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**A PEER REVIEWED RESEARCH JOURNAL IN COMMERCE AND ALLIED SUBJECTS
D.H.S.K. COMMERCE COLLEGE, DIBRUGARH**

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MICRO FINANCE: ECONOMIC EMPOWERMENT OF WOMEN THROUGH SELF-HELP GROUPS WITH SPECIAL REFERENCE TO DIBRUGARH AND SIVSAGAR DISTRICTS

Dimpi Chakravorty

Abstract

Dramatic findings are emerging on the macro level that supports the importance of microfinance. Improved access to health and education for women, allied with expanded opportunities for employment and access to micro credit, has expanded choice and empowered women. This study seeks to explore the impact of participation in Micro-Credit Programmes on the economic empowerment of women in the context of the great importance being given to the group approach while conceptualizing any programme for rural women. In total, the study covers 598 SHGs with 6483 members, where 87 percent of the members are female and only 13 percent are male. The statistical techniques like Independent sample T- test and Regression are used for analysis of the findings. The implication of this finding is that SHG credit programs targeting women are likely to bring about rapid economic improvement in the situation of women, along with increased control on the loan amount. Throughout the interview and field visit it was observed that financial efficiency gets overwhelming focus in the sample SHGs; social issues go dismissed.

Key words: Participation, Economic empowerment, Micro-Credit

Introductory statement

Queries arise on effect of microfinance through Self-Help Groups (SHGs) on reducing poverty level and empowerment of women. But, if we give a look on microfinance's effects at an international level then the answer is definitely positive. Dramatic findings are emerging on the macro level that supports the importance of microfinance. A 14-year study by the World Bank of three MFIs in Bangladesh finds that 40 percent of the entire reduction of poverty in rural Bangladesh was directly attributable to microfinance. The four largest programs in Bangladesh have a combined total of more than 15 million clients affecting some 75 million family members, equal to more than half the population of Bangladesh. Juxtaposed with other countrywide data presented in the HDR 2005, this evidence is even more powerful. The HDR 2005 cites Bangladesh's successes in human development by comparing it to India, a country with much higher income and economic growth, but lesser progress towards

human development goals. It declares that, "Had India matched Bangladesh's rate of reduction in child mortality over the past decade, 732,000 fewer children would die this year." The HDR 2005 presents four strategies directly contributing to Bangladesh's advances, including "expanded opportunities for employment and access to Micro credit." Further Shahidur Khandker's (2005), analysis found that 40 percent of the entire reduction of poverty in rural Bangladesh was directly attributable to microfinance. Juxtaposed with other countrywide data presented in the HDR 2005, this evidence is even more powerful. The HDR 2005 cites Bangladesh as an example of a country making extraordinary advances in human development indicators without the economic growth experienced by other countries. The HDR presents four strategies directly contributing to Bangladesh's advances, specifically naming BRAC (an organization providing microfinance services, among other services) as one of the non-governmental organizations "improving access to basic services through innovative programs." Another of the four strategies, called "virtuous cycles and female agency" by the HDR, centers on the idea that: Improved access to health and education for women, allied with expanded opportunities for employment and access to micro credit, has empowered women. While gender disparities still exist, women have become increasingly powerful catalysts for development, demanding greater control over fertility and birth spacing, education for their daughters and access to services. In other words, because of the availability of programs such as microfinance, along with increased empowerment and access to reproductive health services for women, Bangladesh was able to improve development of its people despite lagging behind India's stunning economic growth. The data on Bangladesh is supported by a powerful anecdote found in Professor Jeffrey Sachs' book, *The End of Poverty*, which offers a glimpse of microfinance's effects in clients' lives. He describes a visit with BRAC micro credit clients and learns that the women all had, or planned to have, no more than two children each. Considering Bangladesh as an example of microfinance's potential on a national scale, it is not such a stretch to imagine its potential impact on global poverty. Recognition of the intimate link between poverty, poor health and inequality along with the evidence of microfinance's broader impacts in these areas demands the expansion of microfinance services to the poor as a primary strategy for meeting the MDGs.

While neutral and even negative findings can be teased out of any individual study, the totality of evidence identifies SHG approach as a vital strategy for poverty reduction. Some of the most noteworthy evidence for microfinance's impact on poverty includes the following findings:

- After a two-year period, participants in three Ugandan microfinance programs

showed an increase in both assets and savings compared to a non-participant group, and reported greater profits from their micro businesses. (Barnes 2001).

- An evaluation in India discovered that three-fourths of members who participated for longer periods experienced marked improvements in their economic status. (Todd 2001).
- A study of Grameen Bank clients in Bangladesh found that after eight to ten years in the program, 57.5 percent of participant households were no longer poor. (Todd 1996).
- Another study in Bangladesh revealed that the funds lent to women produced a 20 percent return to income from borrowing in the form of household expenditures. (Khandker 2005).

Review of Literature

The article of Hunt and Kasynathan (2001) considers the relationship between microfinance provision and women's empowerment in the light of discussions that the writers undertook in 2000 with NGO staff, and groups of women who have taken credit. The questions like who controls decision-making regarding the use of credit, who manages enterprises supported by credit, whose labour is used, who controls the marketing of products, and who keeps, decides on, and uses any income generated are critical for understanding changes in gender relations and the contribution of microfinance to women's empowerment. The findings suggest that few development agencies, including many key NGO staff at field level, are equipped to ask or answer questions related to male, female, and joint control of credit. Very few field-level workers appear to them to be reflecting on the complex relationships between control of credit and empowerment. This lack of critical reflection was also evident to them in other areas, such as assessments of the impact of credit and social development training on violence against women, dowry, divorce, and polygamy. It was assumed, and repeated almost like a mantra, that providing credit to women automatically increases their status within the household, and that this either equates with, or directly leads to, empowerment. Individual or personal factors that appear to increase the likelihood of a woman controlling her loan and the income generated from it are: the absence of a husband (due to death, abandonment or long-term migration); the use of the loan for a 'traditional' female activity, particularly where the woman is able to market her goods from home (such as paddy husking, sewing, selling milk, or chicks). Although the sample size is very small, the difference between male and female answers to this question was striking. Men were more likely to focus on

access to money as the most valuable thing to have come from women's credit groups. Their observations suggest that an understanding of gender issues and women's rights and a commitment to equality for women on the part of the NGO fieldworker; close monitoring by the NGO of different aspects of control over credit and other aspects of empowerment programme factors will increase the likelihood of a woman controlling her loan and the income generated from it.

The study made by Jahan et al (2004) assesses the impact of the activities of Self- Help Groups on women's say in household decision-making and their own well-being. Special attention is paid to women's acquisition of assets, including land, whether through purchase or lease. Other areas of changes in women's agency and their position that are looked into are their interaction with officials, mobility, dignity and self- esteem. The role of women's groups in promoting solidarity in supporting changes in household behaviour, particularly men's behaviour, is analyzed. Changes in men's roles and attitudes are addressed, as also the effect of credit-related activities on women's labour and leisure time. Finally the authors sum up the changes in terms of changes in gender relations, in particular, the articulation of new gender norms. Based on analysis of rural women's voices, the study concludes that, while there is no straightforward translation of micro credit schemes into women's dignity or change in gender relations, in conjunction with the changed practice of women as income earners there is, however, a continuous creation of new norms and social contexts, which amount to a change in their traditional status as dependants. The rural women whose activities and discussions are analyzed in this paper have made a substantial change in overcoming some aspects of the hegemonic concepts of masculine domination. From a status of a structure that either was 'natural' or religiously inscribed, competing possibilities and practices have opened the way for a discussion of that which was taken for granted. There is an enhancement of women's agency - women as income earners, asset owners, more mobile, dealing with out-siders, taking up trade, going to the market, and so on. All these changes enhance women's agency in daily life, give them greater voice in deciding household affairs. At the same time there is also the agency involved in bringing about these changes and in articulating new norms or systems of culture, more in consonance with, though not mechanically reflecting, these changes in roles. The field of the changes were initially and still are primarily economic, the development of various types of micro-enterprises, etc. But the new types of practice in their humblest forms change the very structure of the social conditions of production that lead the dominated to take the point of view of the dominant on the dominant and on themselves. In the briefest manner this can be expressed as a change in the social structure of accumulation at the level of the household from having been men- centred accumulation, an accumulation in men's hands, to an accumulation that is also partly women-centred, and some accumulation in women's hands.

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Galab et. al (2003) attempt to address some of the issues like the characteristics of the women-based group models of poverty alleviation and women empowerment that are being implemented in the Andhra Pradesh, the poor women organization into groups, the groups functioning and the contribution of these models to poverty alleviation and women empowerment. In its strategy for poverty alleviation and women empowerment, the government of Andhra Pradesh has provided considerable space for women's self-help groups. This paper is based on the review of some relevant studies. The studies reviewed are excellent source to understand the process of change, though they do not provide precise estimates of impact assessment parameters. Formation, functioning and impact are the broad issues examined in the studies. The impact assessment covered two aspects, viz, poverty alleviation and women empowerment. Regarding women empowerment, three dimensions are considered. They are 'power to', 'power with' and 'power within'. The 'power to' dimension of empowerment indicates the power of women to control their lives. This includes power to survive, control over their labour and access to family labour, access to and control over resources, freedom to move and interact, access to leadership positions, control over reproduction and control over body. The 'power with' indicates the collective power of women members to negotiate their gender, caste, class and other interests vis-a-vis institutions of the market, the state, and the community. This includes collective interventions in the institution of family, community, market organization, the state including statutory local bodies. The third dimension 'power within' indicates the strategic gender awareness. An indicator of the 'power within' at the individual level is the ability of women to challenge gender related attitudes and social norms in their own personal lives. Another indicator of the power, women gaining at a deeper level, is the perception of others on women's confidence, assertiveness, and independence. This framework of empowerment is utilized to assess the empowerment in all the studies. The women members of SHGs seem to have embarked on the non-traditional tasks like marketing and non-traditional enterprises. The women have improved control over their labour to this extent. Women's access to and control over their savings, credit and income have improved. Women have improved freedom to move and interact with the officials and other women after joining the SHGs.

Objectives of the study

This study seeks to explore the impact of participation in Self Help Groups on the economic empowerment of women in the context of the great importance being given to the group approach while conceptualizing any programme for rural women. The major objectives of the study are:

1. To analyze the role of SHGs in economic empowerment of the women folks in particular. The study is intended to explore the personal and socio - economic profile of the members, which will enable to examine the changing dimensions of the role of rural women through SHGs.
2. Present performance of the SHGs as a whole in the area under study and to assess the role of women members in these groups.

The Research questions

The study being a novel attempt had to be restricted to contain it well within the scope of this study. Hence, the Research Objective of this study is to determine whether and to what extent participation in Self Help Groups has an impact on the economic empowerment of women members. More specifically, in this work, the researcher seeks to explore whether the SHG approach has been successful or not in the economic empowerment of rural women living in the traditional societies of the two sample districts of Assam.

The Research Questions formulated are given below

- What is the level of profit earned by the sample SHGs? Is there any discrepancy in levels of income increase in between male and female members? If yes; what are the reasons associated with income diversity within the members in the same group?
- Does the level of education, sex, religion and marital status of the SHG members affect their income from SHGs?

Methodology of the study

According to the Statistical Handbook of Assam, 2007 there are 113467 SHGs functioning in Assam (from 1.04.99 to 2006). Sonitpur (18872) occupies the first and North Cachar Hills (720) last position, as far as number of SHGs is concerned. But, if we look at the number of women SHGs, the picture is a little different. Sonitpur, here also occupies the first position with 14783 SHGs and the percentage of women SHGs is 78. Whereas, the percentage of women SHGs are very much impressive in Sibsagar (95%), Karbi Aalong (95%) and Dibrugarh (87%) districts though the total number of SHGs are not comparable with Sonitpur district, i.e. Dibrugarh (4703) that is only 4 percent, Sibsagar (5766) that is only 5 percent and Karbi Aalong (2947) that is 3 percent as far as total number of SHGs in Assam is concerned. As the present study is intended to analyze the role of SHGs in economic empowerment of women folks; Dibrugarh and Sibsagar districts are purposively selected for

in depth investigation.

There are seven development blocks in Dibrugarh and nine development blocks in Sibsagar. The following table depicts block wise distribution of number of SHGs in Dibrugarh and Sibsagar Districts.

Table No. 1
No. of SHGs at Block level in Dibrugarh District
(During the period April, 1999 to July 2010)

Dibrugarh District	
Name of the Block	No. of SHGs
Barbaruah	869
Khowang	777
Jeypore	750
Panitola	667
Lahowal	605
Tengakhat	518
Tingkhong	517
Total	4703

Source: DRDAs, Dibrugarh District

Table No. 2
No. of SHGs at Block level in Sibsagar District
(During the period April, 1999 to July 2010)

Sibsagar District	
Name of the Block	No. of SHGs
Gaurisagar	996
Sibsagar	926
Nazira	839
Demow	735
Sepekhati	670
Pachim Abhaipur	530
Sonari	440
Amguri	353
Lakwa	277
Total	5766

Source: DRDAs, Sibsagar District

As shown in table no. 1 and 2, Barbaruah (869 SHGs) block in Dibrugarh district and Gaurisagar (996 SHGs) block in Sibsagar district have the largest number of SHGs, with Tingkhong (517 SHGs) and Lakwa (277 SHGs) have smallest number of SHGs in the districts. The block with the largest number and with the smallest number of SHGs from each district has been selected to represent the universe. Therefore, we have selected Barbaruah and Tingkhong block from Dibrugarh district and Gaurisagar and Lakwa block from Sibsagar district. Each selected development block is further stratified into gaon panchayats. There are 15 gaon panchayats in Gaurisagar Development Block and 4 Gaon Panchayats in Lakwa Development Block of Sibsagar district. Again, there are 13 Gaon Panchayats in Barbaruah Development Block and 14 Gaon Panchayats in Tingkhong development block of Dibrugarh district. 13 SHGs from each Gaon Panchayats are randomly selected for intensive study, keeping in view that 75 percent are women SHGs and 25 percent mixed SHGs. Altogether the sample size becomes 598 SHGs. The break up is- from Barbaruah block 169 (28.3%) SHGs are randomly selected for intensive study. In the same manner, 195 from Gaurisagar (32.6%), 52 from Lakwa (8.7%) and 182 from Tingkhong (30.4%) are selected for the study.

Table No. 3
Sampling Frame of the Study

Block	SHGs	SHG Members
Barbaruah	169 (28.26)	2015 (31.08)
Gaurisagar	195 (32.61)	2074 (32)
Lakwa	52 (8.7)	791 (12.20)
Tingkhong	182 (30.43)	1603 (24)
Total:	598 (100)	6483 (100)

Note: Figures in the brackets indicate percentages.

Source: Compiled from the field survey

The researcher has used both primary and secondary data in this research work. The relevant secondary data are collected from various journals, books, internet, office of the Project Director, DRDA etc. The primary data and information required for the study have been collected through a structured questionnaire specially designed for SHGs and SHG members.

Statistical techniques used

The statistical techniques like Independent sample T- test and Regression are used for analysis of the findings.

Analysis and Interpretation of the collected data

Over the past few years however, there seems to be an impression formed that the SHG process is something that does not require all that much facilitation. Groups can be easily formed and with just a little help in assisting them to get a bank linkage the groups can become viable and can be on their own and will automatically become the agents of change. This is an overestimation of the situation which is, in many ways, leading to sub optimal inputs into the social mobilization process and the group building and development process. Emerging development initiatives tend to trivialize the issue and apart from the customary bank linkage there is not much more that the groups are expected to do. Often this emerges from the uninformed and inexperienced assumption that since the bank does follow a certain criteria for assessment before it provides the loan, if it does provide the loan the group would be fine and functioning well. While this may be the case before the bank provides the loan, it is the post-loan processes that are perhaps more important to understand and facilitate. A well designed facilitation process would take into consideration the need for such accompaniment and sustained facilitation. Sustained facilitation is an expensive proposition especially since such facilitation of groups requires competent people to provide the accompaniment and hand holding. And people will also require that there is an appropriate institution that they can be placed in, and which can provide the physical and emotional support to the groups when they need assistance and support. It is often important for nascent and developing SHGs to be able to identify with a group of people (an institutional mechanism) from whom they can seek support.

Here, an attempt is made to evaluate the operation of the groups on the following parameters

- i. Impact on members' income
- ii. Differences in income level (before and after joining the SHGs) and relationship to sex, marital status, educational attainment and religion of the members
- iii. Employment generation as a poverty reduction strategy
- iv. Control of loan amount by female members:

i. Impact on members' income: A comparison of income levels of male and female

The most-cited source of evidence on the impact of microfinance is the early set of studies collected by David Hulme and Paul Mosley (1996). Findings of the Hulme and Mosley

studies imply that credit is only one factor in the generation of income or output. There are other complementary factors, crucial for making credit more productive. Among them, the most important is recipient's entrepreneurial skills. Most poor people do not have the basic education or experience to understand and manage even low level business activities. They are mostly risk-averse, often fearful of losing whatever little they have, and struggling to survive. This does not mean that they do not want to better themselves.

Consequently, in the present study also a noticeable difference in income levels of before joining SHGs and after joining the SHGs was observed. On an average the annual average income of the members before joining the SHGs was found to be Rs.2982.33 and the same after joining the SHGs was found to be increased to Rs. 5260.66, which is quite a prominent increase. But, as 87 percent of the members are female and only 13 percent are male, it becomes quite necessary to evaluate the fact that whether this difference in income is more observable in case of male or females. Here we have used the Independent Sample T- Test to assess the comparative increase in male and female incomes. Surprisingly, it was found that the increase is more prominent in case of male members. The detail of this analysis is shown in table 4.

Table No. 4
Comparative increase in male and female member's income

Sex of the members	Numbers	Mean	Standard	Standard Deviation	T- Value Error Mean	P-Value
Male	870	4685.2828	22943.8015	777.8677	8.199	<.001
Female	5613	1905.2497	4300.0391	57.3951	3.564	

Source: Compiled from the field survey

Here, as revealed in table 4, contrary to the previous studies showing incremental female income resulting from group participation, the analysis presents a completely diverse dimension. Even if the number of male members is very small, their effective engagement in income generating activities is more result oriented than the female members. The reason behind this is found to be many- fold and both sided. As reported, females, on their part face problems like- non- co operation from their husbands/ father (67%), difficulty to leave home at certain times (78%), lack of courage to undertake risky but profitable ventures (79%) and above all their unprofessional attitude towards earning more income (82%). Most of the women members (84%) consider that they have to earn only a scrimpy amount as their husbands/father earn the sizable portion of income. This unprofessional attitude is seen even

among the graduate female members, which is very distressing.

Male respondents reported that they are at a very advantageous position as compared to female members as far as above mentioned problems are concerned. 93 percent of the male members joined SHGs only because they failed to get a job. In other way round, as they are unemployed, and the mere joining as a group member will ensure them easy and cheap credit, they have joined as a member. They do not face any problem from their family members and free to move anywhere as emergency arises. Further, just after getting their respective shares from revolving fund, loan and subsidy amount, most of the male members (89%) used it in their own business, which in most of the cases (96%) is different from the concerned group's primary and secondary activity. Among the male members who have utilized the fund other than their group's activity, 64 percent have utilized the fund in goatery and piggery. The others had given the entire amount for loan to non member at a very high rate of interest. The traditional concept of group formation, group activity and joint liability is exclusively dismissed when we look at these groups. They are working as individual agents who work for profit and risk of business loss is their own and not the groups.

The rapid expansion of microfinance was expected to generate enough self-employment to compensate for job losses due to reforms, especially in the agricultural sector. But, in reality, the rapid expansion of SHGs has economically empowered not just women, but males to a greater extent.

ii. Differences in income level (before and after joining the SHGs) and relationship to sex, marital status, educational attainment and religion of the members

Education is one of the most important medium through which knowledge and information is acquired. Hence access to education has been accredited as a fundamental right of both men and women. The empowering role of woman's education is multi-pronged, affecting not only every aspect of women's lives, but also the lives of their children and others who are likely to depend on them. Education has the potential of empowering women in several different ways: by equipping them with the awareness and knowledge required to make beneficial life choices, by increasing their ability to access resources and services, by enabling them to become informed consumers and citizens, by inculcating a feeling of self-worth, and by increasing their ability to challenge and make accountable those who hold power and authority, among other things. Education is also likely to heighten women's economic independence by equipping them with skills necessary to avail of paid employment opportunities, thereby also making their economic contributions more visible. At the national

level educating women results in improved productivity, income and economic development as well as a better quality of life notably a healthier and better nourished population [World Bank 2001]. All of the gains of education, at the household and societal levels, are likely to begin accruing with literacy, but be fully realized only with increasing educational attainment.

The variables like sex, marital status, educational attainment and religion of the group members seem to be determining the respective income of the members. Within the groups there exist variations in income level among the members, i.e. differences in income levels (pre and post joining the groups) are prominent in sample groups. A regression analysis is attempted here to analyze this.

Table No. 5

Differences in income level (before and after joining the SHGs) and relationship to sex, marital status, religion and educational attainment of the members

Model	Un standardized Coefficients	Std. Error	Standardized Coefficients	t	Sig
	B		Beta		
(Constant)	6121.285	920.779		6.648	0.000
Sex of the member	-2700.953	341.169	-.098	-7.917	0.000
Marital status of the member	178.292	256.265	.009	.696	0.487
Religion of the member	-112.688	345.569	-.004	-.326	0.744
Educational qualification of the member	271.735	98.674	.034	2.754	0.006

Dependent Variable: Differences in income level between before and after joining the SHG

These data show that the variables like sex, marital status, religion and educational attainment of the members have important bearings on income earned from SHGs.

iii. Employment generation as a poverty reduction strategy

The impending challenge before the world is to reduce global poverty and massive unemployment and SHGs are considered as a panacea. As Kofi Annan rightly emphasizes "Microfinance is the way to extend the same rights and similar services to low income households that are available to everyone else." Thus SHGs stood as an instrument of sustainable development. Of late, they have got much avowed attention among Government

circles, voluntary sector and the academia. There is also mounting evidence to show that the availability of financial services for poor households - such as microfinance - can empower the rural people to achieve their goals and enhance their lives accordingly and reduction of unemployment to a great extent.

In the study area it was found that among 6483 SHG members, about 2590 members (40%) in 598 sample SHGs were unemployed i.e. they are earning zero income before joining the groups which has come down to 186 members (2.9%) after joining the group activities. Further, 14 percent were earning less than Rs.1000 annually before joining the groups.

The participation of women in economic activities, particularly outside the home, is often postulated as an important enabling factor in the economic and social empowerment of women. Not only can employment be a source of economic independence, but it can help to give not only women, but also men, a sense of self-reliance. Women's labour force participation outside the home also exposes them to the world outside the household and kin-group. In particular it has been brought up as important for developing support systems other than kinship based ones. However, several studies show that the role of labour force participation in women's empowerment in India is complex. The majority of women in India enter the labour force due to economic compulsions and the benefits of their economic contributions are likely to be mediated by the socio-cultural context of women's work and their total work-burden. Research also suggests that access to income earning opportunities alone may not be sufficient to facilitate women's empowerment within the household. What is also likely to be critical for empowerment, particularly in terms of decision-making, is the level of earnings in combination with having control over them.

iv. Control of loan amount by female members

A woman's self-reported autonomy either in their physical movement outside the home or in their spending of some money on their own -both activities are heavily restricted under the traditional patriarchal family system of rural India. Again, under patriarchy, decision-making power within families has been traditionally in the hands of men, on whom women are totally dependent. Only under modern influence or as a by-product of participation in extra familial income-earning activities many women have gained some power to participate in household decision making particularly in financial matters. That is why, an attempt is made here to find out whether the female SHG members, after getting the loan amount, decide themselves or take permissions/ advise from the male members of their home (i.e. husband/ father) about the use of the loan amount.

However, this research work observed that loanees themselves confirm the positive relationship between receiving loan amount and women's economic empowerment and indicate a number of positive elements associated with credit membership that may lead to women's empowerment. When asked to discuss the gains that people are deriving from SHGs, most of the loanees pointed out their various positive elements. According to them, SHGs not only supply loans, but also provide various other welfare services. A sample of observations includes the following: The loan is given on easy terms and no deduction is made from the loan money; the loan is given without a hassle. The loans they received are helping them to earn income and send their children school (also giving admission in some extra-curricular activities like, painting, dancing, singing courses). These people can get a loan on easy terms; the interest rate is less than what the village moneylender charges and above all a grace period is given if any difficulty arises in the repayment of interest.

Most of the SHG credit loanees say that the women who have become members of SHG-credit programs are more confident, assertive, intelligent, self-reliant, and conscious of their rights; that they value SHG membership for its advancement of their welfare, autonomy, and self-confidence; and that their credit needs are adequately met by the SHGs. 78 percent female members mentioned that they themselves decide how to utilize the loan amount, 12 percent seek suggestions about the best possible use of the loan amount with their husband/father and the rest needs permission to use the loan amount. The implication of this finding is that SHG credit programs targeting women, are likely to bring about rapid economic improvement in the situation of women, along with increased control on the loan amount.

Summary of findings

The study reveals that contrary to the previous studies showing incremental female income resulting from group participation, the analysis presents a completely diverse dimension. Even if the number of male members is very small, their effective engagement in income generating activities is more result oriented than the female members. These data show that the variables like sex, marital status, religion and educational attainment of the members have important bearings on income earned from SHGs.

In the study area it was found that 40 percent of the group members unemployed

i.e. they are earning zero income before joining the groups which has come down to 2.9 percent after joining the group activities. However, this research work observed that loanees themselves confirm the positive relationship between receiving loan amount and women's economic empowerment and indicate a number of positive elements associated with credit membership that may lead to women's empowerment.

Concluding Observations

- Financial efficiency gets overwhelming focus in the sample SHGs.
- At the household level, SHGs ensure entitlements for their members; there is an increased and add-on role of women in different decision making parameters.
- The surveyed SHGs seldom received education or capacity building inputs or feeds on gender or livelihoods.
- More often than not, there is a concentration of power in these SHGs with the literates benefiting from position and greater income.
- The instrumentalist use of labour and time of poor women is evident in these SHGs, and it may be denounced.
- Quality aspects of SHGs, literacy goals, and social focus of community mobilization efforts need to be emphasized.
- Social indicators need to be mandatorily included in SHG (programme) quality assessment parameters.
- Quality SHGs and realization of women empowerment goals will need investment in SHG capacity building and trained staff to support them.

The concluding note

In particular, since access to resources is a decisive means of empowering women, whether individually or in groups, there is demand for data on access to resources. To attain sustainable gains in improving women's livelihoods, however, even within women's organizations, a blend of a wide range of strategies is required, determined by the collective needs and priorities of the women themselves. During the course of its work, it was found that women were even prepared to increase their workloads in order to increase their incomes, but were restrained by lack of skills and access to credit and in some specific cases mobility. The production package developed for them therefore included not only

training and credit services, but also options for linking women to the markets. In terms of skills, women were helped to become experts in their own fields, whether poultry, weaving, veterinary science, agriculture or accounts. This gained them respect and also created a demand for their services even outside the group. A lesson that clearly emerges from this research is that productive assistance can benefit women only if attached to advocacy, policy reform, elimination of discriminatory legislation in access and control over resources, asset acquisition, skill training, access to information and technology, provision of support services for productive tasks and so on.

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FACTORS AFFECTING INDIAN ORGANISED RETAIL INDUSTRY : A MACRO ECONOMIC PERSPECTIVE

Dipen Handique

Abstract

Indian Retail Industry is characterised by the dominance of unorganised retail which accounts for more than 90 per cent of the market. This study is an attempt to trace the trend of organised retail industry sales and examine a mixture of factors affecting the growth of the industry during the period 1995 to 2012. The factors affecting the growth of the organised retail industry is investigated by an econometric model. Further, the study also highlights many problems facing the organised retail industry in the backdrop of prevailing socio, economic and political situation of the country. In the course of the study, it has been found that organised retail industry has shown consistent positive growth with more prominence after 2007. The study also reveals that FDI, per capita income and percentage of urban population to total population positively affect organised retail while economic growth and investment have insignificant affect on it.

Key words: Unorganised Retail, Organised Retail, FDI, per capita income, urban population

Introduction

Retail industry is one of the major industries which are experiencing tremendous growth rates in almost all the major developing countries in the world and particularly India. With increasing middle class and young population, raising standard of living, increase in per capita income, emerging of many new tier 1, 2 and 3 cities, development of infrastructure, investment and increasing trend of Foreign Direct Investment (FDI) among others, the stage is perfectly set for a booming retail sector in the country. All these have contributed immensely to the growth of organised retail industry in India. However, at present the Indian retail market is majorly dominated by the unorganized sector. The Organized segment accounts for 8 per cent of the total retail landscape (Booz & Co and Retailers Association of India, RAI). The recent time has been observed as growth of Indian organized retail market with many folds. Numerous business groups are attracted in the past few years, including some renowned business groups like Bharti, Future, Reliance, and Aditya Birla to establish hold, showing the future growth in times to come. In addition, organized retail sector has also grabbed the attention of foreign companies, showing their interest to enter India, (Dalwadi 2010). Retailing is one of the largest industry in India and one of the biggest sources of employment in the country. The Indian retail

market has around 14 million outlets and has the largest retail outlet destiny in the world, (Sinha and Uniyal, 2007). At present, the retail sector in India is witnessing a huge revamping exercise as the traditional retailers are making way for new formats. These modern retail formats provide wide variety to customers and offer an ideal shopping experience with an amalgamation of product, entertainment and service, all under a single roof. The Malls, convenience stores, department stores, hyper/supermarkets, discount stores and specialty stores are the emerging retail formats that provide different shopping experience to consumers, (Kaur and Sinha, 2007, Kotler, 2006). The Indian retail industry has expanded by 10.6 per cent between 2010 and 2012 and is expected to increase to US\$ 750-850 billion by 2015, according to the report by Deloitte. Food and Grocery is the largest category within the retail sector with 60 per cent share followed by the Apparel and Mobile segment. Indian retail is expected to grow 25 per cent annually. Modern retail in India could be worth US\$ 175-200 billion by 2016 (India Retail Report 2013, Images Group). The recent wave of reforms by the Government to incentivize Foreign Direct Investment (FDI) in various sectors is bringing a new zeal to the investment climate in India. One of the most debated reforms is the policy for allowing 51 per cent FDI in Multi-brand retail. The foreign direct investment (FDI) inflows in single-brand retail trading during April 2000 to December 2012 stood at US\$ 95.36 million, as per the data released by Department of Industrial Policy and Promotion (DIPP).

A. Evolution of the Indian Retail Market

Retailing goes back to centuries; it started as a very primitive business but today has grown tremendously. First people were doing businesses with their neighbours. Goods were exchanged between them. Gradually people began to collect themselves to a given neighbourhood, which provides a geographical place to do the exchange. This not only increases the exposure of a given good but also helps a lot towards the development of a more formalized system. Gradually, a few more start to get together to a place that in turn creates a need for a common place. Later this common place was called a fair. With the passing of time the number of people doing businesses in a given fair increased, issues like security, transportation becomes a matter of concern. This semi-formalized system then gave birth to small-scale groceries, where people start to provide more combinations in their own neighbourhoods. Then came the issue of choice in given grocery, the choices the customer had was limited, this was the beginning of the concept of "everything under one roof". As time passes, joint family changes into nuclear family. There too both members started earning which resulted into a new way of lifestyle. From then instead of mom-and-pop type of stores organized retail stores came into existence. However, still a significant proportion of retail industry is controlled by unorganised retailing.

B. Retail Formats in India

Hyper Marts/Supermarkets: large self-servicing outlets offering products from a variety of categories.

Mom-And-Pop Stores: they are family owned business catering to small sections; they are individually handled retail outlets and have a personal touch.

Departmental Stores: are general retail merchandisers offering quality products and services.

Convenience Stores: are located in residential areas with slightly higher prices goods due to the convenience offered.

Shopping Malls: the biggest form of retail in India, malls offers customers a mix of all types of products and services including entertainment and food under a single roof.

E-Trailers: are retailers providing online buying and selling of products and services.

Discount Stores: these are factory outlets that give discount on the MRP.

Vending: it is a relatively new entry, in the retail sector. Here beverages, snacks and other small items can be bought via vending machines.

Category Killers: small specialty stores that offer a variety of categories. They are known as category killers as they focus on specific categories, such as electronics and sporting goods. This is also known as Multi Brand Outlets or MBO's.

Specialty Stores: are retail chains dealing in specific categories and provide deep assortment. Mumbai's Crossword Book Store and RPG's Music World are a couple of examples.

With such sweeping changes in the Indian retail arena, interesting times lie ahead. Proper marketing strategies hold the key. The present paper is an attempt to investigate various factors affecting retail industry in India from a macroeconomic perspective. The content of the paper can be broadly classified into an introduction, followed by the review of literature. The third section presents the objectives of the study and then the methodology adopted to attain the objectives in the fourth section. The fifth section contains the rationale of the study followed by findings and discussion in the sixth section. Finally the paper ends with the concluding remarks in the last section.

Review of Literature

The present section is an attempt to review the literature accessed on the subject of retail scenario of India and various drivers of retail industry and also the factors influencing the sales of organised retail industry. While retail industry can be affected by the functioning of many socio, economic, demographic and other factors simultaneously in the economy, nevertheless a thematic discussion is presented in the study to explain various retail industry drivers and factors affecting its growth and development.

A. Demographic Factors

The modern Indian consumer is seeking more value in terms of improved availability and quality, pleasant shopping environment, financing option, trial rooms for clothing products, return and exchange policies and competitive prices. This has created a rapid growing opportunity for organized, modern retail formats to emerge in recent years and grow at a fast pace. Swar (2007), highlighted several demographic indicators show favourable trends for the growth of organized trade in India and these become the important drivers for retail industry in India. These include increasing urbanisation and growing young population, both of which have positive effect on the growth of retail industry in India. He also mentioned that the tendency of the middle class to borrow present consumption also is important in growing of organised retail outlets in major cities in India. In the similar note, Arshad et al (2007) and Ghosh et al (2010) found that 47% of India's population is under the age of 20 and this will increase to 55% by 2015 and this young population will immensely contribute to the growth of the retail sector in the country. While the study by Ali and Ali (2010) indicate that a higher income and educational level of consumers influences their decisions on product and market attributes while gender and age seems to have no significant impact.

B. Convenience

The facility of one stop-shop had a positive response from the consumers, who found it more convenient, time saving and satisfactory. The changing retail structure has provided the consumers with more options in the form of formats and services such as less travel time, large variety of products and quality products etc, as observed by Popkowski et al (2001). Lather et. al (2006) and Gupta (2004) study uncovered six main indicators: viz., price, sales personnel, quality of merchandise, assortment of merchandise, advertising services and convenience services that play key role for retailers in choosing the type of retail formats that may help them to cope up with the changing preferences of consumers. The young consumer seeks more and more information about the new products available and retailers need to communicate them more effectively is emphasized by Kaur et al (2007). Rajagopal

(2008), Thang et. al (2003) and Srivastava (2008) supported that consumers' choice of shopping malls over traditional market stores is influenced by various factors like ambience, assortment, sales promotion schemes and in-store services.

C. Economic Factors

Aggarwal (2008) and Bhardwaj et al (2007) indicated that organized retail industry will mean thousand of new jobs, increasing income level, standard of living, better products, better shopping experience etc. The study by Dash et al (2009) and CII (2008) depict that growing middle class, large number of earning youth customers, increase in spending, and improvement in infrastructure, Liberalization of Indian economy and India's booming economy are the various opportunities for organized retailing in India. On the other hand, complexity of taxes, lack of proper infrastructure and high cost of real estate are the hurdles which need to remove for retail success in India (Mishra, 2008). Aggarwal (2008) Highlights the emergence of organized retailing in India and views the catalytic effects of retail on Indian Economy. Employment generation, Growth of real estate, Increase in disposable income and Development of retail ancillary market are the various catalytic effects on Indian economy.

D. Retail Environment in India

Gupta (2008) noted the transformation of traditional formats into new formats, viz., departmental stores, hypermarkets, supermarkets, specialty stores and malls taking the lead in attracting consumers in the metro cities. Hino (2010) shared his observation about the emergence and expansion of supermarkets that gradually decreased the market share of the traditional formats by displacing them and the factors that helped supermarkets in gaining consumers favours over the traditional stores are the 'consumers economic ability' and the 'format output'. The consumer has multiple options to choose- ranging from the shopkeeper to the most sophisticated supermarkets, departmental stores, plazas and malls which provide the latest and better quality products and it made India the top spot among the favoured retail destination (Gupta, 2004); Jasola, 2007 and India Retail Report, 2009). Shukla (2007) and Goyal et al (2009) described that Food and Grocery; Health and Beauty; Apparel; Jewellery and Consumer durables are the fastest growing categories of organized retail and fashion sector in India commands lion's share in the organized retail pie.

The literature accessed in the section reveals various factors which have played important role in the growth of retails industry (organised as well as unorganised retail) in India. However, macro levels study on the mixture of factors affecting organised retail in India in an important aspect, which is taken up in the present study.

Objectives of the study

The main objectives of the study are as follows:

1. To study the growth of retail industry in India.
2. To identify the mixture of factors affecting the organised retail business.
3. To study the challenges of Indian Retail Industry.

Methodology of the study

This section presents the methodology adopted in order to attain the objectives of the study.

A. Coverage of the study

The present study is a macro level analysis and the area of study is the whole of Indian sub continent.

B. Data Collection

The study is based on secondary data only collected from various websites, journals, reports etc. Most of the data for the study is collected from <http://data.worldbank.org/data-catalog>, Reserve Bank of India bulletin, <http://rbidocs.rbi.org.in/rdocs/Publications> and <http://planningcommission.gov.in>

C. Line of Analysis

There are three distinct line of analysis followed in the present study in order to attain the objectives of the study.

The first objective is investigated by presenting the trend of retail sector vis-a-vis organised retail in India. A descriptive analysis is presented with the help of percentages, tables and graph.

In order to investigate the second objective multiple linear regressions is done. The dependent variable that is used in the model is the sale of online retail industry (SALES) measured in US billion \$. The probable explanatory variables are economic growth rate (ECO), investment as per cent of GDP (INVST), Foreign Direct Investment in US \$ (FDI), per capita income (PCY) in US\$ and percentage of urban population to the total population (UBNPLN). Data is collected for a period of 18 years from 1995 to 2012. All data collected is presented either in tabular or graphical forms to see the trend and other relevant statistics. The estimation of the coefficients of the variables of the regression model is done using STATA 11.0

The third objective is investigated on the basis of literature accessed and an attempt has been made to highlight the problems and challenges faced by Indian Retail Industry.

Rationale of the study

Given the relevance of retail industry in India and the Government's new policy towards its liberalisation, a study of this type would go a long way towards the growth of the industry. The study is also important because it is one of the leading industry creating employment opportunities in India and a significance proportion of the population is directly or indirectly involved to it. The study would highlight many macroeconomic aspects influencing the growth and sales of organised retail in India which would help to formulate marketing strategies to penetrate various categories of retail markets in India.

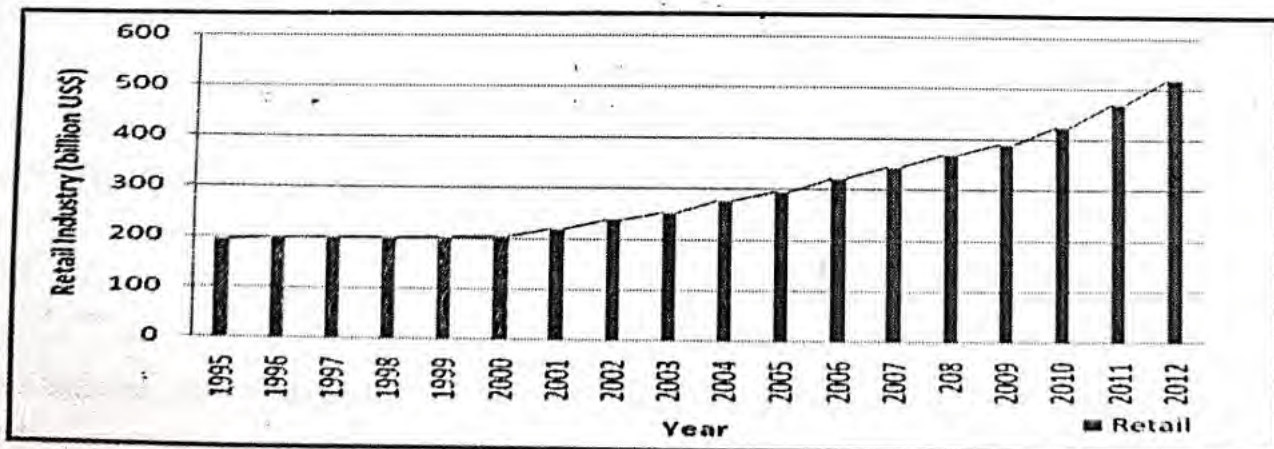
Discussion and findings of the study

Based on the data obtained from various government and non-government sources and analyses on it has resulted in many findings. This part consists of mainly three sections. In the first section, trends of growth of retail as well as organised retail have been shown. In the section, an econometric model has been framed and the factors affecting organised retail business have been investigated. This is followed by a detail discussion on various challenges of Indian retail industry.

A. Growth of Retail Industry in India vis-a-vis Organised Retail

Retail Industry has shown a heavy growth rate in India in the post liberalisation period. There has been a phased wise liberation of the retail sector in India by the Government of India. Following this many foreign players have been investing in retail industry in India through various routes prescribed by the government. The volume and growth of retail industry has been shown in figure 1

Figure 1: Volume and Growth of Indian Retail Industry

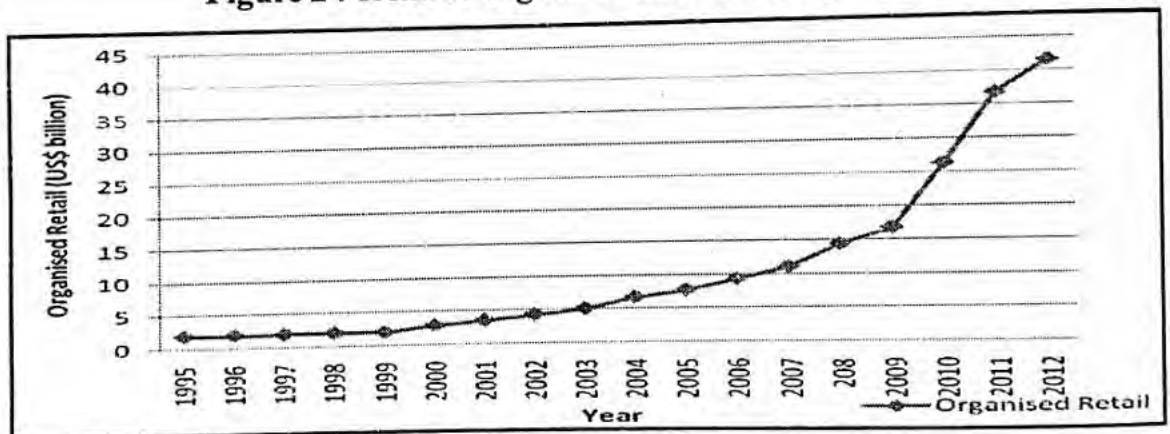


Source: India Brand Equity Foundation

India's retail industry has grown from a value of US\$ 195 billion in 1995 to US\$ 518 billion in 2012 registering a Compound Annual Growth Rate (CAGR) of 5 per cent. From the figure 1, it is evident that the growth rate is steep after 2000 and is still continuing. The highest growth rate was shown in the year 2010-11 with 10.84 per cent followed by 2011-12 with 10.21 per cent annual growth rates. This growth rate is further expected to increase in the following years due to increase in young population, higher per capita income, demonstration effect and higher standard of living among others.

With respect to organised retail, its share is almost a negligible percentage (0.98 per cent) in the year 1995 and increased to 8 per cent in the year 2012. This is further expected to increase to 20 per cent in the year 2020 (India Retail Report, 2013). Although, the share of organised retail in total retail industry is still under potential, nevertheless it offers a huge potential market for the global as well as domestic retailers to be interested. The trend of organised retail in India is shown in figure 2.

Figure 2 : Trend of Organised Retail Industry in India



Source: India Brand Equity Foundation

From the figure 2, it is evident that organised retail industry has shown a rapid growth from 2009 onwards. The industry has grown from a mere US\$ 1.91 billion in 1995 to US\$ 41.44 billion in the year 2012, registering a CAGR of 18.8 per cent. The industry showed maximum annual growth rate of 56.75 per cent in the year 2009-10, followed by 41.38 per cent in the year 1999-00. The growth rate shown off late is encouraging for the industry and can be expected to grow even further.

B. Factors Affecting Organised Retail Business in India

Based on the literature accessed, various probable factors are determined and an

econometric model is formulated in order to investigate the factors affecting organised retail business in India. The dependent and explanatory variables are already defined in the time of analysis. Therefore, the econometric model that is framed in order to capture the phenomenon is given in 6.2.1

6.2.1

$$SALES = \beta_1 + \beta_2 ECO + \beta_3 INVST + \beta_4 FDI + \beta_5 PCY + \beta_6 UBNPLN + \mu$$

Where, μ is a random disturbance which are assumed to be normally distributed and the variables used are same as defined in the line of analysis section. One of the critical issues which demands investigation is the presence of auto-correlation in the data taken for econometric investigation. Since the data used for estimating 6.2.1 comes from a time series sample, it is quite possible that the error terms of two periods are correlated and the unit root test for stationary of the time series is also important for estimation. Hence, before estimating the model 6.2.1, diagnostic tests has been performed which confirmed the presence of auto correlation and the data in the time series are found to be stationary. Therefore, after correcting for auto correlation, the estimation result of the model is presented in table 1

Table 1 : Results of the Regression model of Organised Retail Industry

Variables/Constant	Estimated Coefficients	Standard Error	t value
<i>ECO</i>	0.413	0.367	1.12
<i>INVST</i>	-0.202	0.270	0.749
<i>FDI</i>	3.023 ⁻¹⁰ ***	0.00	4.015
<i>PCY</i>	1.073***	0.018	9.71
<i>UBNPLN</i>	11.57***	2.294	5.04
<i>Constant</i>	232.79***	51.2	4.54
<i>R square</i>	0.95		
<i>F (d.f. = 5,12)</i>	130.51***		

Note: *, **, *** indicate level of significance at 0.1, 0.05 and 0.01 respectively
Dependent Variable: Organised Retail Sales

Table 1 reveals that 95 per cent of the variations in SALE is explained by the estimated model 6.2.1. The overall significance of the model, which is given by F statistic, is also highly significant, implying that the model as a whole provides a significant explanation of organised retail sales from 1995 to 2012. Besides all the significant variables bear expected signs.

The three explanatory variables FDI, PCY and UBNPLN are found to be highly significant at 1 per cent level. The coefficient of FDI in table 6.1 reveals that US\$ 1 million increase in foreign direct investment increases the sale in organised retail industry by US\$

3.023-14 million, given the other things. Similarly, a dollar increase in per capita income increases organised retail sales by US\$ 1.073, which reveals that present consumption is financed by borrowing. This finding is in line with Swar (2007).

It has been found that increase in urban population has positive affects on organised retail sales. Given the other things, it has can be concluded that 1 per cent in urban population to the total population in India leads to US\$ 11.57 billion sales in organised retail industry. The findings of the impact on urban and young population of the present study are in line with the findings of Swar (2007), Arshad et al (2007) and Ghosh et. al (2010).

Thus, foreign direct investment, per capita income and percentage of urban population to the total population have significant impact on organised retail sales whereas, economic growth and investment are found to have insignificant impact.

C. Challenges of Indian Retail Industry

Given the socio-economic situation, competition from abroad, hold of unorganised retail industry in the economy and traditional behaviour of the consumers among others, there are many problems faced by the Indian Organised Retail Industry. These are briefly discussed below:

International Standards: Even though India has well over 5 million retail outlets of different sizes and styles, it still has a long way to go before it can truly have a retail industry at par with International standards. This is where Indian companies and International brands have a huge role to play.

Inefficient Supply Chain Management: Indian retailing is still dominated by the unorganized sector and there is still a lack of efficient supply chain management. India must concentrate on improving the supply chain management, which in turn would bring down inventory cost, which can then be passed on to the consumer in the form of low pricing.

Lack of Retail Space: Most of the retail outlets in India have outlets that are less than 500 square feet in area. This is very small by International Standards.

The Kiranas Continue: The very first challenge facing the organized retail industry in India is competition from the unorganized sector. Traditionally retailing has established in India for centuries. It is a low cost structure, mostly owner operated, has negligible real estate and labour costs and little or no taxes to pay. Consumer familiarity that runs from

generation to generation is one big advantage for the traditional retailing sector.

The High Costs Of Real Estate: Real estate prices in some cities in India are amongst the highest in the world. The lease or rent of property is one of the major areas of expenditure; a high lease rental reduces the profitability of a project.

Lack Of Adequate Infrastructure: Poor roads and the lack of a cold chain infrastructure hampers the development of food and grocery retail in India. The existing supermarkets and foods retailers have to invest a substantial amount of money and time in building a cold chain network.

Cultural Disparity: India's huge size and socio economic and cultural diversity means there is no established model or consumption pattern throughout the country. Manufacturers and retailers will have to devise strategies for different sectors and segments which by itself would be challenging.

Complexity in Tax Structure: The sales tax rates vary from state to state, while organized players have to face a multiple point control and system there is considerable sales tax evasion by small stores. In many locations, retailers have to face a multi point octroi with the introduction of value Added Tax (VAT) in 2005, certain anomalies in the existing sales tax system causing disruption in the supply chain are likely to get corrected over a period of time.

Political Risk: The largest opposition party in India has opposed FDI in retail and some of its leaders have indicated that they will scrap the policy if their party comes to power. A political change in state and central governments puts a lot of political risk on investment in retail.

Conclusion

The study attempted to examine the growth of organised retail industry in India and various drivers and various factors affecting its sales. It also lays emphasis on the problems faced by the organised retail industry in the back drop of the socio, economic and political conditions prevailing in India. The analysis reveals that the CAGR of organised retail industry in the period 1995 to 2012 is 18.8 per cent, which makes it one of the fastest growing industries in India. Among the various factors at macroeconomic level, it has been found that foreign direct investment, per capita income and percentage of urban population have significant positive impact on organised retail sales while economic growth and investment are

found to be insignificant. It has been found that at present organised retail industry is not more than 10 per cent of the total retail industry in India, however, given proper environment and easing of bottlenecks in production and policy formulation, organised retail industry would experience booming growth in the following years.

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ROLE OF NATIONALISED BANKS IN MICRO FINANCE IN THE NORTH-EASTERN REGION OF INDIA

Mandakini Das

Abstract

This study basically focuses on the role Nationalised Banks in providing microfinance in the North Eastern Region. It also assesses the progress of microfinance in terms of savings mobilisation, loan disbursed, loan outstanding and Non Performing Assets (NPA). The study revealed that the availability of micro credit in the region is significantly low and microfinance activity is limited to only Self Help Groups (SHGs). Out of the eight North Eastern States, only one or two states have shown better progress in comparison to national performance in various aspects. Given the emerging trend of microfinance revolution in providing financial support to the poor, it is very important to design appropriate financial products and services that would help the poor to expand and diversify economic activities in the region. Further, the study also examines some challenges of microfinance sector in the NER keeping in view the geographical and socio economic characteristics.

Key words: Rural Development, microfinance institutions, savings mobilisation, loan disbursed, loan outstanding and NPA.

Introduction

In the last one or two decades, microfinance has received increasing attention of policymakers, researchers and financial service providers across the globe. The simple reason for this is the existence of millions of people in the world whose living standards are poor and are unable to participate and reap benefits in the growing story of their respective countries. This has led to the conclusion that the functioning of big financial enterprises is limited in its outreach and is concentrated merely to cities and towns. Microfinance has been considered a powerful instrument for achieving 'financial inclusion' and alleviation of poverty, enabling the rural poor to increase their income opportunities and reduce economic vulnerability. Microfinance facilitates financial service delivery mechanisms that meet the needs of poor, at a lower cost than most accessible. Enormous hopes continue to be held out for microfinance as an instrument of poverty alleviation.

In India the growth of microfinance in the recent past has been tremendous both in number and quantum of resources mobilised. But the fact remains that the North Eastern

Region (NER) of the country is still progressing slowly as compared to the rest of the country. The movement of microfinance in catering financial services started late in the NER and still remains confined to Self-Help Groups (SHGs). In fact, the limited diversification of microfinance is the case throughout the country and more prominent in NER. The Self-Help Group (SHG)-Bank linkage programme, implemented by the National Bank for Agriculture and Rural Development (NABARD) since 1992, has become the dominant model of microfinance in India in terms of both number of borrowers and bank loans disbursed and outstanding. This paper basically focuses on the progress of microfinance in the NER by assessing the performance of the SHGs in terms of loan disbursed, loan outstanding, non performing asset (NPA), savings of the SHGs etc. Of late there are many steps taken to gear up the performance of microfinance institutions in the region in terms of increase in the number of SHGs, credit availability, resources mobilisation etc. This has also resulted in the improvement in growth rate of the institutions and its performances in the region. Despite all the attempts made to reach the rural population of the region in providing financial needs by means of microfinance, the study reveals that the region is among the most backwards in accessing the services of economic growth. The paper is an attempt to throw some light on the extent of microfinance in making a difference on the rural development of NER and difficulties in achieving the same goal.

Conceptual background

With the aim of providing financial services to the poor so as to diversify their economic activities and income opportunities, microfinance institutions are established. The need of providing micro credit in a frequent manner in the rural areas is highly realised. The importance of microfinance in the field of development was reinforced with the launch of the Microcredit Summit in 1997. Another summit in 2005 aims to reach 175 million of the world's poorest families, especially the women of those families, with credit for the self-employed and other financial and business services, by the end of 2015. Microfinance refers to the means by which poor people convert small sums of money into large lump sums (Rutherford, 1999). This would help to utilise the fragmented and limited resources of the poor in building a sound economic base of groups of people by effective mobilization. Microfinance though started in a small way to help especially the poor has now turned into a global industry. Enormous hopes continue to be held out for microfinance as an instrument of poverty reduction. The fact that the penetration of the banks is poor in the rural areas, microfinance can go a long way in providing financial services in these areas and enable financial inclusion. A country cannot be said to be well developed and its growth would be meaningless if a significant percentage of the population is financially excluded and do not take part in its growth activities. It is in this context that microfinance and its role in rural development assumes special

significance in developing countries like India.

Review of Literature

This section presents the review of various literatures that has been accessed in relation to role of banks in providing micro finance in the rural areas. It also emphasises its role in rural development.

The relationship between the financial system and economic growth has been scrutinized by a large number of studies in India and abroad. Financial development is considered as a cause of economic growth (Schumpeter 1911; Hicks 1969). Hicks (1969) argued that without financial innovation the industrial revolution would not have taken place. The level of financial development predicts future economic growth and future productivity advances (King and Levine, 1993). King and Levine (1993) show that if financial deepening had increased from the mean of the slowest growing countries to the mean of the fastest growing countries, a country would have increased its growth rate by close to 1 percent per year. This accounts for a difference between the slowest growing countries and the fastest growing countries of around 5 percent. Improving the financial deepening variable would decrease the difference between the countries growth rates by 20 percent.

Microfinance has become, in recent years, a fulcrum for development initiatives for the poor, particularly in the Third World countries and is regarded as an important tool for poverty alleviation. The microfinance revolution, particularly the success stories of institutions like Grameen Bank in Bangladesh, Banco Sol in Bolivia, and Bank Rakyat in Indonesia, attracted several economists to study microfinance in the latter half of the 1990s. Some studies argue that microfinance has very beneficial economic and social impacts (Holcombe, 1995; Hossain, 1988; Otero and Rhyne, 1994; Remenyi, 1991; Schuler, Hashemi and Riley, 1997). "Microcredit is a critical anti-poverty tool and a wise investment in human capital. Now that the nations of the world have committed themselves to reduce by half by the year 2015 the number of people living on less than \$1 a day, we must look even more seriously at the pivotal role that sustainable microfinance can play and is playing in reaching this Millennium Development Goal" (United Nations Secretary General Kofi Annan at Global Microcredit Summit 2006). The United Nations named the year 2005, the International Year of Micro credit and the founder of the Grameen Bank won the Nobel Prize for Peace for his efforts at empowering rural women through credit access in Bangladesh. The international community seems to have finally caught the microfinance fever. In recent years, Microfinance has branched out to incorporate private sector partnerships and integration with international capital markets. These trends mean that the worldwide estimated 500 million small scale

entrepreneurs may soon have greater opportunities to become economic engines for lifting their communities out of poverty. The emerging microfinance revolution with appropriate designed financial products and services enable the poor to expand and diversify their economic activities, increase their incomes and improve their social wellbeing (Bennett and Cuevas, 1996). Past studies of many researchers found that microfinance has very beneficial economic and social impacts (Holcombe, 1995; Hossain, 1988; Otero and Rhyne, 1994; Remenyi, 1991; Schuler, Hashemi and Riley, 1997). A recent study by Emma Svensson examines microfinance movement for economic growth by exploring the linkages of microfinance, the financial system and economic growth. He found some evidence of the microfinance clients engaging in grow then enhancing economic activities. There has been change in income and productivity in micro-enterprises and the economic sectors relevant to microfinance clients. He also found that the character of the informal sector seems to be inhibiting for micro-enterprise growth. In India also many studies are conducted by various autonomous agencies like NABARD, NEDFi, SIDBI, DRDA, RGVN etc. including RBI from time to time. These organizations practice microfinance. Most of the studies are on the impact assessment of the beneficiaries of microfinance. Very few studies are conducted on microfinance at the NER level in India.

Most of the studies focus on Self-Help Groups (Agarwal, Shalini 2007; Gopiseti, Rambabu 2007). Some studies are also conducted on poverty reduction and empowerment (Prakash, Jayasheela 2009). Some researchers have also worked on group based credit programmes. There were many studies where the researcher has evaluated the performance of Regional Rural Banks (Abdul, Hadi (2005).

The review of literature done in this section broadly investigated the relationship between financial development and economic growth it has been established that financial development is one of pre-requisites for economic development. In this paper the progress of nationalized bank in providing micro finance in the North eastern area is investigated.

Objectives of the study

1. To see the regional distribution of microfinance institutions of the country.
2. To study the amount of bank loan disbursed to SHGs, savings of the SHGs and loan outstanding against the SHGs by nationalised banks in the region for the period 2012-13.
3. To measure the efficiency of SHG in terms of the percentage of NPA against the banks loans to SHGs.

Methodology of the study

A. Coverage

The area of the present study is the 8 states of the North eastern region in India.

B. Data source

The study is based on secondary data only. The data which are used in the paper are collected from State of Sector Report 2012-13 (Microfinance India), Status of Microfinance in India, 2012-13 (NABARD).

C. Line of analysis

The line of analysis followed for the present study is descriptive type. Data are rearranged and presented in graphical and tabular form. All tables, figures, percentages and simple averages are calculated in Microsoft Excel.

.....Rationale of the study

One of the ways of examining the success of inclusive growth in India could be assessment of the progress made by the organised financial institutions in providing micro finance in the rural areas. The importance of the present study is its ability to present a picture of financial development and degree of micro finance institutional activities in the rural areas of North-East. It would help the policy maker to take further steps keeping in view the progress made in this region.

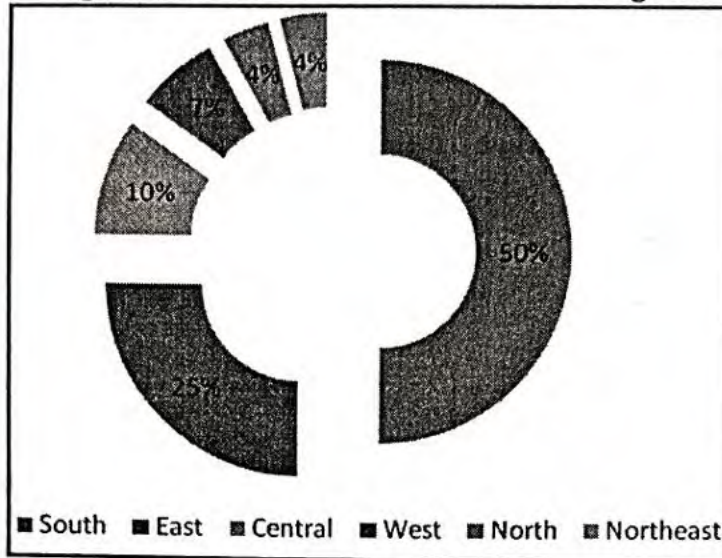
Findings of the study

This section consists of findings and discussions of the objectives of the paper in detail. In the beginning the progress of microfinance institutions and SHGs is presented and in the latter part a brief discussion of the challenges facing the region are pointed out. As per data available the development of microfinance in the North Eastern Region is poor as compared to some other regions of the country.

A. Regional Distribution of MFIs

The distribution of MFIs in various regions of the country is uneven. The regions like South and East have more number of MFIs functioning where as regions such as Northeast and North are not so rich in terms of MFIs functioning. This has a significant influence in the performances of the MFIs in the regions. The outreach of MFIs to clients in providing financial services is shown in the figure 1.

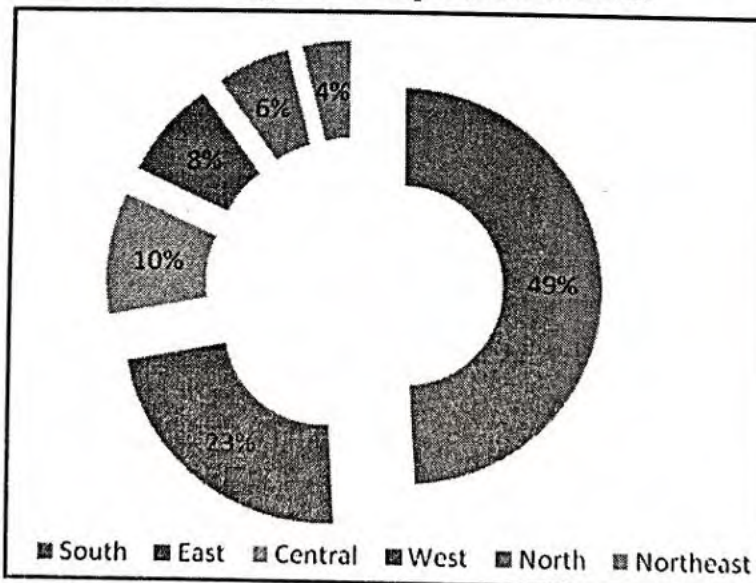
Figure1: Outreach of MFIs in different regions



Source: State of Sector Report 2012-13 (Microfinance India)

The regional shares in client outreach reveal that south is the unsurprising leader. The figure clearly reveals that the NER has the least outreach to clients by the MFIs which is approximately 4 percent as against 50 percent in the south. From this it is evident that the penetration of MFIs in the region is still very low although the region provides a great opportunity for the microfinance sector to flourish.

Figure 2: Regional loan portfolio of MFIs



Source: State of Sector Report 2012-13 (Microfinance India)

In order to get a better insight of the microfinance sector in various regions the analysis of the loan portfolio is necessary. Figure 2 would present the regional loan portfolio of the country. From figure 2, it is evident that again the south is the leader in getting loans and the Northeast is the least. The only positive is that the NER has significantly higher proportion of loans (4 percent) compared to their share of clients (4 percent). But, the fact remains that absolute value is far from the requirement of the region to achieve the goals of rapid economic growth and removal of poverty.

B. Progress under Micro Finance

As mentioned above, the activities of the microfinance sector in mainly concentrated on SHGs in the NER. This section analyses the extent of resource mobilization by means of savings, loan disbursement etc by the Nationalised Banks to various SHGs in the region. It is very important that financial services are provided to the grass root level in the rural areas so as to create conducive environment for investment, savings and thereby achieve the national goal of inclusive growth.

a. Savings of SHGs with Nationalised Banks

Although SHGs save in nationalised banks, private banks, cooperative banks and Regional banks but it is intend to focus on the savings with the nationalised banks. There are 116784 numbers of SHGs in the entire NER who save in the nationalised banks that accounts for Rs 8016.13 lakhs. As against this the all India grand total stands at 4076986 number of SHGs that save almost Rs 553257.05 lakhs. The NER consists of 2.864 percent of the SHGs that accounts for only 1.45 percent of the total savings of the entire country with the nationalised banks. This shows the underdevelopment of microfinance sector in the region.

The progress of microfinance in terms of savings with the nationalised banks is not very distinctive. Apart from Assam that saves Rs 7037.21 lakhs other northeast states are far lagging behind. Arunachal Pradesh accounts for only Rs 155.44 lakhs. Similar is the case with Nagaland, Manipur and Mizoram that account for merely Rs 147.36 lakhs, Rs 102.55 lakhs and Rs 46.56 lakhs respectively. Tripura stands second among the northeast states at Rs 219.34 lakhs. Table 1 shows the details of the savings of the SHGs in the NER.

Table 1: Savings of SHGs with Nationalised Banks as on 31 March, 2013 (in Rs lakh)

States	Saving Amount
Assam	7037.21
Meghalaya	228.21
Tripura	219.34
Arunachal Pradesh	155.44
Nagaland	147.36
Manipur	102.55
Sikkim	79.48
Mizoram,	46.56

Source: *Status of Microfinance in India, 2012-13 (NABARD)*

b. Bank Loans Disbursed to SHGs by Nationalised Banks

Loan disbursed by the nationalised banks to the SHGs in the region is a small fraction of the total loan disbursed all over the country. As on 31 March, 2013 Rs 7906.21 lakhs were disbursed as loans to 9391 number of SHGs in the entire NER. This constitutes only 0.59 percent of the total loan disbursed by the Nationalised banks. Table 2 shows that Assam got highest amount of loans which stands at Rs 5654.34 lakhs and Tripura stands second.

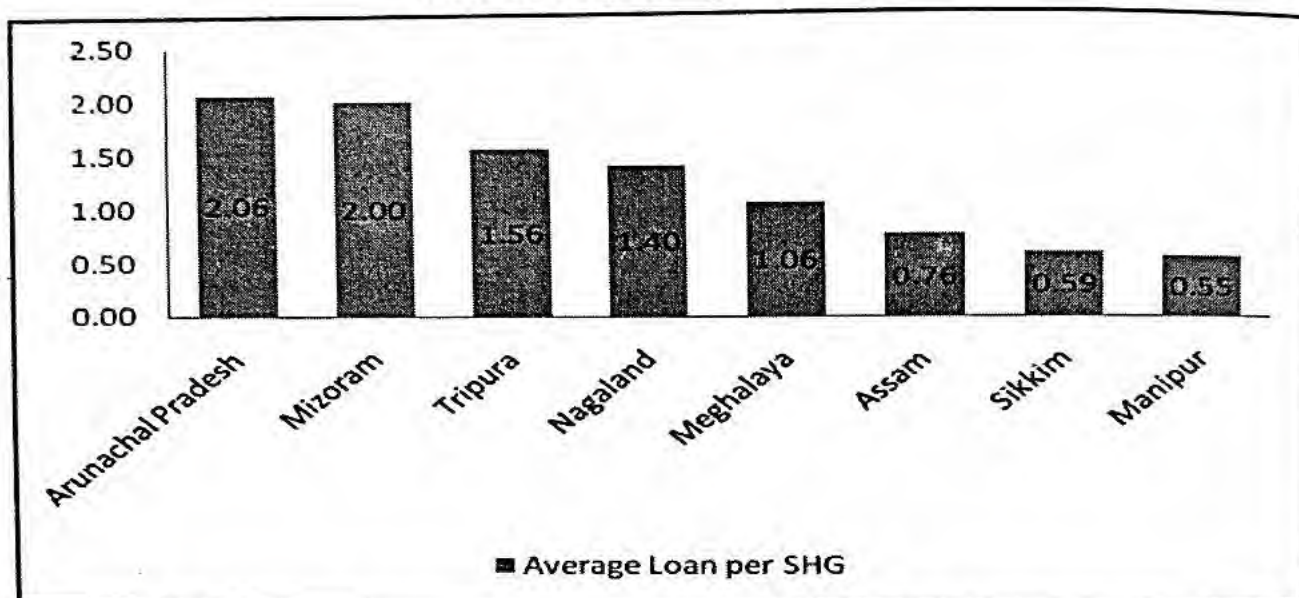
Table 2: Loan disbursed to SHGs by Nationalised Banks as on 31 March, 2013

States	Loan Disbursed
Assam	5654.34
Tripura	1250.67
Nagaland	393.82
Sikkim	212.63
Manipur	209.24
Meghalaya	109.51
Arunachal Pradesh	74.00
Mizoram	2.00

Source: *Status of Microfinance in India, 2012-13 (NABARD)*

Although maximum amount of loan disbursed is highest in Assam but average loan per SHG is highest in Arunachal Pradesh (Rs 2.06 lakhs) followed by Mizoram (Rs 2.00 lakhs), Tripura (Rs 1.56 lakhs) and then Nagaland (Rs 1.40 lakhs). Average loan per SHG in Assam is Rs 76000 and that of Manipur, Meghalaya and Sikkim is Rs 55000, Rs 106000 and Rs 59000 respectively. The national average of loan disbursed per SHGs by nationalised banks is Rs 1.81 lakhs. This clearly suggests that except Arunachal Pradesh and Mizoram all the SHGs of the other states of the NER got less loan amount than the national average.

Figure 3: Average loan disbursed to SHGs by Nationalised Banks as on 31 March, 2013 (in Rs lakhs)



Source: Status of Microfinance in India, 2011-12 (NABARD)

c. Bank Loan Outstanding against SHGs of Nationalised Banks

Loan outstanding against SHGs can be considered as an important element in getting a perspective of the financial services enjoyed in the rural areas. Among all the North eastern states Assam recorded the highest amount of bank loan outstanding against SHGs (Rs 33809.13 lakhs) followed by Tripura (Rs 5598.95 lakhs) as on 31 March, 2013. Mizoram recorded the least amount of Rs 77.07 lakhs. The details of loan outstanding against SHGs are shown in table 3.

Figure 4 gives a detail picture of the average bank loan outstanding against SHGs. Average bank loan outstanding against SHGs is highest in Mizoram i.e.; Rs 1.12 lakhs followed by Arunachal Pradesh which stands at Rs 0.94 lakhs. The state which has least average bank loan outstanding against SHGs is Sikkim (Rs 43000). Against these the national average of bank loan outstanding per SHG is approximately Rs 1 lakh.

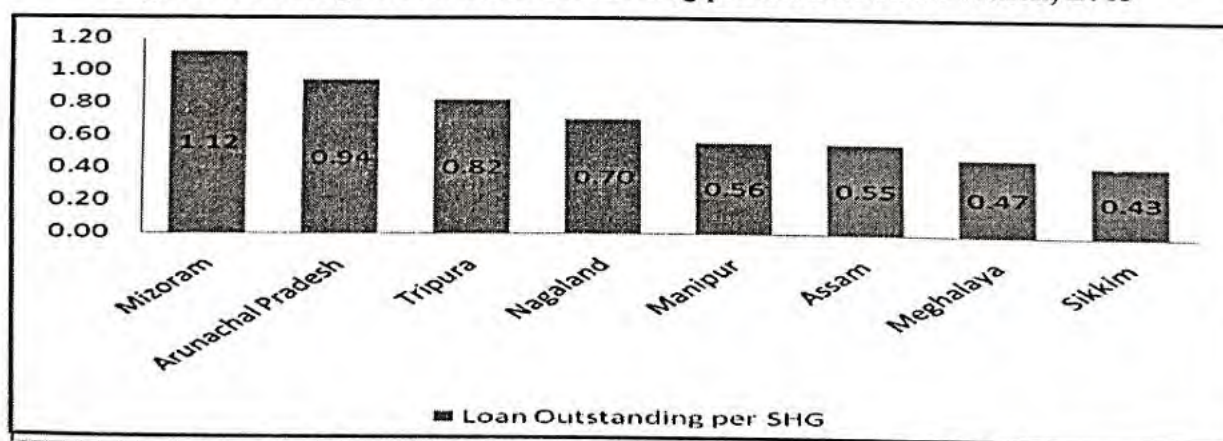
Table 3: Bank loans outstanding against SHGs as on 31 March, 2013- Nationalised Banks

States	Loan Outstanding
Assam	33809.13
Tripura	5598.95
Manipur	1683.12
Nagaland	1341.09
Sikkim	1237.84
Meghalaya	604.17
Arunachal Pradesh	224.11
Mizoram	77.07

Source: Status of Microfinance in India, 2012-13 (NABARD)

Although Assam received highest bank loan in terms of absolute volume but the average loan received per SHGs is below par. Whereas states like Mizoram and Arunachal Pradesh are far better off in terms of loans received per SHGs. Two main things can be drawn from these contrasting picture-one, the operation of SHGs are more abundantly found in the state of Assam but the financial condition of the units are not so sound which is evident from the average loan received per SHGs is lower in Assam than the national average by almost Rs 44000. Two, SHGs in other North Eastern States such as Mizoram and Arunachal Pradesh are financially far better than Assam and loan received by these units are almost equal to the national average. But, the penetration of SHGs is not so deep and dense in these states.

Figure 4: Average Bank Loan Outstanding per SHG as on 31 March, 2013



Source: Status of Microfinance in India, 2011-12 (NABARD)

d. Non-Performing Asset against Bank Loan to SHGs of Nationalised Banks

The non performing asset (NPA) of the entire region is 11.94 percent of the total loan outstanding which is almost equal to the national average of 8.39 percent. In the year 2012-13, Manipur has the maximum percentage of NPAs against bank loan i.e.; 40.02 percent where as Tripura has the least (3.95 percent).

Table 4: NPA against Bank Loans SHGs of Nationalised Banks as on 31st March, 2013

States	Total Loan O/S against SHGs (Rs Lakh)	Amount of NPA (Rs lakh)	NPA as percentage of Total loan O/S
Assam	33784.48	3830.96	11.34
Tripura	5598.95	220.91	3.95
Manipur	1683.12	673.61	40.02
Nagaland	1339.89	255.75	19.09
Sikkim	1237.35	121.88	9.85
Meghalaya	604.17	143.21	23.70
Arunachal Pradesh	224.11	41.92	18.71
Mizoram	77.07	29.00	37.63
Total	44549.14	5317.24	11.94
All India Grand Total	2537118.03	212923.55	8.39

Source: Status of Microfinance in India, 2012-13 (NABARD)

Challenges of Micro finance in NER

Microfinance sector has flourished in the southern region. It has achieved its goal of improving the living standards of the poor in the rural areas: But, the sector is still in its underdeveloped stage in the NER. The rate of transforming lives and diversifying economic activities in the region is still slow. Microfinance movement started late in the region and only in 2000 SHG-Bank linkage programme started in Assam for the first time in the NER. Since then there have been development in the sector but still there is a long way left to exploit the vast potential that the region offers. Given the socio economic and geographical characteristics of the region there are many challenges that are visible.

- Lack of usage of technological advanced IT tools and efficient management information system for the MFI operation and maintenance.

- Lack of appropriate products available as per the need of the poor in accordance with the economic characteristics of the region.
- Lack of immediate start up fund for the MFIs, which want to expand their activities, at lower rate of interest.
- High administrative costs to manage the microfinance programs due to the low density of some population in the NER.
- Lack of simple regulatory environment and difficulty in resource mobilisation.
- The hilly terrain and 98 percent international border of the region make it even more difficult for deeper penetration of microfinance institutions.
- Lack of awareness level of microfinance among the poor.
- Lack of local and effective capacity building infrastructure.
- Lack of a coordinated government effort to organise the microfinance sector.

Conclusion

It is now an established fact that to disseminate the benefits of economic growth to all the sections of the people and also to increase the rate of growth effective functioning of microfinance institutions is of immense importance particularly in the rural areas. Given the significance of microfinance sector in rural development and removing poverty, this paper made an attempt to analyse the progress of the sector in the NER. It is found that the penetration of MFIs and outreach of SHGs in the region is far from satisfactory. It is felt that a synchronized and designed path has to be identified which is multi dimensional and dynamic as per the need of the region, in order to enhance the role of microfinance in rural development. The present situation is very unlikely to achieve its goal of reducing poverty. There is a need to create saving driven microfinance environment both in the urban and rural areas. Although the role of microfinance in rural development is not so prominent in the region, nevertheless with active policy implications keeping in view the socio economic and geographical parameters of the region, a bright future can be expected in the microfinance sector in the North-East.

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ELECTRONIC PAYMENT SYSTEM: A STUDY ON THE ELECTRONIC PAYMENT PROCESS IN BUSINESS

Mamoni Hazarika

Abstract

Electronic payment system is the alternative to the coin or paper based cash payment to easy the user to make payment for their purchased goods or services over the network or internet and in absence of the physical (entity) presence. Initially cheque in bank payment systems are used to serve the purpose of the same but now in the era of internet and e-commerce paying securely over the internet is important task for the electronic payment system. Today, many users make payments electronically rather than in person. Hundreds of electronic payment systems have been developed to provide secure Internet transactions. Currently credit card are also in use for the payments over the network but still users are doubting about trustworthy and the security of their money because of the increase in the frauds which ultimately causes loss of value (money) either of users, merchant or participating banks. In this paper an attempt has been made to study the process of electronic payment system and the impact of this system on the traditional payment system. Through this paper a brief study has also been made on the effect of electronic payment system in India. The information and data required for the study are collected from various secondary sources like internet, journals, books etc.

Key words: Traditional Payment System, Internet, E-Commerce, Electronic Payment, Credit Card, Electronic Fund Transfer, Electronic Cheque System, Electronic Cash System, Smart Card based Electronic Payment System

Introduction

Commerce is the most major aspect of any civilization. Improving Commerce can bring prosperity into all segments of society. In today's world there have been major changes in business activities. The most important of it is the introduction of computers into commerce. Computerization of commerce has taken the world by a storm. There are significant improvements in the areas of initiating sale of products, placing orders, making payments, and transfer of funds. This has led to a much better global economy and better living standards for all.

Payment started with the barter system centuries ago. Goods were exchanged

directly between people in the barter system. The major drawback of barter system was that the buyer and the seller had to mutually like the goods that they had in surplus. This led to next generation of payment method called Commodity Money System. Here, the buyer would buy goods from the seller in exchange of some commodity in the form of gold, silver, corn etc. Commodity Money slowly evolved into standard of having paper notes at the exchange parameter. The cash payment method does not require the seller to like the commodity that he/she is going to receive in exchange for the goods. About 80 percent of all the transactions in the world are done through cash payment. The process is simple and there is no bank involvement. There is however an overhead of printing notes. The cash payment method is very insecure. There is no record of the transaction maintained. Cash Payment is mostly used for low-value payments. Cheque Payment is employed for making medium to high value payment. A record of the transaction is maintained at the bank at the cost of the transaction fee. However, it is not a guaranteed form of payment since the cheque do not represent real time cash. As the volume of cheque processing started increasing, banks had to think about ways of improving the turn-around time for payment processing.

Electronic Payment System (EPS)

Electronic Commerce (E-Commerce) is defined as a monetary transaction that occurs electronically as opposed to the physical exchange of money. Tangible currency is eliminated and accounts are maintained electronically to reflect the effects of transaction. E-commerce involves trading using the latest electronic equipment and software between the sellers and the buyers. The trade in e-commerce is conducted in a slightly different way than the traditional trading.

Electronic Payment is a financial exchange that takes place online between buyers and sellers. The content of this exchange is usually some form of digital financial instrument (such as encrypted credit card numbers, electronic cheques or digital cash) that is backed by a bank or an intermediary, or by a legal tender. Electronic payment system is a system which helps the customer or user to make online payment for their shopping. EPSs enable a customer to pay for the goods and services online by using integrated hardware and software systems. The main objectives of EPS are to increase efficiency, improve security, and enhance customer convenience and ease of use.

Review of Literature

Some studies have already been done on electronic payment system in different parts of the globe. A few of them are reviewed here to find out the research gap in the area of electronic payment system.

Mohammad AL-ma'aitah, Abdallah Shatat MIS Department, AL-Balqa' Applied University, Amman, Jordan (2011)¹ conducted a study on " Empirical Study in the Security of Electronic Payment Systems". The paper states that the security features such as authorization and encryption are important mechanisms to be present and practiced during E-Finance transactions.

Dennis Abrazhevich (2004),² in his thesis entitled "Electronic Payment Systems: a User-Centered Perspective and Interaction Design", states that the current state of online EPSs is far from ideal and that there are problems that can affect user acceptance of EPSs. Another important observation is that it makes little sense to focus on payment mediation services.

Another study was done by Ajeet Singh, Karan Singh and Shahazad, M.H Khan, Manik Chandra (2012)³ on " A Review: Secure Payment System for Electronic Transaction". The paper shows that with the security principle for secure communication channels, a significant level protection provide to unsecure communication channel.

According to Srivalli Arkalgud (2011)⁴ in his survey report entitled "Electronic Payment System", the major electronic payment methods are mainly Credit Card Processing, Electronic Check Processing, and Electronic Cash. His study also overviews of each architecture, and describes two commercial implementations of the architecture.

Singh Sumanjeet (2009)⁵ in his paper entitled " Emergence of Payment Systems in the Age of Electronic Commerce: The State of Art" distinguishes electronic payment systems based on what is being transmitted over the network; and analyze the difference of each electronic payment system by evaluating their requirements, characteristics and assess the applicability of each system.

Objectives of the study

1. To distinguish between conventional and electronic payment system in business.
2. To understand the concept of Electronic Payment System and its security services.
3. To bring out solution in the form of applications to uproot Electronic Payment.
4. To understand the working of various Electronic Payment System based applications in business.

Methodology of the study

Nature of the research: The present study is descriptive in nature and an attempt was made throughout the survey to give a description regarding the process of Electronic Payment System and its various types that can be used to improve the state of the transaction system in the E- Commerce.

Sources of data: The present study is based on secondary data which are collected from various journals, websites, books etc.

Significance of the study

As payment is an integral part of mercantile process, electronic payment system is an integral part of e-commerce. The emergence of e-commerce has created new financial needs that in many cases cannot be effectively fulfilled by traditional payment systems. Making payments on the Internet are essentially electronic version of the traditional payment systems. But in electronic payment everything is digital and it is designed to handle electronically, no change and/or old currency problems! In other words, we can say that everything about the payment is virtualized into the strings of bits. Electronic payment method, which are analogous to the existing traditional payment systems are appropriate for business, consumer and business-to-business transactions. Hence, it is necessitated a study on the Electronic Payment System and its benefits of using over traditional payment system.

Conventional vs. Electronic Payment System

To get into the depth of electronic payment process, it is better to understand the processing of conventional or traditional payment system. A conventional process of payment and settlement involves a buyer-to-seller transfer of cash or payment information (i.e., cheque and credit cards). The actual settlement of payment takes place in the financial processing network. A cash payment requires a buyer's withdrawals from his/her bank account, a transfer of cash to the seller, and the seller's deposit of payment to his/her account. Non-cash payment mechanisms are settled by adjusting i.e. crediting and debiting the appropriate accounts between banks based on payment information conveyed via cheque or credit cards.

Figure 1: Conventional/Traditional Payment System

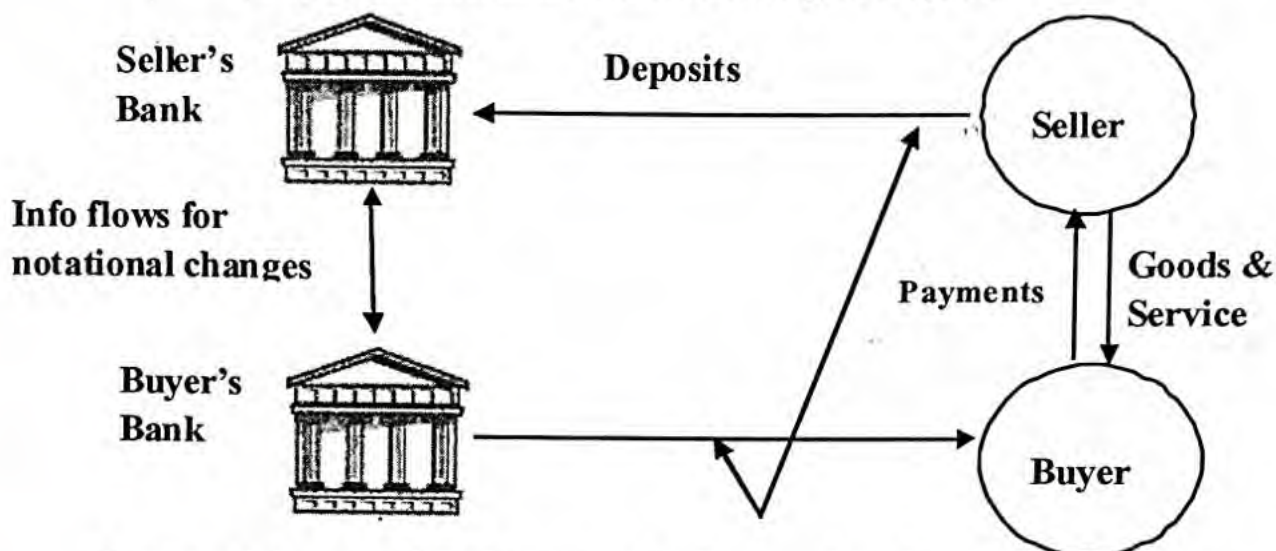
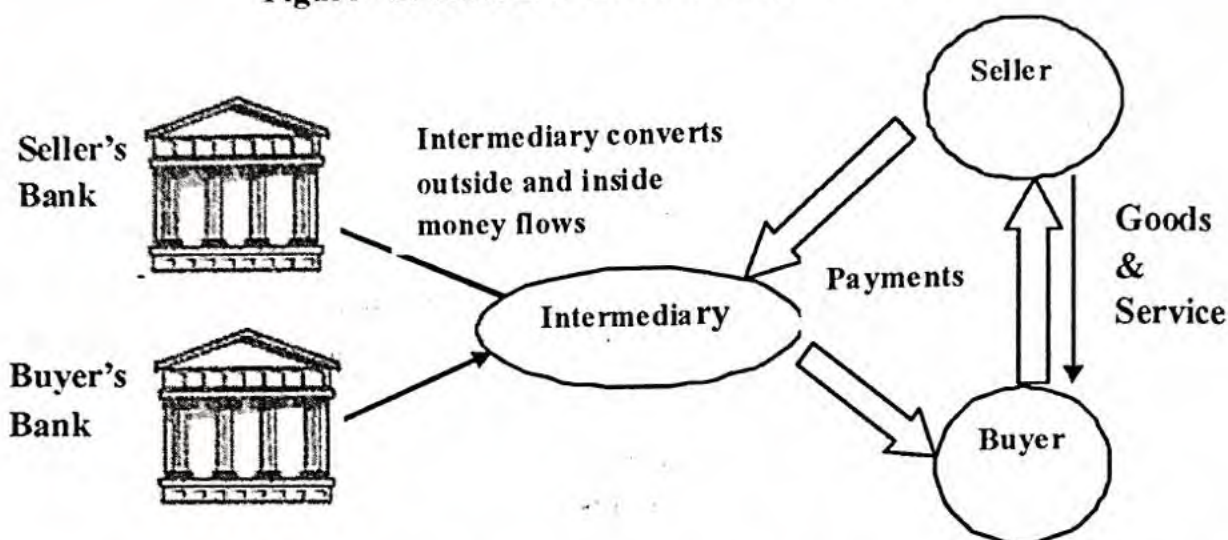


Figure - 1 is a simplified diagram for both cash and non-cash transactions. Cash moves from the buyers "bank to sellers" bank through face-to-face exchange in the market. If a buyer uses a non-cash method of payment, payment information instead of cash flows from the buyer to the seller, and ultimate payments are settled between affected banks, who rotationally adjust accounts based on payment information.

Process of Electronic Payment System

Electronic payment systems have been in operations since 1960s and have been expanding rapidly as well as growing in complexity. After the development of conventional payment system, EFT (Electronic Fund Transfer) based payment system came into existence. It was first electronic based payment system, which does not depend on a central processing intermediary. An electronic fund transfer is a financial application of EDI (Electronic Data Interchange), which sends credit card numbers or electronic cheques via secured private networks between banks and major corporations. To use EFT to clear payments and settle accounts, an online payment service will need to add capabilities to process orders, accounts and receipts. But a landmark came in this direction with the development of digital currency. The nature of digital currency or electronic money mirrors that of paper money as a means of payment. As in other electronic payment systems (i.e. EFT based and intermediary based) here too security during the transaction and storage is a concern, although from the different perspective, for digital currency systems double spending, counterfeiting and storage become critical issues. Figure 2 shows digital currency based payment system.

Figure - 2: Process of Electronic Payment System



In the above figure -2, it is shown that intermediary acts as an electronic bank, which converts outside money (e.g. Rupees or US \$), into inside money (e.g. tokens or e-cash), which is circulated within online markets. However, as a private monetary system, digital currency has wide ranging impact on money and monetary system with implications extending far beyond more transactional efficiency.

Characteristics of Electronic Payment System

Characteristics of electronic payment system are looked from various points of view as technology, user, market and more.

- **Applicability:** acceptance of the user where he/she can use the method to buy goods or services.
- **Easy to use:** the system should not be complex particularly in Indian context a user from the remote area should be able to use the system.
- **Security:** Creation, modification and over spending of the value(money) should be protected. Integrity of the value as well as authorization for value should be spent by the concerned user only.
- **Reliability & Trust:** Smooth running of the system and degree of the confidence that the money and the personal information is safe.
- **Scalability:** system should be scalable by timely changes in the underlying infrastructure .

- Convertibility: money conversion may be possible from one method to another like loyalty point convertible to the money.
- Interoperability: system should be operable in between multiple service providers.
- Efficiency: reasonable cost of the handling micro-payment.
- Anonymity: is basically privacy to protect the identity of the user.
- Traceability: traceability of the money in the system who and when it occurs with anonymity cause to built trust.
- Authorization type: whether offline or online transactions can be made in same way.

Electronic Payment Systems followed in modern business

With the growing complexities in the e-commerce transactions, different electronic payment systems have appeared in the last few years. At least dozens of electronic payment systems proposed or already in practice are found (Murthy, 2002). The grouping can be made on the basis of what information is being transferred online. Murthy (2002) explained six types of electronic payment systems: (1) PC-Banking (2) Credit Cards (3) Electronic Cheques (i- cheques) (4) Micro payment (5) Smart Cards and (6) E-Cash. Kalakota and Whinston (1996) identified three types of electronic payment systems: (1) Digital Token based electronic payment systems, (2) Smart Card based electronic payment system and (3) Credit based electronic payment systems. Thus, electronic payment system can be broadly divided into four general types (Anderson, 1998):

- Online Credit Card Payment System
- Electronic Cheque System
- Electronic Cash System and
- Smart Card based Electronic Payment System

Practices of Online Credit Card Payment System in modern business

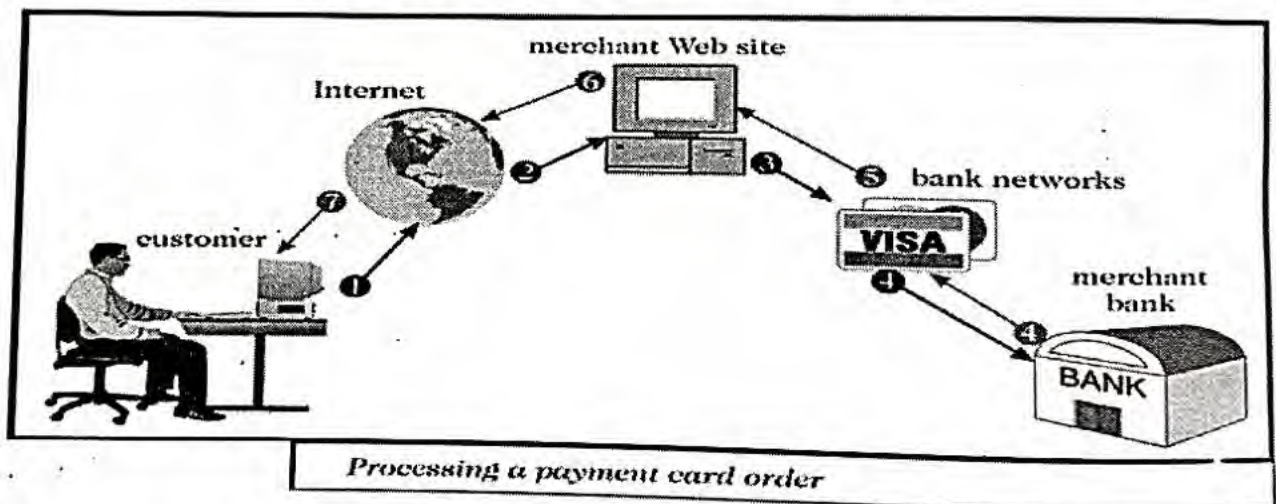
It is a Plastic Card having a Magnetic Number and code on it. It has Some fixed amount to spend. Customer has to repay the spend amount after sometime. It seeks to extend the functionality of existing credit cards for use as online shopping payment tools. This payment system has been widely accepted by consumers and merchants throughout the world, and by far the most popular methods of payments especially in the retail markets

(Laudon and Traver, 2002). This form of payment system has several advantages, which were never available through the traditional modes of payment. Some of the most important are: privacy, integrity, compatibility, good transaction efficiency, acceptability, convenience, mobility, low financial risk and anonymity. Added to all these, to avoid the complexity associated with the digital cash or electronic-cheques, consumers and vendors are also looking at credit card payments on the internet as one of possible time-tested alternative. But, this payment system has raised several problems before the consumers and merchants. Online credit card payment seeks to address several limitations of online credit card payments for merchant including lack of authentication, repudiation of charges and credit card frauds. It also seeks to address consumer fears about using credit card such as having to reveal credit information at multiple sites and repeatedly having to communicate sensitive information over the Internet.

Processing a Credit Cards Payment in business

The following figure 3 shows how the credit cards payment is processed.

Figure - 3 : Processing of Credit Cards payment



Electronic Cheque Payment System in business

Electronic Cheque payment system needs installation of software and sometimes special hardware at the customer site to be able to create and process electronic Cheque. Electronic Cheque books are also maintained at the customer site. People need to be trained to use the special technology for issuing electronic Cheque.

Cheque account for 11% of all the purchases made over the Internet. Electronic Cheque Processing (ECP) is an electronic payment process designed to debit consumers'

Cheque accounts for payment of goods and/or services. Corporations can use ECP to centralize, disburse or collect funds from their branches, franchises, agents, or from other corporations. An Electronic Cheque contains instructions to payer's bank to make a payment of specified amount to payee. Electronic Cheque Processing is similar to the traditional cheque processing in that it adopts the traditional cheque processing steps to clear cheque. However, ECP provides mechanism to verify the funds on-line in real time. The contents of an electronic cheque are similar to the traditional cheque. Signatures on electronic cheque are digitized. The ECP procedure is capable of validating digital signatures.

Practices of Electronic Cash Payment System in modern business houses

Cash Payment is the earliest and the most popular form of payment. About 80% of the total payment in the world is through cash. Hence it is vital to improvise cash payments electronically. Cash is attractive mainly because of guaranteed payment to the merchants, without overhead of transaction charges.

David Chaum who is called the "father of digital cash" first proposed the concept of electronic cash. Electronic cash offers added convenience and costs involved for banks and merchants are greatly reduced. Consumers need no longer fiddle for exact change in certain circumstances or burdened down by carrying coins or cash.

Electronic cash (e-cash) is a new concept in online payment system because it combines computerized convenience with security and privacy that improve on paper cash. Its versatility opens up a host of new markets and applications. E-cash is an electronic or digital form of value storage and value exchange that have limited convertibility into other forms of value and require intermediaries to convert. E-cash presents some characteristics like monetary value, storability, interoperability, security, authority, privacy, good acceptability, low transactions cost, convenience. All these characteristics make it more attractive payment system over the Internet. But, this system of payment also has many limitations like poor mobility, poor transaction efficiency and high financial risk, as people are solely responsible for the lost or stolen.

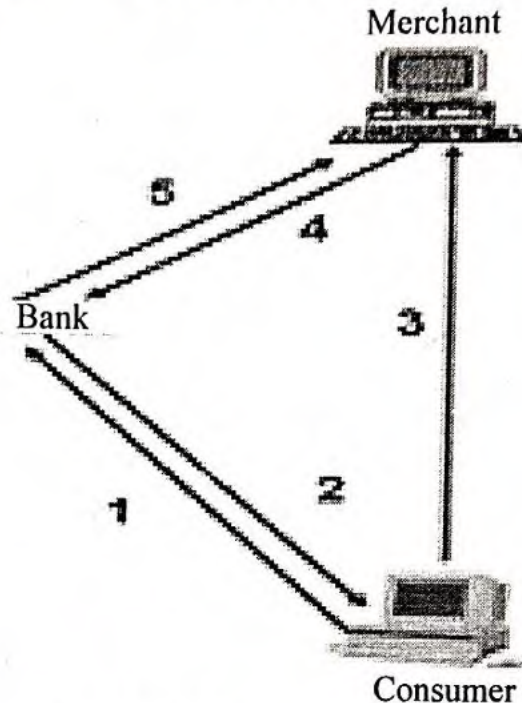
Electronic Cash Security

- Complex cryptographic algorithms prevent double spending
- Anonymity is preserved unless double spending is attempted

- Serial numbers can allow tracing to prevent money laundering

E-Cash Processing

Figure 4 : E-cash Processing



The above figure - 4 can be explained as -

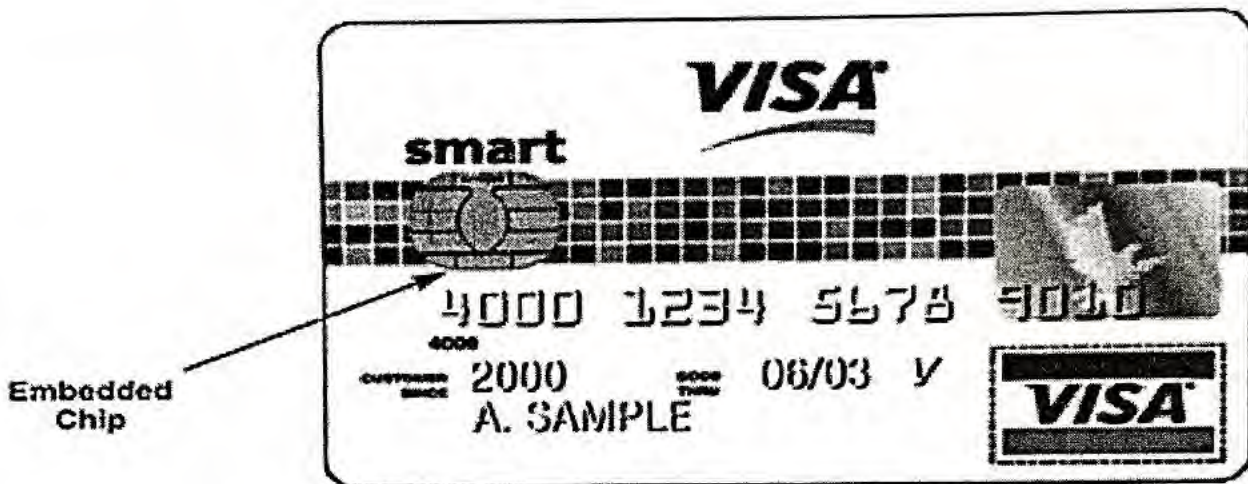
- Consumer buys e-cash from Bank.
- Bank sends e-cash bits to consumer (after charging that amount plus fee).
- Consumer sends e-cash to merchant.
- Merchant checks with Bank that e-cash is valid (check for forgery or fraud).
- Bank verifies that e-cash is valid.
- Parties complete transaction.

Smart Cards based Electronic Payment System

"Smart cards" are receiving renewed attention as a mode of online payment. They are essentially credit card sized plastic cards with the memory chips and in some cases, with microprocessors embedded in them so as to serve as storage devices for much greater information than credit cards with inbuilt transaction processing capability (Chakrabarti and Kardile, (2002).

This card also contains some kinds of an encrypted key that is compared to a secret key contained on the user's processor. Some smart cards have provision to allow users to enter a personal identification number (PIN) code. Smart cards have been in use for well over the two decades now and have been widespread mostly in Europe and Asian Countries. Owing to their considerable flexibility, they have been used for a wide range of functions like highway toll payment, as prepaid telephone cards and as stored value debit cards. However, with the recent emergence of e-commerce, these devices are increasingly being viewed as a particularly appropriate method to execute online payment system with considerably greater level of security than credit cards.

Figure - 5 : Smart Card



Compared with traditional electronic cash system, smart cards based electronic payment systems do not need to maintain a large real time database. They also have advantages, such as anonymity, transfer payment between individual parties, and low transactional handling cost of files. Smart cards are also better protected from misuse than, say conventional credit cards, because the smart card information is encrypted. Currently, the two smart cards based electronic payment system- Mondex and Visa Cash are incompatible in the smart cards and card reader specification.

Usage of Electronic Payment Systems

It is observed that different countries prefer the different forms of electronic payment system. The market has been from the start dominated by traditional financial intermediaries offering conventional electronic payment services augmented with minor innovations to adapt to the Internet. In 2003, 94.1 percent of all worldwide e-commerce transactions were

conducted using credit cards (Pago, 2003). Even today, Credits cards are dominant form of online payment all over the world. This is especially true about the developed and fastest developing countries. This fact can be supported by the Research conducted by Jupiter Media Matrix (2000). The research revealed that credits cards are the most dominant methods of online payment in US. In the year 2000, credit cards accounted 95 % of online payments and accounted \$47 billion of credit cards transactions in the US. This figure rosé to \$25 trillion in the year 2004 (Federal Reserve Payment Study, 2004). However, according to Jupiter Media Matrix Research Survey, some consumers would prefer to other payment system, such as e-cash, debit cards and e-cheque. Only 50 % of consumers outside the US use credit cards for online purchase (Landon and Traver, 2002). According to the "Banking on the Internet Report", Australia has a strong platform for e-payment growth, with 37.7 per cent of the population willing to engage in online payment.

In Europe (especially in UK) and other countries of developed world like -Canada, New Zealand, and in some of the Asian Developing Countries like China, Thailand, Japan and Singapore, smart cards based electronic payment system is popular. Most of the developing countries like India rely much more on electronic funds transfer and smart cards based electronic payment system.

E-Payment System In India

According to Sumanjeet (2008) credit card is most popular method of payments in India. The following Table 1 highlights the current scenari of E-Payment System.

Table 1: E-Commerce Payments in India

E-Commerce Payment Systems	Percentage	Rank
Credit Card	35	1
Debit Card (Smart Card)	26.5	2
Cash on Delivery	23.5	3
Bank Transfer	9	4
Money Transfer	5	5
Postal Transfer	1	6
Prepaid Card	0	0
Payment Through Convenience Store	0	0
Total	100	0

Source: Sumanjeet (2008)^{6,7}

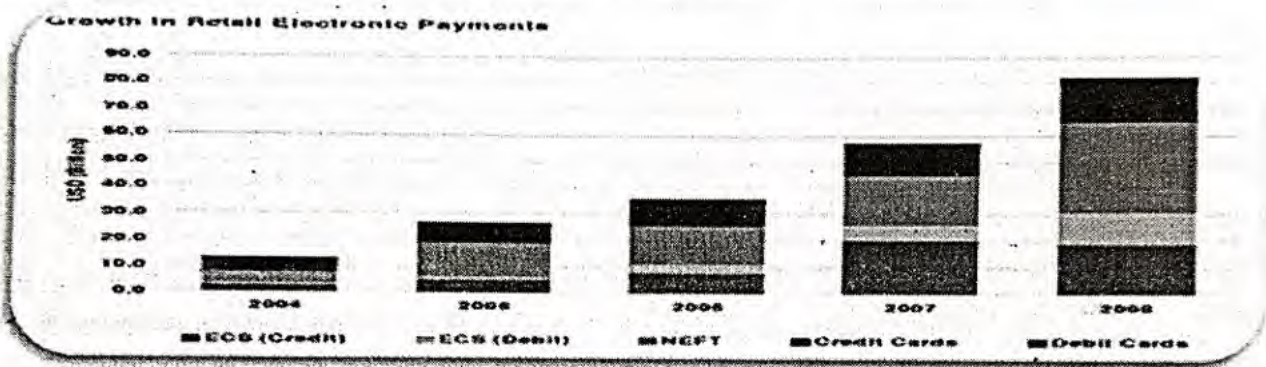
E-Payment system in India becomes popular in India due to the following reasens

- Ever-increasing technology changes.
- Growing Internet access and mobile subscriber base.

- Rising consumer confidence.
- Convenient delivery/payment models.
- India has been one of the fastest growing country for payment cards in the Asia-Pacific region.
- India currently has approximately 130 million cards (both debit and credit) in circulation.

Growth of e-Payment System

Figure 6: Growth of e-payment System



Source: *electronicpaymentsystem-110901110128-phpapp01.ppt* uploaded in <http://slideshare.net>⁸

The above figure - 6, describes the growth of the technological advancement in e-payment i.e. Electronic Clearing Service (Credit and Debit) and National Electronic Fund Transfer (NEFT). It also describes the growth of the ruling plastic money i.e. Credit Cards and Debit cards.

User acceptance of Electronic Payment Systems

At this stage the situation with the development of online EPSs is far from ideal. A survey on electronic money developments by the Bank for International Settlement reports a rather low level of EPSs use, even in the most advanced countries, (BIS, 2000). According to the European Central Bank, the proportion of online payments among cashless payment instruments in the European Union is rather low. The report admits that although there has been a lot of discussion on the use of EPSs and their importance "it is still not a widely used medium", (ECB, 2001). The lack of customer demand, the diversity of technological standards

and the lack of support by financial institutions are mentioned among the reasons preventing the development of electronic payment systems, (ECB, 2003). Some experts estimate that about 85% of all Internet transactions are done with credit cards that were not originally designed for the Internet, (Philippsohn & Thomas, 2003). According to a survey by marketing research firm Jupiter Research, credit cards are still the dominant payment method for online purchases, accounting up to 95% of online transactions in the United States, (Jupiter Media Metrix, 2000). This demonstrates still low user acceptance of alternative electronic payment systems, designed specifically for e-commerce.

Conclusion

Technology has inarguably made our lives easier. It has cut across distance, space and even time. One of the technological innovations in banking, finance and commerce is the Electronic Payments. Electronic Payments (e-payments) refers to the technological breakthrough that enables us to perform financial transactions electronically, thus avoiding long lines and other hassles. Electronic Payments provides greater freedom to individuals in paying their taxes, licenses, fees, fines and purchases at unconventional locations and at whichever time of the day, 365 days of the year. We can conclude briefly as follows:

- Expand Market beyond Traditional geographic market.
- Override traditional marketing system into digital marketing system.
- Made human life convenient as a person can pay his payments online.
- Increasing the cardholder base will bring challenges to banks.

Scope of Further Research Work

There is an ample scope of future research works in the area of Electronic Payment System as because a very limited number of research works have been done in the study area. Such types of research works will help in creating awareness among the different customers, industries of the society as well as it will help them to acquire knowledge about the benefits that they must get. Electronic Payment Industry has an extensive potential for growth considering the growth of Internet. We should take advantage of this and make the best use of available technology for the betterment of mankind.

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SHOPPING BEHAVIOR OF CUSTOMERS IN MULTI-BRAND RETAIL HOUSES: A COMPARATIVE STUDY BETWEEN VISHAL MEGA MART AND JUNCTION MALL WITH RESPECT TO DIBRUGARH TOWN

Mayuri Phukan

Abstract

Retail sector today is one of the important sectors in India which is playing a dominant role in our Indian economy. It is one of the fastest growing sectors which is providing a lot of employment opportunities and are also working hard towards the fulfillment customers need. In India there are different types of retailers and as such different types of multi brand retailing houses have also come up in due course of time. Since the main motive of these multi brand retailers is to provide customers different types of new brands, so it becomes very much important to study the shopping behavior of customers in multi brand retail houses. Therefore in this study, an attempt has been made to know the shopping behavior of customers and as such a comparative study has been done between Vishal mega mart and Junction mall with respect to customers of Dibrugarh town. It is a micro level study conducted among 100 respondents from the selected area.

Key words: Multi-brand retail, shopping mall, hypermarket, Value for Money, Shopping Environment, Convenience, Product Assortments, Quality and Attractive Offers

Introduction

Multi-brand Retailing is the marketing of two or more similar and competing products by the same firm under different and unrelated brands. In multi-brand a single retailer come up with the number of new brands in the market to capture the market. While these brands eat into each other's sales, multi-brand strategy does have some advantages as a means of:

- Obtaining greater shelf space and leaving little for competitor's products.
- Saturating a market by filling all price and quality gaps.
- Catering to brand-switchers users who like to experiment with different brands
- Keeping the firm's managers on their toes by generating internal competition.

Shopping Mall and Hypermarket

Shopping malls or simply malls are large enclosed spaces that are often characterized with many stores that sell merchandise to public whereas hypermarket can be referred to any place where people can come together for buying and selling. Customers state that malls are well organized and that there are no quality issues, the range of choices and value for money deals make them happy, they get good deals on bulk buying, etc. Malls and hypermarkets are two terms that are often confusing for many people. Malls are huge building that house many stores and shops that are owned by different organization and are connected using walkways and bridges. The term hypermarket can be used to refer a strip mall or an open air mall and generally speaking, it is one huge retail store owned by one organization and with a large variety of goods for sale. The concept of both mall and hypermarket is a big hit with the sole purpose to provide everything to customers.

With the passage of time different malls and hypermarkets have entered in different segments of the market and as such in Dibrugarh town. But considering limitation of time and other factors, in our present study Vishal Mega Mart which is a hypermarket and Junction Mall have been selected. Vishal Mega Mart in Dibrugarh is a popular retail chain and Junction Mall includes Sohum Shoppe outlet, Fun Cinemas, etc.

Factors that influence shopping behaviour in multi brand retail houses

- **Value for Money:** - A major chunk of the Indian society is money conscious. If the people spend money, they need true value for the money that they spend. According to an online survey conducted by global information and media firm Nielson Company, about 91% of Indians voted for Good Value for Money as an important factor, while selecting a grocery shop.
- **Shopping Environment:** - The shoppers also require an ultimate environment for shopping. The overall design of the store, the ambience and cleanliness of the store, the fragrance, etc has a big role to play in providing the shoppers with a splendid environment. One important factor that has been observed and implemented by most of the retailers is the kind of music that is played inside the store and so many retailers often play soft Hindi music in their stores to provide a pleasant atmosphere to the shoppers.
- **Convenience:** - Providing convenience to the customers is the need of the hour. Good customer service, facilities of parking and washrooms form a part of customer convenience. Mostly the customers will visit a store that has

ample parking space so that their vehicles are parked in a secure place.

- **Product Assortments:** - Retailers frequently attempt to attract shoppers by offering large product assortments and customers also express a desire for assortments and are drawn to stores that offer wide selection. Larger the assortments, more the customers are likely to visit the store and vice versa.
- **Quality and Attractive Offers:** - Shoppers are looking for products that are of good quality and are durable. At the same time providing attractive offers can act as a magnet. For Example, Vishal Mega Mart provides good quality products with many attractive offers to customers.

Review of literature

A large number of research work have been done by various research scholars in India so far. Some selected literature specific to the present study are extracted from various research works to get a fair idea about the methodologies applied and the emerging issues. The literature are reviewed in the next part of the study.

A work was done on the topic "Customer satisfaction towards supermarket" by Satish Musti¹. In this study emphasis that is given is that in an era of hyper competition, retailers should adopt E-retailing which would benefit to deliver better services, assortments, products information, speed, price and so on.

Akhil Sadhale, Devendra Mansoor and Nilkanth Hambarde² conducted a work on "Consumer Buying Behavior in Shopping Mall". The study after detailed discussion concluded that the consumer behavior gives clues for improving or introducing products or services, setting price, devising channels etc. The marketers always look for emergent trends that suggest new marketing opportunities and here in India a lot of opportunities are available.

Pradeep. M³ observed in his study entitled "Comparative study of City Center and Ramee mall" that Positioning and profiling of the Mall plays an important role for the success of any Mall. A very well designed Mall constructed with lot of aesthetics can be a failure if the positioning and profiling is not done in a professional way.

A study was conducted by Lakshmi Narayana K, Ajata Shathru Samal and P Nagaraja Rao⁴ on "A study on consumer buying behavior towards organized and

unorganized retail stores in Bangalore city". They concluded that in India it is quite doubtful that the organized retail will be ever able to overcome the unorganized retail completely. The values culture and beliefs of the customers prompt them to go the same retail shop where they can get the product required, at low price and with least waiting time for billing. No matter how lucrative is this sector and how bright is the market; the organized sector in retailing has to go a long way to understand the customer requirement.

Amit Kumar Gupta⁵ studied on "Study of consumer buying behaviour in Reliance Fresh, New Delhi". The study confirms that customers like one stop shopping and at the same time local market till today is the first choice of the customer.

Amit Aggrawal⁶ observe in his study entitled " Impact of consumer perception on buying behaviour in apparel retail sector, with special reference to selected Indian cities" that consumers perceive brand as providing both emotional benefits and utilitarian benefits. Their brand perception influences their buying behaviour. Here it is stated that higher the performance for the brand, higher is the positive consumer perception which in turn reflects positive buying behaviour. The study aimed to determine the factors affecting Indian consumers buying behaviour towards branded apparel that is available in their national market and has also provided the demographic variation of the consumers for making choices for branded apparel.

Krishna Mohan Sharma, Kunal Bhattacharya, Vandana Sowaney⁷ conducted a work on " The study of changing buying behaviour of consumers in growing economy of India, specific to FMCG segment and its impact on unorganised retailers". The study concludes that majority of customers have shifted their partly purchase from unorganised retail to organised retail. But as far as day to day purchase is concerned Indian consumers still prefer to buy from unorganised retail outlet in their locality.

Thus after carefully reviewing the above literature a simple attempt has been made in the present paper to study the shopping behavior of the customers towards multi-brand retail houses.

Rationale of the study

The study is based on the customers of Dibrugarh town. The study will help to some extent the retailers in finding out the reasons why the shopping behaviour of different customers of the selected area are different. Again while shopping in a mall or a mart, a customer essentially takes into account some factors which can also be understood through this kind of study.

Objectives of the study

1. To know the shopping behavior of consumers in multi-brand Retail Houses located in Dibrugarh Town.
2. To make a comparative study of consumer behavior among the consumers of Vishal Mega mart and Junction mall of Dibrugarh town.
3. To find out various factors influencing customer decisions.
4. To know the level of customer satisfaction and their future expectations from multi-brand Retail houses.

Research methodology

A. Sampling design

This study is confined to the customers visiting Vishal Mega Mart and Junction Mall in Dibrugarh. In this regard we have considered only Vishal and Junction for the universe of the study. As our research is particularly based on customers, so we have chosen a particular geographical area for our study. In our present study, we have selected the Dibrugarh town. We have adopted convenience sampling procedure and a total of 100 respondents are selected.

B. Tools for data collection

This study is empirical in nature based on survey method. Research involves getting both primary and secondary data. As an essential part of the study the primary data (first hand information for this study) were collected from 50 customers with the help of two sets of questionnaires from the respondents. The two sets of questionnaires i.e. one questionnaire relating to Vishal and another questionnaire relating to Junction were distributed to each of the 50 respondents, irrespective of their age groups. The sample group includes youth, housewives, financially independent ladies, working men and even retired persons. The contact method was personal interview. Secondary data were collected from books, magazines and various internet sources etc.

C. Framework of analysis

In order to study the overall customer shopping attitudes and behaviour, (responses of customer with regard to the availability and quality of products and services offered at Vishal and Junction, the comfort level of the respondents towards shopping and factors influencing the customers to shop such as income, frequency of visit, period of relationship of the respondents, purpose of visit and so on); statistical

tools and percentage analysis are employed.

Scope of the study

The study is limited to customers of retail houses. In the present study only two malls have been selected from Dibrugarh town i.e. Vishal mega mart and Junction mall. It is worthy to mention that a comparative study has been done between these two shopping centres. Here an attempt has been made to study only the behaviour of customer in multi-brand shopping centres.

Limitations of the study

1. The first limitation is that this study is restricted to a limited area, so the results may not be applicable to other areas.
2. The second limitation is the time factor. The time and efforts that are put in the study are not sufficient enough to find out the behavior of the customers.

Major findings of the study

The study was conducted in Dibrugarh town which is often referred as the 'Tea City of India'. A sample survey was carried out among 100 respondents. After collection of data the analysis has been done and the major findings of the study are:

- Frequency of visit of respondents: On the basis of frequency of visit it was found that out of 100 respondents majority of the sample (54%) favoured often as the frequency of visit in case of vishal mega mart and majority of the sample (60%) favoured sometimes in case of Junction Mall. Again none of the respondents either visited Vishal or Junction Mall always. So we can say that the frequency of visit of customers is comparatively more in Vishal mega mart.
- Duration of association of the respondents: Regarding the period of the relationship of the respondents, majority of the respondents i.e. 63% in case of Vishal and 37% in case of Junction are associated since past 2-3 years. Only 19% of the respondents say that they are associated with Vishal for a period of 1-2 years and 33% in case of Junction. Again 10% of the respondents have their relationship with Junction for more than 3 years and 18% in case of Vishal.
- Purpose of visit of customers: Usually the respondent visits the multi-brand retail houses for a number of purposes. Some of the main purposes for their visit are:
 - For Food and Beverage: It is seen that 60% of the respondents visit Vishal for purchase of Food and Beverage items whereas 66% of the respondents

visit Junction for consumption of Food and beverage items.

- For Entertainment: Again it can be found that only 8% respondents visit Vishal for entertainment purpose i.e. just to pass their time. Whereas 100% of the respondents visit Junction for entertainment purpose, clearly stating they visit the Fun cinemas for watching movies.
- For Lifestyle products: Again it reveals that a very less number of customers visit the two multi-brand retail outlets for purchase of lifestyle products i.e. only 45% in case of Vishal and 40% in case of Junction.
- For Durables: Lastly it can be seen that none of the respondents visits Junction for purchase of Durable goods. Moreover, in Vishal too, only 10% respondents visit Vishal for Durables. So it can be interpreted that the market of durable goods is very poor in both Vishal & Junction.

○ Occasion of visit of the customers: Occasions are also one of the factors that influence the shopping behavior of customers. Some of the occasion of visit of the respondents are:

- During Festivals: During Festivals it is seen that 90% respondents visit Vishal during the festive seasons whereas in case of Junction it is seen that 50% respondents visit Junction during festive seasons. So the rush in the stores during festive seasons is comparatively higher in Vishal than in Junction mall.
- During Weekends: Again during Weekends it is seen that 60% respondents visit Junction on weekends, especially the younger respondents who go for watching any new movie released during weekends. Whereas in case of Vishal only 42% of the respondents are of the opinion that they visit Vishal during weekends. So we can say that the weekend visit of customers is much higher in Junction because of the Fun Cinemas available there.
- During Offer time: It is also seen that during offer time only 28% of respondents visit Junction whereas in case of Vishal the percentage of respondents is more i.e. 54%. So we can say that the offers provided by Vishal are much more attractive than Junction.
- No specific reasons: Lastly it is seen that 44% of respondents in Vishal and 40% of respondents in Junction have no specific reasons or occasions of visiting the two shopping centres.

- Customer satisfaction level regarding quality and offers: On the basis of customer satisfaction level regarding quality and offers, the study reveals that majority of the respondents i.e. 56% think that the quality and offers provided by Junction mall are excellent and 40% of respondents feel that the quality and offers are good. Only 1% of the respondents feel that the quality and offers provided by Junction is not satisfactory, whereas in case of Vishal the percentage is comparatively higher i.e. 8% respondents feel that it is not satisfactory. Majority of the respondents i.e. 46% feel that the quality and offers of Vishal are good and 42% of the respondents feel that they are satisfactory. Only 4% respondents feel that the quality and offers of Vishal are excellent which is very less in comparison to Junction Mall.
- Customers satisfaction level regarding the services offered: Again majority of the respondents i.e. 39% respondents feel that the services offered by Vishal are satisfactory and 31% respondents feel that they are good. Whereas in case of Junction Mall majority i.e. 37% respondents feel that the services of Junction are good. Only 15% respondents both in case of Vishal and Junction feel that the services are not satisfactory.
- Availability of product assortments: The study also highlights that majority of the respondents i.e. 80% respondents are satisfied with the product assortments available in Vishal and only 20% respondents are dissatisfied. Whereas in case of Junction mall, 72% respondents are satisfied with the product assortments available in Junction and 28% respondents are dissatisfied.
- Comfort level of shopping: Again on the basis of comfort level of shopping majority of respondents i.e. 43% respondents feel that the comfort level of shopping in Vishal is good and 37% feel that it is satisfactory. Whereas in case of Junction majority of the respondents i.e. 45% respondents feel that the comfort level of shopping in Junction is good. 40% respondents feel that it is excellent. Only 4% respondents in case of Vishal and 5% respondents in case of Junction feel that the comfort level of shopping is not satisfactory.
- Mode of payment preferred: The study also points out that majority of the respondents prefer to make payment in cash i.e. 88% respondents in case of Vishal and 80% in case of Junction. It is seen that very few respondents prefer to make payment through Debit/Credit card i.e. only 12% in case of Vishal and 20% in case of Junction.

- Customer's opinion regarding value for money: Again the study also identified that majority of the respondents i.e. 45% respondents have the opinion that the value for money in Vishal is satisfactory. Only 6% respondents feel that it is not satisfactory. Whereas in case of Junction 43% of respondents feel that the value for money in Junction is good. Very few respondents i.e. only 3% believe that the value for money in Junction is excellent.
- Customers reason for buying: The customers usually purchases things for a number of reasons. The main reasons which the study has identified are as follows:
 - Nearness to house and locality: It was found that very few respondents visit both Vishal and Junction due to nearness to their house and locality. Here we can say that the nearness i.e. convenience factor is not a reason for buying in both the shopping centres.
 - Good range availability: Again it is seen that 100% in case of Vishal and 90% in case of Junction visits the two retail outlet due to good range availability of products. So from here, we can say that almost all the customers visit the two shopping centres due to its wide range of products and brands.
 - Friendly shopping environment: The study also reveals that on the basis of friendly shopping environment majority of the respondents i.e. 80% of the respondents visit Junction due to its friendly shopping environment. Whereas, in case of Vishal, it is comparatively less i.e. 20% of the respondents visit Vishal because of its friendly shopping environment.
 - Good ambience: Lastly it is seen that 77% of the respondents visit Junction because of the good atmosphere and ambience of the place which is quite higher in comparison to Vishal i.e. 30%. So from here, we can again say that the ambience of Junction mall is much better than that of Vishal and that's a reason why the customers are attracted towards Junction mall.
- Customer expectations regarding parking facilities of Vishal Mega mart: The study also shows that the expectation level of customers regarding the parking facilities of Vishal. Convenience is a major factor that influences the shopping behavior of customers. Here 100% of the respondents feel that Vishal should provide an extra parking facility of its own.
- Customer satisfaction regarding parking facilities provided by Junction mall: Again the study also revealed the opinion of the respondents regarding the

parking facilities provided by Junction. Here 17% of respondents feel that the parking facilities of Junction is excellent, 13% feel that it is good and the rest 70% feel that it is satisfactory. Thus none of the respondents feel that the parking facility of Junction is poor.

- Overall satisfaction level of customers: Lastly the paper also revealed the overall satisfaction level of customers. Around 45% of the respondents are overall satisfied with their shopping experience in Vishal whereas 35% of respondents are dissatisfied. In case of Junction, 40% of respondents are overall satisfied with their experience in Junction mall whereas 15% of respondents are dissatisfied.

Thus, the major findings of the study highlight the different marketing practices that are being adopted by the two multi-brand retail houses. These practices have a great impact on the shopping behavior of the customers.

Recommendations

- Both the centre should target the salaried and student class as they account for the majority visitors to their stores.
- Vishal should provide more branded wears as the salaried class preferred going for brands and are brand conscious.
- Vishal should aim for providing seating arrangements. As ladies spend more time shopping in the same section seating arrangements should be made so that their companions (Friends, Husbands, Parents and Children) can sit till they finish shopping.
- Both the Retail Houses should provide more discounts for FMCG and they should also try to improvise their customer services.
- Both the Retail Houses should maintain proper display to create impulse because if proper display is not maintained impulse cannot be created.

Conclusion

Multi-brand retail houses are considered to be a shopaholic's paradise as there is a constant availability of a wide range of products and brands, it creates an ideal environment for social interaction for people of all ages and it is a convenient place to buy anything they desire. As per our research, we have found that the overall satisfaction of the customers is more in Junction Mall as it offers all the above

mentioned attributes which a good shopping mall should have although the number of customers is quite higher in Vishal. So, at last, we can conclude that the standard of living of the people in Dibrugarh town is not that high as in the metros. The people of Dibrugarh are price conscious and always aware of their affordability. Accordingly their shopping behaviors also vary. Thus the concept of large shopping malls does not gain instant success in comparison to hyper markets like Vishal.

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ENTREPRENEURSHIP AS A CAREER OPTION FOR COMMERCE STUDENTS: A STUDY WITH SPECIAL REFERENCE TO THE UNDERGRADUATE STUDENTS OF GAUHATI COMMERCE COLLEGE

Mriganka Shekhar Pathak

Abstract

In this age of stiff competition we observe that the job market is constantly shrinking. Hence, the students have to plan their future career options while undergoing through different courses of study. In this context, entrepreneurship may be taken up by the students in general and the commerce students in particular as a good career option which will not only make them self employed but also create job opportunities for others. For that purpose some sort of motivation of the students through course curriculum, teachers and the society are thought to be very much essential. Moreover, there is a need to study the perception of students towards entrepreneurship as a career option.

This paper is an attempt to analyse the perception of commerce students at undergraduate level towards entrepreneurship as a career option and the availability and suitability of the present course curriculum in motivating them.

Introduction

In this age of competition all educated people, more or less, are career oriented. They decide about career options while studying in colleges and universities. Fair salaries, job security, high social acceptance and status etc. are some of the reasons for which a particular career is chosen by a student. Students of different technical and non-technical courses have various career options. In case of non-technical or general education, there are three important streams mainly Arts or Humanities, Science and Commerce. Students of these different streams can pursue different career in their working lives based on their knowledge, skill, interest, aptitude, personalities etc.

While talking about the career options for commerce students, we observe ample scope open to them in different fields including industries and commerce, professional career, academic career, administrative jobs, accounts and audit, finance

and marketing etc. Commerce stream has witnessed a sea change over the past decade, with a range of specialisations and career options emerging in recent years. Until a few years ago, a commerce degree with popular specialisations like accounting, finance, banking, etc, would automatically lead to a job in the various sectors that include banking, insurance, Govt. accounts and audit departments etc. No longer, today, a commerce graduate has a plethora of options to choose from. A commerce graduate can go for further study such as Master of Business Administration, Master of Commerce, Master of Computer Application, Master of Marketing Management, Master of Personnel Management, Post-Graduate diplomas in Finance, Marketing, Human Resource Management, Labour Relations, International Marketing, Environment Management, Risk Management, Investment Management, Hotel Management, Tourism Management or immediate jobs. With the advent of e-commerce one can also become an Internet Marketing Executive. There are some prestigious professional certificate courses in Commerce viz. Chartered Accountancy, Chartered Financial Analyst, Cost and Works Accountant and Company Secretaryship at national level. Students with these certificates can either go for some lucrative jobs in companies and also public sector organizations or they can start their own private practices.

Apart from the above career choices available to a commerce student, there is also another option open to them. One can choose entrepreneurship as a career option after completing a B.Com degree. A commerce student has a better and a stronger background relating to business and the legal and economic systems etc. which give them an edge over others coming from a non-commerce background. Moreover, a commerce student has a better knowledge of the banking and investment systems. They are also better equipped with the knowledge of managing people and the clients in the marketplace. Thus, an entrepreneur who comes from a commerce background has a better chance of becoming successful in business compared to someone who hails from a non-commerce stream such as Arts or Science.

Entrepreneurship is not limited to any class, community, religion or gender. There is no age bar also. Any person who possesses certain behavioural traits and attitude can become an entrepreneur. The charms of becoming an entrepreneur are many.

Review of Literature

In the present years the academicians, economists, government as well as non-government agencies have conducted various research studies on different aspects

of entrepreneurship development. However, only a few studies have been conducted by the research scholars on entrepreneurship as a career choice. A few books and research articles on the topic are reviewed as below:

A study was conducted to determine university students' perceptions on entrepreneurial self-efficacy and entrepreneurial intention by Lope Pihie and Zaidatol Akmaliah(2009) on "Entrepreneurship as a career choice: An analysis of entrepreneurial self-efficacy and intention of university students". The study utilized a descriptive research design and 1,554 university students participated in it. Findings indicate that the students had moderate score on all constructs related to entrepreneurial intention and entrepreneurial self-efficacy in the aspects of management, financial and marketing. Based on the findings of this study, it is suggested that to improve university students' entrepreneurial intention and self-efficacy, certain teaching strategies needed to be conducted.

Douglas, Evan J. & Shepherd, Dean A. (2002) published a research article in the journal *Entrepreneurship Theory and Practice*, 26(3), pp. 81-90 on "Self-employment as a Career Choice: Attitudes, Entrepreneurial Intentions, and Utility Maximization". This paper investigates the relationship between career choice and peoples' attitudes toward income, independence, risk, and work effort. Significant relationships were found between the utility expected from a job and the independence, risk and income it offered. Similarly, the strength of intention to become self-employed was significantly related to the respondents' tolerance for risk and their preference for independence.

Roger Henderson, and Martyn Robertson in their article on the topic "Who wants to be an entrepreneur? Young adult attitudes to entrepreneurship as a career" published in *International Journal of Career Management* (Vol. 5 Iss: 6, pp.279 - 287, 1996) came to the conclusion that generally positive images of entrepreneurship are hampered by a lack of identifiable role models, poor media presentation of individuals or small firms, and lack of encouragement from important influencers on career choice such as teachers and career guidance specialists. University courses have their limitations but can have a role in providing a useful insight into the challenges involved in being an entrepreneur and also encouraging skill development and self-reliance.

In their research paper on "Entrepreneurship among business graduates: does a major in entrepreneurship make a difference?", Professor Lars Kolvereid and Øystein Moen (*Journal of European Industrial Training*, Vol. 21 Iss: 4, pp.154 - 160, 1997)

found that Entrepreneurship has become a widely taught subject in universities and business schools. However, only a very small number of studies have investigated the effect of entrepreneurship education. The results indicate that graduates with an entrepreneurship major are more likely to start new businesses and have stronger entrepreneurial intentions than other graduates.

Objectives of the study

The study has been undertaken with the following objectives:

1. To know the perception of the commerce students towards entrepreneurship.
2. To know about availability and suitability of course curriculum on entrepreneurship in formal learning process at B.Com level.
3. To find out the factors that motivates students to take entrepreneurship as a career.
4. To find out the obstacles in taking up entrepreneurship as a career by the students.
5. To suggest measures for motivating commerce students towards entrepreneurship.

Scope of the study

This study is done on the undergraduate students of Gauhati Commerce College. The 5th Semester students of B.Com for the year 2013 of the college have been taken on which research is done. It has been tried to find out through this research the perception of the students' community towards entrepreneurship as a career option and the suitability of the course curriculum in this respect. The period of the study is about 3 months.

Methodology of the study

The collected data are based on primary as well as secondary sources. Primary data have been collected from the respondents. An interview was conducted and questionnaire was prepared to collect information. The research design is both descriptive and explanatory. Sampling units are the 5th semester students of B.COM, Gauhati Commerce College for the academic session 2013-2014. Simple Random sampling technique is used in collecting the required data from the respondents. For this purpose Table XXXIII of Fisher and Yates: Statistical Tables for

Biological, agricultural or medical research, published by Oliver and Boyd Ltd. Edinburg has been used.

The sample size is taken as 60 which are 10% of the total population of about 600 students in B.Com 5th Semester. They belong to different community, mainly, Assamese, Bengali, Marwari, Punjabi and Bihari etc. For this purpose about 75 questionnaires has been distributed and 58 of them responded with their answers. Thus the effective sample size is 58.

Limitations of the study

- Most of the students covered under the study have been found to be reluctant to provide the relevant data and information required.
- The time constraint is another important limitation. The study is to be completed within a specified time period for which detailed analysis could not be done.
- As the number of sample covered by the study is confined to only one institution, the findings may not reveal accurate picture of the attitudes of students towards choosing entrepreneurship as a career option.
- The respondents have been found to be lacking the necessary sincerity and attention needed in providing the required information, while conducting the field survey. As a result the results obtained may not be completely accurate.

Findings of the study

Once the relevant information and data are collected, tabulated and analysed, it becomes necessary on the part of the investigator or researcher to sum up the findings in the form of summary so that necessary suggestive measures may be recommended to improve the motivation level of commerce students towards entrepreneurship.

The analysis of various aspects relevant to knowing the perception of commerce students towards entrepreneurship as a career choice has revealed some interesting facts which deserve careful attention of all those who are concerned with the motivation of commerce students in particular for taking entrepreneurship as a career. In this chapter the major observations of the study are summarised with the findings and recommendations.

- 38 percent of all the students are interested in becoming entrepreneur and 62

percent are not interested.

- The level of interest towards entrepreneurship as a career choice of male students is found to be 39 percent and the same is 36 percent in case of female students.

Table 1 : Showing students' interest in entrepreneurship as a career on the basis of gender

Gender	Number of students Interested	Number of students not Interested	Percentage Interested	Percentage Not interested
Male	14	22	39%	61%
Female	8	14	36%	64%

Source : Field Survey

- It is found that 64 percent students have viewed that entrepreneurship is a good career option but they are not willing to be entrepreneur themselves.
- 41 percent of the students who belong to urban background are interested in entrepreneurship as a career choice compared to 29 percent students belonging to rural background.
- From the analysis of the level of interest towards entrepreneurship on the basis of the mother tongue of the students it is found that 56 percent of Hindi speaking students, 41 percent of the Assamese speaking students and 17 percent of the Bengali speaking students are interested in entrepreneurship as a career.

Table 2 : Showing Communities and interest shown in entrepreneurship by the respondents

Mother Tongue	Assamese Speaking	Hindi Speaking	Bengali Speaking	Others	Total
No. of Respondents	22	18	12	6	58
Percentage of respondents(%)	37.96	31	20.7	10.34	100
Interest in entrepreneurship	9	10	2	1	22
Percentage Interest in Entrepreneurship	41%	56%	17%	17%	100%

Source : Field Survey

- From the interpretation of the data collected from the respondents it was found that 55 percent of the students who belong to business background i.e. father's are in business are interested towards entrepreneurship as a career choice. The interest of students whose fathers are working in the service sector was found to be 22 percent.
- 64 percent of the total students feel that entrepreneurship is the right choice for becoming self-employed and 12 percent of them think otherwise.
- 19 percent of the students think that entrepreneurship is most respectable as a means of livelihood, 79 percent think that it is respectable only and 2 percent think that it is not respectable at all.
- 59 percent of the students who are interested in entrepreneurship because they want to work independently. Only 4.5 percent of the students want to be entrepreneurs because they are unable to get government jobs, 9 percent because they are not interested in doing private jobs, 22.8 percent because they want to contribute towards the development of native place so they are not major reasons for the interest of students towards entrepreneurship.
- It is found that fear of risk taking is not the main reason of disinterest by the students towards entrepreneurship. Preference of doing job rather than doing business is found to be the reason why students are not interested in entrepreneurship.
- 82 percent students who are interested in becoming entrepreneurs will start up their new ventures only after further study. The number of students who will start immediately after graduation is found to be 18 percent.
- 83 percent of the students think that the role of Entrepreneurship Development Programmes is very significant and they think it is very essential that EDPs are instrumental in developing successful entrepreneurs.
- It is found that 55 percent of the students who are interested in becoming entrepreneurs will depend primarily on Banks and financial institutions for finance and not on the support of family and relatives.
- 50 percent of the students who are interested in entrepreneurship find their inspiration in their parents and 27 percent are inspired by other successful

entrepreneurs. The role of teachers and the course curriculum is found to be very less i.e. 0 percent and 3 percent respectively, in developing interest of the students towards entrepreneurship.

- Lack of entrepreneurial culture is the main reason for disinterest of the students towards entrepreneurship according to 19 percent of the respondents, risky nature and lack of proper education and training is the main reason according to 33 percent and 22 percent of the students respectively.
- 72 percent of the students feel that there is negative social attitude towards entrepreneurship in the North East compared to some other states of the country. The social system and customs neither support nor encourage the initiatives to start new entrepreneurial activities.
- Only 9.1 percent of the students are highly satisfied with the present course curriculum on entrepreneurship. 22.7 percent are moderately satisfied, 36.4 percent are satisfied, 31.8 percent are dissatisfied, 0 percent are highly dissatisfied with the present course curriculum on entrepreneurship. Thus, it is seen that the percentage of students who are dissatisfied is very high.
- 9 percent of the students who are interested in becoming entrepreneurs are fully motivated by the present course curriculum on entrepreneurship, 59 percent are partially motivated and 32 percent are not motivated at all.
- 12 percent of the total students feel that the course curriculum needs to be restructured. 36.2 percent think that awareness programmes on entrepreneurship needs to be organized. 1.7 percent of the students feel that group discussions should be organized and 44.8 percent of the students feel that Industrial visits and meeting successful entrepreneurs should be held.
- If any restructuring of the present course curriculum on entrepreneurship is done then it is sought by 22.4 percent of the students that a specialisation paper on entrepreneurship is to be introduced. 39.7 percent of the students feel that seminar papers on entrepreneurship development should be made compulsory at the B.Com level. 34.5 percent of the students feel that a basic paper on entrepreneurship development should be introduced in the H.S level to motivate the students towards entrepreneurship.

Recommendations

On the basis of the findings highlighted above concerning perception of commerce students towards entrepreneurship, the following suggestions may be put forwarded for motivating the students to take entrepreneurship as career option.

- To create an entrepreneurial environment and awareness among the students about entrepreneurship, the subject should be introduced from school level to post graduate level in a phased manner. There should be adequate mechanism to identify students with entrepreneurial qualities and for skill development.
- The task of preparation of curriculum may be entrusted to those who are directly involved in the entrepreneurial activities and entrepreneurship education or the academic curriculum of entrepreneurship education should be prepared taking help from and proper consultation with the institutions engaged with entrepreneurship.
- Awareness camp should be organized at college level highlighting the scope for entrepreneurial activities to motivate the young generation. Such awareness camps or programmes will definitely contribute in changing the mindset of the students.
- A proper balance has to be maintained in the entrepreneurship education curriculum keeping in mind both the rural and urban students.
- Workshops, seminars debates etc. should be organized on entrepreneurship in the educational institutions to motivate the students as well as the teachers.
- Interaction between successful entrepreneurs, alumni entrepreneurs and the existing students should be a regular activity for motivating and encouraging the students.
- The teachers should be encouraged by the concerned educational institutions to participate in EDPs meant for teachers, so that they can play a proactive role in guiding, encouraging and motivating the students to undertake entrepreneurial activities.
- There should be a Memorandum of Understanding (MOU) between educational institutions and institutions supporting entrepreneurship, which will ensure a conducive atmosphere for students to take up entrepreneurship as a career option.
- Industry linkages and field visits allotting definite assignments to students will definitely make them more aware about the activities that are carried out by entrepreneurs.

- Educational institutions should make arrangements with agencies supporting entrepreneurship and financial institutions for the purpose of making the students aware of various support systems available and about procedure of raising loans from banks for entrepreneurial activities.
- Guardians must come forward to impart entrepreneurial education of their children realising the actual scenario of the present socio-economic crisis. Joint efforts of teachers and guardians may radically change the mindset of our students.
- At least one paper of hundred marks on entrepreneurship should be included in the syllabi of the undergraduate level for commerce students so that the students get an opportunity to acquire knowledge on the subject and develop interest in that field.

Recommendations from the Respondents

In our questionnaire form we made a request to all the respondents to give their suggestions in a few lines to motivate students towards entrepreneurship. Their suggestions may be summarized in the following points.

- Along with theoretical knowledge, industrial visit should be organized for the students from time to time.
- The colleges and other institutions should organize awareness programme for the students.
- There should be family and social awareness about importance of entrepreneurship.
- Meetings with successful entrepreneurs can motivate the students to a great extent.
- The colleges should conduct training and development programme on entrepreneurship.
- The subject entrepreneurship should be introduced at higher secondary level.
- Students should be encouraged to take risk in business because no risk means no gain.
- Government support is essential to motivate students.
- Preparation of project report by students on entrepreneurship should be made compulsory at degree level.

- There should be a special paper on entrepreneurship at undergraduate level.
- The mindset of students can be changed through course curriculum on entrepreneurship.
- Parents, teachers and the successful entrepreneurs can play vital role in bringing changes in the minds of students.

Conclusion

Taking into account the analysis and findings of the study it can be concluded that majority of the students feel entrepreneurship is a good career option for becoming self employed and it is also respectable. But they themselves prefer to take up job rather than becoming an entrepreneur. The actual reason for this attitude of students can be traced out through further research study. Further, the existing course curriculum for B.Com students under Gauhati University has not been able to promote independent thinking, enhance skills and the spirit of innovation among the students for taking up entrepreneurship as a career option. The educated youth of our state in general have not yet realized that importance of entrepreneurship. The social system is also not supporting them. It is in this context that entrepreneurship education is the only way to encourage and motivate the students for self employment by developing the entrepreneurial zeal and spirit.

Entrepreneurship education through course curriculum can play a decisive role in shaping the destiny of both the present and future generations of the state. In order to motivate the youth to take an entrepreneurial career, it is strongly felt that the entrepreneurial values and skills need to be inculcated in the mind of the students. To achieve this objective, entrepreneurship education should be introduced in the academic curriculum at all levels of education system viz. school, college and university.

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AGRARIAN CHALLENGES IN INDIA IN THE ERA OF GLOBALIZATION

Parijat Dhar

Abstract

The concept of globalization has become inextricably linked with the process of transformation touching upon every aspect of social, political and economic development in the globe. It can be seen as a process by which the population of the world is increasingly bonded into a single society. India which is considered for the wide spread poverty and malnutrition has recognized recently to achieve millennium development goal of reducing half of the poverty by the end of 2015 by initiating necessary reforms and structural adjustments especially in agricultural sector. To achieve it India also accorded to the World Trade Organization agreement in order to integrate with the global trade. Under which several reforms have been initiated in farm sector since the 1990's. A number of crucial issues have surfaced in the agricultural sector which needs immediate focus to enable the country to take a realistic stand under agreement on agriculture and also a need to adopt certain strategies for safeguarding their existence livelihood and culture. Due to the Globalization, a crisis has been seen to have emerged in the agricultural sector of India on account of the discriminatory policy being followed by World Trade Organization in favour of the developed countries and against the developing countries. The growth rate in agricultural sector has declined over the recent years since 1990s. Growth rate in employment in rural areas was also declined during the post-reform period and the support of Government for agriculture sector development has been gradually declined during the reform period. Thus the impact of globalization on agriculture sector has worsened. Hence, there is need to bring out structural changes for strengthening agriculture.

Key words: globalization, poverty, millennium development goal, agricultural sector, World Trade Organization, global trade.

Introduction

Globalization is the new buzzword that has been dominating the world since the nineties of the last century. By the term globalization we mean opening up of the economy for world market by attaining international competitiveness. Globalization refers to increase in the movement of finance, inputs, outputs, information and science across vast geographic areas. Globalization aims at the integration of the domestic

economy with the global economy and the optimum utilization of growth potential.

India, which is one of the largest agricultural based economies, remained closed until the early 1990s. By 1991, there was growing awareness about that the inward-looking import substitution and overvalued exchange rate policy coupled with various domestic policies pursued during the past four decades limited the entrepreneurial decision making in many areas and resulted in a high cost domestic industrial structure working as a disincentive in respect of competitiveness. Hence the new economic policy of 1991 stressed both external sector reforms in the exchange rate, trade and foreign investment policies and internal reforms in areas such as industrial policy, price and distribution controls and fiscal restructuring in the financial and public sectors. In addition, India's membership and commitment to World Trade Organization (WTO) in 1995 was a clear sign of India's intention to take advantage of globalization and face the challenge of accelerating its economic growth.

Indian Agriculture in recent times: A Snapshot

India has predominantly an agrarian economy with over 60 percent of its population depending on agriculture and related subsidiary occupations for their livelihood, yet agriculture contributes only 20.6 percent to the GDP (Issac 2005). Agricultural growth fell by 12.6 percent in 2003, one of the sharpest drops in independent India's history. Agricultural growth slowed from 4.69 percent in 1991 to 1.1 percent in 2002-2003 (Agricultural Statistics at a Glance 2006). This slowdown in agriculture is in contrast to the 6 percent growth rate of the Indian economy for almost the whole of the past decade. Agricultural wages even today are \$1.5- \$2.0 a day, some of the lowest in the world (Issac 2005). Institutional credit accounts for only 20 percent of credit taken among small and marginal farmers in rural areas, with the remaining being provided by private moneylenders who charge interest rates as high as 24 percent a month (Sainath 2005).

Nearly three-fourth of the population belongs to the weaker sections, some of whom are marginal and small farmers whereas others belong to the working class. With the onset of the economic reforms programme, the plight of the weaker sections has turned worse. Being faced with many structural constraints, they have been dangerously getting pushed out of the system as the entry of machines and highly skilled workforce has resulted in fewer numbers of mandays of work, reduced wages and irregularity in employ-

ment for the semi-skilled and unskilled workers. The cumulative effect of all these led to miserable conditions for the weaker and disadvantaged sections of our society in general and for farmers in particular. Thus, the present paper makes an attempt to analyze the impact of globalization on the agricultural sector of India.

Review of Literature

Globalization has made countries to realize that nations can no longer be cocooned in their own cultural or economic nests but invariably be part of the larger picture which takes into account the competencies, interests and the dependencies of economies world-wide (Kumar 2011). There are pro-globalization views by Jagdish Bhagwati and others (Shiva 2004) who build on the economic notion that free trade helps everybody and lift the poor out of poverty while there are anti-globalization views by the likes of Vandana Shiva, Arundhati Roy etc. (Shiva 2004) who view globalization as a way for multinational corporations and multilateral institutions to change the rules all over the world to ensure better markets for the rich countries.

It was with the Structural Adjustment Programme (SAP) in 1991 that the policy of globalization was concretely introduced in India (Mathew 2008). Based on this policy the directives of the World Bank, International Monetary Fund and World Trade Organization, the Indian economy were substantially overhauled. The government started reducing its investment in agriculture and the industrial sector allowing the private sector to take over (Mathew 2008). The restructuring of the public distribution system really affected the availability of food grains to the poor at subsidized rates.

Somasekhar (2013) has cited that under the WTO agreement, major instruments of the reforms initiated in farm sector were:

- (i) Gradual withdrawal of the state intervention in agricultural markets, particularly grain trading.
- (ii) Reduction in tariff rate on imports of food items and reduction in price controls.
- (iii) Gradual elimination of the quantitative restrictions on exports.
- (iv) Encouraging the private sector participation both in output and input trading.

These reforms were primarily concerned at improving the competitiveness of agriculture to exploit new export opportunities in the global market, to encourage

agricultural diversification towards high value crops thereby increasing farm income and the availability of more food grains thus augmenting food security addressing the problem of malnutrition.

However, reforms in the agricultural sector came under severe criticism in the late 1990s when 221 farmers in Andhra Pradesh committed suicide in a single year (Muralidhar et al. 2011). Coupled with this agricultural growth declined to 2.29 percent per annum during the 1990s (1989-90 to 1999-2000) from 3.72 percent per annum during the 1980s (Project for Economic Education 2012). Public sector investment has been crucial to the development of agriculture related infrastructure like irrigation, electricity, agriculture research, roads, markets etc. However, this has remained stagnant at 0.5 percent of GDP. The reason for the poor state of agriculture is the fact that the sector continues to be subject to a large number of government controls- on pricing and movement of agricultural goods, marketing and credit. There was some easing of licensing requirements and restrictions on storage and movement of wheat, rice, sugar, edible oilseeds and oils, decanalising of the export of agricultural commodities and easing of export controls in the first decade of liberalization. But these have been reversed and then restored in an ad hoc manner (Project for Economic Education 2012). When there is a shortage of a commodity in the domestic market, the government immediately clamps down on exports, raises stocking limits and brings back the Essential Commodities Act, designed to check hoarding. But when there is a glut of a commodity, the lack of cold chains and storage infrastructure results in farmers having to sell their produce at distress prices.

In the nineteenth century the so called "Deccan Riots" were farmers' protests against the debt trap into which they had been pushed to supply cheap cotton to the textile mills in Britain. In the eighties they formed peasant organizations to fight for debt relief from public debt linked to Green Revolution inputs. However, under globalization, the farmer is loosing her / his social, cultural, economic identity as a producer. A farmer is now a "consumer" of costly seeds and costly chemicals sold by powerful global corporations through powerful landlords and money lenders locally (Shiva 2004). This combination is leading to corporate feudalism, the most inhumane, brutal and exploitative convergence of global corporate capitalism and local feudalism, in the face of which farmer as an individual victim is helpless.

Objectives of the study

The study has been taken up with the following objectives:

1. To make a comparative study of the agricultural sector in terms of growth rates, cropping pattern and output and levels of employment in the pre and post globalization period.
2. To investigate the challenges faced by the agricultural sector of India in the globalization period.
3. To provide suggestions to overcome the difficulties faced by the agricultural sector.

Methodology of the study

The present study is based on secondary data. All agricultural statistics have been collected from published reports of Government of India viz., Economic Survey, Agricultural Statistics at a Glance.

Scope of the Study

The main scope of the present study is to analyze the challenges faced by Indian agriculture during the post globalization period along with the related changes observed in the sector.

Rationale for the Agrarian Challenges

India, in the post globalization period, has been facing a lot of challenges in the agricultural sector. This has nullified the expected gains from the globalized scenario. The main justification for such argument are rising input costs, non-remunerative price of output due to increased flow of cheaper farm products from the developed countries, pressure for withdrawal of subsidies from the agricultural sector as an explicit condition of WTO, decline of employment in the agricultural sector in the rural areas etc. The details of the rationale for the agrarian challenges in India are analyzed in the findings of the study.

Findings of the study

A. Growth in Agricultural Sector during pre and post Globalization periods

A comparative study of the growth rate in the agricultural sector during pre and post globalization periods serves as evidence to the negative impact being created on the agricultural sector (Table 1).

Table 1: Growth in Agricultural Sector during Pre and Post Globalization

Sector	Growth Rate in Agriculture (in percent)	
	Pre-reform period (1980-1990)	Post-reform period (1996-2006)
Agriculture	3.6	2.6
Forestry	4.2	2.5
Fishing	0.1	0.5
Crops		
Food grains	2.9	1.5
Cereals	3.1	1.8
Rice	3.7	2.0
Wheat	3.6	3.6
Coarse Cereals	0	-1.1
Pulses	1.4	0.5
Non food grains	4.3	2.0

Source: *Economic Survey 2006-07*

The growth rates of both food grains and non food grains registered a decline during the Post reform period as evident from the table above. The growth rate of food grains during 1980-1990 was 2.9 percent whereas it declined to 1.5 percent during the period 1996-2006. Similarly, there was a decline in growth rate of non food grains from 4.3 percent to 2.0 percent during the same period.

B. Cropping Pattern and Crop Output

There has been a decline in the area under food grains in most part of the country. The thrust towards agri-exports during the phase of new economic policy has mainly led to a reduction in the area under all cereals, coarse grains and pulses while increasing the area under oil seeds and other crops (Dhanasekaran 2005). The available evidence suggests that the liberalized environment has shifted the cropping pattern in favour of rice, wheat, sugarcane, cotton and fruits and vegetables. Wheat and rice are the major gainers in terms of area shifts during the post liberalization period and coarse cereals as a group suffered the greatest loss.

Table 2: Changes in the Cropping Pattern

Crops	1980-81		1990-91		2000-01	
	Area (million ha)	As a percentage of the gross cropped area	Area (million ha)	As a percentage of the gross cropped area	Area (million ha)	As a percentage of the gross cropped area
Rice	40.1	23.2	42.7	23.0	44.3	23.2
Wheat	22.3	12.9	24.2	13.0	25.1	13.2
Coarse Cereals	41.8	24.2	36.2	19.5	30.4	15.9
Pulses	22.5	13.0	24.7	13.3	20.0	10.5
Food grains	126.7	73.4	127.8	68.8	119.8	62.8
Oilseeds	17.6	10.2	24.1	13.0	22.3	11.7
Sugarcane	2.7	1.6	3.7	2.0	4.3	2.3
Cotton	7.8	4.5	7.4	4.0	8.6	4.5
Fruits and Vegetables	6.8	4.0	7.6	4.1	10.2	5.3

Source: Agricultural Statistics at a Glance, Ministry of Agriculture, Government of India 2002, pp. 9-10.

The area under wheat and rice has increased both from 1980-81 to 1990-91 and from 1990-91 to 2000-01. Similarly the area under fruits and vegetables which was 6.8 million ha during 1980-81 increased to 10.2 million ha during 2000-01. While the area under coarse cereals declined from 41.8 million ha during 1980-81 to only 30.4 million ha during 2000-01. The area under food grains slightly increased from 126.7 million ha during 1980-81 to 127.8 million ha in 1990-91 but declined to 119.8 million ha during the post reform period. The case of pulses and oilseeds is different as area under these two groups of crops increased between the period of 1980-81 and 1990-91 but during the 1990s the area under both these crops fell. On the other hand area under sugarcane has maintained its growth momentum and exhibited a positive change in the 1990s as well.

C. Decline of Employment in Agriculture

Unemployment in the agricultural sector increased during the reform period as agriculture was not profitable due to the fall in the price of farm products. As a result the number of people who are employed in the primary sector and the area under cultivation decreased which in turn caused a decline in rural employment. According to the National Sample Survey, the annual rate of growth of the employment in the rural areas was 2.07 percent in 1977-84 while it decline to a mere 0.66 percent in 1993-2000 which corresponds to the period of liberalization (Mathew 2008).

Joblessness surging from the second half of the 1990s was not related to population growth but was in many ways a direct result of the reforms programme. Indian fertility levels and labour force growth declined fast but growth of employment declined even faster. While labour force growth as per Planning Commission, 2002, was estimated to have declined from 2.4 percent to 1.9 percent between 1993-94 and 1999-2000 and employment growth declined from 2.7 percent to 1.07 percent during the same period (Mathew 2008).

Challenges faced by the agricultural sector in the globalization period

The negative trends in Indian agriculture emanating from globalization are looked upon in the present analysis.

- The Crisis facing Indian Agriculture- Growing Debt : The biggest problem Indian agriculture faces today is the rising indebtedness of the farmers which is the root cause of high incidence of farmers' suicides. Growing debt is a reflection of a negative economy. Two factors have transformed the positive economy of agriculture into a negative economy for peasants- the rising costs of production as a result of cut back in subsidy to agriculture by the government as part of the WTO regulations and the falling prices of farm products. Both these factors are rooted in the policies of trade liberalization and corporate globalization.
- The Debt Trap and the role of Seeds: The biggest input for farmers is seeds. Before liberalization, farmers across the country had access to seeds from state government institutions; for instance, Andhra Pradesh's APSSDC produced its own seeds and was responsible for their quality and price and had a statutory duty to ensure that seeds were supplied to all the regions in the state irrespective of the remoteness of the area. The seed market was well regulated and this ensured quality in privately

sold seeds too. In 1998, the World Bank's Structural adjustment policies forced India to open up its seed sector to global corporations like Cargill, Monsanto and Syngenta (Muralidhar et al. 2011). The global corporations changed the input economy overnight. Farm saved seeds were replaced by corporate seeds which needed fertilizers and pesticides and could not be saved. As seed saving is prevented by patents as well as by the engineering of seeds with non-renewable traits, seed has to be bought for every planting season by poor peasants. This added to their indebtedness.

Also following the policy of deregulation guidelines of the IMF, 14 of the 24 units of the APSSDC's seed processing units were closed down in 2003 with similar closures in other states. This hit the farmers doubly and in an unregulated market, seed prices shot up and fake seeds made an appearance in a big way. Seed cost per acre in 1991 was Rs. 70 but in 2005 after the dismantling of APSSDC and other similar organizations, the price jumped to Rs. 1000, a hike of 1328 percent with the cost of genetically modified pest resistant seeds like Monsanto's BT cotton costing Rs. 3200 or more per acre, a hike of 4471 percent (Muralidhar et al. 2011). This forced the farmers to indulge in more debt related activities.

- Crop Failures : The shift from saved seeds to corporate monopolies of the seed supply is a shift from biodiversity to monocultures in agriculture. The District of Warangal in Andhra Pradesh used to grow diverse legumes, millets and oilseeds. Seed monopolies created crop monocultures of cotton, leading to disappearance of millions of products of nature's evolution and farmer's breeding throughout the country. Monocultures and uniformity increase the risk of crop failures as diverse seeds adapted to diverse ecosystems are replaced by rushed introduction of unadapted and often untested seeds into the market.

When Monsanto first introduced BT Cotton in India in 2002, farmers lost Rs.1 billion due to crop failure. Instead of 1500 kg/acre as promised by the company, the harvest was as low as 200 kg/acre. Instead of increased income of Rs.10,000 per acre, farmers ran into losses of Rs. 6400 per acre (Muralidhar et al. 2011). Further BT Cotton and other new seeds guarantee a much lower germination rate of 65 percent as opposed to 90 percent rate of state certified seeds. Hence, 35 percent of the farmer's investment in seeds was a waste. Further, the abundant availability of spurious seeds is another problem which leads to crop failures. Either tempted by their lower price or unable to discern the difference, farmers invest heavily in these seeds and resultant low output pushes them into debt. Earlier, farmers could save a part of the

harvest and use the seeds for the next cultivation, but some genetically modified seeds prevent harvested seeds from germinating, hence forcing the farmers to invest in seeds every season (Shiva 2004).

- Fertilizers and Pesticides : Another effect of the liberalization policy on the farmers was the devaluation of the Indian Rupee in 1991 by 25 percent. As a result, Indian crops became very cheap and easily captured the global market leading to a steep rise in exports. Consequently, farmers were encouraged to shift from growing a mixture of traditional crops to export oriented cash crops like chilli, cotton etc. which required more utilization of fertilizers, pesticides and water than that of traditional crops. Liberalization policies reduced subsidy on pesticides (an explicit condition of the IMF agreement) by two-thirds in the year 2000. Farmers in Maharashtra, who had spent Rs. 90 per acre earlier, now spend between Rs. 1000 and Rs. 3000, representing a hike in the price of inputs. Fertilizer prices have increased by 300 percent (Muralidhar et al. 2011). Electricity tariffs have also increased. Pre-liberalization, subsidized electricity was a success, allowing farmers to keep the costs of production lower. These costs increased drastically when farmers turned to the cultivation of cash crops which needed more water and hence more water pumps were needed resulting in higher consumption of electricity. The fact that only 39 percent of India's cultivable land is irrigated makes cultivation of cash crops largely unviable but export oriented liberalization and the growing tendency of seed companies towards profits continue to push farmers to the wall.
- Low Price of Output : With a view to open India's markets, the liberalization measures also withdrew tariffs and duties on imports, which protect and encourage domestic industry. By 2001, India completely removed restrictions on imports of almost 1500 items including food items. As a result, cheap imports started flooding the Indian market, pushing prices of crops like cotton, pepper, tea, betlenuts etc. down. Import tariffs on cotton now stand between 0-10 percent, encouraging imports into the country. This excess supply of cotton in the market led cotton prices to crash more than 60 percent since 1995. As a result, most of the farmer suicides in Maharashtra were concentrated in the cotton belt till 2003. Similarly, Kerala which is world renowned for pepper had suffered as a result of zero percent duty on imports of pepper from SAARC countries. Pepper which sold at Rs. 27,000 per quintal in 1998 crashed to Rs. 5000 per quintal in 2004 (Muralidhar et al. 2011). Combined with this drought and crop failure had hit the farmers of Kerala hard thus forcing them into a debt trap.

- Lack of credit facilities and dependence on private money lenders : In 1969, with the nationalization of major Indian banks, priority was given to agrarian credit which was hitherto severely neglected. However, with liberalization, efficiency being the utmost objective, such lending was viewed as being low-profit oriented and inefficient and credit extended to farmers was reduced dramatically, falling to 10.3 percent in 2001 against a recommended target of 18 percent. A lack of rural infrastructure hinders private banks from setting up rural branches, with the responsibility falling on the government, which has reduced rural spending as a result of its liberalization policies. Rural development expenditure, which averaged 14.5 percent of GDP during 1985-90, was reduced to 8 percent by 1998 and further to 6 percent since then. This proved disastrous for farmers who turned to private money lenders who charge exorbitant rates of interest, sometimes upto 24 percent a month. With input costs and output prices remaining same, coupled with crop failure and drought, they are pushed into debt which is impossible to repay. 12 out of 28 states of India have 50 percent and higher indebtedness among farm households. Andhra Pradesh has the highest percentage of indebted farm households- 82 percent. While 64.4 percent of Kerala's farm households and 54.8 percent of Maharashtra's farm households are indebted.

Suggestions to overcome the Agrarian challenges and explore the potentialities of agriculture under Globalized scenario

The process of globalization affecting the well-being of the poor in the poorest countries is not surprising. No nation at present can escape globalization. India has gone too far into the reform regime and cannot reverse the process. In order to avert the negative outcomes, it is essential to explore and utilize the inherent potentiality of agriculture arising out of globalized scenario. The main potentials of the sector under the present scenario exists in the area of diversification of agriculture for producing commercial as well as horticultural crops, increasing trend in horticultural and floricultural output and high quality food grains output with rich export potential, development and expansion of food processing industry, increasing use of biological technology for agricultural operations etc. Utilization of these potentials to the utmost level will lead to realization of desired benefits from the globalized environment to the agricultural sector of our country.

But the agrarian crisis is affecting a majority of the people in India and needs urgent attention. The government has onerous responsibility and has to take corrective measures to see reforms give the desired results to the common mass. Some of the safety nets can be identified as the following:

- Quantitative restrictions should be imposed on import of agricultural products. Since the import policy was the major reason for the crash in prices of many agricultural products, there should be restrictions on the quantity of imports and customs duty be imposed on such products to protect our farmers. As cited in our study, liberalization measures withdrew tariffs and duties on imports which resulted in large flow of cheap foreign products that captured the market of Indian agricultural products. In the light of this, imposition of quantitative restrictions is of utmost importance.
- Subsidy and concessions given to agriculture but removed in the post-reform period should be restored. This is a must to make agriculture remunerative. One of the main disputes in the Doha Round of talks at the WTO is the high subsidy given by the United States and European Union to their farmers in spite of the WTO regulation. India should assert its right to give sufficient subsidy to its farmers to offset the rising cost of cultivation and protect their livelihood.
- Bank loans should be easily made available to the farmers, especially since the input cost of agriculture has gone up. The government should seriously think of restoring the low rate of interest to farmers given by banks and other financial institutions as it had done before the reform period. In fact, the M.S. Swaminathan Commission for Agriculture has recommended a low rate of four per cent interest for the farmers.
- The government should augment its investment and expenditure in the farm sector. One reason for the agricultural stagnation is low government expenditure. Investment in agriculture and its allied sectors, including irrigation, transport, communication and farm research, should be drastically increased, and the government should aim at integrated development of the rural areas. Effecting Implementation of National Rural Employment Guarantee Scheme can also become a means of revival of the rural economy.
- There is a need for periodic revision of the procurement prices for farm produce making those remunerative. This will help the farmers to meet the increasing expenses for farm inputs and ensure at least remunerative income. According to the Swaminathan Commission, unless agriculture is made a profitable enterprise, its present crisis cannot be solved. The Commission has suggested 50 per cent more of the total production cost as supportive price for food grains.
- The government should revise the policy on Special Economic Zones as it goes against the interest of farmers and the agricultural sector. It should not acquire fertile

agricultural land for SEZs. When it does take over land for essential public utilities, it should give just compensation and initiate comprehensive rehabilitation measures. The recommendations of the Swaminathan Commission not to acquire land suitable for agriculture for non-agricultural purposes, to give adequate compensation for the acquired land and to distribute surplus land to the landless farmers should be seriously taken into account when the policy of SEZs is reframed. Over and above the policy of SEZs, there is a need for constitutional structures and mechanisms which will mandate the government, both Central and States, to implement the policy of relief and rehabilitation of people displaced due to SEZs and other developmental projects.

- Bold steps should be taken to implement land reforms which were not implemented in most States. Feudal structures and landlordism based on large holdings of land by high caste and class people even now tend to keep a majority of the people, especially Dalits and backward castes, in the rural areas under their control and domination. Neo-liberal policies with privatization will only reinforce and strengthen these unjust and exploitative structures. Therefore, there is a need for conscious efforts and positive steps from the government side to implement land reforms. Surplus land acquired thus should be distributed to the Dalit and adivasi farmers.
- There has to be a shift from 'token welfarism' to 'effective empowerment'. Welfarism merely makes the people dependent and look to the State help. Effective empowerment will make people enthusiastic so that they will get involved in the development process with devotion.

Conclusion

Even after Sixty seven years of Independence and 11 Five Year Plans being completed, Indian agriculture is still at the cross roads. Indian Agriculture has been hit hard during past WTO period. The share of agro foods in India's global export has declined during the post WTO period; agricultural subsidies of developed countries have been rather increased. Therefore it is very difficult for India to face global agricultural competitiveness. In this scenario, the global agricultural trade would likely become oligopolistic. The returns of various crops have declined due to increase in cost of productions, slow growth rate of agricultural productivity, weak marketing mechanism and increase in input intensity. Realizing the present situation and problem, the Indian government should take effective steps to protect and strengthen our agriculture sector. The organizations and structural changes needed to bring about increased production in

our farms cover a whole variety of measures. The most important requirement is to improve the quality standard, efficiency and cost-effectiveness of our agricultural products. Development of the poor and the deprived must be a part of any development strategy and not 'Development Vs the Poor'.

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REGULATING ADVERTISEMENT IN INTERNET ERA: A STUDY FROM INDIAN PERSPECTIVE

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Abstract

Online advertising is slowly becoming popular among advertisers who are targeting people who more or less regularly access the net. One seeking to do business with the ever expanding global market would find it advantageous to advertise in relevant websites because websites are less costly and provide almost global exposure. But experts feel that with its power of having an impact on the masses we need some effective regulations to regulate the internet advertising. At this point of time, it is pertinent to note that as far as India is concerned there is no as such law is there for regulating advertisement in any media. All one has to look into is a series of legislations and regulations relating to advertisements.

Key words: Online, advertising, net, global, market, websites, legislations.

Introduction

The internet or the World Wide Web is the latest craze of some advertisers. There are millions of websites offering various goods, services, special information, including online newspapers, films, music etc. The internet has been, till now, the fastest, most effective, enchanting and least expensive means of advertising, the craze of the trade, particularly for those seeking global customers or global exposure.

Advertising and regulation are the two most controversial combinations, not just in India but the world over. While India has the Advertising Standard Council of India (ASCI), which is slowly growing in statute and muscle, the European Advertising Standards Alliance (EASA) based in Brussels is the single voice of advertising self-regulation in Europe.

At present in India, there is no central statutory agency or uniform legislation regulating the advertising industry. The Indian advertising market as a whole is regulated and controlled by a non-statutory body, the Advertising Standards Council of India (ASCI). In the absence of uniform integrated legislation, it is necessary for advertisers to ensure that an advertisement is in compliance will all local and national advertisement laws.

Online advertising

Advertising regulation means the rules defining the ways in which products can be advertised in a particular region. Rules can define a wide number of different aspects, such as placement, timing, and content.

Online advertising or Internet advertising is used to deliver promotional marketing messages to consumers. It includes email marketing, search engine marketing, social media marketing, many types of display advertising (including web banner advertising), and mobile advertising. Like other advertising media, online advertising frequently involves both a publisher, who integrates advertisements into its online content, and an advertiser, who provides the advertisements to be displayed on the publisher's content. Other potential participants include advertising agencies who help to generate and place the ad copy, an ad server who technologically delivers the ad and tracks statistics, and advertising affiliates who do independent promotional work for the advertiser.

Online advertising is a large business and is growing rapidly. In 2011, Internet advertising revenues in the United States surpassed those of cable television and nearly exceeded those of broadcast television. In 2012, Internet advertising revenues in the United States totaled \$36.57 billion, a 15.2% increase over the \$31.74 billion in revenues in 2011. Online advertising is widely used across virtually all industry sectors.

Despite its popularity, many common online advertising practices are controversial and increasingly subject to regulation. Furthermore, online ad revenues may not adequately replace other publishers' revenue streams. Declining ad revenue has led some publishers to hide their content behind pay walls.

Development of online advertisement

Internet advertising began in October 1994 when the first banner advertisement appeared on Hot Wired.com.

In early days of the Internet, online advertising wasn't allowed. For example, two of the predecessor networks to the Internet, ARPANET and NSFNet, had "acceptable use policies" that banned network "use for commercial activities by for-profit institutions". The NSFNet began phasing out its commercial use ban in 1991.

The first widely publicized example of online advertising was conducted via electronic mail. On 3rd May 1978, Gary Thuerk a marketer from DEC (Digital Equipment

Corporation) sent an email to most of the ARPANET's American west coast users, advertising an open house for a new model of a DEC computer. Despite the prevailing acceptable use policies, electronic mail marketing rapidly expanded and eventually became known as "spam."

The first known large-scale non-commercial spam message was sent on January 18, 1994 by an Andrews University system administrator, by cross-posting a religious message to all USENET newsgroups. Four months later, Laurence Canter and Martha Siegel, partners in a law firm, broadly promoted their legal services in a USENET posting titled "Green Card Lottery - Final One?" Canter and Siegel's Green Card USENET spam raised the profile of online advertising, stimulating widespread interest in advertising via both Usenet and traditional email. More recently, spam has evolved into a more industrial operation, where spammers use armies of virus-infected computers to send spam remotely.

Online banner advertising began in the early 1990s as page owners sought additional revenue streams to support their content. Commercial online service Prodigy displayed banners at the bottom of the screen to promote Sears products. The first clickable web ad was sold by Global Network Navigator in 1993 to a Silicon Valley law firm. In 1994, web banner advertising became mainstream when HotWired (the online component of Wired Magazine) sold banner ads to AT&T and other companies. The first AT&T ad on HotWired had a 44% click-through rate, and instead of directing clickers to AT&T's website, the ad linked to an online tour of seven of the world's most acclaimed art museums.

GoTo.com created the first search advertising keyword auction in 1998 and renamed as Overture in 2001, and acquired by Yahoo! in 2003. Google launched its "AdWords" search advertising program in 2000 and introduced quality-based ranking allocation in 2002, which sorts search advertisements by a combination of bid price and searchers' likeliness to click on the ads.

More recently, companies have sought to merge their advertising messages into editorial content or valuable services. Examples include Red Bull's Red Bull Media House streaming Felix Baumgartner's jump from space online, Coca-Cola's online magazines, and Nike's free applications for performance tracking. Advertisers are also embracing social media and mobile advertising; mobile ad spending has grown 90% each year from 2010 to 2013.

Objective of the study

The present study is made on online advertising or internet advertising system in India. It is noted that there is no central statutory agency or uniform legislation for regulating the advertising industry in India. The Indian advertising market as a whole is regulated and controlled by a non-statutory body i.e., Advertising Standards Council of India (ASCI). Despite its popularity, many common online advertising practices are controversial and no uniform regulation system is available in India. Hence, to know about online advertising and different regulating mechanisms in India is an attempt which will highlight the following aspects:

1. Various regulatory frameworks towards internet advertisement in Indian market.
2. The role of the government in regulating internet advertisement in India.

Methodology of the study

The information are collected from secondary source like, various books related to online advertising System, journals, internet etc. The collected information is discussed in this paper.

Rationale of online advertisement

In this competitive environment, every representation of a product or service is unique and is all about what 'others are not'. These practices indeed raise questions about truthfulness and fairness of representation of products and services. If a person is about to start a business, even it's a product or service or magazine or newspaper, the first thing he look into it is how he can market it. The basic idea behind advertising is that it is just a presentation, which may be oral or written, to induce consumption to make people buy things which they actually do not want. When it comes to India, advertising has a profound impact on how people understand life, the world and themselves, especially with regard to their values, choices and behavior.

It is a naked truth that advertising is a business strategy which is in fact a powerful tool for enhancing, maintaining and developing brand equity. Therefore, it is crucial enough for companies to protect the content of an advertisement and to ensure that it is in line with the applicable laws. Even now many won't realize the fact that which are the applicable laws governing advertising in India. At this point of time, it is pertinent to note that as far as India is concerned there is no as such law is there for regulating advertisement in any media. All one has to look into is a series of legislations and regulations relating to advertisements. But the fact is a common man should show

pretty good amount of patience by going through all these rules and regulations as these will not as such constitute a complete structure on what one has to abide on the matter of advertisements.

It is an undisputed fact that advertisement plays a vital role in building up any business. The aim of advertisement is to attract the sales and enhance the visibility of the products and services of the company among the consumers. Through an advertisement, a company can build an image which it wants to make in the minds of the people. Therefore, nowadays, companies spend a huge amount of their resources on advertising and promotional strategies.

Delivery Methods of Internet Advertisement

Display advertising conveys its advertising message visually using text, logos, animations, videos, photographs, or other graphics. Display advertisers frequently target users with particular traits to increase the ads' effect. Online advertisers (typically through their ad servers) often use cookies, which are unique identifiers of specific computers, to decide which ads to serve to a particular consumer. Cookies can track whether a user left a page without buying anything, so the advertiser can later retarget the user with ads from the site the user visited. There are various delivery methods of advertisements on the internet. Some of them are:

- Web banners or banner ads typically are graphical ads displayed within a web page.
- A pop-up ad is displayed in a new web browser window that opens above a website visitor's initial browser window.
- A pop-under ad opens a new browser window under a website visitor's initial browser window.
- An interstitial ad displays before a user can access requested content, sometimes while the user is waiting for the content to load. Interstitial ads are a form of interruption marketing.
- Text ads may be delivered through email marketing or text message marketing. Text-based ads often render faster than graphical ads and can be harder for ad-blocking software to block.
- Social media marketing is commercial promotion conducted through social media websites. Many companies promote their products by posting frequent updates and providing special offers through their social media profiles.

- Mobile advertising is ad copy delivered through wireless mobile devices such as smart phones, feature phones, or tablet computers. Mobile advertising may take the form of static or rich media display ads, SMS (Short Message Service) or MMS (Multimedia Messaging Service) ads, mobile search ads, advertising within mobile websites, or ads within mobile applications or games. Mobile advertising is growing rapidly for several reasons. There are more mobile devices in the field, connectivity speeds have improved, screen resolutions have advanced, mobile publishers are becoming more sophisticated about incorporating ads, and consumers are using mobile devices more extensively.
- Email advertising is ad copy comprising an entire email or a portion of an email message.
- Adware is software that, once installed, automatically displays advertisements on a user's computer. The ads may appear in the software itself, integrated into web pages visited by the user, or in pop-ups/pop-under. Adware installed without the user's permission is a type of malware.

Laws and Statutory Regulations of Advertising

Complementing the Advertising Standards Council of India (ASCI) Code are Indian laws governing specific media, specific populations, and specific goods and services. The most significant of these laws are:

- **Laws Governing Media —**
 - The Press Council Act 1978.
 - Cable Television Network Rules, 1994.
 - Code for Commercial Advertising on Doordarshan and All India Radio.
 - Electronic Media Monitoring Centre (EMMC).
 - Norms for Journalist Conduct issued by the Press Council of India.
 - Code of Conduct of the News Broadcasters Association.
- **Laws Protecting Society and the Consumer —**
 - Emblems and Names (Prevention of Improper Use) Act, 1950.
 - Young Persons (Harmful Publications) Act, 1956.
 - Companies Act, 1956.

- Standards of Weight & Measures Act, 1976.
- Indecent Representation of Women (Prohibition) Act, 1986.
- Consumer Protection Act, 1986.
- Laws related to intellectual property rights.
- Industry-Specific Laws —
 - The Drugs and Cosmetic Act, 1940.
 - The Transplantation of Human Organs Act, 1994.
 - The Drugs and Magical Remedies (Objectionable Advertisements) Act, 1954.
 - The Prenatal Diagnostic Techniques (Regulation and Prevention of Misuse) Act, 1994.
 - Advocates Act, 1961.
 - Infant Milk Substitutes, Feeding Bottles and Infant Foods (Regulation of Production, Supply and Distribution) Act, 1992.
 - Securities and Exchange Board of India Act, 1992.
 - The Prize Chits and Money Circulation Schemes (Banning) Act, 1978.
 - Cigarettes and other Tobacco Products (Prohibition of Advertisement and Regulation of Trade and Commerce, Production, Supply and Distribution) Act, 2003.
 - Public Gambling Act, 1867, the Lotteries (Regulation) Act, 1998 and the Prize Competitions Act, 1955.
 - Indian Medical Council (Professional Conduct, Etiquette and Ethics) Regulations, 2002.
 - The Food Safety and Standards Act, 2006.

Role of the Advertising Standards Council of India (ASCI)

"ASCI" (Advertising Standards Council of India) is a voluntary self-regulatory council established in 1985 to promote responsible advertising and to enhance public

confidence in advertisements. The council's objectives are:

- i. To ensure the truthfulness and honesty of representations and claims made by advertisements.
- ii. To ensure that advertisements are not offensive to generally accepted standards of public decency.
- iii. To safeguard against the indiscriminate use of advertising for the promotion of products regarded as hazardous to society or to individuals.
- iv. To ensure that advertisements observe fairness in competition so as to inform the consumer on choices in the marketplace while observing the canons of generally accepted competitive behavior in business.

To regulate advertisement in India, ASCI has adopted a Code for Self-Regulation in Advertising ("ASCI Code"), which applies to all involved in the commissioning, creation, placement, or publishing of advertisements. This ASCI Code applies to advertisements read, heard, or viewed in India even if they originate or are published abroad so long as they are directed to consumers in India or are exposed to a significant number of consumers in India.

Though non-statutory, the ASCI Code is recognized under various Indian laws in addition to being adopted by advertising-industry bodies. Notably, the ASCI Code provides that it is not in competition with any law, its rules, or the machinery through which they are enforced, thus the ASCI Code is designed only to complement legal controls under such laws and not to usurp or replace them. Some of the statutory regulations and laws which comply with ASCI are:

- Online advertisers should comply with ASCI, the Indian Penal Code, the Information Technology Act, 2000 and other applicable laws. For this purpose, the Information Technology Act was amended in 2011.
- The Cigarettes and other Tobacco Products (Prohibition of Advertisement and Regulation of Trade and Commerce, Production, Supply and Distribution) Act, 2003 ("Tobacco Prohibition Act") prohibits all direct and indirect advertising of tobacco products in all media.
- The Transplantation of Human Organs Act, 1994: This law provides for the regulation of removal, storage and transplantation of human organs for therapeutic purposes and for the prevention of commercial dealings in human organs. This law prohibits any advertising inviting persons to supply, offering

to supply, any human organ for payment.

- The Drugs and Magical Remedies (Objectionable Advertisements) Act, 1954 prohibits advertisement of magical remedies of diseases and disorders.
- The Prenatal Diagnostic Techniques (Regulation and Prevention of Misuse) Act, 1994 prohibits advertisements relating to pre-natal determination of sex.
- The Prize Chits and Money Circulation Schemes (Banning) Act, 1978 prohibits advertisements relating to prize chit² and money circulation schemes.
- Under the Indian Medical Council (Professional Conduct, Etiquette and Ethics) Regulations, 2002, issued under the Indian Medical Council Act, 1956, physicians are not allowed to advertise their services in any form or manner of advertising through any mode, as soliciting of patients directly or indirectly, by a physician, by a group of physicians, or by institutions or organizations is unethical. (A physician refers to a doctor with a qualification of MBBS or MBBS with a postgraduate degree/diploma or with an equivalent qualification in any medical discipline.) However, medical practitioners are allowed to make a formal announcement in press regarding the following:
 - On starting practice
 - On change of type of practice
 - On changing address
 - On temporary absence from duty
 - On resumption of another practice
 - On succeeding to another practice
 - Public declaration of charges
- The Bar Council of India Rules formulated under the Advocates Act 1961 strictly enforces the advertisement ban and publicity rules governing law firms' websites. These rules were enacted and enforced to curb the false advertisement of lawyers to gain publicity to attract clients.

Needs of the hour

It is of prime importance that the unsuspecting consumers should be protected from misleading advertising and fraudulent claims. Following are some suggestions

towards making the existing regulatory framework more effective:

- The existing self regulatory body should function like a professional organization comprising full time employees and dedicated industry representatives.
- Strict implementation of the regulatory code. The mechanism should be such that it acts as a deterrent for those who misuse advertising.
- Greater transparency in its functioning.
- More emphasis should be given on educating the stakeholders about the framework.
- Speeding up the process of addressing complaints would be one simple but big step.
- There should be a greater involvement of media companies in making regulation more effective.

Conclusion

It is evident from the above that there are no specific legislations governing advertising in India, other than ASCI even which is not up to the mark to govern advertising spectrum. The changing context of liberalization and globalization required better regulation and strengthening of the institutional support. Even the Information Technology Act is currently under severe scrutiny, as its scope leaves a lot to be desired. The fast growing internet transactions has unnerved evils, including those relating to online advertising. It is evident that all that is needed a codified uniform legislation for Advertising Laws and it is time for India to lead the road ahead.

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THE ROLE OF MICRO FINANCE AS A TOOL FOR FINANCIAL INCLUSION IN INDIA

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Abstract

An inclusive financial system facilitates efficient allocation of productive resources and thus can potentially reduce the cost of capital. An all-inclusive financial system enhances efficiency and welfare by providing avenues for secure and safe saving practices and by facilitating a whole range of efficient financial services like easy day-to-day management of finances, safe money transfer etc. Poverty alleviation has been one of the prime objectives of Planning Commission, but meaning of inclusive growth is not limited to poverty alleviation. It is essential for the government to initiate steps along with the SHGs for social and economic development necessary for inclusive growth. Micro-finance has received considerable attention among researchers, policymakers and financial service providers. It has been considered a powerful instrument for achieving 'financial inclusion' and alleviation of poverty, enabling the rural poor to increase their income opportunities and reduce economic vulnerability. The Self-Help Group (SHG)-Bank linkage programme, implemented by the National Bank for Agriculture and Rural Development (NABARD) since 1992, has become the dominant model of micro-finance in India in terms of both number of borrowers and bank loans disbursed and outstanding. The present study is done with the objectives of studying the need for financial inclusion in India, to study the role of Micro Finance as a tool in including the excluded section of the society and finally to study the challenges ahead for Micro Finance in India. To carry out the study secondary data have been used for the study by going through some books and previously prepared research papers and by visiting various related web sites. Microfinance has made tremendous progress in India. It has become a household name, in view of the variety of benefits reaped by the poor from microfinance services. SHGs have become the common vehicle of development process, converting all development programmes.

Key words: Financial Inclusion, SHG, Micro Finance

Introduction

Micro Finance in India - A glimpse

Micro-finance has received considerable attention among researchers, policymakers and financial service providers. It has been considered a powerful

instrument for achieving 'financial inclusion' and alleviation of poverty, enabling the rural poor to increase their income opportunities and reduce economic vulnerability. The Self-Help Group (SHG)-Bank linkage programme, implemented by the National Bank for Agriculture and Rural Development (NABARD) since 1992, has become the dominant model of micro-finance in India in terms of both number of borrowers and bank loans disbursed and outstanding. The SHG-Bank linkage programme (SBLP), which was initiated in 1992 as a pilot project for promoting 500 SHGs, experienced significant growth over time in terms of coverage and amount of credit to poor people in rural areas. The need for an alternative credit delivery mechanism in the form of SBLP was felt because, despite the phenomenal expansion of the organised banking system, a very large number of the poor continued to remain excluded from the formal banking system. The SBLP was evolved as a strategy of 'financial inclusion' of poor households by extending outreach, making available to them formal financial services including both savings and credit in a sustainable and cost-effective manner. It involves setting up of small, cohesive, participative and homogeneous groups of poor people encouraging them to pool their savings, which can be lent out to group members for meeting their credit needs, either for consumption or income generating activities on mutually agreed upon maturity term, interest rate and other conditions. Banks provide financial services to SHGs directly or indirectly through NGOs and other agencies.

Financial inclusion has indeed far reaching positive consequences, which can facilitate many people to come out of the abject poverty conditions. It is widely believed that financial inclusion provides formal identity, access to payments system and deposit insurance, and many other financial services. It is a new paradigm of economic growth which plays a major role in driving away the poverty. Lack of access to financial services in most of rural areas due to high informative barriers and low awareness, poor functioning and financial history of financial institutions, near absence of insurance and pension service create the need and scope of financial inclusion.

The term financial inclusion refers to delivery of financial services at an affordable cost in a fair and transparent terms and conditions to vast sections of disadvantages, weaker and low income groups including household enterprise, small medium enterprise and traders. It not only enhances overall financial intensity of agriculture but also help in increasing rural nonfarm activities which lead to development of rural economy and improve economic condition of people.

Financial products & services are identified as basic banking services like deposits accounts, institutional loans, access to payment, remittance facilities & also life & non-life insurance services. The following are the denotation & connotation of financial inclusion in India.

- Affordable credit
- Savings bank account
- Payments & Remittance
- Financial advice
- Credit/debit cards
- Insurance facility
- Empowering SHGs (Self-Help Groups).

An inclusive financial system facilitates efficient allocation of productive resources and thus can potentially reduce the cost of capital. An all-inclusive financial system enhances efficiency and welfare by providing avenues for secure and safe saving practices and by facilitating a whole range of efficient financial services like easy day- to-day management of finances, safe money transfer etc. Poverty alleviation has been a one of the prime objectives of Planning Commission, but meaning of inclusive growth is not limited to poverty alleviation. It is essential for the government to initiate steps along with the SHGs for social and economic development necessary for inclusive growth. During the last decade (2001-10), Indian economy grew by 8.5 per cent. Per capita income of the country also increased substantially during the last decade. This performance was quite impressive but not sufficient, because growth has been failed to be sufficiently inclusive. It means after liberalization period, Indian economy grew at a higher growth rate without inclusion of weaker sections of the society. Such economic development has been lopsided with the country is trailing behind essential social and environmental parameters of economic development. It is essential for any economy to aim at inclusive growth involving each and every citizen in the development process. In this context, financial inclusion should be aimed at inclusive growth and for financial inclusion it is necessary to promote the movement of micro finance or self-help groups in India.

Approaches of Financial Inclusion

According to C. Rangarajan there are six approaches in the system of Financial Inclusion, they are as follows:-

- i. First, credit to the farmer households is one of the important elements of financial inclusion among them providing credit to the marginal and sub marginal farmers as well as other small borrowers is crucial to the need of the hour.
- ii. Second, rural branches must go beyond providing credit and extend a helping hand in terms of advice on a wide variety of matters relating to agriculture.
- iii. Third, in district where population per branch is much higher than the national average. Commercial banks may be encouraged to open the branches.
- iv. Fourth, there is need for the simplification of the procedures in relation to granting of loans to small borrowers.
- v. Fifth, the further strengthening the SHG-Bank Linkage Programme (BLP), as it has proved to be an effective way of providing credit to very small borrowers.
- vi. Sixth, the business facilitator and correspondent model needs to be effectively implemented.

Review of Literature

Microfinance offers significant potential for achieving financial inclusion. The experience of the bank in this segment has been quite encouraging. In the words of Prof. C.K.Prahlad "If we stop thinking of the poor as victims or as a burden and start recognizing them as a resilient and creative entrepreneurs and value conscious consumers, a whole world of opportunity will open up."(K.C.Chakrabarty, 2008).

Vijay Mahajan, Bharati Gupta Ramola & Mathew Titus, 1996 views that all small savings are not micro finance, nor are all small loans. Going by that liberal definition, India is probably the world leader in micro finance. However, if micro finance is small savings, credit and insurance services, based on certain design principles, then there is little micro finance provided by existing mainstream Financial Institutions (apex FIs, commercial banks, co-operatives, NBFCs).

Revan Smith, 2006 defines MF as an activity that includes the provision of financial services such as credit, savings and insurance to low-income individuals with the goal of creating social value. The creation of social value includes poverty alleviation and the broader impact of improving livelihood opportunities through provision of capital for micro enterprise, insurance and savings for risk mitigation and consumption smoothing.

Sinha (2005) in his work observed that micro-finance contributed significantly to saving and borrowing of the poorer section of the country.

Reddy (2005) observes that the state of SHGs identifies key areas of weakness which undermine the sustainability of SHG movement. He identifies the major areas such as financial management, governance and human resource ranges from weak to average quality for a majority of SHGs. APMAS (2006) on the SHG-Bank-linkage programme in India, addressed a wide range of issues including cases of dropouts from SHGs, internal politics, issues of social harmony and social justice, community actions, book-keepings, equity, defaults and recoveries etc., and sustainability of SHGs.

Lalitha and Nagarajan (2002) In India, micro credit studies done on groups dealing with dairy farming have noted positive profit levels and short payback periods for loans.

(NABARD, 2004) In India, for example, microfinance is typically defined as the provision of thrift, credit and other financial services and products of very small amounts to the poor in rural, semi-urban or urban areas for enabling them to raise their income levels and improve living standards.

Objectives of the study

1. To study the need for financial inclusion in India.
2. To study the role of Micro Finance as a tool in including the excluded section of the society.
3. To study the challenges ahead for Micro Finance in India.

Significance of the study

The research is based on the role of Micro Finance in promoting financial inclusion in India, this area have been chosen for research that would be helpful for

further research and exploration of new ideas in this field. It will also provide an insight on the performances of MFIs in including the excluded section of the society.

Scope of the study

The study is confined only to the role of micro finance as a tool for financial inclusion in India. The study was undertaken with a view to study the extent of financial inclusion in India and to study the role of MFIs in including the excluded section of the society.

Methodology of the study

Methodology implies the research design applied while carrying the research work. Secondary data have been used for the study by going through some books, some previously prepared research papers, annual report of NABARD and by visiting various related web sites.

Need for Financial Inclusion in India

Out of 19.9 crore households in India, only 6.82 crore households have access to banking services. As far as rural areas are concerned out of 13.8 crore households in India, only 4.16 crore rural households have access to basic banking services. In respect of urban areas, only 49.52 percent of urban households have access to banking services. Over 41% of adult population in India does not have bank account. There are a number of factors affecting access to financial services by weaker sections of the society in India. The lack of awareness, low income and assets, social exclusion, illiteracy is the barriers from demand side. The distance from bank branch, branch timings, cumbersome banking procedure, and requirements of documents for opening a bank account, unsuitable banking products/schemes, language, high transaction costs and attitude of bank officials are the barriers from supply side. Hence, there is a need for financial inclusion to build uniform economic development.

The concept of financial inclusion and its implementation has come a long way since the last two decades and the results are also quite fair. There have been much technological advances that have transformed the banking industry from traditional brick -and-mortar infrastructure like staffed branches to a system supplemented by other channels like automated teller machines, debit and credit cards, internet banking, online money transfer etc. The moot point, however, is that access to such technology and services are restricted to only certain segments of the society.

There is a growing divide, with an increased range of personal finance options for a segment of high and upper middle income population and a significantly large section of the population who lack access to even the most basic banking services. This is termed as "Financial Exclusion". Financial exclusion can be geographical exclusion, exclusion on the grounds of charges, exclusion due to ignorance & also self-exclusion.

The financially excluded sections largely comprise of—

- Marginal farmers
- Landless labourers
- Self-employed and unorganized sector enterprises
- Urban slum dwellers
- Migrants
- Ethnic minorities and socially excluded groups
- Senior citizens and women, etc.
- Large pockets of population in North East, Eastern, and central regions of India.

The Reserve Bank of India setup a commission (Khan Commission) in 2004 to look into Financial Inclusion and the recommendations of the commission were incorporated into the Mid-term review of the policy (2005-06). In the report RBI exhorted the banks with a view of achieving greater Financial Inclusion to make available a basic "no-frills" banking account.

In India, Financial Inclusion first featured in 2005, when it was introduced, that, too, from a pilot project in UT of Pondicherry, by Dr. K. C. Chakraborty, the chairman of Indian Bank. Mangalam Village became the first village in India where all households were provided banking facilities.

In addition to this KYC (Know your Customer) norms were relaxed for people intending to open accounts with annual deposits of less than Rs. 50, 000. General Credit Cards (GCC) were issued to the poor and the disadvantaged with a view to help them access easy credit. In January 2006, the Reserve Bank permitted commercial

banks to make use of the services of non-governmental organizations (NGOs/SHGs), micro-finance institutions and other civil society organizations as intermediaries for providing financial and banking services.

Despite witnessing substantial progress in financial sector reforms in India, it is disheartening to note that nearly half of the rural households even today do not have any access to any source of funds- institutional or otherwise. Hardly one-fourth of the rural households are assisted by banks. Hence the major task before banks is to bring most of those excluded, i.e. 75% of the rural households, under banking fold. But the task is not so easy since they are illiterate, poor and unorganized. They are also spread far and wide. What is needed is to improve their living standards by initiating new/ increased economic activities with the help of banks, NGO's and local developmental agencies. To start with, it is necessary to develop a fair understanding of their profile. In addition, their perception about the bank and its services needs to be understood. So there is a need for the formal financial system to look at increasing financial literacy and financial counseling to focus on financial inclusion and distress amongst farmers. Indian banks and financial market players should actively look at promoting such programs as a part of their corporate social responsibility. Banks should conduct full day programs for their clientele including farmers for counseling small borrowers for making aware on the implications of the loan, how interest is calculated, and so on, so that they are totally aware of its features. There is a clearly a lot requires to be done in this area.

Financial inclusion paves the way for establishment of an account relationship which helps the poor to avail a variety of savings products and loan products for housing, consumption, etc. An inclusive financial system facilitates efficient allocation of productive resources and thus can potentially reduce the cost of capital. This also enables the customer to remit funds at low cost. The government can utilize such bank accounts for social security services like health and calamity insurance under various schemes for disadvantaged. From the banks point of view, having such social security cover makes the financing of such persons less risky. Reduced risk means more flow of funds at better rates. Access to appropriate financial services can significantly improve the day-to-day management of finances. For example, bills for daily utilities (municipality, water, electricity, telephone) can be more easily paid by using cheques or through internet banking, rather than standing in the queue in the offices of the service. Transfer of money can be done more safely and easily by using the cheque, demand draft or through internet banking.

The Role of Micro Finance in Financial Inclusion

For decades, conventional financial institutions all over the world overlooked the poorer segments of the market due to the high cost of small transactions. However, the emergence of microfinance over the past two decades in most developing countries has shown that the poor clients can be served despite the higher transaction cost. The Monterrey Consensus adopted in 2002 by numerous countries at the International Conference on Financing for Development explicitly recognized that "microfinance and credit for micro, small and medium enterprises; as well as national savings schemes, are important for enhancing the social and economic impact of the financial sector" (Conroy 2008). This statement reflects the belief that microfinance strategies that embrace savings, deposits, remittances, micro-insurance and pensions, are among the most powerful tools available for reducing financial exclusion.

In India, microfinance is promoted mostly in the form of Self-Help Groups (SHGs), Common Interest Groups (CIG), and Joint Liability Groups (JLGs). There is very little individual lending from microfinance organizations. Self-Help Group (SHG) is a small, economically homogeneous and affinity group of 10 to 20 poor persons which comes together to save small amounts regularly, mutually agree to contribute to a common fund, meet their emergency needs, have collective decision making, resolve conflicts through collective leadership and mutual discussion. The SHG is formed and groomed by a NGO or a bank branch or a government agency acting as a Self-Help Promoting Institution (SHIP). The members are encouraged to collect regular thrift on a weekly to monthly basis and use the pooled thrift to provide interest bearing small loans to needy members.

In India government made many attempts to supply credit to rural areas and rural poor. Integrated Rural Development Programme (IRDP) was launched by government as a poverty alleviation programme through credit supply to rural poor. It can be regarded as first micro financing scheme in India. After that NABARD started SHGs project in 1986-87 with the help of Mysore Resettlement and Development Agency (MARYADA) and other NGOs. Then in 1992, NABARD launched 'Pilot Project', initially 500 SHGs were linkage with bank under this project. Thus RBI has announced guideline for credit supply to SHGs. Indian government has integrated various credit programme and started a new scheme namely Swarnajayanti Gram Swarajgar Yojana (SGSY) in 1999. Under this scheme, government is providing grant on loan of Bank to rural poor through SHG for generate self-employment

Today after a decade of implementation of the 'Self-Help Groups' or 'Linkage Banking' approach, NABARD has been able to increase the outreach of banking in rural India, substantially. The linkage banking approach of providing financial services is to provide banking

services to poor so far excluded from financial services.

Micro finance still plays a modest role in India. At the All India Level less than 5 per cent of poor rural households have access to micro finance (as compared to 65 per cent in Bangladesh) with significant variation exists across the states (Basu and Srivastava, 2005). Today after a decade of implementation of the 'Self Help Groups' or 'Linkage Banking' approach, NABARD has been able to increase the outreach of banking in rural India, substantially. The linkage banking approach of providing financial services is to provide banking services to poor so far excluded from financial services. These services now cover 1/6th rural poor in India.

Table 1 : Progress of the Micro Finance Programme (as on 31st March 2012)

Particulars	SHGs (Number in Lakh and Amount in core)				MFIs *(Amount in core)			
	2011 @		2012 @		2011 #		2012 #	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Loans disbursed during the year	11.96 (2.41)	14,547.73 (2,480.37)	11.48 (2.09)	16,534.77 (2,643.56)	471 (2)	8,448.96 (843.77)	465 (12)	5,205.28 (239.42)
Loans outstanding	47.87 (12.85)	31,221.16 (7,829.39)	43.54 (12.16)	36,340.00 (8,054.83)	2315 (139)	13,730.62 (3,041.77)	1960 (129)	11,450.35 (1,597.11)
Savings accounts with banks	74.62 (20.22)	7,016.30 (1,817.12)	79.60 (21.23)	6,551.41 (1,395.25)	-	-	-	-

@: Figures in parentheses indicate the share of SHGs covered under SGSY

*: Actual number of MFIs provided with bank loans would be lower as several MFIs availed loans from more than one bank/ more than one loan

#: Figures in parentheses indicate the assistance of SIDBI to MFIs

Source: Annual Report 2012-13 of NABARD

Challenges ahead for Micro Finance in India

An evaluation of SHGs carried out by the regional offices (ROs) of the Reserve Bank revealed that there was scope for improvement in the area of maintenance of books of accounts. It also brought out that rotation of group leaders was generally not followed by SHGs. However, other best practices like strict adherence to attendance of group meetings, recording minutes of the meetings and prompt repayment of bank loans were being followed. The momentum of growth in the micro-finance sector has brought into focus the importance of regulating the sector to function in an efficient and orderly manner. There would be need for greater transparency in their functioning and for facilitating their reach to un-banked population of the country. Interest rates in the microfinance sector

have to be significantly higher than in the banking sector reflecting the much higher cost of doing business. This attracts criticism but it is important to remember that most microfinance institutions charge rates which are much lower than rates charged by money lenders. Borrowers stand to benefit from the experience of micro-finance institutions as these provide competition to money lenders. (Planning Commission, 2006)

Over the past two decades, institutions that make microloans to low-income borrowers in developing and transition economies have focused increasingly on making their operations financially sustainable by charging interest rates that are high enough to cover all their costs. They argue that doing so will best ensure the permanence and expansion of the services they provide. Sustainable (i.e., profitable) microfinance providers can continue to serve their clients without needing ongoing infusions of subsidies, and can fund exponential growth of services for new clients by tapping commercial sources, including deposits from the public. MFIs on average have higher returns on assets than commercial banks do, but MFIs produce lower returns on equity for their owners. The median return on MFI owners' equity in 2006 was moderate-12.3 percent, roughly 4 percent lower than the return for banks. (Rosenberg, et al.)

There have been incidents of state governments imposing restrictions on micro-finance institutions in a manner which does not reflect an appreciation of the realities on the ground. Excessive regulation and control of this sector may be particularly dangerous as it can prevent the development of a healthy and competitive microfinance sector which could compete with usurious money lenders. (Planning Commission, 2006)

Conclusion

In achieving inclusive growth in India, the financial inclusion will play a vital role and help the nation to drive away the not only the rural poverty but also the urban poverty in India. It is the duty of every Indian citizen to ensure that all the Indian will have bank account and everybody should take part actively in achieving 100% financial inclusion in India.

The Micro Finance Institutions are an integral part of financial inclusion and instrumental in providing last mile connectivity. But there need to be a balance. They should be kept viable but within certain boundaries. Microfinance has made tremendous progress in India. It has become a household name, in view of the variety of benefits reaped by the poor from microfinance services. SHGs have become the common vehicle of development process, converting all development programmes. At present, a large number of Self Help Promoting Institutions (SHPIs), all the banking agencies and Microfinance Institutions (MFIs) are pursuing this programme for upliftment of the poor.

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AN ANALYSIS OF CONSUMER BEHAVIOR IN ASSAM IN THE LAST DECADE

Sanjib Dutta

Abstract

Economic strength of a country depends on its ability to employ all its available resources gainfully. It would be possible only when there is a steady and effective demand for goods and services. Ultimately consumption pattern is one of the vital factors affecting almost all economic activities, which is largely influenced by consumer behavior. Study of consumer behavior has very much importance from the economic point of view. Quantitative studies of consumer behavior is not only essential for development planning but also needed for formulating and implementing policies regarding resource mobilization, taxation, subsidy, credit etc. The attitude of consumer or consumer behaviour decides how demand will emerge for a new product and service and how existing goods and services will be sold. Keeping all these importance in view, this study makes an attempt to analyze the consumer behavior in Assam.

Key words: Effective demand, Consumption pattern.

Introduction

Consumption, in economic theory, means the final use of goods and services to satisfy human wants, needs and desires. It is a process of deriving utility from goods and services. Consumption is defined as the total value of expenditures on goods and services for the current use by the household sector (Henderson and Poole, 1991). Economic strength of a country depends on its ability to employ all its available resources gainfully. It would be possible only when there is a steady and effective demand for goods and services, the pre condition for which is the ability and willingness of the people to purchase or pay for such goods and services. Ultimately consumption pattern is one of the vital factors affecting almost all economic activities, which is largely influenced by consumer behavior. Consumer behavior can be defined as those actions directly involved in obtaining, consuming, and disposing of products and services, including the decisions process that proceeds and follow the action (Jain and Bhatt, 2008). Oxford Dictionary of Economics defines consumer behaviour as the way in

which consumers choose how to spend their income.

Study of consumer behavior has very much importance from the economic point of view. Quantitative studies of consumer behavior is not only essential for development planning but also needed for formulating and implementing policies regarding resource mobilization, taxation, subsidy, credit etc (Deb, 1986). One important aspect in the study of consumer behaviour is to estimate various price elasticities and expenditure (income) elasticities from the estimated of individual's or household's consumption of goods and services to changes in prices and income, forecasting of future demand. Various estimated elasticities are good information to policy makers (Thanga, 2010). The attitude of consumer or consumer behaviour decides how demand will emerge for a new product and service and how existing goods and services will be sold. If the supply of a group of commodities falls short of the demand, the deficit will lead to rising prices of these goods, as also a rise in the general price level. If on the other hand, supply exceeds demand for different consumer goods, a surplus will appear on the market. This will leads to lowering the prices. In either situation, the process of economic development will be hampered. It is, therefore, valuable to have knowledge of the future demand for different consumer goods (Rao and Saheb, 2012) and it can be done through the analysis of consumer behavior. Study of consumer behavior gets its importance in empirical studies right from the later part of the 19th century. It focuses on the allocation of scarce resources to various goods and services by individual or group of individuals. Estimation of consumption function (i.e. consumption-income relationship) can also be done through the study of consumer behavior. The estimated consumption function can be used to measure marginal propensity to consume and marginal propensity to save which is very much important for economic analysis. Keeping all these importance in view, this study makes an attempt to analyze the consumer behavior in Assam.

Review of Literature

Ducpetiaux(1855) made the empirical analysis of family budgets collection and classification of expenditure data among various commodity groups. His study was based in the economy of Saxony and Prussia for the year of 1848 and 1855 respectively. After the study of Ducpetiaux statistical analysis of social and economic data became more popular.

Ernst Engel(1857) was the first person to make the statistical analysis of the

family budget. On the basis of his study he put forward the Engel's law which states that the proportion of income spent on food declines as income increases.

Later on Vecchio(1912) calculated expenditure elasticity of food by estimating a semi-logarithmic function where consumption expenditure was used as dependent variable and log of total expenditure(or income) was used as an explanatory variable. He found that the proportion of income spent on food decreases as income increases as proposed by Engel in his Law of consumption.

Again an econometric analysis of consumer's demand was made by Deb(1986) in his study consumption pattern in rural Bangladesh. Based on the primary data collected from households the study tried to derive estimates of the income elasticity of demand for various commodities. An effort had also been made to take explicitly into account, the shape of the Engel curve describing the relationship between consumption of these commodities and income. Among the various form of Engel functions log and semi log form had been used in this study. Study revealed that majority of the people were still laboring to satisfy the minimum needs for the basic necessities of life viz. food and clothing. But since the level of income and consumption is too low, the majority of the people cannot meet their basic need for these commodities. As a result even these commodities turned out to be luxuries or nearly so.

With the objectives of testing the validity of Engel's law Nadeem and Khan(1991) examined the household consumption pattern separately for the urban and the rural sectors in Pakistan by estimating the marginal expenditure shares and expenditure elasticities, for twelve broad commodity groups, using the micro level data of the household income and expenditure survey for the year 1984-85. In this study, both linear and double-logarithmic functional forms of the Engel's curve are estimated with the help of the Ordinary Least Square method. The results of the study indicated that as the level of income increases, the share of food and drinks in total household expenditure declines for households in both the rural and urban sector. Finally, the results of this study indicated that the observed difference in the consumption patterns of the urban and the rural households represents structural as well behavioral differences.

Several studies had been conducted about the consumer behaviour in India. Using the consumer expenditure data of India for 1955-56, Iyanger calculated Engel elasticities in 1960. He estimated Engel's expenditure using Lorenz curve and the

specific concentration curve. Lorenz curve relates the proportion of total expenditure to the proportion of persons spending up to a given level of total expenditure per capita. On the other hand, specific concentration curve which relates the proportion of total consumption of a specific concentration commodity to the proportion of persons spending up to a given level of total expenditure per capita. The study revealed that the commodities which have higher concentration ratio have higher expenditure ratio. It was also found that health care has the highest concentration ratio, has the highest expenditure elasticity and commodity group of food has less than unity elasticity while clothing, milk and milk products, and health has more than unity elasticities.

A comparative study of consumption pattern of Uttar Pradesh and Madras conducted by Gupta(1986) separately for rural and urban sectors, using NSS 17th ungrouped data on some broad item groups as well as some detailed items of consumption. He adopted the weighted least square method in his study. He observed significant states variation not only for many items in either sector but also the significant differences within each state.

Savneet Sethia(2011) studied the India's changing consumption patterns. Using the secondary data provided by central Statistical organizations, NSS, National Account Statistics etc. he tried to study the impact of economic reform on changing consumption pattern/habits. In addition to this, a comparison of the expenditure of India between pre and post reform was done. The study revealed that the share of expenditure on food in total aggregate consumption expenditure had declined from 53.7 percent in 1970-71 to 48.4 percent at the end of the pre reformed period. In the post reform period also the food expenditure had declined from 49.9 percent in 1991-92 to 35.4 percent in 2004-05. The comparative discussion on aggregate national income and aggregate consumption expenditure between pre and post reform period indicate that there was significant differences in them.

Thanga studied the consumer behaviour in North East India in the year 2010. In the study he used both primary and secondary data. He tried to analyze the trend of per capita consumption expenditure, the standard of living by implication, in North-Eastern Region along with the growing rural-urban disparities in income and consumption. In addition to this he reviewed the general pattern of consumer expenditure in various states of North Eastern Region. An attempt had also been made to classify the various consumption items of the people in Mizoram into necessities, luxuries and semi-luxuries by estimating their respective expenditure elasticities. In

order to analysis the data collected through primary survey he used the regression technique, Analysis of variance(ANOVA) technique, Analysis of covatiance(ANOCOVA) technique and chow test. The ordinary Least Square(OLS) method was used for estimation of regression equations. Parameters were estimated by using linear and log-linear Engel's function. The study found that the trend of monthly per capita consumption expenditure(MPCE) as a measure of the standard of living, revealed the gradual improvement of the standard of living in North Eastern Region. More over there was an increasing trend of rural urban disparities with the increase in MPCE during the last 10 years period under study.

A case study of Lakhimpur district was conducted on the determinants of household consumption expenditure in the rural areas of Assam by Khatu and Thakuria in the year 2010-11. They tried to study the relationship between household income, assets and land with household consumption expenditure. Along with it the effects of household demographic characteristics on household consumption patterns were also studied. In the study they found that an increase in per capita income by one rupee per capita consumption increases by 0.258 rupee. Similarly one rupee increase in per capita asset increases the per capita consumption by 0.038 rupee all these relationships are significant but the value of R² is low for the second one i.e. only 0.376.

Although various studies have been conducted in the global and national level regarding the consumer behaviour but very few studies have been conducted on the consumer behaviour in Assam. Therefore in this study an attempt has been made to analyse the consumption pattern in Assam.

Objectives of the study

The basic objectives of the study are as follows -

1. To analyze the rural and urban consumption disparities in Assam.
2. To study the pattern of consumer expenditure in Assam in the last decade.

Materials and Methods

The study is based on secondary data. Secondary data are collected from various rounds of National Sample Survey (56th, 57th, 58th,59th, 60th,61st,62nd, 63rd, 64th,and 66th round.), Economic Survey of Assam, Ministry of Planning and Statistical Implementation, Economic advisory council, Ministry of Industry and Director of economics and Statistics ,Assam.

The time period considered in the study is from 2000-01 to 2009-10. The years are divided as per the consideration of different rounds of NSS report mentioned above. In the study, to measure the consumption level average Monthly Per Capita Expenditure at constant price is considered, for measuring the price level Whole sale price Index is used and for income level per capita income at constant price is considered. In order to calculate the growth rate during the period from 2000-01 to 2009-10 Combined Annual Growth Rate is Calculated with the help of the following formula:-

$$\text{CAGR}(t_0, t_n) = (V(t_n)/V(t_0))^{\frac{1}{t_n-t_0}} - 1$$

Where,

$V(t_0)$: start value, $V(t_n)$ finish value, $t_n - t_0$: number of years

Again to derive average Monthly per capita consumption Expenditure at constant price, the per capita consumer at current prices are deflated with their corresponding wholesale price indices. A correlation analysis has been done to analyse the relationship for the required variables with the SPSS 15.0.

Rural and Urban consumption disparities in Assam

Consumption clearly contributes to human development when it enlarges the capabilities and enriches the life of people without adversely affecting the well being of others. But the links are often broken and when they are, consumption patterns and trends turns inimical to human development exacerbating inequalities. (Geetha, 2011). Monthly Per Capita Consumption Expenditure (MPCE) at constant price is a good measure of the standard of living of the people. This measure serves as the indicator of the household's level of living (NSS Report No. 555: Level and Pattern of Consumer Expenditure, 2011-12). By comparing the MPCE for both rural and urban areas we can measure the level of consumption as well as the standard of living of the people in the respective areas. Table-1 represents the average the trend of average rural and urban monthly per capita consumption expenditure (MPCE) at constant price in Assam and India.

In the table : 1, the MPCE at constant price have increased for both rural as well as for the urban areas. In the rural area MPCE at constant price have increased from Rs 293.60 in 2000-01 to Rs 413.04 in 2009-10. In the same period MPCE at constant price for the urban areas have increased from Rs 507.00 to Rs 722.40.

In the national level, MPCE in the rural areas have increased from Rs 317.85 in 2000-01 to Rs 433.78 in the year 2009-10. During that period MPCE for the urban areas have increased from Rs 587.85 in 2000-01 to Rs 816.99 for the year 2009-10. Increase in the level of MPCE at constant price indicates the improvement in the level of living of the people but it does

not ensure the equal up gradation of level of living of both in the rural and urban area. Therefore we need to compare the MPCE between the rural and urban areas. The difference between the MPCE in the rural area and urban area is Rs 213.40 in the year 2000-01 and it has increased to Rs309.36 in the year 2009-10. In the same period at the national level the rural -urban consumption differences were Rs 269.54 and Rs 383.21 respectively.

Table 1 : Trend of Average Rural and Urban Monthly Per Capita Expenditure(MPCE) in Assam and India at Constant Prices(Base year, 1993-94=100).(In Rs)

Year	NSS round no	Assam				India			
		Rural(1)	Urban(2)	Rural as % of Urban	Difference (2-1)	Rural(3)	Urban(4)	Rural as % of Urban	Difference (4-3)
2000-01	56	293.60	507.00	57.91	213.40	317.85	587.39	54.11	269.54
2001-02	57	333.12	547.61	60.83	214.49	308.91	578.30	53.42	269.39
2002	58	324.09	577.55	56.11	253.46	323.98	616.87	52.52	292.89
2003	59	303.72	510.75	59.47	207.03	323.40	596.38	54.23	272.98
2004	60	292.78	561.38	52.15	268.60	310.96	583.79	53.27	272.83
2004-05	61	290.01	564.86	51.34	274.85	298.33	561.86	53.10	263.53
2005-06	62	320.04	691.04	46.31	371.00	319.29	598.47	53.35	279.18
2006-07	63	349.84	663.86	52.70	314.02	319.67	636.52	50.22	316.85
2007-08	64	370.32	673.12	55.02	302.80	358.07	682.22	52.49	324.15
2009-10	66	413.04	722.40	57.18	309.36	433.78	816.99	53.09	383.21
CAGR (in %)				-0.13	3.78			-0.19	3.58

Source : National Sample Survey, 56th, 57th, 58th, 59th, 60th, 61st, 62nd, 63rd, 64th, and 66th round.

In relative sense we can say than the rural urban consumption differences is higher in the national level in comparison to the differences in Assam. But if we compared the Compound Annual Growth Rate (CAGR) of rural urban consumption differences between Assam and India then the picture will be different. The CAGR of rural urban consumption differences of Assam in the last decade was 3.78 % where as in the national level it was 3.58%. It means that rural urban consumption disparity in Assam is increasing at a higher rate than the rate of increase at the national level. Its inherent meaning is that the gape in the level of living between the people of rural and urban areas is increasing and it will make the problem of rural urban disparity more intense. Again the ratio of rural MPCE to urban MPCE or rural

MPCE as a percentage of urban MPCE have shown a decreasing trend with the compound rate of annual decay of -0.13% for Assam and -0.19 for India, i.e. rural MPCE as a percentage of urban MPCE is falling at a lower rate in Assam in comparison to the rate of falling in the national level.

Now the increasing differences in the consumption level or rural urban consumption disparity between rural and urban may be caused by the variations in the price levels in both the areas. Price differences between rural and urban areas are quite evident in the study made by Bhattacharya and Chatterjee (1974) and Bhattacharya and Roychoudhury (1980). Since we have deflated each of the MPCE by the corresponding Wholesale Price Index (1993-94 as base year) to obtain the MPCE at constant price therefore there will be no effect of price level on the consumption level during the period under consideration. Economic theories depict a strong relationship between income and consumption. Therefore level of income may be one of factor which may have impact on the growing rural urban consumption disparities in Assam. The correlation analysis between per capita income at constant price (1993-94 as base year) and rural urban differences in average Monthly Per Capita consumption Expenditure (MPCE) at constant price (1993-94 as base year) gives the $r_{xy}=0.807$ and it is significant at 1% level which is shown in the table : 2.

From the Table : 2, we can say the there is a strong positive correlation between per capita income (PCI) at constant price and rural urban differences in MPCE at constant price. As the level of PCI increases the differences in the MPCE between rural and urban also increases. It implies that the increasing real income is not equally distributed between the rural and urban households. There may be several other factors also which are responsible for the growing rural urban differences in MPCE. But due to lack of secondary data those factors are not considered in this study.

Table 2 : Results of correlation analysis between the rural-urban differences in MPCE at constant price (base 1993-94=100) and Per Capita income at constant price (Base 1993-94=100)

		rural urban differences in MPCE at constant price	per capita income at constant price
rural urban differences in MPCE at constant price	Pearson Correlation	1	.807(**)
	Sig. (2-tailed)		.005
	N	10	10
per capita income at constant price	Pearson Correlation	.807(**)	1
	Sig. (2-tailed)	.005	
	N	10	10

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

Consumer expenditure pattern in Assam

It is a well known fact that as the total income or expenditure increases the share of food items in total income or expenditure declines. In other words, the share of food items declines with the improvement of the standard living of people (Thanga, 2010). In the table : 1 we have found that there is a increase in the MPCE at constant price for both rural and urban households in Assam, i.e. there is an improvement in the standard of living of the people. Now with the improvement in the standard of living or increase in the real MPCE the pattern of expenditure on food and non food items is shown with the help of the table-3. Table-3, reveals that MPCE on food items in the rural areas was Rs 180.85 (61.59% of total consumption expenditure) in the year 2000-01 and it has increased to Rs 252.19 (61.06% of total consumption expenditure) in the year 2009-10. Similarly in the urban areas MPCE on the food items was Rs 263.62 (52.00% of total consumption expenditure) in the year 2000-01 and has increased to Rs 362.76 (50.22% of total consumption expenditure) for the year 2009-10. It is clear that the MPCE on food items has increased for both the rural as well as for the urban areas. But the share of MPCE in total expenditure on food has declined for both the areas. It ultimately support the general perception that as the total income or expenditure increases the share of food items in total income or expenditure declines. In correspondence to the increase in the MPCE on food the MPCE for non-food items is also increasing.

Table 3 : Average Monthly Per Capita Consumption Expenditure (MPCE) on Food and Non-Food items of Assam at Constant Price (Base year, 1993-94=100).(In Rs)

year	NSS round no	Rural		Urban	
		Food	Non-food	Food	Non-food
2000-01	56	180.85	112.75	263.62	243.38
2001-02	57	195.41	127.34	253.94	286.13
2002	58	192.43	120.11	262.64	302.19
2003	59	183.23	242.67	236.33	256.06
2004	60	180.12	106.95	259.45	290.72
2004-05	61	191.24	98.52	281.09	285.37
2005-06	62	192.51	139.50	304.37	423.52
2006-07	63	199.62	166.97	301.74	391.63
2007-08	64	222.29	151.62	305.40	365.01
2009-10	66	252.19	161.85	362.76	359.64
CAGR(in %)		3.38	3.68	3.24	3.98

Source : National Sample Survey, 56th, 57th, 58th, 59th, 60th, 61st, 62nd, 63rd, 64th, and 66th round.

Consumer expenditure pattern in Assam

It is a well known fact that as the total income or expenditure increases the share of food items in total income or expenditure declines. In other words, the share of food items declines with the improvement of the standard living of people (Thanga, 2010). In the table : 1 we have found that there is a increase in the MPCE at constant price for both rural and urban households in Assam, i.e. there is an improvement in the standard of living of the people. Now with the improvement in the standard of living or increase in the real MPCE the pattern of expenditure on food and non food items is shown with the help of the table-3. Table-3, reveals that MPCE on food items in the rural areas was Rs 180.85 (61.59% of total consumption expenditure) in the year 2000-01 and it has increased to Rs 252.19 (61.06% of total consumption expenditure) in the year 2009-10. Similarly in the urban areas MPCE on the food items was Rs 263.62 (52.00% of total consumption expenditure) in the year 2000-01 and has increased to Rs 362.76 (50.22% of total consumption expenditure) for the year 2009-10. It is clear that the MPCE on food items has increased for both the rural as well as for the urban areas. But the share of MPCE in total expenditure on food has declined for both the areas. It ultimately support the general perception that as the total income or expenditure increases the share of food items in total income or expenditure declines. In correspondence to the increase in the MPCE on food the MPCE for non-food items is also increasing.

Table 3 : Average Monthly Per Capita Consumption Expenditure (MPCE) on Food and Non-Food items of Assam at Constant Price (Base year, 1993-94=100).(In Rs)

year	NSS round no	Rural		Urban	
		Food	Non-food	Food	Non-food
2000-01	56	180.85	112.75	263.62	243.38
2001-02	57	195.41	127.34	253.94	286.13
2002	58	192.43	120.11	262.64	302.19
2003	59	183.23	242.67	236.33	256.06
2004	60	180.12	106.95	259.45	290.72
2004-05	61	191.24	98.52	281.09	285.37
2005-06	62	192.51	139.50	304.37	423.52
2006-07	63	199.62	166.97	301.74	391.63
2007-08	64	222.29	151.62	305.40	365.01
2009-10	66	252.19	161.85	362.76	359.64
CAGR(in %)		3.38	3.68	3.24	3.98

Source : National Sample Survey, 56th, 57th, 58th, 59th, 60th, 61st, 62nd, 63rd, 64th, and 66th round.

In the year 2000-01 the MPCE for non food items was Rs.112.75 for the rural areas and Rs 243.38 for the urban areas. It has increased to Rs 161.85 for rural areas and Rs. 359.64 for urban areas in the year 2009-10. MPCE on both food and non food items has increased for both the areas but if we compare the compound annual growth rates then we will have that the rate of increase in the MPCE on food (for rural 3.38% and for urban 3.24%) is lower than the MPCE on non food (for rural 3.68% and for urban 3.98%) items for both the areas. It mean that in the last decade consumption of non food items is increasing at a higher rate in comparison to the rate of increase in the consumption of food items, i.e. there is a shift from food items to the non food items in the last decade in Assam.

There has also been the change in consumption of different food items in the last decade. To analyze the variations within the food group six five food items (Cereals, pulses& pulse products, vegetables, fruits, milk &milk products and Egg, meat & fish) has been considered as per the classification of the NSS reports. Table-4 shows the variations in the consumption expenditures on different food items for Assam in the last decade.

Table 4 : Total Consumer Expenditure per person per month over groups of food items for rural and urban areas of Assam at Constant Prices (Base year, 1993-94=100)(In Rs.).

Year	Cereals		Pulses & pulse products		Vegetables		Fruits(Fresh+Dry)		Milk &Milk products		Egg, Meat &Fish	
	Rural	Urban	Rural	Urban	Rural	Urban	Rural	Urban	Rural	Urban	Rural	Urban
2000-01	820	842	7.1	11.26	25.45	33.33	2.76	7.92	9.54	22.01	22.73	33.98
2001-02	821	825	9.0	11.27	27.55	32.94	3.14	5.47	15.58	23.24	23.76	34.18
2002	806	829	9.0	12.19	29.62	36.95	3.07	6.99	13.06	22.52	25.42	34.63
2003	754	792	9.1	10.99	29.05	34.41	2.63	6.63	11.33	21.96	25.09	29.02
2004	750	840	10	13.73	26.92	34.73	2.05	7.47	11.76	23.87	23.95	33.77
2004-05	758	810	10.3	13.30	29.64	37.42	2.24	6.48	12.94	27.26	25.30	37.89
2005-06	729	789	1.3	13.93	28.86	37.43	2.55	9.54	12.51	30.15	26.61	41.60
2006-07	778	884	8.2	11.34	28.83	39.58	3.81	12.65	12.30	28.34	28.83	45.03
2007-08	831	958	10.6	14.12	29.41	37.11	4.63	11.44	14.10	29.47	32.32	44.22
2009-10	1021	854	9.4	12.52	37.64	48.11	5.46	17.71	14.24	23.57	38.50	66.02
AGR(Compound)	2.22	0.14	2.85	1.07	3.99	3.74	7.06	8.38	4.09	0.69	5.41	6.87

Source : National Sample Survey, 56th, 57th,58th,59th,60th,61st,62nd,63rd,64th,and 66th round.

Table : 4 shows that MPCE has increased for all the items in the last decade for both rural and urban areas. In the rural areas highest increase takes place in case of the fruits consumption (7.06%) and it is followed by the expenditure on Egg, Meat & Fish. The lowest growth has take place in case of the Cereals, (2.22%). In case of the urban areas also highest growth rate in MPCE takes place for fruits (8.38%) and lowest growth rate of MPCE in case of Cereals (0.14%). It indicates a shift form cereals to non cereals items. This result is similar to the result found by Ray (2005). He mentioned that there had been a marked decline in the consumption of all cereal items over the period 1987-88 through 2001-02 in nearly all the states and in both rural and urban areas, with the reduction being particularly sharp in case of cereal items like barley, maize and cereal substitutes such as tapioca and there had been a switch in preferences towards non-cereal items such as meat/fish and fruit/vegetables.

Similarly certain changes have taken place in case of the consumption of the non-food items also. To understand the changes in the non-food items five items (Fuel& light, Clothing, footwear, education and durable goods) has been considered. The changes in the MPCE on the above five items can be shown with the help of table : 5.

Table 5 : Total Consumer Expenditure per person per month over groups of Non-food items for rural and urban areas of Assam at Constant Prices (Base year, 1993-94=100)(In Rs.).

Year	Fuel& Light		Clothing		Footwear		Education		Durable Goods	
	Rural	Urban	Rural	Urban	Rural	Urban	Rural	Urban	Rural	Urban
2000-01	23.66	50.08	19.99	35.92	2.52	18.26	4.93	19.33	8.05	11.43
2001-02	29.96	51.25	25.27	39.67	2.64	6.04	8.25	25.51	6.89	21.15
2002	29.19	50.99	24.26	43.20	2.78	6.41	6.56	24.91	7.49	11.12
2003	26.19	48.04	21.06	33.85	2.50	5.87	6.69	25.02	5.59	7.51
2004	24.20	49.21	21.39	41.42	2.60	6.34	7.56	28.80	5.53	11.73
2004-05	29.30	55.69	12.85	14.53	2	2.23	4.24	25.78	3.32	3.25
2005-06	34.13	62.69	22.52	36.72	3.46	7.88	7.35	34.99	9.94	28.21
2006-07	36.35	61.56	23.83	43.95	3.35	7.75	16.23	39.85	9.04	16.93
2007-08	32.06	59.33	25.63	42.96	3.40	7.59	10.01	27.66	10.12	18.54
2009-10	32.31	52.90	20.46	36.53	3.25	18.49	2.96	40.80	12.57	22.01
CAGR(in %)	3.16	0.55	0.23	0.07	2.57	0.13	-4.97	7.76	4.56	6.77

Source: National Sample Survey, 56th, 57th, 58th, 59th, 60th, 61st, 62nd, 63rd, 64th, and 66th round.

In case of non food items, the highest growth of MPCE takes place on the durable goods for both rural (4.56%) and urban (6.77%) in the last decade. On the contrary the lowest growth of MPCE takes place on clothing 0.23% in rural and 0.07% in the urban areas during the last decade. But the interesting finding is found in case of the growth of MPCE on education. In the urban areas the MPCE on education has increased by 7.76% but in the rural areas MPCE on education has declined by -4.97% in Assam. The result in case of MPCE on education is similar to what Thanga(2010) had found in his study about the consumer behaviour in North East India.

Thus we have found that the share of non-food items in total consumer expenditure is higher in urban areas (49.78% of the total consumption expenditure) than in rural areas (38.94% of the total consumption expenditure) for Assam. This corresponds to the decreasing share of food consumption with the increasing income or total consumption expenditure. It also reflects the weak purchasing power of rural community in the state.

Findings of the study

The major findings of the study are as follows:-

- There is an increasing trend of rural -urban consumption disparity both in the state (3.78%) and national level(3.58%) with the increase in MPCE at constant price during the last decade. The growing disparity is higher in case of Assam in comparison to the national level. The rural per capita consumption expenditure as a percentage of urban per capita consumer expenditure in Assam decreased gradually from 57.93% in 2000-01 to 57.72 % in 2009-10.
- During the last decade the share of food items in total expenditure(at constant price) decreased from 61.59% in the year 2000-01 to 61.06% in 2009-10 in the rural areas and from 52.00% in 2000-01 to 50.22% in 2009-10 for urban areas.
- There has been a shift form food to non-food articles for rural (0.30%) and urban areas (0.74%) but the magnitude of shifting is higher in the urban areas. A shift from cereals to non cereals has also been observed
- Among the food items under consideration consumption of Fruits (Fresh+Dry) has the highest compound annual growth rate for both the rural (7.06%) and urban (8.38%) areas. In case of the non food items consumption of durable goods has

the highest growth rate for rural (4.56%) as well as for the urban (6.77%) areas in the last decade.

Suggestions

After analyzing the consumption pattern in Assam the following suggestions can be provided for its up gradations.

- In order to reduce the consumption disparity between rural and urban community the emphasis should be given on the creation of the gainful and incentive based employment opportunities in the rural areas.
- Since the share of food in the total consumption expenditure in the rural areas is still around 60% therefore the affordability towards the non-food items is very less in those areas. Therefore easy and sufficient economic accessibility of the food items should be made among rural community through the programs like TPDS etc. so that they can afford the non food items by enhancing their purchasing power.
- Mere adoption of policies will not bring the fruits; their operational achievements should also be checked continuously.
- To make a policy operationally more successful training should be provided to the people before the implementation of the programme.

Conclusion

The present study reveals an increase in per capita consumer expenditure at constant price in rural and urban areas of Assam during the period of 2000-01 to 2009-10, reflects the continuous improvement of the standard of living in the state. However, the analysis of the trend of MPCE in Assam revealed a continuously increasing gap between the rural and urban areas in terms of consumption. Unequal distribution of income is an important factor responsible for the growing rural urban consumption disparity. It has also been observed that in the rural areas still major share of the total consumption expenditure is spent on the food items indicating low purchasing power towards the non-food items unlike in the urban areas. Although a shift is observed from food to non food items in the rural areas, but that shifting is quite small (0.30%). If the real consumption expenditure of the rural areas can be increase and at least if the share of rural expenditure as a percentage of urban expenditure or the ratio

of rural-urban consumption expenditure at constant price can be increased then only the gap between rural urban consumption level can be reduced.

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