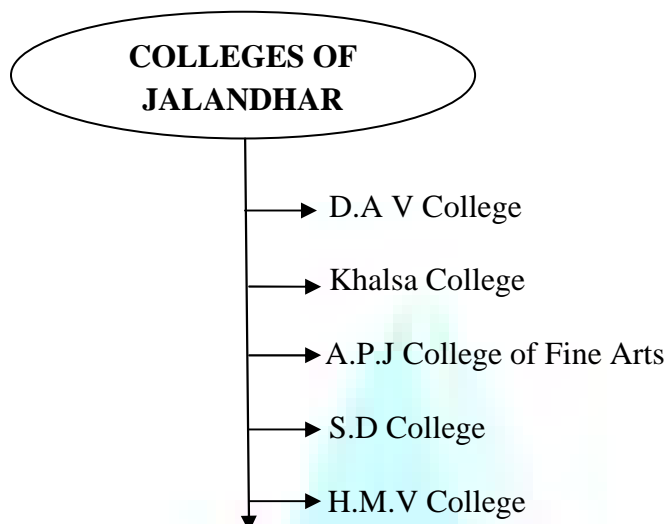
Universe of the study- The universe comprises of two parts as theoretical universe and accessible universe

- **Theoretical universe-** It includes faculty members of all the Colleges throughout the universe.
- **Accessible universe-** It will include faculty members of Colleges of Jalandhar

Sampling Unit: It indicates who is to be surveyed. In this project, sampling unit consisted of faculty members of the Colleges of Jalandhar.

Sample Size: It refers to the elements to be included in the study. For the given study a sample size constituted the following:

FIG. NO. 2: FLOWCHART SHOWING DIFFERENT COLLEGES IN JALANDHAR



As far as the sample size is concerned, it would be 120, in which Professors, Associate Professors and Assistant Professors of five Colleges will be included.

SAMPLING TECHNIQUE

Non –probability, convenient sampling method was used for the study.

DATA COLLECTION

- **Primary Sources:** Primary data are the information collected firsthand from sources such as historical documents, literary texts, artistic works, experiments, surveys, and interviews. The primary data for present study will be collected from a structured, non disguised interview schedule was prepared for the purpose of collecting the data. The factors of the study were drawn out from the related studies and the statements of the schedule were framed in questionnaire representing the factors. The predictor variables in this study were represented by four organizational variables namely conflict, alienation, work overload, and unfavourable work environment. These variables were measured by a 5-point response format ranging from (1) “Strongly Disagree” to (5) “Strongly Agree” was utilized. The mean scores were computed by averaging the scores for all the items associated with a particular stressor. The moderating variable in this study relates to the personality dimension of neuroticism. This trait was assessed by NEO Five Factor Inventory (Costa & McCrae, 1992). A 5-point response format ranging from (1) “Strongly Disagree” to (5) “Strongly Agree” was utilized. SPSS package has been used to analyze the data.
- **Secondary Sources:** Secondary data are those which have already been collected by someone else and which have already been passed through the statistical process. The secondary data for present study will be collected from sources like Websites, Books, Journals, Online Databases, and Government Reports etc.

TOOLS FOR ANALYSIS

Chi – square analysis, Correlation, One way ANNOVA and Regression.

OBJECTIVES OF THE STUDY

Objectives are the guiding light of a project in the light of which all the relevant steps are taken. The objectives of this study are as follows:-

PRIMARY OBJECTIVE

1. To understand and measure the occupational role stress as perceived by the teachers.

SECONDARY OBJECTIVES

2. To find out whether the teachers’ stress affects their social behavior.
3. To identify the causes for the stress faced by the teachers working in the colleges.

HYPOTHESIS OF THE STUDY

- | | | |
|----------------|---|--|
| H ₀ | : | There is no relationship between getting tiredness in the travel and satisfaction with the working hours. |
| H ₁ | : | There is relationship between getting tiredness in the travel and satisfaction with the working hours. |
| H ₀ | : | Organizational stressors do not positively related to job stress. |
| H ₂ | : | Organizational stressors are positively related to job stress. |
| H ₀ | : | There is no significant relationship between freedom of work and impact of work in the family life. |
| H ₃ | : | There is significant relationship between freedom of work and impact of work in the family life. |
| H ₀ | : | There is no adequate relationship between independent variables and Stress level while taking special class for slow learners. |
| H ₄ | : | There is adequate relationship between independent variables and Stress level while taking special class for slow learners. |

FINDINGS OF THE STUDY

Following tables depicts profile of the respondents:

Table 1: GENDER GROUP					
Factors		Frequency	Percent	Mean	S.D
Male		12	10	1.9	0.3013
Female		108	90		
	Total	120	100		

TABLE 2: AGE GROUP					
Factors		Frequency	Percent	Mean	S.D
	<=30	60	50	2.1	0.1
	30-35	28	23.3	8.48	0.3805
	35-40	24	20		
	>40	8	6.7		
	Total	120	100.0		

Table 3: MARTIAL STATUS GROUP					
Factors		Frequency	Percent	Mean	S.D
Married		68	56.7	1.5	0.6736
Unmarried		48	40		
Widow		4	3.3		
Total		120	100.0		

Table 4: EXPERIENCE GROUP					
Factors		Frequency	Percent	Mean	S.D
	<=5	80	66.7	1.433	0.6703
	5-10	28	23.3		
	>10	12	10		
Total		120	100		

Table 5: MONTHLY INCOME GROUP					
Factors		Frequency	Percent	Mean	S.D
	<=10000	104	86.7	1.2333	0.7640
	10000-20000	12	10		
	>20000	14	3.3		
Total		120	100.0		

TABLE 6: DEPICTS THE RELIABILITIES OF THE SURVEY INSTRUMENTS

RELIABILITY ANALYSIS -SCALE(ALPHA)	
Reliability Coefficients	
N of cases=120	
Alpha= 0.7750	
N of Items =33	

Inference

As seen from above Table, the instruments used in this study were reliable, with Coefficients ranging from 0.70 to 0.80, which exceeded the minimum acceptance level of 0.70.

H01: There is no Relationship Between Getting Tiredness in The Travel and Satisfaction with The Working Hours

TABLE 7: CALCULATION OF X 2 TESTS

	VALUE	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	100.995	3	.000
Likelihood Ratio	137.849	3	.000
N	120		

Result: calculated value = 100.995, Table value = 7.81473 (df is 3 with 5% level of significance)

Solution: calculated value > tab value

Interpretation:

From the above result the null hypothesis it is rejected and it is concluded that there is significant relationship between getting tiredness in the travel and satisfaction with the working hours.

H02: Organizational stressors do not positively relate to job stress.

TABLE 8: ONE WAY ANALYSIS OF VARIANCE AMONG THE PRESSURE LEVEL TO SHOW THE GOOD RESULT AND TEMPER LEVEL WHEN STUDENTS ARE INATTENTIVE IN CLASS

TEMPRESS	Df	SS	MS	STATISTICAL INFERENCE	Sig
b/w Group	3	20.897	6.966		.000
Within group	116	16.970	0.146	F=47.615>P	
Total	119	37.867			

Result: calculated value = 47.615, Table value = 2.6802 (df is 3 with 5% level of significance)

Solution: calculated value > tab value

Interpretation:

From the above result the null hypothesis is rejected and it is concluded that organizational stressors are positively related to job stress.

Ho3: There is no Significant Relationship Between Freedom of Work And Impact of Work in The Family Life.

TABLE 9: CROSS TABULATION

		Impact of work in the family life			TOTAL
		To a great extent	To a certain extent	Not at all	
Freedom of Work	To a great Extent	8	32		40
	To a certain Extent	12	20	48	80
TOTAL		20	52	48	120

Value of coefficient of correlation = .428

Interpretation:

From the above result the null hypothesis is rejected and it is concluded that there is a perfect substantial relationship between freedom of work and impact of work in the family life.

H04: There is no Adequate Relationship Between Independent Variables and Stress Level While Taking Special Class For Slow Learners.

Regression**TABLE: 10**

MODEL	R	R SQUARE
1	0.597	0.357

- a) Predictors: (Constant), Years of Experience, Monthly income of the respondents, Marital Status, Gender, Age of the respondents
 b) Dependent variable: Stress level while taking special class for slow learners.

TABLE: 11

MODEL	R	R SQUARE
1	0.407	0.166

- a) Predictors: (Constant), Monthly income of the respondents, Gender, Age of the respondents.

RESULT

As seen in Table 10, when the five personal variables were entered into the regression equation in the first step, the coefficient of determination (R) was found to be 0.597. In step 2, by adding the three independent variables, R change (0.407) is significant. From the second regression model Table 11, it can be observed that control variables (working experience and marital status) did have significant influence on job stress. These results provided partial support for the alternate hypothesis of the study.

CONCLUSION AND SUGGESTIONS FOR FUTURE RESEARCH

In conclusion, the contribution of this study rests on the identification of organizational-based stressors and the role played by the personality dimension of neuroticism as a moderator in the relationship between organizational stressors and job stress experienced by the teachers at the workplace. Although several studies on job stress within the teachers context have been reported each of them differs in terms of the variables selected (organizational-based, personal-based, or personality-based), the instruments used, and sample. The present study did not aim to construct a complete model of job stress for teachers but merely to extend one's knowledge about the influence of organizational-based factors and neuroticism on the job stress.

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HRM PRACTICES IN THE NEW ECONOMY

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ABSTRACT

Human Resource Management (HRM) Principles and Practices to the emerging knowledge Economy in India. HRM Practices refer to organizational activities directed at managing the pool of Human Resources and ensuring that the resources are employed towards the fulfillment of organizational goals (Schuler & Jackson, 1987; Schuler & MacMillan, 1984; Wright & Snell, 1991). This paper provides empirical evidence to address the question: do these Human Resource Management Practices improve the new Economy??? How and what sources for them....Every organization or Industry is not only made by brick, cement or wood but it builds by main resources are: Money, Material, Machine, Men. Success or failure of an organization depends on the effective coordination of the resources such as money, material, machinery and men. After reviewing the existing literature on HRM practices, the researchers have found that HRM Practices get affected by external and internal factors and directly or indirectly affect other variables such as employee's attitude, employee employer relations, financial performance, employee productivity etc. and ultimately contribute to overall corporate performance. On the basis of the literature reviewed, a normative framework has been developed showing how HRM practices leads to Economic development.

KEYWORDS

Human resource management, HRM practices, HR Economic development, Knowledge Economy, Organizations, Innovative practices, Employees performance.

INTRODUCTION

Human Resources are the source of achieving competitive advantage because of its capability to convert the other resources (money, machine, methods and material) into Output (product/service). The competitor can imitate other Resources like technology and capital but the human resource are unique. According to Khatri (1999), people are one of the most important factors providing flexibility and adaptability to organizations. The men are ultimate resources of the organization because they think, speak, so that utilization of this resource is very critical. Every success of origination is depending on efficient and effective man power. Therefore, people are the most significant resources of any organization. HRM is known by different names – Personal management, personal administration, man power management. Traditionally, personal management is concerned primarily with five basic systems – recruiting, training, and compensation where as if we integrate the system to other organizational functions/systems with more concern on human aspect then this term become HRM. So an HR practice is the action oriented, individual oriented, globally oriented and future oriented and economic oriented. It focuses on satisfying the needs of individual at work. The basic concept of HRM is to attract and retain the right person at right place in right time with right remuneration. HRM should appoint the skillful employ at the right ,appropriate ,correct place where hr express his capabilities ,because if we place sensitive people at spinning production then he will face so many problems. So they are thinking on overall improvement. Many issues such as better productivity and production, infrastructure up gradation , social compliance, and labour problems, coordination, customer relationship are still grappling the industry and efforts at small levels towards the betterment of the existing scenario are on. However, amidst realization and solutions to all these problems, one necessary aspect - Human resource management ,which includes the human resource development. So require the more numbers of potential and skillful employees. The process begins with mapping an ideal employee in the Industrial economy, which operated in a relatively more stable environment like this... Aim to grow with the company and develops a long term and stable career and comfortable with hierarchy, well established company policy and procedures and work within defined limits of the job, position, roles and responsibility. Complaint with Organizational culture and decision making process. Well developed, rational and logical decision making capability to gather the all relevant data and information scan alternatives and recommend the best possible solution to the next authority. Ability to bide by and implement the management decision without stepping the boundaries of authority and ability to mentor and groom subordinates and mould them to fit with the organizational culture, and leadership ability to maintain discipline, order and control with strict adherence to standard operating procedures...

1. Helping the organization to search its goal.
2. Employing the skills and the activities of the workforce efficiently.
3. Providing the organization with well trained and well motivated employee.
4. Increasing to the fullest the employee's job satisfaction.
5. Developing and maintaining quality of work life
6. Communication
7. Helping to other department and functions of the Organization

Now a day's managing people in the New Economy presents a very comprehensive analysis of recent theories and practices of human resource management and strategically aligns them with then emerging knowledge economy. So thanks to knowledge economy today Human Resources management is seen to be a key competitive advantage by Sr. Managers and taken seriously in strategic decision making.

FACTORS AFFECTING HRM PRACTICES

HRM practices include external and internal factors. As quoted by Ozutku and Ozturkler (2009) External and Internal factors affecting HR practices differs significantly across countries.

EXTERNAL FACTORS

Kane and Palmer (1995) opine that external factors affecting HR practices. Those are:

Economic Changes: Satow & Wang (1994) found that as a result of development of the global economy, the international dimension of HR practices has become more and more significant. The focus of HR practices has shifted from traditional topics such as internal selection and rewards to concepts such as globalization and international competition

Technological Changes: Technology affects HRM to a greater extent because of high degree of interaction between technology and HR.

National Culture: Chandra kumara and Sparrow (2004) found that culture has crucial importance in organizations preferences in developing appropriate structure and methods for HR practices affectivity.

Industry/Sector Characteristics: Organizations can be classified into manufacturing and service organizations for the purpose of analyzing the HRM practices.

Legislations /Regulations: Legislations and regulations are frequently cited as having a direct impact on HR Practices (Kane and Palmer, 1995).

Globalization: As a result of globalization, the whole world has become a single market; the companies have crossed the boundaries of their country of origin and opened their operations in other countries

INTERNAL FACTORS

The Internal environment of organizations strongly affects their HR practice

Organizations Size: According to (McPherson,2008)evidence suggests that there is a large number of small firms that do not institute formal HR practices in large organizations , for each functional level there may a need for a different HR department.

Organizational Structure: A firm's strategy and structure are important in determining HR practices flexibility and integration.

Business Strategy: To gain competitive advantage, firms use different competitive strategies. These strategies are more productive when they are systematically liked with human resource management practice

Human Resource Strategy: HR strategy is an important determinant of both intensity and diversity of HR practices.

This HR strategy will put us in a position to lead economic development and be respected for our policy-making, our ability to deliver services, our professionalism and the way we respond to customer needs.

To achieve this, we will:

Continue to develop and improve the way we work, the way we develop our policies and our ability to identify and place skilled people in jobs where they can be most productive;

- Use technology to improve efficiency and value for money;
- Deal with and respond to change;
- Provide an interesting and challenging work environment where staff have pride in their work; and
- Allow our staff to contribute their best and value them for their contribution at whatever level they work.

CONCLUSION

HRM practices have shown that to effectively manage the human resources the organizations have to implement innovative HRM practices. The organizations which implements such practices with dedication, remains ahead of their competitors because such practices affects other variables such as competitive advantage, job satisfaction, financial performance, employee turnover, service quality, employee commitment etc. According to Smith and Kelly believe that the future Economic and strategic advantage will rest with the organization that can most effectively attract, develop and retain and retain a diverse group of the best and bright human talent in the market place obviously, this puts HR at the forefront of the Knowledge Economy. This will help the organization to take corrective actions at the right time.

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THE IMPACT OF TOURISM DEVELOPMENT ON THE ECONOMIC, CULTURAL, ENVIRONMENTAL AND SOCIAL DIMENSIONS: PERCEPTION OF RESIDENTS' OF GONDER AND ITS NEARBY RURAL COMMUNITIES IN ETHIOPIA

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ABSTRACT

The major objective of this study is to investigate the impact of tourism development on the economic, cultural, environmental and social dimensions of residents of Gonder and nearby rural communities with respect to their level of satisfaction. Area sampling method with equal number of samples was used to the two adjacent areas. The questionnaire had been hand-delivered to 150 residents of Gonder and 150 residents Semien national park area. From the 300 questionnaires distributed 180 questionnaires were collected and only 150 were found usable which implied a 60% nominal and 50% real response rate respectively. The result of the study showed the existence of a significant relationship between some of the predictor variables and dependent variables. For example, "A small group of people are benefiting from tourism; the cost of tourism development is high; high-spending tourists have affected residents way living negatively; Tourism provided traditions and customs' valorization; development of tourism created an incentive to conserve natural resources; tourism development resulted in overcrowded walking paths, parks and other outdoor places" were found having a significant relationship with the overall level of satisfaction of residents. The relationship for other variables with the dependent variables was insignificant. The finding assists in formulating host friendly tourism - oriented policies to convert residents into satisfied community members. The study identified a number of specific impact factors that have a significant relationship with the level of satisfaction of the residents.

KEYWORDS

host communities, perceptions, resident segments. Tourist destination, tourism impacts.

INTRODUCTION

Travel and tourism is the second largest global industry with daily international revenues of approximately US\$2 billion, and investments of 12 percent of world GDP. Tourism, as a dynamic and exchange process, involves a direct and reciprocal relationship between users and producers of the tourism product. This interaction component is usually the essential element which characterizes a tourism experience. The destination point for this study is Gonder and its rural communities located in the Northwestern part of Ethiopia. Gondar is 50 kilometres north of Lake Tana, 500 kilometres north-western of Addis Ababa and nestles in the foothills of the Simien mountains at 2,200 metres above sea level. Gondar was the capital of Ethiopia from the rise of Fasilades to the fall of Tewodros (1632-1855) which is reflected in the many castles and palaces in the city. Gondar was founded by Emperor Fasilides (also known as Fasilidos or Fasilidas) around 1635. Nobody knew exactly why the emperor chose to build his capital there. Popular legends say that an angel prophesized about the Ethiopian capital being built at a place whose name starts with the letter G. Another legend claims that it was God who chose the place where the city would be built, saying that Fasilides found the place after following a buffalo during one of his hunting expeditions. One thing that has always been constant in Gondar's history is its strong appreciation for art and culture. The impact was so strong that present-day Gondar has now become a popular tourist destination because of the castle of Fasilides, the palace of Iyasu the Great, and various churches and monasteries.

FIGURE-1: GONDER: FASILADES AND THE SIMIEN MOUNTAIN NATIONAL PARK



The Simien Mountains National Park is found North West of Ethiopia, at about 885 km from Addis Ababa. The dramatic landscapes of the Semen Mountains (i.e. the extreme escarpments and their thousands of meters of sheer cliffs) are the result of massive seismic activity in the area about 40 million years ago (Miocene and Oligocene, geological period).. The annual mean temperatures range from about 18oc at 2600m altitude to about – 2oc at 4400 m altitude. The Simien Mountain is the home of Gelada Baboon, Walia ibex & Red Fox shown below respectively.

FIGURE -2: WALIA IBEX, GELADA BABOON & RED FOX SHOWN BELOW RESPECTIVELY



REVIEW OF LITERATURE

The tourism literature has accorded an increasing importance to residents' support for tourism in fostering tourism development (Andriotis, 2004; Gursoy and Rutherford, 2004; **Gursoy et al., 2002**; Teye et al., 2002; **Fredline and Faulkner, 2000**; **Ryan et al., 1998**). The literature also reveals that the possibility of gaining residents' support for tourism is influenced by residents' characteristics. **Caneday and Zeiger (1991)** suggest that residents' involvement in tourism in generating economic or social benefits can influence their attitude towards tourism. For example, residents with an economic dependence on tourism have a strong positive attitude towards tourism but they are also "quick to identify negatives associated with tourism" (Inbakaran and Jackson, 2006, p. 61). **Akis et al. (1996, p. 481)** note that if social costs are overlooked, local residents may question "whether their visitors are an unqualified blessing".

There are a number of factors that influence residents' attitudes towards tourism. Some of them involve the distance of residents' homes from the main tourist destination (Murphy and Andressen, 1988), the type of tourism (**Dogan, 1989**), the length of residents' stay in the community (Allen et al., 1988); Liu and Var, 1986), and residents' demographic characteristics (Sharma and Dyer, 2009; Chen, 2000; Pizam and Pokela, 1985; **Fredline and Faulkner, 2000**; **Lankford, 1991**). Generally, a positive attitude towards tourism is associated with gender (female), employment, level of income, level of education, and the place where people live (e.g. urban or rural areas) (Allen et al., 1993; Inbakaran and Jackson, 2006).

In a study by **Inbakaran and Jackson (2006, pp. 70-71)**, resident clusters were found to differ only in their negative attitudes towards tourism development with age; life cycle stage of residents themselves, and of tourism development; and distance from a major attraction. There was, however, a correlation between levels of tourism and negative host attitudes such that "residents of host communities perceived tourism to produce a number of socio-cultural changes" (**Canosa et al., 2001, p. 52**). **Canosa et al. (2001, p. 52)** suggest this could include "[...] a decrease in honesty, friendliness and sincerity, and an increase in theft and alcoholism [...] and greater sexual permissiveness".

Tourism, as a dynamic and exchange process, involves a direct and reciprocal relationship between users and producers of the tourism product. This interaction component is usually the essential element which characterizes a tourism experience. This can have both positive and negative consequences and therefore should be carefully monitored in order to minimize the costs implied with the tourism process (Sheldon and Abenoja, 2001). Positive and negative elements (referred in tourism literature as impacts) can be transferred both to the tourists and the resident population, since the tourism product can only be consumed in the destination.

One of the first studies to recognize that the economic effects of tourism alone did not give a comprehensive vision of the tourism phenomenon was by **Pizam (1978)**. In his research, he examined the negative impacts of tourism on the social sphere and as a result, numerous research projects have been produced focusing on this dimension. One aspect of social impact research which is often investigated, concerns the effects of tourism on the host community. In order to measure inevitable tourism impacts on local population and the perceptions developed, reactions displayed by residents should be investigated, thus an analysis of attitudes from the local residents should be involved:

[...] attitude is a psychological tendency that is expressed by evaluating a particular entity with some degrees of favor or disfavor [...] evaluating refers to all classes of evaluative responding, whether overt or covert, cognitive, affective or behavioral (**Eagly and Chaiken, 1993**).

Thus, attitudes could be very similar to beliefs, but they additionally possess an evaluative component; understanding attitudes of the people means understanding if residents are supportive or exert opposition towards tourism development projects, and understanding their attitudes allows for the adoption of an adequate responsive mechanism to the negative influences that arise from the tourism exchange (**Williams and Lawson, 2001**; **Sharma and Dyer, 2009**).

Past research on the social and cultural sphere conducted in previous decades, had a tendency to examine the factors that are likely to influence and partly deviate the perceptions of impacts, both taking into account the dependent variables (the elements that directly depend on tourism) and the independent variables (the factors that are independent on tourism and may or may not exert a direct influence on the perceptual patterns of residents).

According to AP, J. (1992): [...] in developing and attracting tourism to a community, the goal is to achieve outcomes that obtain the best balance of benefits and costs for both residents and tourism actors. Residents evaluate tourism in terms of social exchange, that is, evaluate it in terms of expected benefits or costs obtained in return for the services they supply. Hence, it is assumed host resident actors seek tourism development for their community in order to satisfy their economic, social, and psychological needs and to improve the community's well-being.

IMPORTANCE OF THE STUDY

This research is critical for destination marketers, tourism development strategists and policy makers to seriously enquire into the perception of residents towards development of tourism in their respective communities in order to gain their support.

HYPOTHESES

H₀: There is no significant relationship between economic dimensions and the overall perception of residents towards tourism development in their community.

H₀: There is no significant relationship between economic variables and the overall perception of residents towards tourism development in their community

H₀: There is no significant relationship between cultural dimensions and the overall perception of residents towards tourism development in their community

H₀: There is no significant relationship between environmental dimensions and the overall perception of residents towards tourism development in their community

H₀: There is no significant relationship between social dimensions and the overall perception of residents towards tourism development in their community

OBJECTIVES OF THE STUDY

The main objective of the study is to examine the impact of tourism development on the economic, cultural, environmental and social dimensions as perceived by the residents of Gonder and its nearby rural communities.

RESEARCH METHODOLOGY

The research methodology /approach used were purely quantitative in nature. A total of 300 hand-delivered questionnaires were distributed to residents of Gonder and nearby rural communities. Altogether, 180 questionnaires were collected (giving us a nominal response rate of 60%) out of which 150 questionnaires were found usable (50% real response rate).

The questionnaire consisted of 35 questions, divided into two major parts. The first section included General Information questions about the socio-demographic profile of the respondents who participated in the investigation in order to understand the importance of the industry for the single person and the level of reliance on tourism as a consequence.

The second section of the questionnaire include Basic Information Statements, presented in order to identify the level of agreement or disagreement of people with the different impacts caused by tourism (in particular economic, cultural, environmental and social dimension), with one final statement the overall level of satisfactions that residents gained from the tourism development effort undertaken in their locality.

The questionnaire used was designed based on the research works of Aguilo' and Nadal (2005) in their study for the Balearic Islands and that of Akis et al. (1996) in Cyprus; A minor modification has been made on the questionnaire. Data has been analyzed using descriptive and regression analysis.

RESULTS AND DISCUSSIONS

Once the data are collected it is edited, coded, cleaned and then entered in to the SPSS (Statistical Package for Social Sciences) version 17.0. It was used to compute and analyze the data. The researcher tried to use different books for SPSS ultimate use. The statistical tests that are used in the analysis of data included reliability (Cronbach alpha), validity, descriptive statistics (compare two means), frequencies (using tables, percentages and graphs), and regression analysis was used to analysis the data.

VALIDITY AND RELIABILITY

The validity of a scale refers to the degree to which it measures what it is supposed to measure. Unfortunately, there is no single clear-cut indicator of a scale's validity. The validation of a scale involves the collection of empirical evidence concerning its use. A number of different steps were taken to ensure the validity of the study. First data was collected from respondents who are residing in the host community; survey question were made based on literature review and frame of reference to ensure the validity of the result; questionnaire has been pre-tested by pilot test before starting the survey. Questionnaire was tested by 50 residents; data has been collected through two weeks, within this short period of time and no major event has been changed with the related participants.

According to George and Mallery Cronbach's (1951) Alpha reliability coefficient normally ranges between 0 and 1. The closer Cronbach's alpha coefficient is to 1.0, the greater the internal consistency of the items in the scale. The writers provide the following rule of thumb: ' $\geq .9$ =excellent; $\geq .8$ good; $\geq .7$ acceptable; $\geq .6$ questionable; $\geq .5$ poor; and $\leq .5$ unacceptable. Cronbach's alpha of 93.8%, which implies an excellent degree of internal consistency of data, which is qualified for further statistical analysis. Thus the Cronbach's alpha value is .883 which put the internal consistency of the study in good category.

TABLE 1: RELIABILITY STATISTICS (ALL IMPACT DIMENSIONS)

Cronbach's Alpha	N of Items
.883	34

Source: Gonder Survey, 2013

2. Demographic Profile of Respondents

The demographic profile of the total number of respondents who participated in the study showed the following breakdown. The study participant composed of 59.9% males and 38.9% females. The age of the majority group represented was 18-30 (68.4%). The second largest group was 31-40 (25.7%). The least respondent group was 41-50 (4.6%). 57.2% of the respondents single followed by 29.6% of married while 3.9% were widowed and 7.9% divorced. For educational level, the highest number of respondents (37.5%) college Diploma, 37.5% college degree and 6.6% graduate Degree. The largest number of respondents (36.8%) lived greater than 10 years followed 26.3 % who lived 3-4 years in the area. However 17.1% have lived less than 2 years. With regard to income 30.9% of the respondent's monthly income greater than \$2000 while the least monthly income group is 1.3% and earns less than \$500.

3. REGRESSION ANALYSIS

The regression analysis was conducted for each dimension of tourism development and the results are presented in the following section. In all the estimated models, R is the multiple correlation coefficients between all of the predictor variables and the dependent variables. R^2 is frequently used to describe the goodness-of-fit or the amount of variance explained by a given set of independent/predictor variables. The F Statistics represents a test of the null hypothesis that the expected values of the regression coefficients are equal to each other and that they equal zero. In other words, this F statistics tests whether the R^2 proportion of variance in the dependent variable accounted for by the independent/predictors is zero. A value of $P < .05$ indicates that there is a significant relationship between the independent/predictor variables and the dependent variable i.e.; overall satisfaction with the tourism development in Gonder.

3.1 THE IMPACT OF TOURISM DEVELOPMENT ON ECONOMIC DIMENSION

The Model Summary gives the R (.421) and R square (.177). The R square value tells how much of the variance in the dependent variable (overall satisfaction with the overall satisfaction of residents) is explained by the model (which includes the twelve variables stated in the economic dimensions). This means that the model explains 17.7 % of the variance in overall satisfaction of residents on tourism development. When a small sample is involved, the R square value in the sample tends to be a rather optimistic overestimation of the true value in the population (Tabachnick & Fidell, 2001). In this case the researcher has taken enough samples and the adjusted R square value is not optimistic overestimation.

H₁: There is no significant relationship between economic dimensions and the overall level of satisfaction of residents towards tourism development in their community.

To assess the statistical significance of the result it was necessary to run an ANOVA. This tests the null hypothesis that multiple R in the population equals 0. The result of the analysis showed that, the independent variables significantly predicts the overall satisfaction of residents, $F = 2.441$, $/p < .000$.

TABLE 2: TABLE COEFFICIENTS-ECONOMIC DIMENSIONS

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	.964	.725		1.329	.186
Tourism is likely to create more jobs for your community.	.158	.080	.191	1.982	.049
Employment opportunities are offered to externals rather than locals	.029	.085	.037	.346	.730
Economic benefits of tourism go to a small group of people.	.182	.084	.180	2.156	.033
Tourism is likely to provide more business for local people and small businesses.	.154	.083	.184	-1.861	.065
High-spending tourists are likely to affect negatively our way of living.	.149	.072	.190	-2.066	.041
The cost of developing tourist facilities is too much.	.195	.087	.192	2.243	.026
Tourism is likely to attract more investment to your community.	.000	.090	.000	.002	.998
Tourisms likely to create additional tax revenue from tourists for local governments.	.108	.078	.123	1.386	.168
The prices of goods and services are likely to increase because of tourism.	.154	.095	.163	1.627	.106
The price of real estate (e.g. house, land, etc.) is likely to rise because of tourism.	.140	.075	.177	1.854	.066
Improving public facilities for tourists' use is a waste of taxpayers' money.	.141	.081	.154	1.738	.085
Tourism is likely to put more pressure on local services such as police and fire protection, utilities, roads.	-.007	.073	-.007	-.090	.928

a. Dependent Variable: Overall satisfaction level on the tourism development in the area

Source: Gonder Survey, 2013

As shown in the table 13, the coefficients indicate the increase in the value of the dependent variable for each unit of increase in the predictor variable. Four of the economic dimension: "Tourism is likely to create more jobs for the community ($P < .049$); "Economic benefits of tourism go to a small group of people" ($P < .033$); "High-spending tourists are likely to affect negatively residents way of living" ($P < .041$) and "the cost of developing tourist facilities is too much" ($P < .026$) have a significant relationship with the overall satisfaction level of residents in Gonder. However, the rest of the items indicated in table 12c did not show a significant relationship the overall satisfaction level of residents in Gonder.

3.2 THE IMPACT OF TORISM DEVELOPMENT ON CULTURAL DIMENSIONS

The Model Summary gives the R (.332) and R square (.110). The R square value tells how much of the variance in the dependent variable (overall satisfaction with the overall satisfaction of residents) is explained by the model (which includes the nine variables stated above). In this case the value is .110 expressed as a percentage (multiply by 100) it becomes 11.0%. This means that the model explains 11.0 % of the variance in overall satisfaction of residents on tourism development. When a small sample is involved, the R square value in the sample tends to be a rather optimistic overestimation of the true value in the population (Tabachnick & Fidell, 2001). In this case the researcher has taken enough samples and the adjusted R square value is not optimistic overestimation.

H₂: There is no significant relationship between cultural dimensions and the overall level of satisfaction of residents towards tourism development in their community.

To assess the statistical significance of the null hypothesis that is to test the null hypothesis that multiple R in the population equals 0; it was necessary to run an ANOVA. The result of the analysis showed that, there is a significant relationship between economic dimensions and the overall level of satisfaction of residents towards tourism development in their community ($f = 1.929$, $/p < .000$.)

TABLE 3: COEFFICIENTS-CULTURAL DIMENSION

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	1.528	.587		2.603	.010
Tourists learn about locals' culture	.073	.077	.088	.949	.344
Residents learn about tourists' culture	.052	.085	.065	.613	.541
Tourism provides traditions and customs' valorization	.195	.087	.193	2.234	.027
Tourism incentives the restoration of historical buildings	.138	.085	-.165	-1.631	.105
Tourists exert an undesirable effect on locals' habits	.094	.084	.100	1.116	.266
Tourism causes changes in local culture and traditions	.070	.073	.089	.951	.343
Meeting people from other regions of the world is a valuable experience to better understand their culture and society	.008	.076	.010	.103	.918
Tourism is likely to result in more cultural exchange between tourists and residents	.099	.082	.108	1.211	.228
Tourism is likely to encourage development of a variety of cultural activities by the local residents	.025	.082	-.028	-.301	.764

a. Dependent Variable: Overall satisfaction level on the tourism development in the area

Source: Gonder Survey, 2013

As shown in the table 13, the coefficients indicate the increase in the value of the dependent variable for each unit of increase in the predictor variable. One of the cultural dimension items "Tourism provides traditions and customs' valorization ($P < .027$); have a significant relationship with the overall satisfaction level of residents in Gonder. However, the rest of the items indicated in table 13 did not show a significant relationship the overall satisfaction level of residents in Gonder. The t - value was 2.234. This indicated that "Tourism provides traditions and customs' valorization independently affects overall satisfaction level of residents in Gonder ($t > 2$) (Chang and Chang, 2010).

3.3 THE IMPACT OF TOURISM DEVELOPMENT ON ENVIRONMENTAL DIMENSIONS

The Model Summary gives the R (.310) and R square (.096). The R square value tells how much of the variance in the dependent variable (overall satisfaction with the overall satisfaction of residents) is explained by the model (which includes the six variables stated in the environmental dimension). In this case the value is .096 expressed as a percentage (multiply by 100) it becomes 9.6%. This means that the model explains 9.6 % of the variance in overall satisfaction of residents on tourism development in Gonder. When a small sample is involved, the R square value in the sample tends to be a rather optimistic overestimation of the true value in the population (Tabachnick & Fidell, 2001). In this case the researcher has taken enough samples and the adjusted R square value is not optimistic overestimation.

H₃: There is no significant relationship between environmental dimensions and the overall level of satisfaction of residents towards tourism development in their community.

To assess the statistical significance of the null hypothesis that is to test the null hypothesis that multiple R in the population equals 0; it was necessary to run an ANOVA. The result of the analysis showed that, there is a significant relationship between environmental and the overall level of satisfaction of residents towards tourism development in their community ($F = 2.512$, $/p < .000$).

TABLE 4: COEFFICIENTS –ENVIRONMENTAL DIMENSION

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	1.959	.472		4.150	.000
Tourism is likely to result in noise and pollution.	.111	.080	.134	1.396	.165
Construction of hotels and other tourist facilities are likely to destroy the natural environment.	.099	.084	.124	1.188	.237
Tourism development is likely to provide an incentive for the conservation of natural resources.	.208	.088	.206	2.361	.020
Tourism is likely to result in traffic congestion.	.075	.079	.089	.953	.342
Tourism development is likely to provide more parks and other recreational areas for local residents	.096	.069	.123	1.384	.169
Tourism is likely to change our local culture	.032	.078	.035	.411	.682

a. Dependent Variable: Overall satisfaction level o the tourism development in the area

Source: Gonder Survey, 2013

As shown in the table 14, the coefficients indicate the increase in the value of the dependent variable for each unit of increase in the predictor variable. One of the items incorporated in Environmental Dimension “*Tourism development is likely to provide an incentive for the conservation of natural resources*” ($P < .020$); have a significant relationship with the overall satisfaction level of residents in Gonder. However, the rest of the items indicated in table 13c did not show a significant relationship the overall satisfaction level of residents in Gonder. The t - value was 2.361. This indicated that “Tourism provides traditions and customs’ valorization affects overall satisfaction level of residents in Gonder ($t > 2$) (Chang and Chang, 2010).

3.4 THE IMPACT TOURISM DEVELOPMENT ON SOCIAL DIMENSION

The Model Summary gives the R (.292) and R square (.085). The R square value tells how much of the variance in the dependent variable (overall satisfaction with the overall satisfaction of residents) is explained by the model (which includes the nine variables stated under social dimensions.) In this case the value is .085 expressed as a percentage (multiply by 100) it becomes 8.5%. This means that the model explains 8.5 % of the variance in overall satisfaction of residents on tourism development. When a small sample is involved, the R square value in the sample tends to be a rather optimistic overestimation of the true value in the population (Tabachnick & Fidell, 2001). In this case the researcher has taken enough samples and the adjusted R square value is not optimistic overestimation.

H₄: There is no significant relationship between social dimensions and the overall level of satisfaction of residents towards tourism development in their community.

To assess the statistical significance of the null hypothesis that is to test the null hypothesis that multiple R in the population equals 0; it was necessary to run an ANOVA. The result of the analysis showed that, there is a significant relationship between environmental and the overall level of satisfaction of residents towards tourism development in their community ($F = 2.685$, $/p < .000$).

TABLE 5: COEFFICIENTS –SOCIAL DIMENSIONS

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	1.810	.460		3.931	.000
Local residents are likely to suffer from living in a tourism destination.	.079	.077	.094	1.024	.308
Tourism is likely to lead to prostitution in your community.	.081	.083	.101	.970	.333
Tourism is likely to result in unpleasantly overcrowded walking paths, parks and other outdoor places in your community.	.202	.087	.200	2.312	.022
Tourism is likely to increase the crime rate.	.075	.079	.090	.957	.340
Our roads and other public facilities are likely to be kept at a high standard because of tourism.	.044	.078	.047	.562	.575

a. Dependent Variable: Overall satisfaction level on the tourism development in the area

Source: Gonder Survey, 2013

As shown in the table 13, the coefficients indicate the increase in the value of the dependent variable for each unit of increase in the predictor variable. One of the social dimension items “*Tourism is likely to result in unpleasantly overcrowded walking paths, parks and other outdoor places in the community.*” ($P < .022$); have a significant relationship with the overall satisfaction level of residents in Gonder. However, the rest of the items indicated in table 15c did not show a significant relationship the overall satisfaction level of residents in Gonder. The t - value was 2.312. This indicated that “Tourism provides traditions and customs’ valorization” independently affects overall satisfaction level of residents in Gonder ($t > 2$) (Chang and Chang, 2010).

FINDINGS

The findings reflected that Economic benefits of tourism go to a small group of people; High-spending tourists are likely to affect negatively our way of living; The cost of developing tourist facilities is too much; Tourism provides traditions and customs’ valorization; Tourism development is likely to provide an incentive for the conservation of natural resources; Tourism is likely to result in unpleasantly overcrowded walking paths, parks and other outdoor places in your community were found having a significant relationship with the overall level of perceptions of residents.

RECOMMENDATIONS

Tourism developers, policy makers and destination marketers other stakeholders involved in tourism development need to work towards realizing the following objectives.

- Tourism strategists /marketers need to focus on those significant variables as per the perceptions of residents and act accordingly.
- Projects need to be designed to obtain the best balance of benefits and costs for both residents and tourism actors.

CONCLUSIONS

From a general perspective, the results of the study showed the most significant variables that need exceptional attentions by tourism developers whenever they plan to develop their strategies. However, these findings suggest that successful sustainable tourism developers need to consider different resident segments before they start investing resources. The findings also suggest that the local people may be willing to enter the exchange process if they believe that the project is for the benefit of their community. Proposed project designed for the local community should be in line with community aspirations so that tourism developers will be able to convince the relevance of the project to others.

LIMITATIONS

The findings reflect the perceptions of sample population of resident's perception on tourism development with regard to economic, cultural, environmental and social dimensions. Since the research didn't incorporate questions that may examine resident's perception towards possible gains and benefits from tourism development, the findings of this study could not address as to whether the gains outweigh the costs or vice versa.

SCOPE FOR FURTHER RESEARCH

This study didn't examine the perception of residents from different resident segments perspective. Thus, it is more commendable for other researchers to undertake a research by designing a sample of residents segments based on set of criteria. Thus, successful sustainable tourism developers may consider different resident segments reactions or reflections before they start investing resources.

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THE NATIONAL CHALLENGES AND POLICY OPTIONS OF ETHIOPIAN EDUCATIONAL SYSTEM TOWARDS THE ACHIEVEMENT OF EFA GOALS: A FOCUS ON PRIMARY AND SECONDARY SCHOOL

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ABSTRACT

Ethiopia has expressed its commitment on the education for all (EFA) goals, the Dakar framework for action and the Millennium declaration. The primary purpose of this study is to critically analyze the extent to which EFA goals are being addressed in Ethiopia and to identify the major challenges encountered in achieving the EFA goal. Descriptive survey method, primary and secondary sources of data and printed literature were used. The data obtained from documents were analyzed using percentages and averages. The findings of the study revealed that the national GER in enrollment for second cycle primary (65.5%), and for secondary cycles (39.1%) is generally far from 100 percent. The national primary NER for the two most past consecutive years (2008/09 and 2009/10) has declined and lowest for secondary cycles in 2009/10, there is discrepancy between national GER and NER and, between advantaged and disadvantaged (Afar and Somali) regions GER and NER, Gender Parity Index of the primary and secondary cycles, particularly in secondary first cycle is low, there are primary and secondary school teachers below the national standard qualification for the levels, and there are problems of school facilities. The major problems hindering the achievement of EFA goals include: regions capacity in implementing strategic actions, finance; regions scarification to the achievement of EFA goals; and regional discrepancy in achieving the indicators of EFA goals. Finally, based on the major findings, conclusions were drawn and certain recommendation were forwarded.

KEYWORDS

Challenges and policy options, Education for All Goals, Ethiopia.

1. INTRODUCTION

The purpose of this paper is to present relevant background on definitions of quality education and ways of assessing quality to help guide the discussions on improving EFA-FTI country endorsement processes. It is also intended to launch discussions resulting in concrete recommendations for capacity building in currently endorsed countries to strengthen national efforts to meet the quality challenge. Further, this paper presents historical overview of the Ethiopian education, the Education for All (EFA) movement and developments since 1990, the Ethiopian approach to EFA goals and planning, rational, problem statement, and methodology of the study, and results, conclusions, and recommendation of the study.

This paper presents historical overview of the Ethiopian education, the Education for All (EFA) movement and developments since 1990, the Ethiopian approach to EFA goals and planning, rational, problem statement, and methodology of the study, and results, conclusions, and recommendation of the study.

Improving the quality of education for all learners everywhere is a key priority if we are to reach the goals of Education for All. Without quality, access to and equity in education cannot be fully achieved or sustained. Although huge gains have been made in the numbers of children enrolled in school, there is growing recognition that quality is the main determining factor in whether learners stay in school and succeed in learning. The decline in student performance on international and regional student assessments of learning outcomes in many countries has also drawn increased attention to the quality issue. Further, the evidence points to growing inequalities between the average scores of learners from economically privileged backgrounds and those of learners living in poorer areas. The situation is exacerbated in EFA-Fast Track Initiative countries, where emphasis on the rapid expansion of access has led to teacher shortages, overly crowded classrooms, shortage of teaching and learning materials, and overall deterioration in learning environments.

2. REVIEW OF LITERATURE

2.1 OVERVIEW OF ETHIOPIAN AND ITS EDUCATION SYSTEM

GEOGRAPHY: The Federal Democratic Republic of Ethiopia (FDRE) is a land locked country in north east Africa, approximately between 5° and 15° north latitude 33° and 48° east longitude. Ethiopia is one of the oldest nations in the world and the oldest independent country in Africa. Unlike most African countries, Ethiopia was not colonized—but occupied by Italy in the late 1930s for five years. Geographically the country is the seventh largest country in Africa covering a total area of 1.25 million square kilometers of which 0.7% is covered by water body. The topography of the country is a high plateau. Elevations range from 100 below sea level in the Dallol depression (Kobar snik) to the mountain peaks in excess of 4,000 m above sea level. The rift valley divides the western and the eastern high lands. Much of the country consists of high plateau and mountain ranges which are dissected by numerous ranges, streams and rivers. Among the biggest rivers are Blue Nile, Awash, Baro, Omo, Tekkeze, Wabe Shebelle, and Genale.

HISTORY: Ethiopian history as an organized and independent polity dates back to the beginning of the second century with the kingdom of Axum in the northern state of *Tigrai*. After the collapse of Axum, power shifted south to *Lasta* and later to *Shoa*. In the 18th century, real power was in the hands of provincial nobles from the highlands of Ethiopia where during this period nations, nationalities and peoples of Ethiopia were administered by their own chiefs, rulers, sultans and kings as separate entities.

After 1880 Ethiopia was reunited less than one centralized government. During 1890s, Italian colonial powers arrived at the northern part of Ethiopia. They were defeated at the battle of Adowa in 1896 but Italy retained control of northern part of Ethiopia and created its colony, Eritrea. Ethiopia never experienced any protracted period of colonialism although the country was occupied by Italians for five years from 1936-1941.11. In the 1930s, Emperor Haile Selassie came to power and Ethiopia was under centralized autocracy. The first Constitution was adopted by Emperor Haile Selassie in 1931 which had no effect of limiting the power of the Emperor. The second Constitution was adopted in 1955 but Ethiopia still remained essentially feudal. These and other factors provided the impetus for a revolution which led to the replacement of the Imperial regime by the military junta led by Mengistu Hailemariam. During this period there was widespread unrest and civil war and the question of the right of nations and nationalities remained unanswered.

On May 29, 1991, the Dergue regime was ousted by the Ethiopian People's Revolutionary Democratic Front (EPRDF). The EPRDF launched the implementation of a political reform process which has transformed the military single party rule into a multiparty federal republic. In the transitional period (1991-1995) several measures weretaken to stabilize the country, to reform the economy and to establish democracy. At the outset in 1991, a Transitional Charter was also adopted which guaranteed the fundamental rights recognized in international human rights agreements. On 21st August, 1995 the Charter was replaced by the Constitution of the Federal Democratic Republic of Ethiopia that guarantees the protection of human rights, democracy and rule of law.

TEMPERATURE: The climate of Ethiopia is highly influenced by altitude. It also has considerable variations of temperature condition from cool to cool (dega) where average temperature ranges from freezing to 160c and from warm to cool climate (Woina Dega) where annual temperature ranges from 160c to 200c and from warm to hot climate (Kolla) where the average temperature is between 200c and 300c and the hot and a ride climate (Bereha) where the annual temperature is over 300c. There are two distinct seasons in Ethiopia: the Dry season which is from October to May and the rain season from June to September.

ECONOMY: Ethiopia has a booming economy with an average growth rate of 11.9 % for the last four years. Ethiopia was the fastest growing non-oil economy among Sub-Saharan African nations in 2007. Agriculture accounts for almost 45 percent of the GDP, 63 percent of exports and 80 percent of the labor force.

Many other economic activities depend on agriculture, including marketing, processing, and export of agricultural products. Recently, the manufacturing, construction and service sector have recorded significant expansion.

DEMOGRAPHY: Ethiopia has an estimated total population of 79.2 million (2008), growing at an annual rate of 2.7% (Federal Democratic Republic of Ethiopia, 2007:112). This number makes Ethiopia the second most populous country in Africa next to Nigeria. Nearly 84% of the current population lives in rural areas and depends for its livelihood predominantly on a traditional agricultural economy that is susceptible to persistent drought and low levels of productivity. Ethiopia is home to more than 80 ethnic groups that vary in population size from 18 million people to less than hundred'. According to the National Ethiopian Census of 1994, the Oromo are the largest ethnic group (32%) in Ethiopia. The Amhara represent 30.2% while the Tigray people are 6.2% of the population. The age structure of the population is extremely young and typical of many developing countries with children under 15 constituting 45% of the population. The child dependency ratio is 90%. Two point eight percent of the population is composed of persons above the age 65. Ethiopia has 83 different languages with up to 200 dialects spoken. Ethiopian languages are divided in to four major language groups namely, Semitics, Cushitic, Omotic, and Nilo-Saharan. Amharic is the official language of the country. Afan-Oromo, Tigrigna and Somali are among the many languages spoken in the country.

At present Ethiopia is made up of nine federal states and two chartered cities and follows a decentralised form of administration (Federal Democratic Republic of Ethiopia, 2007:102-114). In the education sector, district educational administrators are responsible for managing and supervising primary schools. Secondary schools are managed and supervised by zone education departments. While regional education bureaus guide and supervise education from primary to college level, it is the responsibility of the ministry of education to manage and supervise the overall education system (Ministry of Education (MoE, 2002:25).

Historical overview of the Ethiopian education: A detailed analysis of the origin and development of Ethiopian Education may not serve our purpose here. However, a brief glance at its general features can serve as background information to the problems of quantitative expansion and qualitative improvement of education in Ethiopia.

2.2 ETHIOPIAN EDUCATION SYSTEM

INDIGENOUS EDUCATION: Ethiopia has a long and rich history of educational traditions. Indigenous education was offered by all ethnic and linguistic groups and will remain an important transmitter of cultural identity from one generation to the next including out of school children. It aims at instilling in children the attitudes and skills appropriate for male and female social roles, emphasizing the duties and privileges derived from cultural values. Indigenous education responds to the concrete problems of local communities. Under the present situation, because still many school age children and the majority of adults in the rural areas of Ethiopia have little access to modern education, indigenous education plays and continues to play an important role in preparing the young generation for their future role.

CHURCH EDUCATION: Ethiopia's early Christian heritage represents a second important element of Education in the country. In about the 4th century, the Ethiopian Christian church established a comprehensive system of education that provided Ethiopian cultural, spiritual, literary, scientific, and artistic life (World Bank, 1988:11). The church in Ethiopia was able to provide a sophisticated and peculiar type of education that takes as many as 30 years to complete. Like church education in other parts of Christendom, the primary purpose of the Ethiopian church education was to prepare young men for the service of the church as deacons and priests. Moreover, in its long history of existence, church education has served as the main source of civil servants such as judges, governors, scribes, treasures and general administrators (Teshome Wagaw 1979:11). In spite of its long literary heritage, this could have been used as a basis on which to build an educational sphere unparalleled in Africa, church education in Ethiopia has played a limited role in the development of the society in general and the offering of education in particular. Unlike church education in many other regions, its access in Ethiopia was limited to only a few people and the country basically remained "the land of the thumb print (the national literacy campaign co-ordinating committee, 1984:3). Besides, this limited church education was unevenly distributed. It flourished only in the north and north eastern part of Ethiopian (Ayalew Shibeshi, 1989:31). Until the end of the ninetieth century, education was totally left in the hands of the church.

ISLAMIC EDUCATION: A third major element of Education in Ethiopia was the influence of the Islam in Ethiopia. Arab culture and faith were adapted in much of the southern and South-eastern Ethiopia. Non-formal school system was established to teach the ethics and theology of Islam. Designed to impart skills and knowledge within the religious realm, the Islamic education system emphasised reading and recitation in Arabic. Unlike the church schools, the koranic schools were maintained by the local committees themselves and received no state assistance of any kind (Markokis, 1994).

THE INTRODUCTION OF MODERN EDUCATION TO ETHIOPIA: The introduction of modern education to Ethiopia was the outcome of the objective conditions in the country. The establishment of a central state authority and permanent urban seat of power, the arrival of foreign embassies, the development of modern economic sector and other conditions were some of the objective conditions that called for modern education in Ethiopia. The beginning of modern education in Ethiopia is directly related to the advent of foreign missionaries in the 19th century. These missionaries opened schools and instituted modern education alongside their religious institutions in all the places where they were accepted or come into agreement with the feudal class. Nevertheless, the establishment of modern schools was speeded up beginning with the turn of the 20th century owing to the efforts of Emperor Menelik and Ethiopian intellectuals who had returned from abroad. Modern education officially commenced in 1908 with the opening of Menelik II School in Addis Ababa, marking a significant step in the history of education in Ethiopia.

The Italian occupation (1936-1941) seriously disrupted the educational system that had just begun to emerge. Government schools were either closed down or were used for military purposes. After the war the government of Ethiopia began to lay down the educational foundation virtually from the scratch. The main emphasis at this stage was the creation of an educational system that could provide for small corps of clerical, technical and administrative personnel to run the government machinery (G.A.Lipsby, 1962). Until 1955, the Ethiopian Government was engaged in the expansion of the education system.

By 1974, when the revolution erupted only 15.3 percent of the age cohort were attending primary schools. Thus, the participation rate in Ethiopia before the Revolution of 1974 was very low even by African standards (Ayalew Shibeshi, 1989:35). Following the change of social values, faith, and philosophy, the educational infrastructure and system were also changed drastically. Under this new socialist state, Ethiopia's educational was changed dramatically. In this regime poly-technical education familiarized children with the important branches of production; including the manufacturing of machinery or food, and acquainting them with first-hand practical experience.

2.3 MAJOR CHALLENGES AND EFFORTS MADE DURING THE CURRENT GOVERNMENT

When the current government came into power, the Ethiopian education system was suffering from multifaceted problems. The main problems were related to the issues of relevance, quality, equity and access. As a result of previous neglect, Ethiopia's education sector was characterized at all levels by extremely low overall participation rates (30% at primary, 13% at secondary and less than 1% at tertiary levels). Its gross enrolment rate of 30% at primary was one of the lowest in the world and even less than half of the average for Sub-Saharan African countries. Girls' participation rates were much lower than those of boys, especially in rural areas. In addition, there were severe regional differences in access to education, ranging from 7% in Afar region to 87% in Addis Ababa City. The quality of education was poor with inadequately trained and poorly motivated teachers and lack of instructional materials. The system was inefficient and one third of students drop out of school in the first year. In the light of these educational problems, it has become imperative for the current Ethiopian Government to design an appropriate education and training policy that gives insight for the overall educational development and reflect the international declarations on educational issues.

The Ethiopian Federal Democratic Republic constitution has declared that education is one of the fundamental human right and thus is free of any political and religious ideology. As stated in the sections pertaining to education and human right issues of the constitution, every nation and nationality has the right to learn in its own language, at least at the basic education and general primary level. The constitution has ascertained that no tuition fee of any kind will be charged in the general education system of Grades 1-10. Responding to the challenges of the education system of the late 1980s and early 1990s and based on the declarations of the constitution, the government designed the Education and Training Policy of 1994, which intends to systematically and gradually alleviate these educational problems. Within the framework stated in the Education and Training Policy and Strategy (ETPS), the government designed the Education Sector Development Program (ESDP), which is a long range-rolling Plan with a focus on the comprehensive development of education over a twenty-year period. The ESDP translates the policy statement into action. The main thrust of ESDP is to improve educational quality and expand access to education with special

emphasis on primary education in rural and undeserved areas, as well as the promotion of girls' education. The program was launched in 1997/98 with government's funding and support from ongoing donor assistance. The final goal of the ESDP for the primary education is universal primary enrolment by the year 2015 and at the same time improving quality, equity and efficiency of the system at all levels.

Since 1994, the government of Ethiopia has embarked on a decentralization process. Decentralization has opened the way for regional and local governments, and through them, the local communities to take greater responsibility, financial and otherwise, for managing their own affairs, including the delivery of social services such as education. The decentralization process in Ethiopia has a four-tier system of government. Below the federal government, are regional governments. At the regional level, the country is divided into nine states and two city administrations. These regional administrations are divided into zone (66), which is divided into woredas (556). The woredas are considered to be the key local units of government. Below this level, communities are further subdivided into smaller electoral units, known as Kebeles, to further enhance community grassroots participation in the formulation and administration of policy decisions. The policy has devolved the responsibility of management of primary and secondary education to woreda (district) level, the decentralization to lower level of government was undertaken with the objective of improving efficiency. The decentralization reforms, which started some eight years ago and have transferred important responsibilities to the woreda offices, are now fully implemented: woreda offices exercise their responsibilities, with support from regional offices, within an overall framework developed at federal level.

Ethiopia has developed its education system on the basis of a sector-wide policy and framework since 1994. The structure of the Ethiopian education system encompasses formal and non-formal education. Non-formal education covers wide areas of training both for the primary school age children as well as adults who have either dropped out and/or beginners. For this reason, it is viewed as open-ended in terms of training programme, and, to some extent, in terms of institutional arrangement. The formal programme has further been divided into kindergarten, general, technical-vocational and tertiary education programmes. Prior to the Education Reform of 1994, general education was divided into primary (1-6), junior secondary (7-8) and senior secondary (9-12) with national examinations given on completion of each level. The current curriculum is offering 10 years of general education consisting of 8 years of primary education and 2 years of general secondary education (9-10) with the second cycle of secondary education (11-12) which prepares students for continuing to higher education. Primary education is divided into two cycles comprising grades 1 through 4 of basic education and second cycle of grades 5 through 8 of general primary education. According to the New Education and training policy of 1994, there will also be a system of technical vocational training which will be offered to the graduates of each cycle.

Human resource development constitutes the foundation upon which material development can occur, and education represents a major form of human resources development. Besides, it is widely believed that the expansion of educational opportunities is a keystone to the nations accelerated socio-economic development. Education provides a fundamental base for all further human development and its availability and quality are central to the human resource development of any society. From this consensus among representatives of the majority of the world's nations grew the commitment to Education for All (EFA), first codified in 1990 in Jomtien, Thailand. These representatives committed themselves to achieve universal primary education (UPE) and reduce illiteracy by the year 2000. As the new millennium approached, it was clear that many developing countries were still very far from reaching these targets, so in 2000 in Dakar, Senegal, representatives from the international community met again and agreed on six EFA goals, which were considered to be essential, attainable and affordable and strong commitment are given to them by specific governments and by international communities. The six educational goals of Dakar forum for action include (1) expand early childhood care and education; especially for the most vulnerable and disadvantaged children, (2) by 2015, all children of primary school age particularly girls, children in difficult circumstances and those belonging to ethnic minorities would participate in free schooling of acceptable quality, (3) promote learning and life skills for young people and adults; (4) Levels of adult literacy would be halved by 2015, (5) achieve gender parity in enrollments for girls at primary and secondary levels by 2005, and of full equality throughout education by 2015; and (6) all aspects of education quality would be improved and excellence of all would be ensured so that recognized and measurable learning outcomes are achieved by all, especially in numeracy, literacy and life skills. In the same year, the eight Millennium Development Goals were agreed; two of which universal primary education (UPE) and the elimination of gender disparities in primary and secondary education were defined as critical to the elimination of extreme poverty.

Education for All brings together the key actors in education and development field (international organizations such as UNESCO, UNICEF and the WORLD BANK, donor countries, developing countries and civil society). National governments agreed to dedicate themselves to securing the goals, while international agencies pledged that no country thus committed would be prevented from achieving them by a lack of resources.

3. IMPORTANCE OF THE STUDY

Authorities and educators at the various levels of educational administration are responsible for implementing the education policy, for creating conducive working environment for the primary school practitioners in that the accessibility, equity and quality of education can be maintain and for guiding as well as orienting practitioners. The findings of this study will provide important information about the achievement of commitment on the education for all (EFA) goals, the Dakar framework for action and the Millennium declaration; hence these authorities and educators are benefited from the findings of the present study. Specifically the outcomes of this study help Ministry of Education, Regional Education offices primary school heads, teachers, students, and other concerned bodies in primary school to design preventive, intervention and rehabilitative measures regarding the implementation of Millennium development goals, and issues and challenges affecting its implementation. Furthermore, the researcher believes that this study has the following significances: it provides information to policy makers and primary education level educational officials about the implementation of Millennium development goals.

4. STATEMENT OF THE PROBLEM

In Ethiopia, after the overthrow of the military government in 1991 since then education has been a development priority on the national agenda. Ethiopia has expressed its commitment for achieving the Education for All (EFA) goals in different forums and the Framework for Action for Meeting Basic Learning needs and the goals subsequently set in the Dakar Framework for Action adopted in 2000. Along with "Education for All", Ethiopia is also committed to pursue eight time bound and specific targets under the Millennium Declaration which it signed on September 2000. The Declaration, in general, aims to reduce poverty by half in 2015. In Ethiopia there is no separate EFA plan and education development and education reform initiatives are integrated into national strategic plans, policies and programs for education. Planning within the education sector is in the form of an Education Sector Development Plan (ESDP). The Education Training Policy (ETP) and Education Sector Strategy and programmes are addressing the problems of access, equity, quality, and relevance in education (Transitional Government of Ethiopia, 1994; Ministry of Education, 1996). To solve these problems the government policy has planned and implemented three education sector development programmes (ESDP-I, 1997/98–2000/01, ESDP-II, 2002/03–2005/06 ESDP-III) and the fourth one is under implementation the period for its plan is 2010/11–2015/2015. The Education Sector Development Programmes provide a sector-wide policy and implementation framework for educational development.

Progress toward Education for All is one of the defining development challenges of the 21st century. The past five years have witnessed a marked slowdown in the rate of progress towards universal primary education. Compared with the first half of the decade, progress has halved. If current trends continue, there will be more children out of school in 2015 than there are today. This shows as there are challenges to reach the goal of primary schooling completion by 2015.

Now, only about three years are left to reach the time boundary for achieving the EFA Goals. Hence the current EFA's status of Ethiopia and its challenges need investigation in order to take measures (by all the concerned bodies) which accelerate the growth towards EFA goals by minimizing the problems hampering the achievement of these goals within the time interval. It is with this rationale the researcher tried to conduct this study. To this end, the following four basic research questions were set:

1. How close or far Ethiopia is from the achievement of EFA goals with respect to access, equity, quality, and educational efficiency?
2. What are the major problems/challenges encountered in achieving the EFA goals?

5. OBJECTIVES

The main objective of the study is to critically analyze the extent to which EFA goals are being addressed in Ethiopia and identify the major challenges/factors encountered in achieving the goals and thereby to recommend policy options for achieving the EFA goals. The specific objectives of the current research include to: examine how close or far Ethiopia is from the achievement of EFA goals, assess the efforts so far made by the Ethiopian Government towards the achievement of EFA Goals, identify the major problems encountered in achieving the EFA goals, and to investigate the things that would be required to achieve EFA Goals in terms of educational policy.

6. RESEARCH METHODOLOGY

As mentioned earlier the principal objective of the present study is to assess the level of achievement of EFA goals by Ethiopia and to investigate the major factors that hinder the achievement of EFA goals. To get reliable and adequate information the researcher employed descriptive survey method, because it is relevant to gather detailed description of the existing conditions, current practices, concerns, or interests of some group of people (Gay & Airasian, 2000). In this research study, there are both primary and secondary sources of data. The primary sources of data were educational personnel. The secondary sources were relevant documents (Educational Statistics Annual Abstracts) and printed literature. Participants at the World Conference on Education for All in Dakar 2000 agreed to achieve quality basic education for all within 15 years (by 2015). The partner countries including Ethiopia are making efforts from 2000/01 to 2010/11, for eleven years to achieve the EFA goals. Thus the eleven years Ethiopia's EFA progress documents can be found. However, the most recent past five years (2005/06 to 2010) governments' documents (45.5% of the total documents) were purposively selected to examine the current status of EFA progress in the country. To get supplementary data semi-structured interview was conducted with three educational persons. The data obtained from documents were statistically analysed. Accordingly, percentages and averages were calculated.

7. RESULTS AND DISCUSSION

The main purposes of this study were to examine how far or near Ethiopia is in achieving EFA goals and identify the major constraints that hinder the achievement of EFA goals. Thus, the data used in this study were collected from education statistics annual abstract (EMIS Ministry of Education 2010 Addis Ababa, Ethiopia). In order to meet these purposes the following four basic questions were set:

1. How close or far Ethiopia is from the achievement of EFA goals with respect to access, equity, quality, and educational efficiency?
2. What are the major problems/challenges encountered in achieving the EFA goals?

To answer solutions for these questions, study was conducted on the past five years Ethiopia's trends in achieving EFA Goals. The data regarding the indicators of the achievement EFA goals (access to education, equity, quality and educational efficiency) over the most past five years were mainly gathered from documents and through interview from educational personnels. The data obtained were analysed using percentages and averages. The results of the study obtained based on the analysis of the collected data are discussed here under:

7.1 ACCESS TO EDUCATION

ENROLLMENTS OVER THE PAST FIVE YEARS: As can be seen from chart below the kindergarten school enrollment rose from 219,068 in 2005/06 to 341,315 in 2009/10. By 2005/06, the number of primary school pupils was 13,474,674 (45.3% were females) and it grew to 15,792,103 (47.3% were females) in 2009/10. In secondary school enrollment rose from 190,106 in 2005/06 (35.2% were females), to 1,695,930 (42.5% were females) in 2009/10. In the case of Technical and Vocational Education 123,557 students were attended in 2005/06 and 353,420 in 2009/10. In higher education, enrollments have also ballooned from 180,117 in 2005/06 to 434,659 students.

Generally, over the past five years (except for the last two consecutive years) the enrollments of students in Ethiopia had increased at all educational levels for both sexes. In both primary cycles the average annual growth rate is higher for girls than boys. However, the rate of enrollment for boys is still greater than that of girls. There has been a 30.0% for TVET, 24.7% for higher education undergraduate, 22.3% for higher education-postgraduate, 9.3% for secondary and 5.7% for primary education average annual increase in enrolment over the most recent past five years. The enrollment in pre- primary level is very less than it should be to promote access to early child hood education so the discussion of sub- sectors at this level is ignored in the other sections.

CHART 7.1 A: THE FIVE YEARS TREND OF ENROLLMENT AT KINDERGARTEN LEVEL

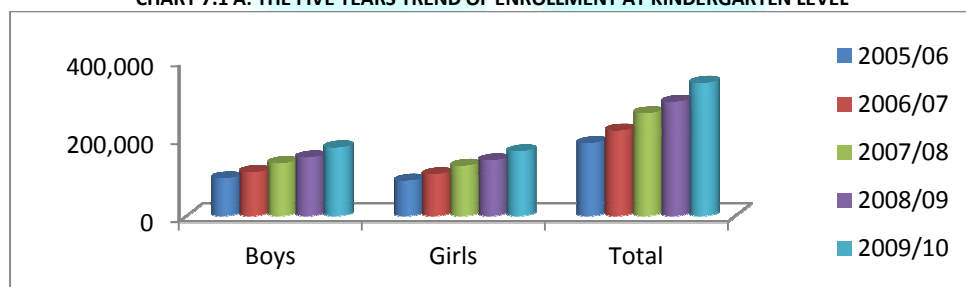
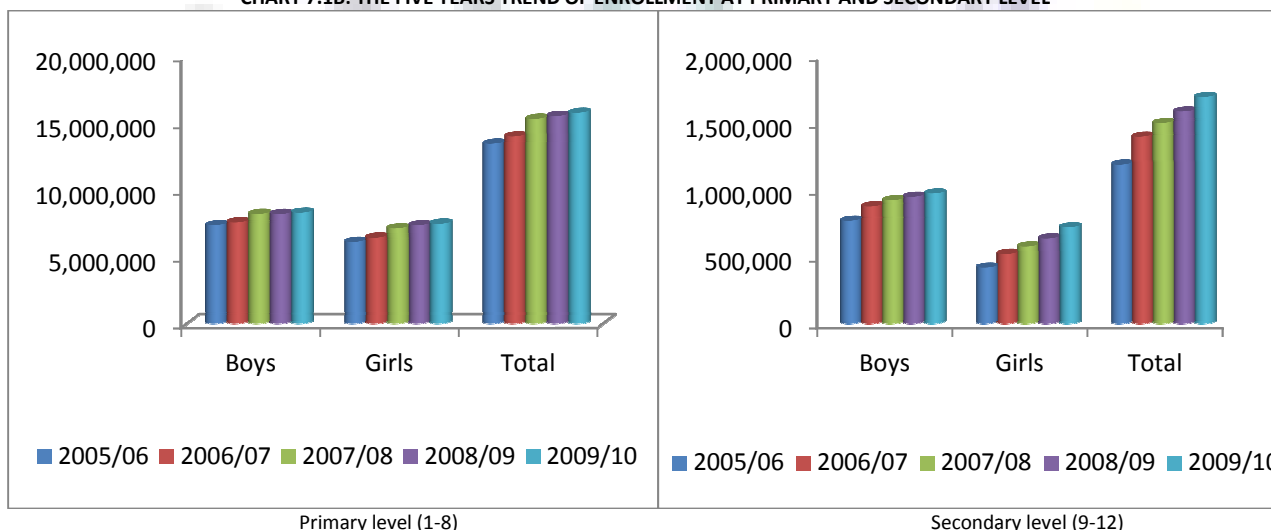


CHART 7.1B: THE FIVE YEARS TREND OF ENROLLMENT AT PRIMARY AND SECONDARY LEVEL



TRENDS OF REGIONS STUDENT ENROLLMENTS OVER THE PAST FIVE YEARS: As presented in chart 7.1A and 7.1B the enrollments of students in every region had increased over the past five years at all educational levels (with exception in few years). Increment in students enrollments vary strongly from region to region, ranging from 1.3% to 28.3%. Comparatively Average Annual Growth Rate in primary student enrollments for Somali (28.3%) and Afar (23.3%) is very high, but it is very less than the national AAGR increment (5.7%) for Addis Ababa (1.3%). Secondary AAGR in student enrollments in Harari (45.3%) is very high, and it is high in Somali (23.2%) compared to the national AAGR increment (9.3%) over the past five years. The increment in the remaining regions is also greater than the national increment.

7.2 GROSS ENROLLMENT RATE (GER) OVER THE PAST FIVE YEARS

GER is the percentage of total enrolment in a given level, irrespective of age, out of the corresponding school age population for that level. GER is a crude measure of school coverage, usually, since it includes under-aged and overaged pupils. It is a common indicator for measuring coverage and can be higher than 100%. As can be seen in chart 7.2A below, the growth in enrollment has in turn increased the national GER, at all levels in the system for the last five years from 2005/06 to 2009/10. GER for the first cycle primary schools (1-4) has increased by 1.2 %, while the second cycle (grades 5-8) has increased by 6.7 %. Overall the GER for complete primary level (1-8) has increased by 2.1 %. While an increase in GER for the first cycle secondary schools (9-10) is by 5.9 % and it is by 3.1 % for the second cycle secondary schools (10-12) and by 5.9 % for the whole secondary level (9-12). Generally GER for primary level, 1-8(except for the last two consecutive years) and secondary level (9-12) is increasing. Although it is clearly observable that primary GER, which was only 51% in 1999/00, is almost doubled in 2009/10 (93.4 %). The same is true for secondary education (GER has changed from 11.2% to 24.6% between 1999/00 and 2009/10). The increment for females is also encouraging, GER for female students was below 50% in 1999/00 and this was raised to 90.1 % in 2009/10 at primary level and from 11.2% to 22.3 %, at secondary level between these years. However many primary school aged children (3.4% of male and 9.9% of female) is still out of school.

CHART 7.2A: THE FIVE YEARS TREND OF GER IN PERCENT AT KINDERGARTEN LEVELS

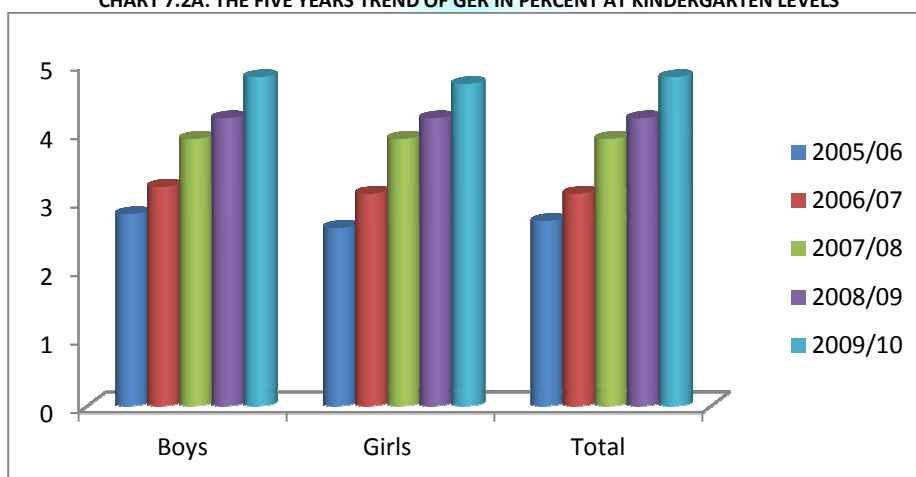
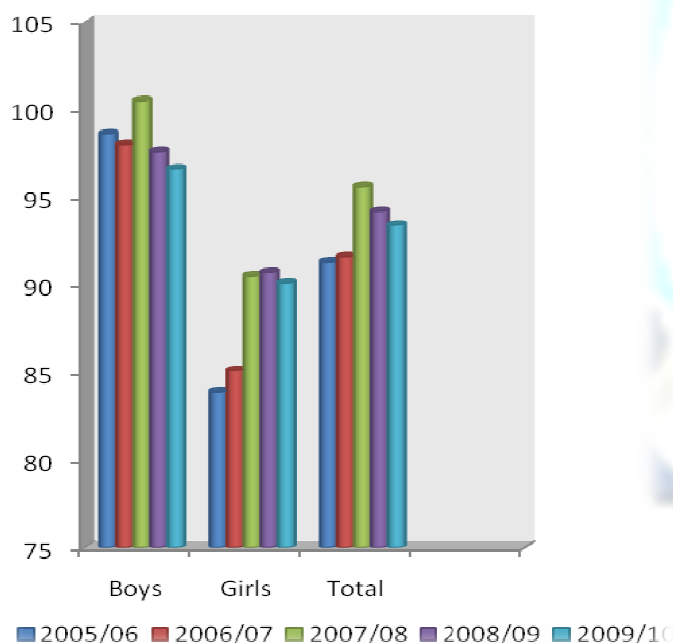
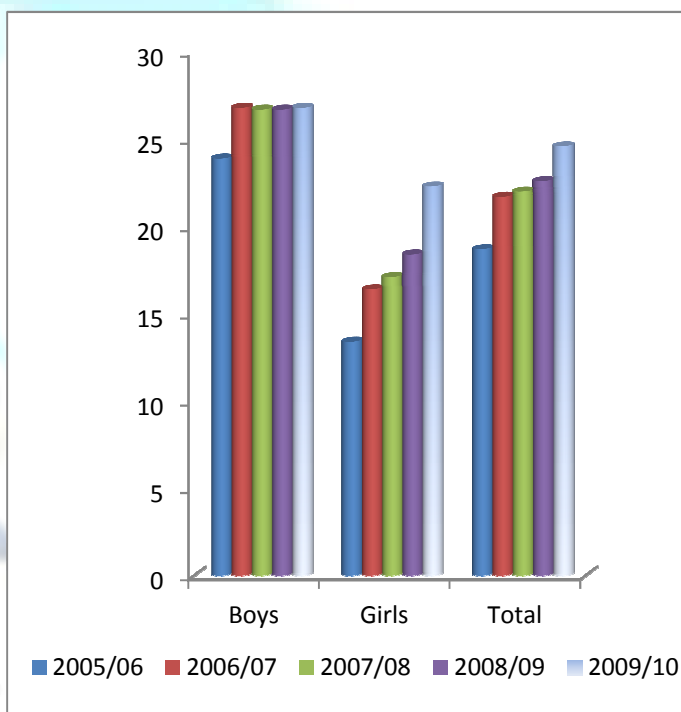


CHART 7.2B: THE FIVE YEARS TREND OF GER IN PERCENT AT PRIMARY AND SECONDARY LEVELS



Primary GER (Grades 1-8)



Secondary GER (Grades 9-12)

Trends of regions gross enrollment rates over the past five years -regions GER is generally increasing except for two consecutive years (2008/09 and 2009/10), in which the increase for primary GER in majority of the regions (Addis Ababa, Afar, Dire Dawa, Harari, Oromiya, SNNPR, and Tigray) is declined. By 2009/10 GER in more than half of the regions is above 100%. However, primary GER for Afar (39.3%) and Somali (65.6%) which is still far from the national GER (93.4%) show the presence of regional disparity in access to universal primary education.

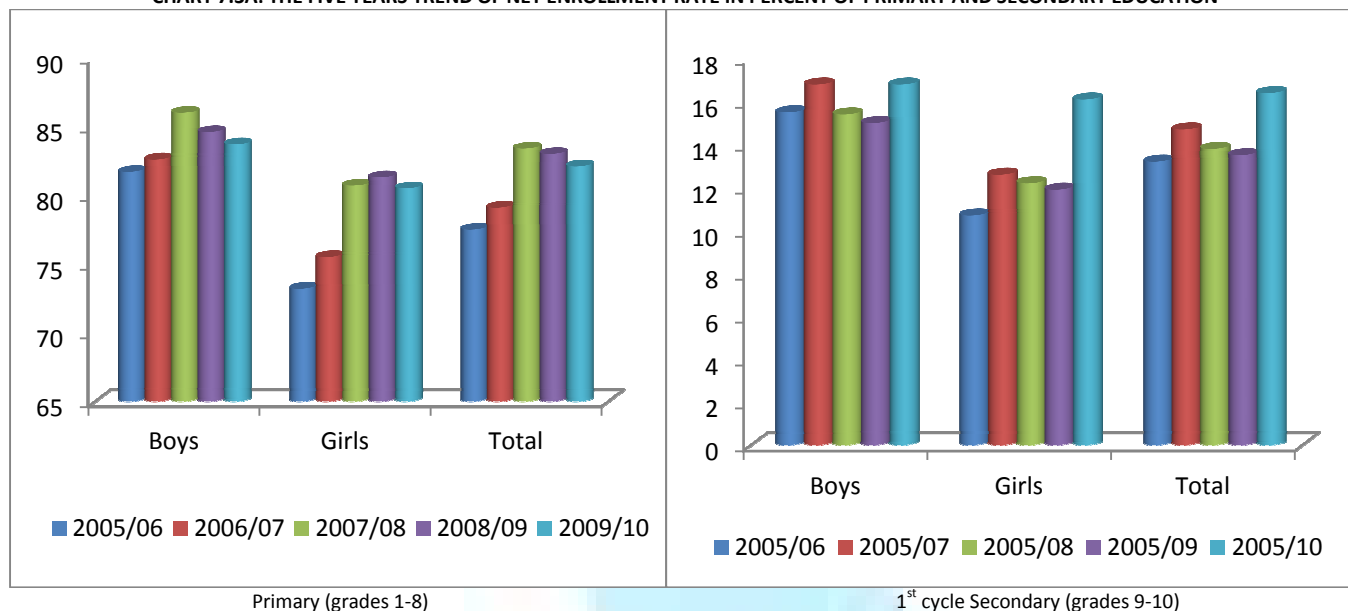
Concerning secondary GER, the regional GER is un evenly increasing over the past five years in all regions and it is much less than 55% except in Addis Ababa(81.9%), Gambella (58.0%) and Harari (66.9%) in 2009/10, particularly the GER in secondary student enrollments in Somali (9.2%) and Afar (6.4%) is comparatively very low and far from national GER (39.1) showing that as there is regional disparity in access to universal secondary education too. GER is not good indicator of primary school coverage for it includes the over- and under-aged children.

7.3 NET ENROLLMENT RATE (NER) OVER THE PAST FIVE YEARS

Net Enrollment Rate is the best way of measuring school coverage and refined indicator of access. It explains the proportion of students enrolled in terms of official age group for the particular level and it is usually lower than GER. One of the key criteria for UPE is the achievement of Net Enrollment Ratio (NER) closer to 100%.

As can be seen in chart below primary Net Enrollment Rate increased from 2005/06 to 2007/08 and decreased for the last consecutive two years. Secondary first cycle NER increased about 3 percentage point's level between 2005/06 and 2009/10. Net Enrollment Rate is ideally 100%. Thus, the national primary NER (82.1%) in 2009/10 is closer but, the secondary first cycle NER (16.4% in 2009/10) is very far from 100 percent. Beside this there is discrepancy between GER and NER for both primary and first cycle secondary level in enrollments; this indicates the presence of over aged-students who enrolled in these levels.

CHART 7.3A: THE FIVE YEARS TREND OF NET ENROLLMENT RATE IN PERCENT OF PRIMARY AND SECONDARY EDUCATION



Trends of Regions Net Enrollment Rates -As indicated in chart about half of the regions' (Tigray, SNNPR, Gambella, Ben-Gumuz and Amhara) primary NERs rank high, it exceeded the 2009/10 national NER (82.1%). Primary NERs for the remaining regions are low. Specially, it is very low and far in Afar (30.4%) and Somali (50.8%) from the national NER. The girls NER exceed that of boys in only two regions Amhara and Tigray. The gender gap in five is high region primary schools, Ben-Gumuz, Harari, Gambella, Somali, and SNNP.

To sum up, access to education as indicated by enrolment tables and charts, is increasing in all educational levels for both sexes in general and in complete primary schools in particular over the most past five years. Secondary-school enrolment has also increased but remains very low. The national GER percentage for primary level reached 93.4 % in 2002-2003 by increasing 13.6 percent points from the base year GER, 79.8%, though the current status for the overall primary GER is less than the ESDP target (118.3%) by 16.3% for the year, moreover, primary second GER (65.5%) is very far from the target (100.2%), by 35.5% for the year, due to this and other reasons even if the current status of GER for secondary level is reached to the target it is relatively very low (39.1%). The national NER is closer to 100% for the complete primary level (82.1%) and its first cycle (86.6%) but it is very far in primary second, secondary first and second cycles. In addition to this both GER and NERs vary within the country's regions students' enrollments at primary and secondary levels and there is a high gap between regions those which are closer and very far from the targeted GER (disadvantaged regions, Afar and Somali.).

7.4 EQUITY

GENDER DISPARITY: Gender parity refers to a numerical concept (such as figures of participation in education). Full gender equality would imply that girls and boys are offered the same chances to go to school and that they enjoy teaching methods and curricula free of stereotypes and academic orientation and counseling unaffected by gender bias (UNESCO EFA Report, 2004).

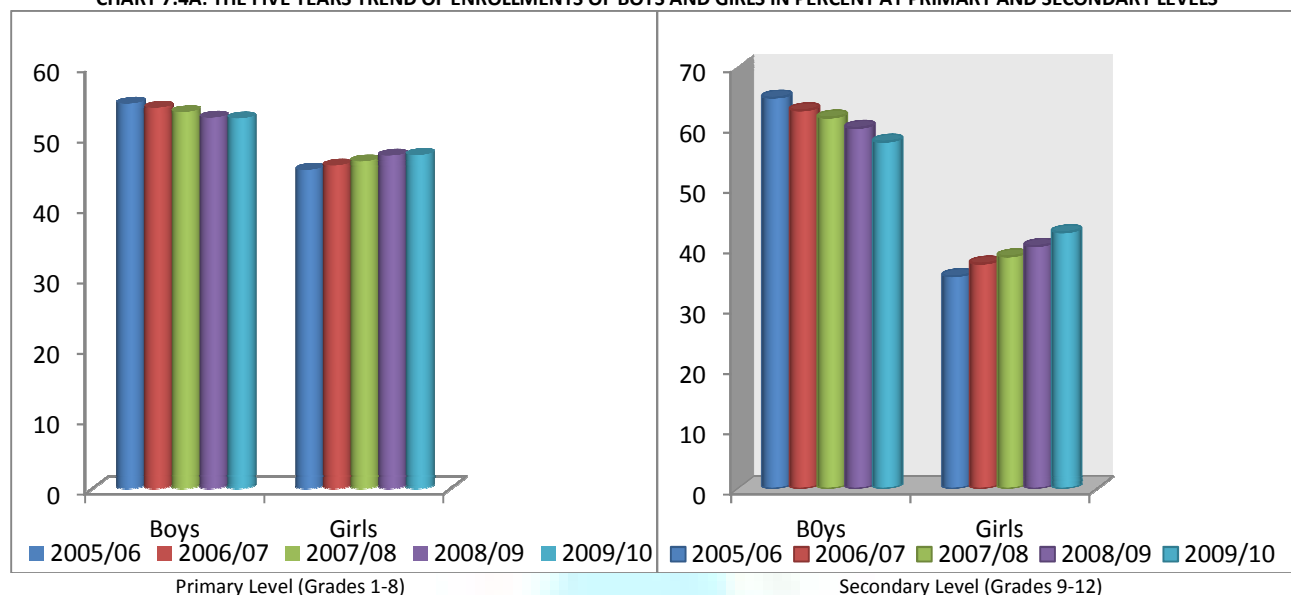
As shown earlier Primary GER and NER for regions vary, GER ranges from 125.1 % to 39.3% and NER ranges from 30.4% for Afar to 98.9% for Ben-Gumuz. GER is above 100 percent for Addis Ababa (107.5%), Amhara (105.5%), and Gambella (125.1 %). However, primary GER for Afar (39.3%) and Somali (65.5%) respectively is very far from 100 percent. Concerning regions 2009/10 secondary GER, it is low except for Addis Ababa (81.9%), Harari, (66.9%), Dire Dawa (53.2%), Tigray (52.7%) and Gambella (58.0%). Relatively secondary GER for Afar and Somali is very small (30.4%) and Somali (50.8%).

As can be seen from Table 7.4A and Chart 7.4A Girls' participation in primary and secondary education is generally, increasing (by 6.2% at complete primary schools between 2003/04 to 2009/10) with boys participation, and the gender gap is narrowing over these five years, it fell from 14.7% in 2005/6 to 6.5% in 2009/10 for primary, and from 10.5 to 4.5% for secondary education enrollment. Table 4 shown that the disparity index which is the best predictor of achieving the EFA goals in general and gender parity in particular for both cycles of primary levels and secondary first cycle is closer to 1. Whereas it is lower than 1 for secondary second cycle (0.56). This implies that the gender gap is wider in secondary than primary level.

To consolidate, children participation in education in some regions (Addis Ababa, Amhara and Gambella) in terms of Primary GER is above 100%, but it is far from hundred in Afar (39.3%) and Somali (65.5%). Secondary GER for these regions is also relatively smaller. All this indicate primary and secondary education disparity within regions.

Both the national and regional Girls' participation trend show that the gender gap is narrowing in both primary and secondary levels. Though, the gap is wider in secondary, particularly in secondary first cycle (GPI = 0.56) than in primary level indicating that girls' participation is by about 28.6% lower than boys in the level. The gender gap among regions' primary schools is very low, even in disadvantaged regions it is less than 5% (1.4% for Afar and 4.2% for Somali in 2009/10). In 2009/10 regions' secondary gender gap is greater than 15% in Ben-Gumuz about 10% in Gambella, Harari and Somali and it is less than about 5% for other region except in Tigray (girl's enrollment exceed than boys by 0.2 %). Thus, the gap is wider than the primary level and varies within regions secondary schools.

CHART 7.4A: THE FIVE YEARS TREND OF ENROLLMENTS OF BOYS AND GIRLS IN PERCENT AT PRIMARY AND SECONDARY LEVELS



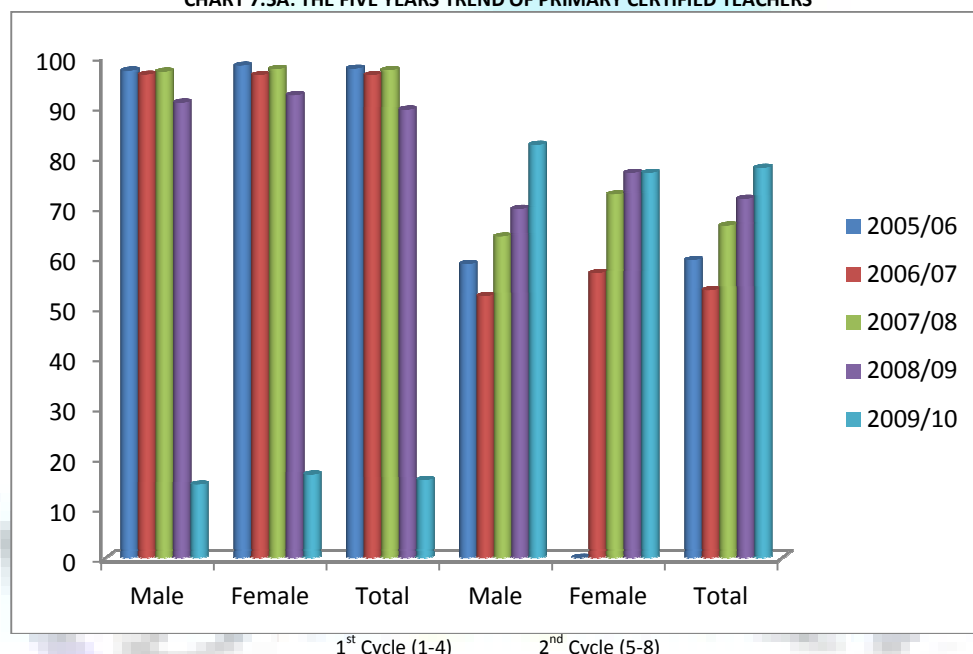
7.5 QUALITY

Many educators measure the quality of education in terms of input, process and output. Although process and output are equally important, they are not good measures in very poor countries like Ethiopia where the minimum amount of input are not available. Thus, this section presents the result concerning quality in terms of input which is believed to be strongly determined by the material and human resource.

Human resource: Certified teachers -Teachers are one of the major quality input. In addition to sufficient teachers, certified/trained teachers are also important to the education system. According to national standards, the primary education (1-8) requires teachers with minimum qualification from College of Teacher Education (CTE) and a minimum degree qualification for secondary education ((9-10).

As indicated in chart 7.5A below it has been a rapid growth in certified teachers (rose from 59.4% to 77.8%) for the upper primary (2nd cycle, 5-8), but a decline (from 96.3% to 15.5%) in lower primary (1st cycle, 1-4) in the past five years, the reason is that since 2009/10 teachers with Training Institution (TTI) certificates are not considered as qualified teachers for the first (1-4) primary level. In 2009/10 the proportion of qualified secondary school (9-12) teachers reaches 77.4%. Thus, 84.5 percent of teachers who are teaching in first cycle primary and above 20 percent of teachers who are teaching in second cycle primary, and the secondary cycles are unqualified for these levels.

CHART 7.5A: THE FIVE YEARS TREND OF PRIMARY CERTIFIED TEACHERS

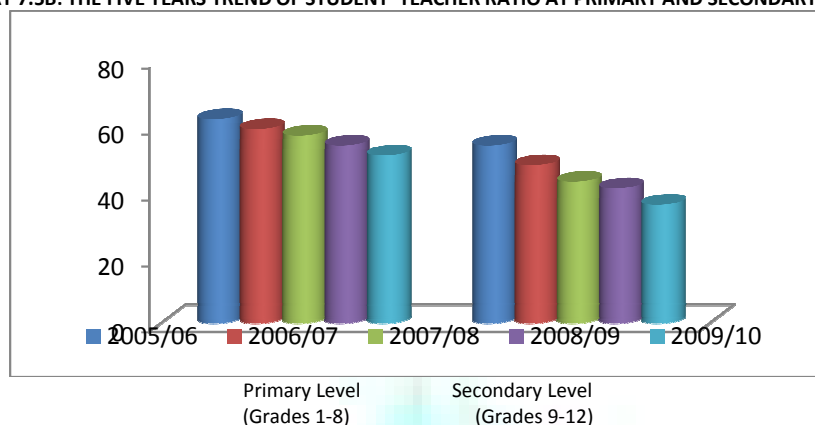


CERTIFIED TEACHERS BY REGIONS: As can be seen in chart 7.5B most of the second cycle primary school teachers in regional level are trained. There is considerable variation by region in the percentage of qualified teachers. Ben-Gumuz (88.5%), and SNNPR (87.3%) had the highest primary trained teachers and Somali had the least (27.2%, much lower than the national, 77.8%) in this level. Dire Dawa, Amhara, and Tigray had the highest secondary trained teachers 90.8%, 89.0%, and 87.1% respectively. Whereas the percentage of qualified teachers in SNNPR (59.5%), Somali (51.7%) and Afar (66.0%) which are below the national level, 77.4%, for the level in 2009/10.

Student-Teacher Ratio (STR): In Ethiopia the standard set for the student-teacher ratio is 50 and 40 for the primary and secondary levels respectively. Chart 7.5B below indicates the student-teacher ratio increasing trend at national level from 62 in 2005/06 to 56 in 2009/10 at primary level. It was also increased from 54 to 36 at the secondary level over the past years. In 2009/10 the national STRs for the first cycle primary (56) and second cycle primary (46) and for secondary level, 9-12 (36) are respectively almost equal and exactly equal to the national standard.

Though, for the first cycle primary for Oromiya (62), Somali (76), and SNNPR (64), Somali, SNNP, and for its second cycle in Tigray (43), Amhara (43), Oromiya (43), Somali (73), SNNPR (54), and Gambella (47) and for secondary level in Tigray (41), SNNP (42), Oromiya (39), and Amhara (36) regions are below the national average. Thus, there is regional discrepancy in terms of primary and secondary student-teacher Ratios.

CHART 7.5B: THE FIVE YEARS TREND OF STUDENT-TEACHER RATIO AT PRIMARY AND SECONDARY LEVELS



TEACHERS' SALARY: Countries that have achieved high learning standards have invested steadily in the teaching profession. But in Ethiopia, teachers' salaries relative to those of other professions is too low to provide a reasonable standard of living. This enforces teachers to do additional job. The additional teachers' private job which helps them to overcome their economic problems shares their spare time. Thus, the sharing of teachers' spare time to private job has negative impact on inadequacy of teachers' preparation for teaching.

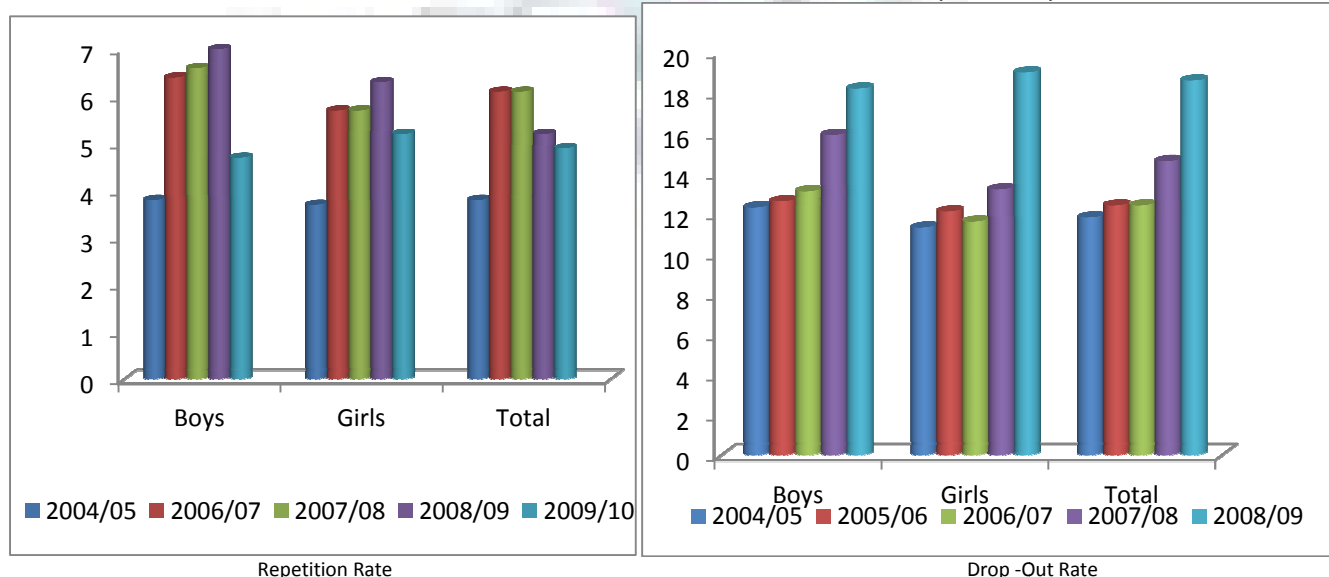
MATERIALS: SCHOOL FACILITIES: School facilities have impact on access, quality, efficiency and equity. According to regional schools reports there are 26,951 primary schools (including schools which have no the second cycle, 5-8) and 1,355 secondary schools in Ethiopia in 2009/10. Out of these 26.5% of primary and 34.9% of secondary schools use a shift system. 37.4% of primary schools and 69.9% of secondary schools have water facilities. The proportion of primary and secondary schools that have clinics are 14.5 and 33.4 respectively. 50.7% of the primary schools have pedagogical centers. The percentage of secondary and primary schools that have libraries are 37.3 and 86.42 respectively. All of the secondary and more than 90% of primary schools have latrines. 74.0% secondary schools have electricity, with the largest percentage in Addis Ababa, however only 21.4% of them have internet access (Education Statistic Annual Abstract 29/9 p. 37 and 47.).

To sum up, the proportion of trained teachers is increasing in the past years, though in 2009/10 77.8% of the first cycle primary school (grades 1-4) of the teaching force met the national minimum standard, whereas only 15.5% of teachers teaching at the second cycle (5-8) meet the specified standard, thus 22.2% of the first cycle and 84.5% of the second cycle primary school teachers and 22.6% do not meet the national minimum standard in 2009/10. Furthermore, the distribution of teachers is unequal within the regional states, with disadvantaged regions typically receiving unqualified teachers particularly at the second cycle primary and secondary schools. For example SNNPR had the highest (87.3%) primary trained teachers and Somali had the least, 27.2%. Dire Dawa had 90.8% secondary trained teachers whereas Somali had 51.7% in 2009/10. The student-teacher ratio in all regions except Oromiya, Somali, and SNNPR, for the first cycle primary, Tigray, Amhara, Oromiya, Somali, SNNPR, and Gambella for the second cycle, and Tigray, SNNPR, Oromiya, and Amhara for secondary level are below the national average in 2009/10. In addition to this in Ethiopia, teachers' salary relative to those of other professions is too low to provide a reasonable standard of living. Concerning school facilities, more than 65% of primary and secondary schools use a double shift system. The majority (62.6%) of primary and 30.1% of secondary schools have no water facilities. In the country more than 60% of the schools in both levels have no clinics. About 10 and 50 percent of the primary schools also have no latrines and pedagogical centers respectively. There is also no internet access in the majority, 78.5% of the secondary schools. Thus, there is a problem in school facilities such as water, clinic, latrine, pedagogical center and lack of internet access in various primary and/or secondary schools of the country in general, and in regional schools in particular.

7.6 EDUCATIONAL EFFICIENCY

High rates of repetition and dropout lead to inefficiency and wastage of scarce resources. Making high investment in education on its own does not guarantee desirable results. If the benefits of investment in the education sector are to be optimized wastage would have to be avoided or at least minimized. Repetition and drop-out rates are commonly used to measure the efficiency of the education system in producing graduates. Chart 7.6A shows that the overall repetition rate for primary, grades 1-8 in the country has raised from 3.8% in 2004/05 to 6.7% in 2007/08 and further dropped to 4.9% in 2008/09 and the overall drop-out rate for this level has raised from 11.8 per cent in 2004/05 to 18.6 percent in 2008/09, and the primary school completion rate reached 75.6 percent for grade 5 and 47.8 for grade 8 in 2009/10. As indicated in the chart the primary repetition rates of regions range from only 0.8% for Dire Dawa to 17.2% in Somali and 1.8 for Addis Ababa to 13.0% for Benshangul in 2009/10. All regions repetition rates except Gambella (12.6%), Benshangul 13.0% and Somalia (17.2%) have less than the national level 4.9%. An interesting point that the table reveals is that in all the regions, with the exception of Gambella, Harari and Oromiya the repetition rate was lower for girls.

CHART 7.6A: THE FIVE YEARS TREND OF REPETITION AND DROP OUT RATES FOR PRIMARY LEVEL (GRADES 1-8) IN PERCENT BY GENDER



Pupil – Section Ratio (PSR): The PSR is generally an efficiency indicator. The PSR is 57.4 for the year 2009/10, which is higher than the target set in ESDP III (50) for this year.

Education Budget and Expenditure: The Government of the Federal Democratic Republic of Ethiopia continuously increased funds to education a percentage of total spending over the past years, reaching 25.4% in 2009/10, which exceed the ESDP III target (20.2%) for this year by 5.2%. There is an increasing trend in regions too.

To summarize, in Ethiopia currently (2009/10), the overall primary, drop-out and completion rates for primary level (grades 1-8) reached 4.9, 18.6, and 75.6 percents. There is regional discrepancy, the repetition rate ranges from 0.8% to 17.2%. Pupil – Section Ratio and Education Budget and Expenditure are higher than the target for 2009/10.

7.7 CHALLENGES THAT HINDER THE ACHIEVEMENT OF EFA GOALS

As mentioned by interviewee (officers in ministry of education) the major problems hindering the achievement of EFA goals in Ethiopia include:

1. lack of regions capacity in implementing strategic actions;
2. lack of finance;
3. lack of clarity in the previously planned strategies;
4. lack of regions scarification to the achievement of EFA goals;
5. regional discrepancy in achieving the indicators of EFA goals;

In line with these problems the following possible majors were recommended to solve these problems:

- Continuous capacity building should be provided to regional officers;
- The structure of the education system need to be revised in order to achieve the EFA goals by 2015 using the existing budget;
- Motivating regions to put extensive efforts and scarification for achieving EFA goals by 2015;
- Setting different time boundary for disadvantaged regions (Afar and Somali) of achieving EFA goals.

8. RECOMMENDATIONS

Based on the major findings the conclusion drawn, the researcher forwarded the following recommendations:

- Every region and the other concerned bodies has to make extensive efforts to raise the national primary GER to at least 100 percent within the coming two years.
- Every region and the other concerned bodies have to make extensive efforts to raise the national secondary GER to approach 100 percent within the coming two years.
- Every region and the other concerned bodies have to investigate the reasons for the declination of primary NER for the two most past consecutive years and take the required measure.
- Every region and the other concerned bodies should do more to dramatically increase primary second and secondary cycles GER and NERs to approach 100 percent within the coming two years.
- Special attention should be given for regions with GER and NERs that are far at least from the national average value in general and the disadvantaged regions (Afar and Somali) in particular.
- The trend of experience sharing among regions should be promoted to achieve the Education for All (EFA) goal.
- Educational officers, parents and other stake holders should to do more and hand in hand to bring the trend of enrolling school-aged children on- time particularly from the grass- root, pre- primary level.
- Every region and the other concerned bodies should plan different strategies and more in enhancing and continuously encouraging girls' participation in all education system.
- The Ministry of Education should train unqualified primary and secondary school teachers of all regions in order to enhance the quality of education provided to the students.
- More efforts should be done by regions and supporting agents, (like Federal Government, parents and other stake holders) to supply sufficient teachers to regions with high primary and secondary Student– teacher Ratios in order to produce students of equivalent knowledge at a given level in different regions.
- The Government has to increase teachers' salaries to prepare well and do additional academic job in their in spare time in schools in order to enhance the quality of education provided to primary and secondary students.
- The concerned bodies (Federal and Woredas officers, parents at local level etc.) should to put more efforts to enhance the primary and secondary school facilities in order to enhance the quality of education in general and the performance of students in particular in these schools.
- The concerned bodies (Federal and Woredas officers, parents at local level etc.) should to put more efforts should put efforts and do more to minimize wastage of scarce resources by reducing repetition and drop-out rates of regional schools, particularly schools with high rates.
- Continuous capacity building should be provided to regional officers; the structure of the education system needs to be revised, and regions should be motivated to put extensive efforts and scarification, for achieving EFA goals by 2015.
- Setting different time boundary for disadvantaged regions (Afar and Somali) of achieving EFA goals would raise the status of indicators of EFA achievements of the country.

9. CONCLUSIONS

Based on the major findings of the study the following conclusions were made:

- The national GER for second cycle primary (65.5%) in Particular in the current year would make the country to be far from 100 percent in enrollment by 20015.
- The very low national secondary GER (39.1%) in enrollment would negatively affect enrollment rates of post secondary educational levels in the future.
- The decline trend in national primary NER for the two most past consecutive years (2008/09 and 2009/10) has negative impact on Ethiopia's progress in the reduction of number of out -school children.
- The lowest national GERs and NER (which is very far from 100 percent) for primary second, secondary first and second cycles would hinder country to achieve universal primary and secondary education by 2015.
- The high gap between advantaged and disadvantaged (Afar and Somali) regions primary and secondary GER and NERs would extend the time for the achievement of universal primary and secondary education for all goal.
- The discrepancy between GER and NERs has effect on the number of over aged students at educational levels
- The low Gender Parity Index of the primary and secondary cycles, particularly in secondary first cycle would make the gender disparity high at levels, in turn in post second- secondary level and extend the time of achieving the EFA goal of gender parity and equality by.
- The presence of unqualified primary and secondary school teachers would negatively affect the quality of education system in all levels.
- The presence of regional discrepancy in terms of primary and secondary Student– Teacher Ratios would result differences in quality of education provided to the same level.
- Inadequacy of teachers' preparation for teaching and additional school academic because of spare time private job to overcome their economic problems has negative impact on the quality of education.

- Problems of school facilities (such as water, clinic, latrine, pedagogical center and lack of internet access) negatively affect the attractiveness of the school, which in turn affect the quality of education in general and the performance of students in particular.
- The existence of schools with higher repetition and drop-out rates in the country in general and in regions in particular would lead to wastage of scarce resources.
- Lack of regions capacity in implementing strategic actions, finance; regions scarification to the achievement of EFA goals; and regional discrepancy in achieving the indicators of EFA goals would hinder the achievement of EFA goals by 2015 in Ethiopia.

10. LIMITATIONS

The primary purpose of this study is critically analyze the extent to which EFA goals are being addressed in Ethiopia and to identify the major challenges encountered in achieving the EFA goal. The focus of the investigation was in primary and secondary school, and therefore the findings cannot be generalized to all levels of education.

11. SCOPE FOR FURTHER RESEARCH

The researcher believes that, it would be better to examine the implementation of Millennium development goals in all levels of the country. Most reliable and valid information can be found if one could do so. However, due to constraints of time, financial and materials, as well as to make study more manageable and to complete the study within the available time the dimension of this study is confined to Ethiopian primary and secondary education.

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ROLE AND CHARACTERISTICS OF THE URBAN INFORMAL SECTOR IN ETHIOPIA: A STUDY BASED ON NATIONAL HOUSEHOLD SURVEY

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ABSTRACT

Despite availability of ample empirical evidence on economic role of the urban informal sector to low income households of developing countries in general, evidence is limited in the Ethiopian context, and development programs and plans have failed to integrate the sector into the overall development effort. This study used household survey data to explore the role & characteristics of the informal sector in urban centers of Ethiopia. Data were analyzed using simple descriptive statistics such as means and percentages, and the results show that 1) informal sector employment significantly increased, 2) some production activities increased while others decreased, 3) shortage of capital was found to be the major factor limiting work participation in the sector, and the financing of the sector mainly came from informal sources, 4) the level of income per person varied sharply among the various sectors, and finally, many of the findings are not consistent with the conventional theory on urban economy and employment in general and the informal sector in particular.

JEL CLASSIFICATION

E24, J21, O17

KEYWORDS

Employee, establishment, informal sector, operator, urban center.

1. BACKGROUND TO THE PROBLEM

Review of works on the urban informal sector in a historical perspective shows that until about the 1960s, the sector was equated with the multitude of people whom one sees crowding the city streets, side walks, and back alley in the less developed countries (Reynolds (1969) cited in Mathur (1989). Its role in absorbing labor and its participation in wide range of activities were either ignored or not recognized by policy makers. However, subsequent research in the 1970s by WEP of ILO revealed that the sector was not a symptom of underdevelopment [Mathur, 1989; see also Bacchetta, 2009]]. According to Sethuraman (1981) cited in Mathur (1989), it was shown that first, the informal sector was quantitatively very significant in developing countries. Second, it was not a temporary phenomenon as postulated in the early migration and employment models. Third, it was not dominated by petty traders and shoeshine boys but rather consisted of diverse activities. Fourth, it was not a sector of last resort, in the sense that in many activities the incomes earned in the informal and formal sectors were similar.

As a result, the 1980s have seen the informal sector enter to a different phase with many governments adopting policies to enhance the efficiency of programs for the informal sector enterprises, including strengthening the small enterprises' abilities to negotiate for access to better inputs, markets, and prices (Mathur, 1989). According to Moser (1984) cited in Mathur (1989), there is now increasing recognition that the economic benefit of the urban informal sector far outweighs its costs. The issue that now confronts the governments of developing countries is not whether the informal sector exists, but rather what should be done to make it more efficient and productive, and to integrate it into the mainstream of the economic development process.

As a developing country, the Ethiopian urban economy is largely characterized by the informal sector. According to the Central Statistical Agency of Ethiopia (CSA hereafter) statistical report on the national labor force survey, 50.6 per cent of the total national urban labor force of the country is employed by the informal sector (CSA 1999; see also Alemayehu and Befekadu 2005 for similar report). As a result, the Ethiopian government has given sympathy to the sector, but there are still harassments prevailing against some informal sector operators such as street vendors, for example. In addition, employment is just one of the information needed for policy response; there are several other issues to be considered, which the abovementioned survey for Ethiopia has not included.

In this regard, Mathur (1989) provides a concise list of the information needed. He states that most of the information gathered in the literature of informal sector so far falls into two categories. The first comprises empirical studies on the sectoral composition of the informal sector, identified in terms of employment, output, or both. These studies focus almost entirely on the national or city levels. The second category is concerned with the branch specific activities of the informal sector. In any case of these two categories, at least five or perhaps six types of information needs are basic to developing any kind of policy or management response: the scale or size of the sector (amount of employment); the pattern of its production (output); the quantity, pattern and sources of investment; the levels of incomes and savings; the nature and extent of its linkages with the formal sector activities; and the nature of constraints within which the informal sector functions. Such empirical evidence is seriously lacking in Ethiopia and, in turn, this impedes appropriate policy responses.

2. OBJECTIVES OF THE STUDY

The general objective of this study is, therefore, to explore the role and characteristics of the informal sector in urban centers of Ethiopia in terms of size or amount of employment it provides; sectoral pattern of its production; quantity and sources of investment; levels of income generated; and the problems the sector faced. The paper does not try to explain causal connections; that is beyond the scope of this study.

The major research questions set for investigation include:

- How many persons were engaged in the informal sector activities? Was this proportion increasing or shrinking between the years considered?
- What type of goods and services (in terms of industrial activity) were produced by the informal sector? Was there a change in these between the years considered?
- What were the investment levels in the informal sector? What were the sources of investment? Were the sources formal or informal? Were there changes between the years considered?
- What were the levels of income in the informal sector? Did incomes vary between industries? Did levels of income per person relate to the level of employment by the given industry? What possible changes were observed over time?
- What were the problems faced by the informal sector activities? Were these problems constantly persistent overtime or were they changing in type and extent?

3. SIGNIFICANCE OF THE STUDY

This paper is significant in the following ways:

- Firstly, as has been discussed in the background statement to the problem, studies of urban informal sector in Ethiopia are limited. The present study is hoped to add to the empirical literature in the urban informal sector and contribute to the scientific efforts being done.

- Secondly, the study is significant to document data that would serve as a spillover for those who are interested in further research undertaking on the subject. Comprehensive studies of urban informality in Ethiopia are generally absent. It is hoped that the present study will provide useful information and serve as a baseline for further research.
- Thirdly, the study will be significant to provide policy makers and planners with data and information and assist them make informed decisions.
- Fourthly, it is hoped to trigger discussions on the efficiency and aptness of the development programs and plans of the Ethiopian government.

4. DATA AND METHOD

This study was based on data from the 1996 and 2002 household survey on the urban informal sector by the Ethiopian CSA.¹ In a national sample survey; the agency has collected demographic and socio-economic data regarding the urban informal sector from all urban areas of the country in 1996 and 2002. In the survey, sample sizes were determined using a proportional allocation technique for each urban area, based on the 1994 population and housing census report. Furthermore, it is reported that all other sampling procedures and data gathering techniques were carefully considered in the survey. The agency reports that the total figures relating to the various attributes of the urban informal sector were estimated for each urban area and for the national level as a whole based on the sample survey data. There has not been any other survey done on the urban informal sector in Ethiopia by the time this paper was written; thus this study is limited to the years 1996 and 2002.

In this study, national level data are used as estimated by the Ethiopian CSA based on the sample survey data. The statistical technique used to analyze the data is simple descriptive statistics. Data have been tabulated, and the results are discussed using means, percentages, or counts as appropriate. Tables from survey reports have been also used, but for the purpose of meeting the need of this study, various tables in the survey reports have been combined together. Data have been recomputed to serve the purpose of this study. Both theoretical and empirical literature is integrated into and used in the discussion of the results, rather than presented separately.

5. RESULTS AND DISCUSSION

5.1 SCALE OR SIZE OF EMPLOYMENT

The first point that is raised in a study of informal sector activities is the size or scale of employment provided by the sector. In this study, scale of the activity is measured by level of employment (see Table 1).

TABLE 1: INFORMAL SECTOR EMPLOYMENT BY SEX: 1996 AND 2002

Sex	Operators					Employees					Total				
	1996		2002		% Change	1996		2002		% Cha-nge	1996		2002		% Cha-nge
	N ^o	%	N ^o	%		N ^o	%	N ^o	%		N ^o	%	N ^o	%	
Male	201400	34.4	328808	41.1	63.3	54909	37.7	70276	35.5	28.0	256309	35.1	399084	40.0	55.7
Female	383511	65.6	470545	58.9	22.7	91059	62.3	127751	64.5	40.3	474570	64.9	598296	60.0	26.1
Total	584911	100	799353	100	36.7	146058	100	198027	100	35.6	730969	100	997380	100	36.5

Source: Computed by author from Central Statistical Agency of Ethiopia (1997, Table 3.1, P. 23 and 2003, Table 3.1, P. 19).

The table depicts that between 1996 and 2002 informal sector employment increased both as total average and as operators and employees, respectively by 36.5, 36.7 and 35.6 percent. This is, however, in contrast to the ILO-WTO joint study report which states that incidence of informality in Ethiopia has rapidly decreased (Bacchetta, 2009).

Theoretically, the causes for an increase in informal sector employment could be many (see Djankov and Ramalho, 2008; Satchi and Templey, 2008; Gundogan and Bicerli, 2009). A few of the anticipated causes may be a down ward mobility of labour from the formal sector to the informal one caused by a drop in formal employment usually following economic crisis (Oberai, 1993); employment policy changes which could be through favoring capital over labour, or through privatization - cutting public sector employment (Oberai, 1993); and rural-urban migration that results in an increase of unemployed population (Acharya and Cervantes, 2009).

Empirical investigations suggest that during the economic crisis of the 1980s in many developing countries, labour market responded by shifting employment from the formal to the informal sector, and this was a basic element in the response of labour markets to labour supply pressures (see e.g. Krishnan et al, 1998 and the references therein, for the case of Africa). The studies indicated that the role of the informal sector as employment provider, though at declining wages relative to the formal sector, significantly increased in all countries considered (Oberai, 1993; see also Schteingart (1989). However, in Ethiopia, whether there was a downward mobility of labour caused by economic crisis in 2002 (when there was larger number of informal workers than in 1996) is a matter for investigation, but there are empirical evidence suggesting that informal employment generally increased due to privatization of some public employments following the 1991 change of government (see Krishnan et al, 1998; and Geda and Degife, 2005).

In terms of the capital-labour ratio as a cause, however, the general policy in developing countries seems to be to use labor-intensive technique of production. Such an explanation has empirical support. For example, Rakodi (1993) states that since recently, policy statements in which governments attach great hopes on promoting the informal sector as a means of alleviating urban unemployment problems proliferate. Similarly, Mathur (1989) notes that several African countries have adopted support programs to strengthen the abilities of small enterprises to negotiate for access to better inputs, markets, and prices. There is increasing recognition that the economic benefit of this sector, which contributes directly to urban employment and output, far outweighs its costs. Seen in this context, an argument that informal employment in Ethiopia increased due to high capital-labour ratio seems implausible. It seems rather reasonable that more increase in informal sector employment was caused mainly by policies that promoted access to informal labour participation. As clearly indicated in the development policy and program document of Ethiopia, the government has started to encourage small enterprises and the informal sector activity as important providers of urban employment (see Ethiopian Ministry of Finance and Economic Development (MoFED hereafter), 2006). This is important to poor countries such as Ethiopia, where there is large proportion of unskilled labour supply, mainly due to rural-urban migration, which cannot be absorbed by the formal labour market (Fields, 2005; Acharya and Cervantes, 2009). Better information could have been obtained, however, if there were data for the formal sector employment so that the trends in its employment would have been analyzed.

Table 1 also depicts that the amount of employment increase varied by sex and by whether the informal sector worker was operator or employee. Thus, in the case of operators, the percentage increase was higher for males (63.3 per cent) than for females (22.7 per cent). This situation is reversed in the case of employees (40.3 per cent and 28.0 per cent for males). This means, males tended to be operators, and females tended to be employees. Whether this is caused systematically is difficult to investigate using the kind of data used here. However, Ethiopia's development policy focuses on females as primary targets in the small enterprises and micro-credit services and programs (see MoFED, 2006). In light of this, it seems implausible to argue that the difference in favour of males (being operator or employer rather than employee) is caused intentionally. Rather, it seems that though the intention was to provide pro-female services, the outcome was more of pro-male, the unintended, or that males had secured more financial resources as initial capitals to start the activities than had females. It is, generally, a well established fact that due to socio-economic and cultural reasons that have been prevailing, males have better financial power than females. It seems, here thus, that once males start operating the activity, they tended to employ more females than males. This might have been because of wage receipt differentials between males and females. Theoretical and empirical evidences are abundant regarding the fact that the type of jobs assigned to and the amount of wages received by females is generally inferior to and lower than that of males (see for example Oberai, 1993; Rakodi, 1993; Chen et al (2005) cited in Bacchetta et al, 2009).²

5.2 PATTERNS OF PRODUCTION

Another issue that needs to be raised in a study of informal sector activities is the patterns of production. In patterns of production, one of the questions for investigation is the types of goods and services produced by the sector.

Data on the patterns of informal sector production are extremely limited in the urban informal sector literature. Only a few studies mention specifically to the type of goods and services produced by informal sector enterprises (Mathur, 1989). According to Mathur (1989), a more detail classification of informal sector activities is available in a study by the National Institute of Urban Affairs (NIUA, 1987) of four Indian cities.³ The NIUA study concludes that although the data on the pattern of production were very weak, they are not consistent with the assumption that the informal sector is dominated by hawkers and street vendors. Rather, the entire sector is much more diverse than is usually contended (NIUA, 1987 cited in Mathur, 1989).

In the case of Ethiopia, even such *weak* data are not available. However, it may be possible to find information on the general category of goods and services produced, by way of analyzing the general pattern of sectoral employments in the informal sector. Yet, it should be noted that this does not show the types of goods and services produced, which is the most highly needed information, but rather the category of goods and services proxied by the levels of sectoral employment. Here, emphasis is not placed on the level of employment; an issue already discussed, but on the sectoral distribution of goods and services proxied by the level of employment (see Table 2).

In 1996, the largest proportion of informal sector workers was engaged in the manufacturing sector, producing manufactured goods and services. This was followed by the commercial sector where workers were engaged in trade, hotels and restaurants goods and services provision. Employment provisions by the mining and quarrying, transport, construction, and also agricultural industries were very low. In 2002, the manufacturing industry was still the largest employer. This was followed by trade, hotels and restaurants, although there was a considerable decrease in the percentage employment for these two sectors relative to what was in 1996. However, there was a decline, both in terms of absolute number of employment and percentage employment for 2002 of workers engaged in the agricultural and mining and quarrying sectors. In terms of rate of change, community and personal services exhibited the largest employment rate of growth (205.2 per cent) followed by the construction industry (142.0 per cent) between the years. Although the manufacturing and the commercial sectors, which respectively exhibited the largest figures of levels of employment for 1996, also increased their employment level in 2002 in absolute numbers, rate of their growth was significantly small (28.5 per cent, and 25.2 per cent between the years). While employment in agricultural and mining and quarrying activities declined as indicated, the rate of decline was faster for agriculture.

TABLE 2: INFORMAL SECTOR PRODUCTION BY INDUSTRIAL GROUP: 1996 AND 2002

Major Industrial Groups	Year					
	1996		2002		Change	
	N ^a	%	N ^a	%	N ^a	%
Agriculture, hunting, forestry & fishing	27767	3.8	18301	1.8	-9466	-34.1
Mining and quarrying	1452	0.2	1154	0.1	-292	-20.1
Manufacturing	354905	48.6	456105	45.7	101200	28.5
Construction	8522	1.2	20621	2.1	12099	142.0
Trade, hotels and restaurants	295376	40.4	369872	37.1	74496	25.2
Transport	3993	0.6	12475	1.3	8482	2.1
Community and personal services	38947	5.3	118847	11.9	79900	205.2
Total	730962	100	997382	100	266420	36.5

Source: Computed by author from Central Statistical Agency of Ethiopia (1997, Table 3.5, P. 27 and 2003, Table 3.5, P. 24).

In Ethiopia, one of the changes in urban economy following the 1991 change of government was the rapid growth in the construction industry. Theoretically growth in the construction sector might have resulted as response to an increasing demand for buildings by expanding business activities, by more demand for residential housing, or as a means of raising income by owner of the building. In Ethiopia, this growth in the construction activities, together with the more labor-intensive production technique might have resulted in a rapid growth of employment by this sector. However, why employment in mining and quarrying activities declined while there was a tremendous rate of growth in construction activities that use as input the products of mining and quarrying, remains a matter for investigation.

5.3 THE QUANTITY AND SOURCES OF INVESTMENT

By definition, the levels of investment in informal sector activities are low. However, the quantity and pattern of investments varies significantly in the sector itself. For example, according to Mathur (1989) studies carried out in Kumasi show that the fixed capital requirement per worker ranged between 58 *cedis* in footwear and leather manufacturing, 396 *cedis* in blacksmithing, and 206 *cedis* in tailoring. Table 3a shows the level of informal sector investment in Ethiopia

TABLE 3A: DISTRIBUTION OF INFORMAL SECTOR ESTABLISHMENTS BY INITIAL CAPITAL: 1996 AND 2002

Year		Initial capital (in birr value)								Total
		≤250	251-500	501-750	751-1000	1001-2000	2001-5000	5001-10000	10000+	
1996	N ^a	379478	59761	19251	16836	31894	39583	16666	16254	579723
	%	65.5	10.3	3.3	2.9	5.5	6.8	2.9	2.8	100
2002	N ^a	550505	71637	21195	21817	25817	21417	5772	19111	737271
	%	74.7	9.7	2.9	3.0	3.5	2.9	0.8	2.6	100
% Change		45.1	19.9	10.1	29.6	-19.1	-45.9	-65.4	17.8	27.2

Source: Computed by author from Central Statistical Agency of Ethiopia (1997, Table 3.11, P. 38 and 2003, Table 3.11, P. 33).

The table reveals that 65.5 per cent of those establishments engaged in informal activities in 1996 had initial capitals less than 251.00 *birr*.⁴ This is followed by 10.3 per cent of the establishments who had initial capitals between 251.00 and 500.00 *birr*. Thereafter, the number of establishments generally declines with increasing capital requirements. However, such a clear pattern is not easy to find in the data, since the number of establishments tended to increase with capital requirements of, for example, between 1,001.00 *birr* and 5,000.00 *birr*, and then drops again. In 2002, the percentage of establishments working in the informal sector activities with initial capitals of less than 251.00 *birr* was 74.7. Once again, the percentage generally declines with increasing capital requirements, but as for 1996, with lack of any clear pattern. In relation to what was in 1996, the number of establishments for 2002 declined for capital requirements of generally above 1,000.00 *birr* and less than 10,001.00 *birr*. In all other capital groups, they tended to increase in 2002 in relation to 1996. The highest rate of growth in the number of informal sector activities between 1996 and 2002 occurred among those with initial capitals less than 251.00 *birr*.

In capital requirements for informal sector activities, what matters most is the source of funding. According to Mathur (1989), the Kumasi study just mentioned reveal a majority coming from informal sources such as family and relatives. In Colombo, the share of the worker's own resources in the total investment was estimated at 70.3 per cent, while that of institutional sources was 14.05 per cent. The situation is also similar for Ethiopia. Table 3b indicates the financing of informal sector activities as suggested by source of initial capital by informal sector establishments. The table depicts that the predominance of the initial capital came from informal sources such as own saving. Borrowing from friends/relatives, and assistance from friends/relatives were also important sources of financing.

TABLE 3B: DISTRIBUTION OF INFORMAL SECTOR ESTABLISHMENTS BY SOURCE OF INITIAL CAPITAL: 1996 AND 2002

		Source of initial capital								
Year		Own saving	Borrowed from relatives/ friends	Assistance from relatives/friends	Borrowed from bank	Inherited	Borrowed from individual lenders	Assistance from Gov, NGOs, etc	Others	Total
1996	N ^a	199692	172904	152949	12277	894	7317	8988	28895	584916
	%	34.1	29.6	26.2	2.1	0.2	1.3	1.5	5.1	100
2002	N ^a	331979	176324	149499	9225	865	4424	7636	57307	737259
	%	45.0	23.9	20.3	1.3	0.1	0.6	1.0	7.8	100
% Change		66.3	2.0	-2.3	-24.9	-3.2	-39.5	-15.0	73.4	26.1

Source: Computed by author from Central Statistical Agency of Ethiopia (1997, Table 3.12, P. 39 and 2003, Table 3.12, P. 34).

The table reveals that while own saving as source of investment increased, borrowing and assistance from relatives/friends decreased between the years considered. This suggests that there was increasing reliance on own saving in 2002 than in 1996, for financing initial informal activities. This is important because increasing reliance on own saving reduces dependence and thereby increases autonomy and flexibility of working regimes. Moreover, in 2002, initial capital obtained from the remaining (*others*) sources was considerably lower than what was obtained from the same sources in 1996. Borrowing from micro-finance institutions as source of capital is subsumed within 'others' sources group and its contribution was generally insignificant.

5.4 THE LEVEL OF INCOME EARNED

There is a wide spread assumption, in the theoretical literature, that the level of incomes and savings in the informal sector is low. There are also some empirical evidences in support of this assumption. For example, a report by the Government of Mexico (1976) (cited in Schteingart, 1989) indicates that 40 per cent of informal workers had income half of, or even less than half of the stipulated minimum wage for the formal sector. Similarly, the Abidjan study by ILO (1972) (cited in Mathur, 1989) points out that it was 73,300 (Franc CFA) or about one-tenth of income of a worker in the formal sector. However, many caution such assumption as being subject to important qualifications (see Mathur, 1989; Schteingart, 1989; Gugler, 1992). Gugler (1992) in particular argues that, first earnings vary greatly across the informal sector. Even for the same activity earnings may vary substantially according to type of clients. Earnings also vary between employers and employees in an enterprise, and between subcontracting firms down the subcontracting hierarchy. Second, average incomes are identical in the formal and informal sectors, and low incomes are also common among the formal sector. Many formal sectors employ substantial number of casual workers at low wages, without fringe benefits, and unprotected by social security (Gugler, 1992).

In the present study, however, comparison of income levels between the formal and the informal sectors is not possible since there is no data on the income level of the formal sector. So here discussion has been made regarding the income contribution of the informal sector alone (see Table 4).

Table 4 consists of three components: gross value of income by industrial group, percentage of employment by each industrial group, and gross value of income per person engaged. The percentage of employment has already been discussed, but here, it is used to calculate gross income per person. The remaining two components indicate the amount of gross income earned by each informal sector employment, at sectoral level and at the level of persons engaged.

Thus at the total sectoral level, the amount of gross income generated by informal sector activities was 1,977,423,007.00 birr for 1996, and 4,225,843,211.00 birr for 2002. Of this, the largest amount of gross income was generated from the commercial sector followed by the manufacturing sector, for both 1996 and 2002. This was though manufacturing offered the largest level of employment in both years. In terms of per person engaged, the total amount of income per person was 16,210.00 birr for 1996 and 28,693.00 birr for 2002. Interestingly, the amount of income per person engaged varied sharply among the various sectors. Thus, first, although manufacturing activities provided the largest percentage of employment for both 1996 and 2002, this sector contributed the least to the amount of income per person in 1996 and third to the last in 2002. By contrast, agricultural activities provided lower percentage of employment in 1996, and the percentage even further declined in 2002. However, this sector contributed for the second largest amount of income per person (next to commercial activities) in 1996, and the largest amount of income per person in 2002.

Another interesting point is that although community and personal services represented the highest rate in providing employment over the period, their contribution to income per person is second to the last in 1996, and only last in 2002. By contrast, although construction provided a very low percentage employment (but with very high rate of growth), it contributed to the third largest amount of income per person in both 1996 and 2002.

TABLE 4: GROSS VALUE OF INCOME FROM INFORMAL SECTOR EMPLOYMENT BY INDUSTRIAL GROUP: 1996 AND 2002.

Major industrial groups	Gross income by industrial group (in birr value)					Percentage of persons engaged			Gross income per person engaged (in birr value)				
	1996		2002		% Change	1996	2002	Change	1996		2002		% Change
	N ^o	%	N ^o	%					N ^o	%	N ^o	%	
Agriculture, hunting, forestry and fishing	69194430	3.5	181015699	4.3	161.6	3.8	1.8	-34.1	2492	15.4	9891	34.5	296.9
Mining and quarrying	2968842	0.2	2429407	0.6	-18.2	0.2	0.1	-20.5	2046	12.6	2107	7.3	3.0
Manufacturing	579789941	29.3	1086167079	25.7	87.3	48.6	45.7	28.5	1634	10.1	23815	8.3	45.7
Construction	20071004	1.0	62822338	1.5	213.0	1.2	2.1	141.9	2345	14.5	3046	10.6	29.9
Trade, hotels and restaurants	1230633530	62.2	2677013508	63.4	117.5	40.4	37.1	25.22	4166	25.7	7238	25.2	73.7
Transport	7151582	0.3	30796910	0.7	330.6	0.6	1.3	212.6	1791	11.1	2468	8.6	37.8
Community and personal services	67613678	3.4	185598270	4.4	174.5	5.3	11.9	205.2	1736	10.7	1562	5.4	-10.0
Total	1977423007	100	4225843211	100	113.7	100	100	36.5	16210	100	28693	100	77.0

Source: Computed by author from Central Statistical Agency of Ethiopia (1997, Table 3.16, P. 47 and 2003, Table 3.16, P. 41).

5.5 PROBLEMS FACED

In this study, the problems faced by informal sector activities can be seen at two stages: at the starting stage and at the operational stage. At both stages, the type and extent of the problems changed over time (see Tables 5a and 5b).

TABLE 5A: DISTRIBUTION OF INFORMAL SECTOR ESTABLISHMENTS BY TYPE OF FIRST MAJOR DIFFICULTIES FACED WHEN STARTING THE ACTIVITY: 1996 & 2002

Year & responses		Type of difficulties									
		Lack of premises	Lack of access to raw materials	High price of raw materials	Problem of regulations	Inadequate skill	Lack of sufficient capital	Lack of credit	Lack of collateral	No problem	Others
1996	N ^o	69036	16753	17230	10821	46133	291396	4777	----	----	35201
	%	14.1	3.4	3.5	2.2	9.4	59.3	1.0	----	----	7.16
2002	N ^o	49196	13119	5635	11984	78574	303538	1099	1464	281626	51042
	%	6.2	1.7	0.7	1.5	9.9	38.1	0.1	0.2	35.3	6.4
% Change		-28.7	-21.7	-67.3	10.7	70.3	4.2	-77.0	----	----	165.8
											62.3

Source: Computed by author from Central Statistical Agency of Ethiopia (1997, Table 3.17, P. 49 and 2003, Table 3.17, P. 46).

Table 5a indicates that 59.3 per cent of the establishments in 1996 rated lack of sufficient capital as the first major difficulty faced when starting the activity. This was followed by lack of premises (14.1 per cent) and inadequate skill (9.4 per cent). In 2002, these same types of problems continued to persist, but with a somewhat decreased extent. There are, however, some differences here. First, rather than lack of premises, inadequate skill was second in importance as a major difficulty faced in starting the activity (9.9 per cent). Lack of premises, which was the second most important problem rated as the first major difficulty in 1996, was third in importance in 2002. It seems that the problem of lack of premises has significantly decreased by 2002, but that of lack of skills persisted. Second, 35.3 per cent (very high proportion) of the establishments in 2002 indicated they faced no problem in starting the activity, but no data was available for 1996 to compare.

Table 5b shows the problems faced at operational stage. Here, too, capital was an important limiting factor. In 1996, shortage of working capital was rated as the most important difficulty faced at operational stage. However, rather than lack of premises and inadequate skill that followed in importance as in the case for when starting the operation, it is limited market for goods and services produced and family responsibility that followed as the second and third most important problems. A similar trend was exhibited in 2002, but here shortage of working capital, though the highest percentage, had significantly decreased relative to what was 1996. However, the problem of lack of market for goods and services produced rapidly increased over the period.

TABLE 5B: DISTRIBUTION OF INFORMAL SECTOR ESTABLISHMENTS BY TYPE OF FIRST MAJOR OPERATION DIFFICULTIES: 1996 AND 2002

Year & responses		Type of difficulties								
		Health problem	Family responsibility	Limited capacity	Shortage of working capital	Limited market	Lack of premises	Lack of raw materials	No problem	Others ⁵
1996	N ^o	----	59253	24432	262130	126052	28006	16659	----	68373
	%	----	10.1	4.2	44.8	21.6	4.8	2.9	----	11.7
2002	N ^o	43708	28037	11860	237987	237769	32564	24744	120176	61907
	%	5.5	3.5	1.5	29.8	29.7	4.1	3.1	15.1	7.8
% Change		----	-52.7	-51.5	-9.2	88.6	16.3	48.5	----	-9.5
										36.6

Source: Computed by author from Central Statistical Agency of Ethiopia (1997, Table 3.18, P. 51 and 2003, Table 3.18, PP. 45-43)

From the results, it seems possible to conclude that capital – both for starting and running the activities - is the dominant limiting factor both in 1996 and 2002. This fact is important because it seems to be inconsistent with the theoretical literature which characterizes informal sector activities as having low capital requirements in investment. The implication of the theoretical characterization of the informal sector regarding this is that capital is not a major factor limiting entry into and operation of informal sector activities. Earlier, it was pointed out that more than 65 per cent of the informal sector establishments in 1996 and more than 74 per cent of those in 2002 invested less than 251.00 birr when starting the operation. However, this does not mean that they had such low capital requirements. While investment levels can be low, 'it does not follow that capital requirements are also low' (Mathur, 1993).

At the starting stage, lack of premises as a problem significantly decreased in 2002. Perhaps, this is due to increasing number of temporary structures of small retailing shops and workshops made available by municipalities to the various types of informal activities particularly for the young and women. However, the problem of inadequate skill had not changed overtime. At operational stage, the importance of inadequate skill had significantly dropped as a problem (1.2 per cent in 1996, and 0.4 per cent in 2002). Nevertheless, such low percentage may be the result of the effect of new indicators of problems used rather than actual reduction in importance as a problem. Once again, this challenges the theoretical literature which holds that the skill requirement of informal sector activities is low.

In the preceding sections, it was discussed that sectors that employed the largest proportion of the informal sector workers tended to contribute for lower amount of income per person than those that employed relatively low proportions. At this point, it is possible to ask *Why did workers not engaged in sectors that yield the highest amount of income per person?* One possible answer for this question is lack of information, skills training, or entry difficulty. More research is needed at this point.

6. FINDINGS AND CONCLUSION

This paper discussed the role and characteristics of the urban informal sector in Ethiopia, based on a household survey data by the Central Statistical Agency of Ethiopia for 1996 and 2002. The major findings of the study are summarized as follows:

Firstly, the size of the sector significantly increased between the years considered. Among others, policies favoring the sector seem to have been adopted and have encouraged employment in the informal sector. However, data need to be available to analyze the contribution of each potential cause for the growth in size of this sector. However, the amount of employment increase varied by sex and by whether the informal sector worker was operator or employee.

Secondly, some sectoral production activities (proxied by the level of employment) declined while others increased: The largest proportion of workers produced manufactured goods and services, followed by the trade, hotels and restaurants activities both in 1996 and 2002, but there was a considerable percentage decrease in these activities in 2002. Production activities by the mining and quarrying, and also by agricultural industries were low in 1996, but in 2002 these further declined both in percentage and absolute terms; the rate of decrease was faster for agricultural activities. However, the construction industry exhibited growth. It seems that expansion of business activities and the housing sector together with the more labor intensive production techniques resulted in a rapid

growth of the construction sector. However, the decline in the mining and quarrying activities is difficult to explain. Whether this is a problem in the data used or in the economy itself, is impossible to conclude with the type of data used here.

Thirdly, the largest proportion of informal sector establishments had smaller initial capitals both in 1996 and 2002, and the highest rate of growth in the number of informal sector activities between the years occurred among this capital group. The number of establishments generally decreased with increasing capital requirements, but this pattern is not as such smooth. Appropriate data need to be available to explore the theoretical evidence that suggests that the quantity and pattern of investments significantly varies by industrial group in the sector itself. Moreover, the financing of informal sector activities mainly came from informal sources such as own saving, borrowing from friends or relatives, and assistance from friends or relatives. There was more reliance on own saving in 2002 than in 1996 for financing initial activities, and this is important because increasing reliance on own saving lowers dependence and thereby increases autonomy and flexibility of working regimes.

Fourthly, at the total sectoral level the largest amount of gross income by informal activities was generated from the commercial sector followed by the manufacturing sector. However, at the level of per person engaged the amount varied sharply among the various sectors, which is consistent with both the theoretical and empirical literatures. Very generally, sectors that provided the highest level and/or rate of employment tended to generate lower amount of income per person engaged than those that provided the lowest level and/or rate of employment. It may be concluded, from this, that either the decisions on the sectoral choice of employment by informal sector workers were not well informed regarding income differentials among sectors; or entry into a particular, productive industrial sector might have been difficult due to some reasons; or a combination of these or some other factors might have been involved. This needs to be investigated with appropriate data.

Fifth, lack of sufficient capital was rated as the first major difficulty faced both when starting the activity and during operation. This seems to be inconsistent with the theoretical literature. At the starting stage, lack of working premises and inadequate skill were found to be second and third in importance (after capital) as major problems faced, but during operation, it is limited market for goods and services produced and family responsibility that were the second and third most important problems. During operation, the importance of inadequate skill as a problem had significantly decreased. However, not all indicators were consistently used both at the starting stage and at the operational stage, and this is the major difficulty in analyzing the problems faced.⁶ Hence, for example, the decrease in the importance of inadequate skill as a problem may be the result of the effect of new indicators of problems used rather than actual decrease in its importance, and thus may challenge the theoretical literature which holds that the skill requirement of informal sector activities is low.

Sixth, it was discussed that based on empirical evidence, several authors and specialists in the informal sector caution on the widespread postulate that the informal sector has the obverse characteristics of the formal sector. The Ethiopian CSA has used considerable theoretical postulates in the literature to define the informal sector.⁷ However, the definition itself seems to contradict with several terms used as indicators of problems of the informal sector in the survey, since some of the terms used typically describe formal-sector activities (see Table 5a and 5b). This clearly indicates how actually difficult is the task of defining the informal sector.

Finally, many of the findings are inconsistent with the conventional theory on urban economy and employment. The greater role the informal sector plays in the urban economy need to be increasingly acknowledged by the urban and regional development policy makers.

ACKNOWLEDGEMENT

This paper has benefited from comments by Dr Teferi Mekonnen and Dr Shumete Gizaw (both at Dilla University) and Dr Mesay Mulugeta (Adama University). I am very much indebted to them. The paper has also benefited a lot from comments by Dr Solomon Mulugeta (Addis Ababa University). I am deeply grateful to him.

NOTES

¹ The agency is a national institution responsible for collecting, managing and disseminating both survey and census data in the country.

² The rate of wage the males demand is higher than what the females receive for a similar type of work done. Males may either prefer to start their own operation using advantage of their financial superiority as pointed out in the text earlier, or they may accept open unemployment than work as employee at a very low wage rate.

³ According to this study, informal activities engaged and types of goods and services produced included: 1) manufacturing of food products, cotton textiles, wood and carpentry products, leather products, chemical and plastic products, non-metal products, basic metal products, structural stone goods, and bangles; 2) trade and commerce in eggs and milk products, fruit, vegetables, and exchange of goods; 3) services and repairs including hair-cutting, domestic services, laundering and ironing of cloths, rag picking, tailoring, automobile and scooter repair, shoe repair, and miscellaneous repair; 4) transport such as rickshaw pulling, and auto-rickshaw driving; 5) construction activities such as concrete mud mixing, and the transportation of bricks.

⁴ The term birr refers to the name of Ethiopian currency (ETB). In 2002, the average foreign exchange rate for 1.00 birr was 0.1229 USD. There has been a consistent decline in the value of the birr relative to the USD over the years. For example, the current foreign exchange rate for 1.00 birr on 09/29/2010 was 0.06105 USD.

⁵ Includes problem with workers (0.3%, 1996 and 0.3%, 2002), difficulties of obtaining license (1.0%, 1996 and 0.4%, 2002), cultural problems (0.1%, 1996 and 0.1%, 2002), social obligation (0.8%, 1996 and 0.3%, 2002), inadequate skill (1.2%, 1996 and 0.4%, 2002), lack of clarity of regulations (1.2%, 1996 and 0.5%, 2002), sales on credit (1.2%, 1996 and 0.6%, 2002), restriction on free movement of goods and services (1.2%, 1996 and 1.2%, 2002), and others (4.6%, 1996 and 4.1%, 2002).

⁶ As indicators of problems at initial stage, 'lack of collateral' and 'no problem' were reported in 2002 but not in 1996, and, as indicators of problems at operational stage, 'health problem' and 'no problem' were reported in 2002 but not in 1996. It is, therefore, difficult to understand to what extent health problem and lack of collateral played a role in 1996 relative to 2002. In addition, we do not know what proportion of the informal sector establishments would have responded as 'no problem' since this option was not included in the data gathering instruments in 1996, as if every establishment must have necessarily faced a problem. Indicators also varied between activity stages. For instance, 'limited market' and 'family responsibility' were used at operational stages but not at initial stages. It is thus difficult to understand to what extent limited market and family responsibility affected the start of informal sector activities. All these might have distorted the information.

⁷ In this study, the term informal sector and the related terms are taken as they were defined in the survey by the Central Statistical Agency of Ethiopia for 1996 and 2003, as follows:

Informal sector –household type establishments/ activities which:

- are mainly engaged in market oriented production
- are not registered companies or cooperatives
- have no full written book of accounts
- have less than ten persons engaged in the activity
- have no license

A large number of economic activities are carried out by large numbers of people in the economy which generally go unrecorded in the official accounts. They are for the most part unregistered and operating on a very small scale and with a low level of organization. Most of them have very low level of productivity and income. They tend to have little or no access to organized markets, to credit institutions, to modern technology, to formal training, and to many public services and amenities. A large number of them are carried out without fixed location or in places such as small shops, outlets, or home based activities. They are not recognized, supported, or regulated by the government. They are beyond social protection, labor legislation, and protective measures at the work place.

A large portion of the population is engaged in this sector due to:

- ease of entry

- family ownership of enterprise
- labor intensive method of production
- small scale operation

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GROWTH AND PERFORMANCE OF AREA, PRODUCTION AND PRODUCTIVITY OF NATURAL RUBBER IN INDIA

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ABSTRACT

India's share in the production has increased over the years and the country is now one of the largest producers of natural rubber in the world market. Hence, the present study explores the growth performance of natural rubber in India as well as major producing states in India (from 1981-82 to 2010-11), using by compound growth rate and co-efficient of variation. The study reveals that the growth and co-efficient of variation in tapped area, area, production and yield of natural rubber in India registered a significant and positive signs. While the growth in area and production in major producing states have been declining, the productivity has increased from 891 kg. per ha. to 1327 kg. per ha. during the study period. It is recommended that there should be forming a separate board for rubber at state level, through which, it may initiate the modernized strategies, introduce High Yield Varieties (HYV) of seedlings and sapling, creates awareness regarding technologies & marketing knowledge etc., among the planters.

KEYWORDS

Compound Growth Rate (CGR), Co-efficient of Variation (CV), Area, Tapped Area, Production, Productivity and Yield, High Yield Variety (HYV).

INTRODUCTION

India is predominantly an agrarian economy contributing about 14.5 per cent of Gross Domestic and 52 per cent of the countries work force in 2010-11 depends on agricultural and allied sector for their livelihood (Economic Survey, 2011-12). Though the share of Indian agriculture in the Gross Domestic Product has steadily declined, it is still the single largest contributor to the Gross Domestic Product and plays a vital role in the overall socio-economic development of India (State of Indian Agriculture Report 2011-12). India, with its favorable agro-climatic conditions and rich natural resource base, has become the world's largest producer across a range of commodities.

India is the fourth largest natural rubber producing country after Thailand, Indonesia and Malaysia. India's share in the production has increased over the years and the country is now one of the largest producers of natural rubber in the world market. South Indian regions, especially Kerala, Tamil Nadu and Karnataka contribute heavily to India's rubber production. In fact, 90 per cent of the total production comes from the state of Kerala. According to the figures recently released by the Rubber Board in India, the consumption pattern in the months of November – December 2011 exceeded the production pattern. In November the consumption rate was around 7 per cent compared to a production of 4.3 per cent (March 2012 Articles, Tyres & Wheels, India Transport News & Analysis). Production of natural rubber in India fluctuated around 6-7 lakhs tonnes annually which amounts Rs. 3000 crores. Kerala accounts for 72 per cent of the total rubber production is in the form of Ribbed Smoked Sheets (RSS) alone, which is also imported by India accounting for 45 percent of the total rubber imports. India has imported 213785 tonnes of natural rubber during 2011-12 against the import of 177637 tonnes during 2010-11, exported 27145 tonnes of natural rubber during 2011-12 compared to 29851 tonnes exported during previous year. India is one among the top ten rubber producing countries. An estimated around 4.8 lakh hectares of land is now under rubber cultivation, and in the next five years, the area under the "liquid gold" cultivation would be doubled. India's north east has the potential to transform itself into the world's largest natural rubber producing region, and the country's second rubber based industrial park is being set up in Tripura to boost the industry. The rubber plantation can be considered as significant contributions towards reducing global warming through carbon sequestration (Indian Rubber Board Statistics 2011-12).

SCOPE OF THE STUDY

According to Indian Rubber Board, the demand for natural rubber has been consistently exceeding supply. During 2011-12, the production of natural rubber in the country stood at 903700 tonnes, while its consumption was at 964415 tonnes (India had to import 60715 tonnes of natural rubber). The widening gap between supply and demand in the local market was the main reason for the sharp rise in prices and imports. The shortage of natural rubber is estimated at about 75000 tonnes this year against an estimated consumption of over 10 lakh tones (Business Line, 23-June -2012). Another concern among experts is the lower productivity of Indian rubber farms, largely due to the smaller size of holdings. This trend indicates clearly, how the natural rubber is an essential commodity in the present era and hence, the study therefore aims to analyze the growth of the natural rubber in India with the following specific objectives:

- i) To study the growth and performance of area, tapped area, production and productivity of natural rubber in India.
- ii) To study the growth and performance of tapped area, production and productivity of natural rubber in major producing states in India.

REVIEW OF LITERATURE

Ashalatha (2000) analysed the growth rate of area, production, productivity and export of cashew kernal, cashewnut shell liquid, imports of raw cashewnuts and unit value of exports of cashew. The study covered the period of 1956-57 to 1998-99. The growth rate was studied in two periods period-I, covering 1956-57 to 1970-71 and period-II, covering 1971-72 to 1998-99. It was observed that the growth rate of area, production, productivity kernal export, raw cashew import, cashewnut shell liquid value and cashewnut shell liquid-unit value of export were showing positive trend but the cashew nut shell liquid quantity exported showed negative growth and non-significant.

Sujatha et al., (2003) estimated the compound growth rates of mango exports from India before and after WTO by using secondary data from 1989-90 to 2001-02 collected from APEDA. The total period was divided into two parts, i.e., 1989-90 to 1994-95 (pre-WTO) and 1995-96 to 2001-02 (post-WTO). The compound growth rate analysis indicated that the rate of growth in quantity and value of exports was more during post-WTO period in case of fresh mangoes. However, the growth rates of mango pulp decreased during post – WTO period compared to pre-WTO period. **Kumar et al., (2008)** studied the performance of cucumber and gherkin export from India has been studied. It has been observed that India has made tremendous progress in the export of cucumber and gherkin products during the past 15 years (1990-2005). The export has increased by 128.5 times with an impressive annual compound growth rate of 37.46 per cent, as against only 4.38 per cent in the world market.

Deepa et al., (2009) evaluated the performance of karnataka State Agricultural Produce Processing and Export Corporation, Limited. Secondary data were used for the study for the period 1997 to 2007. The growth rate of Onion export (69.40) was found to be positive and significant whereas, growth rate of Potato (-12.70), Mango (-4.39) and Niger seeds (-66.08) was found to be negative and non-significant. Apart from this compound growth rates of domestic market, import markets in terms of quantity and value showed a negative growth rate. But export markets growth rate was positive in terms of quantity (31.18 per cent) and value (32.06 per cent) which indicated an increasing trend over the years. **Goudra et al., (2011)** studied the scenario of chilli production in North Karnataka and the result revealed that the Northern Karnataka as a whole registered positive compound growth rate for area (13.76), production (13.88), productivity (12.20). These registered values were non-significant both at ten and five percent level of significance.

The above reviews revealed that many researchers had investigated various aspects of the growth of the area, production and productivity related aspects in various crops by using the compound growth rate and the trend. In the present study the Compound Growth Rate (CGR) and Co-efficient of Variation (CV) were worked out for the area, tapped area, production and yield, of the natural rubber in India.

METHODOLOGY

The data collected were analyzed to draw meaning full interpretations and to assess the situation in the rubber economy in India. For the present study, the following statistical tools were employed to assess the growth performance of natural rubber are compound growth rate and coefficient of variation. The secondary data have been used for the study purpose. In order to analyze the growth rate and coefficient of variation, the time series data of tapped area, area, production, and yield or productivity of natural rubber were collected from various publications, official records and web sources such as Hand Book of Statistics on the Indian Economy, International Rubber Study Group, Indiatat, Kerala Rubber Board statistical News, Food and Agricultural Organization (FAO) of the United Nations etc., have been referred for the collection of data from 1981-82 to 2010-11.

COMPOUND GROWTH RATE

To arrive at normal years, a simple average of estimates for thirty years from 1981-82 to 2010-11 have been taken. The normal year was considered as base year for estimating growth rates. By taking time as the independent variables and the area, tapped area, production and productivity of the natural rubber as the dependent variables, the compound growth rates were estimated by using the formula.

$$Y = A(1+r)^t$$

Where,

Y = Dependent Variables like tapped area, area, production and productivity in the year 't' for which growth rate is estimated.

A = Constant

r = rate of annual increment

t = time element which takes the value of 1, 2, 3, ----- n

After transforming the model into a linear form by taking logarithms to base 'e'

$$\ln Y = \ln A + t \ln(1+r)$$

Let, $\ln A = a$

$\ln(1+r) = b$

So, $\ln Y = a + bt$

$(1+r) = \text{Anti } \ln \text{ of } b$

$R = (\text{Anti } \ln \text{ of } b) - 1$

The semi log function is linear in parameters (linear relationship between Y and t), and hence, it could be fitted in the OLS Technique.

The compound growth rate (r) is obtained by the following formula and is generally expressed in terms of percentage.

$$r = \{(\text{Anti } \ln \text{ of } b) - 1\} \times 100$$

The significance of growth rate was tested by applying student 't' test statistic (Laxmanan *et al.* 2005).

$$t = r / S.E.(r) \text{ with } (n-2) \text{ df}$$

where,

$$S.E.(r) = 100 \text{ bx } S.E.(\log b) / \log 10^e$$

r = the compound growth rate

n = number of year

S.E.(r) = Standard error

df = degrees of freedom

t = $r / S.E.(r)$ follows student 't' distribution with n - 2 degrees of freedom.

According to log base rule, $\ln_e 10$ is worked out to be 2.3025 which follows 't' distribution with (n - 2) degree of freedom, 'n' is number of year considered under study. Pattern of growth rate over the years was identified using the 'b' co-efficient.

If co-efficient is statistically significant and positive, then growth of the estimated parameters over the years is accelerating. If it is negative, it implied that the growth is decelerating over the years. If it is around zero, it implies that the growth is stagnant, over the years. In the present study the compound growth rates and coefficient of variation have been computed from 1981-82 to 2010-2011 for the all variables such as area, tapped area, production and productivity of natural rubber.

RESULTS AND DISCUSSIONS

CGR AND CV ESTIMATION ON TAPPED AREA, AREA, PRODUCTION AND YIELD OF NATURAL RUBBER IN INDIA

The results of growth and co-efficient of variation in tapped area, total area, production and productivity of natural rubber in India during reference period is discussed below. In order to identify the significant role and the economical status of natural rubber in the Indian economy, an attempt has been made at decadal wise analysis of growth and co-efficient of variation during the study period.

The growth and co-efficient of variation is worked out for the period of 1981-82 to 2010-11 and the decadal performance is also studied and the results are presented in table 1 for tapped area, area, production and yield of natural rubber. The growth of tapped area in India recorded significantly a higher growth of 5.27 per cent during the first decade (1981-82 to 1990-91) of the study as against second (1991-92 to 2000-01) and third (2001-02 to 2010-11) decades at the estimated rate of 2.50 per cent and 1.89 per cent respectively. The total tapped area grew at an average growth rate of 3.22 per cent which was comparatively higher than the growth rate estimated for the second and third decades. During the overall reference period for 30 years of the study, the coefficient of variation in tapped area under natural rubber was estimated at 26.21 per cent level.

It could be seen from the table 1, that the area of natural rubber in India grew at a rate of 2.46 per cent which was below the CGR estimated for the first (5.22 per cent) and third decades (2.66 per cent) of the study period. Similarly, a lesser growth rate was observed in the area of natural rubber during the second (1.62 per cent) decadal period, compare to overall growth rate. During the reference period, the overall coefficient of variation in area under Natural rubber was estimated at 20.75 per cent level.

TABLE 1: GROWTH AND COEFFICIENT OF VARIATION IN TAPPED AREA, AREA, PRODUCTION AND YIELD OF NATURAL RUBBER IN INDIA

Period	Description	Tapped Area	Area	Production	Yield
1981-82 to 1990-91	CGR (%)	5.27***	5.22***	8.69***	3.25***
	t Stat	15.54	32.80	22.39	18.76
	CV (%)	16.26	15.18	26.27	9.81
	Mean	238205	390791	222172	920
1991-92 to 2000-01	CGR (%)	2.50***	1.62***	6.54***	3.94***
	t Stat	40.81	29.55	13.92	8.89
	CV (%)	7.48	4.88	18.69	11.79
	Mean	362066	528801	516509	1416
2001-02 to 2010-11	CGR (%)	1.89***	2.66***	3.61***	1.83***
	t Stat	10.91	12.40	6.39	4.70
	CV (%)	5.77	8.31	11.26	6.30
	Mean	444518	620456	778087	1750
1981-82 to 2010-11	CGR (%)	3.22***	2.46***	6.56***	3.25***
	t Stat	21.16	18.42	23.55	23.30
	CV (%)	26.21	20.75	48.32	27.01
	Mean	348263	513349	505589	1362

*** denotes significant at 1 per cent level.

The compound growth rate for production of natural rubber was estimated at 6.56 per cent for whole period of study, which was lower than the CGR (8.69 per cent) estimated for the first decade. Comparatively the estimated production of CGR for the second (6.54 per cent) and third (3.61) decades were lesser to the overall growth rate estimated. The overall estimated compound growth rate of production in India registered at 6.56 per cent per annum, which means the production increased annually by 6.56 per cent. The coefficient of variation in production under natural rubber was estimated at 48.32 per cent over the study period (table 1).

Further the decadal growth analysis for yield of natural rubber in India is inferred in the table 1. The yield grew at an average annual rate of 3.25 per cent for the entire period of study, in the same way a similar growth rate (3.25 per cent) was estimated during the first decade (1981-82 to 1990-91) of the study, when compared to lower rate of growth (3.94 per cent) for second decade (1991-92 to 2000-01). The CGR of yield was much lower (1.83 per cent) during third decadal (2001-02 to 2010-11) period compared to overall period growth rate (3.25 per cent) estimation. It is found from the table that the overall estimated compound growth rate of yield in India registered at 3.25 per cent per annum, which was greater than the CGR estimated for the area at the rate of 2.46 per cent during the same. The co-efficient of variation in yield of natural rubber was estimated at 27.01 per cent over the period under study.

It is concluded that the results revealed, during the period 1981-82 to 1990-91 the tapped area, area, production and yield have registered a positive and significant growth for the selected period. The co-efficient of variation was found to be less in case of taped area, area and yield compared to the production, which indicates that there was no much variation in the parameters under study. The positive growth rate has been recorded for the tapped area, area, production and yield of natural rubber during the period under study.

CGR and CV Estimation on Tapped Area, Production and Productivity under Natural Rubber in Major Producing States in India

The tapped area of natural rubber is concentrated only in few states such as Kerala, Tamil Nadu, Karnataka and some North Eastern states in India. Hence, the study is an attempt to assess the real growth on tapped area under natural rubber at different states in India and is presented in the table 2.

TABLE 2: GROWTH AND COEFFICIENT OF VARIATION ON TAPPED AREA UNDER NATURAL RUBBER IN MAJOR PRODUCING STATES IN INDIA (area in ha.)

Year	Parameters	Kerala	Tamil Nadu	Karnataka	Others	Total
1981- 82 to 1990-91	CGR (%)	4.58***	2.26***	5.66***	12.70***	4.53***
	t Stat	10.43	13.40	11.82	10.24	11.46
	CV (%)	14.61	6.91	16.43	34.40	14.33
	Mean	209635	10746	5372	1235	226988
1991-92 to 2000-01	CGR (%)	2.44***	1.29***	5.33***	21.21***	2.72***
	t Stat	10.12	12.08	18.02	17.19	29.50
	CV (%)	7.51	4.00	15.45	59.91	8.13
	Mean	325590	12567	9110	7350	352717
2001-02 to 2010-11	CGR (%)	1.48***	1.20***	2.99***	10.14***	1.97***
	t Stat	7.32	19.22	8.05	42.92	12.16
	CV (%)	4.70	3.64	9.80	28.93	5.99
	Mean	385883	14401	12174	24311	436770
1981-82 to 2010-11	CGR (%)	3.11***	1.49***	4.27***	16.01***	3.33***
	t Stat	17.78	38.54	26.64	40.20	22.79
	CV (%)	25.46	12.92	34.33	99.90	27.18
	Mean	307036	12571	8886	10965	338825

Note: *** denotes significant at 1 percent level, ** significant at 5 percent level.

It is found from the table that the CGR of other states was estimated around 16.01 per cent, which was comparatively very high to the listed states viz., Kerala, Karnataka, and Tamil Nadu during the overall decades of the period under study. The estimated CGR of tapped area of Tamil Nadu was registered at 2.26 per cent, 1.29 per cent, and 1.20 per cent which was very low rate to all specified states and other states in India during first, second, and third decadal period of study. The overall CGR of tapped area at different states in India during 1981-82 to 2010 -11 was estimated around 3.33 per cent, which means the area was increased annually by 3.33 per cent over the study period, this was mainly because of favorable climatic conditions and attained affordable producer's price for natural rubber. It came to understood from the analytical table, even though there was a positive and significant growth in tapped area in all major producing states in India over the past 30 years, the decadal wise growth rates shows a declining trend in the same. The coefficient of variation in tapped area was calculated at 27.18 per cent during the entire period of the study.

The results of growth and coefficient of variation on production under natural rubber in major producing states in India is presented in the table 3 for the period of 30 years from 1981-82 to 2010-11.

TABLE 3: GROWTH AND COEFFICIENT OF VARIATION ON PRODUCTION UNDER NATURAL RUBBER IN MAJOR PRODUCING STATES IN INDIA

Year	Parameters	Kerala	Tamil Nadu	Karnataka	Others	Total
1981- 82 to 1990-91	CGR (%)	7.74***	3.84***	13.39***	20.83***	7.65***
	t Stat	17.38	5.44	13.55	12.37	17.28
	CV (%)	23.74	13.24	38.48	51.15	23.49
	Mean	188379	11368	4058	716	204520
1991-92 to 2000-01	CGR (%)	7.35***	5.51***	8.13***	27.61***	7.52***
	t Stat	17.06	13.47	24.11	22.04	19.66
	CV (%)	20.81	16.76	23.03	73.57	21.32
	Mean	453158	16807	9941	6524	486430
2001-02 to 2010-11	CGR (%)	3.79***	1.59***	5.00***	11.94***	4.02***
	t Stat	6.64	15.24	7.33	24.62	7.92
	CV (%)	11.94	4.84	16.98	34.65	12.37
	Mean	690487	23115	15702	25628	754932
1981-82 to 2010-11	CGR (%)	6.75***	3.64***	7.46***	20.08***	6.79***
	t Stat	24.38	27.36	20.86	38.10	26.37
	CV (%)	49.86	30.61	53.42	111.35	50.40
	Mean	444008	17097	9900	10956	481961

Note: *** denotes

significant at 1 percent level, ** significant at 5 percent level.

It is found from the analytical table, the CGR of production under natural rubber in other states in India was highly estimated at 20.08 per cent which is comparatively far higher to the listed states like, Kerala, Tamil Nadu and Karnataka during overall study period. The estimated CGR of production in Tamil Nadu registered at 3.84 per cent, 5.51 per cent and 1.59 per cent respectively during first, second and third decadal periods of study, which was a very lower rate to all specified and other states in India. The overall CGR of production under Natural Rubber in different states of India during 1981-82 to 2010 -11 was estimated at 6.79 per cent which means the production increased annually by 6.79 per cent over the study period, this was mainly because of adoption of modern technology, introduction of modern implements in the plantation works and expected market price for natural rubber was goes on rising trend. The coefficient of variation in production during the overall study period was estimated at 50.40 per cent level.

The growth and coefficient of variation on productivity under natural rubber in major producing states in India is presented in table 4.

TABLE 4: GROWTH AND COEFFICIENT OF VARIATION ON PRODUCTIVITY UNDER NATURAL RUBBER IN MAJOR PRODUCING STATES IN INDIA

Year	Parameters	Kerala	Tamil Nadu	Karnataka	Others	Total
1981- 82 to 1990-91	CGR (%)	3.02***	1.55**	7.33***	7.22***	2.99***
	t Stat	14.57	2.13	5.62	7.87	18.22
	CV (%)	9.12	7.70	24.08	21.66	9.01
	Mean	889	1055	734	547	891
1991-92 to 2000-01	CGR (%)	4.08***	4.17***	2.65***	5.28***	4.67***
	t Stat	14.66	9.86	18.70	11.89	13.23
	CV (%)	12.07	12.93	8.01	15.92	13.71
	Mean	1411	1332	1079	822	1366
2001-02 to 2010-11	CGR (%)	2.28***	0.39***	1.95***	1.63***	2.01***
	t Stat	5.66	4.02	5.88	3.76	5.34
	CV (%)	7.56	1.44	6.72	6.26	6.79
	Mean	1784	1605	1282	1040	1723
1981-82 to 2010-11	CGR (%)	3.50***	2.12***	3.06***	3.51***	3.34***
	t Stat	25.44	16.03	12.72	16.28	25.73
	CV (%)	29.03	18.94	25.15	28.68	27.92
	Mean	1361	1330	1032	803	1327

Note: *** denotes significant at 1 percent level, ** significant at 5 percent level.

It is found from the analytical table, Karnataka (7.33 per cent), other states (5.28 per cent) and Kerala (2.28 per cent) have been registered the highest CGR values compared to other listed states in India during first, second and third decadal study respectively. The overall CGR of productivity under natural rubber at different states in India during 1981-82 to 2010 -11 was estimated at 3.34 per cent, which means the productivity increased annually by 3.34 per cent over the entire study period, this was mainly because of adoption of modern technology, introducing of HYV of seedlings and saplings in the field of rubber plantations. The coefficient of variation in productivity was calculated at 27.92 per cent during the overall period under study. It could be concluded that the overall performance in productivity of natural rubber is quite encouraging, which was increased from 891 kg. per ha. to 1327 kg. per ha. during the past 30 years. Even though, there were some fluctuations in the intervening years, the overall productivity shows gradual increasing trend but the overall growth rate was almost stable.

CONCLUSION

The overall performance of decadal growth in tapped area, area, production and yield in India has been satisfactory during the past thirty years and the progress was slow during the recent time i.e., 2001-02 to 2010-11. Further, it could be concluded that the growth and coefficient of variation in tapped area, area, production and yield of natural rubber in India is registered a significant and positive signs during the reference period. The growth in area and production of natural rubber in major rubber producing states has been declining. The productivity of rubber in rubber producing states has increased from 891 kg per hector to 1327 kg per hector during the past thirty years. Even though there are some ups and downs, the overall productivity shows increasing trend, but the total growth shows declining trend. Appropriate policy measures have to be undertaken by the concern states in order to sustain the production of rubber in the states.

SUGGESTIONS AND RECOMMENDATIONS

The overall growth and performance of tapped area, production and productivity under natural rubber in Tamil Nadu state is quite low compared to other listed producing states in India. Therefore, it is suggested that necessary action should be taken by the Government of Tamil Nadu, by the way of forming a separate board for rubber at state level, through which, it may initiate modernized strategies, introduce High Yield Varieties (HYV) of seedlings and sapling, creates awareness regarding technologies & marketing knowledge etc., among the planters.

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EMPLOYMENT GENERATION AND COMMON PROPERTY RESOURCES IN EAST SIANG DISTRICT OF ARUNACHAL PRADESH, INDIA

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ABSTRACT

Women's role is crucial in the family and household economy, yet women have not been given equal rights in social, political as well as economic fields. The necessity of improvement of status of women has been recognized all over the world as an important aspect of national progress and development. Apart from the day to day household work, varied farm activities and other domestic responsibilities, women particularly in this tribal society spare a substantial time for Common Property Resource (CPR) based activities. Keeping this fact in mind, the present study is a modest attempt to analyze the importance of common property resources on the life of the tribal women. The study also envisages constructing a household model of women participation on common property resource based activity using evidence from rural study area. Forest/ CPR based collection for daily household purposes completely depended on the females in the study area.

KEYWORDS

Tribal women, Household economy, Domestic responsibilities, Common Property Resource, Employment.

INTRODUCTION

Women are an integral part in Adi society. The nature and type of economic and non-economic role played by women have undergone continued transformation in accordance with the changes in socio-economic factors, education levels and technological developments and with the changing concepts regarding the extent to which women's contribution is desirable and necessary. Although women's role is crucial in the family and household economy, women have not been given equal rights in social, political as well as economic fields. The necessity of improvement of status of women has been recognized all over the world as an important aspect of national progress and development. It is also felt that the problem of poverty cannot be tackled without providing opportunities of productive employment to women. Productive employment to women would provide necessary economic base and improve their social status (Mandal and Ete, 2007).

Apart from the day to day household work, varied farm activities and other domestic responsibilities, women particularly in this tribal society spare a substantial time for Common Property Resource (CPR) based activities. They collect various minor as well as major forest products for their day to day requirement. Carrying of heavy loads of fuel wood (one of the most important CPR product) either on head or with traditional basket by women is a long practice in the tribal society. In the traditional tribal society the strength of a good mother and wife is judged by the amount of wood/fish they can carry/catch. However, the incursion of macroeconomic forces like emergence of property right, development of marketing network, commercialization of various CPR products, urbanization, etc. gradually deprived the tribal women from their age-old access to these resources. Very few studies are conducted so far on common property resources and its implementation to rural poor in the state. Keeping this fact in mind, the present study is a modest attempt to analyze the importance of common property resources on the life of the tribal women. The study also envisages constructing a household model of women participation on common property resource based activity using evidence from rural study area (Mandal, 2012).

Poverty and household food security are much debated issues in development literature, and women's contributions to food and economic security have received attention for the last 15 years. Collection of natural resources is usually carried out entirely by women in developing countries, particularly in fragile and rugged mountain environments. The value of women's contributions may be computed by 2 methods: **opportunity costs and output method**. The results will show that women are at the forefront of food and economic security and in some cases are breadwinners (Agarwal, 2004).

Women are providers of fuel wood and household energy in the developing world by virtue of gathering fuel wood from forests and elsewhere, directly along with their children. They spend considerable time in such activity by walking for long distances, for example, in Nepal, Women and girls collect 84 percent of the fuel (World Resources Institute: 1994-95), the average hours spent per day are between 1 and 5 hours per adult with one or two children. In some other developing countries, the average hours spent per day in gathering fuel are as follows: in Bangladesh, 3 to 5 hours; in Tanzania, 8 hours; in Kenya, 3.5 hours; and in Peru 2.5 hours. The women also walk for a long distance for such a task (Sheila, 1989).

MATERIALS AND METHODS

Study area: In this sub section an attempt is made to provide a brief profile of the three villages selected for the study are Pam, Old- Deka and New- Deka. Among the total 22 numbers of villages in Nari sub- division, the Old- Deka village has been one of the oldest settlements in the sub- division. Both of the these villages are inhabited by the Galo tribe and are situated in one of the remotest part of the district under Nari Circle vis- a- vis administrative unit of Nari sub- division. These two villages are situated in the foothills of the Siwalik zone of the Himalayan mountain range, bounded by the plains of Dhemaji district (Assam) on the South, Deka river and its tributaries known as Besor, Yagar, Hitum and Tumse stream on the west, cultivable plain lands and two small streams called Kombo and Pome on the east and the picturesque hills covered by the sub- tropical evergreen forest known as Deka hills on the north. The villagers of these three villages used to practice both settled as well as Jhum cultivation. Agriculture is the main source of livelihood of the people of surveyed villages. However, there are variations in both the villages. The details are shown in table-1.

TABLE-1: GENERAL INFORMATION AS PER 2011 CENSUS

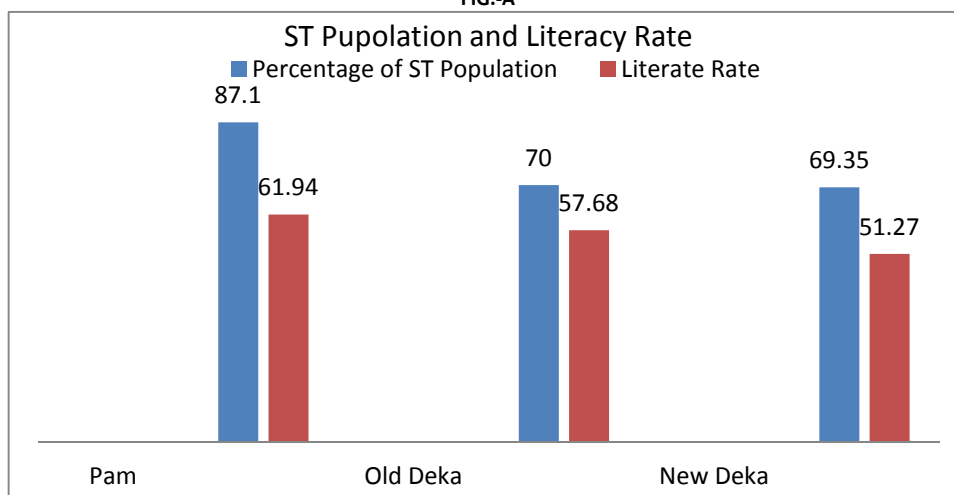
Village	H.H.	Person	Male	Female	Person ST	Male ST	Female ST	Person Literate	Male Literate	Female Literate
Pam	65	318	155	163	277 (87.10)	131	146	197 (61.94)	109	88
Old Deka	68	371	195	176	260 (70.00)	135	125	214 (57.68)	118	96
New Deka	71	509	250	259	353 (69.35)	170	183	261 (51.27)	141	120

Source: Census Report, 2011

The total households of the three villages: Pam, Old Deka and New Deka are 65, 68 and 71 only.

The percentages of ST population in the villages are 87.10, 70.00 and 69.35 and also the literacy rates are 61.94, 57.68 and 51.27 respectively. ST population and literacy rate both are highest in Pam village while both are lowest in New Deka village. These are shown in Figure-1.

FIG.-A



The livelihood pattern of the people of these three villages was primitive type and depended more on common property resources. Globalization and modern live style were not seen in this area of the state. The three basic needs of life: food, cloth and shelter were managed by their own production on the basis of community cooperation.

Data Base: The research is based completely on primary data collected from village survey. 50 households from each village of the three villages were selected through random sampling technique without replacement to fill up the pre-designed and pre-tested questionnaire through direct interaction with respondents. Out of 50 households, 25 males and 25 females from the age group (20-50) years were selected as respondents to fill up the questionnaires, as this age group is particularly more responsible to earn the livelihood for their family. The village survey was taken in the month of August, 2013.

Tools: Simple numerical calculations, graphical representations, different statistical tools like mean, standard deviation, coefficient of variation, Yule's Coefficient of Association are used to analyze the data.

RESULTS AND DISCUSSION

In our surveyed area the various sources of household energy were fuel wood, kerosene, LPG and electric power. Almost all the households were using fuel wood for cooking purpose and getting room temperate as there was extreme cold due to frequent snow falling. In the study area, collection of fuel wood from common property resources was a main source of domestic energy. It dealt mainly with the women's labour allocation to fuel wood collection along with other products from CPRs. Local CPRs were very much important in the economy of rural people in general and women in particular. Women and the children were the sole or significant collector of various items from CPRs. Women by virtue of their gender role and domestic responsibilities had been pushed in their efforts to meet daily household needs from CPRs. Here we consider only adult males and females. Gender dimension in collection of forest produces is shown in Table-2 and Figure-1 and Figure-2 below.

TABLE-2: GENDER DIMENSION IN CPR BASED ACTIVITIES

Village	Respondents		Total Hours Spent in Collection of Different Items from CPRs Daily		No. of Man-days in Collection of Different Items from CPRs Daily		Percentage of Males and Females in respect of total Man- days	
	Male	Female	Male	Female	Male	Female	Male	Female
Pem	25	25	72	112	9	14	13.64	21.21
Old Deka	25	25	80	104	10	13	15.15	19.70
New Deka	25	25	64	96	8	12	12.12	18.18
Total	75	75	232	312	27	39	40.91	59.09

Source: Field Survey; 1 man day = 8 hours spent in collection of items from the CPRs.

Gender Dimension in CPR based Activities

- Percentage of Males and Females in respect of total Man- days Male
- Percentage of Males and Females in respect of total Man- days Female

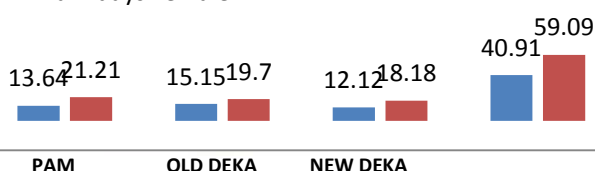


FIGURE-1

Gender Dimension in CPR based Activities

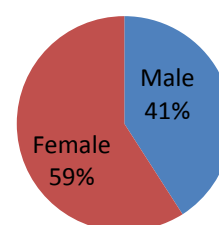


FIGURE-2

From our field study, we got 27 number of man-days for males and 39 number of man-days for females out of 150 respondents (males=75 and females=75) for collecting the different items daily from CPRs for maintaining their livelihood considering 1 man-day = 8 hours. Circle wise there were 9, 10 and 8 man-days for males in Pem, Old Deka and New Deka respectively while there were 14, 13 and 12 man-days for females in Pem, Old Deka and New Deka respectively and also their percentages are shown in Table-1 and Figures-1 and 2. The share of females for collecting the different items daily from CPRs was always higher than that of males in all the three circles in regard of man-days. Total percentage of females was 59.09 while that of males were 40.91. Therefore, women engaged averagely 4.16 hours daily where as males 3.09 hours daily on the CPR- based activities.

Critical Dependence on Forests for Subsistence: Women were dependent on forest for food, fibre, fodder, medicines, raw materials for producing small items like leaf plates, mats etc. for use at home or for selling them in markets and stones for construction house. Apart from their dependence on forest lands as

gatherers of forest produce, the women were also employed by forest department and contractors to work as unskilled labour. Women were supposed to participate in community forestation programmes and were also involved as producers in farm forestry programmes. Hence, four roles which women played in forestry are gathering, wage employment, management and production. But here women faced three main problems; their rights of collection were not well recognized and publicized, many minor forest products had been nationalized by state in the interest of revenue and diminishing opportunities for self-employment through collection of forest products (Saxena, 1993).

Women's Priorities Not Reflected: Indigenous communities in many localities have embarked on social forestry programmes to improve their quality of life and regenerate surrounding environment by planting trees. The performance of such social forestry projects is a mixed experience, where some have sustained, while many others have not. From gender perspective, most of them have failed to incorporate women groups' perceptions, priorities and needs. Commercial species planted on grazing land at the behest of forest department have deprived local women of any benefit and encouraged local level institutions like panchayats to harvest such plantation for income. Women's priorities, in species selection are not of any consequence for social forestry projects here; such priorities and indigenous knowledge have been kept out of the projects by default (Saxena, 1993). We got same picture in our study area. Plantation programmes were also taken in several times in this area where women were main participants but their roles were not reflected.

IMPACT OF DIVERSION, EMPLOYMENT AND UNEMPLOYMENT ON THE DEPENDENCY OF CPRs

Women to gather fuel, particularly in tribal belts and lower strata of the society, had to walk a long distance in a day to collect a load of fuel wood on their back to boil the pot of their family due to the massive deforestation. The employment generated by CPRs is usually estimated by evaluating the working days spent by a household for the collection of CPR products or CPR based activities. Eight working hours by an adult person or sixteen working hours by a child have been considered equivalent to one working day (Singh, 1994 and Jodha, 1986). An attempt is made in this study to compare the contribution of community forest that accrues to poor and non-poor households as well as rural livelihood linkages. There are many studies which estimated the gross household income (Jodha, 1986; Pasha, 1992) but the income data suffered from a lot of errors, as respondents normally hesitated in reporting his/her real income and sources of income. The illiteracy of the respondents in the study area was another obstacle in it. Hence, in order to examine the relative importance of community forest in the household economy, the consumption from them in relation to total consumption was analysed. From the discussion with the villagers, it was known to the researcher that the dependency on CPRs was gradually decreasing year by year. As a reason they said that the villagers were migrating from village to town for livelihood and education. This is due to the fact that higher level of schooling might have better exit options due to high opportunity cost and hence, forest extraction activities might be less attractive for those households. Besides, availability of government sector jobs might well divert people from dependency on forests.

Again we can calculate how much did the unemployed and employed rural people at their own local area depend on CPRs in the study area? In this respect we can apply Yule's Coefficient of Association following Yule method to see correlation between employed and dependency on CPRs as per Table-2.

TABLE-2: PERCENTAGE OF DEPENDENCY OF EMPLOYED AND UNEMPLOYED MALE AND FEMALE ON CPRs

% Dependency on CPRs	Male		Female		Total
	Employed	Unemployed	Employed	Unemployed	
Above 50%	5	30	7	60	102
Below 50%	15	10	3	20	48
Total	20	40	10	80	150

Source: Field Survey

Applying Yule's method for Male

Let A denotes employment. Therefore, α would denote unemployment.

Let B denotes dependency on CPRs above 50%. Therefore, β would denote dependency on CPRs below 50%.

Construction of Table for calculation Yule's Coefficient of Association for Male

	A	α
B	5	30
β	15	10

$$\text{Yule's Coefficient of Association} = \frac{(AB)(\alpha\beta) - (A\beta)(\alpha B)}{(AB)(\alpha\beta) + (A\beta)(\alpha B)} = \frac{(5 \times 10) - (15 \times 30)}{(5 \times 10) + (15 \times 30)} = \frac{-400}{500} = -0.80$$

Thus, there is high negative association between the dependency on CPRs and employment of male meaning that increase in employment decreases the dependency upon CPRs.

Applying Yule's method for Female

Let A denotes employment. Therefore, α would denote unemployment.

Let B denotes dependency on CPRs above 50%. Therefore, β would denote dependency on CPRs below 50%.

Construction of Table for calculation Yule's Coefficient of Association for Female

	A	α
B	7	60
β	3	20

$$\text{Yule's Coefficient of Association} = \frac{(AB)(\alpha\beta) - (A\beta)(\alpha B)}{(AB)(\alpha\beta) + (A\beta)(\alpha B)} = \frac{(7 \times 20) - (3 \times 60)}{(7 \times 20) + (3 \times 60)} = \frac{-40}{320} = -0.12$$

Thus, there is low negative association between the dependency on CPRs and employment of female meaning that increase in employment decreases the dependency upon CPRs (Mandal, 2012).

Finding: Yule's Coefficient of Association for male and female both are -0.80 and -0.12 respectively. Both are negative association between the dependency on CPRs and employment. But the value for female is much lower than that of male meaning that employment of female can withdraw them very little from CPRs i.e., employment of female would reduce dependency on CPRs very little in comparison to the male. Therefore, employment of male would reduce dependency on CPRs at a large but employment of female would reduce dependency on CPRs a very little. Therefore how to reduce the dependency of female on CPRs is a matter of complexity and the authority has to think about these problem.

VALUE OF WOMEN'S CONTRIBUTIONS: THE VALUE OF WOMEN'S CONTRIBUTIONS MAY BE COMPUTED BY TWO METHODS: OPPORTUNITY COST METHOD AND OUTPUT METHOD

Livelihood pattern in a predominantly rural, traditional tribal society from empirical standpoint might mean somewhat different from other part of India. Money income is important in urban areas, whereas access to food and land resources to produce food and other necessities are more important in the given traditional societies, which nevertheless are gradually getting monetized from non-money economies. The concepts of work and occupation, similarly needs redefinition. Whereas work in modern societies is related to employment and monetary rewards, in the instant communities, it might connote different things; e.g. community work, sharing of labour through rotations than by wage payments, use of family labour as a collective endeavours in livelihood system, non-intensive agricultural practices, subsistence agriculture and mixed-farming and inter-cultural techniques that allows for distributed farm-work through-out the

year and results in staggered harvesting throughout the year. Thus, employment or unemployment are an unimportant questions—no one is unemployed and no one is employed (by someone else)—everyone works nevertheless; periods of no work are periods of relaxation and rejoice (Mandal, 2012).

Opportunity Cost Method: In this method we can find out the value of CPRs produce with the help of opportunity cost for males and females, i.e., we can find out the labour value if the concerned male/female sales his/her labour in another action for the time for which he/she has already spent for collection of CPRs produce. Organised labour market was absent in the study area. Labours were purchased especially for building and road construction. The researcher heard from the labourers about their labour value per day for male and for female. The contractor generally paid Rs. 250/- for male per day (8 hrs.) and 200/- for female. Accordingly the researcher finds out the labour value as shown in table-3.

TABLE-3: GENDER DIMENSION IN CPR BASED ACTIVITIES IN TERMS OF LABOUR VALUE THROUGH OPPORTUNITY COST

Circles	Responde1nts		Total hours spent for collection of different items from CPRs daily for 25 males and 25 females		No. of man-days for collection of different items from CPRs daily for 25 males and 25 females		Total labour value of man-days @ Rs. 250/-per day per male and @ Rs.150/- per day per female for 25 males and 25 females		Average labour Value (Rs.) per male and per female	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Pem	25	25	72	112	9	14	2250	2800	90	112
Old Deka	25	25	80	104	10	13	2500	2600	100	104
New Deka	25	25	64	96	8	12	2000	2400	80	96
Total	75	75	232	312	27	39	6750	7800	90	104

Source: Field Survey

CIRCLE-WISE AVERAGE LABOUR VALUE IN RS.

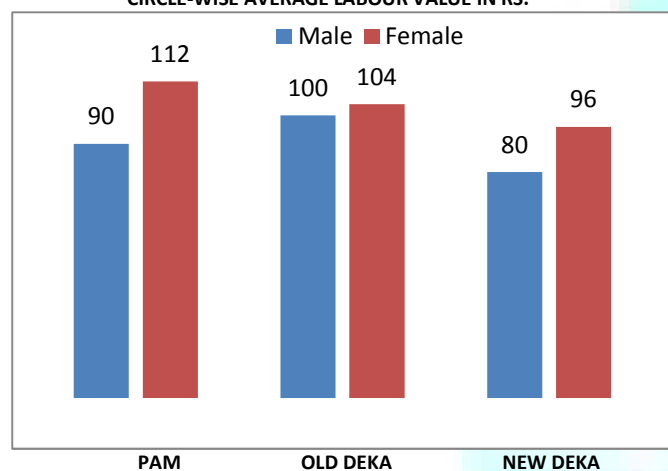


FIGURE-3

AVERAGE LABOUR VALUE IN RS.

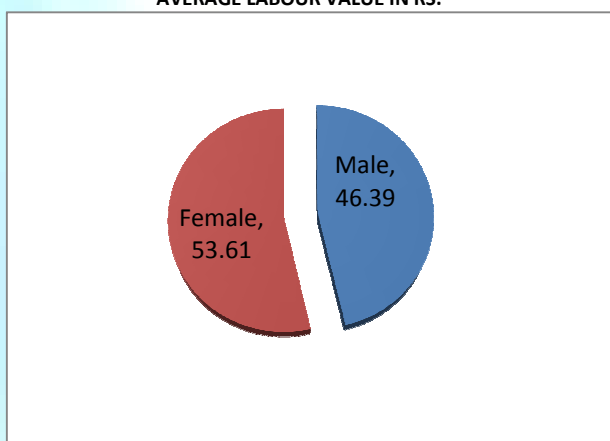


FIGURE-4

Finding: From the Table-3 and Figure-3, it is shown that male earned Rs. 90/-, Rs. 100/- and Rs. 80/- while female earned Rs. 112/-, Rs. 104/- and Rs. 96/- per day from the collected items from CPRs in Pem, Old Deka and New Deka respectively. In average, male earned Rs. 90/- and female earned Rs. 104/- per day in the study area shown in Figure-4. The earnings from CPRs of males and females differed because of engagement of time duration in collecting CPRs produces.

Output Method: In output method, we can find out the value of the collected items from CPRs by selling them in the market. The collected items are easily sold at high prices in the market of urban areas while in the study area there was no such as local market to sell them, if they were sold but their prices were very low. Because, the villagers were very cooperative, their needs were fulfilled with the help of others without money transaction. Any household could get the collected items from CPRs from others at free of cost or at nominal prices. Therefore, it is difficult to get the value of collected items from CPRs through output method. But the researcher heard from the respondents that they could earn handsome money more than labour value from the selling of the collected items in the market of district town. Some herbs collected from the CPRs were sold outside of the state at very prices. The priest/lama in Adi society is generally very wise to cure of all types of ailment by the local herbs. The people generally go first to local herb man/lama/priest for any type of their trouble. They are not so much accustomed to modern allopathic treatment. But actual value of collected items from CPRs is difficult through output method.

FINDINGS

Some of the impacts from failure of JFM were described by groups of villagers. With depletion of local forests women were forced to go to other forests for collection of fuel wood etc. where the forest protection committees of those forests were posing a major hindrance. Hence the women were facing great difficulty in procuring minor forest produce for their day-to-day household activities. Locally, an acute scarcity of fuel wood and fodder was expected in the near future. The women were expected to be severely affected in the process. The work performed by Adi women and their contribution in terms of family affairs i.e., household works were unlimited. Forest/ CPR based collection for daily household purposes completely depended on the females in the study area. Women were engaged averagely at least 4.16 hours per day in CPR based collection for their daily household purposes where as the males spent only 3.09 hours daily in CPRs-based activities. Major part of agricultural work including shifting cultivation went on the shoulder of the women. But major works like cutting the trees for shifting cultivation or house construction were performed by the males.

In case of decision making and exercising of authority women took decisions related to child care, children's education, type of feast to be prepared, purchase of utensils and clothes, house related activities, cooking, upgrading house, extension of house, maintenance and agricultural activities. Thus, decisions related to major issues were taken by husbands, while decisions on activities within the house were dominated by women. Men dominated in taking decisions on number of children to bear, arranging children's marriage, sale/purchase of animals and land, settlement of disputes, social visits and to some extent voting. Thus, controlling and decision making in important activities were decided by the husbands. In other words, where there was social prestige men dominated, while decisions associated with responsibility and duties of use value were left to women. There was a positive change among younger educated women to participate actively in making variety of decisions. In the study area, it is seen that employment of male would reduce dependency on CPRs at a large but employment of female would reduce dependency on CPRs a very little.

CONCLUDING REMARKS

Common Property Resources were very much important and crucial for the economies of the tribal people specifically for the women. Unfortunately development agencies gave little bit interest in the needs and interest of the tribal women in the implementation of any programme and policy. As a result achievement was unsatisfactory. Therefore, attempt should be made to increase the women participation in the management of these resources where they are the actual

users and make them partner of profit earned from CPRs as the employment of women are not so much effective to reduce their dependency on CPRs. Therefore, the authority has to think about this matter to maintain the quantum of CPRs through sustainable development and side by side try to regenerate the rare species in the CPRs.

A participatory approach to indigenous women would empower them to explain their priorities, present their indigenous knowledge systems, their problems and capabilities. On the basis of such information generated, they would be able to plan social forestry programmes along with men and improve their entitlement to forest resources so as to lead their lives with less of hardship and also become custodians of local natural resources as stakeholders in regeneration of forest.

ACKNOWLEDGEMENT

I have written this article under the supervision of Dr. Ram Krishna Mandal, Associate Professor of Economics. I am grateful to him.

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LOVE, COMPASSION AND SPIRITUALITY: A TRULY RELEVANT ETHOS IN MANAGEMENT AND BUSINESS ORGANISATIONS

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ABSTRACT

In business and organisations 'love' and/or 'spirituality' mean genuine compassion for humankind, with all that this implies. We are not talking about romance. Nor are we referring to god or religion, because while love and spirituality have to a degree been adopted by various religious organisations and beliefs, here love and spirituality do not imply or require a religious component or affiliation at all. Far from it anyone can love other people. And everyone is in their own way spiritual. Given that love (or spirituality, whatever your preference) particularly encompasses compassion and consideration for other people, it follows that spoiling the world somewhere, or spoiling the world for future generations, is not acceptable and is not a loving thing to do. Love in business and work means making decisions and conducting oneself in a way that cares for people and the world we live in. So why is love (or spirituality) such a neglected concept in business? It hasn't always been so (of which more later). There are increasing numbers of writers, gurus and now even a few business leaders who advocate greater love, compassion and spirituality in corporations. There are also various interpretations of these ideas about love and ethics, about compassion and spirituality. This is fine. It's normal for any significant concept to have several interpretations, and these reflect the different ways of applying the concept in different situations. Some interpretations have a compassionate or spiritual foundation; others are quite rightly incorporated within wider issues of corporate social responsibility and ethical business. Other ideas approach the concept from the environmental angle, or sustainability, or 'fair trade'. The challenge for modern managers and leaders to develop an interpretation of love and spirituality that will work for your own organisational situation

KEYWORDS

ethos in management, business organisation.

INTRODUCTION

Compassion for humankind - and other ethical reference points for good leadership and management in business and organisations "No cord or cable can so forcibly draw, or hold so fast, as love can do with a twined thread." Love is a strange word to use in the context of business and management, but it shouldn't be. Love is a normal concept in fields where compassion is second-nature; for example in healthcare and teaching. For those who maybe find the concept of 'love' too emotive or sentimental, the word 'spirituality' is a useful alternative. Spirituality is a perspective in its own right, and it also represents ideas central to love as applied to business and organisations, i.e., the quality of human existence, personal values and beliefs, our relationships with others, our connection to the natural world, and beyond. Some people see love and spirituality as separate things; others see love and spirituality as the same thing. Either view is fine. In business and organisations 'love' and/or 'spirituality' mean genuine compassion for humankind, with all that this implies. We are not talking about romance. Nor are we referring to god or religion, because while love and spirituality have to a degree been adopted by various religious organisations and beliefs, here love and spirituality do not imply or require a religious component or affiliation at all. Far from it, anyone can love other people. And everyone is in their own way spiritual. Given that love (or spirituality, whatever your preference) particularly encompasses compassion and consideration for other people, it follows that spoiling the world somewhere, or spoiling the world for future generations, is not acceptable and is not a loving thing to do. Love in business and work means making decisions and conducting oneself in a way that cares for people and the world we live in. So why is love (or spirituality) such a neglected concept in business? It hasn't always been so (of which more later).

HOW LOVE, COMPASSION AND SPIRITUALITY BECAME UNFASHIONABLE IN CORPORATIONS

Leaving to one side the obvious associations with office romance and sexual harassment (if you run a session on this you will need to get any nervous giggles and innuendos out of the way first), it's likely that love and spirituality became something of a taboo in corporations because 20th century business was largely concerned with 'left-side brain' perspectives, for example: performance management, critical reasoning, total quality, strategic planning, financial results, profit, etc. These are necessary aspects of good business and management, but they are fundamentally dispassionate. Also they tend to be 'male-oriented' areas. Not always, but they tend to be so, probably because men are generally more prone towards left-side-brain thinking and working. Historically men dominated the business landscape, and still do today to an extent. Not surprisingly then male-oriented ideas and priorities - especially dispassionate left-side-brain factors - have tended to dominate business and organisations. Conversely love, compassion and spirituality are generally perceived to be female traits. Men are less likely than women to demonstrate loving, compassionate, spiritual behaviour because of cultural and social expectations, especially when reinforced by the business traditions already mentioned. Additionally, in some cases successful business people owe much of their success to a personal drive borne of insecurity - the motivation to fill a gap or want, which can manifest as relatively unloving, dispassionate behaviour. Some successful people seem to suppress their spirituality, and to actively resist love to the point that they cannot even discuss it. Where unloving dispassionate behaviour exists in a business leader, whatever its cause, this unavoidably sets the tone for the whole organisation to be unloving and uncaring, and devoid of spiritual awareness. If this situation is replicated across very many large organisations, as arguably it has been during the 20th century, then inevitably business and work as a whole tends to be characterised in the same way - as unloving and uncaring, and certainly not spiritual. I'm not saying that the western world is run by a load of emotionally insecure mentally dysfunctional ruthless men (although I bet we've all worked for at least one of them in our time), but arguably there are certain correlations between aggressive results-driven male behaviour, the short-term business success demanded by western economic systems, and the organisational and economic cultures that arose and endured from 'successful', dispassionate anti-spiritual (and mostly male) leadership. I should also make the point that dispassionate results-driven behaviour is not the exclusive domain of men. Many successful women in business (and politics) have had to wear the trousers, if not full the battledress, to beat the men; at a man's game, in a man's world. Let's acknowledge also the reality that a methodology based on cold-hearted logic and dispassionate decision-making can produce very effective results, especially short-term, and where clinical leadership is required to overcome great challenge or difficulty. Moreover tyrants and bullies sometimes succeed. Some even achieve long-term success (according to their own definition of the word success). And arguably certain dispassionate methods, where people and environment are not affected, are a perfectly appropriate part of the business management mix.

HOWEVER, UNLOVING UNCARING METHODS, WHICH TEND TO PREDOMINATE IN ORGANISATIONS AND TO BE PASSED ON THROUGH SUCCESSIVE LEADERSHIP GENERATIONS, ARE NOT THE ENTIRE AND ONLY WAY TO RUN A BUSINESS OR ORGANISATION.

Compounding the situation, the historical prevalence of dispassionate leadership, unloving ideas, and uncaring behaviour in organisations has tended to determine that reward systems and training and development methodologies have been correspondingly dispassionate, (staff and suppliers basically do as they are told after all), and so the whole selfish cycle reinforces itself. Not surprisingly therefore, ideas about loving people, being compassionate and spirituality are unlikely to appear in many management training manuals or training courses. Nor are the principles of genuine tolerance and selfless giving, or the values of forgiveness, or of nurturing your own spirit, because after all we must love ourselves before we can unconditionally love everyone else, and what's the point of loving yourself if the idea of loving anyone else is a totally alien concept in the conventional corporate world? People who extol the virtues of love and

spirituality in organisations have until recently largely been regarded as cranks - not because love and spirituality doesn't work - but because organisations, and also the developed western economic world, have evolved to ignore and exclude the deepest of human feelings and needs. Which when you think about what we actually all are, and what we actually all need as people, is a bit strange and a bit daft. Work and organisations in recent times have simply not aligned with some of humankind's most basic needs - to be loved, and to find our own purpose and meaningful connections in life, which often brings us full circle to loving and helping others. For a hundred years or more, millions upon millions of people who need love and spiritual meaning like they need food and drink, are denied these basic life requirements at a place that occupies the majority of their useful existence (their work), because love and spirituality (and all that these words represent) seemingly don't feature on the corporate agenda. However..Yes. However. As we know, things are changing. People are most certainly now seeking more meaning from their work and from their lives. People in far flung exploited parts of the world now have a voice, a stage, and an audience, largely enabled by technology and the worldwide web. Customers, informed by the increasing transparency and availability of information, are demanding that organisations behave more responsibly and sensitively. Increasing numbers of people are fed up with the traditionally selfish character of corporations and organisations and the way they conduct the themselves. The growing transparency of corporate behaviour in the modern world is creating a new real accountability - for the organisations which hitherto have protected the self-interests of the few to the detriment of everyone and everything else. Now, very many people - staff, customers, everyone - demand and expect change. Leaders need now to care properly for people and the future of the planet, not just to make a profit and to extract personal gain. And so businesses and corporations are beginning to realise that genuinely caring for people everywhere is actually quite a sensible thing to do. It is now more than ever necessary for corporations to make room for love and spirituality - to care for people and the world - alongside the need to make a profit. Love, compassion, and spirituality - consideration for people and the world we live in - whatever you choose to call it - is now a truly relevant ethos in business and organisations.

THE CONCEPT OF LOVE AND SPIRITUALITY IN BUSINESS IS NOT A NEW ONE

Love, compassion, spirituality, and real ethical principles (to some a modern interpretation of the preceding concepts), actually provided the platform for the formation and success of many very large and famous corporations. Dating back to the 18th and 19th centuries some very big businesses were originally founded on loving and spiritual principles. For example the early huge Cadbury and Row tree British enterprises were founded by Quakers and run on far more compassionate principles than we would consider normal in business today. High finance and loving principles rarely appear in the same sentence now, but many regional banks, long since swallowed by the multi-nationals, were once Quaker businesses, run on caring principles. The Pease Company which effectively pioneered the railway industry was also a caring Quaker business. This is not a soapbox or a recruiting post for the Quaker movement - not least because certain Quaker-founded organisations very quickly sacrificed their caring principles in the quest for greed and power. It just happens that some parts of Quaker business history provide good examples of managing corporations successfully, while at the same time leading and managing and making decisions with love, compassion and great care for the world. We can also look to longstanding examples of co-operatives, employee ownership organisations, mutual and credit unions becoming increasingly successful in modern times. Many of these organisations openly advocate and support more caring and sharing ideals that place people and ethics ahead of profit, and significantly some are now beginning to demonstrate that a more caring philosophy can translate into competitive advantage, and better commercial performance. More will appear on this page in due course about how these ideas are being adapted for the modern age. In particular, the extension of the principles beyond any religious association - especially into areas of co-operatives and employee ownership organisations - because as already stated, being loving and spiritual is not dependent on being religious or believing in a god of any sort. Love, compassion, spirituality and ethics in business are not dependent on membership of a group or section. Anyone can be loving, compassionate, spiritual and ethical; in fact most people are - it's just that big corporations have tended to require people not to be. Then as now - in fact even more so now - you don't need to go to church or to be a member of a particular religion in order to love other people, to act ethically and honestly, and to consider the needs of other people while you pursue (quite reasonably) what you need yourself. This includes loving yourself and striving to be a loving compassionate forgiving person, even if the organisation around you hasn't yet seen the light. Be assured, it soon will do. As we know, management ideas tend to be cyclical, and this is a case in point: Love and Spirituality are back in business.

CONCLUSION

There are increasing numbers of writers, gurus and now even a few business leaders who advocate greater love, compassion and spirituality in corporations. There are also various interpretations of these ideas about love and ethics, about compassion and spirituality. This is fine. It's normal for any significant concept to have several interpretations, and these reflect the different ways of applying the concept in different situations. Some interpretations have a compassionate or spiritual foundation; others are quite rightly incorporated within wider issues of corporate social responsibility and ethical business. Other ideas approach the concept from the environmental angle, or sustainability, or 'fair trade'. The challenge for modern managers and leaders to develop an interpretation of love and spirituality that will work for your own organisational situation.

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CLAUSE 49: AN ATTEMPT TO DISCIPLINE CORPORATE

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ABSTRACT

Clause 49 of Listing Agreement is a statutory regulatory authority for the securities market. Through this initiative, SEBI sought to bring a greater transparency in the operations of a listed company by enhancing the quality of disclosures, protect the interest of all shareholders and make the board and management more accountable and fair to the stakeholders, so that the company conducts its operations to create value for the shareholders. Corporate Governance is the new issue for Indian industry. It has assumed greater importance in the context of what has happened to companies like ENRON, XEROX WORLD.com etc. The basic rationale for high standards of corporate governance stems from inherent characteristics of corporate form of organization given the growth stock companies are obliged to raise the required capital from large no. of shareholders, which individually can't have any active participatory role in the management of organization. In this study, I begin by giving an introduction to Clause 49. Then, I have listed various frauds that have occurred in the last decade. Next, I have outlined the need of corporate governance for transparency. I have also listed various provisions of Clause 49 regarding the Board of Directors, Audit Committee etc. Also listed are various annexures that contain (a) information to be placed before Board of Directors (b) format of Quarterly Compliance Report on Corporate Governance (c) list of items to be included in the report on Corporate Governance in the annual report of Companies and (d) some non-mandatory requirements.

KEYWORDS

clause 49, corporate discipline.

1. INTRODUCTION

CLAUSE-49 A PROTECTION AGAINST INTEREST OF MINORITY SHAREHOLDERS

In terms of reform and development, the Indian capital market and financial sector have been the fastest to grab every opportunity presented by the paradigm shift in India's economic policy. But for all the development efforts, the capital market remains seriously flawed because three key ingredients are still missing. They are adequate supervision, strict accountability and appropriate punishment. China has over 25 million investors, while India with all its rapid development and its 130 year old stock exchange culture has only 19 million investors.

The series of scandals have intensified pressure from stakeholders and regulators on the audit communities; their role has been limited both due to the lack of expertise and lack of time. The provision of clause 49 of listing agreement and their adherence pattern are analyzed. There is a lot of resistance from industry circle for further reforms as is evident from dropping of companies bill 2003 and revision to clause 49 on their demand. If this trend continues, the useful contributions from recent committee and time spent by their expert members in this regard will not reap any benefits. So it is essential for Indian companies to accept and continue with the reforms that are demanded by the challenges of the new millenium.

Clause 49 of Listing Agreement is a statutory regulatory authority for the securities market. The stock exchanges have been executing listing agreements laying down continuous obligations for companies. It was the result of the initiative taken by the Securities and Exchange Board of India in 1999, purely as inessential tool for investor protection. Through this initiative, SEBI sought to bring a greater transparency in the operations of a listed company by enhancing the quality of disclosures, protect the interest of all shareholders and make the board and management more accountable and fair to the stakeholders, so that the company conducts its operations to create value for the shareholders.

2. STOCK SCAMS

A simple roll call of the scams of the last decade tells the story of why Indian investors are so frustrated.

1. **The securities scam of 1992:** It exposed the utter lawlessness and absence of supervision in the money markets; it allowed funds to be transferred with impunity from banks and corporate houses into the equity markets; and saw thousands of crores of bank funds to move in and out of brokers' bank accounts.
2. **The IPO bubble:** The entry of foreign institutional investors led to a massive bull run, which saw the secondary market recover from the scam even though badla was banned. Soon thereafter, the control over capital issues was abolished with a one line order and it opened the floodgates for a massive scam in the primary market (or initial public offerings). The scam had a multitude of small traders, chartered accountants and businessmen, who teamed up with bankers and investment bankers to float new companies and raise public funds while the second type which caused losses of several thousand crores of rupees is known as the vanishing companies scandal.
3. **Preferential allotment rip-off:** Apart from raising fresh funds, promoters of Indian companies who thought that prices would never come down, quickly orchestrated general body clearances to allot shares to themselves on a preferential basis and at a substantial discount to the market.
4. **CRB's house of cards:** Chain Roop Bhansali's (CRB) cardboard empire is only the biggest and most audacious of many that were built and disappeared in the new 'liberalised' milieu of the mid-1990s. His Rs 1000 crore financial conglomerate comprised of a mutual fund, fixed deposit collection, a merchant bank and a provisional banking license.
5. **Plantation companies' puffery:** These followed the same strategy as vanishing companies and since they were subject to no regulation, could get away with wild profit projections. They positioned themselves as part mutual fund, part IPO and promised the most incredible returns- over 1000 per cent at least in seven years. High profile television campaigns, full page advertisements and glossy brochures had the investors flocking for more.
6. **Mutual funds disaster:** The biggest post liberalization joke on investors is the suggestion that small investors should invest in the market through Mutual funds. Yet, over the decade, a string of government owned mutual funds have failed to earn enough to pay the returns 'assured' to investors. Then came the big bail out of Unit trust of India.
7. **The 1998 collapse:** What could be a bigger indicator of the ineffectiveness of the regulatory system and the moral bankruptcy in the country than the return of Harshad Mehta? In 1998, the scamster, who was the villain of 1992, made a comeback by floating a website to hand out stock tips and writing columns in several newspapers who were told that his column would push up their circulation figures.
8. **The K-10 gimmick:** Though everybody knows this as a Ketan Parekh scandal, but if one examines the selective leak of the SEBI investigation report to the media, it would seem as though only three operators caused the problem by hammering down prices. The government promised stringent action not only against Ketan Parekh and the brokers who hammered down prices, but also the regulators who slept over their job and companies.
9. **Satyam case:** Mr. Ramalinga Raju, the former Chairman and chief executive had admitted that he had manipulated the balance sheet for several years to show huge inflated profits and fictitious assets. The estimated fraud was Rs. 700 crore, one of the highest committed frauds since 1996.

3. NEED OF CORPORATE GOVERNANCE FOR TRANSPARENCY

Corporate Governance is the new issue for Indian industry. It has assumed greater importance in the context of what has happened to companies like ENRON, XEROX WORLD.com etc. The basic rationale for high standards of corporate governance stems from inherent characteristics of corporate form of organization given the growth stock companies are obliged to raise the required capital from large no. of shareholders, which individually can't have any active participatory role in the management of organization. While it is generally accepted that the principle objective of corporates is to maximize shareholders wealth, there is always a suspicion that the executive may transfer part of the created wealth through excessive rewards to themselves and thus transmission of all created wealth to its rightful owners i.e. the shareholders.

Disclosure to analyst Table 1:

Evolution of the Corporate Governance in India

Committees and codes for Corporate Governance in India

CII voluntary code of Corporate Governance

1998 Kumara Mangalam Birla Committee, India.

1999 appointed by SEBI Narayana Murthy Committee, 2002 appointed by SEBI

(Narayana Murthy is the Chairman of Infosys). This Committee was also widely represented with stakeholders. Though there were no corporate misdemeanors in India, however in the wake of the corporate scandals in other markets.

Naresh Chandra Committee, 2003. Appointed by the Government of India. Recommendations were not implemented.

Dr. J J Irani Committee appointed by the Government of India (Dr. Irani is Executive Director of Tata sons).

The mandatory recommendations of the Kumar Mangalam committee covered Board structure and composition, constitution of Audit Committee and its responsibilities, Remuneration Committee in all listed companies, appointment of one or more independent directors in them, recognition of the leadership role of the Chairman of a company, enforcement of accounting standards, the obligation to make more disclosures in annual financial reports, effective use of the power and influence of institutional shareholders. The Committee also recommended a few provisions, which are not mandatory. The recommendations were implemented since the year 2000. The key mandatory recommendations focused on definition of independence, strengthening the responsibilities of audit committees; risk assessment and disclosure by boards in annual reports, improving the quality of financial disclosures, relationship between auditors and the company; adoption of formal codes of conduct; the position of nominee directors; and stock holder approval and improved disclosures relating to compensation paid to non-executive directors. Non-mandatory recommendations include moving to a regime where corporate financial statements are not qualified; instituting a system of training of board members; and the evaluation of performance of board members. This dealt with auditor company relationship, auditing the auditors independent directors: role, remuneration and training.

4. PROVISIONS OF CLAUSE 49

The company agrees to comply with the following provisions:

I. Board of directors

(A) Composition of Board

(i) The board of directors of the company shall have an optimum combination of executive and non-executive directors with not less than 50 % of the board of directors comprising of non-executive directors.

(ii) Where the chairman of the board is a non-executive director, at least one third of the board should comprise of independent directors and in case he is an executive director, at least half of the board should comprise of independent directors.

(iii) 'Independent director' shall mean a non-executive director of the company who:

(a) apart from receiving director's remuneration, does not have any material pecuniary relationships

(b) is not related to promoters

(c) has not been an executive of the company in the immediately preceding three financial years;

(d) is not a partner or an executive or was not partner or an executive during the preceding three years;

(e) is not less than 21 years of age

(B) Non executive directors' compensation and disclosures

All fees/compensation, if any paid to non-executive directors, including independent directors, shall be fixed by the board of directors and shall require previous approval of shareholders in general meeting. The shareholders' resolution shall specify the limits for the maximum number of stock options that can be granted to non-executive directors, including independent directors, in any financial year and in aggregate.

Provided that the requirement of obtaining prior approval of shareholders in general meeting shall not apply to payment of sitting fees to non-executive directors.

(C) Other provisions as to Board and Committees

(i) The Board shall meet at least four times a year, with maximum time gap of four months between any two meetings.

(ii) A director shall not be a member in more than 10 committees or act as Chairman of more than five committees across all companies in which he is a director.

(iii) The Board shall periodically review compliance reports of all laws applicable to the company, prepared by the company.

(iv) An independent director who resigns or is removed from the Board of the Company shall be replaced by a new independent director within a period of not more than 180 days from the day of such resignation or removal.

(D) Code of conduct

(i) The Board shall lay down a code of conduct for all Board members and senior management of the company. The code of conduct shall be posted on the website of the company.

(ii) All Board members and senior management personnel shall affirm compliance with the code on an annual basis. The Annual report of the company shall contain a declaration to this effect signed by the CEO.

(II) Audit Committee

(A) Qualified and independent audit committee

A qualified and independent audit committee shall be set up, subject to the following:

(i) The audit committee shall have minimum three directors as members. Two-thirds of the members of audit committee shall be independent directors.

(ii) All members of audit committee shall be financially literate and at least one member shall have accounting or related financial management expertise.

(iii) The Chairman of the audit committee shall be an independent director;

(iv) The Chairman of the audit committee shall be present at annual general meeting to answer shareholder queries;

(v) The audit committee may invite such of the executives, to be present at the meetings of the committee, but on occasions it may also meet without the presence of any executives of the company.

(vi) The company secretary shall act as the secretary to the committee.

(B) Meeting of Audit Committee

The audit committee should meet at least four times in a year and not more than four months shall elapse between two meetings. The quorum shall be either two members or one third of the members of the audit committee whichever is greater, but there should be a minimum of two independent members present.

(C) Powers of Audit Committee

The audit committee shall have powers, which should include the following:

1. To investigate any activity within its terms of reference.

2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

(D) Role of audit committee

The role of audit committee shall include the following;

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - (a) Matters required to be included in the Director's Responsibility Statement.
 - (b) Changes, if any, in accounting policies and practices and reasons for the same
 - (c) Major accounting entries involving estimates based on the exercise of judgment by management.
 - (d) Disclosure of any related party transactions.
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval
6. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.

(E) Review of information by Audit Committee

The Audit Committee shall mandatorily review the following information:

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the audit committee), submitted by management;
3. Management letters/ letters of internal control weaknesses issued by the statutory auditors;
4. The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit committee.

III. Subsidiary Companies

- (i) At least one independent director on the board of directors of the holding company shall be a director on the Board of directors of a material non listed Indian subsidiary company.
- (ii) The Audit Committee of the listed holding company shall also review the financial statements, in particular, the investments made by the unlisted subsidiary company.
- (iii) The minutes of the Board meetings of the unlisted subsidiary company shall be placed at the Board meeting of the listed holding company.

IV. Disclosures**(A) Basis of related party transactions**

- (i) A statement in summary form of transactions with related parties in the ordinary course of business shall be placed periodically before the audit committee.
- (ii) Details of the material individual transactions with related parties which are not in the ordinary course of business shall be placed before the audit committee.

(B) Disclosure of Accounting Treatment

Where in the preparation of financial statements, a treatment different from that prescribed in an Accounting standard has been followed, the fact shall be disclosed in the financial statements.

(C) Board Disclosures- Risk management

The company shall lay down procedures to inform board members about the risk assessment and minimization procedures. These procedures shall be periodically reviewed to ensure that executive management controls risk through means of a properly defined framework.

(D) Proceeds from public issues, rights issues, preferential issues etc.

When money is raised through an issue (public issues, rights issues, preferential issues etc.), it shall disclose to the Audit committee, the uses/applications of funds by major category (capital expenditure, sales and marketing, working capital etc.), on a quarterly basis as a part of their quarterly declaration of financial results.

(E) Remuneration of Directors

The following disclosures on the remuneration of directors shall be made in the section on the corporate governance of the Annual report:

All elements of remuneration package of individual directors summarized under major groups, such as salary, benefits, bonuses, stock options, pension etc.

Details of fixed component and performance linked incentives, along with the performance criteria.

Service contracts, notice period, severance fees.

(F) Management

(i) As part of the directors' report or as an addition thereto, a Management Discussion and Analysis report should form part of the annual report to the shareholders. This Management Discussion and Analysis should include discussion on the following matters within the limits set by the company's competitive position:

- (1) Industry structure and developments
- (2) Opportunities and threats
- (3) Segment-wise or product-wise performance.
- (4) Outlook
- (5) Risks and concerns
- (6) Internal control systems and their adequacy.
- (7) Discussion on financial performance with respect to operational performance.
- (8) Material developments in Human Resources/ Industrial Relations front, including number of people employed.

(ii) Senior management shall make disclosures to the board relating to all material financial and commercial transactions, where they have personal interest, that may have a potential conflict with the interest of the company at large (e.g. dealing in company shares, commercial dealings with bodies, which may have shareholding of management and their relatives etc.)

(G) Shareholders

(i) In case of the appointment of a new director or re-appointment of a director the shareholders must be provided with the following information:

- (a) A brief resume of the director;
- (b) Nature of his expertise in specific functional areas;
- (c) Names of companies in which the person also holds the directorship and the membership of Committees of the board; and
- (d) Shareholding of non-executive directors as stated in Clause 49 (IV) (E) (v) above.

(ii) Quarterly results and presentations made by the company to analysts shall be put on company's web-site;

(iii) A board committee under the chairmanship of a non-executive director shall be formed to specifically look into redressal of shareholder and investor complaints.

(V) CEO/CFO certification

The CEO, i.e. the managing director or manager appointed in terms of the Companies Act, 1956 and the CFO i.e. the whole time finance director or any other person heading the finance function discharging that function shall certify to the board that;

(a) They have reviewed financial statements and the cash flow statement for the year and that to the best of their knowledge and belief:

(i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

(ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

(b) There are, to the best of their knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.

(VI) Report on corporate governance

1. There shall be a separate section on Corporate Governance in the annual reports of the company, with a detailed compliance report on Corporate governance. Non-compliance of any mandatory requirement of this clause with reasons thereof and the extent to which the non-mandatory requirements have been adopted should be specifically highlighted. The suggested list of items to be included in this report is given in Annexure-I C and list of non-mandatory requirements is given in Annexure-I D.

2. The companies shall submit a quarterly compliance report to the stock exchanges within 15 days from the close of quarter as per the format given in Annexure I B. The report shall be signed either by the Compliance officer or the chief executive officer of the company.

(VII) Compliance

1. The company shall obtain a certificate from either the auditors or practicing company secretaries regarding compliance of conditions of corporate governance as stipulated in this clause and annex the certificate with the director's report, which is sent annually to all the shareholders of the company. The same certificate shall also be sent to the Stock Exchanges along with the annual report filed by the company.

2. The non-mandatory requirements given in Annexure 1-D may be implemented as per the discretion of the company. However, the disclosures of the compliance with mandatory requirements and adoption (and compliance)/ non-adoption of the non-mandatory requirements shall be made in the section on corporate governance of the Annual report.

5. ANNEXURE I A

- Information to be placed before Board of Directors:
 - Annual operating plans and budgets and any updates.
 - Capital budgets and any updates.
 - Quarterly results for the company and its operating divisions or business segments.
 - Minutes of meetings of audit committee and other committees of the board.
 - The information on recruitment and remuneration of senior officers just below the board level, including appointment or removal of Chief Financial Officer and the Company secretary.
 - Show cause, demand, prosecution notices and penalty notices which are materially important.
 - Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
 - Any material default in financial obligations to and by the company, or substantial non-payment for goods sold by the company.
 - Any issue, which involves possible public or product liability claims of substantial nature, including any judgment or order which, may have passed strictures on the conduct of the company or taken an adverse view regarding another enterprise that can have negative implications on the company.
 - Details of any joint venture or collaboration agreement.
 - Transactions that involve substantial payment towards goodwill, brand equity or intellectual property.
 - Significant labour problems and their proposed solutions. Any significant development in Human resources/ Industrial relations front like signing of wage agreement, implementation of voluntary retirement scheme etc.
 - Sale of material nature, of investments, subsidiaries, assets, which is not in normal course of business.
 - Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
 - Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.

6. ANNEXURE I B

Format of Quarterly Compliance Report on Corporate Governance

Name of the Company:

Quarter ending on:

Particulars	Clause of Listing agreement	Compliance status YES/NO	Remarks
I. Board of Directors	49I		
(A) Composition of Board	49 (IA)		
(B) Non-executive directors' compensation & disclosures	49 (IB)		
(C) Other provisions as to Board & Committees	49 (IC)		
(D) Code of conduct	49 (ID)		
II. Audit Committee	49 (II)		
(A) Qualified & Independent Audit Committee	49 (IIA)		
(B) Meeting of Audit Committee	49 (IIB)		
(C) Powers of Audit Committee	49 (IIC)		
(D) Role of Audit Committee	49 (IID)		
(E) Review of information by Audit Committee	49 (IIE)		
III. Subsidiary Companies	49 (III)		
IV. Disclosures	49 (IV)		
(A) Basis of related party transactions	49 (IV A)		
(B) Disclosure of Accounting treatment	49 (IV B)		
(C) Board disclosures	49 (IV C)		
(D) Proceeds from public issues, rights issues, preferential issues etc.	49 (IV D)		
(E) Remuneration of Directors	49 (IV E)		
(F) Management	49 (IV F)		
(G) Shareholders	49 (IV G)		
V. CEO/CFO Certification	49 (V)		
VI. Report on corporate governance	49 (VI)		
VII. Compliance	49 (VII)		

NOTE

In the column no. 3, compliance or non-compliance may be indicated by Yes/No/N.A. For example, if the board has been composed in accordance with Clause 49 I of the listing agreement, "Yes" may be indicated. Similarly, in case the company has no related party transactions, the words "N.A." may be indicated against 49 (IV A).

In the remark column, reasons for non-compliance may be indicated, for example, in case of requirement related to circulation of information to the shareholders, which would be done only in the AGM/EGM, it might be indicated in the "Remarks" column as- "will be complied with at the AGM". Similarly, in respect of matters which can be complied with only where the solution arises, for example, "Report on Corporate Governance" is to be a part of Annual report, the words "will be complied in the next annual report" may be indicated.

7. ANNEXURE I C

Suggested list of items to be included in the report on Corporate Governance in the annual report of Companies

1. A brief statement on company's philosophy on code of governance

2. Board of Directors:

(a) Composition and category of directors, for example, promoter, executive, non-executive, independent non-executive, nominee director, which institution represented as lender or as equity investor.

(b) Attendance of each director at the board meetings and the last AGM.

(c) Number of other boards or board committees in which he/she is a member or chairperson.

(d) Number of board meeting held, dates on which held.

1. Audit Committee:

(i) Brief description of terms of reference

(ii) Composition, name of members and Chairperson

(iii) Meetings and attendance during the year.

2. Remuneration Committee:

(i) Brief description of terms of reference

(ii) Composition, name of members and Chairperson

(iii) Attendance during the year

(iv) Remuneration policy

(v) Details of remuneration to all the directors, as per format in main report.

3. Shareholders Committee:

(i) Name of non-executive director heading the committee

(ii) Name & designation of compliance officer

(iii) Number of shareholders' complaints received so far

(iv) Number not solved to the satisfaction of shareholders

(v) Number of pending complaints.

4. General body meetings:

(i) Location & time, where last three AGMs held

(ii) Whether any special resolutions passed in the previous three AGMs.

(iii) Whether any special resolution passed last year through postal ballot- details of voting pattern

(iv) Person who conducted the postal ballot exercise

(v) Whether any special resolution is proposed to be conducted through postal ballot

(vi) Procedure for postal ballot

5. Disclosures:

(i) Disclosures on materially significant related party transactions that may have potential conflict with the interests of company at large

(ii) Detail of non-compliance by the company, penalties, strictures imposed on the company by stock exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

(iii) Whistle blower policy and affirmation that no personnel has been denied access to the audit committee.

(iv) Details of compliance with mandatory requirements and adoption of the non- mandatory requirements of this clause.

6. Means of communication:

(i) Quarterly results

(ii) Newspapers wherein results normally published

(iii) Any website, where displayed

(iv) Whether it also displays official news releases; and

(v) The presentations made to institutional investors or to the analysts.

7. General Shareholder information:

(i) AGM: Date, time & venue

(ii) Financial year

(iii) Date of book closure

(iv) Dividend payment date

(v) Listing on stock exchanges

(vi) Stock code

(vii) Market price data: High, low during each month in last financial year

(viii) Performance in comparison to broad based indices such as BSE sensex, CRISIL index etc.

(ix) Registrar and transfer agents

(x) Share transfer system

(xi) Distribution of shareholding

(xii) Dematerialization of shares and liquidity

(xiii) Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity.

(xiv) Plant locations

(xv) Address for correspondence

8. ANNEXURE I D

Non-mandatory requirements

1. The Board

The Board- A non-executive Chairman may be entitled to maintain a Chairman's office at the company's expense and also allowed reimbursement of expenses incurred in performance of his duties. Independent directors may have a tenure not exceeding, in the aggregate, a period of nine years, on the board of a

company. The company may ensure that the person who is being appointed as an independent director has the requisite qualifications and experience which would be of use to the company and which, in the opinion of the company, would enable him to contribute effectively to the company in his capacity as an independent director.

2. Remuneration Committee

(i) The board may set up a remuneration committee to determine on their behalf and on behalf of the shareholders with agreed terms of reference, the company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment.

(ii) To avoid conflicts of interest, the remuneration committee, which would determine the remuneration packages of the executive directors may comprise of at least three directors, all of whom should be non-executive directors, the Chairman of the Committee being an independent director.

(iii) All the members of the remuneration committee could be present at the meeting.

(iv) The Chairman of the remuneration committee could be present at the annual general meeting, to answer the shareholder queries. However, it would be up to the Chairman to decide who should answer the queries.

3. Shareholder rights

A half-yearly declaration of financial performance including summary of the significant events in last six-months, may be sent to each household of shareholders.

4. Audit qualifications

Company may move towards a regime of unqualified financial statements.

5. Training of board members

A company may train its board members in the business model of the company as well as the risk profile of the business parameters of the company, their responsibilities as directors, and the best ways to discharge them.

6. Mechanism for evaluating non-executive board members

The performance evaluation of non-executive directors could be done by a peer group comprising the entire board of directors, excluding the director being evaluated; and peer group evaluation could be the mechanism to determine whether to extend/ continue the terms of appointment of non-executive directors.

7. Whistle blower policy

The company may establish a mechanism for employees to report to the management concerns about unethical behavior, actual or suspected fraud or violation of the company's code of conduct or ethics policy. This mechanism could also provide for adequate safeguards against victimization of employees who avail of the mechanism and also provide for direct access to the Chairman.

9. CONCLUSION

It is clearly evident that the occurrence and re-occurrence of such security scams and financial scandals at some point in time be attributed to a failure of corporate governance in finance and that of financial regulation.

Corporate governance ensures a regular supply of capital and fair share of profit to investors. Its role does not end there. Corporate governance at that level does not mean that it is entirely solved but definitely can be improved on. Shareholders and other parties find difficulty in exercising corporate governance because of poor legal systems, corruption and bankruptcy.

Also, regulations and prohibition of entry of foreign banks reduces competition and market pressure on managers to earn profits. Corporate governance problem can be improved by increasing the private monitoring and reducing government ownership when it interferes with private monitoring.

Corporate governance is extremely important for India. Indian economy is fast getting integrated with global economy therefore in order to attract FDI through ADRS and GDRS, Indian economy will have to bring transparency in their working and get focused towards "Shareholders value maximization".

The corporates have to adhere to all TRIUMERRATE of Indian values:

SATYAM (TRUTH): Which is the ethical component of business.

SHIVAM (WELFARE): Which should be the economic objective of business.

SUNDARAM (BEAUTY): Which should be aesthetically outlook for business.

At the end combining all 3:

< SATYAM SHIVAM SUNDARAM >

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SOCIO-ECONOMIC STATUS OF STUDENTS STUDYING IN GOVERNMENT EDUCATIONAL INSTITUTIONS - WITH SPECIAL REFERENCE TO BELLARY DISTRICT

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ABSTRACT

Though acquiring the literacy and primary education are focused by the government, the secondary and higher educations have been diversified by the virtue of the employment opportunities. This article emphasizes on aim of students, type of family they belonged, source of funds for their education and reason for selecting Government educational institutions. The primary data has been collected from students who were studying in the 10 different government institutions including undergraduate, graduate and postgraduate studies. The data was collected by structured questionnaire and analyzed by using chi-square tests. It was found that economic condition was the prominent factor for selecting the government college for their studies. The inability of students to bear the cost of private education seems to be the crucial issue in the present scenario.

KEYWORDS

Educational institutions, Government, Income, Teaching.

INTRODUCTION

In the Indian constitution, "Education" in general, is the concurrent responsibility of the federal and state governments. What exactly involved in generating new knowledge? We can impart knowledge through good education.

The value based education system has been ignored to a great extent as the objective of the education is materialized in the early of the child's education. People define the 'scope of the education' in terms of earnings at the completion of that degree. The prioritized education in India is materialized by the way of achieving prosperous jobs. The long history of value based education and its existence has to be analyzed critically at this juncture. The job opportunities certainly dig up the type of technical or professional educational background and the personal skills as well as communicative language. Hence importance of education has been looked at this angle since past decades. Higher education is the primary agent of transformation towards sustainable development and increasing people's capacities to transform their visions for society into reality. Knowledge provides the skills for "learning to know, learning to live together, learning to do and learning to be" Undergraduate education has been achieved for obtaining seats in the professional colleges. Therefore, pre-university stands as a key step in designing the pupil's career. Privatization of education has become inevitable to train the pupil for the toughest level of competition. Lack of infrastructure, committed staff, poor discipline, and lack of motivation among the kids appear to be the major factors in majority of Government College that do not attract much of the students for the education purpose. The present study aims at the students of the selected government colleges and a University in Bellary district, Karnataka (India). The researcher surveyed totally 10 colleges.

SCOPE OF STUDY

- ✓ The present study helps us to understand the poverty in rural areas.
- ✓ It raises scope for the improvement of such students by quality education.
- ✓ It raises scope to avoid drop-outs of students during their studies.
- ✓ What are the possible options to improve the students of economically poor background
- ✓ It does not include students studying in private educational institutions.
- ✓ The study does not cover students of other areas other than Bellary district.

OBJECTIVES OF STUDY

- To study socio-economic status of students studying in Government educational institutions.
- To study family background of students and the type of family they belonged.
- To identify the source of fund for their education.
- To evaluate the purpose of their education/ study
- To find out the reason for selecting Government colleges/ University.

HYPOTHESIS OF THE STUDY

The main hypotheses of the present study are:

- H_0 : There is no relation between income of respondents and purpose of selecting Government college/University.
- H_1 : There is relation between income of respondents and purpose of selecting Government college/University.
- H_0 : There is no relation between income of respondents and occupation of the respondent's parents
- H_2 : There is relation between income of respondents and occupation of the respondents parents.

METHODOLOGY

The present study is based on both primary and secondary data. Primary data has been collected by conducting survey among 50 students by using structured questionnaire. The secondary data have been collected from books, journals, reports, and internet. The collected data were analyzed by using statistical tools like classification, tabulation and Chi-square tests.

DATA ANALYSIS AND INTERPRETATION

TABLE 1: PERSONAL PROFILE OF RESPONDENTS

Sl No.	Age	No. of Respondents	Percentage
1	Below 18	13	26
2	18-21	22	44
3	21-24	15	30
	TOTAL	50	100
Sl No.	Sex	No. of Respondents	Percentage
1	Male	29	58
2	Female	21	42
	Total	50	100
Sl No	Type Family	No. of Respondents	Percentage
1	Joint	11	22
2	Nuclear	39	78
	Total	50	100
Sl No.	Place of residence	No. of Respondents	Percentage
1	Urban	17	34
2	Rural	33	66
	Total	50	100
Sl No	Course studying	No. of Respondents	Percentage
1	P.U.C	22	44
2	Degree	14	28
3	Post Graduation	14	28
	Total	50	100
Sl No.	Parents Education	No. of Respondents	Percentage
1	Illiterate	25	50
2	1-10th	17	34
3	10-P.U.C.	7	14
4	Above puce.	1	2
	Total	50	100

Source: Primary Data

Table 1 exhibits personal profile of respondents. It is clear from Table 1 that out of 50 respondents, 58 percent respondents were male and the remaining 42 percent respondents were female. Table 1 shows that 26 per cent of the respondents belonged to the age of below 18 years, 44 per cent of the respondents were in the age group between 18-21, and remaining 30 per cent were in the age group of 21-24 years. 34 per cent of the respondents are from urban area, remaining 66 per cent respondents are from rural area. It can also be inferred that 44 percent respondents studying in pre-university college and 28 percent respondents doing degree, remaining 28 percent respondents are studying post graduation. This table clearly shows that 50 percent respondents parent's were illiterate, 34 percent of the respondent parents were belongs to 1-10th standard, 14 percent studied up to pre-university college and only 2 percent of the respondent parent's studied above pre-university.

It is inferred from the above table that most of the respondents (44%) were in the age group of 18-22, majority of respondents (58%) were male, 78% of the respondents were belong to nuclear family. It can also be inferred that majority of the respondents (66%) were residing in rural area. Half of the respondent's parents were illiterate.

TABLE 2: SOURCE OF FINANCE FOR THE EDUCATION OF THE RESPONDENT

Sl. No	Source of finance	No. of Respondents	Percentage
1	Parents	49	98
2	Guardian	01	02
3	Friends and bank loan	11	00
	Total	50	100

Table 2, shows that 98 percent of the respondents are receiving finance for their education from parents. Only 2 percent of the respondents are getting finance from their guardian. None of them are receiving from friends and banks.

TABLE 3: REASON FOR SELECTING GOVERNMENT INSTITUTION

Sl No	Selection of College	Number of Respondents	Percentage
1	Low fees	31	62
2	Teaching	17	34
3	No other option	02	04
	Total	50	100

From the table 3, It can be inferred that out of total sample respondents, 62 percent selected Government college due to low fees, 34 percent opted due to good teaching, remaining 4 percent had joined Government college as there were no other options. It is clear from the table that, most of them had selected Government College due to low education expenses.

TABLE 4: PURPOSE OF STUDYING A PARTICULAR COURSE

Sl No	Purpose of study	Number of Respondents	Percentage
1	Businessmen	2	4
2	Teacher	12	24
3	Bank employee	21	42
4	Government job	10	20
5	others	5	10
	Total	50	100

Table 4 reveals that, 4 percent of the respondents want to become Businessmen, 24 percent of respondents wished to become Teacher, 42 percent respondents expected to become bank employee, Government job aspirants are around 20 percent, remaining 10 percent have different ambitions like to become Manager, Officer, Financial analyst etc.

TABLE 5: AREA OF RESIDENCE FOR EDUCATION PURPOSE

Sl No	Staying in Hostel	Type of Hostel	Number of Respondents Staying in Hostel	Number of Respondents	Percentage
1	yes	Private	2		
2	yes	Govt.	25	27	54
3	No			23	46
4	Total		27	50	100

Source: Primary Data

Table 5 shows that 54% of the respondents staying in hostel and remaining 46% were day-scholars. Out of hostel residents, 50 % (25) of respondents staying in government hostel .only4% (2) of them are staying in private hostel.

It is clear that students opted government hostel due to low fees as their income is below poverty line, they were not affordable.

From the table6, it can inferred that out of total sample respondents,44 respondents had yearly income of below Rs 14,000,5 were having income of Rs 14,000 to 50,000,One respondent had income of Rs 50,000-1,00,000 and only 1 respondent had an income of above Rs 1,00,000.

TABLE 6: CROSS TABULATION OF INCOME AND PURPOSE OF SELECTING A GOVERNMENT EDUCATIONAL INSTITUTION

Sl No	Income	Low Fees	Teaching	No other Option	Number of Respondents	Percentage
1	Below Rs 14,000	30	13	1	44	88
2	Rs 14,000-50,000	1	3	-	04	08
3	Rs 50,000-100,000	--	1	--	01	02
4	Above Rs1,00,000	-	-	1	01	02
	Total	31	17	2	50	100

In order to study relationship between **income** and purpose of selecting a Government educational institution, the **Chi-square test** has been applied.

CHI-SQUARE TEST

Chi-square test is applied in statistics to test the goodness of fit to verify the distribution of observed data with assumed theoretical distribution. Therefore, it is a measure to study the divergence of actual and expected frequencies.

For the purpose of this study, the null hypothesis that there is no relation between income of respondents and purpose of selecting Government college/University has been framed.

RESULTS OF CHI-SQUARE TEST

Degrees of freedom	=	6
Table value at 5% level	=	9.487729
Calculated value		29.59052

Since the calculated value 29.59052 is greater than the table value at 5 per cent level of significance, **null hypothesis has been rejected** it has concluded that there is a significant relationship between income of respondents and purpose of selecting Government college/University.

From the table7, it can be inferred that out of total sample respondents ,21 respondents parents from Agricultural background,25 respondents parents are daily wage earners, other 04 respondents parents were doing business, private job etc.

Most of the students (62 percent) had joined Government colleges due to low fees because most of the respondents parents have low income as their occupation is agriculture and many of them are doing work on daily wage basis.

TABLE 7: CROSS TABULATION OF INCOME AND OCCUPATION OF THE RESPONDENTS PARENTS

Sl No	Income	Agriculture	Daily wage earners	Others	Number of Respondents	Percentage
1	Between Rs 14,000	18	25	01	44	88
2	Rs 14,000-50,000	03	-	01	04	08
3	Rs 50,000- Rs 100,000	--	-	01-	01	02
4	Above Rs1,00,000	--	--	01	01	02
	Total	21	25	04	50	100

For the purpose of this study, **another null hypothesis that there is no relation between income of respondents and occupation of the respondent's parents has been framed.**

RESULTS OF CHI-SQUARE TEST

Degrees of freedom	=	6
Table value at 5% level	=	9.487729
Calculated value		26.93179

Since the calculated value26.93179 is greater than the table value at 5 per cent level of significance, **null hypothesis has been rejected**. It has concluded that there is a significant relationship between income of respondents and occupation of the respondent's parents.

FINDINGS AND SUGGESTIONS

- Most of the respondents were male and majority of them belonged to nuclear family (78%)
- Students studying in Government educational institutions majority were from rural areas (66%)
- 50% of respondents parents were illiterate and they are below poverty line (annual income below Rs 14,000)
- Students receive financial support from their parents (98%) only 2% of respondents get financial support from guardian.
- Low fees(62%) attracted majority of students to join Government educational institutions
- 42% of respondents have the dream of joining Bank due to number of vacancies and job security, a good salary.
- Out of 50 respondents 25 respondents were staying in Government hostel due to low hostel fees.
- 25 respondent's parents (50%) were daily wage earners and their income is below 14,000.

CONCLUSION

Government educational institutions are attracting students due to low fees and good teaching. Moreover majority of the students are from rural areas .Thus these institutions are required to maintain quality in the education. The appropriate authority should look into the matter so that the student may timely avail the required facilities, proper equipments, and top quality teachers.

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THE CLIMATE OF COOPERATION IN SWEDEN

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ABSTRACT

Although scholars argue that Sweden is merely a variant, albeit a highly developed variant of the Western Tradition, it is, nevertheless, the best example of a country in which cooperatives have a clear and official role to play, distinct from state and privately-owned companies. The Swedes are conservatives. They are conservative capitalists and conservative socialists. That kind of satisfaction does not lead to the attainment of new things, therefore, in terms of the graduation from the capitalist state to the cooperative state, it is unlikely that this will happen in Sweden. Nevertheless, it remains the country which currently offers the best mirror of what that state apparatus could be like.

KEYWORDS

Cooperative movement, Scandinavian socialism, State apparatus, Western tradition.

INTRODUCTION

Every modern country has a state apparatus. It is this apparatus which runs the government and manages the economy. But there is a history of the evolution of this state apparatus and some social theorists have traced the stages of its gradual evolution: from primitive communism through plunder, feudalism, mercantilism, capitalism to the final or ultimate society also called the communist state (Karl Marx in Bottomore and Rubel, 1975).

However, events in our time evidently demonstrate that there is a gap in the last two state apparatuses which has not been explored well enough and explained sufficiently. Marx allowed posterity to define the detailed nature of the period prior to the attainment of the ultimate society. Lenin also did mention the intervening period after the collapse of capitalism and the emergence of the socialist state but he thought it would be the continuation of the moribund capitalist state (Lenin, 1943). Ernest Poisson wrote about this cooperative state and Guyana at one point legislated it into existence (Lutchman, 1970) only for it to sink quietly into oblivion because any long-lasting social change cannot be legislated into existence, it has to evolve from the old. The cooperative state belongs to the gap under reference and it is the one last state apparatus which will precede the arrival of the ultimate society. This paper will discuss an aspect of the subject.

THE MULTIPLE POLITICAL SYSTEM

There is no one system (Nicos Poulantzas chooses the term social formations over the ordinary society to demonstrate the complex nature of most systems) in existence in any part of the world (Pluta, 1980:2-3). Instead, a dominant system co-exists with a minor system. Depending on the nature of the dominant system, the minor system is either tolerated or suppressed. By this theory, the capitalist system cannot be reconciled to the notion of an expanded public sector. But the reality in most Western countries, which are capitalist, is the presence of a large public sector in addition to a cooperative sector which may also not be insignificant. The extension of this argument is that in the communist systems, which were a type of public systems, the private sector would have no place. However, Gregory Grossman and others (Karl Eugene Wadekin and K.S. Karol) have argued that a "second economy" existed in the former Soviet Union (Manaster, 1977:12-14). This second economy comprised all production and exchange activity that fulfilled at least one of the following tests – being directly for private gain and being in some significant respect in knowing contravention of the existing law. It included perfectly legal private activity which was possible in the Soviet Union. Such private activity, though alien to the Soviet system was tolerated while illegal private activity was suppressed. This latter activity is a reference to internal corruption: theft from state resources, diversions by truck drivers of freight and black-market operations. But the "private plot" and the "garden plot" within Soviet thinking were regarded as part of the process of the evolution of the cooperative sector (Albert Manaster, 1977: 438; and Cooperation of the Socialist Countries in the year 2000, 1980). Again, agriculture in communist Poland, for instance, was largely based on private property and this was tolerated for pragmatic reasons (Pluta, 1980:2).

Dominant and minor systems are determined by the volume of resources under their control. Thus in a situation where the contending systems have equal parity in terms of resource control, the system is called a mixed economy. Sweden is one of the countries which falls into this category. In Sweden, the public, private and the cooperative sectors have parity in terms of the share of the economy each has under its control.

THE SWEDISH POLITICAL SYSTEM

In 1976, Per Ahlstrom, editor of the Matalarbetaren magazine published an article with the title, "Alternative Society". In this article, Ahlstrom argued that the cooperatives and trade unions in Scandinavia had succeeded in creating an economic and political atmosphere that was alternative to capitalism and that it was possible for an individual to live his entire life within the cooperative and labour movements unaffected by the capitalist society (Ahlstrom in Childs, 1980). This is an introduction to Scandinavian socialism which is sometimes referred to as the "middle way" or "mild capitalism". Sweden illustrates this best.

The Swedes are widely recognized to be very practical and down to earth people. The Swedish word IKEA which means "common sense is therefore an appropriate description of the people and the cooperative organization they built to survive. As a people, the Swedes do not believe in unbridled liberalism. On the contrary, they have this strong conviction that injustice of whatever form is intolerable and that the ills of a free society are curable. While they never pretend to seek perfection, they acknowledge the frail nature of man which requires collective attention. Therefore, as a people, they detest the craving for profit inherent in private capitalism (Childs, 1936). These unique traits are manifested in the Swedish political and economic system. The country has a history of strong political involvement by ordinary people through its numerous popular movements (Folkrorelser), the most notable being the trade unions, the women's movements, the temperance movement and, in recent times, the sports movement (Wikipedia, 2011).

The story is told of the beginning of industrialization in Sweden. These early forms of industrialization pre-dating the industrial revolution of the rest of Europe were timber and iron-ore based industries and, as a result, were located in remote parts of the country. These industries were organized in tightly knit communal groups known as the "bruks", a patriarchal production unit where the headman was the owner as well as the production manager. Conditions in these isolated country communities were really harsh and while wages were low, the patriarchal boss normally accepted the paternal responsibility for the welfare of each member worker and catered for the sick, the old and the widowed so that none would starve (Jones, 1976: 53).

This community instinct and the willingness for Swedes to look after one another is a characteristic which marks Swedish life to this day. It was demonstrated in a rather dramatic manner in 1931 when unemployment in the country reached the disastrous high of 32 per cent. The ruling Conservative Party lost the elections the following year and was not able to get power for a long time. The Social Democratic Party took over the government in 1932 and, but for a short 100 days in 1963, remained in power either as the majority party or as the main party in the coalition government (Jones, 1976: 14). The Swedish political

system, in terms of structure, is not too different from other Western systems. But there are major differences in the manner the Swedish system operates. After 1971, there was one house consisting of members elected for three-year terms. The administrative differences appear in the way the central government functioned. A cabinet minister such as the Minister of Labour determined policy only; he was not directly responsible for the day to day administration of the policy. Implementation was at two levels: the first was at the county level where government policy was carried out through administrative boards headed by government-nominated governors. The second was a centralized body with a board made up of members representing different interests and headed by a Director General who was also a government nominee. Within stated limits, this body was virtually autonomous. This system had advantages in that the uncertainty which usually accompanied frequent changes in ministers did not affect the work in the government department.

Another important aspect of Swedish political and economic system was the role of state planning (in Sweden the productive private sector is regarded as the goose and it is encouraged by the government to produce long-term planning with clearly defined goals) the objective of which was the attainment of a balanced economy (Jones, 1976: 205). In 1932 when the Social Democrats took over the government, it was their major aim to eliminate unemployment. However, they did not want to achieve this at the expense of a reduction in the standard of living of the Swedish people. The way out of this was to increase national output and the credit for this initiative is attributed to the Finance Minister, Ernest Wigforss. He laid down the principles of a planned economy with full employment as an objective, not just for social reasons but to use the private sector as well to create the wealth on which future prosperity depended (Jones, 1976: 16). The planned economy worked so well that all the political parties in Sweden accepted it and it became an effective definition of Swedish socialism.

The Swedes believed that it would be a mistake to tax the profitable and therefore efficient companies just to support the inefficient. There is therefore the tendency to "allow the goose the ability to lay more eggs". Thus while taxes on profits in Sweden were very high at around 54 per cent, there were several tax concessions for the companies to make use of (Jones, 1976).

The Swedish Confederation of Trade Union (LO) was another political and economic force in the country. With close relations to the cooperative movement, the LO supported the Swedish National Labour Board (AMS) philosophy of maintaining full employment at the expense of over manning. By 1966, the LO had accumulated E89 million as reserves. It is said that in any confrontation between the LO and the Employers Association, which was reputed to have similar savings, the Swedish economy could easily be wrecked. For this reason, the two avoid any confrontation in the nation's interest, another example of Swedish common sense and pragmatism. In fact, a chart illustrating the distribution of expenditure by the national unions in 1966, compiled by Bo Carlson, shows expenditure for strike action as virtually zero (Bo Carlson in Jones, 1976).

This then is the nature of the political and economic system which accommodated the cooperative system we are going to look at. We have already made reference to the cooperation between the labour union and the cooperative movement both of which have the aim of '...fighting for a better life for the worker...'. We have also noted that this political structure virtually came into operation in 1932. In looking at the nature of the cooperative system, we shall give attention to how it emerged and the role it played in Swedish society before the creation of the present system.

THE SWEDISH COOPERATIVE MOVEMENT

The cooperative movement in Sweden was an independent body; that was the way it started. In recent times, it has been criticized for having become a wing of the Social Democratic Party, the party in power. In this regard, we should point out that even a conservative party like the Centre Party had sympathy for the politics pursued by the SDP (in 1973 when there was a deadlock in the elections with the socialists and the anti-socialists all receiving 175 seats, the Centre Party which belongs to the latter had 90 of these seats. Therefore its support for the SDP, which had 159 seats in that election, was very significant. After that deadlock the Swedes decided to reduce the number of seats in the Riksdag by one to avoid future deadlocks). The fact of the matter was that the Cooperative Movement (K.P), the Labour Union (LO) and the party in power (SDP) all had the same aim, that is, '...fighting for a better life for the [Swedish] workers...', an objective which intimately all Swedes subscribed to. Hence, the unique political system. Thus while there was no legal union between the K. F and the SDP, there was a moral union between the two. This was not the position before 1932.

Modern cooperation began in Sweden very late in the 19th century long after it had taken root in England and on the continent. It was not surprising, therefore, when the Swedes decided to follow the Rochdale model. However, the organization they created differed in several respects, and very substantially too, from the model developed from Rochdale.

In another paper (Dodoo, 2009), an attempt was made to distinguish the long term objectives from the short term practical measures undertaken by the Pioneers to get their society off the ground. While the latter measures were described merely as the assumption of the garb of Western culture, the former was projected as the real basis of whatever Rochdale stood for.

Interestingly enough, the organization which evolved in Sweden was at variance with both aspects of the Rochdale tradition. First, the founders of the Swedish cooperative movement took every precaution to avoid reference to ambiguous long term objectives. Instead, they wished to concentrate on the present. On the second point, they tried to keep their stores free from the institutionalized character they had assumed on the continent. Consequently, the stores were open for trade to the public and although non-members did not qualify for the annual dividend, they could allow this dividend to accumulate towards the cost of their initial membership share, a clever device which attracted more members in the end (Childs, 1980: 2).

However, the practice which set the Swedish cooperatives apart from existing cooperatives was the decision not to sell at prevailing market prices. Swedish co-operators were interested in lower prices and high quality to be obtained first through distribution and later on, through production for use rather than for profit. Consequently, an early objective of the movement here was to destroy monopoly. As time went by, they dared to fix their own prices at levels they considered reasonable (Childs, 1980). This was not the situation in pre-Rochdale England where attempts to undercut private sellers led to the destruction of the cooperatives involved. They were too weak for competition. Following from this experience, the Pioneers decided to start within the classical economic theory and sell at market prices. But this is also the explanation why the cooperative which emerged from this background continually imitated open market practices. Apart from operational differences, cooperation in Sweden assumed an organizational form which was to be found only in the other Scandinavian countries (in addition to Switzerland). To begin with, individual societies began to establish in the towns and cities especially in the industrial area. Members who enrolled each subscribed a fixed amount of share capital in order to start the retail store. Such societies eventually came together in 1899 to form the Swedish Cooperative Union or the Kooperativa Förbundet (K.F). It combined the functions of both the Cooperative Wholesale Society and the Cooperative Union in England. This was to signify rapid cooperative development in Sweden, for unlike the Cooperative Union, for instance, which embraced many different units carrying on different functions, the K.F started as a wholesaler, manufacturer, educator and propagandist (Childs, 1980). Several years later, in 1923, a virtual subsidiary of K.F, the Swedish Household Society (S.H.F) was established as a rescue department. A salvage squad maintained by the S.H.F was equipped to step in and direct the business of any struggling society until the point when the local group could take charge again.

In 1981, the K.F was remodelled with a management council charged with final responsibility at the top. The 13 districts of the K.F elected 18 members to form the council which itself was divided into subcommittees, each responsible for a specific department. It was the Council which elected paid executives of the K.F and had the added responsibility of deciding on new ventures, purchase and sale of property and the investment of surplus capital.

Swedish cooperation attracted from the very beginning, men of talent and business sense unlike in the West where the profit motivation was more likely to attract the best business minds. These included Anders Orne, Ernest Persson, Axel Gjores and Albin Johansson. The last was to become the president of the K.F and the Swedish movement certainly owed him a lot for his ability and devotion. On a salary of approximately E5000 a year, he was said to be the least paid business executive in the country but at the same time one of the most efficient and capable.

Albin Johansson believed that cooperation was "working capitalism" and that capitalism was basically good. What was evil about it was the tendencies and interferences of the smooth functioning of this system leading to the growth of monopolies. Such tendencies he called "finance capitalism". His solution was to oppose such tendencies showing up in Sweden. Hence, his declaration of war on the monopolies and cartels in Sweden, a move which soon won the support and sympathy of the Swedish people and forced the Government's hand in 1922 to set up a Commission to study the middleman's profit. By this time cooperation had become a significant political and economic force in Sweden.

The K. F first confronted the margarine cartel. This was one of the most powerful cartels operating in Sweden since margarine was a local staple. Unreasonable price raises convinced the K.F to enter the margarine business and it started off by purchasing a small factory for its own production. What followed is described as a bitter and ugly battle but eventually the giant cartel went down in 1911 when prices of margarine fell to levels they could no longer handle. This was a major victory for the new Union and soon the power wielded by the consumer became obvious to all Swedes. Henceforth, they would remain faithful to Johansson and the K.F as he moved ahead with his program of combating monopolies in sugar, soap, chocolate, rubber, flour, galoshes, among others (Childs, 1980).

The success of the K.F's price was not only due to the business sense and determination of people like Johansson but to a large extent also due to the role of the K.F's propaganda machinery. The K.F took this branch of its activities very seriously. It is said that its weekly magazine, *Konsumentenbladet*, started off as one of the largest circulation periodicals in Sweden.

The quality of journalism was so high that cooperative news and propaganda were blended neatly with amusing articles and stories of the eminent writers in the country. Quality reading materials means quality readership as well. As a result, the K.F had no difficulty reaching those who mattered with its arguments. This was demonstrated in the bitter war of the flour milling cartel.

In this particular war, the cartel started first by cutting prices to ridiculous levels so as to beat the K.F at its own game. But it was the propaganda section which managed to convince the members to continue to be faithful. When the cartel was eventually destroyed in 1925, the K.F was in control of 20 percent of the population (Childs, 1980).

One attitude of the K.F which eventually turned out to be a major source of strength was the policy not to court government assistance. As a result, the Organization grew up very confident and could compete on its own strength. One area where cooperatives in other countries have sought government exemptions was in taxation. But in Sweden, it was more lucrative, tax-wise, to register as limited companies rather than as cooperative societies. Like individuals, the latter were taxed proportional to income on a graduated scale which rose sharply. As a result in taking over new business, the K.F usually registered them as independent limited companies. It is said, for instance, that the Stockholm Retail Society organized its production branches as limited companies (Childs, 1980).

After the initial confrontations were over and the K.F had satisfied itself of the reasonableness of the prevailing level of pricing in the country, it entered into another phase of its evolution, that is, whenever it thought it wise to do so, the K.F started collaborating with private business. Concern over this tendency was the subject of a debate at the K.F's 1934 Congress. A subcommittee appointed out of this congress concluded that it should be possible for the K.F to undertake ventures in the interest of the national economy since it had achieved so much power and capital. This was, however, subject to the K.F's continuing to rely solely on its own finances and furthermore that such external activities were never to be so extensive so as to overshadow the primary functions of cooperation which is to provide members with the goods they needed.

This flexibility of the K.F is testimony to how easily it was able to adjust to the new system which came into existence in 1932. Swedish cooperative leaders, however, still continued to believe that in addition to distribution and production for the membership, the chief function of their movement was a check on the excesses of capitalism and to prevent monopoly and the concentration of wealth in few hands. This faith had been kept to this day. And perhaps, this is also the reason why Sweden is both socialist and capitalist. This also explains why Swedish cooperation is different from what we find in the North Atlantic and in the former socialist states: they hate bare-faced capitalism and they do not want any ideal communist society.

CONCLUSION

The strength of the Swedes turns out also to be their weakness. They are conservatives: conservative capitalists and conservative socialists. This kind of satisfaction does not lead to the attainment of new things. This is why the cooperative state will not be attained in Sweden. Nevertheless, this is the one country which currently offers the best mirror of what that state apparatus could be like.

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GREEN FINANCE IS ESSENTIAL FOR ECONOMIC DEVELOPMENT AND SUSTAINABILITY

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ABSTRACT

Green finance is part of a broader occurrence; from the incorporation of various non-financial or ethical concerns onto the financial universe. Generally green finance is considered as the financial support for green growth which reduces greenhouse gas emissions and air pollutant emissions significantly. Green finance in agriculture, green buildings and other green projects should increase for the economic development of the country. In this paper an attempt has been made to describe green financing in a boarder sense.

KEYWORDS

Environment, Green building, Green finance, Green projects, Renewable energy.

1. INTRODUCTION

In the 21st century green financing becomes essential part not only in business but also in environment science. All the nations, developed and developing should take the attempts for green financing. It is estimated that global green financing in green infrastructure will reach to \$40 trillion between 2012 and 2030.

Green finance is the principle of green credit. It refers to a series of administrative means requiring that commercial banks and other financial institutions carry on researches and developments to produce pollution treatment facilities, be engaged in the ecological protection and restoration. It also develop and utilize new energy resources, focus on the circular economic production, green goods production, and ecological agricultural production, provide loans to support relevant enterprises and institutions and implement concessionary low interest rates, but restrict new project investments of polluting enterprises accompanied with some punishable interest rates (Xu 2013).

In this paper we have stressed in green agriculture, green buildings, green banking, green marketing and some other green projects. Government and non-government organizations should take steps to implement green finance in the society for the sustainability of the future generation.

2. OBJECTIVES OF THE STUDY

In this paper we want to describe green financing in some details. As the business is related to environment, so that finance in green projects become an essential part of the sustainability of organizations. Our aim is to establish green financing in grass root levels of the country. In our research we emphasize the global green finance programmes at present and future.

3. METHODOLOGY

In our discussion we have stressed on the secondary results of the researches on global green financing. We have taken an attempt through our works to initiate green finance in the developing countries. Every society need green finance for the eco-friendly business. The populations of the world growing rapidly and for this large population we need green finance to make the earth as a living place of the all species of organisms.

4. WHAT IS GREEN?

In 2010, a report on environmental claims made in the North American market and the researchers expressed that *green* is a difficult word (Defining Green Products 2010). The complicating matters is the widespread use of terms such as natural, organic, planet-friendly, earth-friendly, ecological, non-toxic, biodegradable, plant-based, chlorine-free, and 100% compostable, which consumers erroneously assume are synonymous with *green* (TerraChoice 2009). It is no wonder that every company has a *green* story. The development and offering of *green* products and services positively impact consumer and investor perceptions of a company and it also improve the bottom line of the company (Mohajan 2012a, b).

To define green, Yaranella et al. (1999) expressed that;

"Green evokes small incremental improvements in social practices, modern technology, and human habitats, while sustainability implies a revolution in organizing our personal and collective lives and inhabiting the planet."

5. DEFINITION OF GREEN FINANCE

There is no standard definition of green financing. Green finance defines as financial support for green growth which reduces greenhouse gases (GHGs) and air pollutant emissions significantly. Green growth indicates as growth make through the harmony between the economy and the environment. Finance in industrial and economic advancements with the reduction of green house gas emissions and other environment pollutions is green finance. Green growth is the solution to three current threats to the global economy; namely, climate change, energy constraints and financial crisis. Green finance faces a wide-ranging challenge to the traditional constructs of financial law in every country. In the 1990s environmental considerations have started to play a bigger role in the field of project finance, influencing and shaping the organizational routines governing lending decisions.

Green finance covers the improvement of the areas of environmental degradation, such as, air pollution, water pollution and scarcity, infringement of rivers, improper disposal of industrial medical and house-hold waste, deforestation, loss of open space and loss of biodiversity. It must be eco-friendly and can contribute to poverty alleviation.

The Clean Development Mechanism (CDM), means reducing GHGs through eco-friendly technologies and obtaining carbon emission reductions that can be traded for earning carbon credits. It is a co-operative mechanism established under the Kyoto Protocol-1997, has the potential to assist developing countries in achieving sustainable development by promoting environment friendly investment from industrialized country governments and businesses (Chaudhary and Bhattacharya 2006). Financing in CDM projects is also a green finance.

For green financing the following strategies are needed (Opportunities in Green Finance 2009):

- allocate policy environment for promoting investment,
- increase of public and private investment,
- identify suitable projects for green finance,
- identify the issues and approaches for green finance, and
- the role of various agencies in promoting green finance.

6. GREEN PROJECTS

According to Opportunities in Green Finance (2009) some of the green projects where green financing opportunities have are as follows:

- ❖ Renewable energy projects, such as, solar power based equipments like solar pump, solar home light, solar street light, desalinization plant, geo-thermal energy, biomass based power etc.
- ❖ Fuel substitution, such as, coal to oil to gas to hydrogen in power plants, manufacturing process industries, automobiles. Fuel shift from natural gas to compressed natural gas (CNG) or Liquefied petroleum gas (LPG) in the transport sector and related equipment finance.
- ❖ Energy from biomass, such as, biofuels from rice husk, sugarcane bagasse, molasses waste etc.
- ❖ Cultivation for biofuels, agriforestry.
- ❖ Fuel efficient equipments.
- ❖ Energy efficiency improvement and waste heat utilization projects.
- ❖ Recycling of waste vermicompost, compost from sericulture waste/cocoons, paper, coconut fibre, cloth/yarn, jute wastes, garments waste.
- ❖ Rain water harvesting by rooftops, farm pond.
- ❖ Soil conservation/watershed structures-On-farm development, contour binding, bench terracing.
- ❖ Carbon sequestration projects like horticulture and forestry, social forestry, afforestation.
- ❖ Green housing/habitat-Rain water harvesting, waste management, renewable/solar energized, sanitation, eco-friendly material.
- ❖ Biofertiliser/biopesticide, Rhizobium, Azotobacter, Azolla, Tricoderma, Tricogramma.
- ❖ Green microfinance.
- ❖ Improved Jute retting technology.
- ❖ Cultivation of and use of eco-friendly material/handicraft-Jute.
- ❖ Finance projects which address conservation issues-prawn hatchery, fish seed preparation, ornamental fisheries.
- ❖ Cultivation of aromatic and medicinal plants.
- ❖ Rural and eco-tourism.
- ❖ Bee keeping.
- ❖ Integrated farming models.
- ❖ Other project and activities that reduce anthropogenic emissions by sources, management of methane emissions from municipal landfills, management of methane emissions from agriculture and cattle manure management.

7. GREEN FINANCE IN AGRICULTURE

Global warming and climate change has created uncertainties in the bumper production in agriculture. In the traditional farming yields of low returns, so that, agriculture sector has not attracted adequate investments. As a result educated and young generation prefers jobs than engage themselves in cultivation. If the modern technologies and financing be increased in agriculture for the maximum output in cultivation, then young generation will develop the farming and yields much than a job gives. Increase of finance in irrigation during the dry season the production of crops can be increased. Farmers would be trained in modern farming practices to adopt improved package and practices.

Financing in poultry farm and hatcheries, the deficit of protein can be increased. Unemployed young people can find sufficient benefits if the financing is increased in these sectors. Government, various non-government organizations (NGOs) and microfinance institutions can provide loan facilities with low interest rate in agriculture sector and can contribute in the development of the country.

Financing in pisciculture can increase the production of fishes in the paddy fields, small and larger ponds, and farmers increase their income. The financial institutions can increase their incomes by the green financing than the investment in conventional ways, because financing in these sectors has low risk.

Agriculture and rural development activities like forestry, agriculture and other land use activities, viz., dairy, soil conservation, energy use practices, use of renewable energy, etc. have tremendous potential for reducing emission of greenhouse gases (GHGs).

8. GREEN FINANCE IN BANKING SECTOR

Banks hold a pioneer role in an economic system which affects production, business and other economic activities through their financing activities. In the last two decades of the 20th century and the beginning of the 21st century green financing has started not only among smaller alternative and cooperative banks, but also among diversified financial service providers, such as, in Retail Banks, Corporate & Investment Banks, Asset Management firms, and Insurance companies. Green finance as a part of green banking makes great contribution to the green industry and green economy and it is a component of the global initiative by a group of stakeholders to save the environment.

Banks are required to establish a separate green banking unit for the responsibility of designing, evaluating and administering related green banking issues of the bank. Banks must ensure about protection of environmental pollution while financing in a new project or providing working capital to the existing enterprises. Eco friendly business activities and energy efficient industries will be given preference in financing by bank. Banks should finance in solar energy, bio-gas, Effluent Treatment Plant (ETP) and Hybrid Hoffman Kiln (HHK) in brick field.

Bank can finance loan facilities in environmental infrastructure, such as, renewable energy project, clean water supply project, wastewater treatment plant, solid and hazardous waste disposal plant, bio-gas plant; bio-fertilizer plant should be encouraged. Bank should finance the economic activities of the flood, cyclone and drought prone areas at the regular interest rate without charging additional risk premium.

The aims of green financing bank will be as follows:

- the banks will prepare a policy and a strategic plan to finance green projects,
- awareness creation and capacity building of staff about green finance,
- disseminate information about green projects, project profiles, unit costs etc.,
- create awareness among potential entrepreneurs,
- identify suitable projects,

- facilitate preparation of project and consider End to End solutions/ advisory role,
- finance green projects,
- set up bio carbon funds,
- transfer proceeds to entrepreneur/share proceeds, and
- earn themselves C-credit by funding green projects,

The government of every country of the world should take attempts to the establishment of independent Green Investment Bank (GIB), which only provides loan to the green entrepreneurs. Green banks not only improve their own standards but also affect socially responsible behavior of other business for the sustainable banking practices.

Bank can also finance to cultivate salinity resistant crops in the salty areas; water resistant crops in the water locked and flood prone areas, drought resistant crops in the drought prone areas, using surface water instead of underground water for irrigation and also using organic fertilizer, insecticides by natural means instead of using chemical fertilizer and pesticides. Banks can also provide loan facilities to green building projects.

9. GREEN FINANCIAL PRODUCTS

Green financial products and service opportunities vary across the sectors and markets. The features of these products are as follows:

- Improved market shares efficiently. As green financing products are of good quality, so that they continuously creates demand in markets.
- Increase profits in the business. Majority of customers choice green products, so that both producers and sellers find satisfied benefit from the green financial products.
- Environment awareness and benefits are created. A relatively high degree of environmental awareness and government support for environmental sustainability in Europe has driven ever-growing consumer demand for eco-friendly products and services.
- Improved the image of the various brands. Most of the consumers' choices are the brand products which come from green financing.
- Positive media attentions are created. Higher levels of media coverage about green financial issues, along with multinational environmental campaigns and outreach initiatives have helped improve the general public's understanding of the issues.
- Create higher employee satisfaction and maintenance. Since employees in green financing factories find satisfied salaries, bonus etc. and accommodation of workplace is healthy, so that efficient and healthy workers provide maximum production in the market.
- Improved license to operate green financing. The green financing products have higher demand in the world markets; as a result government improves the license of the green financing projects.
- Increase customer acquisition and loyalty. Products of green financing are durable and smart, so that, customers have faith in these products and read to pay premium price for the purchasing of green products.
- Strengthened relationships and partnership with external stakeholders. As external stakeholders find maximum satisfaction for the products of green financing, they are eager to create relationships and partnership in the green financing producers.

10. FINANCING IN GREEN MARKETING PROJECTS

Green marketing incorporates a broad range of activities such as the product modification, changes to the production process, packaging changes, as well as modifying advertising of the environment friendly commodities.

The terms like phosphate free, recyclable, refillable, ozone friendly and environmentally friendly are some of the things consumers most often associate with green marketing. But green marketing incorporates a broad range of activities such as the product modification, changes to the production process, packaging changes, as well as modifying advertising which can be applied to consumer goods, industrial goods and even services (Welling and Chavan 2010).

Green marketing is very important item for a company because it offers business bottom line incentives and top line growth possibilities. Companies can develop new and improved products and services with environmental impacts which help access to new markets, substantially increase profits and enjoy competitive advantages (Mohajan 2012b).

The term *green marketing* refers to the planning, development and promotion of products or services that satisfy the needs of consumers for quality, output, accessible prices and service, without however a negative effect on the environment, with regard to the use of raw material, the consumption of energy etc. (Peattie and Crane 2005, Grant 2008, Pride and Ferrell 2008).

In the 21st century consumers become more conscious about their safer and healthier lives and healthy environment. Obviously the customers always want to buy eco-friendly and environment harmless commodities for their daily lives. Hence financing in green marketing should be increased.

11. FINANCE IN GREEN BUILDINGS

In the 21st century interest in green building is growing. The populations of the world have been growing at steady rates for the past three decades, which creates stable and steady housing demand. Agricultural lands and lands for livestock are decreasing for new homes, educational institutions, roads, offices and parks. As a result conventional buildings are not providing sufficient eco-friendly and energy saving equipments. Green buildings have minimum energy efficiency, water conservation, indoor air quality, and waste recycling standards etc. Not all the municipalities of the world developed the green building policies, but the increasing acceptance of green building practices in many cities is reflected in the adoption of policies by cities, counties, and states.

The United States Green Building Council (USGBC), a national non-profit membership organization, the Leadership in Energy and Environmental Design (LEED) and the Tokyo Green Building Program (TGBP) of Japan provide a guideline and rating system for green buildings. The goal of the TGBP is to encourage building owners to carry out voluntary environment conscious efforts and create a more environmentally emerging market with high quality buildings and structures. The founder of LEED, describes green building as the *"design and construction practices that significantly reduce or eliminate the negative impact of buildings on the environment and occupants in five broad areas such as sustainable site planning, safeguarding water and water efficiency, energy efficiency and renewable energy, conservation of materials and resources, and indoor environmental quality"* (USGBC 2001). The fields for the idealization of green buildings are as follows (Yoshida and Sugiura 2011, Opportunities in Green Finance 2009):

- Reduction of thermal loads, such as, proper designing of the envelope of the building to reduce its heat load and use of spectral selective glasses for structural glazing and heat reflective walls, roofs, floors, and windows for the building.
- Use of renewable energy, such as, use of natural light, photovoltaic power generation, wind power generation, solar thermal system, and other renewable energy.
- Indoor environmental quality, for example, maintaining indoor thermal and visual comfort, and air quality.
- Maximum use of onsite sources and sinks like by bio climatic architectural practices.
- Using the natural resources available at site like trees as natural sun sheds to the advantage of the building and use excavated earth for landscaping.
- Energy saving, such as, use of energy efficient equipment for water heating, floor heating, ventilation, and air conditioning.
- The landscape design to supplement the proposed solar passive structures for the building, thus reducing the overall heat load of the building including developing small artificial water bodies which creates local air flow, thus making air natural cooling of the building.
- Use of eco-friendly materials, such as, use of recycled aggregates in concrete, blended cement (e.g., blast-furnace slag coarse cement), recycled steel, and other recycled building materials.
- Using locally available products also saves money and helps the environment, avoiding the effects of a long supply chain thus reducing the emissions due to transport and lesser carbon foot prints.
- Use of rain water harvesting structures to charge the aquifer and use of stored water.

- Use of techniques like vermicompost as a waste recycling strategy.
- Long-life design of the building, such as, flexible structure enabling easy maintenance, renovation, and conversion (e.g., configuration of plumbing, beams, floor height, etc.); physical durability (e.g., quality of cement, the covering depth of reinforced concrete, and exterior material).
- Maximize use of renewable energy sources, specially use of solar power for electricity with solar panels mounted on the roofs, thus effecting dual benefit of generation of electricity as well as low heat transfer to the roof slab.
- Water circulation, such as, circulation of rain and waste water by on-site sewage treatment; using rainfall infiltration.
- Recycling water from washrooms for watering the plants and lawns in the garden. To minimize the wastage of water through controlled water flushing system and recycling through sewage treatment plant.
- Planting, such as, a larger area of planting, planting on the wall and roof of building, optimal mix of shrub and arbor, coordination with surrounding green areas, attention to the local eco-system.
- Mitigation of the urban heat island phenomenon, such as, covering ground by plants, water, or materials with water retention capability; covering building walls and roofs by plants, water, materials with water retention capability, or high-reflectivity coating; shape and configuration of buildings to improve wind flows.
- Use minimum energy to power the building with energy efficient intelligent lighting, heating, ventilation and air-conditioning system.
- Maximize use of efficient and eco-friendly building materials and construction practices. For example, selection of ecologically sustainable materials with high recycled content, rapidly renewable resources with low emission potential, etc.

The definition of green buildings differs by evaluation system, for example, by energy efficiency, by a combination of various sustainability factors etc. Green buildings sometimes called sustainable buildings. Green buildings use resources, such as, energy, water, materials, and land more efficiently than buildings that are just built conventionally. These buildings have enough natural light and better air quality, hygienic, and comfort. Massachusetts is a leading state in the USA where green buildings are growing rapidly. These buildings consume 70% of the nation's electricity and a large part of the materials, water and waste used.

In all green building manufacturing the raw materials are timbers from sustainable managed forests (Mohajan 2012b). According to United Nations Economic Commission for Europe (UNECE), and Food and Agriculture Organization (FAO) (2008) the policy of promotion of green buildings contributes to the continuously stronger support of timber certified products from certified forest regions. Most of the cities are (e.g. San Francisco) adopting green building regulations, from mandating LEED standards in government buildings to set the standards for all large development.

Benefits of green buildings are many and some of them are, they consume 30–60% less electricity, use renewable energy sources, consume 40–80% less water, less waste or pollutant generation and optimum use of waste by reuse and recycling, cost of implementation of green energy about 10–20% of total cost.

The hedonic pricing method is based on the basis that the value of a good or service can be decomposed into specific benefits. In the real estate literature, hedonic methods have been used to study a wide range of attributes including school districts (Walden 1990), conservation districts (Diaz et al. 2008), and age-restricted and gated communities (Allen 1997). Boyle and Kiel (2001) evaluated 30 hedonic price studies organized into air pollution, water quality, undesirable land uses, and multiple pollution sources.

The costs of construction of green buildings are slightly more expensive than conventional buildings due to the increased architectural and engineering design time, modeling costs and time necessary to integrate sustainable building practices into projects. In recent years the construction of green buildings has increased because they emit less carbon dioxide (CO₂).

Green buildings increased ventilation control, increased temperature control, increased lighting control and increased day lighting. These buildings give more financial benefits than the conventional buildings provide. For example, they save energy and water, improve indoor environmental quality, greater employee productivity, reduce waste, reduced employee health costs and lower operations and maintenance costs. On average, green buildings use 30% less energy than conventional buildings (Kats 2003).

In an average an individual spends 90% of one's time indoors and the concentration of pollutants indoors is obviously higher than outdoors, As a result the citizens of conventional building become sicker than citizens of green buildings and have to spend more money for treatment. The green buildings reduced illness symptoms, reduced absenteeism in workplace and increases productivity of a factory.

Conventional commercial buildings are prepared by poor indoor environmental quality (IEQ). In these buildings workers can work more efficiently and they remain healthier than that work in the conventional buildings. There is a positive correlation between workers' comfort and productivity in the factory. The green commercial buildings reduced illness symptoms, reduced absenteeism and increases spirit of productivity of the workers.

If green buildings are traded at sufficiently high prices, developers will build such buildings for profit, that is, the green finance in construction sector will increase.

12. FINANCING IN RENEWABLE ENERGY

Due to global warming the use of renewable energy is increasing day by day. In the last decade renewable energy market success has been driven by policy support. At least ten countries of the world now have sizeable domestic markets of solar energy. Wind power energy growth increased over the last decade; global installed capacity at the end of 2010 was around 194 Giga watts (GW), up from 17 GW at the end of the year 2000. But worldwide renewable electricity generation since 1990 grew an average of 2.7% per year. About 19.5% of global electricity in 1990 was produced from renewable sources; which fell to 18.5% in 2008, due to slow growth of the main renewable source, hydroelectric power, in the Organisation for Economic Co-operation and Development (OECD) countries (IEA 2011).

By 2011, at least 118 countries had policies to support renewable energy investment but implementation is very low (REN 21, 2011). Failures of attempts of implementation of renewable energy are as follows (The Clean Energy Finance Corporation, CEFC 2011):

- political regulatory risks,
- commercial lending limits,
- confidence gaps, and
- the cost of carbon pollution not yet being considered by energy companies among others.

The US Department of Energy Loan Guarantees is a highly successful program that has supported \$38 billion of investment in low carbon pollution energy and cleaner vehicle manufacturing which created 60,000 jobs.

The benefits of financing in the renewable energy are as follows (CEFC 2011):

- ❖ it create jobs in new and traditional sectors,
- ❖ it generate export opportunities,
- ❖ it reduce dependence on oil, coal and gas, and exposure to their volatile prices, and
- ❖ it cut carbon pollution,

The following countries are already using renewable energy support policies (CEFC 2011):

- The United States is currently considering a Clean Energy Deployment Agency.
- The United Kingdom is currently establishing a Green Investment Bank.
- In the Netherlands a Green Investment Corporation is under consideration.
- Scandinavia has established the Nordic Environment Finance Corporation.
- The China Development Bank Corporation has a dedicated investment arm focusing billions of dollars on a clean energy funding program.
- The Multilateral development banks, for example, the Asian Development Bank, World Bank, and the European Investment Bank have all been successfully using a similar model of financing low carbon assets for many years.

The international procedure of green financing in private and public are as follows:

- UK Green Investment Bank (GIB) (under development) estimates are that the GIB could achieve a leverage ratio between 1:10 (\$10 private for every \$1 public) and 1:20.
- US Green Bank (proposed, Clean Energy Deployment Administration) leverage conservatively 1:10.
- US Department of Energy Loan Guarantees (operating) has achieved a leverage of 1:10.
- Low Carbon Australia (operating) had a mandated target leverage of 1:2, but in the first round of projects has achieved 1:13.

13. RECOMMENDATIONS

In the 21st century, for the sustainable economic and financial development, green finance become as a global concern. All the nations are anxious about change of environment and environment pollutions. For green financing we need to i) identify the possible green projects and verify them whether they are green financing or not, ii) finance to generate less waste, recycle waste into composts or other articles projects, iii) increase finance in all green projects, iv) awareness creation at grassroots level among rural populace is necessary, v) set up of green projects and facilitate replication, vi) motivate the marginal and small holder farmers to green farming, vii) plant trees where ever possible, viii) encourage developers to build green buildings, ix) finance in eco-friendly products, x) micro-finance to be increased to prudence green products with very low interest rate, and xi) finance in rain water harvesting and solar lights and other renewable energy sources.

14. CONCLUSIONS

In this paper we have discussed green financing and try to show that it is essential for the development of a country. Global warming is creating various problems in the economy. Scientists and environment experts believe that it is due to green house gas emissions. We have stressed that green financing will reduce green house gas emissions significantly. We have provided the usefulness of green buildings which save energy and keep healthy environment and reduce illness of the dwellers. We have emphasized to invest in renewable energy projects and other eco-friendly projects. We hope in near future green finance will be popular in all societies of the globe.

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INSTITUTIONAL CREDIT AND AGRICULTURAL DEVELOPMENT

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ABSTRACT

The financial Institutions as effective channels of credit for farm sector, non-farm sector and other priority sector credit institutions have played a significant role in the development of rural and urban in Tamil Nadu. The credit agencies for Tamil Nadu are the aggregation of the exploitable credit potential for all the districts in the State for the years 2007-08 to 2010-11. The Ground Level Credit under crop loans increased from 16,067 crore (2007-08), to 17,436 crore during 2008-09 and it has further increased to 21,501.74 crore in 2009-10, registering an increase of 23 per cent over that of the previous year. The amount of credit non-farm sector was increased in over the period in all financial institutions.

KEYWORDS

Agriculture, Institutions.

INTRODUCTION

Agriculture is the backbone of the Tamil Nadu economy as it supports more than 50 per cent of the population. The co-operative movement in India, particularly in Tamil Nadu, has taken deep roots in various sectors and is making a significant contribution towards economic development and social progress of the people. The cooperative sector is mainly concerned with agricultural credit, marketing of agricultural produce and distribution of fertilizers and pesticides and other essential commodities. The credit agencies for Tamil Nadu are the aggregation of the exploitable credit potential for all the districts in the State for the years 2007-08 to 2010-11. The financial Institutions as effective channels of credit for farm sector, non-farm sector and other priority sector credit institutions have played a significant role in the development of rural and urban in Tamil Nadu. The District Central Cooperative Banks, Urban Cooperative Banks and Primary Agricultural Cooperative Banks have oriented their lending policies so as to issue maximum loans for production purposes under nonfarm sector. They also promote credit facilities for undertaking Small Scale and Tiny Industries and also SRTS (Small Road Transport Operators) loans. The Cooperative Banks have also been extending loans for higher groups to professionals like doctors and engineers for clinic and service centers etc. Other priority sector with the phenomenal increase in the operation of agricultural and industrial activities in the State, many of the service sector activities, viz., servicing of agricultural implements, irrigation pump sets, servicing of electrical and electronic goods, photo studios, internet browsing centers, BOP, etc. have good scope. The Paper deals with, Banking Profile, Policy Initiatives and Credit Innovations of NABARD, besides estimated potentials for Farm Sector, Non-Farm Sector and Other Priority Sector.

OBJECTIVE

The broad objective of the present study is to analyses the agencies wise and sub sector wise ground level credit for farm sector, non farm sector and other priority sector to the credit institutions viz, Commercial Banks, Cooperative Banks, Regional Rural Banks and Others.

METHODOLOGY

The based on secondary data collected from NABARD statistical hand book of 2010. The period of the study covers 2007-08 to 2010-11. Annual compound growth rate has been applied to see the performance of disbursement of sector wise ground level credit.

BANKING PROFILE**1. BANKING NETWORK AND COVERAGE**

The State has a wide network of bank branches, with 6371 branches of Commercial Banks (including nationalized banks, private sector banks and foreign banks), SCB, DCCBs, SCARDBs, and RRBs. Besides, there are 129 non scheduled Urban Cooperative Banks functioning in the State. The average per branch population works out to 9794. While the per capita deposit was Rs.0.329 lakh and the per capita credit was Rs.0.387 lakh for the State. The total deposits were Rs.205271.14 crore as at the end of March 2008, showing an incremental growth of 24% during the year 2007-08. The total advances were Rs.241556.44 crore (March 2008), an increase of 30%. The Credit Deposit ratio was 117% as at end of March 2008.

STATUS OF CO-OPERATIVE CREDIT STRUCTURE IN TAMIL NADU**SHORT TERM COOPERATIVE CREDIT STRUCTURE (STCCS)**

The STCCS in Tamil Nadu has a three-tier structure comprising of the Tamil Nadu State Apex Co-operative Bank (TNSCB) with 46 branches at the State level, 24 District Central Co-operative Banks (inclusive of one Industrial Co-operative Bank viz. *TAICO Bank*) with 761 branches at the district level and 4495 Primary Agricultural Credit Societies at the grassroots level, catering to the needs of 9663318 farmers in 16317 villages, as on 31 March 2008.

TAMIL NADU STATE APEX CO-OPERATIVE BANK LTD (TNSACB)

The area of operation of the TNSACB covers the entire State of Tamil Nadu. The bank, presently, has 46 branches including the HO branch, mainly located in different parts of Chennai and its suburbs. The TNSACB is a consistently profit making bank and has been regularly declaring dividend. During the year 2007-08 the recovery level has increased to 99.8 per cent from 92.6 per cent (2006-07). Consequently, NPAs as a percentage of loans and advances has decreased significantly from 8.10 per cent in 2006-07 to 2.39 per cent in 2007-08.

DISTRICT CENTRAL CO-OPERATIVE BANKS

The State has 23 DCCBs (excluding *TAICO Bank*) comprising the second tier in the Short Term Credit Structure. The deposits of all the DCCBs at Rs. 8890.30 crore 5 (unaudited) as at the end of March 2008, recorded a growth of 21.79 per cent during the year. The loans outstanding of all the DCCBs as at the end of March 2008, were to the tune of Rs. 10854.94 crore (unaudited). Though the recovery performance registered an increase of 12.19 per cent over the previous year, the NPAs at 21.55 per cent and accumulated losses of some DCCBs is a cause of concern.

PRIMARY AGRICULTURAL CREDIT SOCIETIES

As on 31 March 2008, there are 4495 PACS with membership of 96.63 lakh and borrowing membership of 46.24 lakh. Loans issued amounted to Rs. 5600.46 crore as on that date and loans overdue were to the tune of Rs. 602.69 crore.

LONG TERM CREDIT STRUCTURE

The Long Term co-operative credit structure in Tamil Nadu is federal in character with the Tamil Nadu Cooperative State Agriculture and Rural Development Bank (TNSARDB) at the apex level and 180 Primary Co-operative Agriculture and Rural Development Banks (PCARDBs) at the primary level.

TAMIL NADU STATE COOPERATIVE AGRICULTURE AND RURAL DEVELOPMENT BANK (TNCsARDB)

The TNCsARDB has eighteen Regional Offices, spread over various districts in the State. The performance of the LT structures was almost standstill as no loans were issued except for jewel loans during the year. Further, the recovery position as on 31 March 2007 stood at 7.4% at TNCsARDB level and 9% at PCARDB levels. The NPAs of the bank as on 31 March 2006 formed as high as 93%.

PRIMARY CO-OPERATIVE AGRICULTURE AND RURAL DEVELOPMENT BANKS (PCARDBs)

PCARDBs constitute the ground level agencies in the federal Long Term Credit structure in the State. There are 180 PCARDBs in Tamil Nadu established at taluk/block levels. As brought out in the earlier paragraph, the performance of these banks has also been severely affected.

STATUS OF REGIONAL RURAL BANKS IN TAMIL NADU

Two RRBs are functioning in Tamil Nadu viz., Pallavan Grama Bank (sponsored by Indian Bank) and the Pandyan Grama Bank (sponsored by Indian Overseas Bank). The performance of the RRBs was encouraging and they were in profit as on 31 March 2008. The total number of branches was 251 as on 31 March 2008, of which Pandyan Grama Bank accounts for 185.

STATUS OF AGRICULTURE

The Gross Cropped Area has decreased from 60.32 lakh ha in 2005-06 to 58.43 lakh ha in 2006-07. Cropping intensity came down from 115 per cent in 2005-06 to 114 per cent in 2006-07. The major crops grown in Tamil Nadu are paddy, maize, millets, pulses, oilseeds and sugarcane.

GROUND LEVEL CREDIT (GLC)

The Ground Level Credit under crop loans increased from 16,067 crore (2007-08), to 17,436 crore during 2008-09 and it has further increased to 21,501.74 crore in 2009-10, registering an increase of 23 per cent over that of the previous year. The Ground Level Credit (GLC) target for 2010-11 is fixed at 19,322.01 crore.

AREA, PRODUCTION & PRODUCTIVITY OF MAJOR CROPS

Of the total gross cropped area of 58.43 lakh ha., food crops accounted for 43.34 lakh ha and non food crops formed 15.09 lakh ha. Paddy, the major crop in the State, accounted for 33.1 per cent of the total cropped area in the State during 2006-07. Rice production in the State during 2006-07 was 66.11 lakh tonnes as against 52.09 lakh tonne in 2005-06 showing a remarkable increase of 26.9 per cent. Productivity of rice increased from 2541 kg/ha in 2005-06 to 3423 kg/ha in 2006-07. Productivity of millets was 985 kg per hectare, pulses was 541 kg per ha during 2006-07. The State has one of the highest productivity in sugarcane in the country at 123 cane tons per hectare during 2006-07.

CREDIT SUPPORT BY NABARD IN TAMIL NADU

NABARD continued to provide refinance support to cooperatives and RRBs for seasonal agricultural operations at concessional rates of 3.5 per cent for cooperatives and 4.5 per cent for RRBs. Refinance of Rs.536.32 crore was extended during 2007-08 to cooperatives and RRBs.

The Government of India increased interest subvention to all banks from 2 per cent to 3 per cent on their own involvement during the year 2008-09, for extending crop loans up to Rs. 3.00 lakh per borrower at 7 per cent per annum.

RESULT AND DISCUSSION

Table 1 pointed out the issue of subsector wise ground level credit of the study banks viz, commercial banks, cooperative banks, regional rural banks and other banks. To study the amount of credit issued over the year annual compound growth rate of all the financial institutions point out a fluctuation over the periods that is in the base year i.e., in 2008-09 the compound growth rate was high 11569.42 per cent of farm sector. This has reduced to -88.45 per cent in 2009-10, and it's increased to the next year 2.81 per cent of the farm sector in all financing agencies. The credit amount for farm sector is growth rate was increased for 2008-09 to 2009-10 it's suddenly reduced the growth rate of year in 2010-11. The financial agencies are issued the credit for non farm sector. The amount of credit non-farm sector was increased in over the period in all financial institutions. The non farm sector highest growth rate is 80.53 per cent in 2010-11 to regional rural bank and its lowest growth rate is -0.02 per cent in 2009-10. Other priority sector highest growth rate was 183.75 per cent in 2009-10 and lowest growth rate is -3.06 per cent. When the researcher analyses the banks individually the increasing trend can be seen in the year 2007-08 to 2010-11 in all credit agencies for the three sectors wise.

TABLE 1: AGENCY WISE / SUBSECTOR WISE GROUND LEVEL CREDITs (in crores)

Farm Sector										
Years	CBs	ACGR	CO-Ops	ACGR	RRBs	ACGR	Others	ACGR	Total	ACGR
2007-08	16078.60	-	1531.23	-	974.75	-	7.04	-	1859.62	-
2008-09	18309.73	13.88	1645.77	7.48	1028.38	5.50	24.06	241.76	217006.94	11569.42
2009-10	21512.77	17.49	2052.89	24.74	1388.85	35.05	99.72	314.46	25054.23	-88.45
2010-11	21967.08	2.11	2230.99	8.68	1497.50	7.82	63.54	-36.28	25759.11	2.81
Non-Farm Sector										
2007-08	7121.01	-	210.41	-	53.96	-	231.78	-	7617.16	-
2008-09	7651.95	7.46	295.77	40.57	64.67	19.85	248.59	7.25	8260.98	8.45
2009-10	8702.56	13.73	295.71	-0.02	67.02	3.63	371.79	49.56	9437.08	14.24
2010-11	10013.78	15.07	495.63	67.61	120.99	80.53	419.15	12.74	11049.55	17.09
Other Priority Sector										
2007-08	5650.90	-	901.42	-	397.88	-	123.91	-	7074.11	-
2008-09	6785.79	20.08	1165.46	29.29	548.75	37.92	90.40	-27.04	8590.40	21.43
2009-10	8074.29	18.99	1548.25	32.84	556.16	1.35	256.51	183.75	10435.21	21.48
2010-11	8925.33	10.54	1500.86	-3.06	357.12	-35.79	170.37	-33.58	10953.68	4.97

Source: NABARD statistical hand book of 2010.

CBs- Commercial Banks

Co-op- Co-Operative Banks

RRBs- Regional Rural Banks

ACGR- Annual Compound Growth Rate.

CONCLUSION

Thus the flows of subsector wise ground level credit from the banks have increasing during the period of 2006-07 to 2010-11 in farm and non farm sector. But the other priority sector highest amount credit disbursed in commercial banks and remaining banks are disbursed credits is very low, compare to farm and non farm sector.

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A COMPARATIVE STUDY OF PRIMARY HEALTH CENTRES IN INDIA AND HARYANA

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ABSTRACT

Primary Health Centres (PHCs) constitute the second tier of primary health care. It provides integrated curative and preventive health care services to the people in rural areas. As on March, 2010, there are 441 PHCs functioning in the state in comparison to 23673 PHCs at all India level. Almost there is the lack of staff available at PHC in Haryana as well as on all India level. The present study is an attempt to study primary health care with focus on PHCs functioning at all India level as well as in Haryana state.

KEYWORDS

primary health centres, health care.

INTRODUCTION

The health care sector in India, constitute approximately 5 percent to Gross Domestic Product (GDP). It has emerged as one of the largest service sector in India. There are three different levels of health care to provide health care services to the people. They are: primary care comprises general health practice services which are offered to the population at the point of entry into health care system; secondary care comprises the care provided through specialised services and eventually the super specialities such as plastic surgery, neurosurgery and heart surgery. Of the three different levels of health care, primary health care is concerned with the provision of health care services to the people nearest to their homes and at a cost within their reach. It comprises three types of health care institutions: Sub Centre (SC), Primary Health Centre (PHC) and Community Health Centre (CHC). Table-1 shows the population norms for the establishment of three types of health care institutions.

TABLE-1: POPULATION NORMS FOR HEALTH CARE INSTITUTIONS

Centre	Population Norms	
	Plain Area	Hilly/Tribal/Difficult Area
Sub Centre	5000	3000
Primary Health Centre (PHC)	30,000	20,000
Community Health Centre (CHC)	1,20,000	80,000

Primary Health Centres (PHCs) constitute the second tier of primary health care. It provides integrated curative and preventive health care services to the people in rural areas. It performs the act of referral unit for 6 sub centres. At present, A PHC is manned by a Medical Officer supported by 14 paramedical and other staff. It has 4-6 beds for patients. The PHCs are established and maintained by the State Governments under the Minimum Needs Programme (MNP) / Basic Minimum services Programme (BMP).

OBJECTIVE OF THE STUDY

The present study is a humble attempt at analysing the current status of PHCs in India and Haryana in the context of availability of infrastructure, growth, facilities available, building positions and staff available at PHCs.

RESEARCH METHODOLOGY

The present study is exclusively based on secondary data. These data have been taken mainly from *Rural Health Statistics in India, March, 2010*. Simple statistical tool like percentage and Annual Growth Rate are used to interpret the data and draw conclusion from them. Annual growth rate has been calculated by using the formula $\{(Y_t - Y_{t-1}) / Y_{t-1}\} \times 100$, where Y_t is the current year value and Y_{t-1} is previous year value.

REVIEW OF LITERATURE

Baru, R.V. (1994) examined the structure of healthcare provision by the public, private and voluntary sectors across states. The study used the 42nd Round of NSS to examine the utilisation patterns for both out-patient and in-patient care. Evans, et. al., (2001) made an attempt to measure health system efficiency (performance) in 191 countries. The study found that estimated efficiency varied highly. The study also found that performance increased with health expenditure per capita. Naryayana, K.V. (2003) studied the size and nature of medical facilities in the public and private sector. The study also traced adverse impact of the private sector on public hospitals and gave a brief sketch of major health sector reforms in Andhra Pradesh. Majumder, A. and Upadhyay, V. (2004) made an attempt to check the productivity/efficiency aspects of the primary health care system in India with focus on reproductive health care services. Shankar, D. and Kathuria, V. (2004) made an attempt to analyse the performance of rural public health system of 16 major Indian states. The study used the techniques from stochastic production frontier and panel data estimation using data for the period 1986-97 in order to measure performance. Ramani, K.V. and Mavalankar, D. (2006) highlighted the opportunities and challenges for health system in India. The paper also showed the relationship between health and socio-economic development. Annapoorani, R. (2007) studied the organisation and management of a selected primary health centre (PHC) in Perumanallur village, Coimbatore district (TamilNadu). She also assessed the beneficiaries and measures the efficiency of the PHC. Dargent, G. and Bankauskaite, V. (2007) examined the methodological issues related to health system performance. The paper reviewed relevant concepts and identified the methodological issues of performance indicators and presented some policy implications. Radhakrishna, S. (2007) explained the status of health infrastructure and public health expenditure pattern in Andhra Pradesh. The study also examined the utilisation and functioning of primary health centre in Khammam district in particular. Ramana, M.V. (Year not mentioned) explored the present status of mobile based health care systems in different countries, shortfalls in primary health care management in rural India. The study also presented the potential solution to fill it with the enabling of mobile web technologies for primary health care. Bajpai, et., al. (2008) made an attempt to estimate the financial and human resources required to scale up the primary healthcare services in rural Andhra Pradesh and Karnataka. Iyengar, S. and Dholakia, R. H. (2011) made an attempt to measure the extent of primary healthcare services provided to the poorer section. The study use the information collected through the sample survey of 1635 poor households conducted in the 35 villages from the six states (Madhya Pradesh and Uttar Pradesh, Rajasthan, Andhra Pradesh, Karnataka and Tamil Nadu). The study applied BPL criteria for the 'weaker section' to get some evidence directly on the premise of the Planning Commission. Patil, S.L. and Kamble, D.K. (2011) analysed the rural healthcare system in the context of three tier system i.e. sub-centres, primary health centres and community health centres. The study also dealt with the problems and challenges of public healthcare system in rural areas. Sharma, J.K. and Narang, R. (2011) studied the perception of users availing rural healthcare services in India. The study was conducted in the rural areas of

seven districts in the state of Uttar Pradesh. The study employed factor analysis technique to examine the structure of relationship among variables representing the perceived quality dimensions of healthcare services in India. Venkatapathy, R. and Anbugetha, D. (2011) highlighted the reasons for the unequal distribution of health care services and its impact on the health status of the society.

PHCs IN INDIA AND HARYANA

Alma Ata Declaration (1978) stressed that the PHCs should address five basic principles: equitable distribution of health care services; community involvement in health related decision; focus on preventive and curative services; appropriate technology to make the health care services efficient and a multi sector approach including nutrition, education, water supply, shelter, etc.

TABLE-2: AVAILABILITY OF HEALTH CENTRES IN HARYANA AND INDIA

	Sub Centres	PHCs	CHCs
Haryana	2484	441	107
India	147069	23673	4535

Source: Rural Health Statistics in India, 2010.

The Table-2 shows the availability of health centres in Haryana and India. As on March, 2010, there are 2484 Sub Centres, 441 PHCs and 107 CHCs functioning in the state in comparison to 147069 Sub Centres, 23673 PHCs and 4535 CHCs at all India level.

TABLE-3: GROWTH OF PHCs DURING FIVE YEAR PLANS

Five Year Plans	Haryana	Annual PHCs Growth Rate	India	Annual PHCs Growth Rate
6 th Plan (1981-85)	163	-	9115	-
7 th Plan (1985-90)	366	124.53	18671	104.83
8 th Plan (1992-97)	399	9.01	22149	18.62
9 th Plan (1997-2002)	403	1.00	22875	3.27
10 th Plan (2002-07)	411	1.98	22370	-2.20
11 th Plan (2007-12)	441	7.29	23673	5.82

Source: Rural Health Statistics in India, 2010.

Table-3 shows the growth of PHCs during Five Year Plans in Haryana as well as in India. As compared to 6th plan period when there were 163 PHCs in Haryana and 9115 PHCs at all India level, there are 441 PHCs in Haryana and 23673 PHCs at all India level during 11th plan period as on March, 2010. The number of PHCs has all grown over the Five Year Plans. Annual PHCs growth rate have declined from 124.53 percent in 6th Plan to 7.29 percent in 11th Plan in Haryana. In the same way, Annual PHCs growth rate have declined from 104.83 percent in 6th Plan to 5.82 percent in 11th plan in India.

TABLE-4: FACILITIES AVAILABLE AT PHCs

Facilities at PHCs	Haryana		India	
	Number	Percentage	Number	Percentage
With Labour Room	272	81.4%	15361	64.9%
With Operation Theatre	60	18.0%	8526	36.0%
With 4-6 Beds	250	74.9%	14039	59.0%
With Telephone	260	77.8%	11930	54.3%
With Computer	197	59%	9953	47.0%
Without Electric Supply	3	0.9%	3124	14.2%
Without Regular Water Supply	11	3.3%	2731	12.4%
Without All-Weather Motorable Approach Road	0	0.0%	1524	7.5%

Source: Rural Health Statistics in India, 2010.

Table-4 shows the facilities available at PHCs in Haryana and India. In Haryana, only about 82 percent of PHCs have the facilities of labour room. While at all India level, about 65 percent PHCs have the facilities of labour room. Overall there is the lack of facilities available at PHCs in Haryana and India. It can be seen from the Table that even the essential amenity like water supply is not available in more than 96 percent PHCs in Haryana and more than 87 percent PHCs in India.

TABLE-5: BUILDING POSITIONS FOR PHCs

PHCs Functioning In	Haryana	India
Government Buildings	309	19317
Rented Buildings	0	1447
Rent Free Panchayat/ Voluntary Society Buildings	132	1046
Building Under Construction	79	1283
Building Required To Be Constructing	53	1543

Source: Rural Health Statistics in India, 2010.

Number of PHCs functioning in Government buildings was 309 in Haryana as compared to 19317 at all India level in 2010. This is mainly due to increase in the Government buildings in the State of Haryana as shown in Table-5.

TABLE-6: NO. OF PHCs WITH DOCTORS AND WITHOUT DOCTORS/LAB TECHNICIANS/PHARMACISTS

PHCs	Haryana	India
With 4+ Doctors	0	873
With 3 Doctors	21	985
With 2 Doctors	177	6073
With 1 Doctor	114	14040
With lady Doctor	112	4408
Without doctor	22	753
Without Lab Technician	148	7924
Without Pharmacist	51	3825

Source: Rural Health Statistics in India, 2010.

Table-6 shows the No. of PHCs with doctors and without doctors/Lab technicians/Pharmacist. In Haryana there is not even a single PHC which have more than 4 doctors. Almost there is the lack of staff available at PHC in Haryana and as well as on all India level.

CONCLUSION

As the data used in the study shows that the quality of health care services available and provided by PHCs is poor and unsatisfactory. When we combine physical infrastructural status of PHCs with the human resource front we can see the poor state of health care in the state as well as on all India level. It is clear from the Table-4 and Table-6 that the current status of healthcare facilities at PHCs is such that adequate performance on health outcomes cannot be expected. Physical availability of services without provision of the most essential components like water, electricity and health personnel is extremely disastrous for the public perception of quality of services and the faith people put. Sometimes it is better not to provide any services rather than making available half-hearted, improper and lacklustre services to the population.

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IMPACT OF MICRO FINANCE IN POVERTY ALLEVIATION AND ECONOMIC DEVELOPMENT OF SHGs

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ABSTRACT

Micro credit often provides means for people to move towards independent economic livelihood, leaving extreme poverty behind. Microfinance policy may be milestone in direction, which may ensure participation of all classes of people even belonging to the lowest stratum in the process of the economic growth and help the economy to move sustainable path. In India the focus of microfinance was on a group approach and organizing the poor into Self-Help Groups. SHGs are considered as the best way to provide the credit to the poor who require it the most whereby advantage percolates exactly to the needy. Microfinance as a poverty alleviation tool started by NABARD, The fact that financing under this program has grown multifold over the period of time, a high degree of organizational diversity exist and a couple of trends are worth noticing. Microfinance institution should monitor financial activities professionally to optimized the funding economic and social benefits for the long run, idea behind microfinance is to lift the people below poverty line make their life sustainable, help them to educate their children, and help them make overall process. Impact of microfinance leads to overall strategies of employment generation and poverty alleviations helping to improve the stability of consumption level and income flow of poor household

KEYWORDS

Micorfinance, „Self Help Groups.

I INTRODUCTION

Microfinance not only helps to prevent the poverty but also bring in individual development in poor as well as it encourages small entrepreneurial activities in economically weak societies and regions. Since the microfinance justifies it as a system that provides small loans to poor self employed cottage and home based business it becomes the “newest silver bullets for alleviating poverty”

According to Kofi Annan, United Nations Secretary General Micro credit and other financial services for poor people are important instrument for poverty reduction and for empowerment especially for women. Recently the attention for microfinance and its role in reducing poverty was further increased. When Muhammad Yunus of Bangladesh received the noble committee, Microfinance can help people break out poverty, which in turn is seen as an important prerequisite to establish long lasting peace. The state and its poverty alleviation programmers have unto now, fallen short of expectations to achieve this objectives because of several reasons such as lack of adequate fund failure to mobilize fund locally, problems in targeting high cost of implementation, bureaucracy, rent seeking behavior and non provision of complementary services, necessary to sustain the program.

Alleviation of poverty has been an important issue before the developing nations of the world. This is a big challenge for South Asian countries, as about half of the world's poor live in this region. Again, the intensity of poverty is high in India. One of every three persons in India is officially poor, and two of every three are either under-nourished or malnourished. Microfinance sector has covered a long journey from micro savings to micro credit and then to micro enterprises and now entered the field of micro insurance, micro remittance, micro pension and micro livelihood. This gradual and evolutionary growth process has given a great boost to the rural poor in India to reach reasonable economic, social and cultural empowerment, leading to better life of participating households. Financial institutions in the country have been playing a leading role in the microfinance programme for nearly two decades now. They have joined hands proactively with informal delivery channels to give microfinance sector the necessary momentum.

II OBJECTIVE

The main objectives of this paper are as follows:

1. Primary objective is to study the role of Microfinance and its effectiveness for reduction of poverty.
2. To study how the Microfinance is providing high quality of financial services to poor.

III METHODOLOGY

For this study a specific framework has been used for collection of data from the secondary source. The Secondary data has been collected from the various publications and from the various book and journals.

IV NEED FOR MICRO-FINANCE

The appropriateness of Microfinance as a tool for reducing the poverty depend on local circumstances. poverty is often the result of low economic growth, high population growth and extremely unequal distribution of resources and reducing poverty requires creating jobs. Providing credit seems to be a way to generate self-employment opportunity for the poor particularly women

Microfinance schemes are able to reach the poor at affordable cost and can thus help the poor become self-employed. Many countries have introduced Microfinance schemes with important objective to alleviating poverty by facilitating small amounts of credit to the poor to create employment generating activity.

V SWOT ANALYSIS OF MICROFINANCE**STRENGTH**

1. Helped in reducing the poverty.
2. Huge networking available.

WEAKNESS

1. Not properly regulated.
2. High number of people access to informal sources of finance.
3. Concentrating on few people only and mainly in urban area

OPPORTUNITY

1. Huge demand and supply gap.
2. Employment Opportunity.
3. Huge Untapped Market.
4. Opportunity for Pvt. Banks, NBFCs, Foreign Banks to enter this business segment.

THREAT

1. High Competition

2. Neophyte Industry
3. Over involvement of Government

VI MICRO-FINANCE - INSTRUMENT FOR POVERTY ALLEVIATION

- ✚ Equitable gains from development on a sustainable basis and ensuring viability of financial services are key elements in a strategy of poverty reduction by means of credit support to the poor. As micro-finance is seen to be an approach addressing these concerns effectively, it has assumed significance in all the developing countries as an effective tool in fighting poverty.
- ✚ The micro-finance scene in India is dominated by Self Help Groups (SHGs) - Banks linkage program for over a decade now. As the formal banking system already has a vast branch network in rural areas, it was perhaps wise to find ways and means to improve the access of rural poor to the existing banking network. This was tried by routing financial services through Self-Help Groups, formed as grass roots level institutions developed for social/economic and financial intermediation for focusing on the poor. Drawing lessons from experiments carried out in various parts of the world, particularly Asia - Pacific, an attempt was made to build financial relationship between informal groups of people and formal agencies like banks for catering to the financial service requirements of the poor, especially women. Over the years, SHG-Bank linkage model has emerged in India as a core strategy for the banking system to extend their outreach to the poorest among poor. Though SHGs existed even before the linkage program, the banks could not recognize their potential as business clients and both operated independently, without knowing the strength of the other. Intervening to forge a linkage, NABARD was instrumental in the emergence of a very strong micro-Finance movement in the country.
- ✚ The SHG - Banks linkage program was conceived with the objectives of developing supplementary credit delivery services for the unreached poor, building mutual trust & confidence between the bankers and the poor and encouraging banking activity both on thrift as well as credit and sustaining a simple and formal mechanism of banking with the poor. The linkage program combines the flexibility, sensitivity and responsiveness of the informal credit system with the technical, administrative capabilities and financial resources of the formal financial sector. It is a design relying heavily on collective strength of the poor, closeness of NGOs to people and large financial resources of banks. Further, the SHGs have also undertaken effective social mobilization functions contributing to an overall empowerment process. The banks have externalized what would otherwise have been high transaction costs for mobilizing savings of the poor, appraisal and sanction of loans and improved loan recovery through the financial intermediative role played by SHGs.

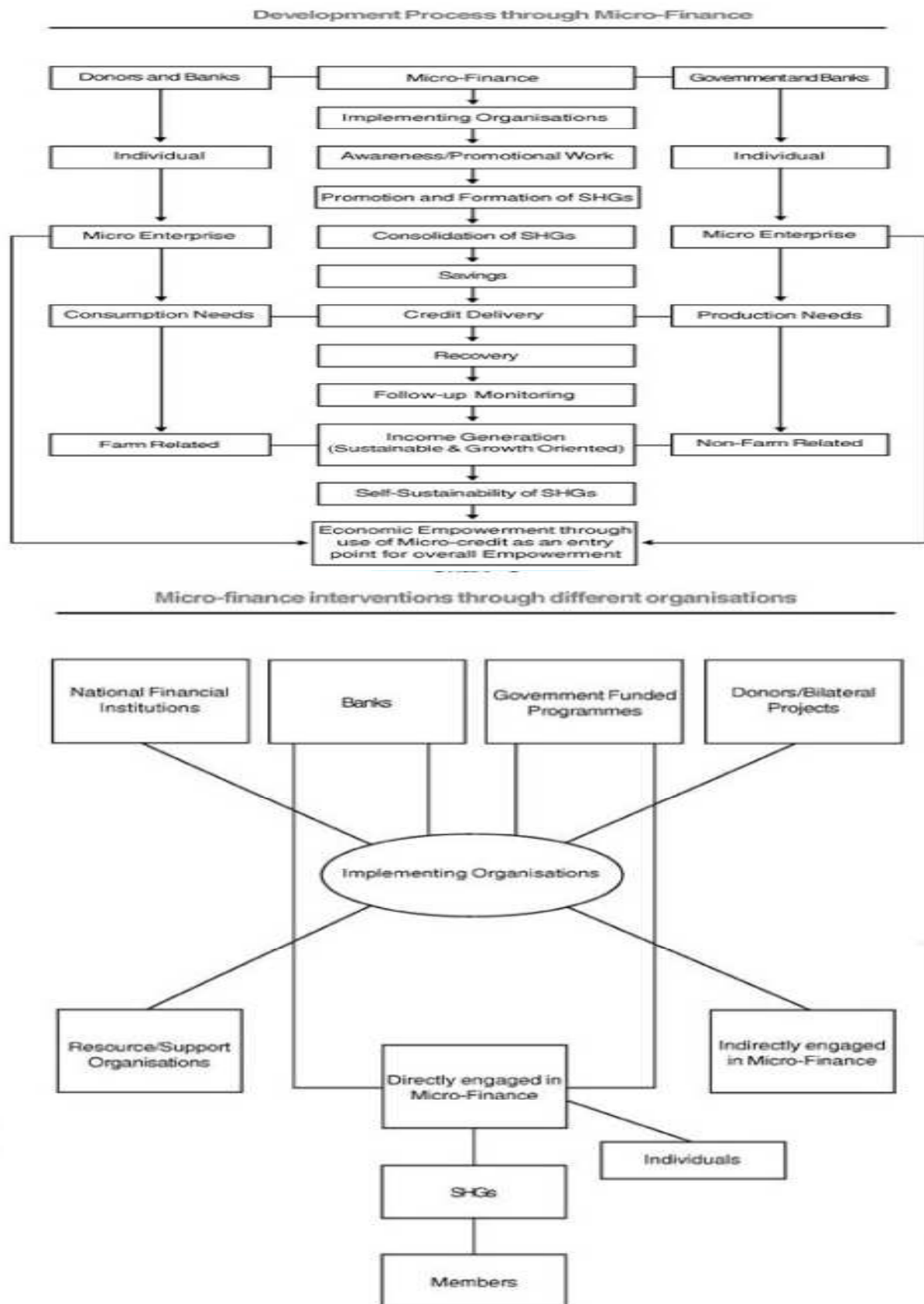
VII UTURE OF MICRO FINANCE

- ✚ Microfinance expansion over the next decade can be expected to be an extension of what has been achieved so far while overcoming the hurdles that have been posing difficulty in effective microfinance operation and its expansion. There may be several participants in this process and their participation may be seen in the following forms.
 - a) Existing microfinance institutions can expand their operations to areas where there are no microfinance programs.
 - b) More NGOs can incorporate microfinance as one of their programs.
 - c) In places where there are less micro finance institutions, the government channels at the grassroots level may be used to serve the poor with microfinance.
 - d) Postal savings banks may participate more not only in mobilizing deposits but also in providing loans to the poor and on lending funds to the MFIs.
 - e) More commercial banks may participate both in microfinance wholesale and retailing. They many have separate staff and windows to serve the poor without collateral.
 - f) International NGOs and agencies may develop or may help develop microfinance programs in areas or countries where micro financing is not a very familiar concept in reducing poverty
 - g) Development of Small-Scale Enterprises through microfinance will not only increase the outreach but will also help the generation of more employment and income for the poor. It is expected that in the following years there will be considerable deepening of microfinance in this direction along with simultaneous drives to reach and serve the poorest. of the poor. But the crux of the discussion is that, if the over excess involvement of the government would be there in the Micro Finance sector, than the growth of the Micro Finance won't much possible. The Govt. involvement should limited to the important decisions only, but not to interfere in each and every matter of the management

VIII THE NEED IN INDIA

- ✚ India is said to be the home of one third of the world's poor; official estimates range from 26 to 50 percent of the more than one billion population.
- ✚ About 87 percent of the poorest households do not have access to credit.
- ✚ The demand for microcredit has been estimated at up to \$30 billion; the supply is less than \$2.2 billion combined by all involved in the sector.
- ✚ Poor people need not just loans but also savings, insurance and money transfer services.
- ✚ Microfinance can pay for itself." Subsidies from donors and government are scarce and uncertain, and so to reach large numbers of poor people, microfinance must pay for itself.
- ✚ Microfinance also means integrating the financial needs of poor people into a country's mainstream financial system.
- ✚ Microfinance can also be distinguished from charity. It is better to provide grants to families who are destitute, or so poor they are unlikely to be able to generate the cash flow required to repay a loan.

Due to the sheer size of the population living in poverty, India is strategically significant in the global efforts to alleviate poverty and to achieve the Millennium Development Goal of halving The world's poverty by 2015. Microfinance has been present in India in one form or another since the 1970s and is now widely accepted as an effective poverty alleviation strategy. Over the last five years, the microfinance industry has achieved significant growth in part due to the Participation of commercial banks. Despite this growth, the poverty situation in India continues.



IX MICROFINANCE CHANGING THE FACE OF POOR INDIA

Micro-Finance is emerging as a powerful instrument for poverty alleviation in the new economy. In India, micro-Finance scene is dominated by Self Help Groups (SHGs) - Banks linkage Programme, aimed at providing a cost effective mechanism for providing financial services to the 'unreached poor'. In the Indian context terms like "small and marginal farmers", "rural artisans" and "economically weaker sections" have been used to broadly define micro-finance customers. Research across the globe has shown that, over time, microfinance clients increase their income and assets, increase the number of years of schooling their children receive, and improve the health and nutrition of their families. A more refined model of micro-credit delivery has evolved lately, which emphasizes the combined delivery of financial services along with technical assistance, and agricultural business development services. When compared to the wider SHG bank linkage movement in India, private MFIs have had limited outreach. However, we have seen a recent trend of larger microfinance institutions transforming into

Non-Bank Financial Institutions (NBFCs). This changing face of microfinance in India appears to be positive in terms of the ability of microfinance to attract more funds and therefore increase outreach. In terms of demand for micro-credit or micro-finance, there are three segments, which demand funds. They are:

- ✚ At the very bottom in terms of income and assets, are those who are landless and engaged in agricultural work on a seasonal basis, and manual labourers in forestry, mining, household industries, construction and transport. This segment requires, first and foremost, consumption credit during those months when they do not get labour work, and for contingencies such as illness. They also need credit for acquiring small productive assets, such as livestock, using which they can generate additional income.
- ✚ The next market segment is small and marginal farmers and rural artisans, weavers and those self-employed in the urban informal sector as hawkers, vendors, and workers in household micro-enterprises. This segment mainly needs credit for working capital, a small part of which also serves consumption needs. This segment also needs credit for acquiring additional productive assets, such as irrigation pumpsets, borewells and livestock in case of farmers, and equipment (looms, machinery) and workshops in case of non-farm workers.
- ✚ The third market segment is of small and medium farmers who have gone in for commercial crops such as surplus paddy and wheat, cotton, groundnut, and others engaged in dairying, poultry, fishery, etc. Among non-farm activities, this segment includes those in villages and slums, engaged in processing or manufacturing activity, running provision stores, repair workshops, tea shops, and various service enterprises.

These persons are not always poor, though they live barely above the poverty line and also suffer from inadequate access to formal credit. Well these are the people who require money and with Microfinance it is possible. Right now the problem is that, it is SHGs' which are doing this and efforts should be made so that the big financial institutions also turn up and start supplying funds to these people. This will lead to a better India and will definitely fulfill the dream of our late Prime Minister, Mrs. Indira Gandhi, i.e. Poverty. One of the statements is really appropriate here, which is as:

"Money, says the proverb makes money. When you have got a little, it is often easy to get more. The great difficulty is to get that little."

Adams Smith.

Today India is facing major problem in reducing poverty. About 25 million people in India are under below poverty line. With low per capita income, heavy population pressure, prevalence of massive unemployment and underemployment, low rate of capital formation, misdistribution of wealth and assets, prevalence of low technology and poor economic organization and instability of output of agriculture production and related sectors have made India one of the poor countries of the world.

X SUCCESS FACTORS OF MICRO-FINANCE IN INDIA

Over the last ten years, successful experiences in providing finance to small entrepreneur and producers demonstrate that poor people, when given access to responsive and timely financial services at market rates, repay their loans and use the proceeds to increase their income and assets. This is not surprising since the only realistic alternative for them is to borrow from informal market at an interest much higher than market rates. Community banks, NGOs and grass root savings and credit groups around the world have shown that these microenterprise loans can be profitable for borrowers and for the lenders, making microfinance one of the most effective poverty reducing strategies.

COMPARATIVE ANALYSIS OF MICRO-FINANCE SERVICES OFFERED TO THE POOR

Parameter	Money Lender	Commercial Banks	Govt. Sponsored Programs	Financial products of MFIs
Ease of Access	High	Low	Low	High
Transaction cost of Access	Low	Very High	Very High	Low – Medium
Lead time for Loans	Very Short	Extremely Long	Extremely long	Short
Repayment Terms	Fixed and Rigid	Fixed and Easy	Fixed and Easy	Flexible
Interest Rates	Exorbitantly High	Low and very Affordable	Low, Affordable and Subsidised	Reasonable and Affordable
Incentives	None	None	None	Repeat and larger loans, Interest Rebates
Repeat Borrowing	Possible	Possible but not likely	Possible but not likely	Stream of credit is assured
Loan Access Procedures	Very Quick	Extremely Time Consuming and complicated	Extremely Time Consuming and complicated	Simple and Quick
Loan Application Procedures	Informal but exploitative	Exhaustive and Complex	Exhaustive and Complex	Simple and Informal
Collateral and Demand Promissory Note	Mandatory	Required but hypothecation of asset may suffice	Not required although a charge on the asset becomes automatic	Not required – social collateral is used for physical collateral

Source: R. Arunachalam - Alternative Technologies in the Indian Micro-finance Industry

XI CONCLUSION

At the end I would conclude that, Micro Finance Industry has the huge potential to grow in future, if this industry grows then one day we'll all see the new face of India, both in term of high living standard and happiness. One solution by which we all can help the poor people, i.e. in a whole year a medium and a rich class people spends more than Rs 10,000 on them without any good reason. Instead of that, by keeping just mere Rs, 3000 aside and donate that amount to the MFIs, then at the end of the year the total amount in the hands of poor would be (average 500 million people *Rs 3000)=Rs 1,500,000,000,000 . Just imagine where would be India in next 10 years. At last I am concluding by project with a very famous saying:

"Don't wait; the time will never be just right. Start where you stand and work with whatever tools you may have at your commands and the better tools will be found as you go a long"

William Surds

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FACTORS INFLUENCING THE PROGRESSIVE USE OF PUBLIC LIBRARIES BY ITS PATRONS**BIMAL CHANDRA NAIR****RESEARCH SCHOLAR****FACULTY OF SOCIAL SCIENCE & HUMANITIES****PACIFIC ACADEMY OF HIGHER EDUCATION & RESEARCH UNIVERSITY****UDAIPUR****ABSTRACT**

Public library has vital role to play in the society and since inception they have served a diverse range of users and have been expected to meet the evolving needs and expectations of wide variety of stakeholders. Public libraries can satisfy the patron's requirements by applying modern technology, by assessing its infrastructural requirements and user expectations. Various factors have their lasting effects on the progress of Public libraries.

KEYWORDS

Public libraries, ICT Skills, E-Book Reader, E-Book, Cloud computing, Leadership, Software.

1. INTRODUCTION

Public libraries play a pivotal role in dissemination of knowledge and they are democratizing agents, making information available to everyone. Government of India had recognized public libraries as an extremely important element of the foundation of a knowledge economy in National Knowledge Commission. As per Sunniva Evjen¹ et. al libraries in general, and public libraries in particular, find themselves in a situation characterised by strong environmental change impetuses. Today's public librarianship unfolds itself against the background of three profound changes. These are:

- (a) The way people learn and educate themselves, the way they search for information and the way they read are changing. The very concepts of what texts and documents are – i.e. the basic materials with which libraries work – also change.
 - (b) Globalisation and the growth of the multicultural society challenge public libraries fundamentally. How should public libraries define their role in the age of multiculturalism?
 - (c) Political and ideological changes, e.g. neoliberalism and corresponding trends in public management, such as new public management, challenge the traditional value base of public librarianship as are reflected in the UNESCO Public Library Manifesto.
- Development of public libraries and its progressive use by its patrons depend on various factors and following factors will be discussed in this article.

2. APPLICATION OF MODERN TECHNOLOGY IN PUBLIC LIBRARIES

Success of future Public libraries will largely depend in keeping pace with the change in modern technology and using those modern technologies. Dr. B. D. Kumbhar (Karnataka University)² opines that the time is ripe to convert the public libraries as community information resources centres rather than a mere collection of books. This can be done introducing rapid computerization of libraries. Networking has to be established amongst all types of libraries at all levels. In the Western Countries, it is observed that there are visible changes taking place in organizing and operating the public libraries. In the so called Cyberspace environment the greatness of libraries will depend far less on the size of their collections, but rather on strength of their service and their ability to connect electronically with one another.

2.1 Choosing between Open-Source-Based ILS and traditional Closed-Source-Based ILS Public libraries under budgetary stress to consider a migration to an open-source-based ILS. The choice of how purely open source the system should be remains a controversial one (Irene E. McDermott)³. In the current library automation marketplace, news of libraries selecting open source ILS products has become routine. A very important factor in the adoption of open source ILS products by libraries involves the role of commercial companies. Each of the open source ILS products is closely tied to a commercial business that markets, develops and supports it. For both the proprietary and the open source ILS products, one of the main trends involves vendor-hosted implementations, marketed as software-as-a-service (SaaS). These SaaS implementations relieve the library of the need to maintain local server hardware, operating system and network administration.

2.2 E-Readers and E-books in public library (Jessica E. Moyer et al, 2012)⁴ E-books will not be going away any time soon. It is up to librarians and researchers to figure out where they fit in the scheme of things, and how this new technology can act as a tool to best accommodate patrons. With the declining cost of e-book readers, and with library systems investing more resources into collections, we are going to be looking at new types of literacies and must understand the modalities we are advertising. With more research, and the increasing practice of e-book and reader circulation, we can only build a framework for best practice, and work towards a future of e-book use, both in the public libraries and in the schools. In a study James Hutter(2012)⁵ stated that for a public library to understand what is going on in the world of digital materials, they need to properly gauge exactly what it is that their patrons want and how they want it. Libraries need to understand if their patrons are recognizing their institutions as sources of e-Books. Libraries need to determine if their users own these e-Reader devices in significant numbers. Professionals in the field need to understand the positives and negatives of these technologies to be able to recommend and support their users. If users do not own these devices, libraries need to determine why. In the case of users not being able to afford e-Readers, libraries should contemplate if they should purchase and loan out e-Readers. Finally, library Administrators need to know if they are providing enough technical assistance to ensure that their users are able to fully utilize their e-Book lending services. As mentioned above the provision of e-readers and e-books in public libraries is definitely going to impact the progress of public libraries.

2.3 Bandwidth for Public Libraries Public libraries ought to evaluate their quality of Internet connectivity so that sufficient services are rendered to their patrons. Public libraries should have proper assessment of their internet requirements based on what bandwidth is available to them. As per Bertot, John Carlo(2007)⁶ currently much of the management and planning of network services is based first on what bandwidth is available as opposed to the bandwidth needed to provide the necessary services and resources in a networked environment. This stance puts public libraries in a relative condition rather than a proactive condition regarding provision of networked services.

2.4 Incorporating Cloud Services in Public Libraries Cloud computing is a current trend that considers the Internet as a platform providing on-demand computing and software as a service to anyone, anywhere, and at any time. Public Libraries cannot keep them away from the developments in the cloud computing field. Cloud computing is definitely going to have an impact on the way public libraries will function in near future. National Institute of Standards and Technology (NIST), U.S.A defines cloud computing as "Cloud computing is a model for enabling convenient, on-demand network access to a shared pool of configurable computing resources (e.g., networks, servers, storage, applications, and services) that can be rapidly provisioned and released with minimal management effort or service provider interaction". Data availability, scalability, elastic service, and pay-per-use are attractive characteristics found in the cloud service model.

3. IT LITERACY WILL BE A REQUIREMENT AS AN ESSENTIAL SKILL

For librarians in public libraries, Information and communications technology (ICT) skills have become extremely important as we witness an intensive use of technology in maintaining digital collections. ICT offers ample opportunities for libraries to automate the traditional activities, implement efficient and effective

library cooperation and resource sharing networks, develop repository, provide value-added information services and initiate capacity building programmes for library staff and library users.

4. THE LIBRARY BRAND

Public libraries are already absolutely brilliant at providing customised support to individuals. In fact they are so good at it that it impedes the ability to relay a simple national message. Yet a simple message is what's needed to convey the role and value of the service to everyone else (Liz Dubber). There is an increasing recognition that the future for public libraries looks bleak, and that a major contributing factor is their failure to change the image or their "brand" as their identity (what they are and what they do) has evolved. There is widespread recognition that branding could be used more effectively to enhance the profile of public libraries. As per Subnum Hariff (2011)⁷ It is therefore important to understand the various stakeholders' current images of what a public library is and does. Unfortunately, libraries are not seen as exciting and interesting places to visit; they are seen as places for quiet and individual study, with old dusty and tatty book stock. The second key challenge facing libraries is the development of a clear and positive identity, and the communication of that identity through marketing and branding communications, towards changing the image of libraries, and aligning the image more strongly with the service experience delivered. However, this issue seems to be intractable. The third aspect of branding that has been discussed in the literature relates to the need to deliver on the brand promise. There must be a "reality" behind the brand. Library managers and leaders have a pivotal role in developing the brand, acting as brand champions and fostering a culture that will allow staff to promote and nourish a strong brand.

5. SOCIAL SOFTWARE IS NOT BEING USED TO ITS FULLEST EXTENT IN PUBLIC LIBRARIES

Social software is not being used to its fullest extent in public libraries. In a study by Louise L. Rutherford (2008)⁸ his study participants mentioned that in theory social software had the potential to allow users to create their own content, this was not generally happening in practice. Social software is being used in libraries to enable participation, but this participation is limited to library discussion forums, comments on blogs and questions on IM, rather than to actually allowing users to create information content.

6. NON-BOOK MATERIALS AND SPACES FOR NON-BOOK ACTIVITIES

Space for non-book purposes should be studied for a variety of reasons and is a fundamental concern not only for library professionals, but also the wider society for whom services are provided. The rationale often cited for including non-book materials and spaces for non-book activities, is to provide a building the community will use and ultimately encourage more use of books. Library buildings have finite space and balancing how space is utilised is likely to affect the services provided; architects along with librarians will need to identify the full range of book and non-book use of space in order to create successful public buildings for the future. This concern relates to the fundamental issue of the role of libraries in our society. This speculation over the death of the library is dependent on the postulation that the new libraries indicate a change of services and space in buildings, away from books Rachel Begg (2009)⁹.

7. LOCAL STUDIES COLLECTION

Bundy, A (1999)¹⁰ At the end of the 20th century it is becoming axiomatic that every local government authority should ensure that its citizens have ready access to local studies resources, information and services, principally through its library. Every library should therefore have this responsibility implicit in its mission statement, and explicit in its services and collections policies--unless it can show cause why it should not. Opting in to local studies has been the developmental pattern for public libraries in the 20th century. An increasing number in the latter part of this century have chosen to do so. Opting out, and then only for good reasons, should be the case in the 21st century. Those reasons will be limited but may include developments such as the Geelong Historical Records Centre which since 1979 has involved a number of agencies, including the regional library corporation, in providing an historical reference service for the area. The political potential of local studies within the lifelong learning educational impetus of the 21st century is, for public libraries, very considerable. Local government and their libraries would be most unwise to ignore that potential.

8. TEEN LIBRARY WEBSITES (TLWs) FOR A PUBLIC LIBRARY WEBSITE

The growth and development of Teen Library Websites (TLWs) represents an important step in addressing teens' information need. A recent focus group study with teens by Howard (2011) points out the importance of creating a TLW for a public library website. The study found that one of the main barriers to public library use was the lack of a teen website and Web 2.0 technologies. The teens in the study either had to use the main website that was designed for adults or the children website that was not designed for teens. Thus, the teens did not use the public library website (Robin, A.N 2012). Teen website can provide the teen their own space in the public library.

9. NEGATIVE LEADERSHIP ATTRIBUTES

An area of concern for leadership in public libraries is negative leadership leadership. The impact of an all pervasive defective leader is far-reaching and organisationally devastating. A core finding in a study by Mullins et.al supports arguments in the literature suggesting a widespread dearth of leadership practice in the public librarianship. Librarians articulated the view that: "many head librarians are not making that changeover from librarians to leaders", "some library chief do not have the mental picture of themselves as real managers or leaders", or "they are books people, sometimes they are authors, but they are not leaders".

10. CONCLUSION

It is pertinent to mention here that 'change is the only constant', Public libraries must evolve a working culture where in new developments in every sphere of its work are incorporated in the system without any delay. Public librarian has a predominant role to play in the progress of library. His leadership qualities, overall skills and ability to successfully navigate through tough times can produce positive results and if it is otherwise it can have a cascading effect on library services. Government's policy for public libraries in terms of infrastructure and other allied facilities have a far reaching impact on the functioning of public libraries. Mere keeping the patrons satisfied and contented will not suffice as the Public library has to simultaneously build its own Brand.

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QUALITY EDUCATION: ISSUES, CONCERNS AND CHALLENGES

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ABSTRACT

Education being the social system of society plays a key role in moulding, shaping, reforming and reconstructing the society from time to time. It has been recognized and regarded as the potent instrument of social transformation of our modern society. Effectiveness of education is very much determined to the extent it has been able to achieve its goals. What happens in classrooms and other learning environments is vitally important to the future of our citizens, and indeed to the future of our republic. Education of acceptable quality must address basic learning needs; enrich the lives of learners and their overall experience of living and well being. According to UNESCO, there should be some guiding principles for planning and implementation of education. When learners are in an environment that provides possibilities for full participation of community as well as equal opportunities, then we can say that the education is of high quality. It is also of utmost importance that the curriculum is flexible enough to provide possibilities for adjustment to individual needs and to stimulate teachers to seek solutions that can be matched with the needs and abilities of each and every individual. Hence, there is a great need to think and implement the quality issues in education at different levels from different perspectives so that we can provide good education according to societal needs.

KEYWORDS

quality education, reforms in education.

INTRODUCTION

The principal goal of education is to create men who are capable of doing new things, not simply of repeating what other generations have done."
Jean Piaget
"All children and young people of the world, with their individual strengths and weaknesses, with their hopes and expectations, have the right to education. Therefore, it is the school system of a country that must be adjusted to meet the needs of the children."

- B.Lindqvist, UN, 1994

The future of our country and the world depends on our children and college students receiving the best instruction. World over Education is recognized as a vehicle for rapid economic and social development. It plays an important role in the all round development of a child. The aim of education imparted should be to bring changes not only in the amount of knowledge gained but also in the abilities to do so, to think and to acquire habits, skills and attitude, which characterize an individual who is socially accepted and adjusted. However, challenges still remain with respect to ensuring education of good quality.

WHAT IS QUALITY?

Now the question arises as to what actually quality mean? The concept of quality has been drawn from industry. According to ISO8402, quality is "The totality of features and characteristics of a product or service that bear on its ability to satisfy implied or stated needs." Thus quality is perceived in terms of customer satisfaction and fitness for function. According to ISO 9000:2000, "Quality is defined as the degree to which a set of inherent characteristics fulfills requirement." Here, Degree means that quality can be used with the adjectives such as poor, good and excellent. Inherent is defined as existing, characteristics can be quantitative or qualitative and requirement is the need or expectation of customers and other parties.

QUALITY IN EDUCATION

Quality can be judged to exist when a good or service meet the specification that has been laid down for it. Therefore, a quality finished product must do what it claims to do and fulfills the demand of their customers. Education has no finished products (not even the graduates), they are on the way 'to be'. Education only charges the human propensities to evolve and unfold it till the last breath, a process that covers the human journey from 'womb to tomb'. Human beings continue to learn, evolve 'to be'.

Likewise, Quality in Education is not an end in itself, but a means by which the end product is judged to be up to standard. It aims to create life long learners that can fit in this society. It has been rightly said, " **Quality is not a chance, but a choice; quality is not an accident, but a design; quality is not destination, but a continuous journey**"

QUALITY EDUCATION

According to UNESCO (1996), Quality education must be supported by the four pillars of learning i.e. learning to know, learning to do, learning to be and learning to live together. It deals with continuous improvement of the process, implementing, evaluating and decision making in the educational system.

ACCORDING TO UNICEF QUALITY EDUCATION INCLUDES:

- **Learners** who are healthy, well-nourished and ready to participate and learn, and Supported in learning by their families and communities;
- **Environments** that are healthy, safe, protective and gender-sensitive, and provide adequate resources and facilities;
- **Content** that is reflected in relevant curricula and materials for the acquisition of basic skills, especially in the areas of literacy, numeric and skills for life, and knowledge in such areas as gender, health, nutrition, HIV/AIDS prevention and peace.
- **Processes** through which trained teachers use child-centred teaching approaches in well-managed classrooms and schools and skilful assessment to facilitate learning and reduce disparities.
- **Outcomes** that encompass knowledge, skills and attitudes

QUALITY EDUCATION IN INDIA

In spite of producing largest work force of qualified doctors and engineers, Indian education system is facing serious challenges especially at various education levels. These include universal access to an infrastructure of quality, improving retention, efficiency and effectiveness of the schools. In India there are approx 8.8 lakhs elementary schools, 3-4 lakhs upper primary schools, 1.46 lakhs secondary and senior secondary schools, 20 central universities, 215 state universities, 100 deemed universities and Other institutions include 16,885 colleges. However only a few are able to provide quality education in terms of norms, global educational standards and value system.

The ASSOCHAM Eco Pulse (AEP) conducted 'A Comparative Study of Emerging Economies on Quality of Education'. It was carried out on the basis of 20 parameters relating to primary, secondary, tertiary education and higher education and demography and data provided by UNESCO, IMF, WEF, and Financial Times was used for the purpose. The draught of education in India has reached the extreme as it ranks sixth among the seven emerging economies of the world, in terms of education quality. The country has scored only 3.3 points in the study, in terms of primary, secondary, tertiary and demographic parameters, while

Russia topped the chart with 7.3 points. As per the Assocham study, India was at the last position in terms of quality of secondary education while Russia and Brazil had maximum scores.

While releasing the survey, ASSOCHAM President Mr. Sajjan Jindal said, "Serious attention needs to be paid towards the education system. India may stand to lose its competitive advantages against the other countries in the long term if corrective measures are not taken to strengthen the Indian education system qualitatively". Therefore, we can conclude that there is a need for quality education at all levels of education.

CHALLENGES IN BRINGING QUALITY EDUCATION

Education always has been goal-oriented and quality education determines what students learn, how well they learn and what benefits they draw from their education. With the changing social and educational needs, following challenges are identified in bringing quality in education:

COURSES AND PROGRAMMES

- Courses and programmes should maintain a balance between the needs of the student and the aims of our education system.
- Appropriate opportunities for pupil as per their choice should be given.
- The Programme should contribute to a continuing interest in learning and self-development.
- The various elements of the Courses should be planned and taught in an appropriate sequence to meet the range of needs, abilities and aspirations of pupil.
- To promote, progress and continuity in pupil's learning.

PUPIL'S LEARNING EXPERIENCE

- Extend to which the learning environment stimulates and motivates people.
- Pace of learning
- Learning, independent thinking and active involvement.
- Interaction with others, work collaboratively in different circumstances.

MEETING PUPIL'S NEED

- Choice of task, activities well matched with the need of people.
- Provision for pupil with differing abilities and aptitude.
- Identification of learning needs and barriers, which hinders learning, should be clearly addressed.
- Child progress in developing positive attitude, personal and social skills like self-esteem

AVAILABILITY OF QUALIFIED AND MOTIVATED TEACHERS

- Well-qualified teachers teaching subject as per their qualification.
- Communicative competence as reflected in clarity of thoughts and expression.
- Creative competence as signified by reflective character of teaching.
- In-service training is necessary to upgrade their teaching capabilities (theory and practical).
- Working conditions of teachers
- Salaries given to the teachers

INFRASTRUCTURAL FACILITIES

- Proper building
- Classroom space for learning
- Proper space for activities
- Drinking water and toilet facilities
- Playground and play material facilities
- Library and resource room

TRAINING FOR CITIZENSHIP

- Participation in co-curricular and other activities
- Proper guidance and consultation about the field the child wants to take as per his/her interest, which in future will contribute to employment.

There is definitely a need to identify the strengths, weaknesses, opportunities and challenges being faced by our education system. There is a wide gap between social expectations from the field of education and resources provided to it. Thus we can say that there is a need to improve quality of education to meet the challenges before it and to make it accessible to every individual as it has become the defining and deciding element in the 21st century in context of new social needs and responsibilities especially in the developing countries like ours.

MEASURES FOR IMPROVING QUALITY IN EDUCATION

- Curriculum should be inter-disciplinary, continuously reviewed and highly differentiated with respect to different levels and kinds of learner's abilities.
- Increase the relevance of education by adjusting learning processes, curriculum and content as per learners need
- There is a need to bridge the gap between latest developments both locally and globally by facilitating IT education
- Strengthen the training, status and remuneration of teachers in order to improve teacher performance and motivation.
- With the coming of the new information and communication technologies, the teachers should gear up to adjust themselves in 21st century. They should be well equipped in using technology effectively.
- Method of teaching should be interactive, participatory and highly diverse methods like role play, field work, laboratory, experimentation etc should be used.
- Invest in books, material and equipment to provide a stimulating learning environment- at the very least, every child in school should have access to books which they can read for themselves
- Continuous research into measuring quality, developing appropriate indicators and building local capacity to collect and interpret local data
- No improvement of quality is possible with corruption all around. There is a need to bring transparency in our system

NEED OF HOUR

Our education system is facing serious challenges and due to lack of serious implementation of policies. Our system has been divided into a dual system-one set of schools meant for the poor and those who are unable to pay for quality education, and the other set of schools are those who give quality education involving higher user cost. The real challenge to the success of educational reforms lies in removing the gap between these two sets of schools. And this can be done effectively by overcoming the Quality challenges in our education system.

The National Curriculum Framework 2005 has strongly articulated the need for a substantial improvement in the quality of education. The Sarva Shiksha Abhiyan (SSA) also emphasizes the significance of quality education (the physical spaces of schools can be transformed into learning spaces only if certain basic provisioning is ensured. This provisioning includes, an adequate number of teachers in schools, facilities for training of teachers, structures to provide regular on site academic support, grants to facilitate development of teaching learning material to aid classroom instruction, textbooks for children from special focus groups etc) and suggests various parameters to be addressed in State and district plans to achieve the desired goal.

Therefore, in this age of globalization and privatization with increased competition and to meet the challenges of the 21st century, our education system should be radically transformed. Quality development should be more emphasized to make education relevant for present day. India is required to set up a chain of educational institutes which are accredited, globally acceptable, highly competitive, transparent, accountable and dependable.

Thus we need to stress quality education, as it is the nature of market economy that only those will survive who are efficient and maintain high productivity and quality.

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THE INTERNATIONALIZATION OF HIGHER EDUCATION AND ITS EFFECT ON STUDENT MOBILITY

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ABSTRACT

Internationalisation has become an integral part of higher education. Internationalisation is not only changing the provisions and modes of higher education but the whole concept of higher education itself. Various countries have approached internationalisation of higher education differently and have accordingly framed their policies. The first milestone of higher education's inclusion in GATS occurred in 1994 when the Framework Agreement was signed. Several WTO members made their commitments in the sub-sector higher education. One important issue that is related to internationalisation of higher education is that it is marked with "War for Talent". Various countries are tailor-making their immigration policies that are suitable for international students. Recent years, have witnessed enormous and consequential increase in international student mobility. Nearly 3 million students now study outside their home countries, a number that has risen steeply in a short period. The mobility of Indians is not limited to the U.S. and U.K. as it used to be a few decades back rather several countries such as Canada, Australia, Germany, France and New Zealand have also emerged as their favoured destination. However, it is neither necessary nor possible for higher education institutions to live in ivory towers in the face of internationalisation. But however it is still possible to use discretion that how a country should go about using internationalisation of higher education in the nation building. For a country like India internationalisation of higher education provides a mix of opportunities' and dangers appropriately explained by Buddhist proverb, "the key to gate of heaven is also the key which could open the gate of hell". Although different scholars are using terms like brain circulation, brain exchange and brain train to explain the patterns of student mobility due to internationalisation of higher education but even then the scenario in India is best explained by brain drain only.

KEYWORDS

higher education, internationalisation of education.

INTRODUCTION

Thomas Friedman (2007, p.8) said the world was flat – by which he means that “we are connecting all the knowledge centres on the planet together into a single global network”. Higher education has become increasingly international in the past decade as more and more students choose to study abroad, enroll in foreign educational programmes and institutions in their home country, or simply use the Internet to take courses at colleges or universities in other countries. This growth is the result of several different, but not mutually exclusive, driving forces: a desire to promote mutual understanding; the migration of skilled workers in a globalised economy; the desire of the institutions to generate additional revenues; or the need to build a more educated workforce in the home countries, generally as emerging economies.

This paper is an attempt to bring forth different aspects of internationalisation of higher education and its effect on student mobility. Section I begins by definitions of internationalisation of higher education and how does it differ from globalisation. Section II deals with approaches, rationale and goals of internationalisation of higher education. Section III provides a brief contextual background of internationalisation of higher education. Section IV describes that how internationalisation has affected the higher education scenario in different countries of world. Section -V deals with the student mobility due to internationalisation of higher education and increasing competition between different countries to attract foreign students. Section VI explains student mobility in India with respect to internationalisation. Finally section VII contains concluding remarks of the paper.

CONCEPTUAL FRAMEWORK- INTERNATIONALIZATION VS GLOBALIZATION

Internationalization is often confused with globalization (Altbach, 2004). Higher education scholars (Knight, 2003; Marginson, 2000; Scott, 1998; Van der Wende, 2002) have been intensively discussing conceptual differences between globalization on the one hand and internationalization on the other and meanwhile have propounded different definitions of internationalization and globalisation(although sometimes contradictory as well). Knight (2003) makes a sharp distinction between globalization and internationalization of higher education. Globalization is defined as the flow of technology, economy, knowledge, people, values, and ideas ... across borders. Globalization affects each country in a different way due to a nation's individual history, traditions, culture and priorities. Globalization is positioned as a multifaceted phenomenon and an important environmental factor that has multiple effects on education. Meanwhile, “internationalization at the national, sector and institutional levels is defined as the process of integrating an international, intercultural or global dimension into the purpose, functions or delivery of postsecondary education”. This definition actually focuses on several key concepts, like the idea of internationalisation being a dynamic process rather than being an isolated activities, integration or infusion that contributes to the sustainability of the international dimension. Finally, this dimension refers to the primary and universal functions of an higher education, namely teaching, research and service to society (Qaing, 2003).

However this definition has been criticised by different scholars for not inculcating other goals. This could suggest that internationalisation is an aim in itself, while in many countries and settings it is seen as a means to achieve a wide goals like quality improvement restructuring and upgrading of higher education systems. For Marginson (2000) the term internationalization describes the growth of relations between nations and between cultures. Globalization is related to the growing role of world systems, not to the growing importance of relations between nations per se. Marginson highlights that globalization neither creates a single political world nor abolishes the nation-state. It changes the conditions under which nation-states operate. “Globalisation does not create a single political world – it does not abolish the nation state – but it changes the conditions in which nation states operate”. It is as much about the cross global movement of people and ideas as about markets and money, and more about networks than about patterns of commodity trade or offshore production.

According to Scott (1998) internationalization reflected a world order dominated by nation- states. “Universities are nation institutions, created to fulfil national purposes”. Globalization, on the contrary, ignores, transcends and is even hostile to nation-states. However, Scott emphasizes that globalization cannot be regarded as a higher form of internationalization. Their relation must be seen as dialectical. In a way the new globalization can be seen as a rival of the old internationalization.

Finally, Van der Wende (1997) sees internationalization as the increasing interconnectedness between national education systems, in which borders and national authorities are not questioned. He also views Internationalisation in higher education as "including any systematic, sustained effort aimed at making higher education (more) responsive to the requirements and challenges related to the globalisation of societies, economy and labour markets". Globalization, on the other hand, relates to the process of increasing convergence and interdependence of economies and to the liberalization of trade and markets. In a sense, internationalization can be seen as a response to globalization.

The synopsis of viewpoints on internationalisation and globalisation shows there are some different, but also some shared views. Scott's and Marginson's definitions regard internationalisation as an external process, while Knight and Van der Wende see internationalisation more as an active policy or activity of an higher educational institution. There seems to be a difference in opinion between Scott and Marginson on the relation between globalisation and the nation state somewhat similar to the general discussion on the influence globalisation might have on governance by nation states. Whereas Marginson argues that the role of the nation states changes, Scott perceives globalisation as hostile to the nation state. The difference can be explained by the fact that Scott approaches globalisation from a more conceptual perspective in which he argues that the role of the nation state is diminished in a truly globalised world. Marginson aims at a more empirical approach, looking at current events and concluding that the role of national governments is changing; that they are adapting to a new situation brought by globalisation. (Luijten-Lub, 2007)

APPROACHES, RATIONALE AND GOALS OF INTERNATIONALISATION

A review of the literature as well as the practice of international education over last decade reveals that several authors have used a typology of approaches as follows:

- 1) **THE ACTIVITY APPROACH:-** This approach aims to promote activities such as curriculum, student/faculty exchange, technical assistance and international students. However this approach is criticised as being fragmented and uncoordinated approach to internationalisation, whereby the relationship, impact and benefits between and among the activities are not taken into consideration.
- 2) **THE COMPETENCY APPROACH:-** This approach explains the development of skills, knowledge, attitudes and values in students, faculty and staff. The issue central to this approach is how generation and transfer of knowledge help to develop competencies in the personnel of the higher education institution so that they become more internationally knowledgeable and inter culturally skilled. In this approach, the development of international curricula and programmes is not an end in itself but a means towards developing the appropriate competencies in the students, staff and faculty.
- 3) **THE ETHOS APPROACH:-** Such an approach emphasises creating a culture or climate that values and supports international/intercultural perspectives and initiatives. This approach relates more to organisational development theories which focus on the creation of culture or climate within an organisation to support a particular set of principles and goals. This approach acknowledges that the international dimension is fundamental to the definition of a university or any other institution of higher learning and believes that without a strong belief system and supportive culture, the international dimension of an institution will never be realised.
- 4) **THE PROCESS APPROACH:-** It stresses the integration or infusion of an international/intercultural dimension into teaching, research and services through a combination of wide range of activities, policies and procedures. A major concern in this approach is the need to address the sustainability of the international dimension. Therefore the emphasis is placed on program as well as organisational elements such as policies and procedures.

According to several studies, there are four different rationales for internationalisation in higher education undertaking activities and setting out policies economic, political, educational and cultural (see also Blumenthal et al., 1996). However the importance of these rationales differs per country and through time, as is also shown in the analysis by Kälvemark and Van der Wende (1997), using the model developed by Van der Wende to characterise these rationales. They conclude that the economic rationale has become more important over the last years (in Europe). These four rationales (economic, political, educational, and cultural) are also used in the four (not mutually exclusive) policy approaches presented in the OECD publication *Internationalisation and Trade in Higher Education* (2004). These four approaches are: i) Mutual Understanding, ii) Skilled Migration, iii) Revenue Generation, and iv) Capacity Building.

- i) **Mutual understanding approach:-** The mutual understanding approach to internationalisation aims at a better understanding of other cultures and strengthening ties between countries. This approach is less economically oriented than the other three; although it may still have an economic impact, it is not part of a broader articulated economic policy. The mutual understanding approach encompasses political, cultural, academic and development aid goals. It allows and encourages the international mobility of domestic as well as foreign students and staff through scholarship and academic exchange programmes and supports academic partnerships between educational institutions. Examples of countries using this approach so far are Japan, Mexico, Korea and Spain. The European Union's Socrates-Erasmus mobility programme is another example of this approach.
- ii) **Skilled migration approach:-** With the skilled migration approach the aim of HEIs is to attract skilled students who will contribute to academic life and research capacity and then also to the host country's knowledge economy. It is perceived as an export strategy. This approach is highly likely in countries with an ageing society and/or in countries that see a decline of national interest in certain disciplines. This approach has a clear economic interest for both HEIs and countries, although the direct economical impact may be limited, particularly on a national level. To attract skilled students, main policy instruments are marketing programmes, special programmes for international students, and the facilitation of labour and migration in the receiving country subsequent to study. Examples of countries having adopted this approach are Germany, Canada, France, the United Kingdom (for EU students) and the United States (for post-graduate students).
- iii) **The revenue-generating approach:-** It shares the rationales of the mutual understanding and skilled migration approaches, but offers higher education services on a full-fee basis, without public subsidies. "Like any other market service, the revenue generating approach has as a goal, the enrolment of a large number of foreign students or the control of a large share of the market" (OECD, 2004:26)." Under this strategy, governments tend to grant institutions considerable autonomy and seek to secure the reputation of their higher education sector and protect international students, for example through quality assurance arrangements. HEIs following this approach are looking for other ways of funding and income and seek to attract full-fee paying foreign students. This fee should cover at least the cost of their education in the HEI's country or in the student's country. Examples of this approach are Australia, the United Kingdom (for non-EU students), New Zealand and the United States (for undergraduates).
- iv) **Capacity building approach** The fourth approach, the capacity building approach, is an import strategy. Internationalisation is seen "as a means to meet unmet [domestic] demand as well as to help build capacity for quality higher education" (OECD, 2004: 229). HEIs will try to build a better higher education system with the help of foreign HEIs. Thus, HEIs from other countries are also involved, as their help is needed to build the system and train scholars. Scholarship programmes supporting the outward mobility of domestic civil servants, teachers, academics and students are important policy instruments as well as the encouragement of foreign institutions, programmes and academic staff to come and operate private for-profit ventures, generally under a governmental regulation which ensures their compatibility with the country's nation- and economy-building agendas. Examples of this approach are mostly found in South-East and North Asia and in the Middle East (for example Malaysia; Hong Kong, China; China; Singapore).

CONTEXTUAL FRAMEWORK: THE GATS AGREEMENT

Current thinking sees international higher education as a commodity to be freely traded and sees higher education as a private good, not a public responsibility. Commercial forces therefore have a legitimate or even a dominant place in higher education, which comes under the domain of the market. However a question arises that what led to this paradigmatic change about the conception of higher education. Higher education was for a long time and in many respects exclusively associated with the nation state. It was because of interrelated political and economical developments on national and global levels it has been irreversibly taken out of its original boundaries. In fact the inclusion of higher education in GATS can be seen as an important leap of higher education's movement across national boundaries.

GATS is about the rules regulating the conditions under which foreign services and service suppliers are allowed to operate in domestic markets and about any discrimination they have to face once they are present there. Based on public international law literature, GATS can be defined as a "multilateral agreement ... that contains rules and principles governing international trade in services and establishes guidelines for negotiating the future liberalization of such trade". It covers all internationally traded services with two exceptions: first, services provided to the public in the exercise of governmental authority; and second, traffic rights and all services directly related to their exercise.

An important objective of GATS is to open as many service sectors of its members to market access as possible. This objective is described in Part IV of the Framework Agreement labelled Progressive liberalization. Article XIX says among other things that "... members shall enter into successive rounds of negotiations ... with a view to achieving a progressively higher level of liberalization. Such negotiations shall be directed to the reduction or elimination of the adverse effects on trade in services..."

The first milestone of higher education's inclusion in GATS occurred in 1994 when the Framework Agreement was signed¹ Several WTO members made their commitments in the sub-sector higher education, namely Australia, Congo, Costa Rica, Czech Republic, European Community (without Austria, Finland and Sweden as they made their commitments separately), Hungary, Jamaica, Japan, Lesotho, Liechtenstein, Mexico, New Zealand, Norway, Panama, Poland, Sierra Leone, Slovak Republic, Slovenia, Switzerland, Trinidad and Tobago, and Turkey. The higher education sub-sector contained 21 schedules of commitments. The cross-border supply mode (1) consisted of sixteen full commitments and the consumption abroad mode (2) contained eighteen full commitments. In the case of the commercial presence mode (3), the number of full commitments was only seven, while the number of partial commitments (with limitations) was twelve. The movement of natural persons mode (4) stayed mostly unbound. Comparing to other services, education services in general were the least committed sector after energy services by 1998 (WTO, 1998).

In Article I of the GATS, four modes of supply of trade in services were distinguished:

Mode 1 Cross-Border Supply: A service that "originates in one Member's territory and is provided in the territory of another Member." This mode is gaining importance especially with the development and spread of the Internet (e.g. e-learning, cyber universities). Ample demand for higher education, triggered by the needs of the labour market, and the emergence of new technologies are rapidly expanding the market share of distance learning through cross-border mode.

Mode 2 Consumption Abroad: A service that "is provided in the territory of one Member for a consumer of services from another Member". The rising competition for foreign students has been accompanied by initiatives in the marketing of higher education institutions. For example the so called "educational fairs" are one of the most common mechanisms used by governments and institutions, either directly or through education marketing agency.

Mode 3 Commercial Presence: A service that "is provided by a service provider of one Member via a business or professional establishment in the territory of another Member. This includes foreign universities setting up courses or entire institutions in another country. The so called "twinning arrangement" for franchising also comes under this category of trade in educational services through commercial presence. (Khadria, 2006)

Mode 4 Presence of Natural Persons: presence of natural persons, is demonstrated by professors, teachers or researchers working temporarily abroad².

INTERNATIONALISATION IN VARIOUS PARTS OF WORLD

European Union authorities have been actively pursuing academic internationalization for more than past two decades, as part of the move to economic and political integration. At first, the EU promoted and lavishly funded programs such as ERASMUS that provided large numbers of EU university students with academic experiences outside their home country. A great landmark in internationalism of Europe took place with what is known as Bologna Declaration or Bologna Accord, signed in 1999. In this declaration, which came into being outside of the governmental structures of the European Union and included more than just the EU-countries, several objectives were laid out aiming to establish a European Higher Education area (EHEA) and promote European higher education worldwide. This included promoting mobility and European cooperation in quality assurance and setting up a two cycle system with easily readable and comparable degrees and a credit system. Every two years progress on the set objectives is discussed by the Ministers of Education of the signatory countries. The Bologna process has taken existing international cooperation in higher education in the European region to a different level. Whereas exchange programmes such as ERASMUS were aimed at the individual student, teacher, or institution; with the Bologna Declaration internationalisation in higher education is taken to the national higher education system level through reforming the structures of degrees to make them more comparable between the different signatory countries. In continental Europe, higher education is looking more towards cooperation within Europe in order to compete on the world market. Thus Bologna Declaration (1999), aims for increasing the competitiveness and attractiveness of European higher education through cooperation amongst the signatory countries so that Europe could face the competition in the 'world market of higher education'.

A similar, but broader aim was laid out at the Lisbon summit in 2000, where the leaders of the EU agreed that Europe should be "the most competitive and dynamic knowledge driven economy by 2010". This again underlines the idea of regional cooperation within the EU to face the global competition. Even though there are some clear differences between the processes, (with the Bologna process starting as a bottom up initiative and aiming at cooperation and social-cultural aspects of higher education and the Lisbon-process being more economically driven) both seem to become more integrated over time (Van der Wende, 2004a: 240; Van der Wende, 2007: 286; cited from Luijten-lub, 2007).

International higher education exists almost in every country. Recently various developing countries have realized the importance to attract, not only foreign institutions but also foreign students to their universities to improve the quality and cultural composition of the student body, gain prestige and earn income. India is one of the best examples.³ Recently Foreign Educational Institutions (Regulation of Entry and Operations) Bill, 2010 was tabled in Parliament in May 2010, after it met with resistance from the Left and the Bharatiya Janata Party during the United Progressive Alliance's first term in office. It was subsequently sent to the Parliamentary Standing Committee, which submitted its report in the monsoon session of Parliament, recommending major changes. There has been no progress after that, as the government does not have the numbers in the Rajya Sabha. The Bill seeks to regulate the entry and operation of foreign educational institutions seeking to impart higher education. Higher education includes technical and medical education and the award of degree and diploma. As per a study conducted by the Association of Indian Universities (AIU), 631 foreign education providers were operating in the country in 2010. Of these, 440 were functioning from their home campuses, 5 opened their own campuses in India, 60 had programmatic collaboration with local institutions, 49 were operating

¹ However it may be pointed that some scholars point that GATS does not require India to do anything at present in education services. It's worth noting that India did not schedule education services either in the Uruguay Round or in its revised commitments under the ongoing Doha Round. Hence, **India has no multilateral obligation under the WTO to open up higher education services to foreign participation. Whatever liberalisation has occurred in this area, such as allowing 100% FDI on automatic route and permitting foreign participation through twinning, collaboration, franchising, and subsidiaries, has been autonomously driven.** Of course, it's likely that in future GATS negotiations, India will come under increasing pressure from certain countries to multilaterally bind the liberalisation undertaken thus far in this sector. **But it's unlikely that India will acquiesce to such demands.**

² The past 5 years have witnessed the emergence of new types of providers, forms of delivery, and collaborative partnerships. Along with traditional private and public higher education institutions, "new providers" include commercial IT and media companies, corporate universities, professional associations, and international conglomerates. Providers use face-to-face and virtual modes to deliver education to students in their home countries through twinning, franchising, articulation, validation, and joint or double degree arrangements. Some providers also seek to establish a physical presence through branch campuses, independent institutions, teaching and testing centres, and acquisitions or mergers with local higher education institutions.

³ In 1995, in wake of White Paper on Government Subsidies prepared by Government of India there occurred a drastic change about the conception of higher education. Before this higher education was regarded as a merit good and it was decided that govt. should come forward for provision of higher education. But however in the wake of this paper higher education was classified as quasi-public good. However in the report 'Central Government Subsidies in India' submitted in 2004 by the ministry of finance, education other than elementary was regarded as "Merit-II good", the extent of subsidisation for which was advocated to be at a lower than "Merit-I good".

under twinning arrangements and 77 had arrangements other than twinning or programmatic collaboration. (The Hindu, 2012) on the other hand there has been a significant increase in total no. of international students studying in India in recent years. The total no. of students has increased from 13,267 in 2004-05 to 21,206 in 2007-08 (IMR 2010-2011, Page 126). As per IIE(2010) report on international educational exchange, the total no. of students from U.S. enrolled in India increased from 470 in 1995-96 to 2,690 in 2008-09 (IMR 2010-2011, Page 127).

Similarly various Middle Eastern countries are witnessing drastic changes as far as internationalisation is concerned. For instance Saudi Arabia is establishing new private universities that involve foreign institutions and investors⁴. The establishment of King Abdullah University of Science and Technology is a kind of landmark in the higher education of Saudi Arabia. 10 billion dollars were spent to get it started which implies that it has a 6th largest university endowment in the world. One of KAUST's stated aims is to be comparable to the world's top 10 Science and Technology University in terms of prestigious journals, average faculty citations and discoveries. It is actively recruiting world class students, faculty, and researchers in order to achieve this aim.

STUDENT MOBILITY AND "WAR FOR TALENT"

Student mobility has always been conceived as one of the key elements of the international aspects of higher education. Therefore we need to consider student mobility in order to understand the internationalisation of higher education. Recent years, have witnessed enormous and consequential increase in international student mobility. Nearly 3 million students now study outside their home countries, a number that has risen steeply in a short period. From 1999 to 2009 alone, the number of students studying outside their home nations increased by 57 percent, according to UNESCO (United Nations Educational, Scientific and Cultural Organization) and OECD data reported by the Institute for International Education (IIE).

The United States is by far the world's biggest magnet for international students. The United States began to assume that role after World War II, and consolidated it with the flood of foreign students who came in the 1970s and 1980s to study at research universities that had become the best in the world. Today, the U.S. market share of those 2.9 million mobile students worldwide stands at 22 percent, according to a report by the London-based Observatory on Borderless Higher Education. That puts the United States far ahead of its closest competitors, the United Kingdom and Australia, which played host, respectively, to 12 percent and 11 percent of those students. The U.S. edge among graduate students is even higher: about two-thirds of all foreign graduate students worldwide study in the United States.⁸ In certain fields, more than half the PhD students at American universities come from overseas: the percentages are 65 percent in computer science, 65 percent in economics, 64 percent in engineering, 56 percent in physics, and 55 percent in mathematics, to cite the best-known examples. (Wildavesky, 2010)

Of the 572,509 foreign nationals who studied in the United States in 2004, more than 50% were of Asian origin; the top five countries of origin were India, China, South Korea, Japan, and Taiwan. China and India are the top source countries among UK's overseas students, making up a combined 69,000 of the 318,390 foreign students who studied in the U.K. in 2005. Similarly, India and China are the largest "sender" countries to Australia, which has become a major force in global higher education. It recruits students through an organization known as IDP Education, which has a network of over seventy-five offices in twenty-nine countries that hold education fairs and the like. France and Germany, while relatively popular, are both considered secondary higher education destinations, and tend to attract students based on their own historical and cultural ties. A large majority of the 265,000 international students enrolled in French universities in 2006 came from Algeria, Morocco, and Tunisia. Germany, which enrolled nearly 190,000 foreign students in 2008, up 82 percent over the previous decade, attracts Chinese students more than any other nationality. After that, Germany is primarily a destination for Europeans from nations such as Bulgaria, Poland, and Russia. It has also attracted substantial numbers of Turkish students (wildavesky, 2010).

Another important issue that is related to internationalisation of higher education is that it is marked with "War for Talent".⁵ With universities craving for market share⁶, recruiting, fostering overseas partnership, global higher educational rankings⁷ every nation is using different means to attract students. Various countries are tailor-making their immigration policies that are suitable for international students. Recently US also started acceptance of three year bachelor degree programme for entry to its graduate schools. Earlier it only accepted students in its graduate schools only after they completed 16 years of formal education. Students that had three years bachelors were required to study to study one year of post graduation before they could take any entrance test to American universities. The change in rule was targeted towards attracting the students from countries that followed three years bachelor programme like India. Beyond the United States, other Western nations are also energetic recruiters of foreign talent. Australia, for instance, which is particularly reliant on fees from international students, recruits heavily from China, Singapore, Malaysia, and the Middle East. As a result of those efforts, Australia—a country with a population only a bit larger than that of metropolitan New York—has attracted nearly one-third as many overseas students as the United States in the past couple of decades. Overall, 20 percent of students in Australian universities are from overseas—making higher education the nation's third largest export after coal and iron ore. In Scotland, too, universities are eager to enroll students from beyond their national borders. Nearly half of graduate students—and 20 percent of all students—now come from overseas. Recruiting foreign students is increasingly a priority for non-English speaking countries, too. Many that have long been mostly "sending" countries now want to attract foreigners themselves. Singapore is hoping to attract 150,000 foreign students by 2015; Malaysia is seeking 100,000 students (up from 45,000 in 2005); and Jordan wants to attract 100,000 international students by 2020. China, which already has 196,000 foreign students, mostly from Asian nations such as Korea and Japan, is now seeking to enroll 300,000 overseas students by 2020. Japan is especially ambitious; it aims to boost its current overseas enrollment of 120,000 to 1 million by 2025. Worried about this decline in enrollment from some nations, then prime minister Tony Blair initiated a program in 1999 that called for attracting an additional 271,000 foreign students to the United Kingdom—a quarter of all foreign students studying in primarily English-speaking countries. The primary motivation for the initiative, which Blair later extended, was not bringing in tuition revenues but maintaining academic and economic competitiveness.

An important point that deserves our special attention is that student mobility due to internationalisation of higher education does not always follow the traditional developing developed world trajectory. In an October 2008 report, for example, the British Council warned that the rapid expansion of higher education in countries such as India and China means that universities in the United Kingdom will have a harder time attracting students from abroad. (The Council suggested that British universities need to concentrate not only on student recruitment but on partnerships and research collaboration as well.) Ben Wildavesky maintains that many scholars believe that terms "brain circulation"⁸, "brain exchange" or "brain train"⁹ provide a more nuanced description of today's patterns of academic mobility and migration of skilled workers than the oft-used phrases "brain gain" and "brain drain".

⁴ For further details on internationalisation of higher educational institutions in other parts of world refer to altbach, 2007.

⁵ many countries face a demographic deficit. Their birth rate is falling, which combined with an ageing population, is leading to a decline in the overall pool of available skilled labour. While the world population is likely to increase by 2.5 billion over the years to 2050, the population of the more developed regions is expected to remain largely unchanged, and would have declined, if not for net migration from developing to developed countries. In 2005, young people were 13.7 % of the population in developed countries, but their share is expected to fall to 10.5 % by 2050 (Bremner et al., 2009, cited from). These changes are driving a "war for talent" – not just amongst businesses, but among HEIs for smart students and researchers, and nations eager to drive their knowledge-intensive sectors

⁶ During the 1999–2005 period, for example, overseas enrollments in the United States grew by 17 percent. Foreign enrollment in British universities grew by 29 percent during the same interval, in Australia by 42 percent, in Germany by 46 percent, and in France by 81 percent.

⁷ Higher education rankings have become an international phenomenon. In today's world, the talent catching and knowledge-producing capacity of higher education has become a vital sign of a country's capacity to participate in world science and the global economy. In the process, rankings are transforming universities and reshaping higher education. Despite the fact that there are over 16,000 higher education institutions (HEIs) worldwide, there is a continuing fascination with the standing and trajectory of the top 100, less than 1 % of the world's institutions, etc. are very prominent nowadays.

⁸ used for first time by XIAONAN CAO in 1996

⁹ 1st coined by Jane Knight

INTERNATIONAL STUDENT MOBILITY FROM INDIA

Today a large number from Indian students cross the national borders for foreign education than ever before and hence forms another stream of migration other than "employment gate" that has been taking place through what is known as "academic gate". The mobility of Indians is not limited to the U.S. and U.K. as it used to be a few decades back rather several countries such as Canada, Australia, Germany, France and New Zealand have also emerged as their favoured destination. There can be various reasons that can be attributed to massive increase in the number of Indian students studying abroad. Firstly Indian universities do not have the capacity to absorb all the applicants, especially in the professional courses. Approximately more than 90% of students who aspire for the Indian Institute of Technology and the Indian Institute of Management admissions do not succeed due to capacity constraints, hence the top 40% among them go abroad for higher education (The Financial Express, 2008). Secondly, a foreign degree is considered superior than a degree provided by most Indian institutions, and is valued high in job market. Thirdly those who want to go abroad and settle there, see studying abroad as a first step towards achieving permanent residence. Thus a student's educational voyage to a foreign country is not only an educational one but way beyond that.

The US had been the top most destination country for Indian students abroad. There were 690,923 international students enrolled in the US in 2009-2010, more than one third (33.7%) of these foreign students enrolled in the US are from India and china. India has remained the top most origin country of international students in the US for several years in the last decade. However it was overtaken by china in 2009-2010. (IMR 2010-2011). The number of Indian students studying in the United States has dropped continuously for the second consecutive year while the count of international students in the country has now reached a record high with the maximum enrollments from China. The number of Indian students in the US in 2011-12 dropped 3.5 per cent compared to the previous year, marking two consecutive years of decline. In the year 2011-12, the Chinese student enrollments have increased by 23 per cent in total and by 31 per cent at the undergraduate level, according to the 2012 Open Doors Report on International Educational Exchange. India had been the leading place of origin for international students in the US from 2001-02 through 2008-09. Overall, China sends the maximum number of 1,94,029 students in the year 2011-12 as against 1,57,558 in the previous year. While China registered an increase in enrollment in American universities, it dropped for those coming from India by 3.5 per cent to 1,00,270 students. In 2011-12 only 13 per cent of the Indian students were enrolled for undergraduate studies, whereas a majority of them (58.9 per cent) are graduate students and 26.7 per cent on OPT (optional practical training). According to Open Doors, nearly three-fifths of the total Indian students are enrolled in science, engineering or mathematics courses (times of india, 2012).

The United Kingdom is the second most preferred destination of the Indian students. Indian students rank second, next to Chinese among the number of international students going to UK. According to data from the Higher Education Statistics Agency (HESA), the number of Indian students in UK rose from 19,205 in 2005-2006 to 23,835 in 2006-2007. In 2010-2011 just under 40,000 students were studying at UK higher education institutes. However there was a sharp decline in this number (almost a quarter) in 2011-2012, the total enrolment reaching 30,000 due recent changes to student visa rules. However the overall number of non-EU students at British universities rose by around 5000 to 302,680, driven by sharp increase in students from countries including china, Singapore and Indonesia (The Telegraph, 2013). Similarly India has been the second top donor country for Australia's international education industry. Indian students are the second largest group of international students studying at a tertiary level in Australia. From 2004 to 2009 the number of Indians studying in Australia rose from 30,000 to 97,000 with 45,000 of these living in Melbourne, 32,000 in Adelaide and the remainder shared between Sydney, Brisbane and Perth (gulf news). According to Australian bureau of statistics, the International student enrolments and commencements from India decreased between 2009 and 2010, down 17% and 38% respectively. These declines were apparent across all sectors, though Indian nationals were still the second highest contributor to international student enrolments (16%) and commencements (13%) in 2010.

CONCLUDING REMARKS

It can be concluded that internationalisation has become an integral part of higher education. Internationalisation is not only changing the provisions and modes of higher education but the whole concept of higher education itself. Various countries have approached internationalisation of higher education differently and have accordingly framed their policies. Internationalisation of higher education is not only marked by tremendous and consequential mobility of international students but also war for talent, where in different countries are competing with each other to get higher market share (by tailor-making their policies). So far, U.S and UK have emerged as most powerful magnets to attract international students and at the same time India and China have emerged as biggest donor countries.¹⁰

It follows from above discussion that it is neither necessary nor possible for higher education institutions to live in ivory towers in the face of internationalisation. But however it is still possible to use discretion that how a country should go about using internationalisation of higher education in the nation building. For a country like India internationalisation of higher education provides a mix of opportunities' and dangers appropriately explained by Buddhist proverb, "the key to gate of heaven is also the key which could open the gate of hell". Although different scholars are using terms like brain circulation, brain exchange and brain train to explain the patterns of student mobility due to internationalisation of higher education but even then the scenario in India is best explained by brain drain only¹¹. Firstly there is need for diversified higher education system, with increased capacity, that includes some world class universities so as to curb the student mobility from India. Although given the tremendous increase in secondary education (that may be further increased in future due to RTE) the student mobility seems inevitable. Therefore secondly what is required in India today is to have definite and holistic state policy on international migration – comprehensively addressing the ever changing problem of brain drain by fusion of policies on education and the labour market-national as well as international. Further there is need for various provisions to facilitate the return migration. Although Indian government has already taken various steps to facilitate return migration, however, a lot more needs to be done if India really wishes to become a hub for return migrants. Thirdly there is also a need to attract more foreign students to impart an added international character to campuses while also serving as a source of tuition revenues. China is already an example in this regard it attracts more than 200,000 foreign students while as India attracts only 20,000 foreign students. Fourthly and finally india can also adopt new model of cooperation (as bologna accord of EU) so as to attract more foreign students from neighbouring countries of south leading to what has been termed as 'regional globalism' where we will see more and more student mobility stay regional rather than involving large global distances.

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¹⁰ India doesn't serve nearly as many foreign students as China—about 20,000, compared to China's more than 200,000.

¹¹ (Over the past several decades, about 80% of graduates from the two countries have not returned home (Agarwal 2009).

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CONTRIBUTION OF COMMERCIAL BANKS IN HOUSING FINANCE IN HARYANA: A COMPARATIVE STUDY

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ABSTRACT

The study clearly indicates that the housing condition in Haryana is better as compared to aggregate India. The study also analyzes the trends of housing finance in Haryana by commercial banks with the help of ACGR and Friedman's Test. Moreover, the study depicts that there is no significant difference in the performance of different types of commercial bank groups in housing credit in Haryana.

KEYWORDS

Commercial Banks, Housing Finance, Friedman's Test

INTRODUCTION

Housing has been considered as a basic need of all human beings after food and clothes. Therefore, it provides many benefits to an individual. According to the ad-hoc group of experts on housing and urban development "housing comprises not merely shelter or household facilities, but, a number of services, facilities and utilities which link the individual and his family to the community and the community to the region in which man grows and progress. It is also a factor directly affecting the social development of individual in particular and the society in general". Therefore, Housing is the basic fundamental right under article 19 and 21 of the constitution of India. Through economic point of view, housing development has the extensive backward and forward linkage with the economy as it stimulates demand for construction materials, furnishing etc. Further, housing industry is a highly labour intensive industry. Thus, we can say that, the present unemployment problem is depending up to a large extent on a suitable housing construction policy of India. After independence, through the government of India has taken several steps in housing development, yet, has not been achieved the goal of 'shelter for all' in India. Therefore, GOI has decided the goal 'shelter for all up to 2012' during the 10th and 11th five year plan periods. The present study was made to find out the contribution of commercial banks in housing finance in Haryana. The remaining study is divided into five parts. The first part described the research methodology of the study. In second part we discussed the composition of housing structure in Haryana. In third part we analysis the aggregate contribution of commercial bank in housing finance in Haryana, while in fourth part we compare the contribution of different types of commercial banks in housing finance in the State. Conclusion and policy recommendation are discussed in part five of the study.

OBJECTIVES OF THE STUDY

1. To examine the composition of housing in Haryana and
2. To study the contribution of commercial banks in housing finance in Haryana.
3. To analysis the comparative performance of different bank groups in housing finance in Haryana.

RESEARCH METHODOLOGY

The present study is based on secondary data and they collected from Censes of India, Economic Survey of India, Basic Statistical Returns of Scheduled Commercial Banks in India; and National Income Statistics, and Center for Monitoring Indian Economy.

PLAN OF ANALYSIS

The collected data has been transcribed into long sheets from going suitable forms, tables have been formulated and analyzed by using a wide range of appropriate techniques such as; mean, S.D., C.V., Average Compound Growth Rate (ACGR), The study covers the period from 2000/2001 to 2008/2009.

Average Compound Growth Rate (ACGR):

The average compound growth rate is calculated by employing formula:

$$Y = ab$$

By using logarithm, it may be written as:

$$\log y = \log a + t \log b$$

$$Y^* = a^* + t.b^* \text{ (where } \log y = y^*, \log a = a^* \text{ and } \log b = b^*)$$

The value of b^* is computed by using OLS method. Further, the value of ACGR can be calculated by followed method:

$$ACGR = (\text{Antilog } b^* - 1) \times 100$$

TABLE 1: COMPOSITION OF HOUSING STATUS IN INDIA AND HARYANA

Type		Rural	Urban	Total
Pucca	Haryana	90.40	95.30	91.60
	India	38.40	72.20	55.30
Semi-Pacca	Haryana	4.60	2.50	4.10
	India	31.40	17.40	24.40
Kaccha	Haryana	6.00	2.20	4.30
	India	30.20	7.40	18.80
Total		100	100	100

Sources: Housing Condition in Haryana, NSS 58th Round (State Sample) and Census of India (2001)

FIGURE 1: STRUCTURE OF HOUSES IN HARYANA

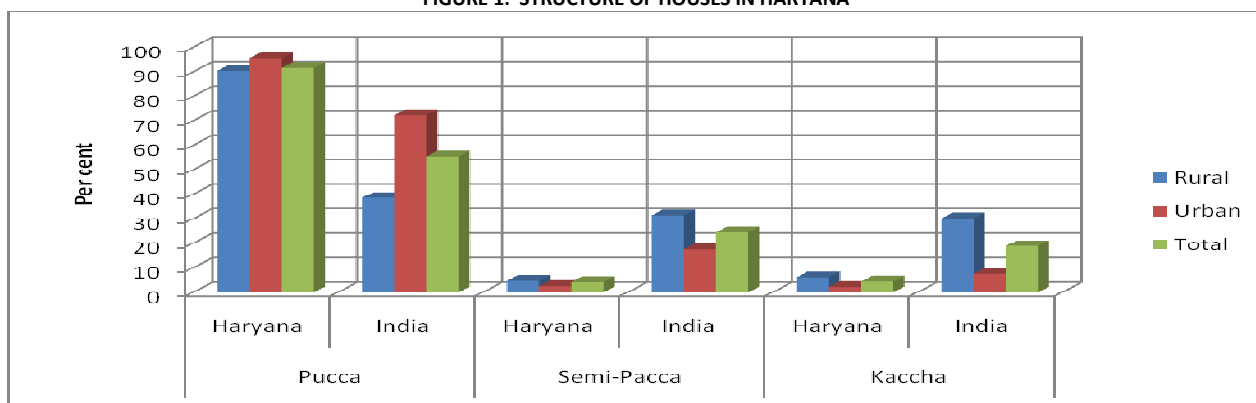


Table 1 depicts the composition of houses in Haryana along with India. It can be observed from the table 1 that the share of pucca, semi-pucca and kaccha houses to total houses were 60, 4.10 and 4.30 per cent respectively in Haryana; while, in case of India the ratios have been 55.30, 24.40 and 18.80 per cent respectively in 2001. The table also reveals the composition of houses in rural and urban areas of Haryana as well as India. It is clear from the above table that the position of housing in Haryana is better as compared to India.

TABLE 2: HOUSING CREDIT BY SCHEDULED COMMERCIAL BANKS IN HARYANA

Year	No. of Accounts		Credit Limit		Amount Outstanding	
	Housing	Total	Housing	Total	Housing	Total
2000/2001	55688 (5.16)	1078308 (100)	64527 (4.68)	1378183 (100)	58548 (5.44)	1074741 (100)
2001/2002	42965 (4.07)	1054902 (100)	75859 (4.59)	1651215 (100)	67220 (5.21)	1287835 (100)
2002/2003	47339 (4.69)	1008220 (100)	124424 (6.41)	1938641 (100)	114020 (7.18)	1586506 (100)
2003/2004	64696 (5.88)	1100013 (100)	187717 (7.79)	2407770 (100)	166732 (9.13)	1824735 (100)
2004/2005	89888 (7.37)	1219597 (100)	309349 (4.63)	3212170 (100)	271865 (11.70)	2322831 (100)
2005/2006	152549 (10.37)	1470242 (100)	688579 (15.63)	4403817 (100)	612696 (17.84)	3433760 (100)
2006/2007	127677 (8.50)	1501325 (100)	646236 (10.66)	6060066 (100)	559891 (13.47)	4154132 (100)
2007/2008	115815 (7.51)	1541995 (100)	634303 (9.63)	6580063 (100)	546829 (10.92)	5003818 (100)
2008/2009	134077 (4.98)	1668903 (100)	870430 (7.01)	8544801 (100)	703365 (8.57)	6435302 (100)

Source: Basic Statistical Returns of Scheduled Commercial Banks in India (RBI), Various Issues

Table 2 explores that the total number of account (housing advances) has been increased from 55688 in 2000/2001 to 134077 in 2008/2009 with 10 per cent average compound growth rate (ACGR) in Haryana, while, the ACGR of aggregate number of accounts has been only 4.97 per cent. The table also shows that the credit limit and credit outstanding of housing finance in the state have also been increased from Rs. 64527 and 58548 to 870430 and 703365 during the period under study. The ACGR of HCL and HCO has been 33.52 and 31.81 per cent respectively. Figure 2 present the ACGR of all selected variables from 2000/2001 to 2008/2009. It is clear from figure 2 that commercial banks in Haryana have been giving preferences to housing loan as compared to other loan. The table also depicts that the share of housing accounts, credit and credit outstanding has reduced in 2007/2008 due to global recession and later year (2008/2009) it has again been increased. The amount per housing account has been also increased from Rs. 105135.80 in 2000/2001 to 524597.80 in 2008/2009.

TABLE 3: HOUSING CREDIT AND TOTAL BANK CREDIT BY COMMERCIAL BANKS IN HARYANA

Year	SBI & Associates		Nationalized Banks		Private Banks	
	HCO	TCO	HCO	TCO	HCO	TCO
2000/2001	20560 (8.01)	256564 (100)	35563 (5.95)	597464 (100)	395 (0.65)	60359 (100)
2001/2002	25000 (7.54)	331555 (100)	38871 (5.31)	731663 (100)	692 (0.80)	85510 (100)
2002/2003	39938 (10.32)	386902 (100)	69337 (7.68)	902358 (100)	1988 (1.65)	120120 (100)
2003/2004	55960 (11.57)	483580 (100)	86017 (8.06)	1067152 (100)	21187 (16.25)	130308 (100)
2004/2005	78517 (11.98)	655235 (100)	121992 (9.90)	1231505 (100)	65584 (28.45)	230455 (100)
2005/2006	105780 (12.79)	826724 (100)	344738 (18.02)	1912463 (100)	149190 (34.83)	428222 (100)
2006/2007	131801 (13.90)	947878 (100)	224598 (10.77)	2084018 (100)	187670 (29.24)	641683 (100)
2007/2008	133756 (13.37)	999848 (100)	195016 (7.20)	2706719 (100)	197558 (24.79)	796815 (100)
2008/2009	195359 (13.05)	1496470 (100)	296359 (8.90)	3327568 (100)	190096 (22.42)	847594 (100)
ACGR	28.42	21.65	26.56	21.02	98.63	34.12

Source: Basic Statistical Returns of Scheduled Commercial Banks in India (RBI), Various Issues

Note: HCO: Housing Credit Outstanding and TCO: Total Credit Outstanding

TABLE 4: PERFORMANCE SCORE OF HOUSING FINANCE BY DIFFERENT TYPES OF BANK GROUPS IN HARYANA

Year	SBI& Associates		Nationalized Banks		Private Banks		Rank Total
2000/2001	20560 (8.01)	3	35563 (5.95)	2	395 (0.65)	1	6
2001/2002	25000 (7.54)	3	38871 (5.31)	2	692 (0.80)	1	6
2002/2003	39938 (10.32)	3	69337 (7.68)	2	1988 (1.65)	1	6
2003/2004	55960 (11.57)	2	86017 (8.06)	1	21187 (16.25)	3	6
2004/2005	78517 (11.98)	2	121992 (9.90)	1	65584 (28.45)	3	6
2005/2006	105780 (12.79)	1	344738 (18.02)	2	149190 (34.83)	3	6
2006/2007	131801 (13.90)	2	224598 (10.77)	1	187670 (29.24)	3	6
2007/2008	133756 (13.37)	2	195016 (7.20)	1	197558 (24.79)	3	6
2008/2009	195359 (13.05)	2	296359 (8.90)	1	190096 (22.42)	3	6
Total Rank (Column Total)		20		13		21	54

FRIEDMAN'S TEST- A DISTRIBUTION FREE APPROACH TEST

Friedman's Test is used to test the null hypothesis that several independent samples come from the same population. This test is a non-parametric test. This test requires less restrictive assumptions concerning the level of data measurement. The test does not require the assumption of normality and equal variance. It can be used whenever the number of sample is greater than or equal/parallel to way analysis of variance. The calculation of total ranks (row total and column total) is shown in table 4. In order to calculate the 'F' values for this study, ranks are assigned for the housing credit as per cent to total bank credit of different types of commercial banks, for each year, from 2001 to 2009 in Haryana. The lowest ratio in each year (among the three classifications of commercial banks) received a rank of 1, where the highest ratio received the rank of 3. Intermediary ratio received the rank 2. Hence, the total ranks in each row are constant and equal to:

$$K(K+1)/2 = 3(3+1)/2 = 6$$

Where

K = Number of samples, 3 (number of classifications of commercial banks. Public sector banks, Private sector banks and foreign banks)

Null Hypothesis under Friedman's Test

H₀ = There is no significant difference in the ratio of housing credit outstanding to total credit outstanding in all three types of bank groups in Haryana.

Under null hypothesis (H₀), the Friedman Test Statistics:

$$H = 12/N(N+1) * (R_1^2 + R_2^2 + \dots + R_k^2) - 3(N+1)$$

In "F" test, the sampling distribution 'F' can be approximated by a χ^2 (chi-square) distribution with k-1 degree of freedom. The chi-square (χ) value at 5% and 1% level of significance is 5.99 and 9.21 respectively.

The calculated value of 'F' is compared with the table value of chi-square (χ^2) at 5% level of significance. If the calculated value of 'H' is less than or equal to the table value of chi-square, there is no significance difference in the ratio of housing credit outstanding to total credit outstanding of all three types of banks groups in Haryana. In case of calculated value exceeds the table value, the difference will be termed as significant, at 5 percent level, it is further checked at 1 percent level of significance. In order to test the above hypothesis 'F' values were calculated for the ratio of housing credit outstanding to total credit outstanding of all three types of banks groups in Haryana.

In order to test the hypothesis, 'F' value is calculated on the basis of performance score as are shown in Table 4.

$$F = 12/nk(k+1) = \sum R_j^2 - 3n(k+1)$$

$$\begin{aligned} F &= 12/9*3(3+1) * [20^2 + 13^2 + 21^2] - 3*9(3+1) \\ &= (12/108) * (400 + 169 + 441) - (108) \\ &= (1/9 * 1010) - 108 \\ &= 112.22 - 108 \\ &= 4.22 \end{aligned}$$

The calculated value of 'F' is less than the tabulated value of 'F', both at 5% and 1% levels of significance. Hence, the null hypothesis framed for this purpose of this study is accepted. To conclude, we can say that there is no significant difference in the allocation of housing credit by different types of commercial banks in Haryana from 2000/2001 to 2008/2009.

CONCLUSION

In this paper we have analyzed the performance of scheduled commercial banks in housing financing in Haryana with the help of ACGR of Friedman's Test. The study clearly indicates that the banks have preferred housing credits as compared to other credits. The study also shows that the housing credit accounts per population in Haryana has been increased from 2 to 5 and the amount per account has been also increased from Rs. 105135.80 in 2000/2001 to 524597.80 in 2008/2009. The Friedman's test indicates that there is no significant difference in the performance of commercial banks in housing credit in Haryana. In nutshell we can say that commercial banks play a positive and significant role in housing development in Haryana.

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REGULATION OF INDIAN MUTUAL INDUSTRY

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ABSTRACT

Mutual fund is a professionally managed type of collective investment scheme that pools money from investors and invest the money collected in bonds, short-term money market instruments and other securities. Mutual funds are managed by the professionals who choose the best portfolio on behalf of the investors. Mutual funds plays very important role in the development of an economy as they helps in financial development and capital formation. The aim of this study is to see how Indian Mutual Fund industry is regulated. I have also reviewed the regulatory changes taken by the SECURITIES AND EXCHANGE BOARD OF INDIA. Over a period of time SEBI has taken many steps to promote the growth of mutual funds in India. I have presented all the regulatory steps taken by SEBI on yearly basis, this will help the reader to understand how Indian Mutual Fund Industry has witnessed growth over a period of time and how the Regulatory body, SEBI has taken steps to stimulate this growth.

KEYWORDS

Exchange Traded Funds, Money Market Mutual Funds, Mutual funds, Regulatory changes.

LIST OF ABBREVIATIONS

MFs	Mutual Fund
AMC	Asset Management Company
UCC	Unique Client Code
RBI	Reserve Bank of India
GOI	Government of India
LTCG	Long Term Capital Gain
UTI	Unit Trust of India
MMMF	Money Market Mutual Fund
CIS	collective investment schemes
CISM	Certified Information Security Manager
CISA	Certified Information System Auditor
ASBA	Application Supported by Blocked Amount
QFIs	Qualified Foreign Investors
IDFs	Infrastructure Debt Funds
NFO	New Fund Offer
FoFs	Fund of Funds

INTRODUCTION

A mutual fund is a professionally managed type of collective investment scheme that pools money from investors and invest their money in bonds, short-term money market instruments and other securities. Mutual funds have a fund manager who invests the money on behalf of the investors by buying / selling stocks, bonds etc. Mutual funds serve as a key financial intermediary. They pool investments by individual investors and use the funds to accommodate financing needs of government and corporations in the primary market. They also frequently invest in secondary market.

A mutual fund hires portfolio managers to invest in a portfolio of securities that satisfies the desires of investors. Like other portfolio managers, the managers of mutual funds analyze economic and industry trends and forecasts and assess the potential impact of various conditions on companies. They adjust the compositions of their portfolio in response to changing economic conditions.

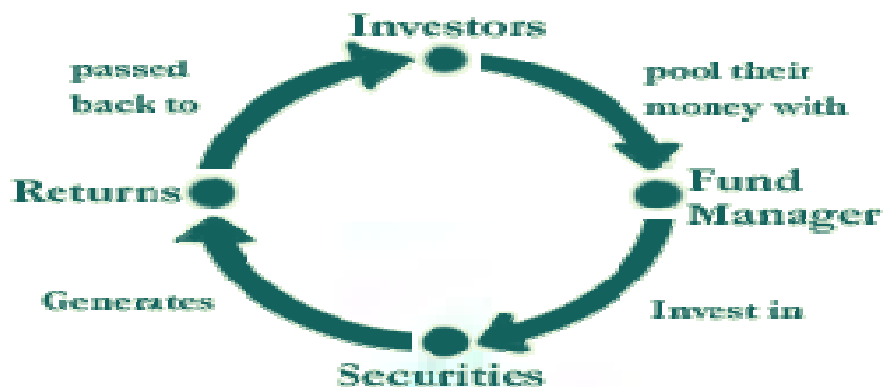
TYPES OF MUTUAL FUND SCHEMES IN INDIA

1. Equity fund
2. Debt funds
3. Balanced funds
4. Tax Saving Schemes
5. Index Schemes
6. Sector Specific Schemes
7. Open - Ended Schemes
8. Close - Ended Schemes
9. Interval Schemes

MUTUAL FUNDS IN INDIA

A Mutual Fund is a trust that pools the savings of a number of investors who share a common financial goal. The money thus collected is then invested in capital market instruments such as shares, debentures and other securities. The income earned through these investments and the capital appreciation realized are shared by its unit holders in proportion to the number of units owned by them. Thus a Mutual Fund is the most suitable investment for the common man as it offers an opportunity to invest in a diversified, professionally managed basket of securities at a relatively low cost. The working of MF can be explained with the help of following diagram.

DIAGRAM 1

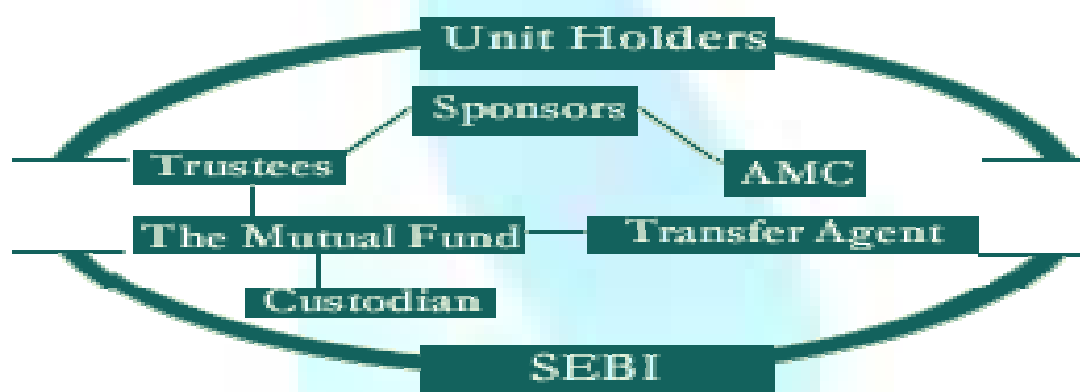


SOURCE: AMFI

ORGANISATION OF A MUTUAL FUND

There are different entities involved in the organizational set up of a mutual fund, such as, trustees, sponsors, AMCs etc. The following diagram illustrates the organizational set up of mutual fund in India.

DIAGRAM 2



Source: AMFI

HISTORY OF INDIAN MUTUAL FUND INDUSTRY

The mutual fund industry in India started in the year 1963 with the formation of Unit Trust of India, at the initiative of the Government of India and Reserve Bank of India. The history of mutual funds in India can be broadly divided into four distinct phases.

FIRST PHASE (1964-87)

Unit Trust of India (UTI) was established on 1963 by an Act of Parliament. It was set up by the Reserve Bank of India and functioned under the Regulatory and administrative control of the Reserve Bank of India. In 1978, UTI was de-linked from the RBI and the Industrial Development Bank of India (IDBI) took over the regulatory and administrative control in place of RBI. The first scheme launched by UTI was Unit Scheme 1964. At the end of 1988 UTI had Rs.6,700 crores of assets under management.

SECOND PHASE – 1987-1993 (ENTRY OF PUBLIC SECTOR FUNDS)

In the year 1987, public sector mutual funds were set up by public sector banks and Life Insurance Corporation of India (LIC) and General Insurance Corporation of India (GIC). SBI Mutual Fund was the first non- UTI Mutual Fund established in June 1987 followed by Canbank Mutual Fund (Dec 87), Punjab National Bank Mutual Fund (Aug 89), Indian Bank Mutual Fund (Nov 89), Bank of India (Jun 90), Bank of Baroda Mutual Fund (Oct 92). LIC established its mutual fund in June 1989 while GIC had set up its mutual fund in December 1990. At the end of 1993, the mutual fund industry had assets under management of Rs.47,004 crores.

THIRD PHASE – 1993-2003 (ENTRY OF PRIVATE SECTOR FUNDS)

In the year 1993, private sector entered in the Indian mutual fund industry, which gave the Indian investors a wider choice of fund families. Also, 1993 was the year in which the first Mutual Fund Regulations came into being, under which all mutual funds, except UTI were to be registered and governed. The erstwhile Kothari Pioneer (now merged with Franklin Templeton) was the first private sector mutual fund registered in July 1993.

The number of mutual fund houses went on increasing, with many foreign mutual funds setting up funds in India and also the industry has witnessed several mergers and acquisitions. As at the end of January 2003, there were 33 mutual funds with total assets of Rs. 1,21,805 crores. The Unit Trust of India with Rs.44,541 crores of assets under management was way ahead of other mutual funds. Currently, there are 49 Mutual Funds registered under SEBI.

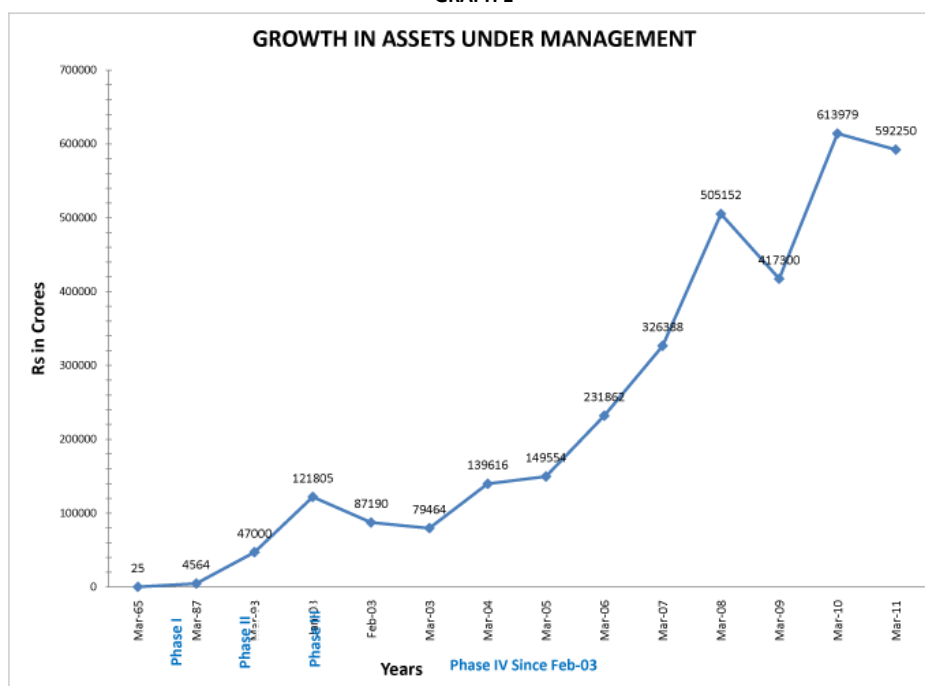
FOURTH PHASE – SINCE FEBRUARY 2003

In February 2003, following the repeal of the Unit Trust of India Act 1963, UTI was bifurcated into two separate entities. One is the Specified Undertaking of the Unit Trust of India with assets under management of Rs.29,835 crores as at the end of January 2003, representing broadly, the assets of US 64 scheme, assured return and certain other schemes. The Specified Undertaking of Unit Trust of India, functioning under an administrator and under the rules framed by Government of India and does not come under the purview of the Mutual Fund Regulations.

The second is the UTI Mutual Fund, sponsored by SBI, PNB, BOB and LIC. It is registered with SEBI and functions under the Mutual Fund Regulations. With the bifurcation of the erstwhile UTI which had in March 2000 more than Rs.76,000 crores of assets under management and with the setting up of a UTI Mutual Fund, conforming to the SEBI Mutual Fund Regulations, and with recent mergers taking place among different private sector funds, the mutual fund industry has entered its current phase of consolidation and growth.

The graph indicates the growth of assets over the years

GRAPH 1



SOURCE: AMFI

REGULATION OF INDIAN MUTUAL FUND INDUSTRY

The Indian mutual fund industry witnessed robust growth and stricter regulations from SEBI since 1996. The mobilization of funds and the number of players operating in the industry reached new heights as investors started showing more interest in mutual funds. Safeguarding the interest of investors is one of the duties of SEBI. Consequently, SEBI (Mutual Funds) Regulations, 1996 and certain other guidelines have been issued by SEBI that sets uniform standards for all mutual funds in India.

Mutual Funds have become one of the major intermediaries in the securities market and their role in mobilizing the savings of the household sector is growing. Prior to the SEBI Act, 1992 Mutual funds were governed by a guidelines issued by RBI and the erstwhile office of Controller of Capital issue. The SEBI (Mutual Fund) Regulations has brought about a significant change in the structure of mutual funds and the disclosure requirement for the schemes of the mutual funds. The Regulations Provide for registration of all mutual funds and Require all MFs to set up as trust, and it also require approval for all scheme offer documents and advertisements by SEBI.

REGULATORY CHANGES TAKEN BY SEBI IN 1993-1994

In the year 1993-1994 the practice of prior approval for advertisements by MFs was dispensed with. The holding period for LTCGs in respect of MFs was reduced to one year in the Budget for 1994-1995. The MFs were also permitted to buy back their own units in case they were traded at substantial discounts to their NAVs. To protect the interest of investors the disclosure standards of offer documents have improved considerably.

REGULATORY CHANGES TAKEN BY SEBI IN 1994-1995

In the year 1994-1995 the guidelines for investment in money market instruments were partially modified and MFs were allowed to commence investment in securities as per the objectives disclosed in the offer document immediately after the receipt of minimum subscription specified by SEBI (Mutual Fund) Regulations. MFs were allowed to keep minimum subscription between Rs.1000 to Rs.5000. SEBI appointed an Expert committee to develop guidelines on uniform calculation of NAVs of MF schemes and standard for investment valuation norms. In the year 1995-1996, SEBI carried out inspection of certain schemes and operations of UTI. In its 32 years history, it was the first time when UTI was inspected.

REGULATORY CHANGES TAKEN BY SEBI IN 1995-1996

During 1995-96, SEBI had prepared and widely circulated a paper titled "Mutual Funds 2000" which identified ways to improve the working and regulation of the mutual fund industry, so that mutual funds could provide a better performance and service to all categories of investors and offer a range of innovative products in a competitive manner to match investor needs and preferences across various investor segments. Based on the comments received on the recommendations made in the paper by market participants and investors and on discussions held with the Association of Mutual Funds of India (AMFI), the SEBI (Mutual Funds) Regulations, 1993 were revised and the new regulations notified in December 1996. The SEBI (Mutual Funds) Regulations, 1996 provided for enhanced level of investor protection and empowerment of investors. And it also developed code of ethics for asset management companies. The impact of the new regulations was immediately felt. Asset management companies framed several schemes which made use of the freedom provided to them by the new regulations. Not only did the number of schemes filed with SEBI increase significantly in a short period of time, but also there was greater variety in the investment products offered. There was also a significant improvement in disclosures in the offer documents. The new regulations have brought into greater focus the responsibilities of trustees of mutual funds who are uniquely positioned to promote the interests of the unitholders and to ensure that mutual funds are managed responsibly and ethically. The trustees act independently to uphold the public trust.

REGULATORY CHANGES TAKEN BY SEBI IN 1997-1998

In the year 1997-1998, a Committee was set up under the Chairmanship of Mr. P.K. Kaul to recommend the manner of discharge of responsibilities by the trustees as laid down in regulation 18 of the SEBI(Mutual Funds) Regulations, 1996. SEBI MF Regulations were amended in 1996. The SEBI has been taking steps towards improving the standards of disclosure for mutual funds, introducing prudential norms to prevent misuse of funds by the asset management companies and to afford a greater degree of protection to the investors. Simultaneously with the introduction of stringent regulations to raise the compliance standards, the SEBI has been seeking to give greater degree of freedom to fund managers to structure their schemes according to investor preferences. With this end in view the SEBI has further amended the Mutual Fund Regulations which were notified in 1996. The salient features of the amendments are:

- Aggregate investment by a mutual fund in listed and /or to be listed securities of group companies of the sponsor shall not exceed 25 per cent of the net assets of all schemes of the fund. Asset Management Companies (AMCs) will not be required to disclose in the scheme offer document, the maximum investments proposed to be made by the scheme in the securities of the group companies of the sponsor and also, the aggregate investment already made by all existing schemes in group companies. The AMCs must submit quarterly reports to the trustees on transactions in the securities of group companies during the quarter, and trustees will have to specifically comment on such transactions recorded in the half yearly reports which they would submit to SEBI. Mutual funds have been prohibited from making investments in unlisted/private placed securities of associate/group companies of the sponsor.

- Security transactions with associate brokers shall not exceed 5 per cent of the quarterly business done by the mutual fund. In case of transactions undertaken with any non associate broker, if this 5 per cent limit is exceeded, AMCs will be required to record in writing the justification for exceeding the limit and report this to the trustees on a quarterly basis.
- Unit holders' approval will no longer be required for rollover of schemes and for converting close-ended into open-ended schemes, provided the unit holders are given an option to redeem their holdings in full at NAV based prices.
- Independent trustees who are not associated with the sponsor shall now constitute two third of the Board of Trustees instead of the earlier provision of 50 per cent.
- Memorandum containing key information must accompany all application forms of mutual fund schemes to ensure adequate disclosures to investors.
- Full portfolio disclosure in the Annual Report of Mutual Funds is now mandatory.
- The auditors will now be required to comment on the compliance of the regulations and investors grievances and redressal thereof by the mutual funds.
- The SEBI prepared a standard offer document which prescribes the minimum disclosure requirements to be contained in the offer document of any mutual fund scheme. In addition, an abridged offer document i.e. the memorandum containing key information, which must accompany all scheme application forms in terms of sub regulation (4) of regulation 29 of the Regulations, has also been standardized.
- Both these documents were prepared on the basis of broad based views and comments from the Association of Mutual Funds of India and Price Waterhouse LLP, from various Investors'
- Associations and retail investors contacted through press.

REGULATORY CHANGES TAKEN BY SEBI IN 1998-1999

In the year 1998-1999, the mutual fund industry has witnessed several innovations. A novel feature in the form of limited cheque writing facility has been introduced by one of the funds. Its asset management company (AMC) through an arrangement with a Bank, allows the Unit holders to issue cheques against a savings account with the Bank. Each unitholder is allowed to issue cheques up to a specified limit. To enhance service to investors, one fund has instituted a toll-free inquiry facility enabling investors to access information about the fund without any charges. The year also witnessed the launch of sector funds targeting sectors such as information technology, pharmaceutical, brand value and fast moving consumer goods. Dedicated gilt fund envisaging 100% investment in government securities was launched making the gilt market accessible to small investors. Another innovative product was to invest solely in dematerialized securities and exchange of any security in dematerialized segment, instead of cash, for the units of the scheme. A meeting with the trustees of various mutual funds was held to get their feedback on the recommendations of the P.K. Kaul Committee regarding the discharge of the trustees' responsibilities of the trustees.

The Committee appointed for framing the guidelines for mutual funds to invest in overseas markets submitted its Report. The recommendations of the Committee have been taken up for discussion with the Reserve Bank of India and the Government for implementation. Also, from this date, it became mandatory for each application form to be accompanied by a memorandum containing key information i.e. abridged offer document. These documents have strengthened disclosure standards in mutual funds industry enabling investors to take informed investment decisions. Mutual funds were allowed to participate in securities lending subject to certain disclosures and reporting requirements. During the year Securities and Exchange Board of India (Mutual Funds) Regulations 1996, were amended to allow the mutual funds to participate in derivatives trading whenever this is introduced. The emphasis of SEBI during the year has been on compliance of regulations by the mutual funds. Individual meetings were held with the compliance officers of many of the mutual funds to obtain an insight into the performance of the compliance function and to elicit their views regarding the interpretation of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996. Also, the doubts of compliance officers on the interpretation of regulations were clarified during the meetings. Inspections of all 33 active mutual funds, including UTI, was undertaken during the year to be carried out by independent chartered accountancy firms covering the period till March 1998. A detailed guidance note, including a comprehensive check-list was issued to the independent auditors. They were required to comment on compliance of each regulation in their reports. The terms of reference for the inspections were elaborated and expanded so as to cover the main thrust areas for inspection. The scope of inspection being thus clearly defined, it facilitated the process of inspection and preparation of reports in a uniform manner. Warning and deficiency letters were issued to many mutual funds on the basis of findings of inspection reports and they were advised to take corrective action and report to SEBI. It was ensured that the grievances of investors against mutual funds are attended on priority basis. The redressal rate of grievances has shown a significant improvement as a result of constant follow-up with the mutual funds. Meetings were held with the investor service officers of various mutual funds. The SEBI has created a data base of key personnel of mutual funds during the year. The database includes details regarding educational qualifications, employment record and regulatory violations or convictions, if any. The data-base enables the maintenance of a record of professionals in the mutual fund industry besides throwing up useful information such as mobility of professionals across the industry and general level of experience and qualifications.

REGULATORY CHANGES TAKEN BY SEBI IN 1999-2000

In the year 1999-2000, in consultation with the Association of Mutual Funds of India, a number of policy decisions were taken during the year and regulations were amended accordingly. Prudential investment norms were prescribed to ensure that the investment portfolios of the mutual funds are diversified to reduce the inherent risk associated with such investments. Investments in equity related instruments of a single company have been restricted to 10 per cent of the NAV of a scheme with an exception for index funds and sector/ industry specific schemes. Investment in investment grade rated debt instruments issued by a single issuer, should not exceed 15 per cent of NAV of the scheme. This limit may be extended to 20 per cent of the NAV of the scheme with the prior approval of the Boards of AMC and trustees. In case of unrated debt instruments, the investment in a single issuer shall not exceed 10 per cent of the NAV of the scheme and in case of such debt instruments of all the issuers in a scheme shall not exceed 25 per cent of NAV subject to approval of Boards of AMC and trustee company. However, these restrictions for debt instruments will not be applicable to government securities and money market instruments. As investment in unlisted shares is less liquid, such investments have been restricted to a maximum of 10 per cent of the NAV of a scheme in case of close ended scheme. In case of open-ended schemes the limit is made more stringent to 5 per cent of the NAV of the scheme as there is continuous repurchase by investors in such schemes and there is need of liquidity. With a view to expand the spectrum of investment opportunities available to mutual funds, measures have been taken to permit mutual funds to enter the global securities market. In consultation with Reserve Bank of India and the Government of India, the mutual funds have now been permitted to invest in overseas securities. Initially this facility has been extended to ADRs/GDRs issued by Indian companies with an overall cap of US\$ 500 million with a sub ceiling of 10 per cent of the net assets managed by individual mutual funds and a maximum limit of US\$ 50 million for each mutual fund. Mutual funds have been allowed to enter into derivatives transactions for the purpose of hedging and portfolio balancing. Detailed guidelines on the procedures to be followed while entering into derivatives trading, have been issued. With a purpose to give more flexibility to the mutual funds for the operation of their schemes and to streamline the procedures, the present requirement of consent of 3/4th of the unitholders for any change in controlling interest of AMC or fundamental attributes of a scheme has been done away with. Instead, in such cases, the unitholders shall be informed by way of individual communication as well as through advertisements in the newspapers of the proposed modifications and the unitholders shall be given option to exit at the prevailing NAV without paying any exit load. With a purpose to ensure that the advertisements issued by the mutual funds are not misleading, the advertisement code has been amended so that the advertisement on performance is supported by relevant figures and such figures of NAV, yields or returns are given for the past three years wherever applicable. The practice of selectively reproducing extracts from the offer document which could be misleading in the advertisement is not allowed. Celebrities cannot be displayed in advertisements. As the Asset management companies have expertise in funds management and as they represented to SEBI, they have been permitted to carry out portfolio management activities subject to certain conditions. With a view to make unit holders aware of the securities in which the funds have been invested by the mutual fund and to enable them to take well informed investment decisions, it has been made mandatory that the mutual funds should send to all unitholders a complete statement of the scheme portfolio before the expiry of one month from the close of each half year.

The code of conduct has been elaborated to include certain clauses pertaining to integrity, due diligence, fairness in dealings etc which should be adhered to by the AMC and the Trustees. The views of AMFI (Association of Mutual Funds in India) and the trustees of mutual funds were taken into consideration before implementing the same. Board of Directors of the AMCs will now have to play more important role in the compliance process and reporting to trustees periodically in this regard. The manner in which due diligence shall be carried out by the Trustees in fulfillment of the various obligations as required under the Regulations, has been specified. Trustees can appoint independent auditors or can have separate fully fledged administrative set up to give them support in discharging their duties in accordance with the SEBI Regulations. Trustees shall now be required to meet more frequently, at least once in every three months and four such meetings to be held in a year. Also the quorum for such meetings shall require the presence of at least one independent trustee / director who is not associated with the sponsor.

REGULATORY CHANGES TAKEN BY SEBI IN 2000-2001

During the year 2000-2001, inspections of 32 active mutual funds covering the period October-March 2002, were ordered and were carried out by independent chartered accountancy firms. All the inspection reports were processed and necessary action was taken on the findings of inspections and mutual funds were advised to take corrective action, wherever necessary.

REGULATORY CHANGES TAKEN BY SEBI IN 2001-2002

During 2001-02, the SEBI took a number of policy decisions in consultation with mutual funds industry to protect the interests of investors in mutual funds and to develop and regulate the mutual funds industry. The regulations were amended accordingly and necessary guidelines were also issued to the mutual funds. In order to provide the investors with meaningful and relevant information on mutual fund schemes, the SEBI simplified the format for the half-yearly un-audited results published by mutual funds. The SEBI directed mutual funds to disclose large unitholdings (holding of over 25 per cent of the net assets of a scheme by an investor) in their schemes so that the investors are aware of concentration of holdings. The number of such investors and total holdings by them are required to be disclosed in the allotment letter after the initial public offerings and also in the annual and half-yearly results. The mutual funds were advised not to make payment of brokerage/commission on the subscription of units received from their sponsors in their schemes. SEBI issued detailed guidelines for investment/trading in securities by employees of AMCs and mutual fund trustee companies so as to avoid any conflict of interest and instances of self-dealing or front running by the employees. Guidelines require prior approval by certain category of employees before making personal investment transactions and also prescribe reporting requirements. Boards of AMCs and trustees are required to review the compliance of guidelines in their periodical meetings. Recognizing the need for developing well-trained agents and distributors and to professionalize the distribution channel, the SEBI made it mandatory for all mutual funds to appoint agents/ distributors who have obtained certification by Association of Mutual Funds in India (AMFI). Also the existing agents/ distributors were expected to pass the certification programme by March 31, 2003. All mutual funds were advised to direct their agents/ distributors to follow the provisions of the SEBI regulations and guidelines pertaining to mutual funds with specific focus on regulations / guidelines on advertisements / sales literature and code of conduct. Mutual funds were also advised to monitor the activities of their agents/distributors so that they may not indulge in any kind of malpractice or unethical practice while selling/ marketing mutual fund units. Mutual funds were also advised to encourage their employees to undertake the same certification programme by December 2002. According to the SEBI Regulations, 50 per cent of directors of AMC and two-third trustees are required to be independent i.e. who are not associates of the sponsors. With an objective to improve corporate governance and to bring about transparency in the operations of the mutual funds, the definition of independent directors has been revised. As a result, certain categories of persons can be considered as 'associates' and not as independent directors. With a view to improving corporate governance, the Compliance Officers of the mutual funds are now required to immediately and independently report to SEBI of any violation of regulation, guidelines or instructions issued by the SEBI. And in order to educate the investors to understand the basics of mutual funds and their operations, the SEBI prepared a brochure in question-answer format explaining the fundamental issues pertaining to mutual funds. This has been put on the SEBI web site. The mutual funds have been advised to circulate copies of the brochure among their distributors and agents (including brokers, banks, post offices) and the investors. They have also been advised to publish the same as small booklets and also to display it prominently on their web sites. In order to provide the investors objective analysis of the performance of the mutual fund schemes in comparison with the rise and fall in the markets, the mutual funds were advised to disclose the performance of benchmark indices also. They were advised to disclose the performance of the benchmark indices in case of equity oriented schemes while disclosing the yields of the schemes in the format for half-yearly results. These benchmark indices can be decided by the AMCs and trustees and any change at a later date is required to be recorded and reasonably justified. Subsequently, the disclosure of performance of benchmark indices in case of debt oriented schemes and balanced fund schemes has also been made mandatory. The SEBI advised that the boards of AMCs and trustees should review the performance of their schemes on periodical basis and compare the performance of their schemes with benchmarks in all of their meetings. They are also required to review the performance of their schemes in the light of performance of the mutual funds industry as published from time to time by independent research agencies and financial newspapers and journals and to take corrective action in case of unsatisfactory performance. During the year inspections of 32 active mutual funds (including those schemes of UTI which come under the purview of SEBI) was ordered during the year to be carried out by independent chartered accountancy firms. Necessary action was taken on the findings of inspections carried out. Mutual funds were advised to take corrective action, wherever necessary.

REGULATORY CHANGES TAKEN BY SEBI IN 2002-2003

SEBI initiated a number of policy measures in the year 2002-03 to safeguard the interests of investors in mutual funds and to develop and regulate the mutual fund industry and thus achieving the objectives as specified in the SEBI Act, 1992. SEBI introduced a number of measures to improve corporate governance standards and professionalism in the mutual funds industry. In order to provide the investors objective analysis of the performance of the mutual fund schemes in comparison with the rise and fall in the markets, the mutual funds were advised to disclose the performance of benchmark indices also while publishing half yearly results.

Intermediaries play a very important role in distribution of mutual funds units. They interact with investors and advise them for making investment in various mutual funds schemes. SEBI took a number of measures to improve the quality of intermediaries and also that they do not indulge in unethical practices. SEBI (Mutual Funds) Regulations, 1996 specify that mutual funds should not use any unethical means to sell, market or induce any investor to buy their scheme. Further the Regulations also require that mutual funds should maintain high standards of integrity and fairness in all their dealings, render at all times high standards of service and exercise due diligence. In furtherance of these objectives, SEBI has made it mandatory for all distributors and agents to pass certification examination and to follow SEBI (Mutual Funds) Regulations with specific focus on regulations/ guidelines on advertisements/sales literature and code of conduct. SEBI has also advised the mutual funds to monitor the activities of their agents/distributors to ensure that they do not indulge in any kind of malpractice or unethical practice while selling / marketing mutual fund units. The distributors and agents must follow the detailed code of conduct as recommended by AMFI. If any intermediary does not comply with the code of conduct, the mutual funds are required to report it to AMFI and SEBI. No mutual fund allowed to deal with those intermediaries who do not follow the code of conduct. The intermediaries have been advised not to share commission with investors. Investors should subscribe to units of a mutual fund on the basis of merits and performance and not on the basis of quantum of commissions. All intermediaries engaged in selling and marketing of mutual fund units were required to be registered with AMFI. Such registration will be subject to passing of certification examination and adherence to guidelines as specified by SEBI and AMFI from time to time. However, senior citizens with experience in distributing mutual funds units have been allowed exemption from certification examination. They should have completed 60 years of age as on March 31, 2003 and should have two years of experience. They should follow SEBI and AMFI guidelines and should be registered with AMFI. They should also attend a mutual fund training programme within one year from March 31, 2003 and a certificate to that effect endorsed by a mutual fund should be submitted to AMFI. The mutual funds are required to monitor the compliance of these guidelines and code of conduct by their intermediaries in terms of business done across all mutual funds. In case of non-compliance, the empanelling mutual funds may suspend further business and pay out of commissions, etc. until full compliance by them.

A number of responsibilities have been assigned to trustees of mutual funds under SEBI (Mutual Funds) Regulations. Therefore, it has been decided that the trustees should meet on bi-monthly basis to review the performance and compliance related issues of their mutual funds, instead of the earlier requirement of meeting on a quarterly basis. According to SEBI (Mutual Funds Regulations, 1996, 50 percent of directors of AMC and two-third of the trustees are required to be independent i.e. who are not associates of the sponsors. With an objective to improve corporate governance and to bring about transparency in the operations of the mutual funds, the definition of Independent Directors was revised so that certain categories of persons could not be considered as 'associates' and not as independent directors. With a view to implementing the regulation in letter and spirit and improving corporate governance standards in mutual funds, it has been clarified to mutual funds that persons providing any type of professional service to the mutual fund, asset management company, trustee company and sponsors shall be considered as associate directors of AMCs or trustee companies, as the case may be. Also, persons having any material pecuniary relationship with these entities, which in the judgment of the trustees may affect independence of directors, shall be treated as associate directors. At times, an unduly long period of time elapses before an outgoing independent director is replaced on the board of AMC. After discussions in SEBI Advisory Committee, the mutual funds were advised to appoint independent director(s) in place of the outgoing director(s) within a period of 3 months from the date of resignation. The Mutual funds were also advised to maintain a panel of eligible persons who could be appointed as independent directors as and when required. Also that they may consider appointing more than the required minimum number of independent directors in order to enhance the standards of corporate governance.

Chief executives and fund managers of mutual funds play very important role in the functioning of mutual funds. After taking feedback from chief executives and fund managers from all mutual funds, the SEBI defined their roles in SEBI (Mutual Funds) Regulations, 1996. Accordingly the Chief Executive Officer of the asset management company is required to ensure that the mutual fund complies with all the provisions of SEBI (Mutual Fund) Regulations, 1996 and the guidelines issued there under and the investments made by the fund managers are in the interests of the unitholders. He/ She shall also be responsible for the overall risk management function of the mutual fund. The fund manager is also required to ensure that the funds of the mutual fund schemes are invested to achieve the objective of the scheme and in the interests of the unitholders. The objective of these measures is to enable the chief executives and fund managers of mutual funds to play their roles in the interest of investors without any influence and pressures. All mutual funds have been advised to enter into transactions relating to government securities only in dematerialized form. SEBI issued guidelines for the valuation of unlisted equity shares with a view to bringing about uniformity in the calculation of NAVs of the schemes by all mutual funds. The guidelines prescribe detailed methodology for valuation of unlisted equity shares based on stringent pricing formula. The mutual funds have been prohibited from buying unlisted equity shares at a price higher than that worked out in accordance with the methodology. Guidelines also prescribe exercise of due diligence while making such investments. Some of the investments made by mutual funds may become non-performing assets (NPAs) or illiquid at the time of maturity / closure of the schemes, which may be realized by the mutual funds in due course i.e. after winding up of the scheme. SEBI issued guidelines during the year and the mutual funds were advised to distribute such amount, if it is substantial and is realized within two years, to the old investors. In case the amount is not substantial or it is realized after two years, it may be transferred to the Investor Education Fund maintained by each mutual fund. The decision as to determination of substantial amount is to be taken by the trustees of the mutual funds after considering relevant factors.

According to the investment valuation norms specified in the SEBI (Mutual Funds) Regulations, any change in securities and in the number of units is to be recorded in the books not later than the first valuation date following the date of transaction. If this is not possible given the frequency of the net asset value disclosure, the recording may be delayed upto a period of seven days following the date of the transaction, provided that as a result of non-recording, the NAV calculation shall not be affected by more than two percent. As a result, the investors of a scheme may be affected by variation of two percent in the NAV. This variation of two percent was now felt to be on the higher side. As improvement in systems and technology over the years, should make it possible for the mutual funds to calculate the NAV accurately than what was when the rate was formulated so as that the investors may enter or exit at sale and repurchase prices based on NAV which is very near to the actual NAV. SEBI Regulations have been amended to reduce the allowable variation in NAV from the present '2 percent' to '1 percent'. The Regulations also now require that in case the NAV of a scheme differs due to non-recording of transactions by more than one per cent, the investors or schemes shall be compensated. If investors are allotted units at higher NAV or they are given lower NAV at the time of their sale of units, they should be compensated by the schemes. However, if investors are charged lower NAV at the time of their purchase of units or they are given higher NAV at the time of their sale of units, asset management company shall compensate the schemes.

Mutual Funds were allowed to invest in the Fund of Funds. A fund of funds (FoFs) is a mutual fund scheme that invests in schemes of other mutual funds instead of investing in securities. They may invest in equity oriented, debt-oriented and liquid schemes or sector specific schemes. They may also exit from a particular scheme depending on their perception of market conditions which may not be possible for an investor to decide. Investors may invest in a particular FoF scheme depending on their investment objectives instead of investing in a number of schemes. Such schemes would be subject to

- (i) maximum limit on expenses to the extent of 0.75 per cent of net assets and
- (ii) certain restrictions and disclosures in SEBI (Mutual Fund) Regulations, 1996.

All the mutual funds have been advised to follow a uniform method to calculate the sale and repurchase price. The mutual funds must clarify in the offer documents that the loads shall be charged as a percentage of NAV i.e. applicable load as a percentage of NAV will be added to NAV to calculate sale price and will be subtracted from NAV to calculate repurchase price. They are also required to explain the calculation by means of an example. Apart from bringing about uniformity in the mutual funds industry, it would now be very easy for the investors to calculate their sale / repurchase price. The mutual funds have also been advised to round off NAV up to four decimal places in respect of index funds and all types of debt-oriented schemes like liquid/money market mutual fund schemes i.e. in case of schemes which invest predominantly in money market instruments, gilt, income short term plans, fixed maturity plans, monthly income plans etc. and up to two decimal places in case of equity-oriented and balanced fund schemes. However, the mutual funds can round off NAVs up to more than two decimal places in case of equity-oriented and balanced fund schemes also, if they so desire. This has been introduced so that there is uniformity in the mutual funds industry. The mutual funds are also required to make necessary disclosures in the offer documents.

REGULATORY CHANGES TAKEN BY SEBI IN 2003-2004

SEBI has taken many measures during the year 2003-2004 to develop this industry and to protect the interest of the investors. Governance and disclosure standards are important pillars of the industry. Good governance standards enhance confidence of the investors in mutual fund the industry. With a view to utilizing the services of experienced distributors/agents, the certification standards have been relaxed in certain categories of agents/distributors. The positions of CEOs and FMs have been strengthened as they hold a specific accountability to protect the interest of the investors. CEOs are required to ensure mutual fund compliance as per the regulations and the Fund Managers are required to ensure investment as per the objective of the scheme and interest of unitholders. Mutual Funds have been instructed to obtain UCC either from the Bombay Stock Exchange or National Stock Exchange before commencing trading on behalf of the schemes/clients.

One of the main objectives of a regulator is to provide fairness to all concerned in the market place. To achieve this, SEBI has issued the Guidelines for uniform cut off timing for applicability of net asset value (NAV) of mutual fund schemes/plan (s). This is applicable both for subscription and redemption. Skewed distribution of investors may lead to some anomalies in the management and distribution of funds. Therefore, SEBI prescribed that each scheme of an individual plan should have a minimum of 20 investors and that no single investor should account for more than 25 per cent of the corpus. Mutual funds have been advised that they can invest in short-term deposit with disclosures to trustees along with the reasons for investment. SEBI (Mutual Funds) Regulations, 1996 contain prudential investment norms for investing in debt securities. Government securities issued by the Centre/State Government or on its behalf by the RBI are exempt from the prudential investment norms. Indian mutual funds have been permitted to invest in equities of listed overseas companies by the Government of India. SEBI has decided to permit each mutual fund to invest up to 10 per cent of its net assets as on January 31, of each relevant year in foreign securities. However, the minimum and maximum investment limits are fixed at US\$ 5 million and US\$ 50 million respectively for each mutual fund irrespective of the size of the assets. It has been clarified that mutual funds can invest in interest rate derivatives subject to disclosures in offer documents. During the year Indian mutual funds have been permitted to float Fund of Funds (FoFs) and invest in funds of other mutual funds.

In order to provide effective and appropriate communication to the investors and improve standards of disclosures in advertisement, to implement regulatory intent effectively and to remove difficulties in the application of regulations, the following guidelines have been issued:

- a. Standardization in hoarding/posters;
- b. Advertisements through audio-visual media;
- c. Promotional activities, sales literature;
- d. Performance advertisements; and
- e. Ranking advertisements.

REGULATORY CHANGES TAKEN BY SEBI IN 2004-2005

SEBI issued guidelines and clarification in the year 2004-2005, that the mutual fund schemes/plans, which existed on December 12, 2003 (the date of the issue of circular) and did not have a minimum of 20 investors or where one investor was holding more than 25 per cent of the corpus of the schemes/plans, were required to be wound up by January 31, 2005. All the schemes/plans are required to comply with both the aforementioned conditions stipulated in the guideline. However, the guideline is not applicable to Exchange Traded Funds. In order to carry out a complete 'health check' of the securities market infrastructure, SEBI had constituted a High Level Task Force namely Securities Markets Infrastructure Leveraging Expert Task Force (SMILE Task Force) which has submitted, *inter alia*, its report to SEBI on "Infrastructure and Process Flow for Enhancing Distribution reach in the Mutual Fund Industry". Pursuant to the announcement made by the Honorable Finance Minister in his Budget Speech for 2005-06, SEBI appointed a Committee for the introduction of Gold Exchange Traded Fund (GETF) in India. Based on the recommendations of the said Committee, the SEBI (Mutual Funds) Regulations, 1996 were amended and notification was issued on January 12, 2006 permitting mutual funds to introduce GETFs in India subject to certain investment restrictions. In view of the difficulties faced by mutual funds, the time limit for uploading the net asset value (NAV) on the AMFI website was extended from 8 p.m. to 9 p.m.

All mutual funds were advised by SEBI to maintain the secrecy of Unique Client Code (UCC) which may be furnished only to the member broker through whom the mutual funds were trading. In order to facilitate the unit holders to claim tax benefit associated with the payment of Securities Transaction Tax (STT), it was decided to allow mutual funds to share the UCC of their schemes/ plans with their unit holders. Mutual funds are permitted to invest in ADRs/GDRs and foreign securities. However, in many cases, disclosures pertaining to investment in ADRs/ GDRs/ foreign securities were not made in the offer document. All the mutual funds, in such cases, were advised to send a written communication to the investors about the proposed investment. They were also advised to communicate the risk factor associated with such investment to each unit holder prior to the investment in such securities. In addition, an advertisement about the proposed investment needs to be given by the mutual fund in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of the region where the head office of the mutual fund is located. This provision is not applicable to the existing mutual fund schemes where relevant disclosures regarding investment in ADRs/ GDRs/ foreign securities have already been made.

REGULATORY CHANGES TAKEN BY SEBI IN 2005-2006

SEBI had constituted a Committee under the Chairmanship of Shri Madhukar, the then Whole Time Member, SEBI to look into necessary amendments for implementing the announcement made by the Hon'ble Finance Minister in his Union Budget 2005-06 speech for the introduction of Gold Exchange Traded Funds (GETFs). Pursuant to the recommendations of the Committee, SEBI (Mutual Funds) Regulations, 1996 were amended on January 12, 2006 *vide* S.O.No.38(E) to provide for launching and regulation of GETFs. The main features of the amendment are as follows:

- a) A GETF scheme can invest primarily in gold or gold related instruments. For this purpose, 'gold related instruments' shall be such instruments having gold as underlying, as may be specified by SEBI from time to time.
- b) The gold or gold related instruments of a GETF scheme may be kept in the custody of a bank, which is a SEBI registered custodian.
- c) The following are the regulatory provisions made in respect of GETF schemes:
 - (i) Their funds can be invested only in gold or gold related instruments, except to the extent necessary to meet liquidity requirements of the scheme;
 - (ii) Pending deployment of funds, such schemes may invest their funds in short term deposits of scheduled commercial banks;
 - (iii) The initial issue expenses of such scheme cannot exceed 6 per cent of the funds raised; and
 - (iv) Recurring expenses incurred towards storage and handling of gold can be charged to the scheme, among other permissible expenses.

REGULATORY CHANGES TAKEN BY SEBI IN 2006-2007

To contain frequent churning in mutual fund schemes, in the year 2006-2007 close-ended schemes were permitted to charge initial issue expenses to the scheme while open-ended schemes can charge only entry load for the purpose of meeting the expenses connected with sales and distribution of schemes. Dividend distribution procedures were also specified by SEBI. To address concerns regarding launch of similar products, mutual fund trustees were directed to certify that the scheme approved by them is a new product and it is not a minor modification of existing scheme/product. Following the Finance Bill 2006-07 and subsequent raising of limit by RBI, the maximum ceiling for individual mutual funds to invest in ADRs/GDRs issued by Indian companies, equity of overseas companies listed on recognized stock exchanges overseas and rated debt securities was raised from USD 50 million to USD 100 million. Subsequently, the limit was further raised to USD 150 million. Mutual funds were also advised to appoint a dedicated fund manager for making such investment. SEBI (Mutual Funds) Regulations, 1996 were amended to permit launch of Capital Protection Oriented schemes. SEBI amended SEBI (Mutual Funds) Regulations, 1996 to specify the methodology for valuation of gold for the purpose of GETFs. Accordingly, the gold held by a GETF scheme shall be valued at the AM fixing price of London Bullion Market Association (LBMA) in US dollars per troy ounce for gold having a fineness of 995.0 parts per thousand, subject to prescribed adjustments. Two GETF schemes were launched during the year, offering investors better diversification opportunity. During the year SEBI Board also approved the draft guidelines for Real Estate Mutual Funds (REMFs). REMF means a scheme of a mutual fund which has investment objective to invest directly or indirectly in real estate property and shall be governed by the provisions and guidelines under SEBI (Mutual Funds) Regulations.

REGULATORY CHANGES TAKEN BY SEBI IN 2007-2008

In order to ensure that the funds collected in a scheme are invested as per the investment objective stated in the offer document, SEBI issued guidelines in the year 2007-2008, restricting parking of funds in short-term deposits of scheduled commercial banks – pending deployment. In view of the practical difficulties being faced by the mutual funds in uploading the NAV of Fund of Fund schemes on AMFI's website and their own website, SEBI had decided that the time limit for uploading of NAV for fund of fund schemes will be extended to 10:00 am the following business day. In order to bring in more transparency and clarity to the investors in terms of expenses charged in close-ended Schemes, SEBI decided that there would not be any provision of charging initial issue expenses and amortization of the same. All mutual funds should meet expenses connected with sales and distribution of schemes from the entry load. SEBI directed Mutual Funds to enhance the time for display and voice on the standard warning to five seconds in audio visual advertisements. In case of audio advertisements, the standard warning would be read in an easily understandable manner over a period of five seconds. SEBI decided AMCs should not charge entry as well as exit load on bonus units and units allotted on reinvestment of dividend. The guidelines for Real Estate Mutual funds were approved by the SEBI Board in June 2006. During 2007-08, steps were taken to address certain residual issues relating to accounting and valuation of assets, in discussion with AMFI, ICAI and Credit Rating Agencies. The necessary amendments to the SEBI (Mutual Fund), Regulations 1996 were thereafter notified on April 16, 2008.

REGULATORY CHANGES TAKEN BY SEBI IN 2008-2009

SEBI has taken the following initiatives to improve the functioning of mutual funds in the year 2008-2009:

- i. Overseas Investments by Mutual Fund In consultation with Government of India and RBI, the aggregate ceiling for overseas investments was raised from USD 5 billion to USD 7 billion.
 - ii. The SEBI (Mutual Funds) Regulations, 1996 were modified to provide a framework for real estate mutual funds. The salient modifications are:
 - a) For considering eligibility to set up new Mutual Funds for launching only real estate mutual fund schemes, besides fulfilling all other eligibility criteria applicable for sponsoring a Mutual Fund, sponsors shall be carrying on business in real estate for a period not less than five years.
 - b) An existing mutual fund may launch a real estate mutual fund scheme if it has an adequate number of key personnel and directors having adequate experience in real estate.
 - c) Every real estate mutual fund scheme shall be close-ended and its units shall be listed on a recognized stock exchange.
 - d) Every real estate mutual fund shall invest at least thirty five per cent of the net assets of the scheme directly in real estate assets.
 - e) The AMC, its directors, the trustees and the real estate valuer shall ensure that the valuations of assets held by a real estate mutual fund scheme are done in good faith in accordance with the norms specified.
 - iii. The Offer Document and Key Information Memorandum of Mutual Funds schemes were simplified to make them more reader friendly. The Offer Document was split into two parts i.e., Statement of Additional Information (SAI) and Scheme Information Document (SID) w.e.f., June 1, 2008. All statutory information on mutual fund is incorporated with SAI which is available on website of respective mutual funds.
 - iv. To place mutual funds at par with other participants in the government securities market, mutual fund schemes were permitted to sell government securities already contracted for purchase without waiting for actual delivery of government securities in accordance with the guidelines issued by RBI.
 - v. It was clarified that earlier guidelines for parking of funds in short-term deposits of scheduled commercial banks, pending deployment, shall not apply to term deposits placed as margins for trading in cash and derivatives market. However, disclosures regarding all term deposits placed as margins are required to be made in half-yearly portfolio statements.
 - vi. In order to ensure uniformity in the contents of abridged scheme-wise Annual Report prepared by mutual funds, a new format was prescribed. It was also decided that the abridged scheme-wise Annual Report be mailed to the investors' e-mail addresses, if so mandated, and also displayed on the website of the mutual fund. A separate category of "Securitized Debt Instruments" was introduced in the Half-Yearly Portfolio Disclosure format under debt instruments. Further, time period for mailing of scheme wise Annual Report or an abridged summary thereof to unitholders and Annual report to the Board, was reduced to "four months" from "six months".
 - vii. The discretion of -50 basis points (bps) to +100 bps given to fund managers to value debt securities was found inadequate in the market scenario in October, 2008. With a view to ensure that the value of debt securities reflects the true fundamentals the discretion was modified as under:
 - viii. To harmonize the NAV applicability with the realization of money and to move away from the NAV based on the application date, it was prescribed that in respect of purchase of units in Income/ Debt oriented schemes (other than liquid fund schemes and plans) with amount equal to or more than Rs. 1 crore, irrespective of the time of receipt of application, the closing NAV of the day on which the funds are available for utilization shall be applicable.
 - ix. With a view to further strengthen the framework for close-ended schemes, launched on or after December 12, 2008 (except Equity Linked Savings Schemes), listing of units along with daily computation of NAV and its publication was made mandatory. It was also mandated that a close-ended debt scheme shall invest only in such securities which mature on or before the date of the maturity of the scheme.
 - x. Portfolio of "Liquid Schemes" In order to reduce the tenure of the securities held in the portfolio of liquid schemes from the requirement of one year, it was stipulated that:
 - a) With effect from February 01, 2009, liquid fund schemes and plans shall make investment in / purchase debt and money market securities with maturity of upto 182 days only.
 - b) With effect from May 01, 2009, liquid fund schemes and plans shall make investment in/purchase debt and money market securities with maturity of upto 91 days only.
 - xi. There was a practice of mutual funds offering indicative portfolios and indicative yields in their debt/fixed income products. Since such practice has potential to mislead investors, it was decided that no mutual fund should offer any indicative portfolio and indicative yield. No communication regarding the same in any manner whatsoever be issued by any mutual fund or distributors of its products.
 - xii. In order to enhance the transparency of the portfolios of debt oriented close-ended and interval schemes/plans, it was decided that AMCs shall disclose the portfolio of such schemes in the format prescribed by SEBI, on a monthly basis on their respective websites. To enable the investor to determine the amount of commission, a few alternatives were presented in concept paper titled 'Proposal on Variable Entry Load'. The paper was placed on SEBI website for public comments. The paper suggests two options:
 - i. The application forms indicate different options for rates of commission and the investor and distributor sign in one of those rates.
 - ii. The investor negotiates the rate with the distributor and issues a separate cheque for the same in favor of distributor. The concept paper brought out the pros and cons of both the options. The paper also proposed to bring about transparency in disclosure of commission being paid to distributors for the different schemes which are being recommended to the investor by making the disclosure of commission mandatory. Opinions and feedbacks have been received from distributors, individuals (the investors) and AMCs by email, letters and post cards.
- Mutual funds after witnessing redemption pressures during later half of 2008-09 post global credit crisis witnessed renewal of investors' interest in terms of mobilization of resources through new fund offerings as well as existing schemes. It was clarified that mutual funds can invest in IDRs [Indian Depository Receipts as defined in the Companies (Issue of Indian Depository Receipts) Rules, 2004] subject to compliance with the SEBI (Mutual Funds) Regulations, 1996 and guidelines issued there under, specifically investment restrictions as specified in the Seventh Schedule of the Regulations. The Mutual Funds (Second Amendment) Regulations, 2009 prescribed that no mutual fund schemes can invest more than 30 percent of their assets in money market instruments of an issuer. However, such limit shall not be applicable for investments in Government securities, treasury bills and collateralized borrowing and lending obligations. Debt securities are valued by Mutual Funds in terms of spread indicated by specified rating agencies. Mutual Funds have been given discretionary mark up or down detailed in guidelines issued in the years 2000 and 2002. These varied from -25 bps to +100 bps (basis points). These discretionary mark ups were increased considerably in 2008 to accommodate for the great variation in the values of securities on account of volatile market conditions. During 2009-10, the discretionary mark ups/downs were returned to their levels specified in 2000/2002. Further, it was decided that, the Chief Executive Officer (whatever his designation may be) of the Asset Management Company shall give prior approval to the use of discretionary mark up or down limit. To ensure that the value of money market and debt securities in the portfolio of mutual fund schemes reflects the current market scenario, the provisions regarding valuation of certain securities were modified, as under
- Valuation of money market and debt securities with residual maturity of up to 91 days: All money market and debt securities, including floating rate securities, with residual maturity of up to 91 days shall be valued at the weighted average price at which they are traded on the particular valuation day. When such securities are not traded on a particular valuation day, they shall be valued on amortization basis. The floating rate securities with floor and caps on coupon rate and residual maturity of up to 91 days shall be valued on amortization basis taking the coupon rate as floor.
 - Valuation of money market and debt securities with residual maturity of over 91 days: All money market and debt securities, including floating rate securities, with residual maturity of over 91 days shall be valued at weighted average price at which they are traded on the particular valuation day. When such securities are not traded on a particular valuation day, they shall be valued at benchmark yield/matrix of spread over risk free benchmark yield obtained from agency(ies) entrusted for the said purpose by Association of Mutual Funds in India.

Considering the importance of systems audit in the technology driven asset management activity, it was decided that mutual funds shall have a systems audit conducted by an independent Certified Information System Auditor (CISA)/Certified Information Security Manager (CISM) qualified or equivalent auditor. The systems audit shall be comprehensive encompassing audit of systems and processes. Accordingly, the AMCs were advised to conduct systems audit of mutual funds once in two years and to place the systems audit report and compliance status before the Trustees of the mutual fund. The systems audit report/findings along with trustee comments shall be communicated to SEBI. The need for enhancing the reach of mutual fund schemes to more towns and cities was widely felt. To address this issue, units of mutual fund schemes were permitted to be transacted through registered stock brokers of recognized stock exchanges. The convenience of stock exchange mechanism would also be available now to mutual fund investors. In order to improve the manner in which the standard warning message is conveyed to the investors, it was decided that: a) The standard warning in audio-visual advertisement shall be displayed as "Mutual Fund investments are subject to market risks, read all scheme related documents carefully". b) No addition or deletion of words shall be made in the standard warning. It was emphasized that both the visual and the voice over of the standard warning will be run for at least five seconds.

REGULATORY CHANGES TAKEN BY SEBI IN 2009-2010

With a view to improving corporate governance, it was decided that AMCs shall disclose their general policies and procedures for exercising the voting rights in respect of shares held by them on the website of the respective AMC as well as in the annual report distributed to the unit holders. Further, henceforth the AMCs are also required to disclose on the website of the respective AMC as well as in the annual report distributed to the unit holders, the actual exercise of their proxy votes in the AGMs/EGMs of the investee companies. AMCs were entering into revenue sharing arrangements with offshore funds in respect of investments made on behalf of Fund of Funds schemes which created conflict of interest. It was decided that henceforth AMCs shall not enter into any revenue sharing arrangement with the underlying funds in any manner and shall not receive any revenue by whatever means/head from the underlying fund. Any commission or brokerage received from the underlying fund shall be credited into concerned scheme's account. The SEBI (Portfolio Managers) Regulations, 1993 mandate the segregation of clients' funds and portfolio of securities. In June 2009, it was clarified that portfolio managers may keep the funds of all clients in a separate bank account maintained by the portfolio manager subject to conditions such as:

- (a) clear segregation of each client's fund through back office records,
- (b) non use of funds of one client for another client,
- (c) maintaining accounts with separate client-wise data for their funds and providing statement to clients for such accounts at least on monthly basis; and
- (d) reconciliation of client-wise accounts with the bank accounts on daily basis.

SEBI (Mutual Funds) Regulations, 1996 were amended on April 8, 2009 to:-

- a) make listing of close ended schemes mandatory.
 - b) remove the provision available for repurchase and re-issue of units of close-ended scheme and to provide that the units shall not be repurchased before maturity.
 - c) provide for listing fees as a permissible expenses as part of the recurring expenses chargeable to scheme.
 - d) close-ended debt schemes may be allowed to invest in securities of initial or residual maturities not exceeding the maturity of the scheme.
2. SEBI (Mutual Funds) Regulations, 1996, were further amended on June 5, 2009 to allow a mutual fund scheme to invest only up to 30 percent of its net assets in money market instruments of an issuer. This limit of 30 percent is not applicable for investments in Government Securities, Treasury Bills and Collateralized Borrowing and Lending Obligations.

REGULATORY CHANGES TAKEN BY SEBI IN 2010-2011

Mutual funds witnessed redemption pressures during 2010-11 due to volatile market conditions. To improve transparency in 'grievance redressal mechanism', it was decided that mutual funds shall henceforth disclose detailed status of investor complaints received by them in a prescribed format, on their websites, on the AMFI website as well as in their Annual Reports. These details should have been signed off by the trustees of the concerned mutual fund. The requirement of Application Supported by Blocked Amount (ASBA) facility for investors' subscriptions in all mutual fund New Fund Offers (NFOs) that was to be mandated from July 01, 2010 was extended for implementation from October 1, 2010. Earlier, mutual funds were required to confirm whether all the investor related documents are maintained/ available with them. To ensure that investors have unrestricted access to AMCs, mutual funds were further directed vide circular dated August 12, 2010 that investor related documents including account opening documents, PAN, KYC, PoA (if applicable), specimen signature are available with AMCs/ their RTAs and not just with the distributor. AMCs shall be responsible for updation of these documents. It has been observed that due to such incomplete documentation, investors' rights to approach the AMCs directly were restricted and investors were forced to depend on the distributors for executing any financial or non-financial transactions.

On October 08, 2010, SEBI revised the monthly reporting format for portfolio managers. The revised format is more comprehensive with details including investment in equity, debt, listed, unlisted securities including the AUM of EPFO/PF clients included therein.

On November 02, 2010, SEBI clarified that all portfolio managers shall ensure that the first single lump sum investment amount received as funds or securities from clients should not be less than ` 5 lakh. The circular also, made it mandatory to disclose portfolio performance in percentage terms of portfolios grouped by investment category for the past three years after netting all fees and charges levied by the portfolio manager. SEBI (Mutual Fund) Regulations, 1996 were amended on July 29, 2010 and includes the following changes:

- (a) The period within which refunds of application money to applicants in case of failure to receive minimum subscription amount or in the case of excess of subscription, has been reduced from six weeks to five working days. Similarly the period within which interest on delayed refund is to be paid, has also been reduced from six weeks to five working days.
- (b) The period within which, statement of accounts specifying number of units allotted is to be issued to the applicants, has been reduced from 30 working days to five working days. Similarly, the period within which unit certificates may be issued to the applicant has been reduced from 30 working days to five working days from the receipt of request for the certificate. Also, the period within which, the applicant in a close ended scheme is issued a statement of accounts specifying number of units allotted or, issued units in dematerialized form, has been reduced from 30 working days to five working days from the closure of the initial subscription list.
- (c) The provision for collection of additional management fee by asset management companies for schemes launched on a no load basis, has been omitted.
- (d) The cap on total expenses of a scheme has been rationalize.

REGULATORY CHANGES TAKEN BY SEBI IN 2011-2012

The year 2011-12 witnessed manifold regulatory approaches towards the development and growth of mutual funds industry in India. The developmental goals were addressed by providing provisions for infrastructure debt funds, bringing depth in terms of allowing new class of investors i.e. Qualified Foreign Investors (QFIs) and new investment avenues for fund managers by enabling repo transactions in corporate debt securities. Other regulatory approaches were oriented towards giving fair treatment to all class of investors by providing the overarching and overriding principles of valuation to ensure fair treatment to all investors including existing investors as well as investors seeking to purchase or redeem units of mutual funds, enhancing accuracy, fairness, completeness and unambiguity in AMC communications and scheme advertisements by amending the advertisement code more towards principle based, provisioning disclosure of intended portfolio for closed ended debt schemes to enable investors to make a more informed decision, bringing transparency in performance disclosures, disclosure of commissions paid to the distributors, etc., ensuring higher standards of investor servicing by provisioning for options to all investors in all types of schemes (existing/ new) for issuance of units in demat form, making AMC responsible for due diligence of distributors, ensuring convenience to investors by way of provisioning for consolidated account statements and incentivizing distributors for mobilization of savings from urban and smaller towns to the mutual fund

industry by way of introduction of transaction charge. In the year 2011-2012 SEBI (Mutual Fund) Regulation was amended. The amendment regulations provide for *inter alia* the following:

- a) Setting up of Infrastructure Debt Funds (IDFs) in order to accelerate and enhance the flow of long-term debt in infrastructure projects for funding Government's programme of infrastructure developments. Salient features of regulatory framework for IDF scheme are as under:
 - An existing mutual fund having required number of key personnel with adequate experience in infrastructure sector may launch IDF schemes.
 - Companies carrying on activities or business in infrastructure financing sector for a minimum period of five years and fulfilling the eligibility criteria under relevant provisions of SEBI (Mutual Funds) Regulations, 1996 may also apply for setting up of mutual funds exclusively for launching of IDF schemes.
 - The IDF would invest 90 percent of its assets in the debt securities of infrastructure companies or special purpose vehicles (SPVs) across all infrastructure sector.
 - Minimum investment, by any investor, in an IDF scheme is ` one crore with 10 lakh as minimum size of the unit. The credit risk associated with the underlying securities is to be borne by the investors.
 - An IDF scheme shall be launched either as close ended scheme maturing after more than five years or as an interval scheme with minimum lock-in period of five years and the units of IDFs shall be listed on stock exchange.
 - An IDF shall have a minimum of five investors and no investor shall hold more than 50 percent of net assets of the scheme.
- b) All the operations of mutual funds including trading desks, unit holder servicing and investment operations shall be based in India and mutual funds having operations abroad shall wind up and bring onshore within a period of one year.
- c) AMCs to manage and advise only pooled assets including offshore funds, insurance funds, pension funds, provident funds etc. that are broad based. There should be one fund manager for every unique strategy followed by the mutual funds. AMCs must ensure that consolidated account statement for each calendar month is issued detailing all the transactions and holding at the end of the month including transaction charges paid to the distributor, across all schemes of all mutual funds, to all the investors.
- d) Scheme-wise annual report or abridged summary thereof must be sent to investors in electronic form on their registered e-mail address and a link of the full scheme-wise annual reports to be displayed prominently on the website.

CONCLUSION

Mutual fund industry has witnessed a fast growth due to mutual fund's advantages. Mutual funds have gained the interest of investors as well as researchers. Mutual fund industry is growing at a fast rate and it will continue to grow in future also. Investors should look into all the related aspects of investment before investing in mutual fund. SEBI has taken various steps in order to boost the Indian Mutual Funds Industry. Mutual Funds are very important tool for the growth and development of an Economy. It helps to boost saving and investment of a country and thus it also leads to capital formation in a country, which is very crucial for the growth of an economy. In this article I have studied the various steps taken by SEBI. Before the SEBI Act, 1992 Mutual funds were governed by a guidelines issued by RBI and the erstwhile office of Controller of Capital issue. In the year 1993 first regulation regarding mutual funds came into being by the name of Mutual Funds (Regulations), 1993. After these regulations SEBI has taken various regulatory changes every year according to the changing needs and requirement of the investors, mutual fund distributors and Asset Management Companies. These changes have resulted in more transparency and disclosure by the AMCs and this has resulted into more investors' confidence into the Mutual Fund Industry. Thus it can be said that the regulatory body SEBI plays very important role in the growth of Mutual Fund Industry in India as SEBI has amended the regulation from time to time for the development of Mutual Fund Industry.

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