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# **Financial Performance of Co-operative Bank in Tamil Nadu**

# Shanthi. R<sup>1</sup>and M. Anandan<sup>2</sup>

**Abstract:** In India face several problems of growth regarding financial institutions; it contributes 27 per cent of GDP in 2013 – 2014. The growth is determined by performance of financial institutions. In this article to perform the financial performance of Urban Co-operative banks in Tamil Nadu. It reflects that the Liquidity ratios measure the ability of the bank of meet its current obligations. They indicate whether the firm has sufficient liquid resources to meet is short-term obligations. A current ratio of 2:1 in considered ideal. That is for every one rupee of current liability there must be current assets of 2:1, if the ratio in less than two. It may be difficult for a bank to pay current liability.

#### Introduction

Co-operation is derived from the Latin word "co-operari", "co" means with and 'operari' means to work. In other words, co-operation means working together with others for a common purpose.

Co-operation is self help as well as mutual help. It is a joint enterprises of those who are not financially strong and cannot stand on their own legs and therefore come together not with a view to getting profits but to overcome disability arising out of want of adequate financial resources' and this better their economic conditions.

Montague says that "science points out the way to survival and happiness for all mankind through love and co-operation "according to E.R. Bowen, "Co-operation is the universal instrument of creation". In Tamil Nadu the first co-operative act was in 1961 and replaced in 1983. In 1988, the co-operative rules came in to force.

#### Objectives

- To analysis the operation performance of the urban co-operative bank limited during the period of (2003 to 2015),
- > To measure the financial efficiency of urban co-operative bank limited during the analysis period, and
- To suggest that the remedial measures to improve the urban co-operative bank in Tamil Nadu.

#### **Review of Literature**

Giri D.K.,(2001) discusses about the theoretical issues on co-operative marketing its meaning, definition, membership operation relevance of co-operative marketing, genesis, growth,

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organizational structure, finance operations, processing storage, institutions and case studies on each of these government support is necessary for co-operative o flourish.

In India, the central co-operative banks are placed in a significance position in relation to co-operative at the district level. The central co-operative banks exist mainly for serving the primary agriculture co-operative banks. They also provides the block capital and working capital loans to various agro-based industries, sugar factories, spinning mills and the like which help to generate rural employment. As the provide finance to other functional societies like employees co-operative credit societies industrial co-operative societies, co-operative and the like.

Vaidyanathan committee report, "the financial package proposed is expected to fund the accumulated losses of about Rs.8,566 crores(including existing receivables from state governments) takes the system to the CRAR of a minimum of percent, provide for return of state government equity of about Rs.1,243 crore in credit co-operatives, and back the overall initiative with technical and technological support aggregating Rs.670 crore.

Ravivarma S, and others, conducted a study on the performance of a central co-operative bank in Himachal Pradesh. He found that the paid-up share capital, reserve fund, owned fund, deposits, borrowings and working capital of the selected co-operative bank has increased. The return on capital employed and return on share holder's equity were not satisfactory.

#### Methodology

The study has classified in to four, like I depicts that the introduction of co-operative bank, objectives, II review the earlier literature pertaining to subject knowledge, III explains that the tools of analysis and finally IV envisages that the table of analysis and conclusions. The study has based on secondary data, which is published by Government Tamil Nadu, an Economic Appraisal Reports on various publications.

#### **Return on Total Asset (ROTA)**

The return on total asset is how much the profit earned by the bank per rupee of assets used. Some times the amount of financial charges (Interest etc) is added back to the net profit figures to relate the net operating profit the operating asset of the firm. The return on total asset level of asset at its disposal. The ROTA essentially relates the profits to the size of the bank increase its size but is unable to increase in profit proportionately.

> Return on total asset = Total Assets

#### **Return on Share Holders Fund (ROSF)**

The return on equity examine profitability from the perspective of the equity investors by relating profits available for the equity share holders with the book value of the equity investments. The return from the point of view of equity share holders may be calculated by comparing net profit with total contribution in the bank. We are taking ROSF calculated to show the return on total share holders' funds. The ROSF as follows

#### **Return on Total Income (ROTI)**

Return is the main income of our bank. The firm basically is to meet run employees salary other expenses and earn income in profit. The SCUB's total income is of two parts

Total Income includes interest and discount, Other Receipts, commission exchange and brokerage. This ratio compares total income with net profit.

Net Profit Return on Total Income = ------ × 100 Total Income

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Total Income includes interest and discount, commission and brokerage, other receipts, Release Reserve, Release NPA Reserve. This Ratio compares total income with net profit.

> Net Profit Return on Total Income = ------ × 100 Total Income

Year	Net Profit	Total Assets	Ratio
2003-2004	176	240948.05	0.73
2004-2005	197	263070.45	0.75
2005-2006	837.2	278191.2	0.3
2006-2007	2714.5	300983	0.9
2007-2008	3658	285693	0.01
2008-2009	2374	280426.3	0.85
2009-2010	610.91	281224.05	0.22
20010-2011	470.97	31383.27	0.15
2011-2012	203	340144.05	0.6
2012-2013	1590.34	392268.82	0.4
2013-2014	710.87	445138.3	0.16
2014-2015	1220	472803.03	0.26
Mean			0.44
Correlation			0.13
Range			0.89
CGR			-8.24

Table 1: Return on Total Assets 2003-2004 to 2014-2015 (Rs.000)

Source: Annual Report of SCUB

Return = Net profit of the SCUB

Total Assets = Fixed Assets + Current Assets + Other Assets + Contra items

The above table 3.1 shows the return on total assets ratio it is showing decreasing trend from 0.01 percent to 0.90 percent during the year 2003 - 2004 to 2014 - 2015. The CGR is negative in SUCB. It is concluded that return on total assets is low during the period.

#### Components

The component of net profit is treated as return. The total asset is to take in current assets, and fixed assets and contra item included in total assets.

Year	Net Profit	Shareholders Fund	Ratio
2003-2004	176	20487.35	0.86
2004-2005	197	21369	0.92
2005-2006	837.2	22175	3.77
2006-2007	2714.5	25716.52	10.55
2007-2008	3658.6	32705.97	11.2
2008-2009	2374	35546.74	6.68
2009-2010	610.91	33627.3	1.82
20010-2011	470.97	34629.05	1.4
2011-2012	203	32048.09	0.63
2012-2013	1590.34	35704.26	4.45
2013-2014	710.87	34202.22	2.08
2014-2015	1220	33517.1	3.64
Mean			4.29
Correlation			-0.28
Range			10.57
CGR			12.78

Table 2: Return on Share Holders Fund (2003 - 2004 to 2014-2015)

Source: Annual Report of SCUB

#### Share holders' funds = Share Capital +RF & Other Reserves + Current Year Profit

The above table 2 shows the return on share holder's fund. It is fluctuating from 0.63 percent to 11.20 percent during the year 2003 - 2004 to 2014 - 2015. The average return on shareholders' ratio is 4.29 in SCUB. The CGR is positive. It is concluded that the management is utilizing funds effectively. In this study the researcher take only net profit no appear tax in cooperative bank and share holder funds includes share capital and RF & other reserves to add in profit current year. The ratio is explaining in total profit in change in shareholders' funds.

Year Net Profit		Total Income	Ratio
2003-2004	176	31560	0.56
2004-2005	197	34479.25	0.57
2005-2006	837.2	34041.3	2.46
2006-2007	2714.5	37214.04	7.29
2007-2008	3658.6	35448.1	10.32
2008-2009	2374	27398.01	8.66
2009-2010	610.91	23645.23	2.6
20010-2011	470.97	26145.3	1.8
2011-2012	203	32724	6.2
2012-2013	1590.34	41746.25	3.81
2013-2014	710.87	42450.15	1.7
2014-2015	1220	46770.55	2.61
Mean			4.37
Correlation			0.17
Range			9.76
CGR			13.69

International Journal of Management and Development Studies

Table 3: Net Profit to Total Income (2003 – 2004 to 2014 – 2015)

Source: Annual Report of SCUB

#### **Total Income = Interest and Discount + Other Receipts**

The above Table 3 shows the net profit to total income. It is fluctuating trend from 0.56 percent to 10.32 percent during the year 2003 - 2002 to 2014 - 2015. The average ratio indicates 4.37 in SCUB. The CGR is positive. It is concluded that net profit compared to total income is satisfactory.

Year	Net Profit	Total Income	Ratio
2003-2004	176	31233.16	0.56
2004-2005	197	34479.25	0.57
2005-2006	837.2	34041.3	2.46
2006-2007	2714.5	37062	7.32
2007-2008	3658.6	35448.1	10.32
2008-2009	2374	27398.01	8.66
2009-2010	610.91	23645.23	2.6
20010-2011	470.97	26145.3	1.8
2011-2012	203	30685	6.61
2012-2013	1590.34	41746.25	3.81

Table 4: Net Profit to Total Income (2003 - 04 to 2014 – 2015)

Financial Performance of Co-operative Bank in Tamil Nadu

2013-2014	710.87	42450.15	1.7
2014-2015	1220	44860	2.72
Mean			4.09
Correlation			0.20
Range			9.76
CGR			14.08

Source: Annual Report of SCUB

# Total Income = Interest discount + other Receipts + Release Reserve + Reserve NPA Reserve.

In the above table 4 shows the net profit to total income. It is fluctuating trend from 0.56 percent to 10.32 percent during the year 2003 - 2004 to 2014 - 2015. The average ratio indicates 4.09 in SCUB. The CGR is positive. It is concluded that net profit compared to total income is satisfactory.

#### Conclusion

The CGR is negative in SUCB. It is concluded that return on total assets is low during the period. The management is utilizing funds effectively. In this study the researcher take only net profit no appear tax in co-operative bank and share holder funds includes share capital and RF & other reserves to add in profit current year. The ratio is explaining in total profit in change in shareholders' funds. The average ratio indicates 4.37 in SCUB. The CGR is positive. It is concluded that net profit compared to total income is satisfactory. Liquidity ratios measure the ability of the bank of meet its current obligations. They indicate whether the firm has sufficient liquid resources to meet is short-term obligations. A current ratio of 2:1 in considered ideal. That is for every one rupee of current liability there must be current assets of 2:1. If the ratio in less than two, it may be difficult for a bank to pay current liability.

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# The Study of Nature and Characteristics of Rural Non Farm Sector in India

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**Abstract:** There has been increase in the rural nonfarm sector in India. The rural labour markets has been showing change ,there has been shift in farm worker to nonfarm occupations in the country. There has shift from the self employed in agriculture (cultivators) and agricultural labour households to the non agricultural activities. There has some significant entry barriers for rural workers in terms of education, age and gender etc for entering the nonfarm sector.

Keywords: Nonfarm sector, Rural workers, Rural India

#### **JEL Classification:** J21,J24

#### Introduction

Rural nonfarm employment provides sources of employment for 25 to 50 percent of the rural labour force on developing countries( Hazell and steven Haggblade 1991). The occupation pattern remained constant in 1950 and 60s in India but there is change after 1970 onwards there is increase in the nonfarm sector in the country. There is decline in the agriculture sector with increase in the share of the nonfarm sector . Recent studies show the declining trend in the agriculture and increase in the growth of rural nonfarm activities in the country(Vinoj Abraham 2009, Manoj jatav and Suchitra Sen 2013). The all India trend shows a significant decline in the share of income originating from agriculture but the decline in workforce engaged in agriculture was much slower than the decline in the share of income. Until the 1980's a dominant opinion that existed was that agriculture sector was seen as the reservoir for surplus labour but post 1980's it was felt that agriculture cannot hold the surplus labour and the non-farm sector has become the reservoir for the surplus labour. In this context this paper attempts to analyse two features. One, what are the characteristics of households who are moving into the rural non-farm sector or are the reserver rich households moving out of the farm sector?.

#### The context of study

The various studies have shown there is increasing in the rural nonfarm sector in India (Vaidyanathan 1986, Mahendra dev (1993), Manoj jatav and suchritra sen 2013). There is two main processes that drive the participation of Rural nonfarm sector in India, firstly distress oriented growth in nonfarm sector due to lack of absorbation of the farm sector.Secondly High growth in agriculture sector pushing the growth of the nonfarm sector. The Studies related to the distress oriented hypothesis shows that agriculture sector failed to absorb the labour in agriculture, hence the labour have to settle in low productive nonfarm sector. (Vaidyanathan

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The Study of Nature and Characteristics of Rural Non Farm Sector in India

1986, Mahendra dev 1993, Manoj jatav and Sucharita Sen 2013). The studies related to Agriculture led growth shows that consumption and investment linkages showed the growth of nonfarm sector. The green revolution in India increased the food supply through technology process, which initial increase the rural income and set in motion for the expansion of production and employment in nonfarm sector in the economy. (Mellor and Johnston (1961), Mellor (1976) and Hazell and Haggblade (1991). The other process that might led to growth of nonfarm sector. The urbanisation has played important role in transformation of the agrarian economy (Barbara Harris 1986, Basant and Joshi(1994), Jayaraj 1989). The good transport facilities, cheap labour and resources supporting in industries in nearby towns (Barbara Harris 1986 and Gillian start 1998). The increase in rural literacy, rural roads and financial infrastructure among the main determinants in the growth of the rural nonfarm sector (Srivastav and Dubey 2002, Manoj and Suchitra sen 2013). The enter restrictions to females, below age group or above working groups, technicaleducation etc segmentation of rural nonfarm sector market (Vinoj Abraham, Manoj jatav and suchitra sen 2013). The characteristics of rural nonfarm sector in India. The present study to identify the factor influencing individual participating in the Rural nonfarm sector ?

#### Recents changes in Trends in Rural nonfarm sector

A brief consideration of Trends of the nonfarm sector in India in crucial for the interpretation in the later sections of the chapter. Firstly trends in distribution in the population is important in understanding scenario of the country .Second table showed that characteristics of the rural workers in country understand the occupation patterns of the labour force.

		India			
Sector	1983	1993-94	1999-00	2004-05	2009-10
Rural	76.26	75.17	74.68	74.53	72.68
Urban	24.83	24.83	25.32	25.47	27.32
Total	100	100	100	100	100

 Table 1: Distribution of Population in India and Tamilnadu in Both Sector

Source: Unit level data from various quinquennial rounds of NSS on employment and Unemployment situation in India.

The table 1 observed the distribution of population among the sectors between 1983 to 2009-10 in India. In Rural India the population showed inconsistency decline from 1983 to 2009-10 which was 76 percent in 1983 to 72 percent in 2009-10. In Urban India also showed increase in the urban population which rose from 24 percent in 1983 to 27 percent in 2009-10 there was inconsistent growth in urban population.

Table 2: The Distribution of the Rural Workers Usually Employed Across EmploymentStatus, Rural India & Rural Tamilnadu (percentage %)

		India			
RURAL		male			
year	SE	RE	CL	others	SE
1983	71	86.11	60.99	38.97	64.28
1993-94	73.12	85.52	64.95	38.51	60.36
1999-00	72.15	84.27	65.37	38.66	59.71
2004-05	70.17	81.45	66.31	38.59	53.72

2009-10	74.71	81.54	70.85	37.61	58.7
RURAL			female		
year	SE	RE	CL	others	SE
1983	29	13.89	39.01	61.03	35.72
1993-94	26.88	14.48	35.05	61.49	39.64
1999-00	27.85	15.73	34.63	61.34	40.29
2004-05	29.83	18.55	33.69	61.41	46.28
2009-10	25.29	18.46	29.15	62.39	41.3

International Journal of Management and Development Studies

SE-Self employed, RE-Regular employed ,CL-Casual labours

Source: Unit level data from various quinquennial rounds of NSS on employment and Unemployment situation in India.

The characteristics of workers in farm and non-farm sector is discussed here. Rural workers are classified as farm and non-farm sector. Rural sector is further classified as Self employed in agriculture is primarily cultivators, casual labours primarily includes agricultural labourers.Nonfarm sector classified as self employed in nonfarm sector may includes even very small entrepreneurs with the tiny enterprises. Other workers are non-descriptive nature. Other may include landlords, money lender, commission agents, etc.

In Rural sector among the males the self employed in agriculture (cultivators) has observed declined from 71 percent in 1983 to 70 percent in 2004-05 and showed increased to 74 percent in 2009-10. Regular employment among males also observed secular declined from 86 percent in 1983 to 81 percent in 2009-10. While proportion of casual labours primarily agricultural labours also showed a increased from 60 percent in 1983 to 70 percent in 2009-10. Others showed a decline marginally from proportion38 percent from 1983 to 37 percent in 2009-10. Among females the self employed in agriculture(cultivators) showed a gradual decline from 29 percent in 1983 to 27 percent in 1999-00 again increased to 29 percent in 2004-05 later in 2009-10 declined to 25 percent, Similarly regular employed among the observed increased from 13 percent in 1983 to 18 percent in 2009-10. Casual labour(agricultural labour) showed an declined from 39 percent in 1983 to 29 percent in 2009-10. Others in females registered a marginal increased from 61 percent in 1983 to 62 percent in 2009-10.

Overall India there has self employment(Cultivators) is declined between 1983 to 2004-05 and increasing 2009-10 for both males and females. The decline in self employment is compensated by increase in casualisation of labourers .Regular employment observed a decline for the males while females observed increase in the regular employment. Others have marginally declined for both males and females.

#### Characteristics of The Rural Non farm Sector In India

A Characteristics of the nonfarm sector in India is crucial for the interpretation in the later sections of the chapter. The farm and nonfarm in rural areas has strong linkages in the shaping the rural economy. Rural nonfarm sector located in rural areas is not exclusive there is continuous movement from rural and urban areas. The larger space for working of rural nonfarm sector. NSSO data for 2004-05 and 2009-10 used for the study previous NSSO employment and unemployment situation in India reports have collected data related to work location.

The Study of Nature and Characteristics of Rural Non Farm Sector in India

USUAL PLACE OF WORK									
			males				Female		
									U-
Employ	Year	<b>R-fixed</b>	<b>R-N.Fixed</b>	U-fixed	U-N.Fixed	<b>R</b> -fixed	<b>R-N.Fixed</b>	U-fixed	N.Fixed
SE	2004-05	52.76	46.14	39.47	43.79	66.21	61.43	37.61	53.69
	2009-10	53.35	25.57	36.6	42.52	59.33	18.84	34.58	37.94
RE	2004-05	20.26	23.3	45.15	39.04	17.02	16.09	47.97	33.03
	2009-10	27.18	5.62	53.74	12.07	22.34	3.03	53.64	7.77
CL	2004-05	26.98	30.56	15.38	17.17	16.77	22.48	14.42	13.28
	2009-10	19.47	68.81	9.66	45.4	18.33	78.13	11.78	54.3

Table 3: Distribution of Rural workers usually employed in the non-farm sector accordingto their usual place of work, All India in percentage

SE-Self employed, RE-Regular employed ,CL –Casual labourers R-Fixed-Rural fixed lo cation,R-N.Fixed-Rural nonfixed location,U-Fixed-Urban fixed location,U-N.Fixed-Urban nonfixed location **Source:** Unit level data from various quinquennial rounds of NSS on employment and Unemployment situation in India.

The table 3, describe the characteristics of the rural nonfarm sector according the usual place of work in India from 2004-05 to 2009-10 .During the 2004-05 to 2009-10 there is increase activities between nonfarm sector in space rural and urban ambit. The location of the work place is classified according to rural fixed location, rural nonfixed location, Urban fixed and Urban nonfixed (Manoj Jatav and Sucharitra sen 2013).Rural fixed location can defined as place fixed which has regular work place in rural areas while rural nonfixed location which workplace changes in rural areas. Similar the Urban fixed location can defined as place fixed which has regular work place in Urban areas while Urban nonfixed location which workplace changes in rural areas. The males in rural fixed areas showed an marginal increase in self employed (cultivators) from 52 percent to 53 percent. Regular employed in rural areas showed observed an increase in from 20.3 percent in 2004-05 to 27 percent in 2009-10. Casual labourers (mostly agricultural labourers) showed an decline from 26 percent in 2004-05 to 19 percent in 2009-10. The males rural non-fixed areas the self employed(cultivators) showed reduced from 46 percent in 2004-05 to 25 percent in 2009-10. While the regular employed among the males detoriated from 23 percent in 2004-05 to 5 percent in 2009-10. While casual labourers among the males shot up from 30 percent in 2004-05 to 68 percent in 2009-10. The trends among the Males in urban fixed location self employed registered decline from 39 percent to 37 percent between 2004-05 to 2009-10. Regular group among the males observed increase from 45 percent in 2004-05 to 53 percent in 2009-10. Interestingly casual labourers among the males declined from 15 percent in 2004-05 to 9 percent in 2009-10 The males in urban non fixed location self employed declined from 43 to 42 percent between 2004-05 and 2009-10.Regular employment among the Males in urban non-fixed location observed declined from 39 to 12 percent between 2004-05 to 2009-10.Casual labours among the Males in the urban non- fixed location registered a increased from 17 percent to 45 percent from 2004-05 to 2009-10 females in fixed ruralareas in self employed observed reduction from 66 percent in 2004-05 to 59 percent in 2009-10.Regular employment among females registered increase from 17 percent in 2004-05 to 22 percent in 2009-10.Casual labourers among the females registered expanded 16 percent in 2004-05 to 18 percent in 2009-10. The trends among the females in non-fixed rural areas in self employed observed a detoriated from 61 percent in 2004-05 to 18 percent in 2009-10. Similarly Regular employment also observed greater decline from 16 percent in 2004-05 to 3 percent in 2009-10.Interestingly casual labourers among the females in non-fixed areas observed greater increase from 22 percent in 2004-05 to 78 percent in 2009-10. females in urban fixed location self

employed declined from 37 to 34 percent between 2004-05 and 2009-10.Regular employment among the females in urban fixed location observed expansion from 47 to 53 percent between 2004-05 to 2009-10.Casual labours among the females in the urban fixed location registered a decline from 14 percent to 11 percent from 2004-05 to 2009-10The trends among the females in urban non-fixed location self employed observed decline from 53 percent to 37 percent between 2004-05 to 2009-10. Regular group among the females observed greater declined from 33 percent in 2004-05 to 7 percent in 2009-10. Interestingly casual labourers among the females increased drastically from 13 percent in 2004-05 to 54 percent in 2009-10. Fixed location among the regular employed and agricultural labourers showed an declined, While the cultivators showed an marginal increment. RuralNon-fixed areas among the males share of casual workers has increased while decline in share of the regular and self employed workers in rural nonfixed areas. The increase of share of the casual labourers in non-fixed areas show the casualisation of the labour force. Interestingly increase in the self employed (cultivators) among the non-fixed location shows decline in tenants in rural areas. Similar trends have also been registered among the females in non-fixed self employed and regular employed which registered an decline, while the casual labourers among the females in non-fixed areas observed enormous growth.In Urban nonfixed location casual labourers showed drastically increase for the males and females showed mostly total non-farm work is done by rural workers. The increase in casual labourers both among male and female among non-fixed areas showed an casualisation or distress oriented growth in rural nonfarm sector in the rural areas in the country.

#### The Rural workers in according in Household type in India

Household type among the rural workers in helps in understanding the survival mechanism of the rural workers in the country.Distribution of workers according to household diversification of the rural household to different economic activities particular nonfarm sector.

HHLD TYPE	1993-94	2004-05	2009-10
		24.08	23.83
Agri lab	27.53	(-3.45)	(-0.25)
		39.78	35.53
Self in agr	42.38	(-2.6)	(-4.25)
		63.86	59.36
Farm sector	69.91	(-6.05)	(-4.5)
		16.75	16.41
Se in non	13.06	(3.69)	(-0.34)
		10.57	14.85
Other lab	7.49	(3.08)	-4.28
		8.82	9.38
Others	9.54	(-0.72)	-0.56
		36.14	40.64
Non farm	30.09	(6.05)	-4.5

Table 4: Distribution of rural workers according to household Type in All India

Source: Unit level data from various quinquennial rounds of NSS on employment and Unemployment situation in India.

The Study of Nature and Characteristics of Rural Non Farm Sector in India

The above 4 table infers the rural farm household structure at the all India level from 1993-94to 2009-10. Household type is considered rural household, if a single sources contribution 50% or more of the household's income from economic activities during the last 365 days preceding the date of survey. Household type for the rural areas the selected household will be assigned appropriate type .a) Self employed in agriculture(cultivators). b) Self employed in non-agriculture. c) agriculture labour. d) other labour. e) others Other household are non-descriptive nature. Other may include landlords, money lender, commission agents, etc.

To study to whether there is increase in nonfarm sector.? The study tries to analysis which occupational groups have increased in the non-farm sector. In Rural India, the share of the self employed in agriculture (cultivators) have witnessed an decline from 42 percent in 1993-94 to 35 percent in 2009-10. The share of agricultural labour registered declined from 27.03 percent in 1993-94 to 23.83 percent in 2009-10. Overall farm sector registered an decline from 69 percent in 1993-94 to 59 percent in 2009-10. Overall farm sector show decline, cultivators showed sharper decline than the agricultural labour.

In non-farm sector, self employed in non-agriculture registered decline13 percent in 1993-94 to 16.41 percent in 2009-10. Other household (non-agricultural labour) registering a greater increase from 7.49 percent in 1993-94 to 14.85 percent in 2009-10. Other household observed marginal decrease from 9.54 percent in 1993-94 to 9.38 percent in 2009-10. Nonfarm sector observed increase from 30 percent in 1993-94 to 40.05 percent in 2009-10. Overall nonfarm sector increased from 30 percent in 1993-94 to 40 percent in 2009-10. Overall nonfarm sector increase, non-agricultural sector household registered greater increase than other household and self employed in non-agricultural households. There was increase in nonfarm sector while decline in the farm sector (Basant and Kumar(1989), G.S.Bhalla and Peter Hazell (2003) The decline in the agriculture households is compensated by the increase in non-agricultural labour and other households. (Basant and Kumar 1989, R.Vijay 2012).

The self employed in agriculture (cultivators) and agricultural labour households shifted to the non agricultural activities. There has been diversification of household activities in favour non-farm activities but may be due the distress in the agriculture (Vaidyanathan 1986).

### Model for Explanations in the Participation in the Non farm Sector

To analysis the factors that affect the rural nonfarm sector .as stated earlier, the objective to explain factors that influence the probability of an individual's participation in the Rural nonfarm sector. To fulfil the objective we begin with a binary logistic model to analysis the choice of individuals between farm and non-farm sector. The binary logistic regression has been used for the period 1993-94(NSS 50<sup>th</sup> round) and period 2009-10(NSS 66<sup>th</sup> round) comparison has been made between the two period to understanding between pre liberalisation era to post liberalisation era the changes happened in the individual's participation in the rural nonfarm sector. There are various factors that influence an individual joining the farm or nonfarm sector workforce in the theortical and empirical literature in rural nonfarm sector. The factors influencing the individuals decision to enter the rural nonfarm sector based on his individual and households. Gender, agegroup, education are individual while landsize and social group which are household characteristics which he belongs influence the entering the rural nonfarm sector. The choice of variables is based on prior literature on Rural nonfarm sector.

To analyse the determinants of participation in rural nonfarm sector as a main occupation among the rural population we have used a binary logistic model. In logit models the dependant variable is a dummy (i.e a dichotomous variable which takes a value of 0 and 1). Here the dependent variable takes a value Y=1 if the current status of the  $i^{th}$  worker is employed in nonfarm sector, and Y=0, otherwise. Here independent variables are  $X_{ij}$  are defined below.

### $Y_{i=}a_{0}+b_{j}X_{ij}+u_{i}$

Where 'i' denotes individuals and 'j' denotes the independent variables

 $Y_{i=}$  takes the value 0 if usually employed in farm sector and assume the value =1 otherwise. period.

Xj=(Gender,Agegroup,Socialgroup,Familysize, Education,Technical education and Landgroup) i=time period

The existing literature identifies the following factors to influence the choice between farm and non-farm sector.

## Gender

Gender plays a significant role in the growth of the nonfarm sector. The literature related to the gender shows that rural females tends to prefer farm work than nonfarm employment(Lanjouw and Shariff( 2004)). Males have greater propensity to diversify into income generating activities while females continue farm sector(Ellis 1998). In regions with distress related factors will push the males into traditional rural nonfarm sector, while females would be push to farm sector(Jha,2001). This is identified as a dummy variable and male represents the reference category, while female represents the categorical variable .

# Age Group

Younger population have high probability to enter entering the nonfarm sector (Lanjouw and shariff 2004). While the older age groups are in agriculture sector than other sectors (Eswaran et.al,2009). So one would expect a higher probability for an educated to enter the non farm sector. In other words, we expected that age is inversely related to the participation in the nonfarm employment. Abraham (2009) shows that as age increase there is higher probability of taking farm employment than nonfarm employment. Here, this variable is defined in terms of four variables. The age group is divided in 3 categories first 15 to 29 years, second 30 to 59 years is the reference category, third is 60 to 79 years.

# Education

The level of education the influence ones decision to join rural nonform sector. The studies shows that education increases the probability seeking wage and remunerative employment in nonfarm sector. (Lanjouw and Shariff 2004). Better educated individuals are likely to possess skill facilitate the growth of the nonfarm sector. The level of schooling influence the young generation of rural nonfarm employment (Jayaraj 1989, Chadha 1991, Eswaran and Kotwal 2009).

Here Education is divided into 7 categories. Illiterate represents the reference category, while literate with no formalschooling, below primary, primary to middle, secondary to higher secondary, diploma, graduate and above represents the categorical variables.

The Study of Nature and Characteristics of Rural Non Farm Sector in India

### **Technical Education**

Social groups in rural area plays important role in determining the occupational choices among the households. Generals and OBCs tend to have entered the nonfarm sector than SCs and STs (Himanshu, Peter Lanjouw, Mukhopadhyay and Rinku Murgai 2009). SCs have relatively few positions in the rural nonfarm sector(Murthy 1996).

Technical education increase the probability of individual entering the modern nonfarm sector. Technical education provides an opportunity to enter the nonfarm sector(Jatav & Sen 2013). Technical education is divided two categories technical education and no technical education. No technical education is reference category and Technical education is categorical variables.

## Land size

Land is an asset, whose ownership is an insurance against a multitude of risks and uncertainties of rural Household The literature shows that landholding increases the involvement in rural nonfarm sector. There is inverse relation between the farm size and nonfarm activities (Hazell and Ramsamy 1973, Ho 1985, Islam 1987). The households which has less than 99 hectares is considered as landless households. The households having landholding of 1 to 1.99 hectares is small landowner households, while households having 2 to 3.99 hectares is semi-large landowner, while 10 hectare and above is supposed to large landowner household. The land size is divided into 5 categories .landless is reference category, while rest of landholding groups belong to categorical variables.

#### Family Size

There is not enough literature related to the family size. It generally expected that the in larger household at least one member work in the nonfarm sector. (Abraham 2009)Young member in the larger in the family tend to be participate the nonfarm sector. Household size has classified to according to number of the members. Household size group shows 1-4 members,5-8 members,9-12 members and 13 and above.1-4 members group considered as reference category, while rest of the member groups belong to Categorical variables.

#### Social Group

Social group is divided into 3 categories. Scheduled tribe (ST) is reference category, while Scheduled Caste (SC) and Others (General & OBCs) are categorical variables.

**Estimated equations for analysing factors influencing choice to enter rural non-farm sector** To analyse the factors influencing the choice to enter the non-farm sector at the all India and at the state level of TN we have used two rounds of NSSO data of employment and Unemployment in India. The years are 1993-94 and 2009-10. We have been considering two years as we are trying to analyse whether there are any changes in the factors influencing the choosing to enter the non-farm sector. So we formulating the question as households are in the farm sector and are moving into non-farm sector. We are considering two year as one is attempting to see whether the characteristics of households in the farm and non-farm sector are differencing and then attributing this change to individual specific factors. The two periods for analysis is being seen are one year which is near the initial year for economic reforms and i.e., 1993-94. The second year is nearly 20 years after the reforms i.e., 2009-10.

# All India Trend

Table	<b>5: Logistic</b>	<b>Regression:</b>	Participation	Of Rural	Population	In The	Non-Farm	Works
In 1993-94 In India								

Explanatory variable	Cofficients	<b>Odds Ratio</b>	
Female	-0.606(-21.09)**	0.545(-21.09)**	
Age Group (reference group is 30-59)			
agegroup:15-29	0.003(0.11)	1.002(0.11)	
agegroup:60-79	0.059 (1.07)	1.06 (1.07)	
Social Group (reference group is ST)			
SCs	0.116(2.48)*	1.122(2.48)*	
Others	0.216(5.55)**	1.241(5.55)**	
Household size (Reference group is HH size 1-4)			
Householdsize:5-8	0.049 (1.74)***	1.05 (1.74)***	
Householdsize:9-12	0.086(1.74)***	1.09 (1.74)***	
Householdsize:13&above	-0.017(-0.21)	0.983(-0.21)	
Level of Education(Reference group is not literate)			
Literate no formal schooling	0.569(5.66)**	1.767(5.66)**	
below primary	0.31(7.52)**	1.363(7.52)**	
primary to middle	0.465(14.56)**	1.592(14.56)**	
Secondary to HSC	0.432(9.55)**	1.539(9.55)**	
Diploma/certificate	0.931(2.11)*	2.536(2.11)*	
Graduate & above	0.404(4.77)**	1.498(4.77)**	
Landsize(Reference group is Landless)			
marginal landowner	-0.229(-6.64)**	0.795(-6.64)**	
Small landowner	-0.234(-5.79)**	0.791(-5.79)**	
semi-large landowner	-0.234(-4.57)**	0.791(-4.57)**	
largerlando wne r	-0.35(-3.76)**	0.704(-3.76)**	
Technicaleducation	-0.195(-1.83)	0.822(-1.83)	
constant	-2.018(-45.02)**	0.132(-45.02)**	
Number of Observation	59	185	
LR Chi2(22)	1286.86		
Prob>Chi2	0		
Pseudo R2	0.0286		
Mcfadden's R2	0.0	029	
Log likelihood ratio	-2182	24.183	

Source: Unit level data from NSSO employment and unemployment situation in India, 1993-94(50<sup>th</sup> round) **Note:** \*\* significant at 0.01 level, \*significant at 0.05 level and \*\*\* significant at 0.1 level.

Figures in brackets are computed Z-values

The Study of Nature and Characteristics of Rural Non Farm Sector in India

The tables 5 estimates results of logit model for All India at 1993-94. The males have high probability of entering nonfarm sector. The Individuals in the age group of 30-59 have a high probability of participation in nonfarm activities compared to other age groups. Age group 15-29 and 60-79 shows the positive impact on nonfarm sector but they are not statistically significant. The young population which was out of labour force in 1983 entered in nonfarm sector rather than agriculture (Eswaran et.al 2009). Others (general &OBCs) have high probability of entering rural nonfarm sector than other social groups. This implies that forward caste and OBCs might join higher-level occupation in non-farm sector. large household(5-8 members and 9-12 members) more favourable to enter the rural nonfarm sector. The literate seems to enter nonfarm sector is greater than illiterates are. The Diploma /certificate educated individuals have higher probability to join the non-farm activities than other educational groups. Literate with no formal schooling likely to enter non-farm sector. The landless are more likely to enter the Rural nonfarm sector compared to the land owned households. This implies that agricultural surplus has not much role in entering the nonfarm sector. Technical expertise individuals are entering the nonfarm sector.

Explanatory variable	Cofficients	Odds Ratio
Female	-0.911(-48.72)**	0.402(-48.72)**
Age Group (reference group is 30-59)		
agegroup:15-29	-0.12(-6.95)**	0.886(-6.95)**
agegroup:60-79	-0.759(-25.05)**	0.468(-25.05)**
Social Group (reference group is ST)		
SCs	0.025(0.94)	1.025(0.94)
Others	0.079(3.73)**	1.081(3.73)**
Household size (Reference group is HH size 1-4)		
Householdsize:5-8	-0.002 (-0.13)	0.997 (-0.13)
Householdsize:9-12	-0.03(-1.01)	0.97(-1.01)
Householdsize:13&above	-0.145(-2.70)**	0.864(-2.70)**
Level of education(Reference group is not literate)		
literate no formalschooling	0.406(4.08)**	1.501(4.08)**
below primary	0.218(7.56)**	1.243(7.56)**
primary to middle	0.514(25.04)**	1.671(25.04)**
Secondary to HSC	0.999(41.75)**	2.714(41.75)**
diploma\certifica te	1.915(18.91)**	6.787(18.91)**
graduate & above	2.154(56.76)**	8.615(56.76)**
Landsize(Reference group is Landless)		
marginal landowner	-0.4(-11.34)**	0.67(-11.34)**
Small landowner	-0.73(-26.79)**	0.481(-26.79)**
semi-large landowner	-1.49(-70.91)**	0.225(-70.91)**
large rlando wne r	-2.531(-116.07)**	0.0795(-116.07)**
Technicaleducation	0.855(8.93)**	2.35(8.93)**
constant	0.683(24.44)**	1.98(24.44)**
Number of Observation	95008	

Table 6: Logistic Regression :Participation of Rural Population in the Non-farm Work in2009-10

LR Chi2(21)	28358.58
Prob>Chi2	0
Pseudo R2	0.2158
Mcfadden's R2	0.216
Log likelihood ratio	-51539.681

**Source:** Unit level data from NSSO employment and unemployment situation in India,2009-10  $(66^{th} round)$ 

**Note:** \*\*significant at 0.01 level, \*significant at 0.05 level and \*\*\* significant at 0.1 level. Figures in brackets are computed Z-values

The table 6 shows the results of logit model for All India for 2009-10.In general results suggest that males ,in comparision to females have greater probability of joining non-farm sector. Individuals in the agegroup of 30-59 have a greater probability of participation joining the nonfarm sector compared to other agegroups.Eswaran et.al,(2009) made observation that members which may in education system in 1983 in the later period entered the nonfarm sector rather than agriculture sector. Keeping the STs as reference category shows that others(Forward castes &OBCs) seem to have higher probability of entering the rural nonfarm sector in rural India compared to other socialgroups.Though SCs have positive impact on nonfarm sector but they are not statistically significant.Household size shows that 5-8 and 9-12 members are not statistically significant.Small households are more likely to enter than the nonfarm sector in the Rural India.Illiterate is considered as reference category. Higher education achievements have greater probability of the entering the nonfarm sector than low level of educated individuals .Graduates and Diploma holder individuals are more likely to participate in the nonfarm sector than other educational groups.

The size of the landholding have inverse relationship of entering the rural nonfarm sector. There is clearly observation that landless more likely to enter the rural nonfarm sector than individuals in the landed households. The participation of the individuals members in the rural nonfarm sector declines with increase in the landsize of the household. Technical knowledge individual educated individuals have greater probability of entering the non-farm sector.

#### Comparision of empirical results between 1993-94 and 2009-10 for All India level

The comparision between logit results for two periods.female participation in nonfarm sector declined for the both period but female participation exhibits larger decline in 2009-10 than 1993-94.Individuals in the age group of 30-59 have a higher probability of participation compared to other agegroups in the both period. There might young cohort(1983) between 18-26 agegroup who out of labour force(studying) entered in labour force later period entered nonfarm sector rather than agriculture (Eswaran et.al, 2009).Social groups showed others which consists of OBCs and general castes showed that favourable participation in the nonfarm sector in the other socialgroups.Large familysize(5-8 and 9-12 members) are more likely to enter the nonfarm sector in 1993-94 ,while small family (1-4 members) more likely enter the nonfarm sector in 2009-10 .Education has systematic effect on employment choices.1993-94 showed diploma\certificate educated individuals have probability to join than other educational groups.Interestingly Literate with no formal schooling more likely to enter the nonfarm sector.However 2009-10 Graduate individuals are more likely to participate in the nonfarm sector than other educational groups.Landsize plays important role to enter nonfarm

The Study of Nature and Characteristics of Rural Non Farm Sector in India

sector. Durning both the periods there is probability that landless are more likely to enter the rural nonfarm sector compared to the landowned households. Interestingly 1993-94 no technical however the technical educated individuals have favour participation probability of entering the nonfarm sector than no technical educated individuals.

#### Conclusion

There is aim to understanding the characteristics of rural nonfarm sector in India The nature and structure of employment shows that casual labourer was rising both in rural and urban non-fixed location in at All India level. This shows that much of the work is done by rural workers. The multivariate analysis for period 1993-94 and 2009-10 carried out for All India . There is not enough opportunities in farm sector which push labour to move out of the farm sector. The females participation in the nonfarm sector is lower than males . Individuals from age group of 30-59 showed the higher participation in nonfarm sector. OBCs and general castes have higher probability of entering nonfarm sector than marginalised social groups. Members of large family were entering nonfarm sector at all India level. Higher education has effects on entering the nonfarm sector in the country. Landless are more likely to participate in the nonfarm sector in comparison to other landowning groups in the country. This implies that investment from agricultural surplus is not the major causes of joining non-farm sector.

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# Analysis of EXPORT FILTER used in Transfer Pricing

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Abstract: In determination of ALP the main issue is to find the suitable comparables or closer comparables. The issue becomes more complex, when OECD and income tax guidelines do not indicate requirement of parameter, if any, to be applied to eliminate companies not having comparable business. The current research paper identifies certain parameters as filters and explores its efficacies in determining comparable companies to arrive at ALP. The research is done against the backdrop of OECD guidelines in this regards and attempts to justify that more than 50% than sales turnover can be considered as a filter required to effectively measure the comparability.

#### Keywords

- 1. Transfer Pricing
- 2. Export Filter
- 3. OECD Guidelines
- 4. Income tax ACt

## Background of Study

Transfer pricing regulations in India requires that an international transaction between two associated enterprises (AEs) should be at an Arm's Length Price (ALP). This process of determination of Arm's Length Price mainly consists of three steps

- 1. To carry out the analysis of functions performed, assets employed and risks assumed by the company.
- 2. To find out the similar companies that with the assessee company
- 3. To make any adjustment in price on account of difference in (ii)

The determination of arm's length price therefore depends upon the quality of analysis so carried. The present research aims to address various issues arising in finding the closer comparable companies in transfer pricing analysis.

#### The Organization of the Research Paper is as under

- 1. Concept of transfer pricing
- 2. Identification of the problem
- 3. Analysis of the statutory provisions under the income tax act
- 4. Conclusion and recommendations.

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#### **Concept of Transfer Pricing**

Transfer pricing refers to the price charged by one entity during the transaction enters with the other entity of the same group. The transaction may be related to sale/purchase of the product or sale/purchase of services or may be even related to cost sharing arrangement. Since the transaction takes place within two entities of the same group which are controlled by the same management, it is also referred as controlled transaction. Transfer pricing study examines the pricing of such controlled transaction with the uncontrolled transactions (i.e. transaction between unrelated parties).

#### **Description of the Analysis**

Determination of Arm's Length Price in transfer pricing revolves around issue of finding suitable comparables from publically available data. To find out such comparables is not an easy task, mainly because in reality, none of the two companies operate in same business with almost identical terms & conditions. Therefore the in transfer pricing analysis efforts are made to find the closer comparables. To find out such comparables elimination process is used. Once the data base of the company is procured, certain filters are applied. The companies that crosses these filters is considered as a closer comparable for transfer pricing analysis. Selection of such filters also creates some kind of disputes in determination of arms length price.

Interestingly, none of these filters have been prescribed by any authority including OECD Guidelines and Income tax Act.

#### Various steps that are used in comparable analysis:

The prominent filters used in the comparability analysis are:

- (i) Insufficient financial data;
   (Companies that do not have sufficient financial data available in public domain are eliminated)
- (ii) No operations/ Sick companies/ persistent loss makers
   (Companies that do not have any operations during the relevant year/ or companies which are Sick / companies with persistent loss are eliminated)
- (iii) Functionally different; (Companies that do not have functional similarity are eliminated)
- (iv) Companies having significant related party transactions (Companies that are having significant related party transactions are eliminated)
- (v) Companies with exceptional year(s) of operations

(Companies that are having exceptional year of operation are eliminated)

(vi) Turnover

(This filter is selected on the basis of the turnover of Indian company. Accordingly the company having too low turnover or huge turnover are eliminated)

(vii) Export percentage (This filter is selected on the basis percentage of export earnings of the comparable companies. Companies having export turnover below certain percentage are eliminated)

# The present study revolves around the export filter selected in comparability analysis Identification of the problem:

In transfer pricing analysis of functions, risk and assets of the companies plays an important role. The issue arises as to whether companies which are having similar functions, risk and assets are also required to pass through export filter? With this background, issue requires to be addressed are-

- 1. Whether Company which is 100% exporter be compared with the company having domestic business?
- 2. In transfer pricing analysis when, Functional analysis, assets employed and risk borne by the entities are having prime importance then can company be considered not comparable only based on the location of the customer?
- 3. Even it is admitted that prices does get affected due to location of the customer, does it necessarily affect the net margins of the company, which are dependent on the expenses incurred for earning the income?
- 4. If the export filter is applied what should be the limit for such export filter?

#### Analysis of the problem with reference to statutory provisions

Provisions of the Income Tax Act and Rules

#### Rule 10A(ab)<sup>1</sup>

"uncontrolled transaction" means a transaction between enterprises other than associated enterprises, whether resident or non-resident;

The rule does not put any bar in selecting the comparable company.

# Thus as per rule 10A (ab), there is no specific requirement of export filter.

Source: Income tax Rules 1962

#### TNMM Method

As per the ratio laid down in the case of e-gain communications in the case of Pune ITAT (2008 23 SOT 385 (Pune))  $^2$ 

One strength of the transactional net margin method is that net margins (e.g. return on assets, operating income to sales, and possibly other measures of net profit) are less affected by transactional differences than is the case with price, as used in the CUP Method. The net margins also may be more tolerant to some functional differences between the controlled and uncontrolled transactions than gross profit margins. Differences in the functions performed between enterprises are often reflected in variations in operating expenses. Consequently, enterprises may have a wide range of gross profit margins but sill earn broadly similar levels of net profits.

As per the ratio laid down, it is equally true that in TNMM, broad functionality is required to consider. There is no specific requirement of locations of the enterprise.

#### Thus as per strengths of TNMM, again there is no specific requirement of export filter.

#### Rule 10B (2)(d) <sup>3</sup>

For the purposes of sub-rule (1), the comparability of an international transaction [or a specified domestic transaction] with an uncontrolled transaction shall be judged with reference to the following, namely:—

a) The specific characteristics of the property transferred or services provided in either transaction;

- b) The functions performed, taking into account assets employed or to be employed and the risks assumed, by the respective parties to the transactions;
- c) The contractual terms (whether or not such terms are formal or in writing) of the transactions which lay down explicitly or implicitly how the responsibilities, risks and benefits are to be divided between the respective parties to the transactions;
  - 1. Source: 2008 23 SOT 385 (Pune))
  - 2. Source: Income tax Rules 1962
- d) Conditions prevailing in the markets in which the respective parties to the transactions operate, including the geographical location and size of the markets, the laws and Government orders in force, costs of labour and capital in the markets, overall economic development and level of competition and whether the markets are wholesale or retail.

This rule though does not lay down express requirement of export filter. However it mandates that the comparability of an international transaction should be judged with reference to market conditions, geographical location, Size of the market, Costs of labour, Overall economic development and Level of competition etc.

Therefore, though rule 10A(ab) and TNMM does not specify requirement of export filter, 10B(2)(d) mandates to consider the markets condition, the geographical location, the size of the market, costs of labor, overall economic development and level of competition,

#### Thus this rule highlights the importance and necessity of turnover filter

Now next issue is to whether export filter of 75% should be applied or can be it lowered down below:

#### Reference can be drawn from OECD guidelines reproduced below<sup>4</sup>

"Arm's length prices may vary across different markets even for transactions involving the same property or services; therefore to achieve comparability requires that the markets in which the independent and associated enterprises operate are comparable, and that differences do not have a material effect on price or that appropriate adjustments can be made.

#### Source: TRANSFER PRICING GUIDELINES published by OECD in July 2010

#### Conclusion

Thus facts emerge from OECD Guidelines and income tax are

- 1. The operating markets should be same or similar in the case of taxpayer and the comparable.
- 2. Differences in overall economic development, purchase power parity, business model, cost arbitrage and also level of competition need to be considered.

#### Recommendations

Thus it is very much clear that comparable company should have substantial export activity. As per the dictionary meaning of substantial, it means "considerable, real, material, weighty, solid,

#### Analysis of EXPORT FILTER used in Transfer Pricing

sizeable, meaningful, significant, important, notable, major, marked, valuable, useful, worthwhile etc.

This definition supports the view that export filter should not be kept at lower level. Companies need to be selected having substantial export. The word substantial indicates that the major portion of the earnings of the company from export market. This could lead to inference that the companies having export higher than 50% of the sales should be selected as comparables. Companies having export less than 50% may not be fit into the rules of comparability.

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# Handloom Industry in India - An Overview

# Thirupathi Kandikonda<sup>1</sup> and Anakam Sreenivas<sup>2</sup>

#### Introduction

Handloom industry is play dynamic role in the economic development of the country. In this sector providing directly employment to the 43 lakhs people. Handloom industry concentrated on man made art and tradition. There are totally 30 lakhs handlooms in the whole world 85% of handlooms are located in India.

#### **Objectives of the study**

The study will be focus on following objectives To study the present situation of handloom industry To study the handloom industry in India an overview To draw the conclusion

#### Scope of the study the study

The study broadly examines the Handloom industry in India – an overview the required data has been collected using secondary data. Secondary data collecting from annual reports books articles, thesis & dissertation.

#### Handloom industry in India an overview

The handloom industry has been divided into two which are:

- 1. Pre independent
- 2. Post independent

#### Pre independent

The origin & growth of Indian handloom textiles are discussed under the following headings

- 1) Indus valley civilization
- 2) Vedic period.
- 3) Maurya Period
- 4) Greek influence
- 5) India brocades
- 6) shaw's of India
- 7) Indian embroiders.
- 8) Indian eyed & printed
- 9) Eishteenth (ef) toory
- 10) Nineteenth century.

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Any remaining errors or omissions rest solely with the author(s) of this paper

#### Handloom Industry in India - An Overview

#### Indus Valley Civilization

Late in 1921, a systematic excavation work was undertaken at Harappa and more and more important discoveries were made 400 miles south of the Indus. This place is known as Mohenjo-Daro. It was soon realized that an Urban Civilization, known as Indus Valley Civilization, was in existence in this area within the Indus river basin around 3000 B.C. In the absence of any specimen of the dresses, it is not possible to get the exact knowledge of the clothing of the Indus people of the past. However, Spindles and Spindle whorls found during the excavations indicate that spinning of cotton and wool was very common in those days. There is evidence to believe that the Indus people were practicing the art of spinning of cotton and also of dyeing of cloth. Some dyeing vessels have been found in the ruins of these cities.

#### Vedic Period

The classical Indian Civilization developed from the earlier Vedic Civilization which was created by the Aryans, an invading people, who first came to India around 1500 B.C. Aryans used iron weapons and helmets and coat-of-mail. These fierce warriors armed with iron weapons and armour, riding horse-driven chariots had defeated the physically weak Dravidians and the aborigines who had less powerful weapons. The Aryans settled in North India and slow amalgamation of Vedic culture with that of the Dravidians began. Finally the Dravidians settled down, turned to cultivation and began to inter - marry with the native Indians. The Aryans had spread south east from the Indus valley, reached the plains adjacent to the Ganga and the Jamuna rivers and made them their chief areas of development.

Spinning and weaving were highly advanced occupations in rig Vedic society. Their weavers were busy weaving cotton and woolen fabrics and there were others who did the work of dyeing and embroidering. There were female weavers called "Vayitris" and "Siris". The terms "Vasas", "Vasana" and "vastra" refer to Gangetic cotton manufacturers. A woolen thread called "Varna Sutra" is mentioned in the later Samhitas and the Brahmanas. There are reference used by men and women, to sandals made of boar-skin, cotton, woolen, and silk clothes, dyed and embroidered clothes.

# Mauryan Period

Alexander, the Great, who conquered the Mediterranean world and the Persian Empire of Darius III, crossed the Indus River and moved on to the Indian Plains in 326 B.C. When Alexander died in 323 B.C. in Babylon, as the first emperor of India, Chandragupta Maurya reigned from his capital at Pataliputra for 24 years (322 -298 B.C) over an empire which covered all of North India from Ganges to the Indus and into the mountains of the Hindu Kush.

Even before the Christian era, the fame of the Indian Printed Cotton fabrics had spread abroad. Herodotus, the Greek historian wrote about India in 445 B.C. "They process a kind of wild plant, which instead of fruit produces a wool of a finer, better quality than that of sheep, and of this the Indians made clothes". He was obviously referring to cotton. Another Greek writer of the same century mentioned the bright colors of these printed fabrics, and their popularity with the women of the eastern Mediterranean. It is believed that this period marks the stabilization of costume design in India. During this period, costumes became regional or zonal in character. Royalty, soldiers, priests and other Professions were given distinctive costumes.

#### **Greek Influence**

Bacterian Greeks, Parthians, Kushans and Shakas influenced the Indian dress, as depicted on their coins. One of their goddesses is shown wearing a close-fitting long sleeved bodice or tunic for the upper part of the body and trousers. A typical sari arrangement is found in the images of Greco-Buddhistic Hariti both from the north - west and from Mathura. When Alexander invaded India in 327 B.C. he was impressed by our advancement. He took back with him some of our printed cottons, as well as many of our finely woven silks, comparable to those of the master weavers of China, though the manner of decoration was similar to that of Persia. When the Mohammedans invaded India in 711 A.D. they were intrigued by the Indian painted and printed cotton fabrics. The famous ancient Indian fabrics include Mulmulkhas (king's muslin), jamdani (figured muslin), Banarasi brocade, Chand-tara, Dhupchhaon, Mapchar, Morgala, Bulbul chasm, Doshala, Kasaba or chaddar-Rumal Kashmir shawl, Kanikar, Jamaiwar, Amilkar (all shawls), Kashida, Phulkar, Bagh, Makmal, and other fabrics.

#### Indian Brocades

Brocade is a king of weave and is also called embroidery made on a loom. The background may be taffeta, twill, satin or damask, usually of one colour or with a warp stripe to contrast with the multi-coloured floral pattern. Banaras brocade, the "fabric of dreams" is known as kink nab. These silk fabrics have coloured silk or gold threads interwoven to form the most attractive floral designs. The Indian brocades were made with gold and silver thread interwoven with silk threads or cotton/ silk blended yarns though they were earlier made entirely from fine gold or silver threads. Himrus are brocaded silks with cotton or wool blended with silk. Shikarghar is the finest and most popular motif of Indian kink nab. In these fabrics, a masterly colour scheme is employed. In Baluchar Buttidar or Murshidabad, flower or spring designs are woven with a silk weft in gold, white, red, cream, orange or yellow colour with red, deep purple or blue ground.

#### Shawls of India

The woolen textiles, superb woolen shawls, pre-moghul in origin and design, are made in Kashmir, Amritsar and Ludhiana. Kashmir shawls have become world - famous. The common colours used in the shawls are yellow, white, black, crimson, blue, green, purple and scarlet. Formalized imitations of nature such as leaves of chenar tree, apple blossoms, almond, tulip, birds etc, are used as the mofits. Kashimir shawls of the finest quality are made of pashm or pashmina, the wool of the Asian mountain goat. The wool from the underbelly, which is shed at the beginning of the summer, is the best fibre. Doshala (twin shawl) and Chaddar-rumal or kasaba are the two types of Kashmiri shawls. The kasaba shawls are square in shape and are so woven and embroidered that the design shows on both the surfaces when folded in half across the middle. The designs on Kashmir shawls are produced in a peculiar way. The patterns, mainly based on floral muftis, are treated with flat tones and no shades and tights are used. The colour schemes employed are subdued and produce a cool and pleasing effect.

#### Indian Embroidery

Embroidery was practiced in ancient India during the Indus valley civilization (3rd millennium B.C). Ajanta cave wall paintings also show embroidered garments. The Indian craftsman excels in hand embroidery on cotton, silk, wool and velvet such as the Kashmirkashida embroidery, the Punjab phulkari, the Patnakantha, the Hyderabad silks worked in gold and silver threads, the lucknow Mukhmals (velvets) with gold embroidery.

The famous embroidery of Paithan is in gold and silver thread, the designs being taken from old Moghul miniatures and the frescoes of the Ajanta caves.

Chikan of lucknow is an elegant style of embroidery. Though done in white on cotton, linen or silk, it has elegant simplicity and purity. The Phulkari (flower-craft) and the Bagh (garden) are the most preciousneedle work, the dream of the rural folk of Punjab. Chamba Rumals of Punjab are very picturesque and are small head shawls. Kastiti is a type of embroidery of India and belongs to the Karnataka State. The embroideries are very neat and pleasing and hence people like to wear them. The embroidery is so fine and delicate in its appearance, that it is often mistaken to be woven.

#### **Indian Dyed and Printed Fabrics**

In former times cottons were printed in India with landscapes and animal figures. The central portion of the cloth usually had a floral design and the edges were decorated with a repeat pattern made up of patterns such as horsemen, girls and flowers. The tree of life motif shows the richest development on printed cotton fabrics.

The prints were made by the resist style. They were made according to the traditional Indian technique, which has been practiced from the earliest times. The design is first transferred to a wooden block and a layer of molten wax or starch paste is printed on the fabric surface using the block. Only Indian dyers were able to produce really brilliant and fast colours. Saris and other cloths having figural patterns with reserved dots are made in Rajasthan and Gujarat. The centre of the fabric is occupied by close patterns of leaves and garlands, rows of the elephants, warriors and horses, girls standing beside a sacred tree etc.

The saris of central and western India may be in cotton, silk, mercerized cotton or manmade fibre. The fabrics are of best quality in pastel or brilliant hues, tints and shades. South Indian Sarees are in silk and in soft cotton and generally are in dark shades. The best sarees come from Armi, Ambur, Dharmavaaram, Kanchipuram, Kellegal, Molla, Karmura and Trivandrum. Silk Sarees of Bengal and Madhya Pradesh are decorated with leaf and flower mofits regularly distributed over the surface of the fabric.

#### **Eighteenth Century**

Handloom industry which is the oldest industry in the country has a glorious past. In the long history of its development, the industry has with stood several adversities. This is the fate of the industry even today. Historians consider India as the birth place of cotton manufacture which is recorded to have originated during the Vedic period as everything is traceable to Vedas in India. The superior quality Muslins generally called by the Greeks as 'Gangitiki' were also exported during the period Pliny's 'Natural History' written in 73 AD says that there was no year in which India did not drain the Roman Empire of a hundred million sesterces which is equivalent to Rs. 15 million. A later description of the industry was contained in the writings of the Chinese traveler of the 13th century and of Marco Polo who travelled extensively through Asia in 1290 AD. It is evident that the Indian cotton textile industry is as old as the Vedic age. Cotton clothes were largely exported to other countries. The yarn was hand spun and the cloth hand woven and this super skill of weavers has been handed over from generation to generation. With the establishment of British rule in India along with its attendant demonstration effect the Indian industry got throttled to make way for the marketing of the British manufactured products. With the introduction of the spinning Jenny in England, hand spinning which provided occupation to a large number of people was completely replaced by the increased use of mill yarn. At the outset,

large quantities of mill yarn were imported and subsequently indigenous mill yarn was made available to handlooms and this struck a mortal blow to the independence of the industry.

With the introduction of powerlooms, the cost of production reduced considerably and the impact was so far reaching that not only did the exports of cotton textiles from India dwindle from the middle of the 19th century but also the import of cotton fabrics in India gained momentum. The export of cotton piece goods which amounted to Rs.165 lakhs in 1816-17 declined to Rs.8 lakhs by 1830-31, whereas during the same period import of cotton yam and piece goods went up from Rs. 3 lakhs to Rs. 60 lakhs. With the establishment of the first textile mill in Bombay in 1851, the handloom industry started facing competition from indigenous textile mills too. The textile mills which had till then supplemented the efforts of handloom industry by supplying yarn now started supplanting handloom industry by denying yarn as more yarn is consumed within the mills itself. Since 1851 textile mills started expanding by leaps and bounds in the country.

#### Nineteenth Century

By 1879 there were 56 mills with 1.43 million spindles and 13000 looms in the country. The rate of expansion was further accelerated since the beginning of the 20th century and by 1913-14 there were 150 mills with 6.62 million spindles and 96688 looms in the country. They offered unfair competition to the handloom industry.

The attention of the government towards this matter was drawn for the first time in 1928 by the Royal Commission on Agriculture. The Commission felt the need for the development of village industries on co-operative lines which was so essential for their survival in the face of increasing competition from the organized industry. However, no step was taken in this regard till 1934. At that time the Government of India announced a decision to provide subsidies for the state governments by paying a sum of Rs.5 lakhs.

In 1941 the Government of India appointed a Fact Finding Committee. The Committee recommended the formation of an All India Handloom Board to look after the raw materials, marketing and administration of grants in aid. An all India Handloom Board was constituted in 1945 which functioned till 1947. Mean while to ensure yarn supply a scheme was evolved according to which the entire production of yarn. By mills in India (free yam as it was called after consumption in their own weaving sheds) was pooled together and distributed to various states for supply to consumers, the principal consumers being handlooms, powerlooms and miscellaneous textile sectors. Even then the supply of yarn was found inadequate.

#### Post-Independence

After the independence, with a view to help the handloom industry, the Government of India had set up the Cottage Industries Board in 1948 with a Standing Committee to look after the interests of the handloom weavers.

A protected market was created for handloom products by a policy of reservation. It was C. Rajagopalachary, the then Chief Minister of the composite Madras State in 1948 who was instrumental to this. Thus the notification of Cotton Control Order 1948 under Section 3 of the Essential Commodities Act was issued. By the Act certain items of cloth like saris and dhothies were exclusively reserved for handlooms with effect from June 1, 1950. However, the mills challenged the validity of the reservation notification in Courts of Law from time to time.

The Textile Enquiry Committee under the Chairmanship of Nityananda Kanungo was appointed in 1952. The Committee recommended a phased programme and suggested that at the

end of 20 years, the handloom should be converted into improved semi-automatic handloom or decentralized powerloom.

To strengthen the competition of handloom sector, excise duty was imposed on the other two sectors namely, mill sector and powerloom sector. It was first introduced in 1953 by the Handloom Act (1953) by which an additional excise duty was imposed on all cloth produced by the mills except for export. Later in 1956, it was extended to powerlooms also with a lower incidence. Here again, for all practical purposes powerloom units with less than four looms were identically treated with that of handlooms on the plea of smallness and decentralization. This resulted in deliberate fragmentation of units in powerloom sector which intensified competition to the handlooms.

The Handloom Boards, however, did not accept this recommendation. In 1955 the Planning Commission appointed 'The Village and Small Scale Industries Five Year Plan Committee, (Popularly known as Karve Committee) to prepare a scheme industry-wise and state wise for the utilization of resources and it has been earmarked for the development of village and small scale industries particularly handloom industry as an integral part of the Five Year Plans in India.

Based on this recommendation during the Second Five Year Plan the government allowed installation of 35000 powerlooms in the co-operative sector. However, the scheme was discontinued in 1961, as it was found that large beneficiaries were not handloom weavers due to the opportunity largely seized by the mill owners. Since then there was significant increase in the number of unauthorized powerlooms in the country.

In 1957, a sample survey on the cotton weavers Industry in Bombay was conducted by Bureau of Economics and Statistics, Government of Bombay. It attempted to express the types of handloom establishments based on a sample survey.

In 1959, an investigation namely, "Survey of the Handloom Industry in Karnataka and Sholapur" was conducted by the National Council of Applied Economic Research, New Delhi. It was jointly sponsored by the All India Handloom Board and the Ministry of Commerce and Industry. It elucidated the organizational structure and the size of co-operative and non-co-operative handloom sectors. It pointed out the need for giving encouragement to the handloom industry in those areas.

During the same period, the Census of India - 1961 made a study on "Handicrafts and Artisans of Madras State". It endeavored to examine the conditions of handloom industry in Tamil Nadu. It examined how far the Gandhian Village concept is being maintained in Tamil Nadu and to what extent the craft has to be sustained on a competition basis. This study consists of two parts, namely Individual Handicrafts on some specified handicrafts and Village-wise list of crafts. A brief note on important handicrafts like handloom weaving practiced in the state was also found A decade later, "The Report of the working Group on Handlooms" was prepared by the Ministry of Commerce, Government of India. It classified the handloom weaver based on the established looms. It suggested that less capital and labour intensive type of handloom industry is most suitable to India.

The Madras State Handloom Industry and Trade Corporation had published a series of reports during 1972, 79, 81 and 83 on the development of Handloom Industry. At this stage it is essential to mention the study made by John D.K. Sunder Singh in 1979, which was a survey on "The Handloom Industry in Madurai City". This empirical investigation on the handloom industry reveals a notable fact that the handloom industry is a sick one in the co-operative sector while it is a profitable one in the non- co-operative sector in Madurai city.

During the Fifth plan period, priority has been accorded for the development of handloom through the 20 Point Economic Programme. In accordance with the Siva Raman Committee recommendations and the schemes included with the 20 Point Programme, the Government of India has decided:

- 1. To revitalize dormant handloom co-operative societies and set up co-operative coverage from the present level of 30% to 60% by the end of Fifth Plan.
- 2. To assist the apex institution by way of share capital in order to enable them to play a more effective role both in production and marketing
- 3. To strengthen and intensify the activities of the weavers' service centers at the state level.

During the Sixth and Seventh Five year plan periods, an expanding role is envisaged for the handloom sector that will include the production of the entire requirements of Janatha Cloth. In spite of all the steps and development schemes implemented for the socio-economic development of handloom sector, one could obviously notice that there exist several problems pertaining to the handloom co-operative societies in different parts of the country.

According to S.K. Misra, there were about 30.20 lakh handlooms in the country in 1985 which produce 25% to 30% of the total textile production in the country. Almost all the silk fabric of the country and more than 90% of the exported silk fabric are woven on handlooms. The statistics and progress of the handloom sector during the Fifth and Sixth plan periods are summarized in the Table 2.1.

S. No	PARTICULARS	FIFTH PLAN (1975-	SIXTH PLAN (1980-	
		1980)	1985)	
1	No. of handlooms	30.20 lakhs	30.20 lakhs	
2	Total Production of handloom fabric	2900 million mts	3600 million mts	
3	Handlooms brought under the co- operative fold	13.17 lakhs	18.00 lakhs	
4	Share capital assistance to apex societies	Rs.11.25 crores	Rs.11.30 crores	
5	Share capital assistance to handloom development corporation	Rs.6.76 crores	Rs.10.62 crores	
6	Rebate	Rs.9.23 crores	Rs.43.40 crores	
7	Subsidy on production of janata cloth	Rs.36.03 crores	Rs.225.09crores	
8	Modernization of looms (in number)		1,18,000	
9	Processing Facility	Rs7.15 crores	Rs.9.15 crores	
10	Credit received from financial Institutions	Rs.147.22 crores	Rs.696.00 crores	
11	Market turnover of state apex Coop. &HDC	_	Rs.460.00 crores	

Table 1: Progress of Handloom Sector During Fifth & Sixth Five Year

Source: Indian textile journal, no.l. 1985.

	State Wise Distribution of Handbollis (1905-1990)			
S.No	State	No. Of handlooms (in lakhs)		
1	Andhra Pradesh	5.29		
2	Assam	2.00		
3	Bihar	1.00		
4	Gujarat	0.24		
5	Haryana	0.42		

#### State Wise Distribution of Handlooms (1985-1990)

6	Jammu & Kashmir	0.37		
7	Karnataka	1.03		
8	Kerala	0.95		
9	Madhya Pradesh	0.43		
10	Maharashtra	0.80		
11	Manipur	3.14		
12	Orissa	1.05		
13	Punjab	0.22		
14	Rajasthan	1.44		
15	Tamil Nadu	5.56		
16	Tripura	1.00		
17	Uttar Pradesh	5.09		
18	West Bengal	2.56		
19	Other states/Union Territories	0.37		
Total		32.96		

Handloom Industry in India - An Overview

Source: 2nd all India handloom census 1995-1996 and Eight five year plan (1992-97).

From the above table shows the state wise distribution of Handlooms. Total number of handlooms in the country 35 lakhs. The highest number 12.59 lakhs Handlooms are located in the Assam State and only 14 Handlooms in the Goa State.

SI. No.	State Name	Number Of Handlooms (In Lakhs)		
1	Andhra Pradesh	2.48		
2	Arunachal Pradesh	0.30		
	Assam	12.58		
4	Bihar	0.46		
5	Chhattisgarh	0.10		
6	Delhi	0.02		
7	Goa	0.00		
8	Gujarath	0.21		
9	Haryana	0.05		
10	Himachal Pradesh	0.47		
11	Jammu and Kashmir'	0.20		
12	Jharkhand	0.20		
13	Karnataka	0.77		
14	Kerala	0.30		
15	Madhya Pradesh	0.14		
16	Maharashtra	0.38		
17	Manipur	4.25		
18	Nagaland	0.80		
19	Orissa	1.05		
20	Pondicherry	0.03		
21	Punjab	0.06		
22	Rajasthan	0.36		
23	Tamil Nadu	3.20		
24	Tripura	1.36		
25	Uttar Pradesh	2.22		

State Wise Distribution of Handlooms (1997-2002)

26	Uttaranchal	0.08
27	West Bengal	28.00
Total		35.00

Source: Ninth five year plan (1997-2002).

From the above table shows the state wise distribution of Handlooms. Total number of handlooms in the country 35 lakhs. The highest number 12.58 lakhs handlooms are located in the Assam State and only 14 handlooms are located in the Goa State.

SI. No.	State Name	Number Of Handlooms (In Lakhs)		
1	Andhra Pradesh	2,28,007		
2	Arunachal Pradesh	30,134		
3	Assam	12,59,878		
4	Bihar	45,424		
5	Chhattisgarh	10,130		
6	Delhi	2,977		
7	Goa	14		
8	Gujarath	21,350		
9	Haryana	5,076		
10	Himachal Pradesh	47,901		
11	Jammu and Kashmir	20,773		
12	Jharkhand	26,718		
13	Karnataka	71,238		
14	Kerala	32,093		
15	Madhya Pradesh	12,882		
16	Maharashtra	38,985		
17	Manipur	4,25,580		
18	Nagaland	81,827		
19	Orissa	1,04,676		
20	Pondicherry	3,155		
21	Punjab	5,956		
22	Rajasthan	37,348		
23	Tamil Nadu	3,19,600		
24	Tripura	1,37,669		
25	Uttar Pradesh	2,21,127		
26	Uttaranchal	9,077		
27	West Bengal	2,70,911		
Total		34,70,506		

#### State Wise Distribution of Handlooms (2002-07)

Source: Tenth five year plan (2002-07) and Minister of textiles parliament 06-03-200715.

From the above table shows the State wise distribution of handlooms. Total number of handlooms in the country 34,70,506 lakhs. The highest number 12,59,878 lakhs handlooms are located in the Assam State and only 14 handlooms are located in the Goa State.

#### Handloom Industry in India - An Overview

SL No.	State Name	Number of Handlooms (in Lakhs)
1	Andhra Pradesh	1,24,714
2	Arunachal Pradesh	27,286
3	Assam	11,11,577
4	Bihar	14,973
5	Chhattisgarh	2,471
6	Delhi	2,560
7	Gujarat	3,900
8	Haryana	4,876
9	Himachal Pradesh	5,578
10	Jammu and Kashmir	7,301
11	Jharkhand	2,128
12	Karnataka	40,488
13	Kerala	13,097
14	Madhya Pradesh	3,604
15	Maharashtra	4,511
16	Manipur	1,90,634
17	Meghalya	8,967
18	Mizoram	24,136
19	Nagaland	47,688
20	Orissa	43,652
21	Pondicherry	1,771
22	Punjab	261
23	Rajasthan	5,403
24	Sikkim	345
25	Tamil Nadu	1,54,509
26	Tripura	1,39,011
27	Uttar Pradesh	80,295
28	Uttarakhand	3,766
29	West Bengal 3,07,829	
Total		23,77,331

# State Wise Distribution of Handlooms (2007-12)

Source: 3rdAll India handloom census 2009-2010 and Eleventh five year plan (2007-2012).

From the above table shows the State wise distribution of handlooms. Total number of handlooms in the country 23,77,331 lakhs. The highest number 11,11,577 lakhs handlooms are located in the Assam State and only 261 handlooms are located in the Punjab State.

11051055 01 Hulland	rights of Hundloom Sector during Light and Lieventh rive rear rans				
Particulars	8 <sup>th</sup> five year plan	11 <sup>th</sup> five year	Increase/		
	(1992-1997)	plan (2007-2012)	Decrease		
Handloom and Allied weavers	65.51 Lakhs	43.32 Lakhs	-22.19		
Handloom families	14.50 Lakhs	14.50 Lakhs 15.10 Lakhs			
Handlooms	35.00Lakhs	23.77 Lakhs	-11.23		
Women handloom weavers	60.60%	77.90 %	+17.30		
Men handloom weavers	39.40%	22.10 %	-17.30		
Weaver worked per	197(Days)	234(Days)	+37(Days)		
annum(Days)					

Progress of Handloom Sector during Eight and Eleventh Five Year Plans

International Journal of Management and Development Studies

Full time weavers	44%	64%	+20%
Part time weavers	66%	36%	-30%

**Source:** 8' Five year and 11' five year plans, /2" census of handlooms of India (1995-96) and 3r census of handloom India (2009-2010).

The above table shows the progress of handloom sector during eight and eleventh five year plans. During eight five year plan handloom weavers 65 lakhs, handloom families 14.50 lakhs, handlooms 35 lakhs, women handloom weavers 60.60%, men handloom weavers 39.40%, weaver worked per annum 197-days, full time weavers 44% and part time weavers 66%. Eleventh five year plan number of handloom weavers 43.32 lakhs, handloom families 15.10 lakhs, handlooms 23.77 lakhs, women handloom weavers 77.90%, men handloom weavers 22.10%, weaver worked per annum 234 days, full time weavers 64% and part time weavers 36%. Decreasing the handloom weavers 22.19 lakhs, handlooms 11.23 lakhs, men handloom weavers 17.30 lakhs and part time weavers 30%. Increasing the handloom families 0.6 lakhs, women handloom weavers 17.30%, weaver worked per annum 37 days and full time weavers 20% eighth five year plan to eleventh five year plan.

S.No	Year	Handloom Fabrics	All sectors (Mill, Power loom, Khadi, Wool Silk(a)	Percentage of Handloom
1	2001-02	7585	42034	18.0
2	2002-03	5980	41973	14.2
3	2003-04	5493	42383	13.0
4	2004-05	5722	45378	12.6
5	2005-06	6108	49577	12.3
6	2006-07	6536	53389	12.2
7	2007-08	6947	56036	12.4
8	2008-09	6141	50203	12.3
9	2009-10	6535	53888	12.12
10	2010-11	6109	49578	12.3
11	2011-12	6945	56030	12.3
12	2012-13	6250	51250	12.1
13	2013-14	6582	53396	12.3

Production of Fabrics (Million sqmts) 2001-2014

Source: Economic Survey 2013-14 Government of India

From the above table show the Production of fabrics (2001-14). 18.0% fabrics produced in the handloom sector during the year 2001-02, 14.2% fabrics produced in the handloom sector during the year 2002-03, 13.0% fabrics produced in the handloom sector during the year 2003-04, 12.6% fabrics produced in the handloom sector during the year 2004-05, 12.3% fabrics produced in the handloom sector during the year 2005-06, 12.2% fabrics produced in the handloom sector during the year 2006-07, 12.4% fabrics produced in the handloom sector during the year 2007-08, 12.3% fabrics produced in the handloom sector during the year 2008-09, 12.12% fabrics produced in4he handloom sector during the year 2009-10, 12.3% fabrics produced in the handloom sector during the year 2010-11, 12.3% fabrics produced in the handloom sector during the year 2011-12, 12.1% fabrics produced in handloom during the year

#### Handloom Industry in India - An Overview

2012-13 and 12.3% fabrics produced in the handloom sector during the year 2013-14. The majority of 18% fabrics produced in the handloom sector during the year 2001-02.

SI. No	State Name	Functional Apex	Functional primary Weavers Co-operative Societies
1	Andhra Pradesh	1	1266
2	Arunachal Pradesh	-	-
3	Assam	1	1896
4	Bihar	5	1089
5	Chhattisgarh	1	158
6	Delhi	-	105
7	Gujarat	2	340
8	Haryana	-	318
9	Himachal Pradesh	1	372
10	Jammu and Kashmir	2	226
11	Jharkhand	1	157
12	Karnataka	3	532
13	Kerala	1	430
14	Madhya Pradesh	-	201
15	Maharashtra	4	665
16	Manipur	1	2090
17	Meghalya		
18	Mizoram	1	173
19	Nagaland		
20	Orissa	1	516
21	Pondicherry		
22	Punjab	1	11
23	Rajasthan	1	215
24	Sikkim	-	1
25	Tamil Nadu	1	1034
26	Tripura		
27	Uttar Pradesh	14	1806
28	Uttarakhand	-	118
29	West Bengal	1	2207
	Total	43	15,926

State-Wise Status of Functional Apex and Primary Weavers Co-Operative Societies (PWCS) as on 25.02.13.

Source: Sri Anand Sharma Minister of Textiles Rajyasabha 25.02.201319.

From the above table shows the state-wise status of functional apex and primary weavers co-operative societies. Total number of functional apex 43 and 15,926 primary weavers co-operative societies in the country. The highest number 14 functional apex in the Uttar Pradesh State and 2207 primary weavers co-operative societies in the West Bengal.

Only for apparel industry & not for the benefit or handloom sector govt should take interest & improve the infrastructure facilities in these centers to entourage handloom exports.
### Conclusion

Handloom industry is a significant & dynamic role in the economic development of the country is providing large employment to agriculture offer in India in this paper has covered. Handloom industry – An overview before independence. Indus valley civilization, vedic period, mourye period, greek influence, India brocades, shawls or India, Indian embroidery, Indian dyed & printed fabrics, eighteenth century & nineteenth century and post independence  $1^{st}$  five year plan to  $12^{th}$  five plan production of fabricks 2011-2014 and state wise functional apex & primary weavers co-operative societies.

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# Handloom Industry in Telangana State - An Overview

# Thirupathi Kandikonda<sup>1</sup> and Anakam Sreenivas<sup>2</sup>

### Introduction

Handloom sector play key role the economic development of the state providing employment to the more then 2,40 laks handloom weavers in Telangana state Handloom weavers in are divided into independent weavers, master weavers labour weavers and working under middle man it is the one of the oldest profession of India

### **Objectives of the Study**

- The study will be focus on following objectives
- To study the present position handloom industry
- To study the Handloom industry in Telangana state An over view
- Scheme & programmer of handloom industry in Telangana
- To draw the conclusion

### Scope of the Study

The study broadly examines the Handloom industry in Telangana state-An overview

## Methodology

The required data are using secondary data. Secondary data collected from Government annual reports, Books, articles, thesis and dissertations.

## Handloom Industry in Telangana State - An Overview

Telangana state is one of the important states in the handloom industry. There are about 82,435 handloom weaver's co-operative fold and 158902 in outside co-operative fold. There are about 48,967 power looms working in the state.

There are 475 weavers' co-operative societies in the state consisting of cotton-253, silk-50, and wool-44. Besides this there are 128-Tailor power looms and other societies. There is one Apex society i.e. TSCO for marketing the handloom products. Several centrally sponsored schemes as well as state schemes are being implemented for the socio-economic development of Handloom weavers in Telangana including schemes with matching share of central and state Governments.

#### **Types of Weavers**

Weavers of India are broadly classified into 5 categories, namely, Independent weavers, Master weaver under Middle. Men, co-operative weavers and Labour weavers.

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#### **Independent Weavers**

The Independent weavers is totally independent of any outside agency. He has his own looms and works in his own or rented house. He purchases yarn in small installments either from the local yarn merchants or traveling yarn dealers or in weekly market and sells his cloth o the same people or to the customers directly. The difference between the cost of yarn and the sale price he is able to realize for his cloth represents wages for all the labours of all the members of his family who assist him mostly in pre weaving process like winding, warping, sizing starching etc.,

#### Master Weavers

The master weaver is similar to the independent weaver in many respects except that he employs outside labour of weaving for him. This practice is a common phenomenon in India though often the looms belong to the weavers themselves and they work from home relying on the master weavers for the supply of dyed and sized yarn and marketing. He specifies the designs and also does the marketing once the product is woven. There is another class of master weavers who can't strictly be called weavers, since they do not engage themselves in weaving activity but concentrate on trading yarn and cloth.

#### Weavers under Middle Men

There are some weavers working under master weavers or dealers and they are technically skilled, and independent with their own houses and looms. The master weavers or middle men supply yarn either in processed or unprocessed form and specify the pattern, design and standard of cloth to be woven. Some of the weavers under middlemen get cash advances through master weavers or middlemen and orders of production for particular varieties and quantum of production. Once the product is finished, it will be handed over to the master weavers or middlemen. This is the dominant system in Andhra Pradesh. More than three quarters of the production comes from master weavers.

#### **Co-Operative Weavers**

A weaver, who becomes a member of a co-operative society, obtains yarn directly from the society. The weaver has to weave according to the specifications of the society and handover the finished product within the stipulated period to the society. And The weaver obtains a piece wage for his weaving effort. In addition to wages, he is entitled to have a dividend on his share capital. Some of the bigger cooperative societies have their own dyeing and pre-weaving processing facilities. About half of the weavers in AP are members of cooperative societies.

#### Labour Weavers

The weavers who work under master weavers are called Labour weavers. The master weavers construct work sheds and provide suitable looms with equipment's to the labour weavers. The wages of the labour weavers, under nearly all systems, are paid on the basis of piece rate .

#### **Cloth Varieties**

## IKAT

Ikat, the technique by which the warp or weft or both can be tie-dyed in such a way, that when woven, the 'programmed' pattern appears in the finished fabric. Of resist-dye techniques, the use of clay or wax-resist has long been known to Indian textile printers and painters, who would

stamp or delineate the fabric with resist and then immerse and re-immerse in dye. To reserve areas of the warp or weft or both, before the process of weaving with tied threads, and then to dye the yarn, is a more interesting process that requires greater skill. And this seems to be more closely aligned to processes of tie-resist and warp-resist after weaving, than to the application of impression of a resist to the surface of a fabric.

Up to the beginning of this century, Chirala in Andhra Pradesh was renowned for an exquisite type of cotton sari, lungi, rumal and yardage in a range of Ikat techniques. One of the products of this place is known as teliarumal, a many purpose cloth used as lungi, loin-cloth, shoulder-cloth and turban cloth which were a popular import item in many Islamic countries. Due to the heavy use of tell (oil), in the process of preparing the yarn for weaving, this variety of textile has deserved the name telia, meaning 'oily'. Chirala, Pochampally, Puttapaka and Koyyalagudem were given a new lease of life in the middle of this century by the All India Handicrafts Board as a result of which these and other nearby places have become important centres for the production of what is now known as Hyderabad ilkats. Many new experiments and imitations have been undertaken here ever since. The techniques and designs of teliarumal have been adopted to make saris, spreads and yardage material. Dinean 18-20 D. 2 ply warp & 3 ply, weft Width: 46" Length: 5.30 Mtrs Weight: 350 Grms.

## SARI

The Indian popular wear called as 'saree' or 'sari' has been in existence for more than 5000 years, which is mentioned in the Vedas. According to few historical records of India during Shunga period of 200 - 50 B.C, North Indian terracotta depicts a woman wearing a saree covering the entire body. The word sari is the Anglicized version of sadi which existed in Prakritas sadia, and derives itself from the Sanskrit word sati, meaning a strip of cloth. The use of sati has been mentioned in the Mahabharata and can probably be traced back even farther.

The length of the fabric is 6 yards or 5 meters long. This is a one piece of clothing which fits all either fat or thin, short or tall. Based on how you drape the sari, you can ingeniously conceal the extra flab or fat. The traditional 6 yard sari allows for generous pleating and draping around the body and over the shoulders giving much comfort that you can even run a marathon in this without any problem. The length of the sari varies depending on the culture

#### **Cotton and Durries**

Over 500 artisans in Warangal and its surroundings are involved in artistically creating an attractive assortment of decorative Durries. The Durries making industry gained dominance in the recent past. Tie and Dye, interlock, Jacquard etc. are some of the commonly used designs in demand in both domestic markets as well as export market. Lahari. Sitammajada. Mogga, Diamond Fish, Kamal, Dilkush.etc, are some of the popular designs. Kalamkan block prints on plain woven Durries have gained importance in the market in recent times.

## Art Silk

Narayanpet silk, Narayanpet cotton, Madhavaram cotton, Guntur cotton, Bandar Petusarees have dobby borders,

## Jacard

Mangalgiri, Uppada cotton. Payakaraopet cotton, Patur Mutyampet. Tie & Dye Rajahmundry, Bandarulanka Border Sarees. Tie & Dye silk. Ikat Tie & Dye mercerized. Pochampally Tie &

Dye cotton. Pochampally Gollabhama Border Sarees. Tie & Dye Kathan Silk, Jamdhani-These are blended polycotton Sarees. The designs on its border and pallusare made by Jacquard (hence the name) machine which is primarily used for printing fabric designs.

## **Python Sarees**

This Saree is named after its pallu which is adorned with handmade butas.

## Schemes of Handloom Industry in Telangana State

Recognizing the significance of the handloom industry in the state, the government of Telangana has been providing a remarkable assistance to this industry under five year plans. The most important work undertaken in the first five year plan was setting up a separate advisory board for handlooms as a result of encouragement of cooperation in the first plan period there 475 handloom weaver co-operative societies and handloom weavers co-operative fold handloom weavers 82,435, outside co-operative fold 1,58,902 lakhs.

## Share Capital Investment

In order to strengthen the own funds of the primary weaver's co-operative societies, the state government has sanctioned assistance to the societies by way of contribution towards their shares.

### **Processing Units**

To modern dye units at Siricilla and Karimnagar have been assisted by government of India with a capacity to process 12 bales of hank yarn per day. The construction of buildings for the dye units at Siricilla has been completed and the unit is commissioned during 1986-87. The other unit at Warangal is in process of establishment.

#### Share Capital Loans

The scheme is intended to bring the handloom weavers into co-operative fold in a phased manner for channelizing the aid through the weavers co-operative societies has a policy to encourage the outside weavers to become members of weavers co-operatives societies the government of Telangana has been sanctioning share capital loans to the societies the interest charged on these loans is 11% p.a. and the principal amount is to be repayable in 10 annual equal installments in default of the payment of principal amount and interest on due date, a penal interest of 16 Vi% is charged on the outstanding amount due to the government. The assistant director of handlooms and textiles of the district concerned is responsible to maintain loan ledgers and recover installments towards principal and interest on the due dates.

## **Modernization / Replacement of Looms**

The object of this scheme is to switch over from production of the traditional varieties of plain Sarees and Dhotees to the new diversified items in tune with the changing consumers tastes and thereby attempt to solve the recurring problem of marketing in a phased manner. The usage of modem looms or replacement of existing looms enable the weaves to earn more wages and there by their economic status is strengthened under the scheme, matching contribution from the state and central government comprising of 2/3 as loan and 1/3 as grant, for the purchase of latest appliances viz., frame looms chittaranjan looms etc., are provided to primary weavers co-operative societies.

### Interest Subsidy

This scheme aims at subsidizing the interest margin 3% foregone by the state and central cooperative banks in sanctioning cash credit loan to the handloom weavers co-operative societies at a concessional rate of 7 IA% per annum as a result of incentive of subsidy to the financing banks the quantum of credit limits secured by the primary weavers co-operative societies from NABARD is progressively increased to this time during the seventh plan period the interest subsidy so far sanctioned by the government to the primary handloom weavers co-operative societies is Rs. 1288.57 lakhs.

## Stipends to Trainees at Indian Institute of Handloom Technology, Salem

Under the scheme, assistance is provided to the candidate selected and deputed from the state for undergoing training at the Indian institute of handloom technology, salem and also to the candidates deputed by the primaries to undergo training at the co-operates training college, Rajenderanagar, Hyderabad the assistance is provided towards the payment of additional stipends and 50% of the cost of stipends to additional 5 seats allotted to Telangana state in the salem institute. This candidates are impaired training to qualify themselves for the posts of technical assistants in the primary and apex weaver co-operative societies.

### **Appointment of Paid Secretaries**

The response from the primary handloom weaver's co-operative societies in availing the facility under the scheme of managerial subsidy has not been satisfactory as the societies were unable to replace or remove the existing unqualified or untrained personnel. They could not secure the services of qualified trained personnel due to their limited resources. Considering these constraints the new scheme of making available the services of departmental staff of handlooms and textiles at free of cost to the primary weavers co-operative societies to work as paid secretaries was introduced in 1985-86.

## Thrift Fund - Cum - Savings And Securities Scheme

This scheme has been introduced by the state government during the year 1985-86. Under thrift fund scheme, for every six paisa contributed by member weaver the state government would contribute six paisa as matching grant. The contribution of members and government would be deposited in a government treasury.

#### Work Shed - Cum - Housing Scheme

Under this scheme, a member-weaver is provided with a house which accommodates for installation of looms. Thus, the weaver will reside and work at the same place comfortably. The scheme as approved by the development commissioner for handlooms is categorized into rural and urban areas with a unit cost of Rs.9, 000 and Rs.15, 000 respectively. It is also proposed to assist construction of work shed to be attached to the existing residence of the weavers at Rs.3, 000 per beneficiary member- weaver of handloom co-operatives.

#### Conclusion

Handloom sector play final role in the economic development of the country in this paper has covered conceptual frame work Handloom industry in Telangana state, Type of handloom weavers (Independent weavers, master weavers, weavers under middle man, co-operative weavers, labour weavers) cloth varieties (ikat sari, cotton & durries, are silk, jackard and python

sarees.) and scheme of Handloom industry in Telangana state which are share capital investment, processing units share capital loans, modernization, Replacement of works interest subsidy, stiendy to tranees at India institute of Handloom Technology saleem appointment of paid secrearies, Thrift fund-cum-savings security schemes and work shed-cum-housing scheme.

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# Long-Run and Short-Run Relationship between Indian Stock Prices and Foreign Direct Investments (FDI) Equity Inflows

# Bhuvaneshwari. D<sup>1</sup> and K. Ramya<sup>2</sup>

**Abstract:** The present study is an attempt to find the cointegration and causality among Indian stock prices and Foreign Direct Investment (FDI) equity inflows to India. The CNX Nifty stock prices and FDI equity inflows from April 2011 to March 2016 are considered as sample data for this study. In this research, Augmented Dickey-Fuller unit root test, Pearson's correlation test, Johansen's cointegration test and Granger causality test are applied to analyse the stationarity, relationship, cointegration and causality between stock prices and FDI equity inflows respectively. From the analysis, it is concluded that there exist significant positive correlation and long-run equilibrium relationship between the time series data and it is further inferred that changes in Indian stock prices are found to lead the changes in FDI equity inflows to India in the short-run period.

**Keywords:** Stock Prices, FDI Equity Inflows, Augmented Dickey-Fuller Unit Root Test, Pearson Correlation Test, Johansen Cointegration Test and Granger Causality Test.

## Introduction

Until the 1980s, commercial loans from banks were the largest source of foreign investment in developing countries. But during the period 1991-1998, FDI and FPI (Foreign Portfolio Investment) comprised 90 percent of the total capital flows to developing countries. Global FDI flows decreased significantly from 2007-2009 due to the financial crisis and finally started rising again in 2010. Hence, when there are talks about the recent phenomenon of globalization, it is referring in large part to the effects of FDI, and this instrument is therefore being the primary focus of today's economic development. Higher amount of FDI equity inflows were from Mauritius, Singapore, United Kingdom, Japan and the USA of Rs.4,80,363.08 crores (33.24%), Rs.2,56,666.81 crores (15.90%), Rs.1,15,591.93 crores (8.01%), Rs.1,10,671.35 crores (7.27%) and Rs.94,574.89 crores (6.22%) respectively between April 2000 and March 2016. Remaining 29.36% of FDI equity inflows were from other countries.

FDI is been recognized as a major source of investment technology for developing countries (Balasubramanyam, Salisu and Sapsford, 1996). FDI can contribute significantly to the economic growth and development of the recipient country by reducing shock arising from low domestic savings and investments (Adam and Tweneboah, 2008). Dunning (1973) identified

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market size, price and growth as major determinates of FDI. It is also postulated that an increase in FDI will positively affect the stock market prices and vice versa (Issahaku, Ustarz and Domanban, 2013). Therefore, the current study is focused on analysing the relationship, cointegration and causality between Indian stock prices and FDI equity inflows during the period April 2011-March 2016.

## **Research Questions, Objectives and Hypotheses**

### **Research Questions**

The following are the research questions of this study:

- Does the Indian stock prices and FDI equity inflows data are predictable?
- Do Indian stock prices and FDI equity inflows have any correlating relationship between each other?
- Does long-run equilibrium exists between Indian stock prices and FDI equity inflows?
- Is there any causal relationship exists between Indian stock prices and FDI equity inflows?

### **Objectives**

The following are the objectives of this study:

- To confirm whether Indian stock prices and FDI equity inflows data are stationary (i.e. predictable)
- To determine the relationship between Indian stock prices and FDI equity inflows
- To analyse the existence of long-run equilibrium between the time series data
- To find the direction of causality between the time series data

## Hypotheses

The following hypotheses are set to be empirically tested to study the above mentioned objectives:

- H1: Unit root exists (i.e. non stationarity) in both Indian stock prices and FDI equity inflows data
- H<sub>2</sub>: There is no significant relationship between Indian stock prices and FDI equity inflows
- H<sub>3</sub>: There is no long-run equilibrium between Indian stock prices and FDI equity inflows
- H<sub>4</sub>: There is no causality existing between the Indian stock prices and FDI equity inflows

## **Data and Methodology**

The Indian stock prices and FDI equity inflows data are collected from secondary sources. The period of this study is from April 2011 to March 2016. S&P CNX Nifty stock prices (in thousands) are been considered for the study because it is an index constructed with an impact cost consideration and it is one of the most robust indices available for Indian stock market. The stock prices of S&P CNX Nifty are downloaded from the NSE website. The FDI equity inflows (in crores) data for the period April 2011 to March 2016 are taken from the website of Department of Industrial Policy and Promotion-Ministry of Commerce and Industry, Government of India. in this study, the following are the econometric and statistical tools used for analysing the data.

S.No.	Methods Employed	Formulae Used	Need
1	Augmented Dickey-Fuller (ADF) Test	$\Delta y_t = \alpha + \pi + \delta y_{t-1} + \sum_{i=1}^{m} \beta i \Delta y_{t-1} + \epsilon_t$	Used to find whether the time series data is stationary or non- stationary
2	Pearson's Correlation Coefficient Test	$r = \frac{n(\sum xy) - (\sum x)(\sum y)}{\sqrt{((n\sum x^2 - (\sum x)^2)(n\sum y^2 - (\sum y)^2))}}$	Used to measure the relationship between two or more random variables or observed data values.
3	Johansen Cointegration Test	Trace Test Statistic $\lambda_{trace}(r) = -T \sum_{\substack{i=r+1 \\ i=r+1}}^{n} \ln(1 - \lambda_i)$ Maximum Eigenvalue Test Statistic $\lambda_{max}(r, r+1) = -T \ln(1 - \lambda_{r+1})$	Applied to check whether long-run equilibrium relationship exists between two or more time series.
4	Granger Causality Test	$y_{t} = \alpha_{0} + \sum_{i=1}^{m} a_{i}y_{t-i} + \sum_{j=1}^{n} \beta_{j}x_{t-1} + \varepsilon_{t}$ $x_{t} = \omega_{0} + \sum_{i=1}^{m} \gamma_{i}y_{t-i} + \sum_{i=1}^{n} \theta_{j}x_{t-1} + \varepsilon_{t}$	Applied to find out the direction of causality between two or more time series data.

Long-Run and Short-Run Relationship between Indian Stock Prices and Foreign Direct

#### **Analysis and Interpretation**

**Testing the data for stationarity:** The results for the Augmented Dickey-Fuller unit root test for checking stationarity of time series data are presented in Table 1.

Time Series Data		Level	First Difference			
Time Series Data	Constant Constant and Trend		Constant	<b>Constant and Trend</b>		
Indian Stock Prices	-0.62	-2.00	-7.85**	-7.78**		
FDI Equity Inflows	-6.03**	-6.90**	-6.28**	-6.32**		
indicates significance of Augmented Dickey-Fuller unit root test value at 1% level.						

Table	1:	Results	of	Augmented	Dickey-Fuller	Unit	Root Test
			· · · ·	- ingine nee o	Dicticy i unior	~	ALCOV ACSU

From the above table, it is identified that both the data i.e. Indian stock prices and FDI equity inflows are found to be stationary series (Indian stock prices is stationary at first difference and FDI equity inflows is found to be stationary at both level and first difference). Therefore, the *hypothesis 1* is statistically rejected and it is understood that the sample data taken for this study are stationary (predictable). The results are found to be in line with the results of Issahaku et al. (2013), Adam and Tweneboah (2008).

The generated graphical representations of the time series data i.e. Indian stock prices and FDI equity inflows after ADF unit root test are as follows.



Fig. 1: Line Chart for Log Indian Stock Prices



Fig. 2: Line Chart for Log FDI Equity Inflows

**Testing the relationship between the time series:** The result of Pearson correlation test is given in Table 2.

Tuble 2. Reputs of Fearbon Contention Test						
Par	ticulars	Stock Prices	FDI Equity Inflows			
Indian Stack Prices	Pearson Correlation	1	0.381**			
Inulan Stock Trices	Significance (2-tailed)		0.003			
Correlation is significar	Correlation is significant at the 0.01 level					

**Table 2: Results of Pearson Correlation Test** 

The relationship between the time series data are found to be positively correlated by 38% and significant at the 0.01 level (2 tailed). Therefore, *hypothesis* 2 is rejected and inferred that there is significant correlating relationship between Indian stock prices and FDI equity inflows.

The time series trends of Indian stock prices and FDI equity inflows to India using line charts are given below.

Long-Run and Short-Run Relationship between Indian Stock Prices and Foreign Direct



Fig. 2: Time Series Trends of Stock Prices and FDI Equity Inflows

The line charts also clearly represents the positive trend i.e. positive correlation between Indian stock prices and FDI equity inflows.

#### Johansen's Cointegration Test

This test is used to find the long run cointegrating equilibrium among Indian stock prices and FDI equity inflows. The results of trace test and maximum eigenvalue test are presented in the table 4.3.

Variables	$\mathbf{H}_{0}$	Trace Test	5% Critical Value	P Value	Maximum Eigenvalue Test	5% Critical Value	P Value
Indian Stock	r = 0	25.53	15.49	0.001**	24.91	14.26	0.00**
FDI Equity Inflows	r ≤ 1	0.62	3.84	0.430	0.62	3.84	0.43
Significant at the 0.01 level							

Table 3: Results of Johansen's Cointegration Test

From the above table, it is inferred that the P value of trace test and maximum eigenvalue test indicates significant value (i.e. P < 0.01). Therefore *Hypothesis 3* is rejected and found that there is existence of long-run cointegrating equilibrium at I(0) between Indian stock market prices and FDI equity inflows. The result of this analysis is found similar with the results of Adam and Tweneboah (2008) and Chakraborty and Basu (2002).

Granger Causality Test: The results of Granger causality test is been given in Table 4.

8	v		
Null Hypotheses	F Value	P Value	Results
Indian Stock prices does not Granger cause FDI Equity Inflows	4.37	0.01**	Reject H4
FDI Equity Inflows does not Granger cause Indian stock prices	0.64	0.53	Accept H4
** Significant at the 0.01 level			

 Table 4: Results of Granger Causality Test

From the above table, it is identified that there is Granger cause between Indian stock prices and FDI equity inflows. Therefore, *hypothesis* 4 is rejected and implied that there is unidirectional causality existing between the time series data and inferred that changes in Indian stock prices are found to lead the FDI equity inflows to India in the short-run at 1% significant level. The result of this analysis is found parallel to the results Issahaku et al. (2013).

#### Conclusion

The study examined the cointegrating and causal relationship between Indian stock prices and FDI equity inflows to India by using the monthly data of S&P CNX Nifty closing stock prices and FDI equity inflows for the period April 2011-March 2016. The empirical study has found interesting results with four analyses. Firstly, the ADF unit root test confirmed that the data taken for the study are stationary. Secondly, the Pearson correlation test resulted with statistically significant positive relationship between Indian stock prices and FDI equity inflows. Thirdly, the results of Johansen's cointegration test implied that there is long-run cointegrating equilibrium existing between both the time series data. Finally, from the results of Granger causality test it is identified that changes in Indian stock prices are found to significantly lead the changes of FDI equity inflows to India. Therefore, it is clearly found that Indian stock prices contain some significant information to forecast the FDI equity inflows to India.

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## **Green Retailing: An Innovative Business Perspective**

# Sayani Mandal<sup>1</sup> and Sumanta Dutta<sup>2</sup>

Abstract: Retailers were regarded as distributors of merchandise traditionally, adding little value for consumers or suppliers. But as years passed by, change in the scenario was witnessed with retailers playing a pivotal role in forming a link between business and consumers. They not only act as mediators, they are the change agents now. They take upon the responsibility to contribute to changes pertaining to the betterment of the society. In alignment to the current economic situation and having awakened to the ramifications of the affluent environmentalism, they comprehended the need to embrace 'Green Retailing' (GR) as the new business mantra in order to attain corporate sustainability. They opted for 'green' practices and began selling eco-friendly products putting forth an answer to the ramifications of affluent environmentalism. The philosophy of environmental management practices in retail business operations—which helps firms reduce waste, increase efficiency, reduce costs, and protect against environmental liabilities has been known to business for years. Therefore following such practices adds to the green image the consumers are seeking for in products nowadays. Alongside, it gives the retailers an added advantage of charging relatively high for the eco-friendly product differentiation.

Keywords: Green Retailing (GR), Eco-Friendly, Retailers, Affluent environmentalism, Green Practices.

#### **Retailing in India: Background Snippet**

Retailing happens to be one of the pillars of a country's economy. Indian Retail Sector accounts for about 20% of the country's GDP and contributes 8% to total employment.<sup>3</sup> The Indian retail market stands as one of the top five retail markets in the world by its economic value.<sup>4</sup> With the introduction of investment and trade regime in 1991, India witnessed extensive growth in economy. Twenty-five years down the line, India embarked on a journey of economic liberalization, opening its doors to globalization and market forces. Since then, India has come a long way with International Monetary fund (IMF) projecting India's GDP growth by 7.4% for the year 2016-2017 making it the world's fastest-growing large economy<sup>5</sup>. The country also compares favorably with other emerging markets like China, Mexico and Brazil in growth

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<sup>&</sup>lt;sup>3</sup> http://www.pwc.in/assets/pdfs/industries/retail-and-consumer/retail-report-300812.pdf Last accessed on October 31, 2016.

<sup>&</sup>lt;sup>4</sup> Accha, M. (2013, January 11). FE@CAMPUS MASTERMIND: Response by Mahavir Accha to question for Jan 7-13. The Indian Express

<sup>&</sup>lt;sup>5</sup> http://www.mckinsey.com/global-themes/employment-and-growth/indias-ascent-five-opportunities-for-growth-and-transformation. Last accessed on November 02, 2016.

potential. India is expected to be the third-largest incremental GDP growth engine for the planet by 2030. The cumulative Foreign Direct Investment (FDI) inflows in single-brand retail trading, during April 2000 to June 2011, stood at 69.26 million USD<sup>6</sup> owing to 51% ownership in single brand retail according to then foreign investment laws. However, the other side of the story states denial of multi-brand retail by central government of India until 2011, forbidding foreign groups from any ownership in supermarkets, convenience stores or any retail outlets. Indian Retail Sector witnessed alteration and improvement in the later part of the year 2011 as during the month of November, the central government of the country announced retail reforms for both multi-brand stores and single-brand stores. It changed foreign investment laws by allowing 51% ownership in multi-brand retail and 100% ownership in single-brand<sup>7</sup>. These market reforms paved the way for retail innovation and competition with multi-brand retailers such as Walmart, Carrefour and Tesco, as well single brand majors such as IKEA, Nike and Apple.

### Introduction

According to The Indian Kaleidoscope-Emerging Trends in Retail,<sup>8</sup> a report generated by PWC in the year 2012, the current estimated value of the Indian retail sector is about 500 billion USD and is pegged to reach 1.3 trillion USD by 2020. Indian retail is mainly dominated by unorganised sector with around 13 million retail outlets all over the country. An average size of one such store is 50-100 square feet and it accounts for around 95-96% of the total Indian retail industry. This is the reason, India is known as 'Nation of Shopkeepers' where per capita retail space is among the lowest in the world. Alongside unorganised retail, Indian retail market has been experimenting with modern retailing in the past few years, where many domestic and international players have entered the Indian retail arena. Companies like Reliance, Raheja, Tata, Bharti Walmart, Metro, Carrefour and Tesco have ambitious plans to expand in the future years across various verticals, formats, and cities of the country. They capitalize on the sharp rise in disposable income, nuclear families and high consumer spending by the young population. Even small towns and cities are having a footfall that is high on aspirations and are termed as 'weekend browsers'. They are showcasing a shift in consumer lifestyle and preferences, thus making it attractive markets for retailers to expand their presence. The penetration level of modern retail (currently holding 5% market share in India) is expected to increase six-fold from the current 27 billion USD to 220 billion USD in 2020.

#### Green Retailing: Why more than 'just an option' to retailers?

Having put forward the giant size of retail businesses, every constructive change that takes place in it, ensures extensive impact in the economy of the respective country as well as the world. Even a small change in the retail sector confirms an impact of unlimited degree, as it happens to be one of the pillars of the economy. We know that retailers are those organizations, which play a pivotal role in forming a link between the business and the consumers. They are the intermediaries. They take upon the responsibility to contribute to changes pertaining to the betterment of the society at large. They address to issues like climate change, global warming, waste management, plastic pollution. To ensure paperless environment, retailers look forward to practice Go Green Initiative (GGI).<sup>9</sup> The initiative refers adhering to the five letters of the word

<sup>&</sup>lt;sup>6</sup> http://www.pwc.in/assets/pdfs/industries/retail-and-consumer/retail-report-300812.pdf Last accessed on November 01, 2016. <sup>7</sup> <u>http://rasci.in/downloads/2014/Global Practices Promoting.pdf</u> Last accessed on November 01, 2016.

<sup>&</sup>lt;sup>8</sup> http://www.pwc.in/assets/pdfs/industries/retail-and-consumer/retail-report-300812.pdf Last accessed on November 05, 2016 <sup>9</sup> Go Green Initiative (GGI), an environmental education and stewardship program, was founded in 2002 in Pleasanton, California by Jill Buck.

G.R.E.E.N. as proposed by Jill Buck i.e. Generate Less Waste, Recycle everything that cannot be reused, Educate the community on eco-friendly options, Evaluate the environmental impact of actions and Nourish discussions and activities that integrate environmental education into existing curriculum. Comprehending the pivotal role of retailers, Durieu referred to retailers as the ones who "can greatly influence changes in production processes and consumption patterns and are well positioned to exert pressure on producers in favor of more sustainable consumer choice"<sup>10</sup>. In regard to that context, retailers hold the responsibility to address to the drastic changes taking place in the climate along with efficiency issues of energy consumption in the environment. Businesses across the world are developing green strategies and are working towards developing a low carbon landscape and undertaking efforts to optimize the carbon efficiency of existing products and infrastructure. Apart from retail sector, other sectors of the nations worldwide have also awakened to the ramifications of affluent environmentalism. In response to such ramifications, Green Movement has become a buzzword of today's business world<sup>11</sup>. In recent times, retailers across the world are seen adopting Green Retailing strategies to improve their environmental performance and retail value chain<sup>12</sup>. Green Retailing refers to the managing of retail business that care for the environment and takes advantage of environmentally friendly processes. It is an approach by the retailers embracing environmental protection to improve the retail value chain by means of eliminating waste, increasing efficiency and reducing costs. Green Retailing embraces different multi-dimensional practices adopted and practiced by the retailers to instigate purchase of eco-friendly products and also highlighting of retail communication about the energy saving drive at retail stores. Adoption of green practices by retailers can actually have a multiplier effect of environmental pressure on consumers and suppliers. Owing to the changes in the structure of modern retail in both organised and unorganised sector, with non-store and e-commerce retailers posing a threat to them by stealing their customers, the retailers have to come up with a surviving strategy to stand out of the competition and look for creative ways to trim down their operating expenses and ways to reduce their inventory exposure. Opting for Green Retailing can be one such significantly creative way. Many traditional retailers and specialty stores have started offering green product ranges starting from Walmart to P&G emphasizing on the retail trend of 'going green'. Green products come with a promise of social change where they promote the idea of solving the environmental problems through sustainable consumption.

#### **Role of Green Retailing**

Green Retailing plays a substantial role in making consumer's consumption and lifestyles greener. It also contribute towards achieving a sustainable economy.<sup>13</sup> Green Retailing not only expect retailers to own the responsibility of offering green products but also offer consumers the opportunity to paint the world green while they shop. Ensuing the change in the retail picture, modern retailers are not left with any option but to adopt 'go-green' mode. They are compelled to adhere to eco-friendly practices for retaining their existence in the market. Two prominent reasons steering this immense need for following 'Green Retailing' can be illustrated as: (a) Increase in the awareness of consumers with respect to eco-friendly goods and practices. (b)

<sup>&</sup>lt;sup>10</sup> <u>http://bimtech.ac.in/wp-content/uploads/2013/09/Green-Retailing.pdf</u> Last accessed on October 30, 2016.

<sup>&</sup>lt;sup>11</sup> http://repo.uum.edu.my/15802/1/6 IPBJ\_vol\_6 3\_2014 ms\_111-131.pdf Last accessed on November 01, 2016

<sup>&</sup>lt;sup>12</sup> Lai, K.H., Cheng, T.C.E., & Tang, A.K.Y. (2010). Green Retailing: Factors for success. California Management Review 52(2), 6-31.

<sup>&</sup>lt;sup>13</sup> Sadowski, M. and Buckingham, F. (2007). 'Retail Corporate Responsibility - Retailers as Choice Editors.' European Retail Digest, pp.7-11.

Retailers have realised that in order to stand out in the retail clutter, they need to differentiate their offerings from that of their competitors by building a 'green image'. According to Chen (2008)<sup>14</sup>, companies which invest in efforts on environmental issue, can improve their corporate image in the minds of their potential customers, can develop new markets for themselves and also create options for themselves to enjoy a competitive advantage. Companies which embrace the concept of 'going-green' and sells environment-friendly products, can actually charge a relative high price for their products capitalizing on the principle of being 'eco-friendly' which refers to the products which will not cause pollution to the earth or deplore natural resources, and which can be recycled or conserved as well.

## **Rules for Successful Implementation**

To encourage buying of green products making them a part of everyday purchase, green retailers need to find and categorize green consumers, develop offerings that will fit this segment and disseminate the benefits of the green products effectively. For effective implementation of such practice, retailers can make use of green integrated marketing communication to motivate the customers for the adaption of green products. The motivation of the customers depends upon the social, cultural and material complexity involved in both the marketing and consumption of green products. In other words, green consumption is about much more than individual choice and decision-making. It is highly dependent on the social and cultural aspect of the customers. Retailers acting as mediators of green commodities should undertake retail marketing and instore promotions to bring about more sustainable consumption of green products. In an article, Ottman (2008) described the five thumb rules of green marketing which the marketers if consider can expect successful implementation of their green products:

- 1. Knowing the Customer: To sell green products to the consumers, the consumers must be made aware about the issues which the marketers are attempting to address (For e.g., consumers would not pay premium prices for the CFC-free refrigerators until they do not know what CFC actually is and its impact on the environment). Hence, if the consumers are not aware about the issue, proper implementation of the initiative fails.
- 2. Empowering Consumers: Consumers must feel that their buying behavior is making a difference; this is one of the main reasons why consumers buy green products. So empowering them with this thought deserves utmost importance.
- 3. Being Genuine and Transparent: Marketers need to be genuine and transparent about the specific environment friendly/green claims they make about their products and services. False claims about products and services can ruin the business perspective and brand image of the company.
- 4. Assurance to Buyer: Consumers need to believe that products which are being claimed as green products by the marketers must be able to meet the needs of customers along with environmental benefits. Products and services claiming environmental benefits without meeting the customers' expectations may lead to failure.
- 5. Consider your Pricing: While charging premium prices for green products and services, the marketers need to make sure that consumers can afford the premium prices charged by them. The consumers need to feel that paying that much of a premium is worthy, as consumers are typically price-sensitive.

<sup>&</sup>lt;sup>14</sup> Chen, S. (2008). "The impact of online store environment cues on purchase intention: Trust and perceived risk as a mediator", Online Information Review, Vol. 32, Issue: 6, pp.818 - 84

## Green Initiatives Taken by Renowned Businesses

Sustainability is a major focus and taking that into consideration, many companies have adopted sustainability as an integral part of their business strategy. Few initiatives taken up by retailers to for better environmental practices:

- 1. Wal-Mart came up with an innovative refrigeration system known as secondary loop realizing the importance of energy conservation and efficient energy usage.
- 2. IKEA, world's largest furniture retailer eliminated 24 out of 33 components from its famous lamp TEXTUR and reduced the weight of the lamp by almost 50% making it cost effective and sustainable.
- 3. HCL launched its range of eco-friendly notebooks, HCL ME 40. The company claims it to be an eco-friendly product completely free from polyvinyl chloride (PVC) and other harmful chemicals alongside being 100% recyclable. Further, this product range was given a five-star rating by the Bureau of Energy Efficiency and they also meet REACH (REACH is the European Community Regulation on chemicals and their safe use) standards.
- 4. Voltas (Tata Group) launched the 'Green' range of air-conditioners in 2007. In later years, it was made mandatory by the government to have energy star ratings for electronic home appliances.
- 5. Wipro launched eco-friendly desktops during Wipro Green Ware initiative, with an aim to cut down e-waste. The systems launched are toxin free and can operate under a total recycling policy. Wipro has 17 e-waste collection centers in India where products are collected and recycled, and 12 Wipro campuses in the country have been certified as 'Green Buildings'.
- 6. LG Electronics introduced LG LED E60 and E90 series monitors packed with ecofriendly features (such as 40 per cent less energy consumption than the traditional LCD monitors) specifically for Indian market. However, LG launched a range of eco-friendly products 'Eco-Chic' such as the platinum coated two-door refrigerator and washing machine with steam technology for the global market.
- 7. Haier India launches the green initiative with its 'Eco-Life' series, as a part of its global rebranding exercise. The eco-friendly offerings include refrigerators, semi and fully automatic washing machines, split and windows air conditioners, a wide range of LED & LCD TVs and the Spa range of water heaters.
- 8. P&G India introduced compact detergents in India for Ariel and Tide using fewer raw materials and packaging materials alongside ensuring superior consumer value. The company also re-designed the packaging of Whisper and Pampers to reduce thickness, thus reducing raw material usage and saving paper. It also re-designed the pump package of their beauty product Olay which reduces plastic consumption and is 25% lighter.
- 9. Samsung Electronics claims to offer products having eco-friendly LED backlight, containing few or no environmentally hazardous substances, such as mercury or lead.
- 10. Panasonic has an Econavi range of air conditioners and LCD screens based on energy conservation. Globally, Panasonic is aiming to become top green innovation company in the electronics industry by 2018 and is laying a lot of emphasis on eco-friendly products.
- 11. MRF launched eco-friendly tubeless tyres MRF ZSLK, which are made from unique silica-based rubber compounds and promises to offer fuel efficiency for vehicle owners.

- 12. ACC launched its eco-friendly brand, 'Concrete+'. This brand uses fly ash (a hazardous industrial waste) to help conserve natural resources, thus making it an eco-friendly product.
- 13. Fevicol, a leading brand of adhesive in India, introduced environment friendly synthetic resin adhesive. Claiming to be India's first eco-friendly adhesive, Fevicol AC Duct King Eco Fresh, boasts of being an all-in-one adhesive.
- 14. Anita Dongre, renowned fashion designer joined the line of eco-fashion (Eco-fashion is a process of creating garments with environment friendly techniques and processes which are non-hazardous to the environment) with her brand, Grassroot. She claims to use certified eco-friendly & organic fabrics for Grassroot.
- 15. Earth friendliness is the hallmark of the Vivanta line, just as it is for all Taj hotels. The parent company follows guidelines established at a United Nations Earth Summit and their green benchmarks are monitored by a leading worldwide certifier, Green Globe.

Name	Description
Small steps	'A smart bag for a smart planet' project by Smallsteps was
	launched by Upasana Design studio in Auroville on Earth Day
	2007. They make re-usable shopping bags which they claim to
	effectively prevent the dumping of 200 throw-away plastic bags
	every day.
Khoobsare	It's an ecommerce platform to promote sustainable ethnic
	women's wear as this brand positions on making new clothes from
	the outfits a woman throws out of her closet while decluttering it
	and making space for something new. These clothes gives another
	women the opportunity to wear something new and different
	without increasing their carbon footprint.
Tree Wear	It's an eco-clothing company that aspires toward a greener planet
	by making clothes by eco-manufacturing processes. The brand
	takes up zero-waste initiative by using methods of recycling (in
	the packaging) and upcycling (through the creative use of scrap
	and waste materials from the manufacturing process) to ensure
	sustainability at every level.
Net Paradigm India Pvt. Ltd	The company produces apparel made from 'Bamboo Blended
	Fabrics'- A naturally hardy plant, which does not require any
	chemicals insecticides, pesticides during the growing process. The
	company provide wide range of products made from the so-called
	fabric ranging from Baby Apparel, Adult Apparel, Bedding, Bath
	Towels, Made-ups and Bags.
Cheviot Company Limited	Professionally managed company having export turnover of more
	than USD 40 million, famous for manufacturing Jute Fabrics and
	Bags, the company is looking forward to also move into the
	production of high quality Jute Fabric for the Industrial &
	Decorative Applications for a better environment.
Green Path Foundation	Green Path Foundation established 'Organic State-Hasiru Thota',
	India's largest organic food retail store in Bengaluru. There offers
	a diverse range of products which is displayed at the retail store
	ranging from sustainably grown spices, herbs, condiments, organic
	certified pulses, cereals, honey, jaggery, papads, multi-grain flour,

Green Initiatives taken by other not-so-renowned businesses

	a plethora of millets, amla candies, pickles to anything and everything under the food items for which they have an organic version present in the store. Apart from food, the store displayed a range of eco-friendly fashion accessories, organic cotton clothes,
	bags, etc.
Eco Essentials	The company has pledged to take the initiative to save the
	environment from unwanted use of plastics and other hazardous substances used in our everyday life. It produces Areca palm leaf plates by collecting dried and fallen Areca Palm leaves and make them into bio-degradable, compostable tableware aiming to substitute hazardous substances with greener, natural substances, which are bio degradable and self sustaining
Greenvision Exports	Manufacturer of coir based garden articles produces products
Greenvision Exports	which are Eco-friendly Bio-Degradable and possesses water
	holding capacity. The product offerings range from coco liner
	nothing capacity. The product offerings range from coco mer,
	coco basket, coco pois, coco poies, coco weed control mais, coco
	peat, organic manure and so on.

## Conclusion

Green Retailing and adoption of green practices by businesses has gained quantum in India in recent times, however it still resides in the nascent stage. The Government has announced and implemented various policies for environmental protection, whereas many organisations are willingly adopting environment friendly practices. Converting a conventional store to ecofriendly store requires large amount of upfront investment. It requires installing renewable options and opting for green constructive processes for stores, which happens to be a constraint for small business firms. These initiatives provide long-term profits which become hard for small business firms to bear because they mainly concentrate on short-term profits. Walking the green journey provides the business firms with ample benefits ranging from reduced operational costs, competitive advantage and high profit margins besides providing a distinguished positing in the mind of the customers about the company. However, building an eco-friendly brand also does not happen overnight. Successful implementation of green practices requires a holistic approach and collaboration of all the stakeholders along the supply chain. Therefore, Green Retailing is no more 'just an option' to retailers because there is more than just encompassing the differentiation and profitability notions in their ventures. They encompass social and environmental dimensions which calls for more concern and importance from both customers and business firms. The prominent role retailers play in disseminating this social importance and environmental concern to the customers' refers to the prime responsibility they carry on their shoulders. Customers need to be convinced to buy the products offered, making them realise the environmental vulnerabilities and its respective ramifications. Green Retailers therefore play a pivotal role in helping customers choose from the green offerings and assist them in walking the Green Journey, riding the Green Wave and joining the Green Revolution.

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# Exploring the influence of transition to GST on consumer behaviour related to FMCG in India

# Nidhi Parashar<sup>1</sup>, Deepa Joshi<sup>2</sup> and P. K. Chopra<sup>3</sup>

Abstract: Consumer buying behaviour is the sum total of a consumer's attitudes, preferences the consumer's behavior in intentions. and decisions regarding the marketplace when purchasing a product or service. Situational influences are temporary conditions that affect how buyers behave whether they actually buy particular product, buy additional products, or buy nothing at all. They include things like physical factors, social factors, time factors, the reason for the buyer's purchase, and the buyer's mood. Many times it has been observed that people may have difficulty in understanding the tax system as well as they have different perception on taxes on consumption. The implementation of Goods and Services Tax (GST) is expected to affect consumer behaviour in India. This paper attempts to examine the perception of buyers and sellers of FMCG towards the transition from sales tax to VAT and from here to GST.

Key words - buying behaviour, VAT, FMCG, habitual decision,

### Introduction

Consumer buying behavior is the sum total of a consumer's attitudes, preferences intentions, and decisions regarding his/her behavior in the marketplace while purchasing a product. Situational influences are temporary conditions that affect how buyers behave whether they actually buy particular product, buy additional products, or buy nothing at all. They include things like physical factors, social factors, time factors; personal factors the reason for the buyer's purchase, and the buyer's mood. Consumer purchase number of products with varying elasticises of demand and magnitude of effort for making buying decision. A large number of goods under the umbrella of Fast Moving Consumer Goods (FMCG) are such for which purchasing decision can be made routinely without any conscious activity.

When consumers make decisions about which products to buy, elementary economics dictates that prices should matter. Taxes are an inescapable part of the purchasing experience, and they come in many forms: sales taxes, value added taxes (VAT), goods and services taxes (GST), and so on. In many countries the taxes that consumers must pay when they purchase a taxable good are included in its listed price and therefore not explicitly visible on account of being indirect in nature. Taxation of consumption of goods constitutes a large part of revenue of the government. Policy change with respect to such taxes influences consumer behaviour though indirectly. Inspired by the success stories of GST worldwide, India is on the line of Implementation of this comprehensive tax regime. Many times it has been observed that people

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Exploring the influence of transition to GST on consumer behaviour related to FMCG in India

may have difficulty in understanding the tax system as well as they have different perception on taxes on consumption. Effective implementation of tax regime definitely weight perception of stake holder's i.e the tax payers and thus recording of their perception would help effective planning .The implementation of Goods and Services Tax (GST) is expected to affect consumer behaviour in India. In order to outline the effect of GST, effect of the preceding taxes Sales Tax and VAT on buying decision of consumer would provide the ground. This paper attempts to examine effect of consumption tax and its collection system on the buying decision of consumers and also the perception of sellers on such taxation system.

The study focuses on buying decision related to FMCG segment which generally involves habitual decision making choice. The first section of the study gives an over view of the background of the study and the description of the structure of the paper. The next section deals with the theory building on the concept of consumer behaviour followed by discussion on tax in FMCG sector and moves further with discussion on perception of consumers and dealers on VAT regime .

## Consumer's Behaviour and their Buying decision

Consumer behavior is a widely studied field though complex to understand as it deals with human mind which is difficult to predict exactly. Purchasing decision of the people are affected by many factors and many of consumers do not even know these factors that drive them to particular decision. There are characteristics behind every buying decision that can come from cultural, social, personal or psychological factors. As shown in fig 1.



Fig.1. Buying Behaviour

Buying behaviour vary depending upon the nature of the product. Occasional purchases go through a rigorous decision making process while routine purchases need little efforts. Habitual decision-making choices are usually made routinely with little or no conscious effort. The products that are purchased frequently, like coffee, toiletry can be categorized to the habitual decision-making mode. Selecting a coffee brand does not need high consideration and the involvement level is low in this case and consumers are likely to stay with one brand for a long time. When people take decision about purchasing a product its price does matter. taxes are an inescapable part of the purchasing experience of all type of product while the frequency of purchase, price of the product ,bargaining position of the buyer affect the degree of attention to the issue of tax for habitual buying decision. Sales tax is imposed on consumption of goods which is an indirect tax and ultimate burden fall on the consumers. Imposition of tax affect the consumer behaviour but system of tax collection may affect the same. Habitual decision making is involved in Fast Moving Consumer Goods (FMCG) sector.

#### **FMCH** sector

Fast Moving Consumer Goods (FMCG), includes the products that are sold quickly and generally consumed at a regular basis as opposed to durable goods such as kitchen appliances that are replaced over a period of years. The sector primarily engages in the production, distribution and marketing operations of FMCG. FMCG product categories comprise of food and dairy products, pharmaceuticals, consumer electronics, packaged food products, household products, drinks and others. This sector is characterized by products having low unit value and requiring frequent purchases and consumer behavior reflecting less loyalty, impulse buying, and low involvement on the part of a consumer (Kotler). The following are the main characteristics of FMCGs:

•From the consumers' perspective:	•From the marketers' angle:
•Frequent purchase	•High volumes
•Low involvement (little or no effort to choose	<ul> <li>Low contribution margins</li> </ul>
the item products with strong brand loyalty	•Extensive distribution networks
are exceptions to this rule)	•High stock turnover
•Low price	

### FMCG Sector in India

The fast moving consumer goods (FMCGs) segment is the fourth largest sector in the Indian economy. The market size of FMCG in India is estimated to grow from US\$ 30 billion in 2011 to US\$ 74 billion in 2018.Food products is the leading segment, accounting for 43 % of the overall market. Personal care (22 %) and fabric care (12 %) come next in terms of market share. According to the study conducted by AC Nielsen, 62 of the top 100 brands are owned by MNCs, and the balance by Indian companies. Fifteen companies own these 62 brands, and 27 of these are owned by Hindustan UniLever. Growing awareness, easier access, and changing lifestyles have been the key growth drivers for the sector. Composition of different products categories under FMCG are shown in fig.2.

Food & Beverages (18 %)	•Health Beverages, Staples/Cereals, Bakery Products, Snacks, Confectionaries, Tea/Coffee/SoftDrinks, Processed Fruits & Vegetables,Dairy Products & Branded Flour		
Health Care (32%)	• Over The Counter Products • Ethicals		
Household & Personal Care (50%)	<ul> <li>Oral Care, Hair Care, Skin Care, Cosmetics/Deodarants, Perfumes, Feminine Hygiene &amp; Paper Products, Fabric Wash, Household Cleaners</li> </ul>		

Fig .2 Segments of FMCG

Source: India Brand Equity Foundation, January 2016.

Exploring the influence of transition to GST on consumer behaviour related to FMCG in India

## **Taxes in FMCG Sector**

## VAT

In India as in other courtiers VAT is applicable for goods covered under FMCG sector which will be replaced by GST in near future. The products are taxed at different VAT rates. VAT rate for 2015-16 are given in table .1

Product	VAT Rate	Product	VAT Rate			
Boost/ Bornvita	14%	Processed fruits and vegetables	5%			
Bakery Products	14%	Oral care	14%			
Tea	5%	Household cleaners	14%			
Coffee	14%					

**Table1: Rate of VAT** 

Source: Commodity Ready Reckoner 2015

## GST

Taxable Event-Supply of Goods and Services Under prevailing indirect tax structure there are multiple taxable events on account of multiple levies at Central and State level. That is, taxable event occurs on 'manufacturing of goods' in case of Central Excise laws, 'sale of goods' in case of Sate VAT laws, 'supply/provision of services' in case of Service tax laws. In addition, taxable event in case of other state levies such as Entry Tax/Octroi etc. are on 'entry' to goods into a particular jurisdiction. GST as a comprehensive tax reform just about to be implemented in India will do away with cascading effect of taxation still prevailing in the tax system in the country. Figure 3 presents an over view and gist of the tax regime.



GST has been viewed as a comprehensive tax system with minimum of tax rate slabs applicable to goods as well as on services (Table2).

 Table 2.Tax rates GST (Proposed)

		· • • ·	
Indicative items	Tax Rate	Indicative items	Tax rate
50% of the consumer price	0%	Soap, oil, refrigerator	18%

basket including food grains			
Mass consumption items like	5%	White goods	28%
spices edible oil			
Processed food	12%	Luxury cars, pan masala	28%
Common Compl CCT			

**Source:** Saral GST

#### Working of the tax collection system

Tax collection under both the tax regimes follow the rule of value addition as taxable event and input tax credit at different stages in production- supply chain. It is a staged collection of tax where intermediaries pay their share of tax and ultimate burden fall on the final consumer. Tax collection under sales tax regime followed the rule of tax collection at the final stage of consumption only. The amount of tax paid by the consumers under sales tax regime and VAT regime comes put to be same however the collection centres differ. This can be explained as under in table 3.

VAT Mechanism						
Stage I –       Stage II –       Input cost = Rs. 160000       Stage II –       Input cost = Rs. 160000       Input cost = Rs. 160000       Value Added = Rs. 30000       Value Added = Rs. 30000       Value Added = Rs. 30000       Value Added = Rs. 10000       Value Added = Rs. 10000       Sale price = Rs. 160000       Value Added = Rs. 30000       Value Added = Rs. 10000       Sale price = Rs. 10000       Sale price = Rs. 20000       VAT @ 4% = Rs. 6400       VAT @ 4% = Rs. 7600       VAT @ 4% = Rs. 8000       Less : input tax credit= Rs.6400       VAT @ 4% = Rs.700       VAT @ 4% = Rs.400         Tax collection					= Rs. 190000 (s. 10000 (s. 20000 Rs.8000 edit= Rs. 7600 Rs.400	
Stages	Total Tax Colles VAT (Rs)	cted under	% of tax collected	Total Tax ( Sales Tax (	Collected under Rs)	% of tax collected
Ι	6400		80%	;— (		u=
п	П 1200		15%	1-1		) =
ш	400		5%		8000	100%
Total	8000		100%		8000	100%

 Table 3: VAT Mechanism

When observed in comparison to Sales Tax from neutrality perspective it appears that imposition of VAT does not affect consumption decision of the consumers as they pay VAT which is a tax relies on a staged collection mechanism. Successive taxpayers are entitled to deduct input tax on purchases and account for output tax on sales. In the end, the tax collected by the authority through this supply chain equals to the VAT paid by the final consumer to the last vender.

It is evident that whatever is the system of tax collection consumers has to pay similar amount as consumption tax and thus find VAT as Neutral tax as was Sales Tax.

Transition to VAT regime from Sales tax regime, keeping other things constant, should not affect the buying decision of the consumer. The same should emerge when the tax system in India will move to GST as it also follow the same system of staged collection of tax. Perception of stake holders related to change in buying decision due to transition can be observed with respect to VAT and Sales tax as GST is awaited.

Exploring the influence of transition to GST on consumer behaviour related to FMCG in India

## Effect of VAT on Buying Decision

Replacement of VAT to sales tax has not affected the consumption decision as the tax liability in case of VAT and sales tax at the retail level turns out to be the same. This is because the total retail price is nothing but the value added to the raw material at different stages of production and trade. The final consumer has to pay the amount of tax and it does not matter at how many stages tax calculation is done and how much part of tax is contributed at different stages throughout the supply chain.

A survey was conducted with 150 dealers registered under VAT Act in M.P. and small sample of 50consumers focusing on change in buying decision due to implementation of VAT as one of the issues. The findings of the study are presented in the following section.

### **Perception of Dealers**

VAT is a tax collected at every stage of value addition. In total VAT creates similar type of burden on consumers as was created under sales tax. Business enterprises pay tax which they shift on to consumers. The survey found a large number of respondents feel transition to VAT has not affected buying decision on the ground that consumers have to pay tax whether it is VAT or sales tax. 47% of the respondents disagree on the issue of change in behaviour and the say that transition to VAT has not impacted buying behaviour of consumers at all. 29% of the respondents feel that they have observed changes in buying behaviour due to VAT and agree on the issue of change (table 4).

### **Perception of Consumers**

Behaviour can be observed as the reaction of consumer to prices of the products and their decision to purchase or not to purchase the product. Their buying decisions are generally affected by the price of the product, preferences for the product. Imposition of tax on a commodity generally increases the price of the products and may affect the consumer's decision to buy or to postpone the purchase. FMCG are the product which are required on regular basis and involve habitual decision making has little to do with the system of tax collection when effect of such tax on price is taken constant. The survey found 72% of the respondent confirming that transition from sales tax to VAT has not affected their buying decision related to FMCG products and showed their disagreement on the issue of effect of change in system of consumption tax collection. With a view to record the perception of consumers on issues related to VAT survey was conducted and questionnaire was used with multiple options for each question. The questions were designed to study awareness about VAT as an important indirect tax reform introduced in the country, opinion related to importance of VAT provisions, attitude of consumers towards purchase with proper invoice and bill with all required details, consumer's behaviour as a responsible citizen helping tax authority in collecting taxes and effect of VAT imposition on buying behaviour of consumer. The analysis is presented in the following section.

		Responses					
	Strongly Disagree	Strongly Disagree Disagree Neutral Agree Strongly					
Respondents		_		_	Agree		
Dealers	3.3%	46.7%	14%	28.7%	7.3		
Consumers	0	72%	0	28%	0		

Table 4

Source: Survey data

#### Awareness among Consumers Regarding Commodity Tax

Analysis revealed that majority (95.0%) of the participants were aware that as a consumer they pay VAT for most of the purchase. Around 91.0 % of the consumers were aware that bills issued by the shopkeeper contains amount of tax levied for the relevant products. Around 95.0 % of the consumers understand the importance of a proper bill issued by the shopkeepers. Eighty-nine percent of the consumers believed that VAT invoice ensure better accountability and transparency by a business.

#### Awareness about accountability of tax in bill and tax liability

Majority (71.0 %) of the respondents believed that both; they themselves and the shopkeeper are responsible for the issuing of bill for the purchase (Table 3). Majority (76.0 %) of the respondents also confirmed that shopkeepers get benefits in case of bill is not issued.

#### Practices related to commodity tax followed by the consumers

Survey found high level 95% awareness about VAT but there was variation in attitude towards considering importance of consumption tax. Only 36% always ger VAT invoice and 45% get some times and if not get bill do not bother about it. 33% care to know the amount of tax on their general purchases i.e. FMCG products. 76% of the respondents were aware about GST.

#### Conclusion

Imposition of taxes may affect buying decision of consumers. VAT is imposed on goods which includes FMCG category also and buying decision of such goods require less of efforts. GST will replace the present regime in India soon .The question of interest that whether it will influence buying decision of consumers of FMCG category has been explored with VAT regime which has the same system of staged tax collection that GST will have. The study found that people are aware about the tax they pay on purchase of commodities but are not much interested in giving importance to such tax on their purchase of FMCG. However they recognise proper billing helps to decide accountability of tax compliance. Transition to VAT from sales tax has not affected the buying decision and same can be expected about GST as the tax regime will be based on staged collection of tax. It was found that people do not give much importance to invoice based purchases. In It would be in the interest of better revenue collection that for GST regime awareness programmes focusing on consumers should be conducted so that invoice based purchasing practices are promoted and GST regime turns out to be not only comprehensive but also revenue productive.

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# A Study on Empowerment of Women through Technical Education- A Case Study of Koradacheri

# Hema Priyadharshini<sup>1</sup> and S. Sivaananthi<sup>2</sup>

**Abstract:** Empowerment is a word widely used, but seldom defined. Long before the word became popular women were speaking about gaining control over and participating in the decisions that affect them in the home and community in government and international development policies. The word 'empowerment' captures this sense of gaining control of participating in decision making.

Keywords: Empowerment, Technical Education, Economic empowerment

#### Introduction

There are other definitions of empowerment as "The term empowerment refers to a range of activities from individual self-assertion to collective resistance, protest and mobilization that challenge basic power relations. For individuals and groups where class, caste, ethnicity and gender determine their access to resources and power, their empowerment begins when they not only recognize the systemic forces that oppress them, but act to change existing power relationships. Empowerment, therefore, is a process aimed at changing the nature and direction of systemic forces that marginalize women and other disadvantaged sectors in a given context. "It is giving lawful power or authority to act. If people were empowered they would be able to participate in the planning, execution and implementation of developmental schemes. Apart from Political Empowerment, Economic and Social Empowerment are crucial. Empowerment and development are closely related. Empowerment leads to development, which further leads to greater empowerment".

Empowerment is a word widely used, but seldom defined. Long before the word became popular women were speaking about gaining control over and participating in the decisions that affect them in the home and community in government and international development policies. The word 'empowerment' captures this sense of gaining control of participating in decision making.

#### Social Empowerment of Women

The indicators of social empowerment of women include the base of gender inequality, sex ratios, life expectancy rates and fertility rates which show the general status of women in terms of literacy, economic growth, availability of health care and birth control facilities, educational

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#### A Study on Empowerment of Women through Technical Education

status of women, age at marriage, literacy rates and participation of women outside the home. Violence against women is a real factor which needs some real concentration. It demoralizes the women psychotically and physically. It is necessary to develop feminist values and give equal social status against all forms of oppression. Social equality can be achieved only through addressing the needs of women in the areas of education, health, nutrition, dirking water, housing, shelter, sanitation and participation in walks of life.

#### Economic Empowerment

"Women who are economically empowered are an incredibly powerful source of development." – Peter Sands, Group Chief Executive. Women economic empowerment is uplifting the economic status of women by creating economic opportunities in the form of better jobs, better business climate and access to financial services. Economic empowerment helps women to depend on themselves and also to claim their legal rights especially to land and other properties.

### **Educational Empowerment**

It is often argued that education is a powerful tool in the emancipation and empowerment of women. Indeed, the different organs of United Nations (e.g. UNICEF) and experts on women's liberation argue for women's education as the basic step in women's equality. Education is a milestone for women empowerment because it enables them to respond to opportunities, to challenge their traditional roles and to change their lives. Education is one of the most important means of empowering women with knowledge, skills and self confidence required to participate fully in the development process.

### **Review of Literature**

Jones et al. (2013) suggested that examples of recruitment policies in the healthcare, business or industrial sector may offer insights into the processes involved in establishing recruitment policies and defining managerial objectives. Successful recruitment techniques involve an incisive analysis of the job, the labour market scenario/ conditions and interviews, and psychometric tests in order to find out the potentialities of job seekers.

Burack (2014) recruitment sources are closely linked to the organizational activities as performance of employees, employee turnover, employee satisfaction, employee wishes and the commitment of the organization (Burack, 1980).

Pillai. V.N Rajasekharan, (2015) in convocation address "Empowerment of women through Education in University News, said that India recognizes the empowerment of women as the most critical precondition for participation of girl and women in education Central and state government have to implement policies on empowerment of women to effectively dress gender disparities, particularly in educational program needs further strengthening to enable girls to attend school. Women's empowerment programmes are to be supported to raise the awareness about education of women. The higher educated girls can play proactive roles in such significant activities".

## Need for the Study

Indian society is a developing society. It is passing through a transitional stage. The attitude to women is not as rigidly unfavourable as it was in the past. Women are trying hand to establish themselves as entrepreneurs through technical training. Before Independence, women were engaged mostly in agriculture. Household duties are at the most in family's trade activities.

Social constraints and attitudes that inhibit the development of women entrepreneurs, the atmosphere in which they have to work and the attitude of the society they have to have, all together were keeping them away from the active of entrepreneurship. Even if they were holding any position, they were secondly; management was in the hands of men. Today much is talked about the development of women empowerment in India, because time has changed and is changing very fast.

## Statement of the Problems

The researcher has made an attempt to study the women empowerment through technical education and the researcher has also made an attempt to study methods of technical education and the value of training in the study areas. The women have twin responsibility, both in the family as well as in the work place. Women facing several problems in their growth and development.

### **Objectives of the Study**

- 1. To find out the socio- Economic conditions of the respondents
- 2. To analyse the role of technical education through the empowerment of women
- 3. To find out the problem faced by the working women in private and public sector
- 4. To study the importance of technical education for family and society.

#### Scope of the Study

The need of the present day is therefore, to promote development in such a way that the strategy for women's advancement first and foremost lays priority to after current inequality. Women have plunged in to the field of small enterprises as entrepreneurs during the two decades, India has been successful to a great degree in fostering the growth of small industries, through a package of support measures at various levels, policy, finance, infrastructure, training, and common facility services. Enterprises started by women are no longer confined to conventional fields like embroidery, knitting and tailoring. They are venturing in the fields of high technology, successfully looking after electronics, engineering and computer industries.

#### **Collection of Data**

#### Primary data

Primary data refer to those that the collected by research through the study. It is also named as first hand information. Since the purpose of the study is to collect first hand information regarding training effectiveness of employees, much significance has been given to primary data and its techniques. Here the schedule is used for collecting primary data.

The researcher has used primary data for collecting information and the researchers has used questionnaire as a tool for collection.

#### Secondary data

Secondary data refers to those that are collected from the Organization, Books, Internet, Publications, Journals and Magazines.

## A Study on Empowerment of Women through Technical Education

#### **Research Methodology**

Research Methodology is a way to systematically solve the research problem. It is understood as a science of studying how research is done systematically.

It is necessary for the researcher to know not only the research methods and techniques but also the research methodology.

Research design: The study conducted was Descriptive in nature.

## Type of Data

The researcher has used primary data for analysis. The primary data was collected with the help of structured questionnaire. The Secondary data are collected from documents, websites.

Tools for data collection: Questionnaire method was used for the collection of data from the respondents.

Sampling area: The sampling area was selected in Koradachery in Mannargudi Taluk.

Sampling Technique: The researcher has used the convenience sampling method for the study.

Sample size: The researcher has collected the data from 50 Women trainers, 100 for his study.

Tools: Percentage analysis are used this study.

#### Women Position in the Study Area

The topic of the present study is study on the agricultural women labourers, so it is necessary to know about women's position in the study area. In the study area, high proportions of women are engaged in agricultural sector. They get Rs.150 as daily wages, but in harvesting time only they get 15 Kgs of rice along with their wages. Male members in that village are mostly engaged in agriculture their full earning to the family so the female take care of their family and they earn for their children.

#### **Data Analysis and Interpretation**

Analysis and interpretation are central steps in the research process. Analysis of data means studying the tabulated materials in order to determine inherent facts or meaning. It involves breaking down existing complex factors in to simpler parts and putting the parts together in new arrangement for purpose of interpretation. Analysis of data involves a number of closely related operations that are performed with the involves a number of closely related operations that are performed with the purpose of summarizing the collected data and organizing these in such in a manner that they will field answer to research questions.

S.No	Age	No. of Respondents	Percentage
1	Below 25	16	32
2	26-35	14	28
3	36-45	09	18
4	Above 45	11	22
	Total	50	100

#### Age Wise Classification of Respondents

Source: Primary Data.

From the above table shows that 32% of the respondents are in the age group of below 25 years, 28% of the respondents are in the age group of 26-35 years, 22% of the respondents are above 45 years and then remaining 18% of the respondents in the age group of 36-45 years.

Manual Status Wise Classification of Respondents				
S.No	Marital Status	No. of Respondents	Percentage	
1	Married	23	46	
2	Unmarried	27	54	
	Total	50	100	

## Marital Status Wise Classification of Respondents

Source: Primary Data.

From the above table it is inferred that 54% of the employees are unmarried and the rest of 46% are married.

Zemmen Zemmen of Teespondering				
S.No	Educational Qualification	No. of Respondents	Percentage	
1	Typewriting	08	16	
2	ITI	14	28	
3	Polytechnic	16	32	
4	B.E	05	10	
5	Diploma	07	14	
	Total	50	100	

**Technical Qualification of Respondents** 

Source: Primary Data.

From the table shows that 32% respondents are qualified from polytechnic, 28% of the respondents are ITI holder, 16% of the respondents are qualified type writing in lower or Higher, 14% of the respondents are Diploma holder and remaining 10% of the respondents are B.E professional holder.

mediae while clussification of Respondents				
S.No	Income	No. of Respondents	Percentage	
1	Below Rs.10000	16	32	
2	Rs.10000 - Rs.20000	20	40	
3	Rs.20000 – Rs.30000	10	20	
4	Above Rs.30000	04	08	
	Total	50	100	

## Income Wise Classification of Respondents

Source: Primary Data.

#### A Study on Empowerment of Women through Technical Education

From the above table it is inferred that 40% respondents of the income in the range of Rs.10000- Rs.20000, 32% of the respondents are earn below Rs.10000 per month, 20% of the respondents are earn Rs.20000 – Rs.30000 per month and remaining 8% of the respondents are earn above Rs.30000 per month.

S.No	Work burden	No. of Respondents	Percentage
1	More working hours	18	36
2	Leave problems	08	16
3	Transport problems	10	20
4	Low salary	14	28
	Total	50	100

Nature of Work Burden in the Job

Source: Primary Data

From the above table it is inferred that 36% of the respondents are feel about the work burden for more working hours, 28% of the respondents are say the management providing low salary, 20% of the respondents are say the transport problems is the main reason for the work burden and remaining 16% of the respondents are feel the leave problem is one of the of the work burden.

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S.No	Opinion	No. of Respondents	Percentage
1	Very good	24	48
2	Good	10	20
3	Neutral	12	24
4	Poor	03	06
5	Very poor	01	02
	Total	50	100

#### Welfare Facilities Provided By the Concern

Source: Primary Data

The above table shows that 48% of the respondents are very good opinion about the welfare facilities provided by the concern, 24% of the respondents are neutral opinion about the welfare facilities provided by the concern, 20% of the respondents are good opinion about the welfare facilities provided by the concern, agree, 6% of the respondents are poor opinion about the welfare facilities and remaining 2% of the respondents are very poor opinion about the welfare facilities provided by the management.

S.No	Opinion	No. of Respondents	Percentage
1	Definite increase	24	48
2	Moderate increase	20	40
3	No change	06	12
	Total	50	100

Impact of Welfare Facilities to Increase Job Satisfaction

#### Source: Primary Data

The above table shows that 48% of the respondents are opinion that the welfare facilities increase the job satisfaction of the workers, 40% of the respondents are opinion that moderate

increase the job satisfaction and remaining 12% of the respondents are opinion that the welfare facilities have no change the job satisfaction of the concern.

incone Lan From the reclinical Education				
S.No	Feel about facilities	No. of Respondents	Percentage	
1	Fully satisfied	10	20	
2	Satisfied	25	50	
3	Dissatisfied	15	30	
	Total	50	100	

Income Earn From the Technical Education

Source: Primary Data

The above table shows that the technical education helping to the workers for income earning, 50% of the respondents are satisfied income from the technical education, 30% of the respondents are told that dissatisfied of income from the technical education and remaining 20% of the respondents are fully satisfied the income from the technical education.

There is training trogramme					
S.No	Opinion	No. of Respondents	Percentage		
1	In-service Training	24	48		
2	Represent training	21	42		
3	Oriented training	03	06		
4	Education training	02	04		
	Total	50	100		

#### Attend the Training Programme

Source: Primary data

The above table 4.12 shows that 48% of the respondents are attend the training programme for in-service training, 42% of the respondents are attend the represent training, 6% of the respondent are attend the oriented training and remaining 4% of the respondents are attend the education training.

S.No	Problems	No. of Respondents	Percentage
1	Lack of finance	21	42
2	Lack of family support	11	22
3	Delay in loan procurement	10	20
4	Marketing problems	8	16
	Total	50	100

#### **Problems Faced By the Women**

Source: Primary data

The table 4.15 shows that the problems faced by the women technical workers majority 42% of the respondents are feel lack of finance is the main problems of women employees, 22% of the respondents suffer by lack of family support, 20% are suffer by delay in loan procurement and remaining 16% of the respondents are feel lack of marketing problems is the main problems for the women workers.

#### Findings of the Study

> Majority 32% of the respondents in the age group of below 25.

## A Study on Empowerment of Women through Technical Education

- ➤ Majority 54% of the respondents are unmarried.
- > Majority 32% of the respondents are qualified from polytechnic education.
- ➤ Majority 46% of the respondents are experienced of less than 5 years.
- > 40% of the respondents of the income in the range of Rs.10,000 to Rs.20,000.
- ➤ 32% of the respondents are opinion that the technical training support of the women's for economic empowerment.
- $\geq$  36% of the respondents are suffered for more working hours.
- > 42% of the respondents are working into 8-10 hours per day.
- ➤ 48% of the respondents are very good opinion about the welfare facilities provided by the concern.
- ➤ 48% of the respondents are opinion that the welfare facilities increase the job satisfaction of the workers.
- > 50% of the respondents are satisfied income from technical education.
- > 48% of the respondents are attending the training programme for in-service training.
- > 80% of the respondents are satisfied the management providing tea and lunch to the working employees.
- > 40% of the respondent are opinion that the very good relationship with workers and management.
- ➤ 42% of the respondents are feeling lack of finance is the main problems of women employees.
- ➤ 40% of the women trainer need for the central government or state government provide training centre in district head quarters.
- ➤ Majority 40% of the respondents are preferring computer education for easily employability in the job market.
- ▶ 46% of the respondents spend Rs.5000 to Rs.7000 for learning the technical education.
- Majority 32% of the respondents are opinion that lack of trained faculty in the main defects of technical education.
- > Majority 40% of the respondents suffering from depression in the place of training centre.
- $\triangleright$  40% of the respondents motivated by friends for the learning of technical education.

## Suggestions

The study has revealed that the women workers could work into private and public sector enterprises. It is very rare of find women in manufacturing. Finance has been the primary problem and also time of working hours and transport problems are the main problems of the workers. Training has not been derived by most of the employees. The employment generation and capacity utilization must be improved by proper diversification expansion, modernization and innovative methods of doing. Providing safeguard to the women's employees in the working place especially provide the separate room facilities for lunch and other purposes.

## Conclusion

The study has not fully revealed whether the particular group of enterprises owned by women could successful, whether the pattern of entrepreneurship restrict to only processing. Servicing & trade whether, previous experience along would contribute to emergence women workers. Further studies are needed to problem these question in depth. But, the problems and experience of the women workers in this study are not unusual. It is true that lack of finance has been one of
International Journal of Management and Development Studies

the biggest issues faced by all scales of operations. However, are silver living in this study is that family support has been in the fore front which has taken institutional care half of the problem.

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# A Micro Level Study of Mango Producers: Socio-Economic Profile in Krishnagiri District, Tamil Nadu

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#### Introduction

Mango (*Mangifera indica* L., Anacardiaceae), an ancient fruit of Indian origin as well as most important fruit of India and is known as "King of fruits", is of great importance to millions throughout the tropics. It is sold on local markets in India and constitutes an important source of energy and nutrients (Vitamins A, C, and D, amino acids, carbohydrates, fatty acids, minerals, organic acids, proteins). The fruit is cultivated in the largest area i.e. 2,021 thousand ha and the production is around 12.5 million tons, contributing 40.1 per cent of the total world production of mango.

The main mango producing states in India are Andhra Pradesh (25 percentage), Uttar Pradesh (21 percentage), Karnataka (9.8 percentage), Bihar (9.7 percentage), Gujarat (6.1 percentage) and Maharashtra (5.09 percentage) Total export of mangoes from India is 79.06 thousand tons, valuing Rs. 141.9 crores during 2006-07. India exports mango to over 50 countries worldwide. India's exports to UAE, Saudi Arabia, Qatar, Bahrain, UK, Kuwait, Singapore, Malaysia and Bangladesh together account for 97 per cent of total exports of fresh mangoes from India<sup>3</sup>.

India's diverse climate ensures availability of all varieties of fresh fruits & vegetables. It ranks second in fruits and vegetables production in the world, after China. As per National Horticulture Database 2012 published by National Horticulture Board, during 2011-12 India produced 76.424 million metric tonnes of fruits and 156.33 million metric tonnes of vegetables. The area under cultivation of fruits stood at 6.704 million hectares while vegetables were cultivated at 8.99 million hectares. India ranks first in production of Bananas (27.85 per cent), Papayas (35.31 per cent), Mangoes (including mangos teens, and guavas) 39.04 per cent<sup>4</sup>.

The main varieties of mango grown in Tamil Nadu comprise Totapuri, Sendhuri / Sentharu, Peter and Neeham. Totapuri accounts for approximately 80 per cent of the total production while the others are mainly grown for the regional market with respectively 5 per cent, 5 per cent and 10 per cent of total production. A small percentage of Alphonso is grown in Tamil Nadu; this variety is predominantly grown 400-1500 km north of the studied area. For the purpose of processing, Totapuri is the main variety of interest; Alphonso might be interesting as

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Any remaining errors or omissions rest solely with the author(s) of this paper

<sup>&</sup>lt;sup>3</sup> Mary Antoni Rosalin and A. Vinayagamoorthy, "Growth Analysis of Mangoes in India", International Journal of Business and Administration Research Review, Vol. No: (1)5, April-June 2014, p.157.

<sup>&</sup>lt;sup>4</sup> Shreya Vinay Patil, "A Study of Marketing of Mangoes in India", Online International Interdisciplinary Research Journal, Vol. No.:3, Special Issue, November 2013, p.238.

well, although not grown by smallholder farmers, for prolongation of the harvest and processing season. Synonyms for Totapuri are Bangalora, Collector, Kallamai, Killi (Gillig), Mukku, Sandersha and Thevadimuthi. Quality is relatively low. Ripening is late midseason and fruits are fibrous and large with 800-1100 gram a piece. Productivity is high compared to other varieties and bearing quite regular. Alphonso is also known under the names Appus, Badami, Gundu, Haphus, Kagdi, Khader and Khader Pasand. It is a low fibrous, high quality variety with an average fruit weight of 226 grams. Alphonso ripens during the late midseason and bears irregularly<sup>5</sup>.

# Objectives

- 1. To study the socio-economic conditions of the mango growers in the Krishnagiri district,
- 2. To analyse the cost of production and returns of the mango growers in the study area.
- 3. To identify the constraints of mango production and suggest the remedial measures in the study area.

# **Review of Literatue**

Rajgopal<sup>6</sup> (2001) study has the marketing of apple guava reported that the producers' share in the consumer's prices is found to be the highest in apple followed by mango and guava. The cost of marketing is found to be higher in guava than in mango and apple. It has revealed that apple cultivation is economically viable even to the small growers.

# Socio – Economic Profile of Krishnagiri District

It was found from table 1 that the majority of the small sample farmers are Hindus which accounted for 81.46 per cent among the categories of farmers in Krishnagiri district. It was followed by Muslims and Christians which constituted 15.61 per cent and 2.93 per cent, respectively.

SI.	Religions of Mango	Sizes of the Grou		
No.	Producers	Small Farmers	Large Farmers	Overall Farmers
1	Hindus	167	157	324
1.	TIIIdus	(81.46)	(80.51)	(81.00)
2	Muslims	32	29	61
۷.	Wiusmins	(15.61)	(14.87)	(15.25)
3	Christians	6	9	15
5.	Christians	(2.93)	(4.62)	(3.75)
	Total	205	195	400
	10181	(100)	(100)	(100)

 Table 1: Distribution of Sample Farmers According to their Religions

Source: Field data.

Note: Figures in the brackets has indicated percentages to the Total.

In the case of within group of large sample out of 195 farmers, 157 (80.51 per cent) were Hindus and it was followed by Muslims and Christians which constituted 14.87 per cent and 4.62 per cent, respectively.

<sup>&</sup>lt;sup>5</sup> W.R. Okie, "Register of New Fruit and Nut Varieties, List 39", Horticulture Science, Vol. No: (34)2, 1999, pp181-205.

<sup>&</sup>lt;sup>6</sup> Rajgopal "Economics of Fruit Production and Marketing of India: A Study of Selected Crops", Indian journal of Agricultural Economics, 2001, Vol. No: 42, p.465.

#### A Micro Level Study of Mango Producers: Socio-Economic Profile in Krishnagiri District

In an overall farmer out of400 sample farmers, 324 (81.00 per cent) were Hindus and it was followed by Muslims and Christians which constituted 61 (15.25 per cent) and 15 (3.75 per cent) respectively. It is concluded that the majority of the sample farmers were Hindus among all the categories of farmers namely small, large and overall farmers of producers of mango from Krishnagiri district.



Sl.	Educational Lavals	Sizes of the Group	Overall Farmers	
No.	Educational Levels	Small Farmers	Large Farmers	Overall Farmers
1	Illiterates	63	36	99
1.	Timerates	(30.73)	(18.46)	(24.75)
2	Drimory Loval	37	41	78
۷.	Fillinary Level	(18.05)	(21.03)	(19.50)
2	Secondary Laval	30	46	76
5.	Secondary Lever	(14.63)	(23.59)	(19.00)
4	Higher Secondary Level	49	38	87
4.	Tigher Secondary Lever	(23.90)	(19.49)	(21.75)
5	Graduatas	15	19	34
5.	Graduates	(7.32)	(9.74)	(8.50)
6	Post Graduate and others if any	11	15	26
0.	(specify)	(5.37)	(7.69)	(6.50)
	Total Number of Sample	205	195	400
	Farmers	(100)	(100)	(100)

Table	2. Distribution	of Educational	Levels of the Sample Farmers
Lanc		VI L'UUCAUVIIAI	

Source: Field data.

Note: Figures in the brackets has indicated percentages to the Total.

Table 2 reveals that out of 205 sample farmers within group of small farmers, 63 (30.73 per cent) are illetrate. It is followed by higher secondary educator 49 respondents, primary level educator 37 respondents, secondary level educator 30 respondents, graduate educator 15 respondents and post graduate 11 respondent which constituted 23.90 per cent, 18.05 per cent, 14.63 per cent, 7.32 per cent and 5.37 per cent respectively.

In the case of large farmers out of 195, 46 (23.59 per cent) have higher secondary level of educator. It is followed by primary level educator 41 respondent, higher secondary level educator 38 respondents, illiterate have 36 respondents, graduate level educator 19 respondent

and post graduate level of educator 15 respondents which constituted 21.03 per cent, 19.49 per cent, 18.46 per cent, 9.74 per cent and 7.69 per cent respectively.

	Aiters						
Sl.	Particulars	Sizes of the Gro	Overall Formers				
No.	1 articulars	Small Farmers	Large Farmers	Overall Farmers			
1.	Livestock	19394	13817	13856			
2.	Farm Implements	18247	17933	28492			
3.	Household Articles	19141	17545	17425			

 Table 3: Average value of Investment on Livestock, Farm Implements and Household

 Articles

Source: Field Data

In the overall size-group, the average value of livestock ( $\gtrless$  19,394) is higher in small sample farmers than that of large farmers and overall farmers who invested  $\gtrless$  13, 856 and  $\gtrless$  13, 817 of livestock investment in Krishnagiri district. In the case of farm implements, the average value of farm implements for the overall farmers was higher ( $\gtrless$  28492) than that of small and large farmers who has invested  $\gtrless$  18, 247 and  $\gtrless$  17, 933 respectively. The investment made of sample farmers household articles ( $\gtrless$  19, 141) is higher than that of large and overall farmers who has invested  $\gtrless$  17, 545 and  $\gtrless$  17, 425 respectively.

#### Figure 5.4: Details of the Occupational Status of the Sample Farmers



#### Problems related to the Marketing of the Mango Fruits

The mango growers have to meet met various problems at the time of the marketing of the mango fruits. The problems include heavy price fluctuations, malpractices adopted in the selling methods, inadequate market finance, and lack of transport facilities, inadequate storage facilities and competition from the exporters. Table 6.40 presents the problems related to the marketing of the mangoes.

Sl.No.	Problems	Garrett's Mean score	Rank
1.	Price fluctuations	60.52	Ι
2.	Malpractices adopted in the selling methods	57.19	II
3.	Inadequate market finance	53.12	III
4.	Inadequate market information	46.77	IV
5.	Lack of transport facilities	44.55	V
6.	Inadequate storage facilities	44.34	VI
7.	Competition from exporters	39.92	VII

A Micro Level Study of Mango Producers: Socio-Economic Profile in Krishnagiri District

Table 4: Problems Related to the Marketing of the Mango

Source: Field data.

The Table 4 shows that the problems of price fluctuations with a garrets mean score of 60.52 has occupied the first rank I and malpractices adopted in the selling methods with a Garrets mean score of 57.19 has been placed in the second rank II among the major constraints faced by the mango growers in the marketing of the mango fruits which has been placed in the III and the IV ranks have been found to be the inadequate market finance and lack of market information the other major problems of the mango growers. Besides, lack of transport facilities, inadequate storage facilities and competition from the exporters have been the other minor problems faced in the mango fruits by the mango growers.

# Conclusion

It is a gratifying experience to study at close quarters the harrowing experience of some of the mango producers in Krishnagiri district. The highly volatile price pattern, lack of storage facilities, non-availability of agricultural labourers at times, the primitive methods of mango cultivation and stranglehold of middlemen are some of the crippling roadblocks faced by the mango entrepreneurs desirous of a study progress. Mango has remained the topmost fruit in India ever since ancient days. It is highly tasty and luscious table fruit for Indians. To meet the ever-growing demand of the mangoes, a portion of land of should be used for mango cultivation. The mango cultivation provides employment opportunities to many people and also helps the mango growers for improving their economic status.

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# Consumer's Preference and Satisfaction on the Use of Mobile Phones in Coimbatore City

# Mirsath Begum. M<sup>1</sup> and R. Maheswari<sup>2</sup>

Abstract: There are over 7 billion cellular phone subscribers in the world today (International Telecommunication Union, 2016). The growth in mobile phone subscribers today is faster than the growth in fixed telephone subscribers and Internet users. However an important aspect of cellular technology diffusion among advanced industrial countries is that mobile penetration has leveled off in the early part of the millennium with the growth centers for cellular technology shifting to countries such as Russia, China, India, Korea, Malaysia, Indonesia, Philippines and Taiwan. The number of subscribers in Asia was close to 3.9 billion in 2016 and almost all countries have a mobile penetration rate higher than their fixed line penetration rate. To carry out the study 100 respondents who were using mobile phones were contacted. Those who were willing to provide with the necessary details were selected for the study. The study is based primarily on field data. The needed data were collected through structural interview schedule with administered to 100 respondents who are using cell phones. The respondents were selected from Coimbatore city using convenience sampling technique. A most of the questions were of 'opinion survey', interview method enables the investigator to get the correct answers by explaining the questions in detail to the respondents. The results of the survey show that economy is the most influencing factor for the mobile subscribers.

#### Introduction

There are over 7 billion cellular phone subscribers in the world today (International Telecommunication Union, 2016). The growth in mobile phone subscribers today is faster than the growth in fixed telephone subscribers and Internet users. According to the Organization for Economic Cooperation and Development, in 2016, mobile penetration reaching 95 subscription per 100 inhabitants in June 2016, up from 86 per 100 a year earlier, according to the OECD report, the addition of 123 million new mobile broadband subscription in the 35 country OECD are made a year- on year rise of 11.3 percent driven by continued growth in the use of smart phone and tablets and lifted the OECD total to 1.214 billion subscription in a population. However an important aspect of cellular technology diffusion among advanced industrial countries is that mobile penetration has leveled off in the early part of the millennium with the growth centres for cellular technology shifting to countries such as Russia, China, India, Korea, Malaysia, Indonesia, Philippines and Taiwan. Driving this mobile growth phenomenon is, a rapid increase in the number of subscribers from three of the world's most populous nations China,

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Consumer's Preference and Satisfaction on the Use of Mobile Phones in Coimbatore City

India and Russia. By the middle of 2004 developing countries as a whole had overtaken the developed countries to account for 56 percent of all mobile subscribers, while accounting for 79 percent of growth in the market. Since 2000, China reported 1.28 billion users, about 77 percent of its total population. India saw an increase of 11 million, reaching a total of 1.12 billion subscribers. In Russia mobile phone subscriber numbers jumped from 36.5 million in 2003 to 103.3 million in 2017.

This rapid growth in the late nineties and early part of the millennium has found several Asian countries like India, Malaysia, Hong Kong, Japan and Taiwan witnessing tremendous competition in mobile provision. The number of subscribers in Asia was close to 3.9 billion in 2016 and almost all countries have a mobile penetration rate higher than their fixed line penetration rate.

#### The Indian scenario

India is emerging as the fastest growing cellular market in the world. Mobile handset has become the fastest selling consumer durable in index. According to a study conducted by the internet and mobile association of India, the e-commerce sector is estimated to reach Rs 211,005 crores by December 2016.

Handset manufacturers	Market share (%)
Samsung	22.3
Apple	12.9
Huawei	8.9
Орро	5.4
Others	46.0

Table 1: Market Shares of Major Handset Manufacturers in India

#### Source: www.wikipedia.org

The present study on "Consumer's preference and satisfaction on the use of mobile phones in Coimbatore city" is carried out among 100 cell phone users with the following objectives.

#### **Objectives**

- 1. To study consumer's choice in the selection of mobile phones and SIM cards.
- 2. To estimate the customer satisfaction on the various cell phone services.
- 3. To find out the reasons for owning the mobile handsets.

#### **Review of Literature**

Customer satisfaction theories are based on the studies on social and experimental psychology carried out by Hoppe (1930) and Lewin (1936) in the first half of the 20<sup>th</sup> century. Investigating the construct of self-esteem, these scholars discovered the foundation of the "confirmation/disconfirmation" paradigm useful to explain the "satisfaction" perception and link between satisfaction and trust.

Analysis of equity is based on studies on social- psychology [Homans (1961), Austin, McGinn and Susmilch (1980)] showing that the construct is derived from the proportionality, as perceived by the customer between the outputs and the inputs of an exchange. Equity theory states the importance of parties involved in an exchange process. The parties' feel equitably

treated and thus satisfied if their amount of input to exchange is somewhat in balance with their output of the exchange.

Any study on the mobile phone is not complete if the impact of emotional aspects of the service is not understood (WWRF, 2000). It is in this context that the understanding of customer satisfaction of the mobile commerce becomes much more valid.

Theodore Levitt (1974) said that, "We live in an age in which our thinking about a product or service must be quite different from what it ever was before. It is not so much the basic, generic central thing we are selling that counts, but the whole cluster of satisfaction with which we surrounded it". In this wording he means to say that today to provide complete customer satisfaction we need to have some facilitating and supporting services, which provide our service package a competitive edge. The need is much felt in today's business scenario, as competition is tough and ever increasing.

Sandhir sharma (2004) made a study on choice criteria and satisfaction level of mobile phone service users in Punjab in India. In today's business scenario, as competition is tough and ever increasing, it is the service sector which has shown a tremendous growth, particularly in mobile phone service sector. Nowadays, information technology development, particularly in telecommunication plays an important role in consumption pattern and living style. This research was conducted to determine the choice criteria and satisfaction level of mobile phone service users in Punjab state.

To identify the promotional strategies of cellular services in a customer perspective, Chinna Durai. M and Kalpana (2006) interviewed 200 customers who were using different cellular services. The sample respondents were located in Coimbatore city. The survey results revealed that the customers were satisfied in mobile phone services. The customers strongly felt that the companies must concentrate on coverage. As a suggestion, the study recommended that cellular companies have to use promotional strategies such as advertising, sales promotion, public relation, and personal selling.

Shrishendu Ganguli (2008) discussed the impact of service quality and features on customer satisfaction from the cellular user's viewpoint. The study attempted to find out the underlying constructs (using factor analysis) of these service variables for Indian cellular users. Then the variables (factors) extracted were used as independent variables and an attempt was made to explore the impact of these factors on customer satisfaction (dependent variable) which was divided into three parts satisfaction from usage, repeat buying intention and recommendation of service to others.

Savitha Nair, Nivea Nelson N and Karthika R (2016) made a study on "Consumer preference towards mobile phones: An empirical analysis" found that quality of the product is the most important factor influencing the choice, followed by mobile phone features. Actual need triggers the need to purchase mobile phones. Touch screen and design and style are the most preferred aspects of the 'look and feel' of the mobile phones. The results of the study provide insights to the players in the market in fine-tuning their product, pricing and promotional strategies accordingly.

# Methodology

To carry out the study 100 respondents who were using mobile phones were contacted. Those who were willing to provide with the necessary details were selected for the study. The study is based primarily on field data. The needed data were collected through structural interview schedule with administered to 100 respondents who are using cell phones. The respondents were

Consumer's Preference and Satisfaction on the Use of Mobile Phones in Coimbatore City

selected from Coimbatore city using convenience sampling technique. A most of the questions were of 'opinion survey', interview method enables the investigator to get the correct answers by explaining the questions in detail to the respondents. Documentary sources in the form of published and unpublished materials available in books, journals, records, newspapers and websites have been used for completing the present study.

#### **Results and Discussion**

#### **Profile of the Sample Respondents**

The personal characteristics of the sample respondents determine the preference and satisfaction level of the respondents on the cell phone services. "Consumer's preference and satisfaction on the use of mobile phones in Coimbatore city" was carried out among 62 males and 38 females, totaling the sample size to be 100. Age wise classification of the respondents revealed that a majority of 40% were in the age group of 21-30 years, followed by 30% in the age group of 31-40 years. About 78% were in the age group of 15-40 years.

\*Younger generation own mobile phones in a greater percentage.

Sex Factor	Male	%	Female	%	Total
Age (vears)					
15-20	4	6.45	8	21.05	8
21-30	17	27.42	16	42.10	40
31-40	17	27.42	8	21.05	30
41-50	14	22.58	5	13.16	12
51-60	7	11.29	1	2.63	8
60& above	3	4.84	0	0	2
Total	62	100	38	100	100
Education					
Primary	4	6.45	0	0	4
Middle	9	14.52	7	18.42	20
Secondary	16	25.81	8	21.05	25
Higher secondary	13	20.97	11	28.95	25
College	17	27.42	10	26.32	20
Professional courses	3	4.84	2	5.26	4
Total	62	100	38	100	100
Marital status					
Student	4	6.45	11	28.95	20
Unmarried	17	27.42	7	18.42	20
Married	41	66.13	19	50.00	60
Total	62	100	38	100	100

Table 2: Profile	of the Sample	Respondents
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Source: Data based on Field Survey, 2016

#### International Journal of Management and Development Studies

Educational qualification of the respondents revealed that a higher percentage of (74%) the mobile phone owners had completed high school education, 20% are in colleges, and 4% are professionals. Marital status of the respondents revealed that 60% are married.

\*Married people own mobile phones in a greater percentage.

Sex	Mal	e	Fem	ale	
Occupation	Number	%	Number	%	Total
Casual labour	17	27.42	5	13.16	20
Permanent employee	14	22.58	6	15.79	15
Business	16	25.81	0	0	30
Unemployed	0		16	42.10	15
Not in the labour force	4	0	11	28.95	20
		6.45			
Total	62	100	38	100	100

 Table 3: Occupation Wise Distribution of the Sample Respondents

Source: Data based on Field Survey, 2016

Occupation wise analysis reveals that 15% of the respondents are not in the labour force, being students. Majority of the respondents are in some type of work, in which 20% are casual labourers, 15% in regular jobs, 30% in business 15% are unemployed.

\*Mostly males were in casual works and none of the males was unemployed

Sex	Male		Female	_	
Income (Rs)	Number	%	Number	%	Total
Nil 1000-5000 5000-10000 10000-15000 15000-20000 20000-25000	4 21 28 5 3 1	6.45 33.87 45.16 8.06 4.84 1.61	27 8 2 0 1 0	71.05 21.05 5.26 0 2.63 0	35 30 20 6 8 1
Total	62	100	38	100	100
Average income (Rs)	7451.61		2052.63		5400

 Table 4: Income Wise Distribution of the Sample Respondents

Source: Data based on Field Survey, 2016

As shown in Table-3 20% of the respondents are not in the labour force and 15% are unemployed. Hence 35% of the respondents had no income. About 30% of the respondents had their monthly income in the range of Rs 5,000 - 10,000 followed by 20% having income in the range Rs10, 000-15,000. Only 15% of the respondents had their monthly income exceeding Rs10, 000. In the case of male respondents a majority of 45% had income in the range Rs 5000-10,000.

#### Mobile Handset Owned

All the respondents on enquiry stated that each own only one mobile phone. Majority of 65% of the respondents own Nokia sets and 8% Sony Ericsson. The various mobile phone sets owned by the respondents are shown in the following table -5.

Brand	Male		F	Total	
	Number	Percentage	Number	Percentage	
Nokia	42	67.74	23	60.53	65
Sony Ericsson	4	6.45	4	10.53	8
Motorola	4	6.45	3	7.89	7
LG	3	4.84	4	10.53	7
Classic	4	6.45	2	5.26	6
Samsung	2	3.23	$\overline{2}$	5.26	4
Tata Indicom	1	1.61	0	0	1
Virgin	1	1.61	0	0	1
NK	1	1.61	0	0	1
Total	62	100	38	100	100

Tuble of Distribution of the Respondents Dused on Set O mile	Table 5: Dist	ribution of the	Respondents	<b>Based on S</b>	Set Owned
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Source: Data based on Field Survey - 2016

All the respondents on enquiry stated that each own only one mobile phone. Among both males and females preference was for Nokia handsets. More than 60% of the females and 65% of the males own Nokia handset.

#### **Brand Holding**

An analysis on the SIM (Subscriber Identity Module) cards used by the respondents revealed that (Table-10) majority of both males (48.39%) and females (55.26%) use Airtel SIM card, followed by Aircel by 14.51% of males and 21.05% of females. Tata Indicom and virgin were not owned by any one the female respondent of the current study.

Sex	Male		F	emale	Tatal
SIM Card	Number	Percentage	Number	Percentage	Total
Airtel	30	48.39	21	55.26	51
Aircel	9	14.51	8	21.05	17
Reliance	7	11.29	6	15.79	13
Vodafone	7	11.29	2	5.26	9
Cell one	6	9.68	1	2.63	7
Motorola	1	1.61	0	0	1
Virgin	1	1.61	0	0	1
Tata Indicom	1	1.61	0	0	0
	(2)	100	20	100	100
Total	62	100	38	100	100

Table	6۰	Sim	Card	Used
Lanc	υ.	ыш	Caru	USCU

# Source: Data based on Field Survey - 2016

#### **Customer Satisfaction**

The customers were asked to specify their satisfaction level on various brands as 'very low', 'low', moderate, 'high' and 'very high'. Preferences for the respondents on various brands are given in the following table -7.

			Stateu				
Satisfaction Brand	Very low	Low	Moderate	High	Very high	ΣW	Weighed average
Airtel	1	4	10	31	5	188	3.69
Aircel	-	3	4	10	-	58	3.41
Cell one	-	1	3	3	-	23	3.29
Vodafone	-	-	4	3	2	34	3.78
Reliance	-	1	3	8	1	48	3.69
Others	-	-	1	1	1	12	4
Total	1	9	25	57	10	372	29.86

Table 7: Customer Satisfaction Level Towards	Various	<b>Cell Phone</b>	Services -	- Number
Stated				

Source: data based on field survey, 2016

The table shows that the satisfaction level of customer ranges between moderate and high for all cell phone services.

Factor	Male	Female	All
1	For entertainment	Easier to call everyone from	Necessity
		anywhere and at any time	
		For security	
2	Integrating with the		Easy billing
	world	Influenced by T.V	
3	For convenience		Integrating with the world
		Reputation and image	Easier to call every one
4	Variety of price plans		from any where and any
			time
		Value added services	Every one around me
5	Easy billing		has one
		For entertainment	Value added services
6	Influenced by T.V	Variety of price plans	Influenced by friends
7	Influenced by radio	Inbuilt facilities	Influenced by radio
8	-		

# Table 8: Extracted Reasons for Possessing Mobile Phone

The analysis thus revealed that

\* For both males and females 'entertainment', 'influence of T.V' and 'variety of price plans' were common reasons for possessing mobile phones.

\* It was because of 'convenience' that people mainly prefer to have mobile phones.

# **Reasons for Buying a Particular Brand**

The respondents were asked to specify the reasons for possessing the particular brand. They were given seventeen reasons and were asked to specify their preferences as 'strongly agree', 'agree','neutral','disagree' and 'strongly disagree'. The scores assigned for these were 2,1,0, -1, -2 respectively. The average scores given by the respondents for possessing the particular brands are given in the following table-9.

D	Male				Female						
Reasons	Airtel	Aircel	Cell one	Vodafone	Reliance	Others	Airtel	Aircel	Cell one	Vodafone	Reliance
Ease of use	1.47	1.67	1.33	0.43	1.57	1	1.57	1.625	1	1	2
Physical	1.07	1	0.33	1.43	0.43	1	1.14	0.75	1	0.5	0.67
appearance											
Brand name	1.30	1.11	1.17	1.43	1.14	0	1.09	0.625	1	0	0.67
Friends &	0.93	0.88	-0.83	0.43	-0.71	0	0.38	-0.125	1	-0.5	0.67
neighbours											
influence											
Coverage	1.27	1.56	0.67	1.14	1.43	1.33	1.09	1.25	0	1.5	1.83
Clarity in voice	1.20	1.89	1	1.86	1.29	1.33	1.04	1.25	1	0.5	-0.17
Scheme offered	0.43	1.44	-0.33	0.86	0.57	0.67	0.43	1.125	1	-1	0.33
Less price	0.27	0.56	0.17	0.43	0.57	0.67	0.71	1.875	-1	-0.5	0.5
Camera	-0.53	-0.77	-1.5	-0.43	-0.85	0.33	-0.71	-1.375	-1	0.5	-1
Video	-0.5	-0.67	-1.17	-0.43	-1.14	0.33	-0.95	-1.375	-1	0	-1.83
Entertainment	0.13	0	-0.83	0.14	-0.29	-0.33	0.29	-0.625	-1	1	0.16
facilities											
Newspaper	1.07	0.89	1	1.86	1.86	1.33	0.80	0.875	1	0	0.67
Poster &	0.03	-0.11	1	0.14	0.14	-0.33	0.14	-0.375	1	-2	-1.17
Banners											
Notice &	-0.87	022	-1	-0.43	-0.85	0	-0.95	-0.875	-1	-0.5	17
Pamphlets											
Radio	-0.17	-1	-0.33	0.29	-1.29	-0.67	-0.33	-0.25	-1	-0.5	-0.5
Television	0.30	0.67	0.33	0.57	1.43	1	1.43	0.375	-1	1	-0.67
Internet	-0.67	-1.78	-1	-0.85	-1.14	-1.33	-1.24	-1.375	-1	-1	-1.33

 Table 9: Average Scores Assigned For Particular Brands

#### International Journal of Management and Development Studies

The customers were asked to state the reasons on why they prefer mobile phones. They were given eleven reasons such as 'easy to carry', 'SMS facilities', 'MMS facilities', 'camera', 'video', 'calculator', 'Fm', 'E-mail', 'rate of calls', 'better service' and 'satisfied rent'. The respondents gave their opinion on a five point rating scale as 'strongly agree', 'agree', 'neutral', 'disagree' and 'strongly disagree'. The values assigned for these were 2,1,0, -1 and -2 respectively. The average scores given by the customers on the eleven stated reasons are shown in the following table 10.

Reasons	Male	Female	All
Easy to carry	1.68	1.74	1.7
SMS facilities	1.27	-1.81	0.21
MMS facilities	-0.65	-1.24	-0.87
Camera	-0.82	-1.12	-0.87
Video	-0.42	-1.76	-0.93
Calculator	0.55	0.18	0.41
FM	-0.34	-0.53	-0.41
E-Mail	-1.13	-1.45	-1.25
Rate of calls	0.74	0.60	0.69
Better service	0.55	1.53	0.92
Satisfied rent	-0.53	0.76	-0.62

Table 10: Average Scores on Reasons for Preferring Mobile Phones

Source: Estimates based on field survey, 2016

The main reason for males to prefer mobile phone was because it is 'easy to carry' (score 1.68). Females also mainly prefer mobile phones because of the same reason. Next to this males prefer mobile phone because of 'SMS facilities' (score1.27). But females strongly disagreed on this (score -1.81), 'Call rates' and 'better service' were the other reasons for males to prefer to mobile phone. Females also agreed that 'call rates' and 'better service' made them to prefer mobile phone. 'MMS facilities', 'camera', 'video', 'FM', 'E-mail' were not attractive factors to possess mobile phone. Combining both males and females it was found that mobile phones are preferred mainly because it is 'easy to carry' (score 1.7) and for 'better service' (score .92). Extra facilities were not monitoring factors for the customers to possess mobile phone.

#### Satisfaction

It is necessary to analyse the satisfaction/dissatisfaction level of the customers in using mobile phones. This will enable the manufacturers to concentrate on features which are attractive for the customers and also to improve the features in which the customers are not satisfied. Hence this section studies the satisfaction/dissatisfaction of the customers on the various features of the cell phones. The following table- gives the satisfaction/dissatisfaction of the males on the features of mobile handsets.

If a consumer's satisfaction exceeds 50 points and dissatisfaction is less than 50 points, then that particular feature is 'attractive'. If a consumer's satisfaction exceeds 50 points and dissatisfaction also exceeds 50, it is 'one dimensional'. If customer's satisfaction is less than 50 and dissatisfaction is also less than 50, the customer is 'indifferent' to the future. If the customer's satisfaction lies between 25 and 50 and his dissatisfaction exceeds 50, then the customer considers the feature as 'must be'. If the customer's satisfaction is less than 50 and his dissatisfaction lies between 0 and 25, the feature is 'reverse'.

Consumer's Preference and Satisfaction on the Use of Mobile Phones in Coimbatore City

The potential for customer satisfaction was less than 50 for all the features. Thus it is revealed that males were not satisfied with any of the features present in the mobile phones. It shows that the feature F19 is 'reverse' and F20 is 'must be'. It implies that by reducing price, customers dissatisfaction can be eliminated; but his satisfaction cannot be increased. 'High price and features' and 'low price and features' do not perform as expected, causing customer dissatisfaction. If they perform as expected, they would have influenced the male customer's satisfaction. The customer's are 'indifferent' on other features; they have little influence in satisfying the customers. The other features have little influence on customer satisfaction and dissatisfaction. If any of these product features are expensive they could be eliminated, to reduce product cost without influencing customer satisfaction or dissatisfaction.

From that table it can be seen that features 'weight' and 'low price' are 'attractive', which if present can increase satisfaction of the female respondents. But, if they are not present they do not cause customer dissatisfaction.

Features 'internet', 'entertainment', 'camera' and 'high price' are 'reverse' features. These features have the potential to cause some level of customer dissatisfaction. Eliminating it would reduce customer dissatisfaction but not increase customer satisfaction.

The female customer's are 'indifferent' to the other features. They have little influence on customer satisfaction or dissatisfaction. If any of these product features are expensive they could be eliminated, to reduce the product cost without influencing customer satisfaction or dissatisfaction.

The following table -13 shows 'low price' as an attractive feature for the customers. This implies that if the mobile handset is of low price with features, then it increases customer satisfaction. If they are not present they do not cause customer dissatisfaction. Similarly F12 and F19 ie 'internet' and 'high price' are 'reverse' features. These features have the potential to cause some level of customer dissatisfaction, eliminating these would reduce customer dissatisfaction but do not increase customer satisfaction.

Taking all the respondents together it was found that to attract customers the mobile handset should never be designed to have a 'high price'.

To satisfy male respondents any mobile handset should never be designed to have 'high price'. Males prefer to have mobile handsets with lesser price and more features.

To attract female respondents the mobile handsets should not be heavy; the price must be lower with many features. 'Internet', 'entertainment', and 'camera' are not attractive for females.

# International Journal of Management and Development Studies

Features	Performance	Attractivo	One Dimensional	Must be	Indifferent	Dovomso	Questionable	Customer	Customer
No	Features	Allactive	One Dimensional	wiust be	munerent	<b>Neverse</b>	Questionable	Satisfaction	dissatisfaction
F <sub>1</sub>	Weight	19	2	2	14	6	19	48.84	23.26
$F_2$	Message	11	0	4	28	13	6	19.64	30.36
F <sub>3</sub>	Design	14	0	4	27	8	9	20.75	22.64
$F_4$	Screen size	10	0	3	38	4	7	18.18	12.73
F <sub>5</sub>	Screen Brightness	15	0	2	33	7	5	26.31	15.79
F <sub>6</sub>	Ring tones	15	0	2	37	6	2	25.00	13.33
$F_7$	Key size	11	0	4	42	5	0	17.74	14.525
F <sub>8</sub>	Keypad function	16	0	2	23	7	14	33.33	18.75
F <sub>9</sub>	Capacity	11	2	1	38	8	2	21.67	18.33
F <sub>10</sub>	Organiser	7	1	2	41	9	3	13.33	20.00
F <sub>11</sub>	Connectivity	6	2	4	40	7	16	13.55	22.03
F <sub>12</sub>	Internet	5	-	5	20	16	9	10.87	45.65
F <sub>13</sub>	Entertainment	8	1	4	30	10	7	16.98	28.30
F <sub>14</sub>	Brand Name	9	1	3	31	11	19	18.18	27.27
F <sub>15</sub>	Camera	6	3	1	21	12	3	20.93	37.21
F <sub>16</sub>	Volume adjustment	14	2	3	34	6	7	27.11	18.64
F <sub>17</sub>	Colour	14	1	3	33	4	4	27.27	14.54
F <sub>18</sub>	Language setting	10	0	5	40	3	12	17.24	13.79
F <sub>19</sub>	High price	7	2	13	12	16	12	18.00	62.00
F <sub>20</sub>	Low price	9	15	10	14	4	10	46.15	55.77

Table 11: Male Respondent's Satisfaction/ Dissatisfaction on Mobile Handsets Features

Features	Performance	Attractive	One	Must be	Indifferent	Reverse	Questionable	Customer	Customer
No	Features	11001 0001 10	Dimensional	Indifferent		110/01/50	Questionable	Satisfaction	dissatisfaction
F <sub>1</sub>	Weight	11	2	0	8	5	12	50	26.92
F <sub>2</sub>	Message	9	1	1	19	5	3	28.57	20.00
F <sub>3</sub>	Design	9	0	2	21	5	1	24.32	18.92
$F_4$	Screen size	10	2	2	20	2	2	33.33	16.66
F <sub>5</sub>	Screen	8	1	2	19	5	3	25.71	22.86
	Brightness								
F <sub>6</sub>	Ring tones	6	0	3	20	3	6	18.75	18.75
F <sub>7</sub>	Key size	3	1	1	24	8	1	10.81	27.03
F <sub>8</sub>	Keypad function	13	0	1	14	5	5	39.39	18.18
F <sub>9</sub>	Capacity	1	1	1	30	4	1	5.40	16.22
F <sub>10</sub>	Organiser	4	0	1	29	4	0	10.53	13.16
F <sub>11</sub>	Connectivity	1	1	1	29	4	2	5.55	16.67
F <sub>12</sub>	Internet	2	1	3	13	12	7	9.68	51.61
F <sub>13</sub>	Entertainment	2	0	6	14	11	5	6.06	51.51
F <sub>14</sub>	Brand Name	2	0	3	27	3	3	5.71	17.14
F <sub>15</sub>	Camera	4	1	3	7	13	10	17.86	60.71
F <sub>16</sub>	Volume	7	1	2	19	7	2	22.22	27.71
	adjustment								
F <sub>17</sub>	Colour	5	3	2	22	3	3	22.85	22.86
F <sub>18</sub>	Language setting	4	1	4	26	2	1	13.51	18.92
F <sub>19</sub>	High price	3	3	3	7	13	9	20.69	65.51
F <sub>20</sub>	Low price	8	8	4	9	1	8	53.33	43.33

Table 12: Female Respondents Satisfaction/ Dissatisfaction on Mobile Handsets Features

Features	Performance	Attractive	One	Must be	Indifferent	Dovonco	Questionable	Custom	Custom
No	Features	Attractive	Dimensional	Indifferent	munierent	<b>Neverse</b>	Questionable	Satisfaction	dissatisfaction
$F_1$	Weight	29	4	2	22	11	32	48.53	25.00
$F_2$	Message	18	2	5	47	19	9	21.98	28.57
F <sub>3</sub>	Design	23	0	6	49	12	10	25.56	20.00
$F_4$	Screen size	18	3	5	58	5	11	23.59	14.61
F <sub>5</sub>	Screen Brightness	24	0	5	49	13	9	26.37	19.78
F <sub>6</sub>	Ring tones	20	0	5	56	10	9	21.98	16.48
F <sub>7</sub>	Key size	14	1	5	66	13	1	15.15	19.19
F <sub>8</sub>	Keypad function	29	0	3	36	13	19	35.80	19.75
F <sub>9</sub>	Capacity	12	3	3	69	9	4	15.63	15.62
F <sub>10</sub>	Organiser	11	1	3	70	12	3	12.37	16.49
F <sub>11</sub>	Connectivity	7	3	4	69	12	5	10.53	20.00
F <sub>12</sub>	Internet	7	1	6	31	33	22	10.26	51.28
F <sub>13</sub>	Entertainment	11	1	9	44	21	14	13.95	36.04
F <sub>14</sub>	Brand Name	13	1	5	57	14	10	15.56	22.22
F <sub>15</sub>	Camera	10	3	4	28	25	30	18.57	45.71
F <sub>16</sub>	Volume	21	3	5	54	12	5	25.26	21.05
	adjustment								
F <sub>17</sub>	Colour	19	4	5	53	9	10	25.56	20.00
F <sub>18</sub>	Language setting	14	2	9	64	6	5	16.84	17.89
F <sub>19</sub>	High price	10	6	15	19	29	21	20.25	63.29
F <sub>20</sub>	Low price	18	24	12	23	4	19	51.85	49.30

Table 13: Satisfaction/Dissatisfaction on Mobile Handset Features to All

Consumer's Preference and Satisfaction on the Use of Mobile Phones in Coimbatore City

#### Conclusion

The results of the survey show that economy is the most influencing factor for the mobile subscribers. The manufacturers of mobile phones should consider this when designing mobile phones to attract all segments of the economy. To attract female customers the mobile handsets should not be heavy and the price must be low. To satisfy the customers, the mobile handsets should never be designed to be heavy and with high price. As majority of the customers are in the moderate-income group, the manufacturers should try to capture all income groups.

#### Suggestions

- Future researcher could generate bigger sample size, to analyse the problem in a more scientific approach.
- > The positive and negative impacts of using cell phones could be studied covering the younger and senior citizens.
- ➤ A comparative analysis on the different types of cellphone sets on a macro level can give suitable suggestions to the manufacturers to improve their products.

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# A Study to Know the Level of Financial Inclusion Among Rural People-Special Reference to Banasthali

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**Abstract:** The term financial inclusion means availability of banking services at an affordable cost to disadvantaged and low income group. The banking and financial services include saving, deposits, borrowing, payments and remittance facility. Financial inclusion mainly focuses on the poor who don't have formal financial institutional support and getting them out of the clutches of money lenders. As the majority of the rural population is still not included in the inclusive growth, the concept of financial inclusion becomes a challenge for the Indian economy. Hence financial literacy is an important component of the financial inclusion has been identified as an instrument. This study mainly aims at understanding the awareness of people about the financial product and services. The secondary objectives are based on whether certain selected variables such as age, level of education, awareness of informal sources of financing and so on, have some impact on awareness of people or not.

Keywords: Financial Education, Financial Inclusion, Financial Product

#### Introduction

Financial Inclusion has been broadly recognized as critical in reducing poverty and achieving inclusive economy growth. Financial inclusion improves overall welfare of people. The benefit of financial inclusion are not only important for individual but for economy as well. Financial inclusion improves countries economic and social development. In the same sense Financial education is a process by which consumer improve the understanding about financial product and service. Financial education is an important tool to address this imbalance and help consumers both accept and use the products to which they increasingly have access. Because it can facilitate effective product use, financial education is critical to financial inclusion. It can help clients to both to develop the skills to compare and select the best products for their needs and empower them to exercise their rights and responsibilities in the consumer protection equation. Financial education thus is not limited to providing information about financial products and services and making consumers financially aware. Rather it is the process which equips consumers with skills which would enable them to ascertain which information to look for, where and how, it also help them to make best use of that information. There are two aspect of financial inclusion one is demand side other is supply side.

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Any remaining errors or omissions rest solely with the author(s) of this paper

A Study to Know the Level of Financial Inclusion Among Rural People- Special Reference to

Demand side	Supply side					
<ul> <li>Financial literacy credit cancelling.</li> </ul>	• Financial markets, banks & services.					
• Credit absorption capacity.	• Appropriate design of product and services.					
Knowledge of products						
• Need for total products and services						
Demand side factor	Supply side factor					
• High transaction cost for clients e.g.	• Persons are un-bankable according to					
travel.	bankers					
documentation	Small loan amount					
• Lack of awareness	• Long distance for services/branches					
• Lack of social capital	High transaction costs					
• Non-availability of special products	Lack of collateral					
Convenience of informal lending	• Information asymmetry					
• Prior rejection by formal banking	Human resource constraints					
system						

Financial inclusion enables improved and better sustainable economic and social development of the country. It helps in the empowerment of the underprivileged, poor and women of the society with the mission of making them self-sufficient and well informed to take better financial decisions. The penetration of financial services of rural area is still low the factor responsible for this condition is both demand and supply side factors but the main problem with supply side factors. Since from 2005 RBI have been taking many efforts to increase financial inclusion and literacy level in India measure such as SHG program and easying KYC norms, EFT , opening more and more bank branches, encouraging no-frill account and emphasis on financial literacy are playing significant role in financial inclusion .

This paper focus on the significant of financial inclusion in context of Banasthali Rural area (Rajasthan)

# **Importance** / Benefit of Financial Inclusion

- Creating a platform for inculcating the habit to save money.
- Providing formal credit avenues.
- Customers can avail a Variety of financial products provided by bank and financial institutions regulated a supervised by credible regulators.
- It strengthens the financial deepening an leads to financial development in a
- Country, which would in turn accelerate economic growth of the country.

# **Objectives of the Study**

The purpose of this paper is to examine the role of financial literacy in the realization of financial inclusion in Banasthali.

- To study the awareness about availability of banking services in Banasthali.
- To study the usage of banking services.
- To study the reason for not having bank account.

# Literature Reviews

Financial Access: Inclusion and Literacy: K. Sukumaran (2015) - K. Sukumaran traces the importance of financial access in the financial sector development of an economy. Financial

education or literacy has been identified as a key factor influencing the demand side of the financial inclusion. Financial education as a key element to enhance inclusion. Financial access helps the citizens to participate in the economic opportunities and derive the fruits of development which lead them to economic well being.

The role of financial education in financial inclusion – OCED/INFE Evidence, Policies and illustrative case studies: Financial inclusion is an International policy priority and demand side initiatives including financial education have an important role to play in helping individuals to access and use appropriate, formal financial products. The financial programmes should focus on family rather than individuals. The ultimate intention of financial education for financial inclusion is to support behavior change.

"Financial Literacy Annual Report" written by CFPB (Consumer Financial Protection Bureau) in July 2014. In this report researcher stated that, all Americans, regardless of income and level of educational attainment, need to be able to evaluate the choices available to them in the financial marketplace and understand the implications of their financial decisions in order to build secure financial futures. Financially capable consumers are essential to fully and responsibly harness the financial system's tremendous capacity to enhance economic stability and opportunity to help all people in America reach their life goals.

"Financial Inclusion: Issue and Challenges" is a paper written by S. Mahendra Dev in October 2016. This paper flag the importance of financial inclusion improving the living condition of poor farmers, rural non-farms enterprises and other vulnerable groups and discuss a few important issues and challenges. It does not cover all the issue due to space constraints. For improving the productivity of small and marginal farmers and improving the skills of rural and non-farm workers, the banking system may have to undertake credit plus advisory services.

Research Paper Current Situation of Financial Inclusion In India and Its Future Vission on 8 Aug. 2013 by Neha Dangi and Pawan Kumar. We all know about that strong and vigorous financial institution is the pillar of economic growth, progress and success of economy. Financial awareness can boost up the financial condition and standards of life of poor people. This article is basically tell us about the current status and future prospectus of financial inclusion in India. we know that in India 55% of population have deposited accounts and 9% have current account this number showing access to financial services is unsatisfactory, so government should have to tapped the untapped area and try to enhance the bottom line by providing them attractive scheme. It is an opportunity in the future to achieve 100% financial inclusion.

"Financial Stability and Financial Inclusion" is a paper written by Peter J. Morgan Victor & Pontines in July 2014. This paper has examined the relationship between financial stability and financial inclusion to examine whether they are mutually reinforcing, or whether there are substantial trade-offs between them. Future work could consider the effects of measures of household inclusion, such as the percentage of adults with deposits or loans at a formal financial institution, on financial stability measures.

"Financial Inclusion in Rural India: The role of Microfinance as a Tool" is a paper written by Dr. Christabell. P. J. & Vimal Raj. A. in Oct. 2012.in this paper researcher says that, Finance is the lubricant, which oils the wheels of development. All economies rely upon the intermediary function of finance to transfer resources from savers to investors. The poor would borrow relatively small amounts, and the processing and supervision of lending to them would consume administrative costs disproportionate to the amount of lending. Non bank financial institutions like microfinance institutions help to fill this gap. Even though, in India, the A Study to Know the Level of Financial Inclusion Among Rural People- Special Reference to

microfinance model extends credit and savings to the poor, the challenges faced by the industry has to be rectified in due course for the effective working of the model.

"Financial Inclusion, Poverty and Income Inequality in Developing Asia" is a paper written by Cyn-Young Park and Rogelio V. Mercado in January 2015. This paper provides the some evidence on the role of financial inclusion on poverty and income inequality. Increasing financial inclusion or reducing involuntary financial exclusion lower income inequality in developing Asia. To further reduce income inequality, more measures must be taken to address financial exclusion of law income group from financial services.

Journal "Relevance of financial inclusion, financial frauds and financial literacy in India by Manoj Bansal and Dr. Satinder Kumar on 8Aug. 2016.financial inclusion is providing financial services at affordable cost to low income people and financial frauds included deliberate act of dishonesty involving financial transaction for purpose of personal gain, it is also clear that without awareness about financial services provided by govt. nobody can got gain from these services. In India 58.7% household availing financial service in India as per data 2011.

"Overview of financial inclusion and micro credit"- is a work by D.T. Paiin January 2010. The paper deals with the global concern of financial inclusion and policy initiatives taken in developed and under developed countries and their experiences. Special coverage is given for the policy initiatives in India.

A policy paper titled as "Access to Financial Services and Financial Inclusion agenda around the world" publish by the World Bank as on January 2011. The person behind the research paper are Oya Pinar Ardic, Maximiline Heimann, Nataliya Mylunko. The paper is the product of financial access team in consultative group to assist the poor, financial and private sector development. It is part of larger efforts by the World Bank to provide open access to its research and make a contribution to development policy discussions around the world.

"financial Inclusion: gateway for Poverty and Unemployment" – is a paper published by Dr. Masroor Ahmad Beg (associate professor, Zakir Husain college, University of Delhi) in 2011. In this study, an attempt has been made to delineate empirically the formidable problems of financial inclusion which has hindered the growth process of the country by perpetuating the molasses of the more than quarter of the population in the form of abysmal poverty and unemployment.

"Financial inclusion of Fisher Household in costal Kerala- role of micro finance" is a thesis submitted to the Cochin University of science and technology by Sangeeha K Prathap in the year 2011 March. Through the study it is tries to estimate the status of financial inclusion among the fisherman households in Kerala and the socio economic factors determining the level of financial inclusion/exclusion with a view to understand the role of micro finance.

"Opportunities and Obstacles to Financial Inclusion" is a survey report published in July 2011 by Anita Gardeva, Elisabeth Rhyne (centre for financial inclusion publication). The survey purses the proposition that low-income people deserve high quality financial services and that these services can best be provided through commercial model that incorporate social purpose. The centre works on behalf of the microfinance industry as a whole, serving as a bridge to leverage private sector interest in micro finance. In collaboration with others, the centre works to bring great minds and expertise to bear on industry problems. E are outcomes-focused, setting specific goals and measures of accountability for real-world change.

"K. C. Chakrabarty: Financial Inclusion and Banks-Issues and Perspectives" is an address by Dr. K. C. Chakrabarty, deputy governor of the reserve bank of India, at the FICCI (Federation of Indian Chambers of Commerce &Industry)- UNDP (the united nations development programme) seminar on "financial inclusion: partnership between banks, MFIs and Communities", New Delhi 14 October 2011. The paper states the policy measures of financial inclusion by RBI and its effectiveness

"Anand Sinha: financial inclusion and urban co-operative banks" is a transcript of the comment by Mr. Anand Sinha, deputy governor of reserve bank of India at the launch of the financial inclusion program of Cosmos Bank, Pune, 6 January 2012. The current policy of inclusive growth with financial stability cannot be achieved without ensuring universal financial inclusion. And he remains that Urban Co-operative banks have duty to rise up to meet these aspirations, convert the perceived weakness into exiting opportunities and facilitate inclusive growth.

"Developing a vision for financial inclusion" is a report published by Elaine Kempson and Sharon collard in 2012. This study reviews the world's progress towards Financial Inclusion, with a special reference to Latin American economies and develops an evidence-based vision for achieving financial inclusion over ten-year time frame. The Personal Finance research centre, in close collaboration with friend's provident foundation, conducted the research.

"Financial Inclusion through cooperative banks" is a paper was presented at the COBI seminar at Bangkok on October 5-6, 2012. The paper produced by P.V. Prabhu (trustee secretary, national institute for rural banking Bangalore). This paper states financial inclusion is a major component of "inclusive growth" strategy and co-operatives are being closer to the communities are more suited for implementing the programme of financial inclusion.

Jariwala, H. (2013) In her PhD studies on financial literacy in Gujarat reveals that financial education is very important as it help an individual to take better financial decision in terms of investment avenues according to their need, more realistic opportunity in terms of investment, which result into better product selection and also financial well being for an individual, healthy financial ways of thinking. Financial illiterate consumer can collect information from any unreliable resources and can result into loss of principle money can result into debt and result into lowering of living standard. This study shows the relationship between financial education and financial investment decision, it also shows the importance of financial literacy in nation development because financial literacy can drive the nation and lack of it can distort the nation, financial literacy helps people to take financial decision in better manner, can help in priotorising their financial goal, make people aware about financial products and benefits and risk associated with the products. This study also focuses on the point that financial literacy can change India as nation of savers to nation of investors.

# Initiative Taken by RBI

RBI as proactive measure has taken many initiative to promote financial Inclusion in India.

- A large no of population did not have bank account bank provide them or encourage them by providing no- frill account with nil or very low balance.
- KYC norms procedure became easy because many of population live in rural or semi rural area.
- Banks are required to provide all printed material used by customer in both English, Hindi and regional languages.

# **Research Methodology**

The entire range of discussion is based on both primary data (Questionnaire) and secondary data. The different books, journal and research paper have been consulted in this regard. Excel is used A Study to Know the Level of Financial Inclusion Among Rural People- Special Reference to

for the purpose of analysis. Bar diagram and percentage method is used for the presentation in current paper.

# **Data Analysis and Interpretation**

Table 1: Loan is easily available to Respondents									
Loan Is Easily Available									
No. of respondentsPercentage %									
Strongly disagree	17	17%							
Disagree	24	24%							
Neither agree nor	13	13%							
disagree									
Agree	28	28%							
Strongly agree	6	6%							
Total	98	100%							





# **Interpretation**

In our survey under the head that availability of banking services we take response about statement that loan is easily available to them, out of 98 respondents 6% are strongly agree,28% are agree, 13% are neither agree nor disagree, 24 % are disagree and 17% are strongly disagree with the statement. Out of them maximum are agree which is 28%.

Tuble 201100 acting Schemes of Dum			
Attractive saving schemes available			
No of Respondent Percentage %			
Strongly disagree	5	5%	
Disagree	24	24%	
Neither agree nor disagree	21	21%	
Agree	31	31%	
Strongly agree	7	7%	
Total	98	100%	

 Table 2: Attractive Saving Schemes of Bank





# Interpretation

In our survey we have statement that attractive saving schemes are available to them, out of 98 there are 7 %respondents who are strongly agree, 31 %respondent who are agree, 21% are neither agree nor disagree, 24 % are disagree and 5% are strongly disagree with this statement.

Table 3: Locker Facility is available to customer		
Locker facility is available		
	No of Respondents	Percentage%
Strongly disagree	13	13%
Disagree	16	16%
Neither agree nor disagree	29	29%
Agree	14	14%
Strongly agree	16	16%
Total	98	100%





# Interpretation

The table shows that 30 %respondents are agree with the statement "locker facility is available" and 29% are disagree and 29% respondents are those who are not even aware about the locker facility.

A Study to Know the Level of Financial Inclusion Among Rural People- Special Reference to

Bank		
You are using bank for the payment of insurance premium		
	No of Respondents	Percentage%
Strongly disagree	61	62%
Disagree	9	9%
Neither agree nor disagree	4	4%
Agree	9	9%
Strongly agree	4	4%
Total	98	100%







#### Interpretation

This table shows respondents response about that, they using are using bank for the payment of insurance premium, 13% are agree with it,71% are disagree and 4 % are neutral with their response.

Table 5: This Table Provide Information abo	ut Using Of Bank for Depositing Money
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You are using bank for depositing money		
	No of Respondents	Percentage%
Strongly disagree	11	11%
Disagree	9	9%
Neither agree nor disagree	1	1%
Agree	24	24%
Strongly agree	42	43%
Total	98	100%



#### Interpretation:

This table shows respondent response about that, are they using bank for depositing money out of 98 respondent 67% are agree with this statement, 20% are disagree and 1 % is neither agree nor disagree.

# Table 6: You Are Using Banking Service, Because Interest Charged By the Advance IsEconomical Than Charged By the Moneylender

You are using banking service, because interest charged by the bank on advance is economical			
Inan charged by the moneylender           No of respondents         Percentage%			
Strongly disagree	7	7%	
Disagree	19	19%	
Neither agree nor disagree	6	6%	
Agree	20	20%	
Strongly agree	35	36%	
Total	98	100%	



Fig.5

#### Interpretation

This table shows response of respondents about the statement that are they using banking service, because interest charged by the bank on advance is economical than charged by the money lender, out of 98, 56% respondents are agree, 26% are disagree and 6% are neutral with their response. We can see that maximum respondent are agree about that bank interest rate is less on borrowing as compare to moneylender.

A Study to Know the Level of Financial Inclusion Among Rural People- Special Reference to

You don't like dealing with bank			
No of Respondents Percentage %			
Yes	6	60%	
No	4	40%	
Total	10	100%	

Table 6: This Table Shows Number of Customer Who Don't Like Dealing with Bank





# Interpretation

This table shows reason about that why people don't have bank account one of the reason is that" they Don't like dealing with bank" out of 98 respondents 40% don't like dealing with bank and 60% person have their different reason.

Don't have enough money		
Yes	0	0%
No	10	100%
Total	10	100%





# International Journal of Management and Development Studies

#### Interpretation

The table shows that 100% people who are not having the bank account saying that they don't have the enough money to save. That is why they are not maintaining bank account.

Table 8: Don't need / want an account.			
Don't need / want an account			
	No of Respondents	Percentage%	
Yes	3	30%	
No	7	70%	
Total	10	100%	



Fig.8

# **Interpretation**

This shows that out of 10respondent, 70% respondents don't need account because they don't have enough money for depositing in bank and 30% want an account.

#### **Reason for Exclusion**

- 1. Geographical location -
  - $\checkmark$  Branch timing
  - $\checkmark$  Distance from bank branch
- 2. Economic Factors -
  - ✓ Low Income
  - ✓ Low Asserts
- 3. Social Factor -
  - ✓ Ease of Availability of informal credit
  - ✓ Gender
- 4. Financial illiteracy -
  - ✓ Illiteracy
  - ✓ Lack of Awareness
- 5. Document process
  - ✓ Cumbersome
  - ✓ KYC Documentary proof of identity / Address

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# Limitation

# The problem with this study is:

- ✓ The survey was conducted in Banasthali Vidyapeeth, Tonk( Rajasthan) so result can be generalized only in Banasthali Vidyapeeth.
- $\checkmark$  Our sample size is limited and it may not give the opinion of all the people.
- ✓ While surveying researcher faces many problem like some people were not willing to respond and few of them who responded were in hurry and hence active participation was lacking.

# Conclusion

This study was an attempt to understand the process behind the recent financial inclusion constrain in rural area of Banasthali. In this study on financial inclusion and financial literacy it has been found that the financial literacy and inclusion in the rural area (Banasthali) is so weak, there is strong need of financial literacy and financial inclusion awareness all across rural area in Banasthali, in which rural area individuals have low level of literacy as well as inclusion which shows that there is lack of awareness and low access to financial services. The situation of women is very worst regarding awareness of financial inclusion and financial literacy for boosting financial literacy banks play various roles for the people but very less of the people take advantages of that product and services. Now days banks play role as trustee, guarantor, gives loan to their customers, etc. But the people of rural area are lack behind due to lack of knowledge about the all services and products of the banks. It is now time for banks to act seriously, implement financial inclusion practically and then report the progress accordingly.

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